Town of Medley Police Officers' Retirement System

Actuarial Valuation

As of October 1, 2025
Contributions Applicable to the Plan/
Fiscal Year Ending September 30, 2027

FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

January 6, 2026

Board of Trustees
Town of Medley
Police Officers' Pension Board

Re: Town of Medley Police Officers' Retirement System Actuarial Valuation Report

Dear Board,

This report details the annual actuarial valuation of the Town of Medley Police Officers' Retirement System as of October 1, 2025.

The valuation was performed to measure the plan's liability and funding levels and to determine the actuarially appropriate funding requirements for the plan year ending September 30, 2027. This report was prepared for use by the Board. Use of the results for other purposes may not be applicable and could produce significantly different results.

DATA AND ASSUMPTIONS

In preparing this report, we have relied on personnel and plan design supplied by Town of Medley. Assets were determined based on financial reports supplied by the custodian bank. In our opinion, the assumptions used in the valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated fund experience. Other sets of assumptions and methods could also be reasonable and could produce materially different results. 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.

DISCLOSURES AND LIMITATIONS

Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in plan provisions or applicable law. Due to the limited scope of this report, we did not provide an analysis of these potential differences.

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.

In performing the analysis, 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 to generate the costs. All internally developed models are reviewed as part of the 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.

ACTUARIAL CERTIFICATION

The valuation has been conducted in accordance with all applicable laws and regulations, as well as generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board; specifically No. 4 for Measuring Pension Obligations and Determining Pension Plan Costs or Contributions, No. 23 for Data Quality, No. 27 for Selection of Economic Assumptions for Measuring Pension Obligations, No. 35 for Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations, No. 44, Selection and Use of Asset Valuation Methods for Pension Valuations, and No. 51, Assessment and Disclosure of Risk Associated with Measuring Pension Obligations.

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 this report 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 Police Officers' Retirement System. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

Respectfully submitted,

Foster & Foster, Inc.

Patrick T. Donlan

Patrick T. Donlan, EA, ASA, MAAA

Sara Carlson

Sara E. Carlson, ASA, EA, MAAA

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SUMMARY

The regular annual actuarial valuation of the Town of Medley Police Officers' Retirement System, performed as of October 1, 2025, 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, 2027.

The contribution requirements, compared with those set forth in the October 1, 2024 actuarial report, are as follows:

Valuation Date Applicable to Fiscal Year Ending	10/1/2025 9/30/2027	10/1/2024 9/30/2026
Minimum Required Contribution		
% of Projected Annual Payroll	23.8%	25.1%
Member Contributions (Est.)		
% of Projected Annual Payroll	5.0%	5.0%
Town and State Required Contribution		
% of Projected Annual Payroll	18.8%	20.1%
State Contribution (Est.)[1]	$206,830	$206,830
% of Projected Annual Payroll	4.5%	4.5%
Town Required Contribution (Est.)[2]		
% of Projected Annual Payroll	14.3%	15.6%

As you can see, the Minimum Required Contribution shows a decrease when compared to the results set forth in the October 1, 2024 actuarial valuation report. The decrease is attributable to favorable experience realized during the year and additional Town contributions in excess of the minimum actuarial requirement over the past year. The decrease was offset in part by assumption changes reflected in this valuation.

Plan experience was favorable overall on the basis of the plan's actuarial assumptions. Sources of actuarial gain included inactive mortality experience and an investment return of 9.49% (Actuarial Asset Basis) which exceeded the 7.25% assumption. These gains were offset in part by losses associated with an average salary increase of 8.20% which exceeded the 5.26% assumption, unfavorable turnover experience, and unfavorable retirement experience.

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[1] Represents the amount that should have been received for fiscal 2025, but was not due to a delay in the 2024 State Report approval. If both the 2024 and 2025 State Reports are approved before September 30, 2026, there may be two distributions in fiscal 2026. As per a Mutual Consent Agreement between the Membership and the Town, all State Monies received each year will be available to offset the Town's required contribution.

[2] The required contribution from the combination of Town and State sources for the year ending September 30, 2027, is 18.8% of the actual payroll realized in that year. As a budgeting tool, the Town may contribute 14.3% of each Member's Salary and then make a one-time adjustment to account for the actual State Monies received.

Changes Since Prior Valuation

Plan Changes

There have been no plan changes since the prior valuation.

Actuarial Assumption/Method Changes

Since the previous valuation, as mandated by Chapter 2015-157, Laws of Florida, the mortality rates were updated to align with those outlined in the July 1, 2024 FRS valuation report of the Florida Retirement System for special-risk employees.

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

VALUATION RESULTS

PRINCIPAL VALUATION RESULTS

Valuation Date	New Assump 10/1/2025	Old Assump 10/1/2025	10/1/2024
PARTICIPANT DATA			
Actives	47	47	44
Service Retirees	26	26	24
DROP Retirees	0	0	2
Beneficiaries	3	3	2
Disability Retirees	0	0	0
Terminated Vested	7	7	5
Total	83	83	77
Projected Annual Payroll	4,625,010	4,625,010	4,193,326
Annual Rate of Payments to:			
Service Retirees	1,906,353	1,906,353	1,735,717
DROP Retirees	0	0	186,712
Beneficiaries	91,126	91,126	52,072
Disability Retirees	0	0	0
Terminated Vested	46,054	46,054	46,054
ASSETS			
Actuarial Value (AVA) [1]	39,768,810	39,768,810	37,050,367
Market Value (MVA) [1]	42,311,776	42,311,776	39,510,127
LIABILITIES			
Present Value of Benefits			
Actives			
Retirement Benefits	21,781,712	21,292,919	20,512,951
Disability Benefits	1,191,437	1,162,080	1,046,905
Death Benefits	68,540	73,466	67,256
Vested Benefits	1,316,770	1,277,671	1,121,673
Refund of Contributions	104,555	104,553	95,509
Service Retirees	21,643,632	21,193,407	19,243,655
DROP Retirees [1]	0	0	2,283,543
Beneficiaries	851,429	849,820	495,259
Disability Retirees	0	0	0
Terminated Vested	273,752	261,710	242,559
Total	47,231,827	46,215,626	45,109,310

