TOWN OF MEDLEY
DEFINED BENEFIT PLAN

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2022

CONTRIBUTIONS APPLICABLE TO THE
PLAN/FISCAL YEAR ENDING SEPTEMBER 30, 2023

GASB 67/68 DISCLOSURE INFORMATION
AS OF SEPTEMBER 30, 2022

FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

November 30, 2022

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. Included are the related results for GASB Statements No. 67 and No. 68. The funding 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. The calculation of the liability for GASB results was performed for the purpose of satisfying the requirements of GASB Statements No. 67 and No. 68. Use of the results for other purposes may not be applicable and may produce significantly different results.

The valuations have 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 reflect 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 valuations, 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 valuations, we did not perform an analysis of the potential range of such future measurements.

In conducting the valuations, 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 and accounting 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.

The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on an actuarial valuation performed as of October 1, 2021. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ending September 30, 2022 using generally accepted actuarial principles. It is our opinion that the assumptions used for this purpose are internally consistent, reasonable, and comply with the requirements under GASB No. 67 and No. 68.

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 #20-8546

By: ______________________________
Tyler A. Koftan, EA, MAAA
Enrolled Actuary #20-8685

SEC/lke

Enclosures

TABLE OF CONTENTS

SUMMARY OF REPORT

The regular annual actuarial valuation of the Town of Medley Defined Benefit Plan, performed as of October 1, 2022, 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, 2023.

The contribution requirements, compared with those set forth in the April 27, 2022 actuarial impact statement, are as follows:

Valuation Date	10/1/2022	10/1/2021
Applicable to Fiscal Year Ending	9/30/2023	9/30/2022
Minimum Required Contribution	$1,081,927	$1,120,941

As you can see, the Minimum Required Contribution shows a decrease when compared to the results determined in the April 27, 2022 actuarial impact statement. The decrease is attributable to a decrease in normal cost due to a decline in active population and Town contributions that were greater than the minimum requirement. The decrease was offset in part by a Board-approved change of actuarial assumptions.

Plan experience was unfavorable overall on the basis of the plan's actuarial assumptions. Sources of actuarial loss included an investment return of 5.54% (Actuarial Asset Basis) which fell short of the 6.50% assumption, inactive mortality experience, and unfavorable retirement experience. These losses were offset in part by gains associated with more turnover than expected and an average salary increase of 0.56% which fell short of the 3.50% assumption.

CHANGES SINCE PRIOR VALUATION

Plan Changes

Since the previous valuation, Resolution C-1968 amended the plan to provide for the following changes. The impact of these changes was set forth in the April 26, 2022 Actuarial Impact Statement.

1. Early retirement with no penalty was offered to any employee with at least 24 years of full time service. The special early retirement benefit was only available for eligible employees who retired within a 90-day window starting with the date the resolution was passed (December 6, 2021).

2. For part-time employees hired full-time between the period of 30 days before September 30, 2019 and 31 days after September 30, 2019, grant 1 month of full-time credit for every 4 months of part-time service.

3. Increase the benefit rates for all part-time employees retiring after the effective date by $200 per month under all categories.

Additionally, Resolution C-2004 amended the plan so that when calculating Average Monthly Compensation, the years of Compensation averaged no longer need to be consecutive. The impact of this change was set forth in the April 27, 2022 Actuarial Impact Statement.

Actuarial Assumption/Method Changes

As a result of an Experience Study dated May 31, 2022, the Board approved the following changes in conjunction with this report:

- Salary Increases – Increased for all years of service to align with actual plan experience.
- Retirement Rates – Generally reduced to reflect the fact that these employee groups tended to delay retirement beyond first eligibility.
- Withdrawal Rates – Adjusted for all employee groups to align with actual plan experience.

A full description of the changes can be found in the Actuarial Assumptions and Methods section of this report and the impact on the funding requirements associated with these changes can be found in the Comparative Summary of Principal Valuation Results section.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	New Assump 10/1/2022	Old Assump 10/1/2022	10/1/2021
A. Participant Data			
Actives	97	97	112
Service Retirees	44	44	35
DROP Retirees	4	4	2
Beneficiaries	3	3	3
Disability Retirees	3	3	2
Terminated Vested	16	16	13
Total	167	167	167
Payroll Under Assumed Ret. Age	3,084,250	2,744,565	3,242,222
Annual Rate of Payments to:			
Service Retirees	1,296,928	1,296,928	1,091,291
DROP Retirees	160,988	160,988	56,887
Beneficiaries	48,144	48,144	47,459
Disability Retirees	22,184	22,184	19,157
Terminated Vested	158,143	158,143	109,491
B. Assets			
Actuarial Value (AVA) [1]	28,132,078	28,132,078	26,900,522
Market Value (MVA) [1]	25,049,930	25,049,930	30,352,003
C. Liabilities			
Present Value of Benefits			
Actives			
Retirement Benefits	17,837,012	16,225,335	20,135,373
Disability Benefits	1,170,664	561,111	631,271
Death Benefits	234,846	104,138	116,926
Vested Benefits	884,070	642,565	720,179
Refund of Contributions	0	0	0
Service Retirees	14,456,369	14,456,369	12,194,726
DROP Retirees [1]	2,222,581	2,222,581	918,988
Beneficiaries	286,893	286,893	308,403
Disability Retirees	190,956	190,956	104,028
Terminated Vested	1,425,102	1,425,102	1,032,094
Total	38,708,493	36,115,050	36,161,988

C. Liabilities - (Continued)	New Assump 10/1/2022	Old Assump 10/1/2022	10/1/2021
Present Value of Future Salaries	38,186,931	26,559,411	31,798,029
Present Value of Future Member Contributions	0	0	0
Normal Cost (Retirement)	597,411	530,927	636,034
Normal Cost (Disability)	57,500	30,838	37,162
Normal Cost (Death)	11,513	5,661	6,723
Normal Cost (Vesting)	47,673	37,501	42,346
Normal Cost (Refunds)	0	0	0
Total Normal Cost	714,097	604,927	722,265
Present Value of Future Normal Costs	7,952,808	5,063,875	6,183,029
Accrued Liability (Retirement)	11,209,192	11,845,858	14,777,997
Accrued Liability (Disability)	517,718	287,638	293,035
Accrued Liability (Death)	112,180	55,938	57,436
Accrued Liability (Vesting)	334,694	279,840	292,252
Accrued Liability (Refunds)	0	0	0
Accrued Liability (Inactives) [1]	18,581,901	18,581,901	14,558,239
Total Actuarial Accrued Liability (EAN AL)	30,755,685	31,051,175	29,978,959
Unfunded Actuarial Accrued Liability (UAAL)	2,623,607	2,919,097	3,078,437
Funded Ratio (AVA / EAN AL)	91.5%	90.6%	89.7%

