

TOWN OF LONGBOAT KEY
CONSOLIDATED RETIREMENT SYSTEM

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2021

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

GASB 67/68 DISCLOSURE INFORMATION
AS OF SEPTEMBER 30, 2021



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

February 16, 2022

Board of Trustees
Town of Longboat Key
General Employees' Pension Board

Re: Town of Longboat Key Consolidated Retirement System

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the Town of Longboat Key Consolidated Retirement System. 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 Longboat Key, 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, 2020. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ending September 30, 2021 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 Longboat Key, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Consolidated Retirement System. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.


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

Respectfully submitted,

Foster & Foster, Inc.

By: 

Douglas H. Lozen, EA, MAAA
Enrolled Actuary #20-7778

By: 

Steven M. Sutherland II, ASA

DHL/lke

Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the Town of Longboat Key Consolidated Retirement System, performed as of October 1, 2021, 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 October 1, 2020 actuarial valuation report, are as follows:

| | | |
|----------------------------------|------------------|------------------|
| Valuation Date | 10/1/2021 | 10/1/2020 |
| Applicable to Fiscal Year Ending | <u>9/30/2023</u> | <u>9/30/2022</u> |
| Police Officers | \$503,616 | \$568,816 |
| Firefighters | 1,710,005 | 1,907,757 |
| General Employees | <u>302,361</u> | <u>409,499</u> |
| Town Required Contribution | \$2,515,982 | \$2,886,072 |

Aggregate experience since the prior valuation was overall favorable on the basis of the plan's actuarial assumptions. The primary source of actuarial gain is attributable to net investment performance (Actuarial Asset Basis) that exceeded the 7.00% assumption. This gain was partially offset by inactive mortality experience for all three legacy plans.

In addition to the net actuarial gain, the funding requirements for all three legacy plans decreased due to full recognition of prior components of the Unfunded Actuarial Accrued Liability.

CHANGES SINCE PRIOR VALUATION

Plan Changes

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

Actuarial Assumption/Method Changes

There have been no changes in assumptions or methods since the prior valuation.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS
POLICE OFFICERS

| | <u>10/1/2021</u> | <u>10/1/2020</u> |
|----------------------------------|------------------|------------------|
| A. Participant Data | | |
| Actives | 3 | 4 |
| Service Retirees | 16 | 15 |
| Beneficiaries | 3 | 3 |
| Disability Retirees | 2 | 2 |
| Terminated Vested | <u>1</u> | <u>2</u> |
| Total | 25 | 26 |
| Total Annual Payroll | N/A | N/A |
| Payroll Under Assumed Ret. Age | N/A | N/A |
| Annual Rate of Payments to: | | |
| Service Retirees | 732,209 | 706,720 |
| Beneficiaries | 97,839 | 96,146 |
| Disability Retirees | 59,528 | 59,528 |
| Terminated Vested | 7,739 | 27,191 |
| B. Assets | | |
| Actuarial Value (AVA) | 8,430,475 | 8,012,971 |
| Market Value (MVA) | 9,049,790 | 7,763,990 |
| C. Liabilities | | |
| Present Value of Benefits | | |
| Actives | | |
| Retirement Benefits | 366,529 | 418,514 |
| Disability Benefits | 14,771 | 22,737 |
| Death Benefits | 659 | 1,054 |
| Vested Benefits | 1,392 | 3,326 |
| Refund of Contributions | 0 | 0 |
| Service Retirees | 10,066,009 | 9,779,353 |
| Beneficiaries | 761,604 | 781,174 |
| Disability Retirees | 674,082 | 681,087 |
| Terminated Vested | <u>81,445</u> | <u>299,155</u> |
| Total | 11,966,491 | 11,986,400 |

POLICE OFFICERS

| C. Liabilities - (Continued) | <u>10/1/2021</u> | <u>10/1/2020</u> |
|---|-------------------|-------------------|
| Present Value of Future Salaries | 0 | 0 |
| Present Value of Future Member Contributions | 0 | 0 |
| Normal Cost (Retirement) | 0 | 0 |
| Normal Cost (Disability) | 9,779 | 12,264 |
| Normal Cost (Death) | 180 | 218 |
| Normal Cost (Vesting) | 0 | 0 |
| Normal Cost (Refunds) | <u>0</u> | <u>0</u> |
| Total Normal Cost | 9,959 | 12,482 |
| Present Value of Future Normal Costs | 9,959 | 14,095 |
| Accrued Liability (Retirement) | 366,529 | 418,514 |
| Accrued Liability (Disability) | 4,993 | 8,990 |
| Accrued Liability (Death) | 478 | 706 |
| Accrued Liability (Vesting) | 1,392 | 3,326 |
| Accrued Liability (Refunds) | 0 | 0 |
| Accrued Liability (Inactives) | <u>11,583,140</u> | <u>11,540,769</u> |
| Total Actuarial Accrued Liability (EAN AL) | 11,956,532 | 11,972,305 |
| Unfunded Actuarial Accrued Liability (UAAL) | 3,526,057 | 3,959,334 |
| Funded Ratio (AVA / EAN AL) | 70.5% | 66.9% |

POLICE OFFICERS

| | | |
|---|------------------|------------------|
| D. Actuarial Present Value of | | |
| Accrued Benefits | <u>10/1/2021</u> | <u>10/1/2020</u> |
| Vested Accrued Benefits | | |
| Inactives | 11,583,140 | 11,540,769 |
| Actives | 226,232 | 251,705 |
| Member Contributions | <u>157,119</u> | <u>193,761</u> |
| Total | 11,966,491 | 11,986,235 |
| Non-vested Accrued Benefits | <u>0</u> | <u>0</u> |
| Total Present Value | | |
| Accrued Benefits (PVAB) | 11,966,491 | 11,986,235 |
| Funded Ratio (MVA / PVAB) | 75.6% | 64.8% |
| Increase (Decrease) in Present Value of | | |
| Accrued Benefits Attributable to: | | |
| Plan Amendments | 0 | |
| Assumption Changes | 0 | |
| Plan Experience | 32,479 | |
| Benefits Paid | (861,120) | |
| Interest | 808,897 | |
| Other | <u>0</u> | |
| Total | (19,744) | |

POLICE OFFICERS

| | | |
|---|------------------|------------------|
| Valuation Date | 10/1/2021 | 10/1/2020 |
| Applicable to Fiscal Year Ending | <u>9/30/2023</u> | <u>9/30/2022</u> |
| E. Pension Cost | | |
| Normal Cost ¹ | \$11,005 | \$13,793 |
| Administrative Expenses ¹ | 20,593 | 20,984 |
| Payment Required to Amortize Unfunded Actuarial Accrued Liability over 21 years (as of 10/1/2021) ¹ | 472,018 | 534,039 |
| Minimum Required Contribution | 503,616 | 568,816 |
| Expected Member Contributions ¹ | 0 | 0 |
| Expected Town Contribution | 503,616 | 568,816 |
| F. Past Contributions | | |
| Plan Years Ending: | <u>9/30/2021</u> | |
| Town Requirement | 553,969 | |
| Actual Contributions Made: | | |
| Town | <u>553,969</u> | |
| Total | 553,969 | |
| G. Net Actuarial (Gain)/Loss | (170,083) | |

¹ Contributions developed as of 10/1/2021 displayed above have been adjusted to account for a 1.5 year interest load.

POLICE OFFICERS

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

| <u>Year</u> | <u>Projected Unfunded Actuarial Accrued Liability</u> |
|-------------|---|
| 2021 | 3,526,057 |
| 2022 | 3,315,814 |
| 2023 | 3,080,738 |
| 2024 | 2,813,387 |
| 2025 | 2,504,418 |
| 2034 | 119,329 |
| 2042 | 0 |

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

| | | <u>Actual</u> | <u>Assumed</u> |
|------------|-----------|---------------|----------------|
| Year Ended | 9/30/2021 | N/A | N/A |
| Year Ended | 9/30/2020 | N/A | N/A |
| Year Ended | 9/30/2019 | N/A | N/A |
| Year Ended | 9/30/2018 | N/A | N/A |
| Year Ended | 9/30/2017 | N/A | N/A |

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

| | | <u>Market Value</u> | <u>Actuarial Value</u> | <u>Assumed</u> |
|------------|-----------|---------------------|------------------------|----------------|
| Year Ended | 9/30/2021 | 21.45% | 9.46% | 7.00% |
| Year Ended | 9/30/2020 | 6.36% | 7.06% | 7.00% |
| Year Ended | 9/30/2019 | 2.86% | 7.53% | 7.00% |
| Year Ended | 9/30/2018 | 8.04% | 5.78% | 7.00% |
| Year Ended | 9/30/2017 | 11.15% | 6.25% | 7.00% |

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS
FIREFIGHTERS

| | <u>10/1/2021</u> | <u>10/1/2020</u> |
|----------------------------------|------------------|------------------|
| A. Participant Data | | |
| Actives | 5 | 5 |
| Service Retirees | 31 | 31 |
| Beneficiaries | 1 | 1 |
| Disability Retirees | 4 | 4 |
| Terminated Vested | <u>4</u> | <u>4</u> |
| Total | 45 | 45 |
| Total Annual Payroll | N/A | N/A |
| Payroll Under Assumed Ret. Age | N/A | N/A |
| Annual Rate of Payments to: | | |
| Service Retirees | 2,083,899 | 2,035,565 |
| Beneficiaries | 19,344 | 19,344 |
| Disability Retirees | 110,093 | 110,093 |
| Terminated Vested | 43,809 | 43,809 |
| B. Assets | | |
| Actuarial Value (AVA) | 22,446,774 | 20,709,283 |
| Market Value (MVA) | 24,093,028 | 20,088,427 |
| C. Liabilities | | |
| Present Value of Benefits | | |
| Actives | | |
| Retirement Benefits | 2,298,559 | 2,201,850 |
| Disability Benefits | 41,039 | 45,900 |
| Death Benefits | 3,175 | 3,590 |
| Vested Benefits | 19,496 | 42,229 |
| Refund of Contributions | 0 | 0 |
| Service Retirees | 28,620,082 | 28,473,803 |
| Beneficiaries | 231,931 | 234,458 |
| Disability Retirees | 1,080,006 | 1,185,792 |
| Terminated Vested | <u>300,684</u> | <u>281,183</u> |
| Total | 32,594,972 | 32,468,805 |

FIREFIGHTERS

| C. Liabilities - (Continued) | <u>10/1/2021</u> | <u>10/1/2020</u> |
|---|-------------------|-------------------|
| Present Value of Future Salaries | N/A | N/A |
| Present Value of Future Member Contributions | N/A | N/A |
| Normal Cost (Retirement) | 0 | 0 |
| Normal Cost (Disability) | 6,397 | 6,314 |
| Normal Cost (Death) | 166 | 294 |
| Normal Cost (Vesting) | 0 | 0 |
| Normal Cost (Refunds) | <u>0</u> | <u>0</u> |
| Total Normal Cost | 6,563 | 6,608 |
| Present Value of Future Normal Costs | 14,641 | 16,686 |
| Accrued Liability (Retirement) | 2,298,559 | 2,201,850 |
| Accrued Liability (Disability) | 26,978 | 30,035 |
| Accrued Liability (Death) | 2,595 | 2,769 |
| Accrued Liability (Vesting) | 19,496 | 42,229 |
| Accrued Liability (Refunds) | 0 | 0 |
| Accrued Liability (Inactives) | <u>30,232,703</u> | <u>30,175,236</u> |
| Total Actuarial Accrued Liability (EAN AL) | 32,580,331 | 32,452,119 |
| Unfunded Actuarial Accrued Liability (UAAL) | 10,133,557 | 11,742,836 |
| Funded Ratio (AVA / EAN AL) | 68.9% | 63.8% |

FIREFIGHTERS

| | | |
|---|-------------------|-------------------|
| D. Actuarial Present Value of | | |
| Accrued Benefits | <u>10/1/2021</u> | <u>10/1/2020</u> |
| Vested Accrued Benefits | | |
| Inactives | 30,232,703 | 30,175,236 |
| Actives | 1,997,662 | 1,928,212 |
| Member Contributions | 359,931 | 359,931 |
| Total | <u>32,590,296</u> | <u>32,463,379</u> |
| Non-vested Accrued Benefits | <u>0</u> | <u>0</u> |
| Total Present Value | | |
| Accrued Benefits (PVAB) | 32,590,296 | 32,463,379 |
| Funded Ratio (MVA / PVAB) | 73.9% | 61.9% |
| Increase (Decrease) in Present Value of | | |
| Accrued Benefits Attributable to: | | |
| Plan Amendments | 0 | |
| Assumption Changes | 0 | |
| Plan Experience | 101,664 | |
| Benefits Paid | (2,171,192) | |
| Interest | 2,196,445 | |
| Other | <u>0</u> | |
| Total | 126,917 | |

FIREFIGHTERS

| | | |
|---|------------------|------------------|
| Valuation Date | 10/1/2021 | 10/1/2020 |
| Applicable to Fiscal Year Ending | <u>9/30/2023</u> | <u>9/30/2022</u> |
| E. Pension Cost | | |
| Normal Cost ¹ | \$7,252 | \$7,302 |
| Administrative Expenses ¹ | 52,616 | 52,495 |
| Payment Required to Amortize Unfunded Actuarial Accrued Liability over 21 years (as of 10/1/2021) ¹ | 1,650,137 | 1,847,960 |
| Minimum Required Contribution | 1,710,005 | 1,907,757 |
| Expected Member Contributions ¹ | 0 | 0 |
| Expected Town Contribution | 1,710,005 | 1,907,757 |
| F. Past Contributions | | |
| Plan Years Ending: | <u>9/30/2021</u> | |
| Town Requirement | 2,006,151 | |
| Actual Contributions Made: | | |
| Town | <u>2,006,151</u> | |
| Total | 2,006,151 | |
| G. Net Actuarial (Gain)/Loss | (411,152) | |

¹ Contributions developed as of 10/1/2021 displayed above have been adjusted to account for a 1.5 year interest load.