Valuation Date	New Assump 10/1/2025	Old Assump 10/1/2025	10/1/2024
LIABILITIES (CONTINUED)			
Present Value of Future Salaries	40,226,522	40,222,222	36,847,496
Present Value of Future Member Contributions	2,011,326	2,011,111	1,842,375
Normal Cost (Retirement)	848,705	828,672	766,683
Normal Cost (Disability)	80,789	79,310	72,256
Normal Cost (Death)	3,730	3,986	3,705
Normal Cost (Vesting)	73,848	71,603	63,382
Normal Cost (Refunds)	14,721	14,720	14,809
Total Normal Cost	1,021,793	998,291	920,835
Present Value of Future Normal Costs	8,377,598	8,181,430	7,598,544
Accrued Liability (Retirement)	14,840,134	14,513,111	14,200,955
Accrued Liability (Disability)	534,632	520,573	460,052
Accrued Liability (Death)	38,085	41,107	36,835
Accrued Liability (Vesting)	643,559	625,461	525,634
Accrued Liability (Refunds)	29,006	29,007	22,274
Accrued Liability (Inactives) [1]	22,768,813	22,304,937	22,265,016
Total Actuarial Accrued Liability (EAN AL)	38,854,229	38,034,196	37,510,766
Unfunded Actuarial Accrued Liability (UAAL)	(914,581)	(1,734,614)	460,399
Funded Ratio (AVA / EAN AL)	102.4%	104.6%	98.8%

ACTUARIAL PRESENT VALUE OF ACCRUED BENEFITS

Valuation Date	New Assump 10/1/2025	Old Assump 10/1/2025	10/1/2024
Vested Accrued Benefits			
Inactives [1]	22,768,813	22,304,937	22,265,016
Actives	8,583,129	8,366,178	8,318,077
Member Contributions	1,636,602	1,636,602	1,569,364
Total	32,988,544	32,307,717	32,152,457
Non-vested Accrued Benefits	1,259,009	1,225,729	1,390,162
Total Present Value Accrued Benefits (PVAB)	34,247,553	33,533,446	33,542,619
Funded Ratio (MVA / PVAB)	123.5%	126.2%	117.8%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	714,107	0	
Plan Experience	0	63,885	
Benefits Paid	0	(2,417,272)	
Interest	0	2,344,214	
Other	0	0	
Total	714,107	(9,173)	

CONTRIBUTION REQUIREMENTS

	New Assump	Old Assump	
Valuation Date	10/1/2025	10/1/2025	10/1/2024
Applicable to Fiscal Year Ending	9/30/2027	9/30/2027	9/30/2026

CALCULATION OF CONTRIBUTION REQUIREMENT

Normal Cost (with interest)			
% of Projected Annual Payroll [2]	22.9	22.4	22.8
Administrative Expenses (with interest)			
% of Projected Annual Payroll [2]	0.9	0.9	1.1
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 15 years (as of 10/1/2025, with interest)			
% of Projected Annual Payroll [2]	(2.1)	(4.0)	1.2
Minimum Required Contribution [3]			
% of Projected Annual Payroll [2] [3]	23.8	23.3	25.1
Expected Member Contributions			
% of Projected Annual Payroll [2]	5.0	5.0	5.0
Expected Town and State Contribution			
% of Projected Annual Payroll [2] [3]	18.8	18.3	20.1

PAST CONTRIBTUTIONS

Plan Years Ending:	9/30/2025
Total Required Contribution	1,238,988
Town and State Requirement	1,002,540
Actual Contributions Made:	
Members (excluding buyback)	236,448
Town	1,300,000
State	153,316
Total	1,689,764

[1] The asset values and liabilities include accumulated DROP Plan Balances as of 9/30/2025 and 9/30/2024.

[2] Contributions developed as of 10/1/2025 are expressed as a percentage of Projected Annual Payroll at 10/1/2025 of $4,625,010.

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

Other Information

Illustration of Amortitization of the Total Unfunded Actuarial Accrued Liability

Year	Projected Unfunded Actuarial Accrued Liability
2025	(914,581) [1]

5 Year Comparison of Actual and Assumed Salary Increases

		Actual	Assumed
Year Ended	9/30/2025	8.20%	5.26%
Year Ended	9/30/2024	8.97%	5.25%
Year Ended	9/30/2023	7.27%	5.21%
Year Ended	9/30/2022	6.73%	5.17%
Year Ended	9/30/2021	4.73%	5.15%

5 Year Comparison of Investment Return on Actuarial Value

		Market Value	Actuarial Value	Assumed
Year Ended	9/30/2025	9.08%	9.49%	7.25%
Year Ended	9/30/2024	23.77%	8.21%	7.25%
Year Ended	9/30/2023	11.48%	4.66%	7.25%
Year Ended	9/30/2022	-16.52%	5.81%	7.50%
Year Ended	9/30/2021	22.84%	10.59%	7.50%

Average Annual Payroll Growth

Valuation Date	Payroll
10/1/2025	$4,625,010
10/1/2015	2,885,418
Total Increase	60.29%
Number of Years	10.00
Average Annual Rate	4.83%

[1] Based on current State law and the existing UAAL bases, the UAAL is projected to never be positive.