D. Actuarial Present Value of Accrued Benefits	New Assump 10/1/2022	Old Assump 10/1/2022	10/1/2021
Vested Accrued Benefits			
Inactives [1]	18,581,901	18,581,901	14,558,239
Actives	8,154,972	8,990,676	11,594,552
Member Contributions	0	0	0
Total	26,736,873	27,572,577	26,152,791
Non-vested Accrued Benefits	927,797	1,202,689	1,251,631
Total Present Value Accrued Benefits (PVAB)	27,664,670	28,775,266	27,404,422
Funded Ratio (MVA / PVAB)	90.5%	87.1%	110.8%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	(1,110,596)	0	
Plan Experience	0	1,086,703	
Benefits Paid	0	(1,450,021)	
Interest	0	1,734,162	
Other	0	0	
Total	(1,110,596)	1,370,844	

	New Assump	Old Assump	
Valuation Date	10/1/2022	10/1/2022	10/1/2021
Applicable to Fiscal Year Ending	9/30/2023	9/30/2023	9/30/2022
E. Pension Cost			
Normal Cost [2]	$760,513	$644,247	$769,212
Administrative Expenses [2]	52,744	52,744	49,210
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 20 years (as of 10/1/2022) [2]	268,670	295,487	302,519
Minimum Required Contribution	1,081,927	992,478	1,120,941
Expected Member Contributions [2]	0	0	0
Expected Town Contribution	1,081,927	992,478	1,120,941
F. Past Contributions			
Plan Years Ending:	9/30/2022		
Town Requirement	1,064,275		
Actual Contributions Made:			
Town	1,250,000		
G. Net Actuarial (Gain)/Loss	114,266		

[1] The asset values and liabilities include accumulated DROP Plan Balances as of 9/30/2022 and 9/30/2021.

[2] Contributions developed as of 10/1/2022 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
2022	2,623,607
2023	2,525,469
2024	2,420,954
2029	1,792,493
2033	1,129,188
2042	0

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

		Actual	Assumed
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%
Year Ended	9/30/2018	7.75%	3.50%

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

		Market Value	Actuarial Value	Assumed
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%
Year Ended	9/30/2018	9.03%	7.01%	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 #20-8546

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, 2021	$3,078,437
(2)	Sponsor Normal Cost developed as of October 1, 2021	722,265
(3)	Expected administrative expenses for the year ended September 30, 2022	46,207
(4)	Expected interest on (1), (2) and (3)	248,547
(5)	Sponsor contributions to the System during the year ended September 30, 2022	1,250,000
(6)	Expected interest on (5)	40,625
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2022 (1)+(2)+(3)+(4)-(5)-(6)	2,804,831
(8)	Change to UAAL due to Assumption Change	(295,490)
(9)	Change to UAAL due to Actuarial (Gain)/Loss	114,266
(10)	Unfunded Actuarial Accrued Liability as of October 1, 2022	2,623,607

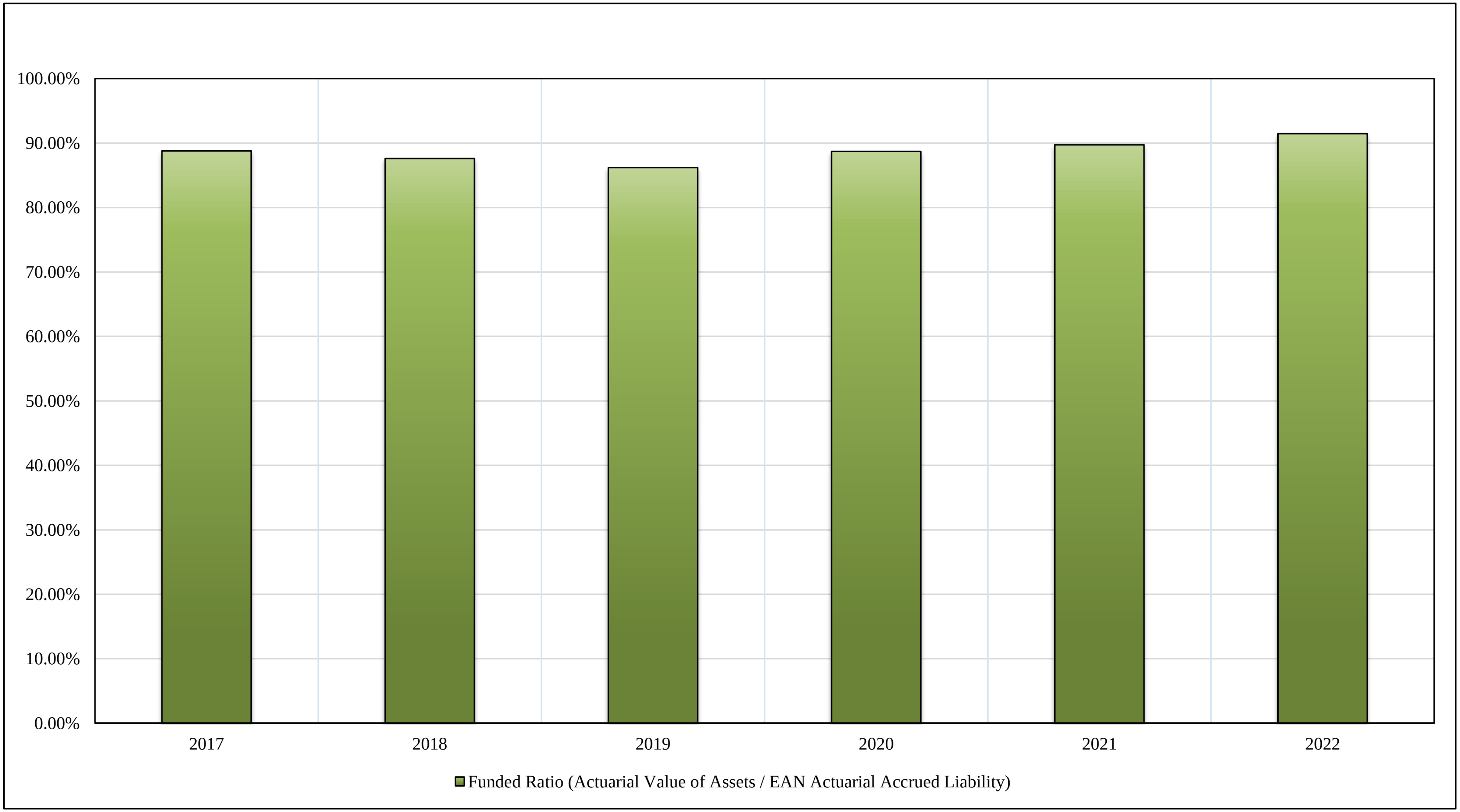
Type of Base	Date Established	Years Remaining	10/1/2022 Amount	Amortization Amount
Initial Base	10/1/2018	16	2,089,619	200,873
Actuarial Loss	10/1/2019	17	275,058	25,545
Benefits Change	10/1/2019	17	367,489	34,129
Actuarial Gain	10/1/2020	18	(175,006)	(15,751)
Assump Change	10/1/2020	18	(28,193)	(2,537)
Benefits Change	10/1/2020	18	106,895	9,621
Actuarial Gain	10/1/2021	19	(229,100)	(20,039)
Early Incentive	10/1/2021	4	5,658	1,551
Resolution C-1968[1]	10/1/2021	19	374,029	32,716
Resolution C-2004	10/1/2021	19	18,382	1,608
Actuarial Loss	10/1/2022	20	114,266	9,737
Assump Change	10/1/2022	20	(295,490)	(25,181)
			2,623,607	252,272