FIREFIGHTERS

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

| <u>Year</u> | <u>Projected Unfunded Actuarial Accrued Liability</u> |
|-------------|---|
| 2021 | 10,133,557 |
| 2022 | 9,245,037 |
| 2023 | 8,229,157 |
| 2024 | 7,169,686 |
| 2025 | 6,048,895 |
| 2026 | 4,866,895 |
| 2042 | 0 |

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

| | | <u>Actual</u> | <u>Assumed</u> |
|------------|-----------|---------------|----------------|
| Year Ended | 9/30/2021 | N/A | N/A |
| Year Ended | 9/30/2020 | N/A | N/A |
| Year Ended | 9/30/2019 | N/A | N/A |
| Year Ended | 9/30/2018 | N/A | N/A |
| Year Ended | 9/30/2017 | N/A | N/A |

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

| | | <u>Market Value</u> | <u>Actuarial Value</u> | <u>Assumed</u> |
|------------|-----------|---------------------|------------------------|----------------|
| Year Ended | 9/30/2021 | 21.45% | 9.46% | 7.00% |
| Year Ended | 9/30/2020 | 6.36% | 7.06% | 7.00% |
| Year Ended | 9/30/2019 | 2.86% | 7.53% | 7.00% |
| Year Ended | 9/30/2018 | 8.04% | 5.89% | 7.00% |
| Year Ended | 9/30/2017 | 11.15% | 6.27% | 7.00% |

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS
GENERAL EMPLOYEES

| | <u>10/1/2021</u> | <u>10/1/2020</u> |
|----------------------------------|------------------|------------------|
| A. Participant Data | | |
| Actives | 15 | 15 |
| Service Retirees | 44 | 42 |
| Beneficiaries | 3 | 3 |
| Disability Retirees | 0 | 0 |
| Terminated Vested | <u>8</u> | <u>10</u> |
| Total | 70 | 70 |
| Total Annual Payroll | N/A | N/A |
| Payroll Under Assumed Ret. Age | N/A | N/A |
| Annual Rate of Payments to: | | |
| Service Retirees | 1,003,840 | 989,001 |
| Beneficiaries | 29,071 | 29,071 |
| Disability Retirees | 0 | 0 |
| Terminated Vested | 98,694 | 113,043 |
| B. Assets | | |
| Actuarial Value (AVA) | 12,193,989 | 11,735,425 |
| Market Value (MVA) | 13,140,864 | 11,400,465 |
| C. Liabilities | | |
| Present Value of Benefits | | |
| Actives | | |
| Retirement Benefits | 2,881,643 | 2,787,936 |
| Disability Benefits | 0 | 0 |
| Death Benefits | 19,578 | 20,660 |
| Vested Benefits | 36,139 | 42,769 |
| Refund of Contributions | 0 | 0 |
| Service Retirees | 10,522,086 | 10,549,280 |
| Beneficiaries | 240,961 | 242,158 |
| Disability Retirees | 0 | 0 |
| Terminated Vested | <u>521,466</u> | <u>654,771</u> |
| Total | 14,221,873 | 14,297,574 |

GENERAL EMPLOYEES

| C. Liabilities - (Continued) | <u>10/1/2021</u> | <u>10/1/2020</u> |
|---|-------------------|-------------------|
| Present Value of Future Salaries | N/A | N/A |
| Present Value of Future Member Contributions | N/A | N/A |
| Normal Cost (Retirement) | 0 | 0 |
| Normal Cost (Disability) | 0 | 0 |
| Normal Cost (Death) | 1,456 | 1,435 |
| Normal Cost (Vesting) | 0 | 0 |
| Normal Cost (Refunds) | <u>0</u> | <u>0</u> |
| Total Normal Cost | 1,456 | 1,435 |
| Present Value of Future Normal Costs | 3,685 | 4,027 |
| Accrued Liability (Retirement) | 2,881,643 | 2,787,936 |
| Accrued Liability (Disability) | 0 | 0 |
| Accrued Liability (Death) | 15,893 | 16,633 |
| Accrued Liability (Vesting) | 36,139 | 42,769 |
| Accrued Liability (Refunds) | 0 | 0 |
| Accrued Liability (Inactives) | <u>11,284,513</u> | <u>11,446,209</u> |
| Total Actuarial Accrued Liability (EAN AL) | 14,218,188 | 14,293,547 |
| Unfunded Actuarial Accrued Liability (UAAL) | 2,024,199 | 2,558,122 |
| Funded Ratio (AVA / EAN AL) | 85.8% | 82.1% |

GENERAL EMPLOYEES

| | | |
|---|-------------------|-------------------|
| D. Actuarial Present Value of | | |
| Accrued Benefits | <u>10/1/2021</u> | <u>10/1/2020</u> |
| | | |
| Vested Accrued Benefits | | |
| Inactives | 11,284,513 | 11,446,209 |
| Actives | 2,438,476 | 2,213,166 |
| Member Contributions | 498,883 | 498,883 |
| Total | <u>14,221,872</u> | <u>14,158,258</u> |
| | | |
| Non-vested Accrued Benefits | <u>0</u> | <u>0</u> |
| Total Present Value | | |
| Accrued Benefits (PVAB) | 14,221,872 | 14,158,258 |
| | | |
| Funded Ratio (MVA / PVAB) | 92.4% | 80.5% |
| | | |
| Increase (Decrease) in Present Value of | | |
| Accrued Benefits Attributable to: | | |
| Plan Amendments | 0 | |
| Assumption Changes | 0 | |
| Plan Experience | 124,723 | |
| Benefits Paid | (1,016,606) | |
| Interest | 955,497 | |
| Other | 0 | |
| Total | <u>63,614</u> | |

GENERAL EMPLOYEES

| | | |
|---|------------------|------------------|
| Valuation Date | 10/1/2021 | 10/1/2020 |
| Applicable to Fiscal Year Ending | <u>9/30/2023</u> | <u>9/30/2022</u> |
| E. Pension Cost | | |
| Normal Cost ¹ | \$1,609 | \$1,586 |
| Administrative Expenses ¹ | 30,334 | 31,012 |
| Payment Required to Amortize Unfunded Actuarial Accrued Liability over 21 years (as of 10/1/2021) ¹ | 270,418 | 376,901 |
| Minimum Required Contribution | 302,361 | 409,499 |
| Expected Member Contributions ¹ | 0 | 0 |
| Expected Town Contribution | 302,361 | 409,499 |
| F. Past Contributions | | |
| Plan Years Ending: | <u>9/30/2021</u> | |
| Town Requirement | 420,842 | |
| Actual Contributions Made: | | |
| Town | <u>420,842</u> | |
| Total | 420,842 | |
| G. Net Actuarial (Gain)/Loss | (308,003) | |

¹ Contributions developed as of 10/1/2021 displayed above have been adjusted to account for a 1.5 year interest load.

GENERAL EMPLOYEES

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

| <u>Year</u> | <u>Projected Unfunded Actuarial Accrued Liability</u> |
|-------------|---|
| 2021 | 2,024,199 |
| 2022 | 1,904,042 |
| 2023 | 1,687,081 |
| 2024 | 1,488,535 |
| 2025 | 1,273,486 |
| 2031 | 122,635 |
| 2042 | 0 |

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

| | <u>Actual</u> | <u>Assumed</u> |
|----------------------|---------------|----------------|
| Year Ended 9/30/2021 | N/A | N/A |
| Year Ended 9/30/2020 | N/A | N/A |
| Year Ended 9/30/2019 | N/A | N/A |
| Year Ended 9/30/2018 | N/A | N/A |
| Year Ended 9/30/2017 | N/A | N/A |

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

| | <u>Market Value</u> | <u>Actuarial Value</u> | <u>Assumed</u> |
|----------------------|---------------------|------------------------|----------------|
| Year Ended 9/30/2021 | 21.45% | 9.46% | 7.00% |
| Year Ended 9/30/2020 | 6.36% | 7.06% | 7.00% |
| Year Ended 9/30/2019 | 2.86% | 7.53% | 7.00% |
| Year Ended 9/30/2018 | 8.04% | 6.51% | 7.00% |
| Year Ended 9/30/2017 | 11.15% | 6.87% | 7.00% |

STATEMENT BY ENROLLED ACTUARY

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



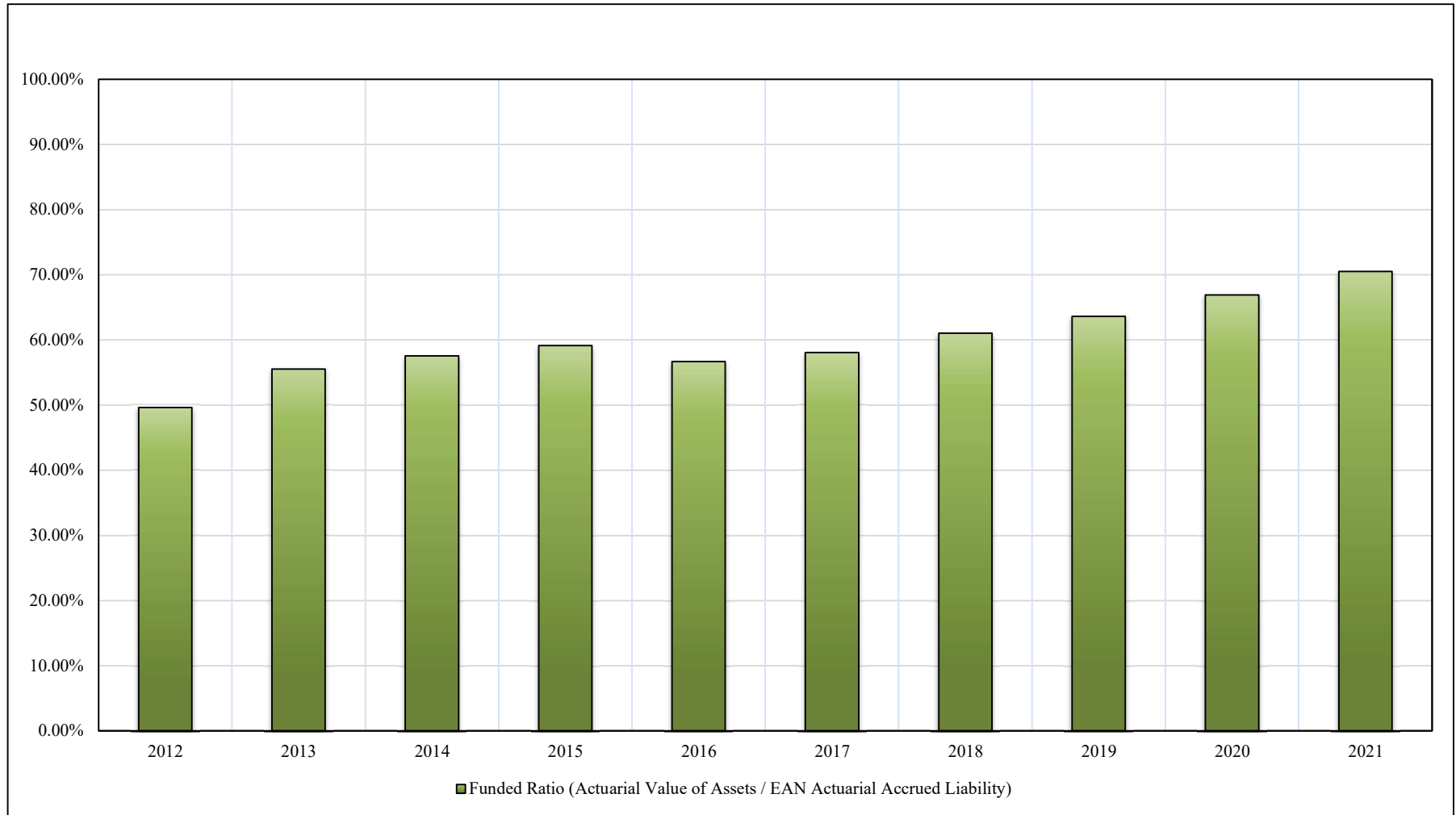
Douglas H. Lozen, EA, MAAA
Enrolled Actuary #20-7778