STATEMENT BY ENROLLED ACTUARY

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

Sara Carlson

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

Please let us know when the report is approved by the Board and unless otherwise directed, we will provide 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

UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2024	$460,399
(2)	Sponsor Normal Cost developed as of October 1, 2024	711,169
(3)	Expected administrative expenses for the year ended September 30, 2025	42,970
(4)	Expected interest on (1), (2) and (3)	86,496
(5)	Sponsor contributions to the System during the year ended September 30, 2025	1,453,316
(6)	Expected interest on (5)	55,073
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2025 (1)+(2)+(3)+(4)-(5)-(6)	(207,355)
(8)	Change to UAAL due to Assumption Change	820,033
(9)	Change to UAAL due to Actuarial (Gain)/Loss	(1,527,259)
(10)	Unfunded Actuarial Accrued Liability as of October 1, 2025	(914,581)

Type of Base	Date Established	Years Remaining	10/1/2025 Amount	Amortization Amount
Consolidation Base	10/1/2022	12	57,299	6,816
Reconciliation Base	10/1/2023	12	(112,796)	(13,418)
Actuarial Loss	10/1/2023	13	199,845	22,612
Actuarial Loss	10/1/2024	14	297,706	32,218
Reconciliation Base	10/1/2025	15	(649,409)	(67,535)
Actuarial Gain	10/1/2025	15	(1,527,259)	(158,827)
Assump Change	10/1/2025	15	820,033	85,279
			(914,581)	(92,855)