[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, 2021	$3,078,437
(2)	Expected UAAL as of October 1, 2022	2,804,831
(3)	Summary of Actuarial (Gain)/Loss, by component:	
	Investment Return (Actuarial Asset Basis)	258,348
	Salary Increases	(179,223)
	Active Decrements	(210,857)
	Inactive Mortality	197,268
	COLA Greater/(Less) Than Expected	38,534
	Other	10,196
	Increase in UAAL due to (Gain)/Loss	114,266
	Assumption Changes	(295,490)
(4)	Actual UAAL as of October 1, 2022	$2,623,607

HISTORY OF FUNDING PROGRESS



ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate	*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 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.
Interest Rate	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.
Salary Increases	See table later in this section (previously 3.50% per year). 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	$49,525 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. Previously, Table V from August 1992 Pension Forum published by the Society of Actuaries, multiplied by 0.35.
Disability Rates	1987 Commissioner's Group Disability Table, six month elimination period, male and female. See table later in this section.
Retirement Rate	See below. These rates are based on the May 31, 2022 experience study. Previously, Members were assumed to retire at first normal retirement eligibility, except for Elected Officials who are assumed to retire at first early retirement eligibility. *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.
Amortization Method	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.
Funding Method	Entry Age Normal Actuarial Cost Method. The following loads are applied for determining the minimum required contribution: Interest - A full year, based on current 6.50% assumption. Salary - None.

Actuarial Asset Method	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.

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.

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.

- <u>Investment Return</u>: 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.

- <u>Salary Increases</u>: 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.

- <u>Demographic Assumptions:</u> 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 138.6% on October 1, 2022, 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 60.4%. 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 88.8% on October 1, 2017 to 91.5% on October 1, 2022.

- 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 -1.0% on October 1, 2022. The current Net Cash Flow Ratio of -1.0% indicates that contributions are not currently covering the plan's benefit payments and administrative expenses.

It is important to note that the actuary has identified the risks in this section 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

	10/1/2022	10/1/2021	10/1/2020	10/1/2017
Support Ratio				
Total Actives	97	112	110	112
Total Inactives	70	55	53	45
Actives / Inactives	138.6%	203.6%	207.5%	248.9%
Asset Volatility Ratio				
Market Value of Assets (MVA)	25,049,930	30,352,003	25,106,130	19,819,278
Total Annual Payroll	3,592,967	4,595,832	4,175,566	3,267,389
MVA / Total Annual Payroll	697.2%	660.4%	601.3%	606.6%
Accrued Liability (AL) Ratio				
Inactive Accrued Liability	18,581,901	14,558,239	13,799,634	10,981,711
Total Accrued Liability (EAN)	30,755,685	29,978,959	27,553,674	22,321,389
Inactive AL / Total AL	60.4%	48.6%	50.1%	49.2%
Funded Ratio				
Actuarial Value of Assets (AVA)	28,132,078	26,900,522	24,445,314	19,819,278
Total Accrued Liability (EAN)	30,755,685	29,978,959	27,553,674	22,321,389
AVA / Total Accrued Liability (EAN)	91.5%	89.7%	88.7%	88.8%
Net Cash Flow Ratio				
Net Cash Flow [1]	(250,489)	(94,200)	195,932	135,647
Market Value of Assets (MVA)	25,049,930	30,352,003	25,106,130	19,819,278
Ratio	-1.0%	-0.3%	0.8%	0.7%

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

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2022

ASSETS	MARKET VALUE
Receivables:	
From The Standard	3,045.97
Total Receivable	3,045.97
Investments:	
Mutual Funds:	
Fixed Income	7,323,761.85
Equity	17,723,122.34
Total Investments	25,046,884.19
Total Assets	25,049,930.16
LIABILITIES	
Total Liabilities	0.00
NET POSITION RESTRICTED FOR PENSIONS	25,049,930.16

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2022
Market Value Basis

<u>ADDITIONS</u>		
Contributions:		
Town	1,250,000.00	
Total Contributions		1,250,000.00
Investment Income:		
Net Increase in Fair Value of Investments	(5,051,583.80)	
Less Investment Expense[1]	0.00	
Net Investment Income		(5,051,583.80)
Total Additions		(3,801,583.80)
<u>DEDUCTIONS</u>		
Distributions to Members:		
Benefit Payments	1,244,023.43	
Lump Sum DROP Distributions	205,997.23	
Total Distributions		1,450,020.66
Administrative Expense		50,467.96
Total Deductions		1,500,488.62
Net Increase in Net Position		(5,302,072.42)
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		30,352,002.58
End of the Year		25,049,930.16

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

ACTUARIAL ASSET VALUATION
September 30, 2022

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 2022	2023	2024	2025	2026
09/30/2018	510,195					
09/30/2019	(757,989)	(151,597)	0	0	0	0
09/30/2020	1,139,414	455,765	227,882	0	0	0
09/30/2021	3,711,236	2,226,742	1,484,495	742,248	0	0
09/30/2022	(7,016,323)	(5,613,058)	(4,209,793)	(2,806,528)	(1,403,263)	0
Total		(3,082,148)	(2,497,416)	(2,064,280)	(1,403,263)	0

Development of Investment Gain/Loss

Market Value of Assets, 09/30/2021	30,352,003
Contributions Less Benefit Payments & Admin Expenses	(250,489)
Expected Investment Earnings	1,964,739
Actual Net Investment Earnings	(5,051,584)
2022 Actuarial Investment Gain/(Loss)	(7,016,323)

*Expected Investment Earnings = 0.065 * [30,352,003 + 0.5 * (250,489)]

Development of Actuarial Value of Assets

(1) Market Value of Assets, 09/30/2022	25,049,930
(2) Gain/(Loss) Not Yet Recognized	(3,082,148)
(3) Actuarial Value of Assets, 09/30/2022, (1) - (2)	28,132,078
(A) 09/30/2021 Actuarial Assets:	26,900,522
(I) Net Investment Income:	
1. Earnings and Investment Gains	(5,051,584)
2. Change in Actuarial Value	6,533,629
3. Investment Expenses	0
Total	1,482,045
(B) 09/30/2022 Actuarial Assets:	28,132,078
Actuarial Assets Rate of Return = 2I/(A+B-I):	5.54%
Market Value of Assets Rate of Return:	-16.61%
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)	(258,348)
10/01/2022 Limited Actuarial Assets:	28,132,078