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

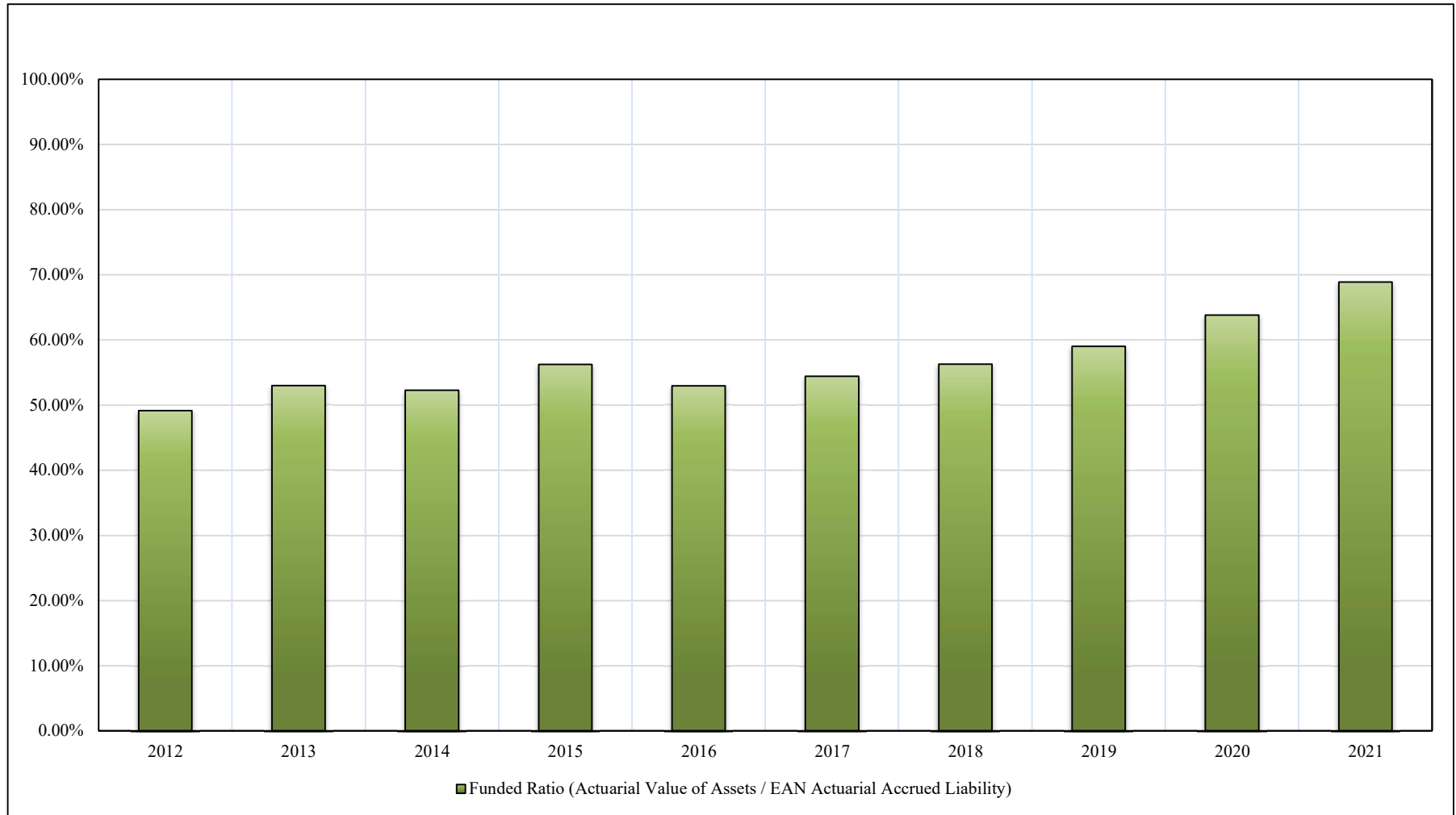
Mr. Keith Brinkman
Bureau of Local
Retirement Systems
Post Office Box 9000
Tallahassee, FL 32315-9000

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

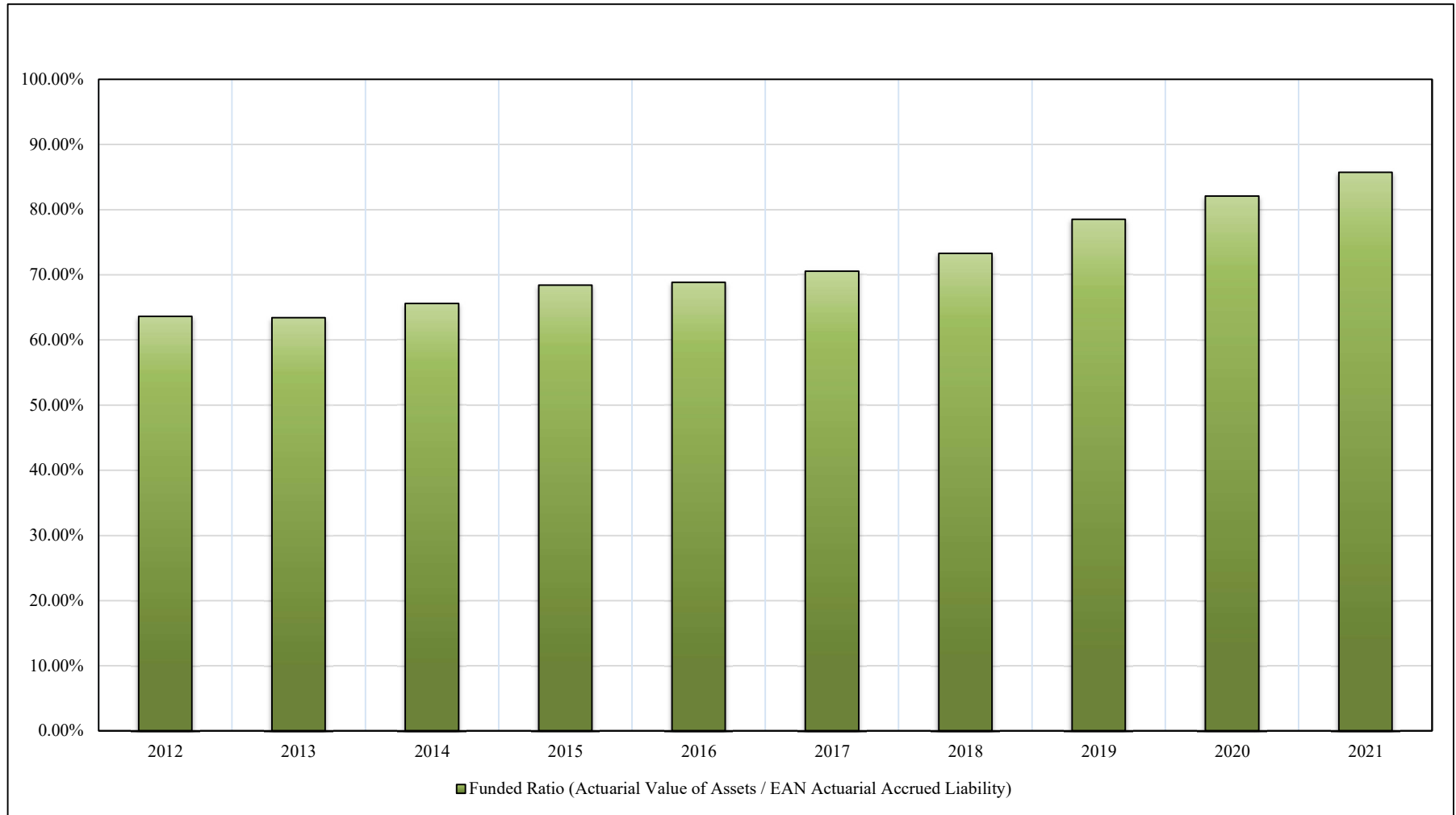
HISTORY OF FUNDING PROGRESS (POLICE OFFICERS)



HISTORY OF FUNDING PROGRESS (FIREFIGHTERS)



HISTORY OF FUNDING PROGRESS (GENERAL EMPLOYEES)



RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES
POLICE OFFICERS

| | |
|---|-------------|
| (1) Unfunded Actuarial Accrued Liability as of October 1, 2020 | \$3,959,334 |
| (2) Sponsor Normal Cost developed as of October 1, 2020 | 12,482 |
| (3) Expected administrative expenses for the year ended September 30, 2021 | 18,990 |
| (4) Expected interest on (1), (2) and (3) | 278,692 |
| (5) Sponsor contributions to the System during the year ended September 30, 2021 | 553,969 |
| (6) Expected interest on (5) | 19,389 |
| (7) Expected Unfunded Actuarial Accrued Liability as of September 30, 2021 (1)+(2)+(3)+(4)-(5)-(6) | 3,696,140 |
| (8) Change to UAAL due to Assumption Change | 0 |
| (9) Change to UAAL due to Actuarial (Gain)/Loss | (170,083) |
| (10) Unfunded Actuarial Accrued Liability as of October 1, 2021 | 3,526,057 |

| <u>Type of</u> <u>Base</u> | <u>Date</u> <u>Established</u> | <u>Years</u> <u>Remaining</u> | <u>10/1/2021</u> <u>Amount</u> | <u>Amortization</u> <u>Amount</u> |
|-------------------------------|-----------------------------------|----------------------------------|-----------------------------------|--------------------------------------|
| | 10/1/1996 | 5 | (42,107) | (9,598) |
| | 10/1/1999 | 8 | (94,781) | (14,834) |
| Method Change | 10/1/2002 | 11 | 806,172 | 100,475 |
| Prior Losses | 10/1/2002 | 7 | 627,456 | 108,810 |
| Actuarial Gain | 10/1/2003 | 7 | (321,976) | (55,835) |
| Actuarial Loss | 10/1/2004 | 7 | 156,643 | 27,164 |
| Actuarial Loss | 10/1/2005 | 7 | 196,764 | 34,122 |
| Actuarial Gain | 10/1/2006 | 7 | (12,513) | (2,170) |
| Benefit Change | 10/1/2006 | 15 | 672,680 | 69,025 |
| Actuarial Loss | 10/1/2007 | 7 | 370,688 | 64,283 |
| Assump Change | 10/1/2007 | 16 | 62,202 | 6,154 |
| Benefit Change | 10/1/2007 | 16 | 311,675 | 30,835 |
| Method Change | 10/1/2008 | 7 | 122,166 | 21,185 |
| Actuarial Gain | 10/1/2012 | 1 | (9,451) | (9,451) |
| Assump Change | 10/1/2012 | 11 | 331,424 | 41,306 |
| Benefit Change | 10/1/2012 | 21 | (272,286) | (23,485) |
| Actuarial Gain | 10/1/2013 | 2 | (28,600) | (14,784) |
| Actuarial Gain | 10/1/2014 | 3 | (60,119) | (21,410) |
| Assump Change | 10/1/2015 | 14 | 402,494 | 43,012 |

| Type of <u>Base</u> | Date <u>Established</u> | Years <u>Remaining</u> | 10/1/2021 <u>Amount</u> | Amortization <u>Amount</u> |
|------------------------|----------------------------|---------------------------|----------------------------|-------------------------------|
| Actuarial Gain | 10/1/2015 | 4 | (152,992) | (42,213) |
| Benefit Change | 10/1/2015 | 14 | (9,299) | (994) |
| Assump Change | 10/1/2016 | 15 | 535,101 | 54,908 |
| Actuarial Loss | 10/1/2016 | 5 | 65,070 | 14,832 |
| Actuarial Loss | 10/1/2017 | 6 | 751 | 147 |
| Actuarial Loss | 10/1/2017 | 6 | 235,606 | 46,195 |
| Actuarial Gain | 10/1/2018 | 7 | (121,264) | (21,029) |
| Actuarial Loss | 10/1/2019 | 8 | 45,291 | 7,089 |
| Actuarial Loss | 10/1/2020 | 9 | 131,446 | 18,855 |
| Assump Change | 10/1/2020 | 19 | (252,101) | (22,796) |
| Actuarial Gain | 10/1/2021 | 10 | (170,083) | (22,632) |
| | | | <u>3,526,057</u> | <u>427,166</u> |