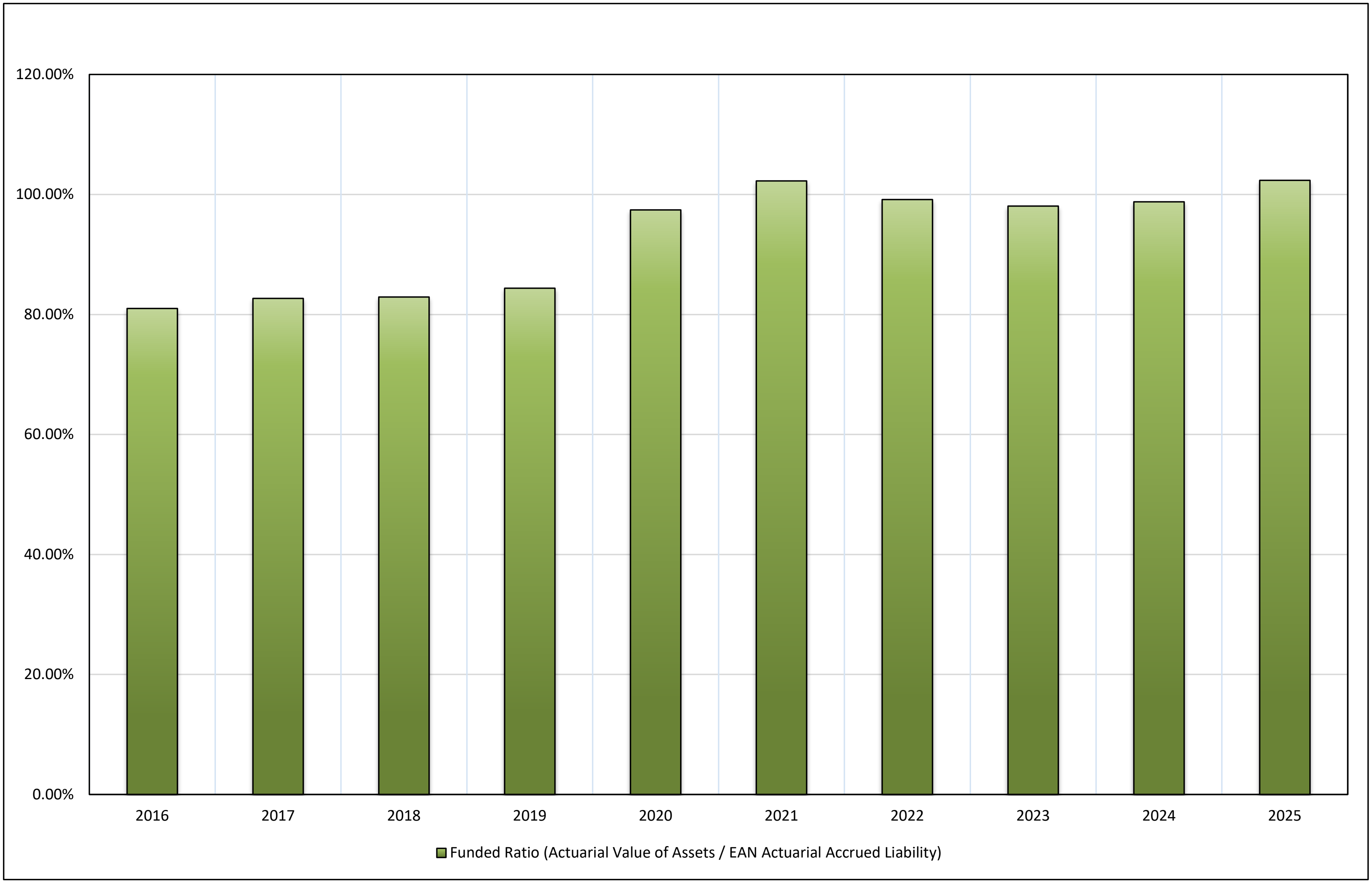
Detailed Actuarial (Gain)/Loss Analysis

(1)	Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2024	$460,399
(2)	Expected UAAL as of October 1, 2025	(207,355)
(3)	Summary of Actuarial (Gain)/Loss, by component:	
	Investment Return (Actuarial Asset Basis)	(821,773)
	Salary Increases	240,843
	Active Decrements	309,543
	Inactive Mortality	(1,311,961)
	Other	56,089
	Increase in UAAL due to (Gain)/Loss	(1,527,259)
	Assumption Changes	820,033
(4)	Actual UAAL as of October 1, 2025	($914,581)

Reconciliation of Changes in Contribution Requirement

(1)	Contribution Determined as of October 1, 2024	16.4%
(2)	Summary of Contribution Impact by component:	
	Change in State Contribution Percentage	-0.8%
	Change in Normal Cost Rate	-0.4%
	Change in Administrative Expense Percentage	-0.2%
	Payroll Change Effect on UAAL Amortization	0.0%
	Investment Return (Actuarial Asset Basis)	-1.9%
	Salary Increases	0.6%
	Active Decrements	0.7%
	Inactive Mortality	-3.1%
	UAAL Amortization Impact from Contribution Policy	-1.7%
	Application of Normal Cost Minimum Funding Requirements of Florida Statutes	4.0%
	Assumption Change	0.5%
	Other	0.2%
	Total Change in Contribution	-2.1%
(3)	Contribution Determined as of October 1, 2025	14.3%

HISTORY OF FUNDING PROGRESS



STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2025

ASSETS	MARKET VALUE
Total Cash and Equivalents	0.00
Total Receivable	0.00
Investments:	
Mutual Funds:	
Fixed Income	12,042,772.62
Equity	30,273,697.83
Total Investments	42,316,470.45
Total Assets	42,316,470.45
LIABILITIES	
Payables:	
Administrative Expenses	4,694.04
Total Liabilities	4,694.04
NET POSITION RESTRICTED FOR PENSIONS	42,311,776.41

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2025
Market Value Basis

ADDITIONS		
Contributions:		
Member	236,448.03	
Buy-Back	5,968.30	
Town	1,300,000.00	
State	153,316.42	
Total Contributions		1,695,732.75
Investment Income:		
Net Increase in Fair Value of Investments	3,565,513.12	
Less Investment Expense[1]	(2,000.00)	
Net Investment Income		3,563,513.12
Total Additions		5,259,245.87
DEDUCTIONS		
Distributions to Members:		
Benefit Payments	1,977,665.35	
Lump Sum DROP Distributions	439,606.87	
Refunds of Member Contributions	0.00	
Total Distributions		2,417,272.22
Administrative Expense		40,323.86
Total Deductions		2,457,596.08
Net Increase in Net Position		2,801,649.79
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		39,510,126.62
End of the Year		42,311,776.41

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

ACTUARIAL ASSET VALUATION
September 30, 2025

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

Gains/Losses Not Yet Recognized

Plan Year		Amounts Not Yet Recognized by Valuation Year				
Ending	Gain/(Loss)	2025	2026	2027	2028	2029
09/30/2021	4,505,468	0	0	0	0	0
09/30/2022	(8,543,558)	(1,708,710)	0	0	0	0
09/30/2023	1,234,168	493,666	246,832	0	0	0
09/30/2024	5,294,487	3,176,693	2,117,796	1,058,899	0	0
09/30/2025	726,646	581,317	435,988	290,658	145,329	0
Total		2,542,966	2,800,616	1,349,557	145,329	0

Development of Investment Gain/Loss

Market Value of Assets, 09/30/2024	39,510,127
Contributions Less Benefit Payments & Admin Expenses	(761,863)
Expected Investment Earnings*	2,836,867
Actual Net Investment Earnings	3,563,513
2025 Actuarial Investment Gain/(Loss)	726,646

*Expected Investment Earnings = 0.0725 * (39,510,127 - 0.5 * 761,863)

Development of Actuarial Value of Assets

(1) Market Value of Assets, 09/30/2025	42,311,776
(2) Gains/(Losses) Not Yet Recognized	2,542,966
(3) Actuarial Value of Assets, 09/30/2025, (1) - (2)	39,768,810
(4) Limited Actuarial Value of Assets, 09/30/2025	39,768,810
(A) 09/30/2024 Actuarial Assets:	37,050,367
(I) Net Investment Income:	
1. Earnings and Investment Gains	3,565,513
2. Change in Actuarial Value	(83,206)
3. Investment Expenses	(2,000)
Total	3,480,307
(B) 09/30/2025 Actuarial Assets:	39,768,810
Actuarial Assets Rate of Return = 2I/(A+B-I):	9.49%
Market Value of Assets Rate of Return:	9.08%
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)	821,773

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
SEPTEMBER 30, 2025
Actuarial Asset Basis