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
SEPTEMBER 30, 2022
Actuarial Asset Basis

REVENUES		
Contributions:		
Town	1,250,000.00	
Total Contributions		1,250,000.00
Earnings from Investments:		
Net Increase in Fair Value of Investments	(5,051,583.80)	
Change in Actuarial Value	6,533,629.00	
Total Earnings and Investment Gains		1,482,045.20
Other		0.00
EXPENDITURES		
Distributions to Members:		
Benefit Payments	1,244,023.43	
Lump Sum DROP Distributions	205,997.23	
Total Distributions		1,450,020.66
Expenses:		
Investment related[1]	0.00	
Administrative	50,467.96	
Total Expenses		50,467.96
Change in Net Assets for the Year		1,231,556.58
Net Assets Beginning of the Year		26,900,521.58
Net Assets End of the Year[2]		28,132,078.16

[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, 2021 to September 30, 2022

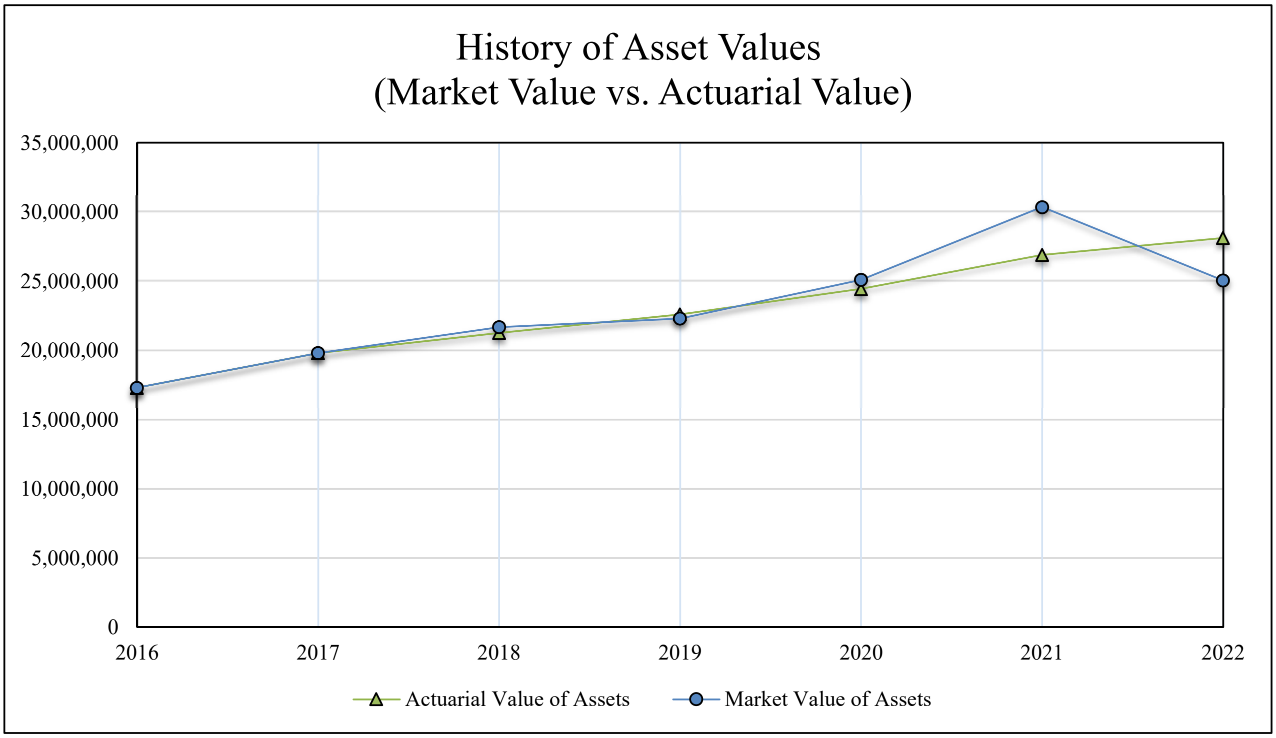
Beginning of the Year Balance	176,885.36
Plus Additions	93,582.27
Investment Return Earned	1,377.64
Less Distributions	(205,997.23)
End of the Year Balance	65,848.04

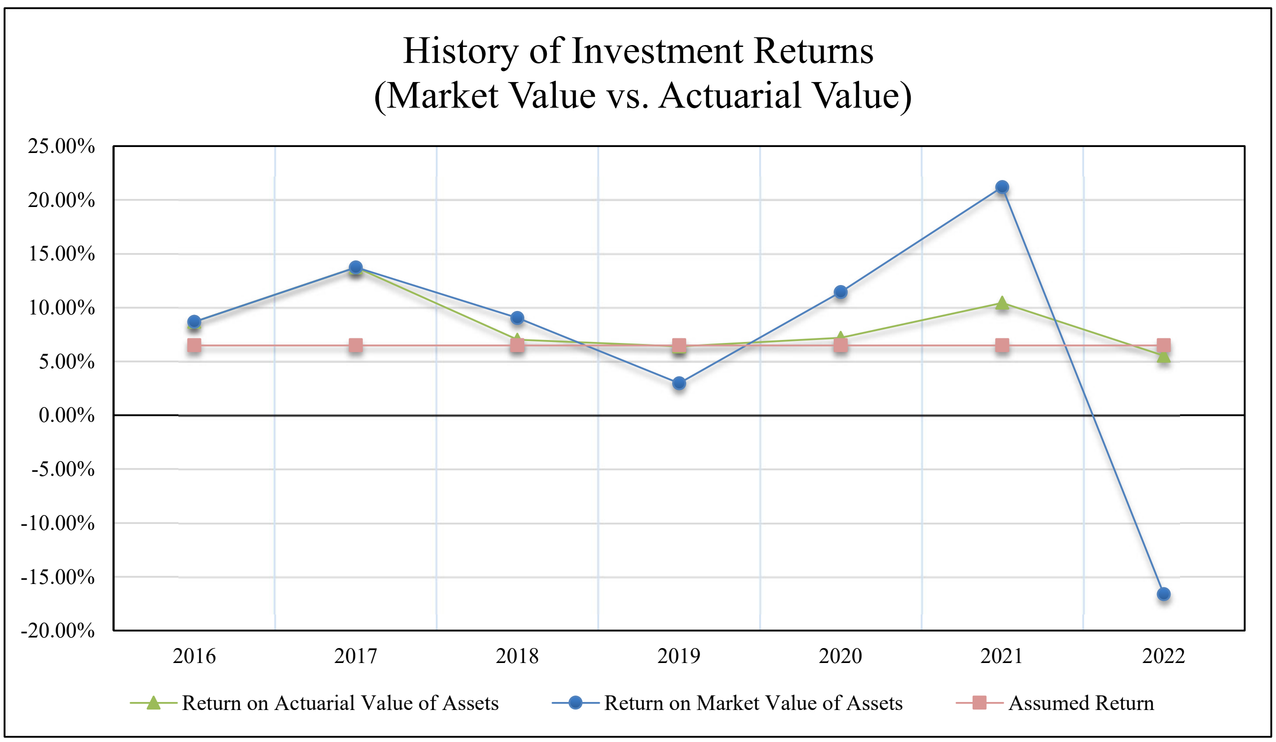
Note: Election option assumption for one new DROP participant is the Normal Form.
Therefore, Investment Return Earned is not included.