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES
FIREFIGHTERS

| | | |
|------|--|--------------|
| (1) | Unfunded Actuarial Accrued Liability as of October 1, 2020 | \$11,742,836 |
| (2) | Sponsor Normal Cost developed as of October 1, 2020 | 6,608 |
| (3) | Expected administrative expenses for the year ended September 30, 2021 | 47,507 |
| (4) | Expected interest on (1), (2) and (3) | 824,124 |
| (5) | Sponsor contributions to the System during the year ended September 30, 2021 | 2,006,151 |
| (6) | Expected interest on (5) | 70,215 |
| (7) | Expected Unfunded Actuarial Accrued Liability as of September 30, 2021 (1)+(2)+(3)+(4)-(5)-(6) | 10,544,709 |
| (8) | Change to UAAL due to Assumption Change | 0 |
| (9) | Change to UAAL due to Actuarial (Gain)/Loss | (411,152) |
| (10) | Unfunded Actuarial Accrued Liability as of October 1, 2021 | 10,133,557 |

| <u>Type of Base</u> | <u>Date Established</u> | <u>Years Remaining</u> | <u>10/1/2021 Amount</u> | <u>Amortization Amount</u> |
|---------------------|-------------------------|------------------------|-------------------------|----------------------------|
| | 10/1/1997 | 6 | 446,375 | 87,521 |
| | 10/1/1998 | 7 | (130,732) | (22,671) |
| | 10/1/1999 | 8 | (269,568) | (42,191) |
| | 10/1/2001 | 10 | 954,855 | 127,056 |
| Method Change | 10/1/2002 | 11 | 1,559,801 | 194,402 |
| Prior Losses | 10/1/2002 | 7 | 1,210,240 | 209,873 |
| Actuarial Loss | 10/1/2003 | 7 | 108,305 | 18,782 |
| Actuarial Loss | 10/1/2004 | 7 | 786,413 | 136,375 |
| Benefit Change | 10/1/2005 | 14 | 1,113,780 | 119,023 |
| Actuarial Loss | 10/1/2005 | 7 | 413,043 | 71,628 |
| Actuarial Loss | 10/1/2006 | 7 | (131,996) | (22,890) |
| Actuarial Loss | 10/1/2007 | 7 | 1,081,484 | 187,545 |
| Assump Change | 10/1/2007 | 16 | 633,175 | 62,642 |
| Benefit Change | 10/1/2007 | 16 | (134,970) | (13,353) |
| Method Change | 10/1/2008 | 7 | 132,372 | 22,955 |
| Actuarial Gain | 10/1/2012 | 1 | (60,899) | (60,899) |
| Benefit Change | 10/1/2012 | 21 | (1,326,643) | (114,425) |
| Actuarial Loss | 10/1/2013 | 2 | 49,761 | 25,722 |
| Actuarial Loss | 10/1/2014 | 3 | 33,699 | 12,001 |

| Type of <u>Base</u> | Date <u>Established</u> | Years <u>Remaining</u> | 10/1/2021 <u>Amount</u> | Amortization <u>Amount</u> |
|------------------------|----------------------------|---------------------------|----------------------------|-------------------------------|
| Assump Change | 10/1/2014 | 13 | 1,012,672 | 113,240 |
| Actuarial Loss | 10/1/2015 | 4 | 58,406 | 16,115 |
| Assump Change | 10/1/2015 | 14 | 1,280,808 | 136,873 |
| Benefit Change | 10/1/2015 | 16 | (291,534) | (28,842) |
| Assump Change | 10/1/2016 | 15 | 1,585,082 | 162,648 |
| Actuarial Loss | 10/1/2016 | 5 | 278,834 | 63,556 |
| Actuarial Loss | 10/1/2017 | 6 | 266,480 | 52,249 |
| Actuarial Loss | 10/1/2018 | 7 | 368,535 | 63,909 |
| Benefits Change | 10/1/2018 | 12 | 354 | 42 |
| Actuarial Loss | 10/1/2020 | 9 | 242,766 | 34,824 |
| Assump Change | 10/1/2020 | 19 | (726,189) | (65,664) |
| Actuarial Gain | 10/1/2021 | 10 | (411,152) | (54,709) |
| | | | <u>10,133,557</u> | <u>1,493,337</u> |

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES
GENERAL EMPLOYEES

| | | |
|------|--|-------------|
| (1) | Unfunded Actuarial Accrued Liability as of October 1, 2020 | \$2,558,122 |
| (2) | Sponsor Normal Cost developed as of October 1, 2020 | 1,435 |
| (3) | Expected administrative expenses for the year ended September 30, 2021 | 28,065 |
| (4) | Expected interest on (1), (2) and (3) | 180,151 |
| (5) | Sponsor contributions to the System during the year ended September 30, 2021 | 420,842 |
| (6) | Expected interest on (5) | 14,729 |
| (7) | Expected Unfunded Actuarial Accrued Liability as of September 30, 2021 (1)+(2)+(3)+(4)-(5)-(6) | 2,332,202 |
| (8) | Change to UAAL due to Assumption Change | 0 |
| (9) | Change to UAAL due to Actuarial (Gain)/Loss | (308,003) |
| (10) | Unfunded Actuarial Accrued Liability as of October 1, 2021 | 2,024,199 |

| <u>Type of Base</u> | <u>Date Established</u> | <u>Years Remaining</u> | <u>10/1/2021 Amount</u> | <u>Amortization Amount</u> |
|---------------------|-------------------------|------------------------|-------------------------|----------------------------|
| | 10/1/1996 | 5 | (64,304) | (14,657) |
| | 10/1/1997 | 6 | 46,708 | 9,158 |
| | 10/1/2001 | 10 | 142,372 | 18,944 |
| Method Change | 10/1/2002 | 11 | 1,010,072 | 125,888 |
| Prior Losses | 10/1/2002 | 7 | 784,300 | 136,009 |
| Actuarial Gain | 10/1/2003 | 7 | (238,549) | (41,368) |
| Actuarial Loss | 10/1/2004 | 7 | 161,112 | 27,939 |
| Actuarial Loss | 10/1/2005 | 7 | 90,433 | 15,682 |
| Actuarial Gain | 10/1/2006 | 7 | (14,646) | (2,540) |
| Benefit Change | 10/1/2006 | 15 | (136,273) | (13,983) |
| Actuarial Loss | 10/1/2007 | 7 | 152,760 | 26,491 |
| Assump Change | 10/1/2007 | 16 | 180,444 | 17,852 |
| Benefit Change | 10/1/2007 | 16 | 196,072 | 19,398 |
| Method Change | 10/1/2008 | 7 | 62,370 | 10,816 |
| Actuarial Gain | 10/1/2012 | 1 | (82,608) | (82,608) |
| Assump Change | 10/1/2012 | 11 | 7,878 | 982 |
| Benefit Change | 10/1/2012 | 21 | (526,575) | (45,418) |
| Actuarial Loss | 10/1/2013 | 2 | 60,753 | 31,404 |
| Assump Change | 10/1/2013 | 12 | 655,964 | 77,184 |

| Type of <u>Base</u> | Date <u>Established</u> | Years <u>Remaining</u> | 10/1/2021 <u>Amount</u> | Amortization <u>Amount</u> |
|------------------------|----------------------------|---------------------------|----------------------------|-------------------------------|
| Actuarial Gain | 10/1/2014 | 3 | (6,838) | (2,435) |
| Actuarial Gain | 10/1/2015 | 4 | (23,269) | (6,420) |
| Benefit Change | 10/1/2015 | 14 | (221,243) | (23,643) |
| Assump Change | 10/1/2016 | 15 | 418,189 | 42,911 |
| Actuarial Loss | 10/1/2016 | 5 | 88,684 | 20,214 |
| Actuarial Loss | 10/1/2017 | 6 | 39,220 | 7,690 |
| Actuarial Gain | 10/1/2018 | 7 | (125,261) | (21,722) |
| Actuarial Gain | 10/1/2019 | 8 | (235,099) | (36,796) |
| Actuarial Gain | 10/1/2020 | 9 | (58,198) | (8,348) |
| Assump Change | 10/1/2020 | 19 | (32,266) | (2,918) |
| Actuarial Gain | 10/1/2021 | 10 | (308,003) | (40,984) |
| | | | <u>2,024,199</u> | <u>244,722</u> |

ACTUARIAL ASSUMPTIONS AND METHODS
POLICE OFFICERS

Mortality Rate

Healthy Active Lives:

Female: PubS.H-2010 for Employees, set forward one year.

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

Healthy Retiree Lives:

Female: PubS.H-2010 for Healthy Retirees, set forward one year.

Male: PubS.H-2010 for Healthy Retirees, set forward one year.

Beneficiary Lives:

Female: PubG.H-2010 for Healthy Retirees.

Male: PubG.H-2010 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 are projected generationally with Mortality Improvement Scale MP-2018. We feel this assumption sufficiently accommodates future mortality improvements.

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

Interest Rate

7.00% per year compounded annually, net of investment related expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.

Salary Increases

None.

Payroll Growth

None.

Administrative Expenses

\$18,636 annually, based on the average of actual expenses incurred in the prior two fiscal years.

Amortization Method

New UAAL amortization bases are amortized over the following amortization periods:

Experience: 10 Years.

Assumption/Method Changes: 20 Years.

Benefit Changes: 30 Years.

Termination Rates

Below are sample rates of termination. This assumption is consistent with historical Plan experience.

| <u>Age</u> | <u>Rate of Termination</u> |
|------------|----------------------------|
| 20 | 9.2% |
| 30 | 7.3% |
| 40 | 3.5% |
| 50 | 0.8% |

Disability Rates

Below are sample rates of disability. Additionally, 75% of disability retirements are assumed to be service-related. These rates are similar to those utilized by other Florida special risk retirement programs.

| <u>Age</u> | <u>Rate of Disability</u> |
|------------|---------------------------|
| 20 | 0.14% |
| 30 | 0.18% |
| 40 | 0.30% |
| 50 | 1.00% |

Early Retirement

None.

Normal Retirement

The earlier of age 60, age 55 with 10 years of credited service, or 25 years of credited service, regardless of age. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year. This assumption is reasonable based on the plan provisions.

Cost of Living Adjustment

3.0% per year, beginning 5 years after retirement.

Funding Method

Entry Age Normal Actuarial Cost Method. An interest load equal to 1.5 years has been applied for determination of the Total Required Contribution.

Asset Valuation Method

The Actuarial Value of Assets is brought forward using the historical four-year geometric average of Market Value Returns (net-of-fees). Over time, this may result in a de minimis bias that is above or below the Market Value of Assets.

ACTUARIAL ASSUMPTIONS AND METHODS
FIREFIGHTERS

Mortality Rate

Healthy Active Lives:

Female: PubS.H-2010 for Employees, set forward one year.

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

Healthy Retiree Lives:

Female: PubS.H-2010 for Healthy Retirees, set forward one year.

Male: PubS.H-2010 for Healthy Retirees, set forward one year.

Beneficiary Lives:

Female: PubG.H-2010 for Healthy Retirees.

Male: PubG.H-2010 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 are projected generationally with Mortality Improvement Scale MP-2018. We feel this assumption sufficiently accommodates future mortality improvements.

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

Interest Rate

7.00% per year compounded annually, net of investment related expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.

Salary Increases

None.

Payroll Growth

None.

Administrative Expenses

\$47,616 annually, based on the average of actual expenses incurred in the prior two fiscal years.

Amortization Method

New UAAL amortization bases are amortized over the following amortization periods:

Experience: 10 Years.

Assumption/Method Changes: 20 Years.

Benefit Changes: 30 Years.

Termination Rates

Below are sample rates of termination. This assumption is based on the results of an experience study for the period 2002 to 2007.

| <u>Age</u> | <u>Rate of Termination</u> |
|------------|----------------------------|
| 20 | 12.4% |
| 30 | 10.5% |
| 40 | 5.7% |
| 50 | 1.5% |

Disability Rates

Below are sample rates of disability. Additionally, 90% of disability retirements are assumed to be service-related. This assumption was developed from those used by other plans containing Florida municipal firefighters.

| <u>Age</u> | <u>Rate of Disability</u> |
|------------|---------------------------|
| 20 | 0.14% |
| 30 | 0.18% |
| 40 | 0.30% |
| 50 | 1.00% |

Normal Retirement

The earlier of age 60, age 55 with 10 years of credited service, or 25 years of credited service, regardless of age. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year. This assumption is reasonable based on the plan provisions.

Early Retirement

None.

Cost of Living Adjustment

3.0% per year, beginning 5 years after retirement.

Funding Method

Entry Age Normal Actuarial Cost Method. An interest load equal to 1.5 years has been applied for determination of the Total Required Contribution.

Asset Valuation Method

The Actuarial Value of Assets is brought forward using the historical four-year geometric average of Market Value Returns (net-of-fees). Over time, this may result in a de minimis bias that is above or below the Market Value of Assets.

ACTUARIAL ASSUMPTIONS AND METHODS
GENERAL EMPLOYEES

Mortality Rate

Healthy Active Lives:

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

Healthy Retiree Lives:

Female: PubG.H-2010 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 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 special risk employees, with appropriate adjustments made based on plan demographics.

Interest Rate

7.00% per year compounded annually, net of investment related expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.

Salary Increases

None.

Payroll Growth

None.

Administrative Expenses

\$27,452 annually, based on the average of actual expenses incurred in the prior two fiscal years.

Amortization Method

New UAAL amortization bases are amortized over the following amortization periods:

Experience: 10 Years.

Assumption/Method Changes: 20 Years.

Benefit Changes: 30 Years.

Termination Rates

Below are sample rates of termination. This assumption is consistent with historical Plan experience.

| <u>Age</u> | <u>Rate of Termination</u> |
|------------|----------------------------|
| 20 | 17.2% |
| 30 | 15.0% |
| 40 | 8.2% |
| 50 | 1.7% |

Normal Retirement

The earlier of age 62 or age 55 and completion of 30 years of credited service. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year. This assumption is reasonable based on the plan provisions.