REVENUES		
Contributions:		
Member	236,448.03	
Buy-Back	5,968.30	
Town	1,300,000.00	
State	153,316.42	
Total Contributions		1,695,732.75
Earnings from Investments:		
Earnings and Investment Gains	3,565,513.12	
Change in Actuarial Value	(83,206.00)	
Total Earnings and Investment Gains		3,482,307.12
EXPENDITURES		
Distributions to Members:		
Benefit Payments	1,977,665.35	
Lump Sum DROP Distributions	439,606.87	
Refunds of Member Contributions	0.00	
Total Distributions		2,417,272.22
Expenses:		
Investment related[1]	2,000.00	
Administrative	40,323.86	
Total Expenses		42,323.86
Change in Net Assets for the Year		2,718,443.79
Net Assets Beginning of the Year		37,050,366.62
Net Assets End of the Year[2]		39,768,810.41

[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

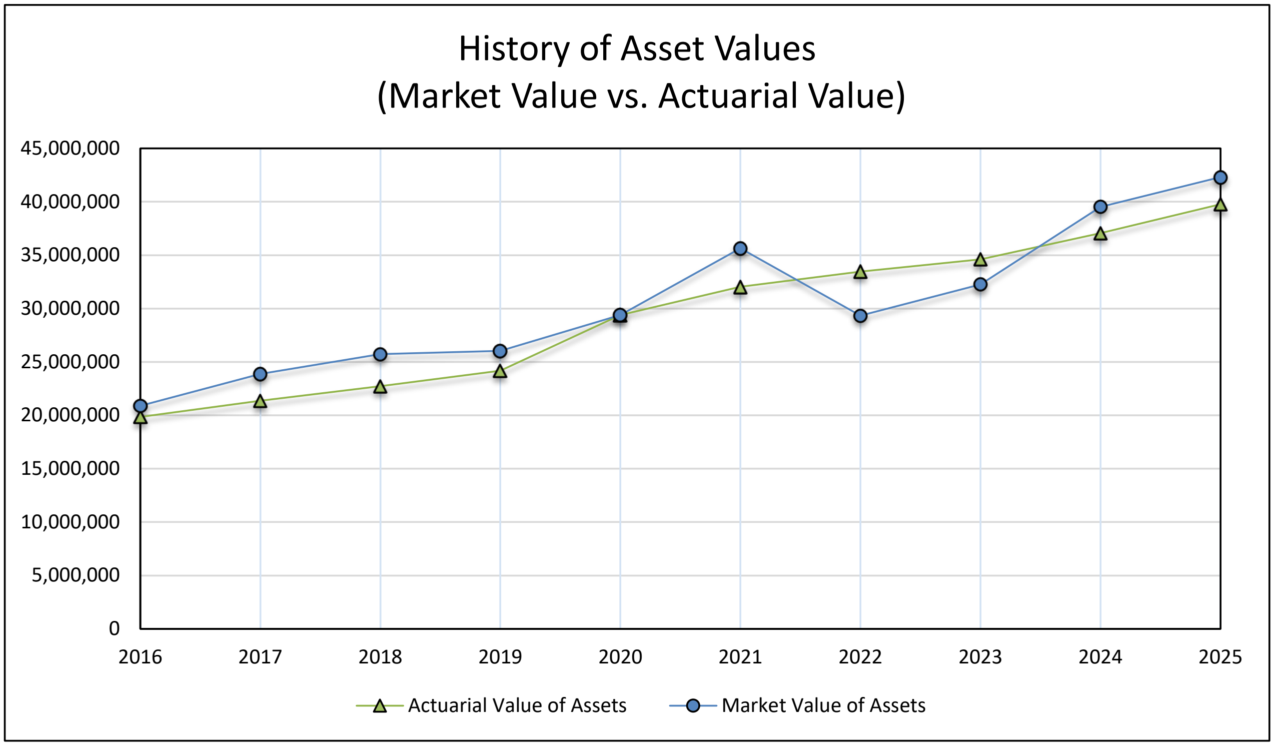
October 1, 2024 to September 30, 2025	
Beginning of the Year Balance	318,873.30
Plus Additions	112,975.63
Investment Return Earned	7,757.94
Less Distributions	(439,606.87)
End of the Year Balance	0.00

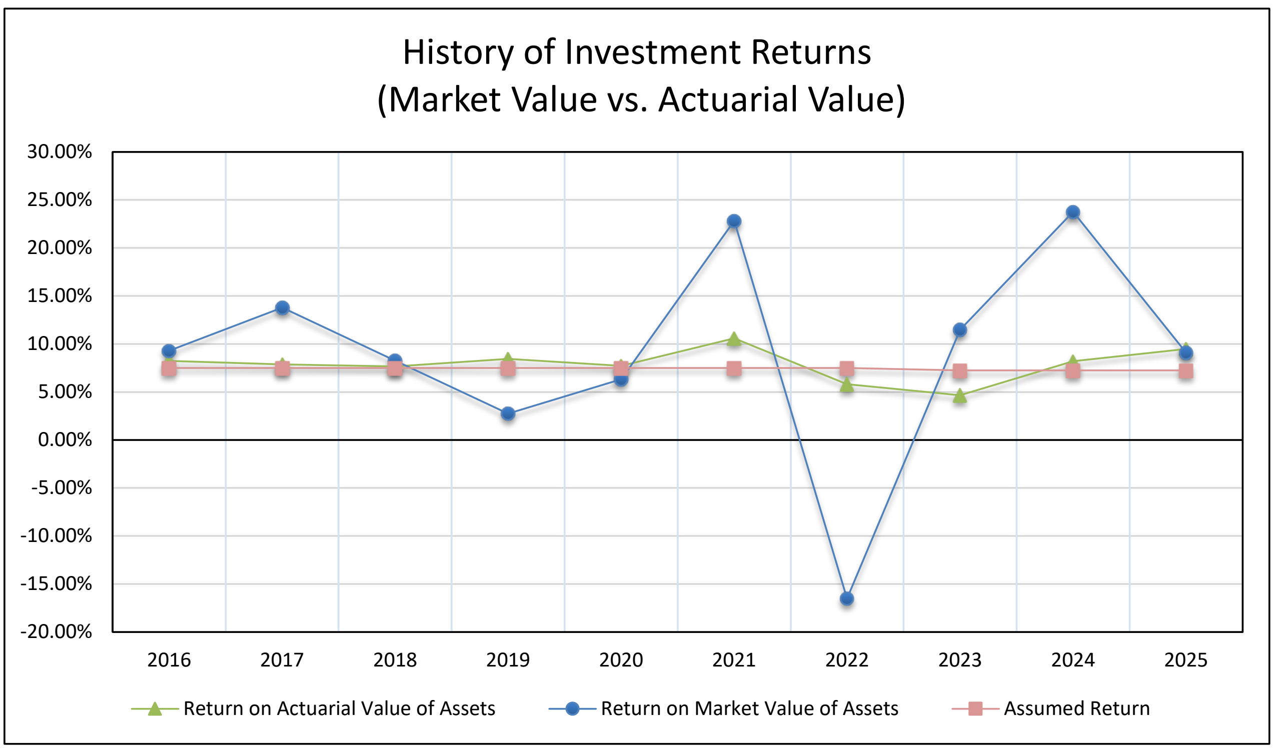
Note: Investment Return Earned includes earnings for the Quarter ending September 30, 2024.