TOWN CONTRIBUTIONS IN EXCESS OF MINIMUM REQUIREMENT
FOR THE FISCAL YEAR ENDED (FYE) SEPTEMBER 30, 2022

(1)	Required Town Contributions	$1,064,275.00
(2)	Less 2021 Prepaid Contribution	0.00
(3)	Less Actual Town Contributions	(1,250,000.00)
(4)	Town Contributions in Excess of Minimum Requirement Applied to Reduce Unfunded Actuarial Accrued Liability as of September 30, 2022	($185,725.00)

HISTORY OF ASSET VALUES AND INVESTMENT RETURNS





STATISTICAL DATA

	10/1/2022	10/1/2021	10/1/2020	10/1/2019
Actives - Full-Time General Employees and Elected Officials				
Number	66	79	78	65
Average Current Age	47.2	47.7	47.1	48.3
Average Age at Employment	37.7	38.1	37.9	37.4
Average Past Service	9.5	9.6	9.2	10.9
Average Annual Salary	$54,439	$58,175	$53,533	$54,460
Actives - Part-Time Employees				
Number	31	33	32	38
Average Current Age	49.4	51.2	52.6	51.7
Average Age at Employment	37.7	39.2	40.7	40.9
Average Past Service	11.7	12.0	11.9	10.8
Average Annual Salary	N/A	N/A	N/A	N/A
Service Retirees				
Number	45	35	33	34
Average Current Age	73.2	74.9	73.4	72.8
Average Annual Benefit	$28,821	$31,180	$31,512	$30,378
DROP Retirees				
Number	4	2	3	2
Average Current Age	62.5	66.7	65.7	65.7
Average Annual Benefit	$40,247	$28,444	$23,420	$19,532
Beneficiaries				
Number	3	3	2	2
Average Current Age	57.3	56.3	38.6	37.6
Average Annual Benefit	$16,048	$15,820	$11,081	$10,939
Disability Retirees				
Number	3	2	2	1
Average Current Age	60.6	60.6	59.6	67.2
Average Annual Benefit	$7,395	$9,579	$9,559	$1,275
Terminated Vested				
Number	16	13	13	13
Average Current Age	49.7	48.9	47.9	46.9
Average Annual Benefit	$9,884	$8,422	$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	3		1								5
20 - 24	2	1			2							5
25 - 29		2		2		2						6
30 - 34	1					3	4					8
35 - 39		1	1	2		1	2	1				8
40 - 44					1	2	1	1	1			6
45 - 49			1	1		4						6
50 - 54		2	1	1	3	7	1	1		1	1	18
55 - 59	1	1			1	5	2	3				13
60 - 64						5	2			2	1	10
65+						1	1	2	3	5		12
Total	5	10	3	7	7	30	13	8	4	8	2	97

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2021	112
b. Terminations	
i. Vested (partial or full) with deferred annuity	(3)
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	0
d. Disabled	(1)
e. Retired	(7)
f. DROP	(4)
g. Continuing participants	88
h. New entrants / Rehires	9
i. Total active life participants in valuation	97

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	35	2	3	2	13	55
Retired	9	(2)	0	0	0	7
DROP	0	4	0	0	0	4
Vested (Deferred Annuity)	0	0	0	0	3	3
Vested (Due Refund)	0	0	0	0	0	0
Hired/Terminated in Same Year	0	0	0	0	0	0
Death, With Survivor	0	0	0	0	0	0
Death, No Survivor	0	0	0	0	0	0
Disabled	0	0	0	1	0	1
Refund of Contributions	0	0	0	0	0	0
Rehires	0	0	0	0	0	0
Expired Annuities	0	0	0	0	0	0
Data Corrections	0	0	0	0	0	0
b. Number current valuation	44	4	3	3	16	70

SUMMARY OF CURRENT PLAN
(Through Ordinance C-2004)

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.

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.

<u>Cost of Living Adjustment</u>	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.
<u>Deferred Retirement Option Plan</u>	
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.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2022

ASSETS	MARKET VALUE
Total Cash and Equivalents	0
Receivables:	
From The Standard	3,046
Total Receivable	3,046
Investments:	
Mutual Funds:	
Fixed Income	7,323,762
Equity	17,723,122
Total Investments	25,046,884
Total Assets	25,049,930
Total Liabilities	0
NET POSITION RESTRICTED FOR PENSIONS	25,049,930

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2022
Market Value Basis

ADDITIONS		
Contributions:		
Town	1,250,000	
Total Contributions		1,250,000
Investment Income:		
Net Increase in Fair Value of Investments	(5,051,584)	
Interest & Dividends	0	
Less Investment Expense[1]	0	
Net Investment Income		(5,051,584)
Total Additions		(3,801,584)
DEDUCTIONS		
Distributions to Members:		
Benefit Payments	1,244,024	
Lump Sum DROP Distributions	205,997	
Total Distributions		1,450,021
Administrative Expense		50,468
Total Deductions		1,500,489
Net Increase in Net Position		(5,302,073)
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		30,352,003
End of the Year		25,049,930

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

NOTES TO THE FINANCIAL STATEMENTS
(For the Year Ended September 30, 2022)

Plan Administration

The Plan is a single-employer defined benefit pension plan administered by the Board of Trustees of the Town of Medley Defined Benefit Plan. The Plan Administrator is responsible for the overall administration of the Plan. It has discretionary authority to construe the terms of the Plan and make determinations on questions that may affect eligibility for benefits. The Plan Administrator may also retain the services of attorneys, accountants, actuaries, investment advisors and other professionals.

Plan Membership as of October 1, 2021:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	42
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	13
Active Plan Members	112
	167

Benefits Provided

The Plan provides retirement, termination, disability and death benefits.

A summary of the benefit provisions can be found in the October 1, 2021 Actuarial Valuation Report for the Town of Medley Defined Benefit Plan prepared by Foster & Foster Actuaries and Consultants.

Incorporated are the benefit changes for measurement date September 30, 2022 as noted under the Notes to Schedule of Changes in Net Pension Liability and Ratios.