Early Retirement

5.0% per year, for each year of eligibility, beginning at age 50 with 15 years of credited service. This assumption is reasonable based on the plan provisions.

Funding Method

Entry Age Normal Actuarial Cost Method. An interest load equal to 1.5 years has been applied for determination of the Total Required Contribution.

Asset Valuation Method

The Actuarial Value of Assets is brought forward using the historical four-year geometric average of Market Value Returns (net-of-fees). Over time, this may result in a de minimis bias that is above or below the Market Value of Assets.

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.

- Investment Return: When the rate of return on the Actuarial Value of Assets falls short of the assumption, this produces a loss representing assumed investment earnings that were not realized. Further, it is unlikely that the plan will experience a scenario that matches the assumed return in each year as capital markets can be volatile from year to year. Therefore, contribution amounts can vary in the future.
- Demographic Assumptions: Actuarial results take into account various potential events that could happen to a plan participant, such as retirement, termination, disability, and death. Each of these potential events is assigned a liability based on the likelihood of the event and the financial consequence of the event for the plan. Accordingly, actuarial liabilities reflect a blend of financial consequences associated with various possible outcomes (such as retirement at one of various possible ages). Once the outcome is known (e.g. the participant retires) the liability is adjusted to reflect the known outcome. This adjustment produces a gain or loss depending on whether the outcome was more or less favorable than other outcomes that could have occurred.

Impact of Plan Maturity on Risk

For newer pension plans, most of the participants and associated liabilities are related to active members who have not yet reached retirement age. As pension plans continue in operation and active members reach retirement ages, liabilities begin to shift from being primarily related to active members to being shared amongst active and retired members. Plan maturity is a measure of the extent to which this shift has occurred. It is important to understand that plan maturity can have an impact on risk tolerance and the overall risk characteristics of the plan. For example, closed plans like the Town of Longboat Key Consolidated Retirement System, 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 for Police Officers, Firefighters, and General Employees during the period October 1, 2011 to October 1, 2021. We expect this ratio will continue to decrease as more active members terminate and retire.
- 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 approximately 97%, 93%, and 79% as of October 1, 2021 for the Police Officers’, Firefighters’, and General Employees’ Plans, respectively. 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 for all three legacy plans during the period October 1, 2011 to October 1, 2021.
- 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, is currently negative for the three legacy plans, indicating that contributions are not currently covering the 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
POLICE OFFICERS

| | <u>10/1/2011</u> | <u>10/1/2016</u> | <u>10/1/2020</u> | <u>10/1/2021</u> |
|---|------------------|------------------|------------------|------------------|
| <u>Support Ratio</u> | | | | |
| Total Actives | 16 | 6 | 4 | 3 |
| Total Inactives ¹ | 20 | 22 | 22 | 22 |
| Actives / Inactives ¹ | 80.0% | 27.3% | 18.2% | 13.6% |
| <u>Accrued Liability (AL) Ratio</u> | | | | |
| Inactive Accrued Liability | 8,556,677 | 11,416,979 | 11,540,769 | 11,583,140 |
| Total Accrued Liability (EAN) | 10,911,841 | 12,205,941 | 11,972,305 | 11,956,532 |
| Inactive AL / Total AL | 78.4% | 93.5% | 96.4% | 96.9% |
| <u>Funded Ratio</u> | | | | |
| Actuarial Value of Assets (AVA) | 5,030,269 | 6,919,849 | 8,012,971 | 8,430,475 |
| Total Accrued Liability (EAN) | 10,911,841 | 12,205,941 | 11,972,305 | 11,956,532 |
| AVA / Total Accrued Liability (EAN) | 46.1% | 56.7% | 66.9% | 70.5% |
| <u>Net Cash Flow Ratio</u> | | | | |
| Net Cash Flow ² | (35,704) | (356,384) | (209,034) | (325,074) |
| Market Value of Assets (MVA) | 4,739,490 | 6,636,441 | 7,763,990 | 9,049,790 |
| Ratio | -0.8% | -5.4% | -2.7% | -3.6% |

¹ Excludes terminated participants awaiting a refund of member contributions.

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

PLAN MATURITY MEASURES AND OTHER RISK METRICS
FIREFIGHTERS

| | <u>10/1/2011</u> | <u>10/1/2016</u> | <u>10/1/2020</u> | <u>10/1/2021</u> |
|---|------------------|------------------|------------------|------------------|
| <u>Support Ratio</u> | | | | |
| Total Actives | 33 | 7 | 5 | 5 |
| Total Inactives ¹ | 29 | 39 | 40 | 39 |
| Actives / Inactives ¹ | 113.8% | 17.9% | 12.5% | 12.8% |
| <u>Accrued Liability (AL) Ratio</u> | | | | |
| Inactive Accrued Liability | 17,329,945 | 28,299,261 | 30,175,236 | 30,232,703 |
| Total Accrued Liability (EAN) | 27,202,598 | 31,146,932 | 32,452,119 | 32,580,331 |
| Inactive AL / Total AL | 63.7% | 90.9% | 93.0% | 92.8% |
| <u>Funded Ratio</u> | | | | |
| Actuarial Value of Assets (AVA) | 11,937,481 | 16,493,651 | 20,709,283 | 22,446,774 |
| Total Accrued Liability (EAN) | 27,202,598 | 31,146,932 | 32,452,119 | 32,580,331 |
| AVA / Total Accrued Liability (EAN) | 43.9% | 53.0% | 63.8% | 68.9% |
| <u>Net Cash Flow Ratio</u> | | | | |
| Net Cash Flow ² | 277,780 | (1,898,362) | (27,824) | (211,415) |
| Market Value of Assets (MVA) | 11,053,255 | 15,852,517 | 20,088,427 | 24,093,028 |
| Ratio | 2.5% | -12.0% | -0.1% | -0.9% |

¹ Excludes terminated participants awaiting a refund of member contributions.

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

PLAN MATURITY MEASURES AND OTHER RISK METRICS
GENERAL EMPLOYEES

| | <u>10/1/2011</u> | <u>10/1/2016</u> | <u>10/1/2020</u> | <u>10/1/2021</u> |
|---|------------------|------------------|------------------|------------------|
| <u>Support Ratio</u> | | | | |
| Total Actives | 44 | 19 | 15 | 15 |
| Total Inactives ¹ | 37 | 57 | 55 | 55 |
| Actives / Inactives ¹ | 118.9% | 33.3% | 27.3% | 27.3% |
| <u>Accrued Liability (AL) Ratio</u> | | | | |
| Inactive Accrued Liability | 5,399,249 | 12,383,563 | 11,446,209 | 11,284,513 |
| Total Accrued Liability (EAN) | 13,703,842 | 15,341,560 | 14,293,547 | 14,218,188 |
| Inactive AL / Total AL | 39.4% | 80.7% | 80.1% | 79.4% |
| <u>Funded Ratio</u> | | | | |
| Actuarial Value of Assets (AVA) | 7,308,613 | 10,566,941 | 11,735,425 | 12,193,989 |
| Total Accrued Liability (EAN) | 13,703,842 | 15,341,560 | 14,293,547 | 14,218,188 |
| AVA / Total Accrued Liability (EAN) | 53.3% | 68.9% | 82.1% | 85.8% |
| <u>Net Cash Flow Ratio</u> | | | | |
| Net Cash Flow ² | 436,343 | (390,294) | (382,854) | (622,077) |
| Market Value of Assets (MVA) | 6,618,863 | 10,241,394 | 11,400,465 | 13,140,864 |
| Ratio | 6.6% | -3.8% | -3.4% | -4.7% |

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
POLICE OFFICERS

(Historical Information Only - No State Monies Received after Fiscal 2014)

| <u>Received During Fiscal Year</u> | <u>Amount</u> | <u>Increase from Previous Year</u> |
|--|---------------|--|
| 1998 | 30,943.80 | _____ % |
| 1999 | 34,500.65 | 11.5% |
| 2000 | 35,338.03 | 2.4% |
| 2001 | 38,821.79 | 9.9% |
| 2002 | 47,239.79 | 21.7% |
| 2003 | 51,163.55 | 8.3% |
| 2004 | 55,090.41 | 7.7% |
| 2005 | 59,461.95 | 7.9% |
| 2006 | 62,317.27 | 4.8% |
| 2007 | 71,050.22 | 14.0% |
| 2008 | - | -100.0% |
| 2009 | 137,801.41 | N/A |
| 2010 | 70,446.46 | -48.9% |
| 2011 | 70,893.30 | 0.6% |
| 2012 | 77,700.11 | 9.6% |
| 2013 | 77,298.10 | -0.5% |
| 2014 | 81,017.31 | 4.8% |

PARTIAL HISTORY OF PREMIUM TAX REFUNDS
FIREFIGHTERS

(Historical Information Only - No State Monies Received after Fiscal 2013)

| <u>Received During Fiscal Year</u> | <u>Amount</u> | <u>Increase from Previous Year</u> |
|--|---------------|--|
| 1997 | 70,510.54 | _____% |
| 1998 | 84,957.68 | 20.5% |
| 1999 | 83,629.64 | -1.6% |
| 2000 | 109,664.52 | 31.1% |
| 2001 | 92,878.93 | -15.3% |
| 2002 | 106,726.80 | 14.9% |
| 2003 | 138,730.84 | 30.0% |
| 2004 | 140,408.22 | 1.2% |
| 2005 | 177,792.61 | 26.6% |
| 2006 | 225,258.22 | 26.7% |
| 2007 | 295,948.69 | 31.4% |
| 2008 | - | -100.0% |
| 2009 | 513,555.97 | N/A |
| 2010 | 241,221.17 | -53.0% |
| 2011 | 239,800.33 | -0.6% |
| 2012 | 274,615.73 | 14.5% |
| 2013 | 269,818.47 | -1.7% |

POLICE OFFICERS

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2021

| <u>ASSETS</u> | COST VALUE | MARKET VALUE |
|--------------------------------------|--------------|--------------|
| Cash and Cash Equivalents: | | |
| Prepaid Benefits | 74,131.34 | 74,131.34 |
| Money Market | 383,166.00 | 383,166.00 |
| Cash | (97.92) | (97.92) |
| Total Cash and Equivalents | 457,199.42 | 457,199.42 |
| Receivables: | | |
| From Broker for Investments Sold | 2,192.08 | 2,192.08 |
| Investment Income | 17,558.78 | 17,558.78 |
| Total Receivable | 19,750.86 | 19,750.86 |
| Investments: | | |
| U. S. Bonds and Bills | 716,055.78 | 732,943.17 |
| Federal Agency Guaranteed Securities | 123,067.92 | 125,820.75 |
| Corporate Bonds | 795,324.66 | 812,211.53 |
| Stocks | 2,830,670.34 | 3,732,724.16 |
| Mutual Funds: | | |
| Equity | 931,183.55 | 2,386,587.61 |
| Pooled/Common/Commingled Funds: | | |
| Real Estate | 722,906.00 | 787,625.50 |
| Total Investments | 6,119,208.25 | 8,577,912.72 |
| Total Assets | 6,596,158.53 | 9,054,863.00 |
| <u>LIABILITIES</u> | | |
| Payables: | | |
| Administrative Expenses | 751.28 | 751.28 |
| To Broker for Investments Purchased | 4,321.58 | 4,321.58 |
| Total Liabilities | 5,072.86 | 5,072.86 |
| NET POSITION RESTRICTED FOR PENSIONS | 6,591,085.67 | 9,049,790.14 |

POLICE OFFICERS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2021
Market Value Basis

ADDITIONS

Contributions:

Town 553,969.00

Total Contributions 553,969.00

Investment Income:

Net Realized Gain (Loss) 543,203.57

Unrealized Gain (Loss) 947,046.03

Net Increase in Fair Value of Investments 1,490,249.60

Interest & Dividends 167,836.87

Less Investment Expense¹ (47,212.67)

Net Investment Income 1,610,873.80

Total Additions 2,164,842.80

DEDUCTIONS

Distributions to Members:

Benefit Payments 861,120.05

Lump Sum DROP Distributions 0.00

Total Distributions 861,120.05

Administrative Expense 17,922.73

Total Deductions 879,042.78

Net Increase in Net Position 1,285,800.02

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year 7,763,990.12

End of the Year 9,049,790.14

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

POLICE OFFICERS

ACTUARIAL ASSET VALUATION
SEPTEMBER 30, 2021

Actuarial Assets for funding purposes are developed by increasing the Actuarial Assets used in the most recent actuarial valuation of the Fund by the average annual market value rate of return (net of investment related expenses) for the past four years. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Details of the derivation are set forth as follows:

| Plan Year End | Rate of Return ¹ | |
|--|-----------------------------|----------------|
| 09/30/2018 | 8.04% | |
| 09/30/2019 | 2.86% | |
| 09/30/2020 | 6.36% | |
| 09/30/2021 | 21.45% | |
| Annualized Rate of Return for prior four (4) years: | | 9.46% |
| (A) 10/01/2020 Actuarial Assets: | | \$8,012,970.76 |
| (I) Net Investment Income: | | |
| 1. Interest and Dividends | | 167,836.87 |
| 2. Realized Gain (Loss) | | 543,203.57 |
| 3. Unrealized Gain (Loss) | | 947,046.03 |
| 4. Change in Actuarial Value | | (868,296.12) |
| 5. Investment Related Expenses | | (47,212.67) |
| Total | | 742,577.68 |
| (B) 10/01/2021 Actuarial Assets: | | \$8,430,474.66 |
| Actuarial Asset Rate of Return = 2I/(A+B-I): | | 9.46% |
| 10/01/2021 Limited Actuarial Assets: | | \$8,430,474.66 |
| 10/01/2021 Market Value of Assets: | | \$9,049,790.14 |
| Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis) | | \$193,101.60 |

¹Market Value Basis, net of investment related expenses.