TOWN CONTRIBUTIONS IN EXCESS OF MINIMUM REQUIREMENT

Fiscal Year Ended		9/30/2025
(1)	Town and State Required Contribution Rate	21.2%
(2)	Pensionable Payroll Derived from Member Contributions	$4,728,960.60
(3)	Town and State Required Contribution (1) x (2)	1,002,539.65
(4)	Less Allowable State Contribution	(153,316.42)
(5)	Equals Required Town Contribution for Fiscal 2025	849,223.23
(6)	Less 2024 Prepaid Contribution	0.00
(7)	Less Actual Town Contributions	(1,300,000.00)
(8)	Town Contributions in Excess of Minimum Requirement Applied to Reduce Unfunded Actuarial Accrued Liability as of September 30, 2025	($450,776.77)

History of Asset Values and Investment Returns





Participant Statistics

Statistical Data

Valuation Date	10/1/2025	10/1/2024	10/1/2023	10/1/2022
Actives				
Number	47	44	40	39
Average Current Age	39.8	40.4	41.3	41.7
Average Age at Employment	30.8	31.0	31.6	31.6
Average Past Service	9.0	9.4	9.7	10.1
Average Annual Salary	$104,037	$104,101	$99,978	$97,298
Service Retirees				
Number	26	24	24	24
Average Current Age	64.7	65.1	64.1	63.1
Average Annual Benefit	$73,321	$72,322	$72,065	$71,812
DROP Retirees				
Number	0	2	1	0
Average Current Age	N/A	61.7	64.0	N/A
Average Annual Benefit	N/A	$93,356	$136,498	N/A
Beneficiaries				
Number	3	2	2	2
Average Current Age	60.3	53.5	52.5	51.5
Average Annual Benefit	$30,375	$26,036	$26,036	$26,036
Disability Retirees				
Number	0	0	0	0
Average Current Age	N/A	N/A	N/A	N/A
Average Annual Benefit	N/A	N/A	N/A	N/A
Terminated Vested				
Number	7	5	5	3
Average Current Age [1]	43.6	42.6	41.6	N/A
Average Annual Benefit [1]	$46,054	$46,054	$46,054	N/A

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

Age and Service Distribution

Active Employees

						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	2											2
25 - 29	1	3	1	1	1							7
30 - 34		3	3			2						8
35 - 39	1				1	2	3	2				9
40 - 44					1	2	1	1				5
45 - 49							3	1	1			5
50 - 54							1	4		1		6
55 - 59	1					1	1	2				5
60 - 64												0
65+												0
Total	5	6	4	1	3	7	9	10	1	1	0	47

PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2024	44
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	0
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	(2)
f. DROP	0
g. Continuing participants	42
h. New entrants / Rehires	5
i. Total active life participants in valuation	47

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	24	2	2	0	1	4	33
Retired	4	(2)					2
DROP							0
Vested (Deferred Annuity)							0
Vested (Due Refund)							0
Hired/Terminated in Same Year						2	2
Death, With Survivor	(1)		1				0
Death, No Survivor	(1)						(1)
Disabled							0
Refund of Contributions							0
Rehires							0
Expired Annuities							0
Data Corrections							0
b. Number current valuation	26	0	3	0	1	6	36

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate

Healthy Active Lives*:*

Female: PubS-2010 for Employees
Male: PubS-2010 for Employees, set forward 1 year

Healthy Retiree Lives*:*

Female: PubS-2010 for Healthy Retirees
Male: PubS-2010 for Healthy Retirees, set forward 1 year

Beneficiary Lives*:*

Female: PubG.H-2010 for Healthy Retirees
Male: PubG.H-2010 for Healthy Retirees, set back 1 year

Disabled Lives*:*

Female: PubG.H-2010 for Disabled Retirees, set forward 1 years
Male: PubG.H-2010 for Disabled Retirees

All rates are projected generationally with Mortality Improvement Scale MP-2021. 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, 2024 FRS valuation report for special-risk employees.