Contributions

Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability as provided in Part VII, Chapter 112, Florida Statutes.

Investment Policy:

The following was the Board's adopted asset allocation policy as of September 30, 2022:

Asset Class	Target Allocation
Domestic Equity	60%
International Equity	10%
Fixed Income	10%
Cash	20%
Total	100%

Concentrations:

The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan's Fiduciary Net Position.

Rate of Return:

For the year ended September 30, 2022 the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was -16.61 percent.

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deferred Retirement Option Program

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.

The DROP balance as September 30, 2022 is $65,848[1].

[1] Election option assumption for one new DROP participant is the Normal Form.
Therefore, Investment Return Earned is not included.

NET PENSION LIABILITY OF THE SPONSOR

The components of the Net Pension Liability of the Sponsor on September 30, 2022 were as follows:

Total Pension Liability	$ 31,057,967
Plan Fiduciary Net Position	$ (25,049,930)
Sponsor's Net Pension Liability	$ 6,008,037
Plan Fiduciary Net Position as a percentage of Total Pension Liability	80.66%

Actuarial Assumptions:
The Total Pension Liability was determined by an actuarial valuation as of October 1, 2021 updated to September 30, 2022 using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	3.50%
Discount Rate	6.50%
Investment Rate of Return	6.50%

Female: PubG.H-2010 for Employees.
Male: PubG.H-2010 for Employees, set back one year.
Mortality Rate Healthy Retiree Lives:
Female: PubG.H-2010 (Below Median) for Healthy Retirees.
Male: PubG.H-2010 for Healthy Retirees, set back one year.
Mortality Rate Beneficiary Lives:
Female: PubG.H-2010 for Healthy Retirees.
Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.
Mortality Rate Disabled Lives:
PubG.H-2010 for Disabled Retirees, set forward three years.

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

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 risk and collar adjustments made based on plan demographics. We feel this assumption sufficiently accommodates future mortality improvements.

The most recent actuarial experience study used to review the other significant assumptions was dated May 31, 2022.

The Long-Term Expected Rate of Return on Pension Plan investments can be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Pension Plan investment expenses and inflation) are developed for each major asset class.

For 2022 the inflation rate assumption of the investment advisor was 2.50%.

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

Best estimates of geometric real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2022 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return[1]
Domestic Equity	4.25%
International Equity	4.50%
Fixed Income	0.50%
Cash	0.00%

[1] Source: StanCorp Investment Advisers, Inc.

Please note that long term expected return of the total portfolio is greater than simply multiplying each of the above "Long Term Expected Real Rate of Returns" by their target allocation % and adding them together. Not only is the time horizon longer for an actuarial valuation relative to the time horizon over which the above projected returns were generated, but also there is an additional correlation resulting from a diversified portfolio that will provide additional returns.

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 6.50 percent.

The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Sponsor's Net Pension Liability	$ 9,816,914	$ 6,008,037	$ 2,830,127

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 2 Fiscal Years

	09/30/2022	09/30/2021
Total Pension Liability		
Service Cost	721,987	638,309
Interest	1,900,480	1,798,230
Changes of benefit terms	433,762	125,261
Differences between Expected and Actual Experience	746,045	(83,077)
Changes of assumptions	(101,701)	-
Benefit Payments, including Refunds of Employee Contributions	(1,450,021)	(1,145,618)
Net Change in Total Pension Liability	2,250,552	1,333,105
Total Pension Liability - Beginning	28,807,415	27,474,310
Total Pension Liability - Ending (a)	$ 31,057,967	$ 28,807,415
Plan Fiduciary Net Position		
Contributions - Employer	1,250,000	1,100,000
Net Investment Income	(5,051,584)	5,340,073
Benefit Payments, including Refunds of Employee Contributions	(1,450,021)	(1,145,618)
Administrative Expense	(50,468)	(48,582)
Net Change in Plan Fiduciary Net Position	(5,302,073)	5,245,873
Plan Fiduciary Net Position - Beginning	30,352,003	25,106,130
Plan Fiduciary Net Position - Ending (b)	$ 25,049,930	$ 30,352,003
Net Pension Liability - Ending (a) - (b)	$ 6,008,037	$ (1,544,588)
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	80.66%	105.36%
Covered Payroll	$ 4,272,034	$ 4,439,572
Net Pension Liability as a percentage of Covered Payroll	140.64%	-34.79%

Notes to Schedule of Changes in Net Pension Liability and Related Ratios:

Changes of benefit terms:

For measurement date 09/30/2022, Resolution C-1968 amended the plan to provide for the following changes:

1. Early retirement with no penalty is being offered to any employee with at least 24 years of full time service. The special early retirement benefit will only be available for eligible employees who retire within a 90-day window starting with the date the resolution is passed.
2. For part-time employees hired full-time between the period of 30 days before September 30, 2019 and 31 days after September 30, 2019, grant 1 month of full-time credit for every 4 months of part-time service.
3. Increase the benefit rates for all part-time employees retiring after the effective date by $200 per month under all categories.

Additionally, Resolution C-2004 amended the plan so that when calculating Average Monthly Compensation, the years of Compensation averaged no longer need to be consecutive.

For measurement date 09/30/2021, amounts reported as changes of benefit terms, resulted from Resolution No. C-1926. This Resolution was adopted on September 7, 2021 and changed the plan language to clarify that Employees who are enrolled and receiving short term disability benefits payable from the Employer shall receive commensurate Hours of Service pension credit for the period which the Employee received short term disability benefits from the Employer.

Changes of assumptions:

For measurement date 09/30/2022, amounts reported as changes of assumptions resulted from an Experience Study dated May 31, 2022, the Board approved the following changes:

• Salary Increases – Increased for all years of service to align with actual plan experience.
• Retirement Rates – Generally reduced to reflect the that these employee groups tended to delay retirement beyond first eligibility.
• Withdrawal Rates – Adjusted for all employee groups to align with actual plan experience.

SCHEDULE OF CONTRIBUTIONS

Last 2 Fiscal Years

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of Covered Payroll
09/30/2022	$ 1,064,275	$ 1,250,000	$ (185,725)	$ 4,272,034	29.26%
09/30/2021	$ 1,016,334	$ 1,100,000	$ (83,666)	$ 4,439,572	24.78%

Notes to Schedule

Valuation Date: 10/01/2021 (AIS 07/19/2021)

Actuarially determined contribution rates are calculated as of October 1, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates can be found in the October 1, 2021 Actuarial Valuation for the Town of Medley Defined Benefit Plan prepared by Foster & Foster Actuaries and Consultants.