POLICE OFFICERS
 CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
 SEPTEMBER 30, 2021
 Actuarial Asset Basis

REVENUES

| | | |
|-------------------------------------|--------------|------------|
| Contributions: | | |
| Town | 553,969.00 | |
| Total Contributions | | 553,969.00 |
| Earnings from Investments: | | |
| Interest & Dividends | 167,836.87 | |
| Net Realized Gain (Loss) | 543,203.57 | |
| Unrealized Gain (Loss) | 947,046.03 | |
| Change in Actuarial Value | (868,296.12) | |
| Total Earnings and Investment Gains | | 789,790.35 |

EXPENDITURES

| | | |
|---|------------|--------------|
| Distributions to Members: | | |
| Benefit Payments | 861,120.05 | |
| Lump Sum DROP Distributions | 0.00 | |
| Total Distributions | | 861,120.05 |
| Expenses: | | |
| Investment related ¹ | 47,212.67 | |
| Administrative | 17,922.73 | |
| Total Expenses | | 65,135.40 |
| Change in Net Assets for the Year | | 417,503.90 |
| Net Assets Beginning of the Year | | 8,012,970.76 |
| Net Assets End of the Year ² | | 8,430,474.66 |

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

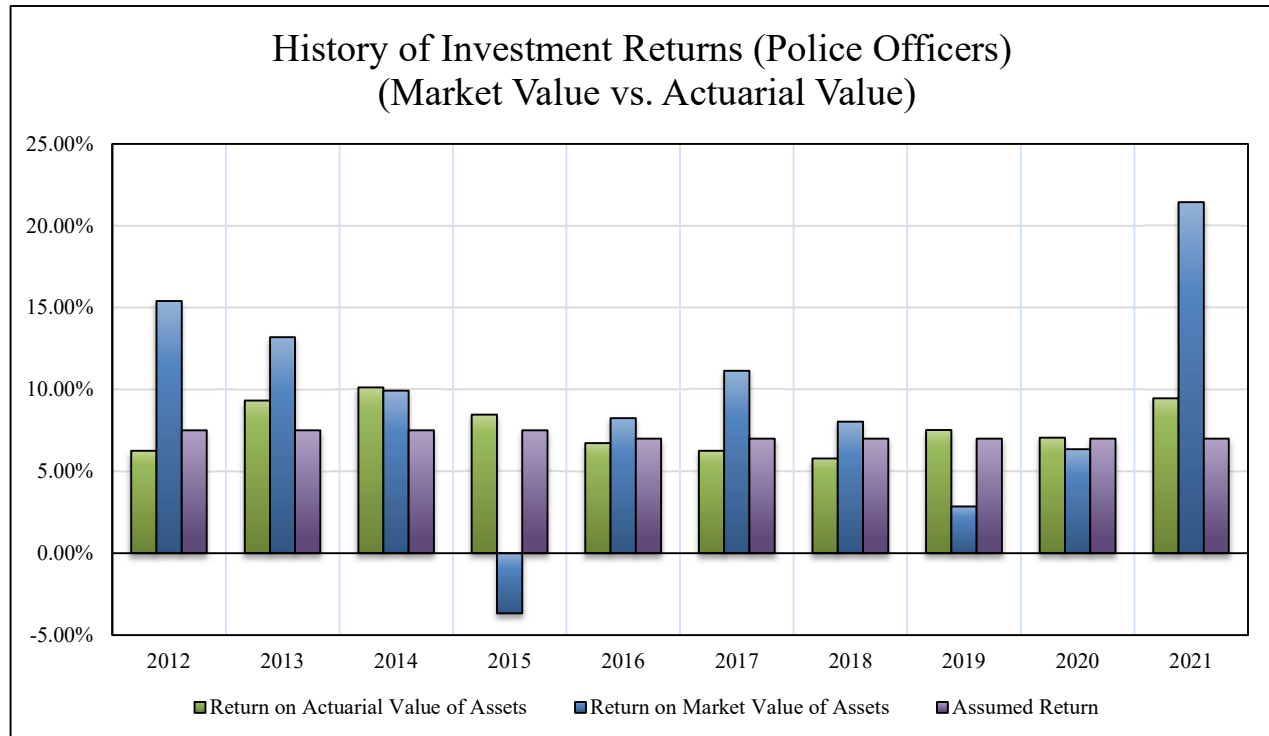
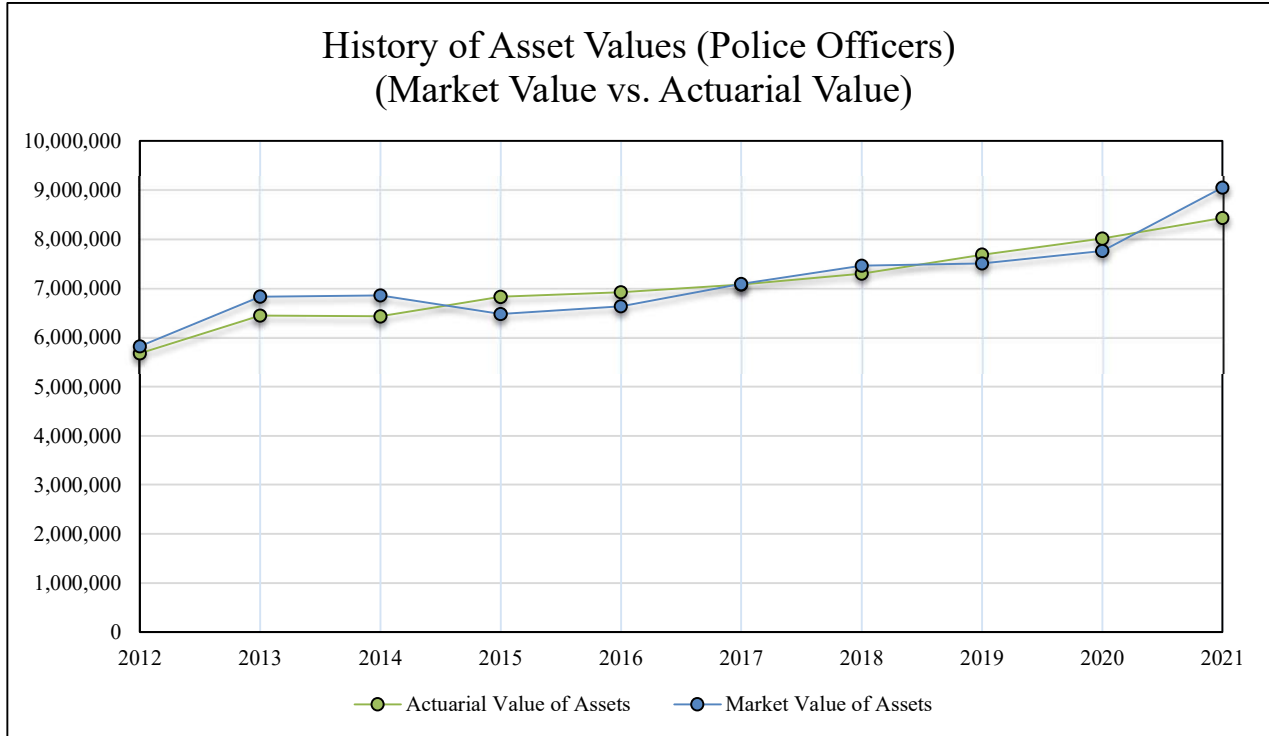
²Net Assets may be limited for actuarial consideration.

RECONCILIATION OF TOWN'S SHORTFALL/(PREPAID) CONTRIBUTION
FOR THE FISCAL YEAR ENDED (FYE) SEPTEMBER 30, 2021

POLICE OFFICERS

| | |
|--|---------------------|
| (1) Required Town Contributions | \$553,969.00 |
| (2) Less 2020 Prepaid Contribution | 0.00 |
| (3) Less Actual Town Contributions | <u>(553,969.00)</u> |
| (4) Equals Town's Shortfall/(Prepaid) Contribution as of September 30, 2021 | \$0.00 |

HISTORY OF ASSET VALUES AND INVESTMENT RETURNS



FIREFIGHTERS

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2021

| <u>ASSETS</u> | COST VALUE | MARKET VALUE |
|--------------------------------------|---------------|---------------|
| Cash and Cash Equivalents: | | |
| Prepaid Benefits | 184,349.47 | 184,349.47 |
| Money Market | 1,020,632.00 | 1,020,632.00 |
| Cash | (260.84) | (260.84) |
| Total Cash and Equivalents | 1,204,720.63 | 1,204,720.63 |
| Receivables: | | |
| From Broker for Investments Sold | 5,839.00 | 5,839.00 |
| Investment Income | 46,771.00 | 46,771.00 |
| Total Receivable | 52,610.00 | 52,610.00 |
| Investments: | | |
| U. S. Bonds and Bills | 1,907,344.19 | 1,952,326.82 |
| Federal Agency Guaranteed Securities | 327,813.67 | 335,146.34 |
| Corporate Bonds | 2,118,491.21 | 2,163,472.45 |
| Stocks | 7,540,002.89 | 9,942,786.53 |
| Mutual Funds: | | |
| Equity | 2,480,375.95 | 6,357,108.15 |
| Pooled/Common/Commingled Funds: | | |
| Real Estate | 1,925,591.00 | 2,097,983.10 |
| Total Investments | 16,299,618.91 | 22,848,823.39 |
| Total Assets | 17,556,949.54 | 24,106,154.02 |
| <u>LIABILITIES</u> | | |
| Payables: | | |
| Administrative Expenses | 1,943.91 | 1,943.91 |
| To Broker for Investments Purchased | 11,181.91 | 11,181.91 |
| Total Liabilities | 13,125.82 | 13,125.82 |
| NET POSITION RESTRICTED FOR PENSIONS | 17,543,823.72 | 24,093,028.20 |

FIREFIGHTERS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2021
Market Value Basis

ADDITIONS

| | | | |
|---|--------------|--------------|--------------|
| Contributions: | | | |
| Town | | 2,006,151.00 | |
| Total Contributions | | | 2,006,151.00 |
| Investment Income: | | | |
| Net Realized Gain (Loss) | 1,405,518.65 | | |
| Unrealized Gain (Loss) | 2,496,984.49 | | |
| Net Increase in Fair Value of Investments | | 3,902,503.14 | |
| Interest & Dividends | | 435,674.81 | |
| Less Investment Expense ¹ | | (122,160.99) | |
| Net Investment Income | | | 4,216,016.96 |
| Total Additions | | | 6,222,167.96 |

DEDUCTIONS

| | | | |
|--------------------------------------|--|--------------|---------------|
| Distributions to Members: | | | |
| Benefit Payments | | 2,171,192.01 | |
| Lump Sum DROP Distributions | | 0.00 | |
| Total Distributions | | | 2,171,192.01 |
| Administrative Expense | | | 46,374.38 |
| Total Deductions | | | 2,217,566.39 |
| Net Increase in Net Position | | | 4,004,601.57 |
| NET POSITION RESTRICTED FOR PENSIONS | | | |
| Beginning of the Year | | | 20,088,426.63 |
| End of the Year | | | 24,093,028.20 |

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

FIREFIGHTERS

ACTUARIAL ASSET VALUATION SEPTEMBER 30, 2021

Actuarial Assets for funding purposes are developed by increasing the Actuarial Assets used in the most recent actuarial valuation of the Fund by the average annual market value rate of return (net of investment related expenses) for the past four years. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Details of the derivation are set forth as follows:

| Plan Year End | Rate of Return ¹ | |
|--|-----------------------------|-----------------|
| 09/30/2018 | 8.04% | |
| 09/30/2019 | 2.86% | |
| 09/30/2020 | 6.36% | |
| 09/30/2021 | 21.45% | |
| Annualized Rate of Return for prior four (4) years: | | 9.46% |
| (A) 10/01/2020 Actuarial Assets: | | \$20,709,283.37 |
| (I) Net Investment Income: | | |
| 1. Interest and Dividends | 435,674.81 | |
| 2. Realized Gain (Loss) | 1,405,518.65 | |
| 3. Unrealized Gain (Loss) | 2,496,984.49 | |
| 4. Change in Actuarial Value | (2,267,111.25) | |
| 5. Investment Related Expenses | (122,160.99) | |
| Total | | 1,948,905.71 |
| (B) 10/01/2021 Actuarial Assets: | | \$22,446,773.69 |
| Actuarial Asset Rate of Return = 2I/(A+B-I): | | 9.46% |
| 10/01/2021 Limited Actuarial Assets: | | \$22,446,773.69 |
| 10/01/2021 Market Value of Assets: | | \$24,093,028.20 |
| Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis) | | \$506,797.89 |

¹Market Value Basis, net of investment related expenses.