75% of active deaths are assumed to be service-incurred.

Previously, the following rates were used:

Healthy Active Lives:

Female: PubS.H-2010 for Employees, set forward one year.
Male: PubS.H-2010 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 were projected generationally with Mortality Improvement Scale MP-2018. We feel this assumption sufficiently accommodates future mortality improvements.

Interest Rate

7.25% per year compounded annually, net of investment related expenses. This assumption is in line with other Florida municipal pension plans.

Salary Increases

Salary Scale	
Service	Rate
<1	8.00%
1-9	5.75%
10-14	4.75%
15+	4.00%

Projected salary in the year of retirement is increased to account for non-regular compensation, based on census data provided by the Town for individual accrued sick and annual leave. This assumption was developed from 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

$39,015 annually, based on the average of actual expenses incurred in the prior two fiscal years.

Funding Method	Entry Age Normal Cost Method. The following loads are applied for determining the minimum required contribution: Interest - A half year, based on current 7.25% assumption. Salary - None. 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. 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. 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. 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. 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.
Asset Valuation 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.

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.

Retirement Age

% Retiring During the Year (>= 25 Years of Service)	
Age	Rate
50-51	5.0%
52+	100.0%

% Retiring During the Year (10-24 Years of Service)		
Age	Service	Rate
50-54	10-24	5.0%
55	10-24	50.0%
56	11-24	100.0%

* If age at 10 Years of Service > 55, then 50% at 10 Years and 100% at 11+ Years

This assumption was developed from the May 31, 2022 Experience Study.

Termination Rates

% Terminating During the Year	
Service	Rate
20	8.25%
30	5.50%
40	2.86%
50	0.88%
56+	0.22%

This assumption was developed based on an experience study performed May 31, 2022.

Disability Rates

% Becoming Disabled During the Year	
Age	Rate
20	0.14%
30	0.18%
40	0.30%
50	1.00%
60+	2.00%

It is assumed that 75% of disablements are service related. This assumption was developed from those used by other plans containing Florida municipal Police Officers.

Asset Valuation 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.

PLAN PROVISIONS

Most Recent Plan Amendment	Ordinance C-449
Eligibility	Employees who are classified as full-time sworn police officers shall participate in the System as a condition of employment.
Credited Service	Total years and fractional parts of years of employment with the Town as a Police Officer.
Salary	Total W-2 compensation plus tax exempt, tax sheltered, and tax deferred items of income (including overtime payments up to 300 hours per calendar year, but not including payments for extra duty or special detail work for second party employer). Additionally, Salary shall exclude payments for unused, accrued sick and annual leave hours earned on or after December 5, 2011.
Average Final Compensation	Average Salary for the best 5 years during the 10 years immediately preceding retirement or termination.
Member Contributions	5.0% of Salary.
Town and State Contributions	Remaining amount required in order to pay current costs and amortize any unfunded past service cost over 30 years.
Normal Retirement	
Date	Earlier of: 1) age 55 and 10 years of Credited Service, or 2) age 52 and 25 years of Credited Service.
Benefit	3.25% of Average Final Compensation times Credited Service (maximum 81.25% for those hired on and after October 1, 2008).
Form of Benefit	Ten Year Certain and Life Annuity (options available).
Early Retirement	
Eligibility	Age 50 and 10 Years of Credited Service.

Benefit	Accrued benefit, reduced 3% for each year prior to Normal Retirement.
Vesting	
Schedule	100% after 10 years of Credited Service.
Benefit Amount	Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date (no imputing).
Disability	
Eligibility	**Service Incurred:** Covered from Date of Employment. **Non-Service Incurred:** 10 years of Credited Service.
Exclusions	Disability resulting from use of drugs, illegal participation in riots, service in military, etc.
Benefit	Benefit accrued to date of disability under 2.5% benefit accrual rate but not less than 42% of Average Final Compensation (if Service Incurred) or 25% of Average Final Compensation (if not in-line-of-duty).
Duration	Payable for life and ten years certain or until recovery (as determined by the Board). Options available.
Death Benefits	
Pre-Retirement	**Vested:** Monthly accrued benefit payable to designated beneficiary for 10 years at otherwise Normal Retirement Date or Early Retirement Date (reduced). **Non-Vested:** Refund of accumulated contributions without interest.
Post-Retirement	Benefits payable to beneficiary in accordance with option selected at retirement.
Cost-of-Living Adjustment (COLA)	Effective January 1, 2015, all future retirees, including terminated vested members, disability retirees and pre-retirement death beneficiaries are entitled to a 1.0% annual COLA from benefit commencement date until the date the member attains or would have attained age 62 (the first COLA for members who retired under the Early Retirement Incentive in 2021 will be the date that they would have otherwise reached their Normal Retirement Date).

Deferred Retirement Option Plan

Eligibility	Satisfaction of Normal Retirement requirements.
Participation	Not to exceed 36 months.
Rate of Return	Actual Net Investment Return for Plan assets.
Distribution	Cash lump sum at termination of employment

SUPPLEMENTARY INFORMATION

GLOSSARY

Accrued Benefit	The benefit earned as of a specific date based on the provisions of the plan and the member's age, service, and salary as of that date.
Actuarial Accrued Liability	The portion of the anticipated future benefits allocated to years prior to the valuation date determined according to the plan's Actuarial Cost Method.
Actuarial Value of Assets	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.
Actuarial Assumptions	Assumptions regarding the occurrence of future events affecting plan costs. These assumptions include rates of investment earnings, changes in compensation, rates of mortality, withdrawal, disablement, and retirement as well as statistics related to marriage and family composition.
Actuarial Cost Method	A method of determining the portion of the cost of a plan to be allocated to each year; sometimes referred to as the "actuarial funding method." Each cost method allocates a certain portion of the actuarial present value of benefits between the Actuarial Accrued Liability and future normal costs to ensure the plan is adequately and systematically funded.
Actuarial Gain or Loss	The change in Unfunded Actuarial Accrued Liability resulting from experience different from Actuarial Assumptions. Gains decrease the Unfunded Actuarial Accrued Liability and losses increase the Unfunded Actuarial Accrued Liability.