SCHEDULE OF INVESTMENT RETURNS

Last 2 Fiscal Years

Fiscal Year Ended	Annual Money-Weighted Rate of Return Net of Investment Expense
09/30/2022	-16.61%
09/30/2021	21.19%

NOTES TO THE FINANCIAL STATEMENTS
(For the Year Ended September 30, 2022)

Plan Description

The Plan is a single-employer defined benefit pension plan administered by the Board of Trustees of the Town of Medley Defined Benefit Plan. The Plan Administrator is responsible for the overall administration of the Plan. It has discretionary authority to construe the terms of the Plan and make determinations on questions that may affect eligibility for benefits. The Plan Administrator may also retain the services of attorneys, accountants, actuaries, investment advisors and other professionals.

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.

Plan Membership as of October 1, 2021:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	42
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	13
Active Plan Members	112
	167

Benefits Provided

The Plan provides retirement, termination, disability and death benefits.

A summary of the benefit provisions can be found in the October 1, 2021 Actuarial Valuation Report for the Town of Medley Defined Benefit Plan prepared by Foster & Foster Actuaries and Consultants.

Incorporated are the benefit changes for measurement date September 30, 2022 as noted under the Notes to Schedule of Changes in Net Pension Liability and Ratios.

Contributions

Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability as provided in Part VII, Chapter 112, Florida Statutes.

Net Pension Liability

The measurement date is September 30, 2022.
The measurement period for the pension expense was October 1, 2021 to September 30, 2022.
The reporting period is October 1, 2021 through September 30, 2022.

The Sponsor's Net Pension Liability was measured as of September 30, 2022.
The Total Pension Liability used to calculate the Net Pension Liability was determined as of that date.

Actuarial Assumptions:

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2021 updated to September 30, 2022 using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	3.50%
Discount Rate	6.50%
Investment Rate of Return	6.50%

Mortality Rate Healthy Active Lives:
Female: PubG.H-2010 for Employees.
Male: PubG.H-2010 for Employees, set back one year.
Mortality Rate Healthy Retiree Lives:
Female: PubG.H-2010 (Below Median) for Healthy Retirees.
Male: PubG.H-2010 for Healthy Retirees, set back one year.
Mortality Rate Beneficiary Lives:
Female: PubG.H-2010 for Healthy Retirees.
Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.
Mortality Rate Disabled Lives:
PubG.H-2010 for Disabled Retirees, set forward three years.

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

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 risk and collar adjustments made based on plan demographics. We feel this assumption sufficiently accommodates future mortality improvements.

The most recent actuarial experience study used to review the other significant assumptions was dated May 31, 2022.

The Long-Term Expected Rate of Return on Pension Plan investments can be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Pension Plan investment expenses and inflation) are developed for each major asset class.

For 2022 the inflation rate assumption of the investment advisor was 2.50%.

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

Best estimates of geometric real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return[1]
Domestic Equity	60%	4.25%
International Equity	10%	4.50%
Fixed Income	10%	0.50%
Cash	20%	0.00%
Total	100%	

[1] Source: StanCorp Investment Advisers, Inc.

Please note that long term expected return of the total portfolio is greater than simply multiplying each of the above "Long Term Expected Real Rate of Returns" by their target allocation % and adding them together. Not only is the time horizon longer for an actuarial valuation relative to the time horizon over which the above projected returns were generated, but also there is an additional correlation resulting from a diversified portfolio that will provide additional returns.

Discount Rate:
The Discount Rate used to measure the Total Pension Liability was 6.50 percent.
The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at September 30, 2021	$ 28,807,415	$ 30,352,003	$ (1,544,588)
Changes for a Year:			
Service Cost	721,987	-	721,987
Interest	1,900,480	-	1,900,480
Differences between Expected and Actual Experience	746,045	-	746,045
Changes of assumptions	(101,701)	-	(101,701)
Changes of benefit terms	433,762	-	433,762
Contributions - Employer	-	1,250,000	(1,250,000)
Net Investment Income	-	(5,051,584)	5,051,584
Benefit Payments, including Refunds of Employee Contributions	(1,450,021)	(1,450,021)	-
Administrative Expense	-	(50,468)	50,468
Net Changes	2,250,552	(5,302,073)	7,552,625
Balances at September 30, 2022	$ 31,057,967	$ 25,049,930	$ 6,008,037

Sensitivity of the Net Pension Liability to changes in the Discount Rate.

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Sponsor's Net Pension Liability	$ 9,816,914	$ 6,008,037	$ 2,830,127

Pension Plan Fiduciary Net Position.

Detailed information about the pension Plan's Fiduciary Net Position is available in a separately issued Plan financial report.

PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

For the year ended September 30, 2022, the Sponsor will recognize a Pension Expense of $1,785,231.
On September 30, 2022 the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	1,184,156	218,902
Changes of assumptions	338,572	101,007
Net difference between Projected and Actual Earnings on Pension Plan investments	3,082,151	-
Total	$ 4,604,879	$ 319,909

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in Pension Expense as follows:

Year ended September 30:	
2023	$ 857,636
2024	$ 742,462
2025	$ 835,909
2026	$ 1,619,202
2027	$ 68,675
Thereafter	$ 161,086

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 2 Fiscal Years

	09/30/2022	09/30/2021
Total Pension Liability		
Service Cost	721,987	638,309
Interest	1,900,480	1,798,230
Changes of benefit terms	433,762	125,261
Differences between Expected and Actual Experience	746,045	(83,077)
Changes of assumptions	(101,701)	-
Benefit Payments, including Refunds of Employee Contributions	(1,450,021)	(1,145,618)
Net Change in Total Pension Liability	2,250,552	1,333,105
Total Pension Liability - Beginning	28,807,415	27,474,310
Total Pension Liability - Ending (a)	$ 31,057,967	$ 28,807,415
Plan Fiduciary Net Position		
Contributions - Employer	1,250,000	1,100,000
Net Investment Income	(5,051,584)	5,340,073
Benefit Payments, including Refunds of Employee Contributions	(1,450,021)	(1,145,618)
Administrative Expense	(50,468)	(48,582)
Net Change in Plan Fiduciary Net Position	(5,302,073)	5,245,873
Plan Fiduciary Net Position - Beginning	30,352,003	25,106,130
Plan Fiduciary Net Position - Ending (b)	$ 25,049,930	$ 30,352,003
Net Pension Liability - Ending (a) - (b)	$ 6,008,037	$ (1,544,588)
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	80.66%	105.36%
Covered Payroll	$ 4,272,034	$ 4,439,572
Net Pension Liability as a percentage of Covered Payroll	140.64%	-34.79%

Notes to Schedule of Changes in Net Pension Liability and Related Ratios:

Changes of benefit terms:

For measurement date 09/30/2022, Resolution C-1968 amended the plan to provide for the following changes:

1. Early retirement with no penalty is being offered to any employee with at least 24 years of full time service. The special early retirement benefit will only be available for eligible employees who retire within a 90-day window starting with the date the resolution is passed.
2. For part-time employees hired full-time between the period of 30 days before September 30, 2019 and 31 days after September 30, 2019, grant 1 month of full-time credit for every 4 months of part-time service.
3. Increase the benefit rates for all part-time employees retiring after the effective date by $200 per month under all categories.