FIREFIGHTERS

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
 SEPTEMBER 30, 2021
 Actuarial Asset Basis

REVENUES

| | | |
|-------------------------------------|----------------|--------------|
| Contributions: | | |
| Town | 2,006,151.00 | |
| Total Contributions | | 2,006,151.00 |
| Earnings from Investments: | | |
| Interest & Dividends | 435,674.81 | |
| Net Realized Gain (Loss) | 1,405,518.65 | |
| Unrealized Gain (Loss) | 2,496,984.49 | |
| Change in Actuarial Value | (2,267,111.25) | |
| Total Earnings and Investment Gains | | 2,071,066.70 |

EXPENDITURES

| | | |
|---|--------------|---------------|
| Distributions to Members: | | |
| Benefit Payments | 2,171,192.01 | |
| Lump Sum DROP Distributions | 0.00 | |
| Total Distributions | | 2,171,192.01 |
| Expenses: | | |
| Investment related ¹ | 122,160.99 | |
| Administrative | 46,374.38 | |
| Total Expenses | | 168,535.37 |
| Change in Net Assets for the Year | | 1,737,490.32 |
| Net Assets Beginning of the Year | | 20,709,283.37 |
| Net Assets End of the Year ² | | 22,446,773.69 |

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

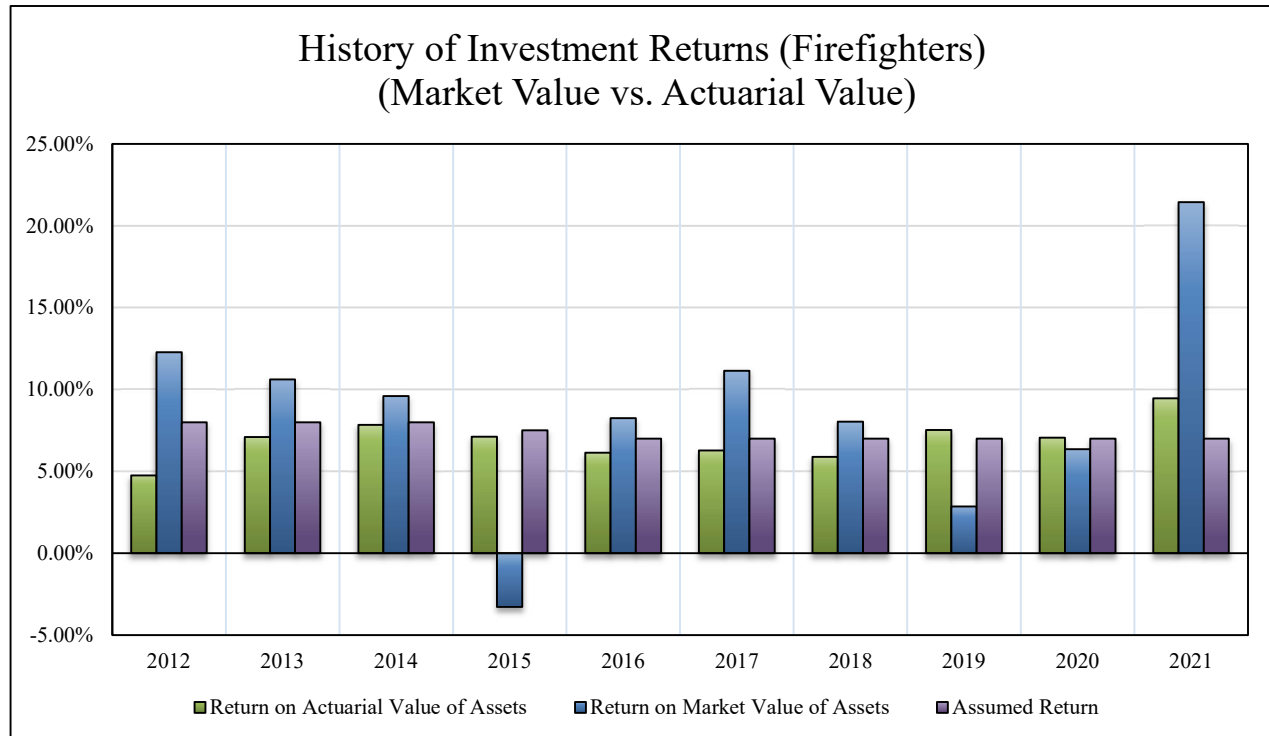
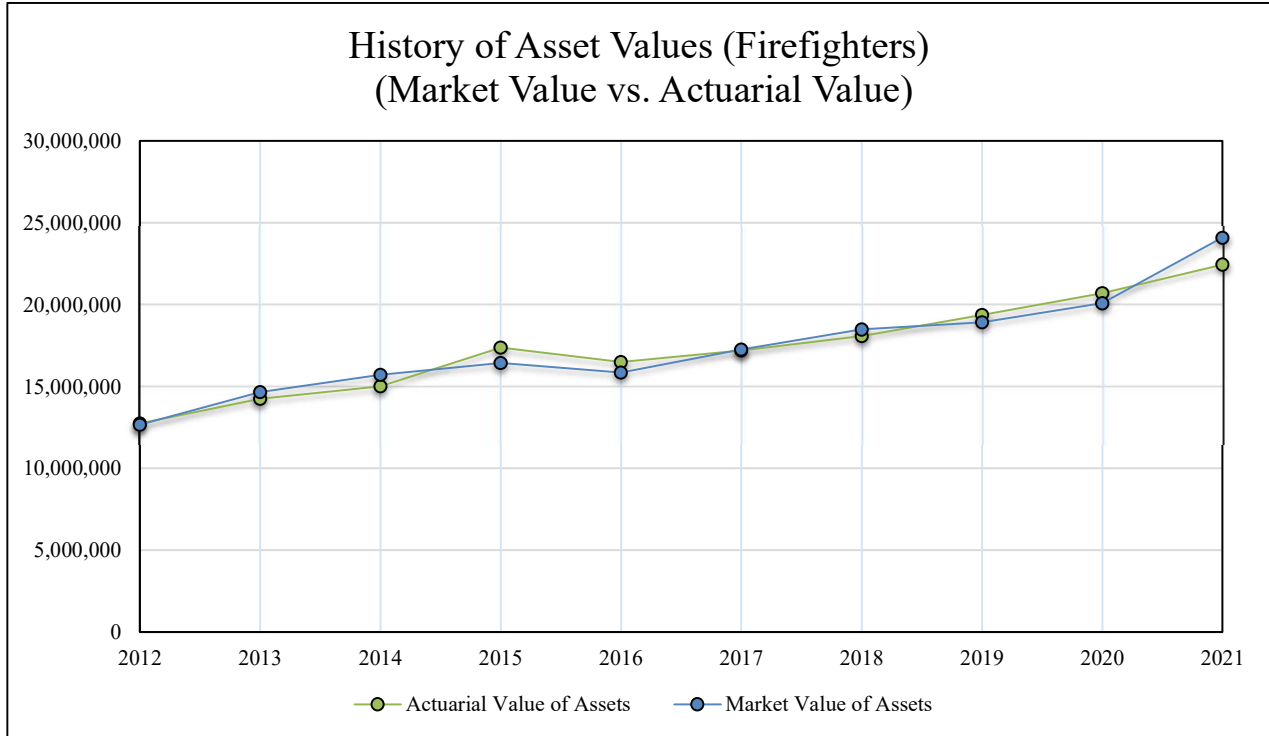
²Net Assets may be limited for actuarial consideration.

RECONCILIATION OF TOWN'S SHORTFALL/(PREPAID) CONTRIBUTION
FOR THE FISCAL YEAR ENDED (FYE) SEPTEMBER 30, 2021

FIREFIGHTERS

| | |
|--|-----------------------|
| (1) Required Town Contributions | \$2,006,151.00 |
| (2) Less 2020 Prepaid Contribution | 0.00 |
| (3) Less Actual Town Contributions | <u>(2,006,151.00)</u> |
| (4) Equals Town's Shortfall/(Prepaid) Contribution as of September 30, 2021 | \$0.00 |

HISTORY OF ASSET VALUES AND INVESTMENT RETURNS



GENERAL EMPLOYEES
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2021

| <u>ASSETS</u> | COST VALUE | MARKET VALUE |
|---|---------------------|----------------------|
| Cash and Cash Equivalents: | | |
| Prepaid Benefits | 85,387.18 | 85,387.18 |
| Money Market | 557,334.14 | 557,334.14 |
| Cash | (142.44) | (142.44) |
| Total Cash and Equivalents | 642,578.88 | 642,578.88 |
| Receivables: | | |
| From Broker for Investments Sold | 3,188.49 | 3,188.49 |
| Investment Income | 25,540.14 | 25,540.14 |
| Total Receivable | 28,728.63 | 28,728.63 |
| Investments: | | |
| U. S. Bonds and Bills | 1,041,539.00 | 1,066,102.57 |
| Federal Agency Guaranteed Securities | 179,008.45 | 183,012.59 |
| Corporate Bonds | 1,156,839.56 | 1,181,402.38 |
| Stocks | 4,117,351.84 | 5,429,434.32 |
| Mutual Funds: | | |
| Equity | 1,354,453.13 | 3,471,411.27 |
| Pooled/Common/Commingled Funds: | | |
| Real Estate | 1,051,503.00 | 1,145,640.76 |
| Total Investments | 8,900,694.98 | 12,477,003.89 |
| Total Assets | 9,572,002.49 | 13,148,311.40 |
| <u>LIABILITIES</u> | | |
| Payables: | | |
| Administrative Expenses | 1,103.00 | 1,103.00 |
| To Broker for Investments Purchased | 6,344.72 | 6,344.72 |
| Total Liabilities | 7,447.72 | 7,447.72 |
| NET POSITION RESTRICTED FOR PENSIONS | 9,564,554.77 | 13,140,863.68 |

GENERAL EMPLOYEES

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2021
Market Value Basis

ADDITIONS

Contributions:

Town 420,842.00

Total Contributions 420,842.00

Investment Income:

Net Realized Gain (Loss) 797,504.14

Unrealized Gain (Loss) 1,388,171.19

Net Increase in Fair Value of Investments 2,185,675.33

Interest & Dividends 246,115.50

Less Investment Expense¹ (69,315.26)

Net Investment Income 2,362,475.57

Total Additions 2,783,317.57

DEDUCTIONS

Distributions to Members:

Benefit Payments 1,016,605.82

Lump Sum DROP Distributions 0.00

Total Distributions 1,016,605.82

Administrative Expense 26,313.26

Total Deductions 1,042,919.08

Net Increase in Net Position 1,740,398.49

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year 11,400,465.19

End of the Year 13,140,863.68

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

GENERAL EMPLOYEES

ACTUARIAL ASSET VALUATION
SEPTEMBER 30, 2021

Actuarial Assets for funding purposes are developed by increasing the Actuarial Assets used in the most recent actuarial valuation of the Fund by the average annual market value rate of return (net of investment related expenses) for the past four years. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Details of the derivation are set forth as follows:

| Plan Year End | Rate of Return ¹ | |
|--|-----------------------------|-----------------|
| 09/30/2018 | 8.04% | |
| 09/30/2019 | 2.86% | |
| 09/30/2020 | 6.36% | |
| 09/30/2021 | 21.45% | |
| Annualized Rate of Return for prior four (4) years: | | 9.46% |
| (A) 10/01/2020 Actuarial Assets: | | \$11,735,425.47 |
| (I) Net Investment Income: | | |
| 1. Interest and Dividends | | 246,115.50 |
| 2. Realized Gain (Loss) | | 797,504.14 |
| 3. Unrealized Gain (Loss) | | 1,388,171.19 |
| 4. Change in Actuarial Value | | (1,281,835.33) |
| 5. Investment Related Expenses | | (69,315.26) |
| Total | | 1,080,640.24 |
| (B) 10/01/2021 Actuarial Assets: | | \$12,193,988.63 |
| Actuarial Asset Rate of Return = 2I/(A+B-I): | | 9.46% |
| 10/01/2021 Limited Actuarial Assets: | | \$12,193,988.63 |
| 10/01/2021 Market Value of Assets: | | \$13,140,863.68 |
| Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis) | | \$281,012.16 |

¹Market Value Basis, net of investment related expenses.