Actuarial Present Value	The estimated amount of funds required as of a specified date to provide a payment or series of payments in the future. It is determined by discounting future payments at predetermined rates of interest, and by probabilities of payments between the specified date and the expected date of payment.
Amortization Payment	The portion of the plan contribution designated to pay interest and reduce the outstanding principal balance of Unfunded Actuarial Accrued Liability. If the amortization payment is less than the accrued interest on the Unfunded Actuarial Accrued Liability the outstanding principal balance will increase.
Decrements	Events which result in the termination of membership in the system such as retirement, disability, withdrawal, or death.
Funded Ratio	A measure of the ratio of the plan assets to liabilities of the system. Typically, the assets used in the measure are the Actuarial Value of Assets as determined by the asset valuation method. The Funded Ratio depends not only on the financial strength of the plan but also on the asset valuation method used to determine the assets and on the Actuarial Cost Method used to determine the liabilities.
Interest Rate	The assumed long-term rate of return on plan assets.
Market Value of Assets	The fair market value of plan assets as of the valuation date.
Normal Cost	The portion of the Actuarial Present Value of Benefits allocated to the current year determined according to the plan’s Actuarial Cost Method.
Present Value of Benefits	The single sum value on the valuation date of all future benefits to be paid to current plan participants.
Projected Annual Payroll	The salary expected for the year after the valuation date, excluding members over the 100% assumed retirement age.

Projected Benefits	The benefits expected to be paid in the future based on the provisions of the plan and the Actuarial Assumptions. The projected values are based on anticipated future advancement in age and accrual of service as well as increases in salary paid to the participant.
Total Annual Payroll	The salary expected for the year after the valuation date.
Ultimate Cost	The total cost to the plan once the last benefit has been paid. The Ultimate Cost equals Benefit Payments Plus: Expenses Less: Investment Income The Ultimate Cost is independent of the Actuarial Cost Method selected.
Unfunded Actuarial Accrued Liability	The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets.
Vested Benefit	Benefits members are entitled to regardless of employment status.

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 under various assumption scenarios. 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, 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 plans with a substantial inactive liability. Similarly, mature 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 231.3% on October 1, 2015 to 156.7% on October 1, 2025, 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 58.6%. 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 81.4% on October 1, 2015 to 102.4% on October 1, 2025.

- 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 1.2% on October 1, 2015 to -1.8% on October 1, 2025. The current Net Cash Flow Ratio of -1.8% 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 8 in terms of member data, plan provisions, and assumptions/methods, including the use of 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 4.50% resulting in an LDROM of $54,128,290. 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. Given that plan benefits are paid over time through the combination of contributions and investment returns, prudent investments selected by the Board help to balance asset accumulation through these two sources.

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

	10/1/2025	10/1/2024	10/1/2020	10/1/2015
Support Ratio				
Total Actives	47	44	36	37
Total Inactives [1]	30	29	24	16
Actives / Inactives [1]	156.7%	151.7%	150.0%	231.3%
Asset Volatility Ratio				
Market Value of Assets (MVA)	42,311,776	39,510,127	29,377,893	18,843,266
Total Annual Payroll	4,889,748	4,580,428	3,307,256	2,885,418
MVA / Total Annual Payroll	865.3%	862.6%	888.3%	653.1%
Accrued Liability (AL) Ratio				
Inactive Accrued Liability	22,768,813	22,265,016	18,410,044	11,446,073
Total Accrued Liability (EAN)	38,854,229	37,510,766	30,154,933	22,349,039
Inactive AL / Total AL	58.6%	59.4%	61.1%	51.2%
Funded Ratio				
Actuarial Value of Assets (AVA)	39,768,810	37,050,367	29,377,893	18,192,002
Total Accrued Liability (EAN)	38,854,229	37,510,766	30,154,933	22,349,039
AVA / Total Accrued Liability (EAN)	102.4%	98.8%	97.4%	81.4%
Net Cash Flow Ratio				
Net Cash Flow [2]	(761,863)	(373,965)	1,589,684	225,410
Market Value of Assets (MVA)	42,311,776	39,510,127	29,377,893	18,843,266
Ratio	-1.8%	-0.9%	5.4%	1.2%

[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
2006	50,461.55	N/A
2007	58,214.43	15.4%
2008	44,764.83	-23.1%
2009	73,584.94	64.4%
2010	64,298.13	-12.6%
2011	56,266.95	-12.5%
2012	72,718.45	29.2%
2013	73,866.06	1.6%
2014	109,520.58	48.3%
2015	120,320.93	9.9%
2016	110,856.60	-7.9%
2017	-	-100.0%
2018	262,555.72	N/A
2019	198,747.03	-24.3%
2020	149,539.83	-24.8%
2021	153,526.07	2.7%
2022	225,066.38	46.6%
2023	221,685.14	-1.5%
2024	-	-100.0%
2025	153,316.42	N/A