Additionally, Resolution C-2004 amended the plan so that when calculating Average Monthly Compensation, the years of Compensation averaged no longer need to be consecutive.

For measurement date 09/30/2021, amounts reported as changes of benefit terms, resulted from Resolution No. C-1926. This Resolution was adopted on September 7, 2021 and changed the plan language to clarify that Employees who are enrolled and receiving short term disability benefits payable from the Employer shall receive commensurate Hours of Service pension credit for the period which the Employee received short term disability benefits from the Employer.

Changes of assumptions:

For measurement date 09/30/2022, amounts reported as changes of assumptions resulted from an Experience Study dated May 31, 2022, the Board approved the following changes:

• Salary Increases – Increased for all years of service to align with actual plan experience.
• Retirement Rates – Generally reduced to reflect the that these employee groups tended to delay retirement beyond first
• Withdrawal Rates – Adjusted for all employee groups to align with actual plan experience.

SCHEDULE OF CONTRIBUTIONS

Last 2 Fiscal Years

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of Covered Payroll
09/30/2022	$ 1,064,275	$ 1,250,000	$ (185,725)	$ 4,272,034	29.26%
09/30/2021	$ 1,016,334	$ 1,100,000	$ (83,666)	$ 4,439,572	24.78%

Notes to Schedule

Valuation Date: 10/01/2021 (AIS 07/19/2021)

Actuarially determined contribution rates are calculated as of October 1, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates can be found in the October 1, 2021 Actuarial Valuation for the Town of Medley Defined Benefit Plan prepared by Foster & Foster Actuaries and Consultants.

EXPENSE DEVELOPMENT AND AMORTIZATION SCHEDULES

The following information is not required to be disclosed but is provided for informational purposes.

COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2022

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	$ (1,544,588)	$ 4,190,258	$ 1,457,834	$ -
Total Pension Liability Factors:				
Service Cost	721,987	-	-	721,987
Interest	1,900,480	-	-	1,900,480
Changes in benefit terms	433,762	-	-	433,762
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	746,045	-	746,045	-
Current year amortization of experience difference	-	(201,660)	(246,810)	45,150
Change in assumptions about future economic or demographic factors or other inputs	(101,701)	101,701	-	-
Current year amortization of change in assumptions	-	(15,714)	(131,145)	115,431
Benefit Payments, including Refunds of Employee Contributions	(1,450,021)	-	-	-
Net change	2,250,552	(115,673)	368,090	3,216,810
Plan Fiduciary Net Position:				
Contributions - Employer	1,250,000	-	-	-
Projected Net Investment Income	1,964,739	-	-	(1,964,739)
Difference between projected and actual earnings on Pension Plan investments	(7,016,323)	-	7,016,323	-
Current year amortization	-	(1,072,169)	(1,554,861)	482,692
Benefit Payments, including Refunds of Employee Contributions	(1,450,021)	-	-	-
Administrative Expenses	(50,468)	-	-	50,468
Net change	(5,302,073)	(1,072,169)	5,461,462	(1,431,579)
Ending Balance	$ 6,008,037	$ 3,002,416	$ 7,287,386	$ 1,785,231

AMORTIZATION SCHEDULE - INVESTMENTS

Increase (Decrease) in Pension Expense Arising from the Recognition of the of Differences Between Projected and Actual Earnings on Pension Plan Investments

Plan Year Ending	Differences Between Projected and Actual Earnings	Recognition Period (Years)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
2022	$ 7,016,323	5	$ 1,403,263	$ 1,403,265	$ 1,403,265	$ 1,403,265	$ 1,403,265	$ -	$ -	$ -	$ -	$ -
2021	$ (3,711,236)	5	$ (742,247)	$ (742,247)	$ (742,247)	$ (742,247)	$ -	$ -	$ -	$ -	$ -	$ -
2020	$ (1,139,414)	5	$ (227,883)	$ (227,883)	$ (227,883)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2019	$ 757,989	5	$ 151,598	$ 151,598	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2018	$ (510,195)	5	$ (102,039)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Increase (Decrease) in Pension Expense			$ 482,692	$ 584,733	$ 433,135	$ 661,018	$ 1,403,265	$ -	$ -	$ -	$ -	$ -

AMORTIZATION SCHEDULE - CHANGES OF ASSUMPTIONS

Plan Year Ending	Changes of Assumptions	Recognition Period (Years)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
			Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Changes of Assumptions									
2022	$ (101,701)	8	$ (12,710)	$ (12,713)	$ (12,713)	$ (12,713)	$ (12,713)	$ (12,713)	$ (12,713)	$ (12,713)	$ -	$ -
2020	$ (21,029)	7	$ (3,004)	$ (3,004)	$ (3,004)	$ (3,004)	$ (3,004)	$ -	$ -	$ -	$ -	$ -
2019	$ 305,126	8	$ 38,141	$ 38,141	$ 38,141	$ 38,141	$ 38,141	$ -	$ -	$ -	$ -	$ -
2017	$ 744,029	8	$ 93,004	$ 93,004	$ 93,004	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Increase (Decrease) in Pension Expense			$ 115,431	$ 115,428	$ 115,428	$ 22,424	$ 22,424	$ (12,713)	$ (12,713)	$ (12,713)	$ -	$ -

AMORTIZATION SCHEDULE - EXPERIENCE

			Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Differences between Expected and Actual Experience									
Plan Year Ending	Differences Between Expected and Actual Experience	Recognition Period (Years)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
2022	$ 746,045	8	$ 93,253	$ 93,256	$ 93,256	$ 93,256	$ 93,256	$ 93,256	$ 93,256	$ 93,256	$ -	$ -
2021	$ (83,077)	7	$ (11,868)	$ (11,868)	$ (11,868)	$ (11,868)	$ (11,868)	$ (11,868)	$ -	$ -	$ -	$ -
2020	$ 349,349	7	$ 49,907	$ 49,907	$ 49,907	$ 49,907	$ 49,907	$ -	$ -	$ -	$ -	$ -
2019	$ 497,745	8	$ 62,218	$ 62,218	$ 62,218	$ 62,218	$ 62,218	$ -	$ -	$ -	$ -	$ -
2018	$ (328,364)	8	$ (41,046)	$ (41,046)	$ (41,046)	$ (41,046)	$ -	$ -	$ -	$ -	$ -	$ -
2017	$ 331,458	8	$ 41,432	$ 41,432	$ 41,432	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2016	$ (1,077,646)	7.24	$ (148,746)	$ (36,424)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Increase (Decrease) in Pension Expense			$ 45,150	$ 157,475	$ 193,899	$ 152,467	$ 193,513	$ 81,388	$ 93,256	$ 93,256	$ -	$ -