GENERAL EMPLOYEES

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
 SEPTEMBER 30, 2021
 Actuarial Asset Basis

REVENUES

| | | |
|-------------------------------------|----------------|--------------|
| Contributions: | | |
| Town | 420,842.00 | |
| Total Contributions | | 420,842.00 |
| Earnings from Investments: | | |
| Interest & Dividends | 246,115.50 | |
| Net Realized Gain (Loss) | 797,504.14 | |
| Unrealized Gain (Loss) | 1,388,171.19 | |
| Change in Actuarial Value | (1,281,835.33) | |
| Total Earnings and Investment Gains | | 1,149,955.50 |

EXPENDITURES

| | | |
|---|--------------|---------------|
| Distributions to Members: | | |
| Benefit Payments | 1,016,605.82 | |
| Lump Sum DROP Distributions | 0.00 | |
| Total Distributions | | 1,016,605.82 |
| Expenses: | | |
| Investment related ¹ | 69,315.26 | |
| Administrative | 26,313.26 | |
| Total Expenses | | 95,628.52 |
| Change in Net Assets for the Year | | 458,563.16 |
| Net Assets Beginning of the Year | | 11,735,425.47 |
| Net Assets End of the Year ² | | 12,193,988.63 |

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

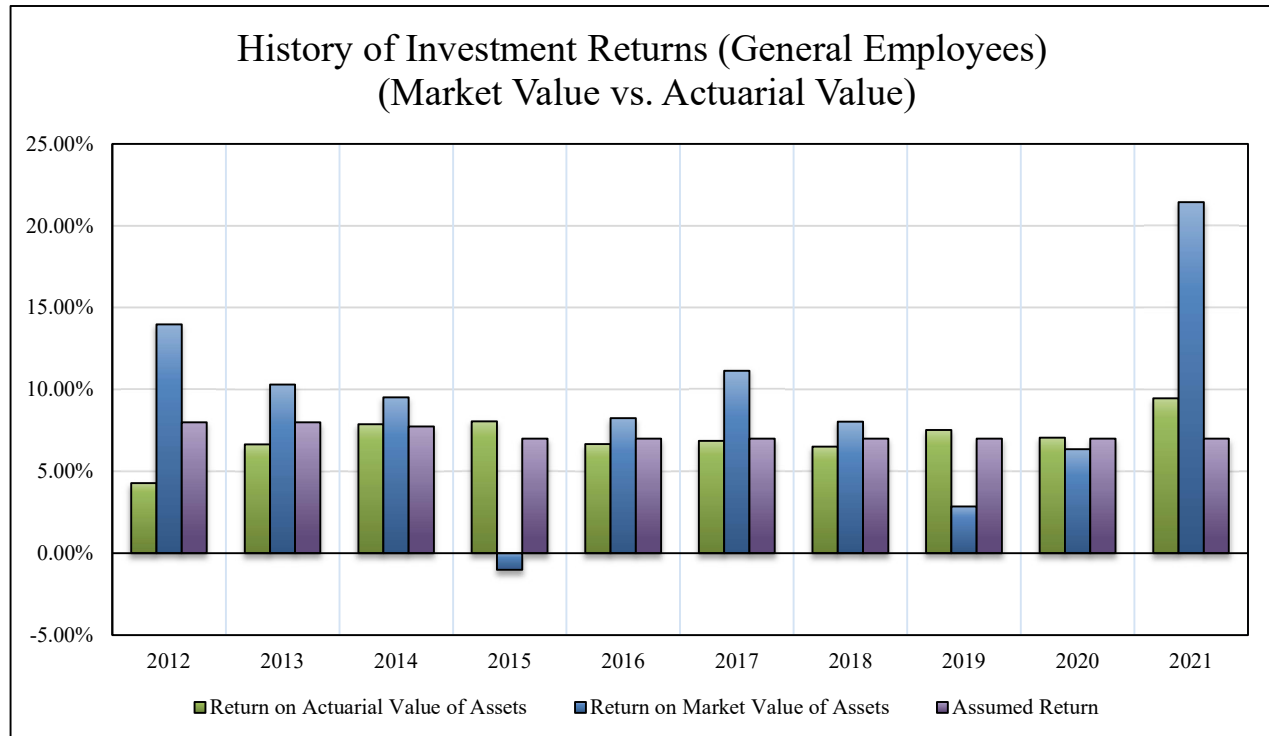
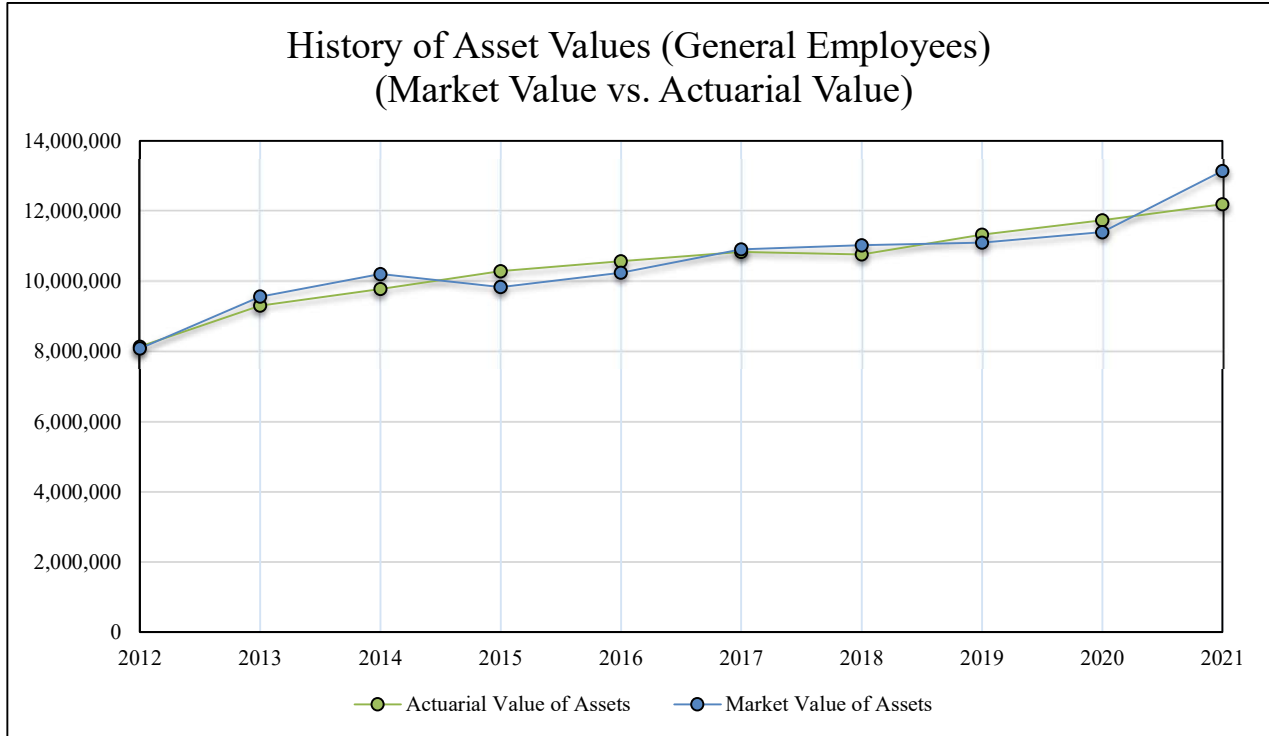
²Net Assets may be limited for actuarial consideration.

RECONCILIATION OF TOWN'S SHORTFALL/(PREPAID) CONTRIBUTION
FOR THE FISCAL YEAR ENDED (FYE) SEPTEMBER 30, 2021

GENERAL EMPLOYEES

| | |
|--|---------------------|
| (1) Required Town Contributions | \$420,842.00 |
| (2) Less 2020 Prepaid Contribution | 0.00 |
| (3) Less Actual Town Contributions | <u>(420,842.00)</u> |
| (4) Equals Town's Shortfall/(Prepaid) Contribution as of September 30, 2021 | \$0.00 |

HISTORY OF ASSET VALUES AND INVESTMENT RETURNS



VALUATION PARTICIPANT RECONCILIATION
POLICE OFFICERS

1. Active lives

| | |
|--|----------|
| a. Number in prior valuation 10/1/2020 | 4 |
| 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 distributio | 0 |
| c. Deaths | |
| i. Beneficiary receiving benefits | 0 |
| ii. No future benefits payable | 0 |
| d. Disabled | 0 |
| e. Retired | (1) |
| f. Continuing participants | 3 |
| g. New entrants | <u>0</u> |
| h. Total active life participants in valuation | 3 |

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

| | Service Retirees, Vested Receiving | Receiving Death Benefits | Receiving Disability Benefits | Vested (Deferred Annuity) | Vested (Due Refund) | <u>Total</u> |
|-------------------------------|---|--------------------------------|-------------------------------------|---------------------------------|---------------------------|--------------|
| a. Number prior valuation | 15 | 3 | 2 | 2 | 0 | 22 |
| Retired | 2 | 0 | 0 | (1) | 0 | 1 |
| Vested (Deferred Annuity) | 0 | 0 | 0 | 0 | 0 | 0 |
| 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 | (1) | 0 | 0 | 0 | 0 | (1) |
| Disabled | 0 | 0 | 0 | 0 | 0 | 0 |
| 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 | 16 | 3 | 2 | 1 | 0 | 22 |

VALUATION PARTICIPANT RECONCILIATION
FIREFIGHTERS

1. Active lives

| | |
|--|---|
| a. Number in prior valuation 10/1/2020 | 5 |
| 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 distributio | 0 |
| c. Deaths | |
| i. Beneficiary receiving benefits | 0 |
| ii. No future benefits payable | 0 |
| d. Disabled | 0 |
| e. Retired | 0 |
| f. Continuing participants | 5 |
| g. New entrants | 0 |
| h. Total active life participants in valuation | 5 |

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

| | Service Retirees, Vested Receiving | Receiving Death Benefits | Receiving Disability Benefits | Vested (Deferred Annuity) | Vested (Due Refund) | <u>Total</u> |
|-------------------------------|---|--------------------------------|-------------------------------------|---------------------------------|---------------------------|--------------|
| a. Number prior valuation | 31 | 1 | 4 | 3 | 1 | 40 |
| Retired | 0 | 0 | 0 | 0 | 0 | 0 |
| Vested (Deferred Annuity) | 0 | 0 | 0 | 0 | 0 | 0 |
| 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 | 0 | 0 | 0 |
| 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 | 31 | 1 | 4 | 3 | 1 | 40 |

VALUATION PARTICIPANT RECONCILIATION
GENERAL EMPLOYEES

1. Active lives

| | |
|--|----|
| a. Number in prior valuation 10/1/2020 | 15 |
| 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 distributio | 0 |
| c. Deaths | |
| i. Beneficiary receiving benefits | 0 |
| ii. No future benefits payable | 0 |
| d. Disabled | 0 |
| e. Retired | 0 |
| f. Continuing participants | 15 |
| g. New entrants | 0 |
| h. Total active life participants in valuation | 15 |

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

| | Service Retirees, Vested Receiving | Receiving Death Benefits | Receiving Disability Benefits | Vested (Deferred Annuity) | Vested (Due Refund) | <u>Total</u> |
|-------------------------------|---|--------------------------------|-------------------------------------|---------------------------------|---------------------------|--------------|
| a. Number prior valuation | 42 | 3 | 0 | 10 | 0 | 55 |
| Retired | 2 | 0 | 0 | (2) | 0 | 0 |
| Vested (Deferred Annuity) | 0 | 0 | 0 | 0 | 0 | 0 |
| 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 | 0 | 0 | 0 |
| 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 | 3 | 0 | 8 | 0 | 55 |

SUMMARY OF PLAN PROVISIONS
POLICE OFFICERS
(Through Ordinance 2016-22)

The below information is for historical reference only. Benefits are frozen as of February 1, 2014

| | |
|-----------------------------------|--|
| <u>Eligibility</u> | Full-time Police Officers participate as a condition of employment. Members hired after January 31, 2014 do not participate in this System. |
| <u>Credited Service</u> | Total years and fractional parts of years of service as a Police Officer with the Town. Credited Service is frozen as of January 31, 2014. |
| <u>Salary</u> | Total W-2 compensation, plus tax deferred, tax-sheltered, and tax-exempt income. Salary earned after January 31, 2014 is not counted for determination of the accrued benefit. |
| <u>Average Final Compensation</u> | Average Salary for the best 5 years during the 10 years immediately preceding retirement or termination. Average Final Compensation is not applicable for the determination of the accrued benefit after January 31, 2014. |
| <u>Member Contributions</u> | None (previously 10%). |
| <u>Town Contributions</u> | Amount necessary to maintain actuarial soundness and meet State requirements. |
| <u>Normal Retirement</u> | |
| Eligibility | Attainment of 1) age 60, 2) age 55 and the completion of 10 years of Credited Service or 3) the completion of 25 years of Credited Service, regardless of age. |
| Benefit | 3.5% of Average Final Compensation times Years of Credited Service. The accrued benefit is frozen as of January 31, 2014. |
| Form of Benefit | 10 Year Certain and Life Annuity (options are available). |

Early Retirement (removed with Ordinance 2013-13)

Eligibility Age 45 and the completion of 15 years of Credited Service or Age 50 and the completion of 10 years of Credited Service.

Benefit Accrued benefit, reduced 3% per year.

Supplemental Benefit \$10.00 per month for each year of Credited Service, payable to age 65. Credited Service is frozen as of January 31, 2014 for determination of the Supplemental Benefit.

Cost of Living Adjustment Service Retirees receive a 3% annual increase in benefits commencing on the October 1 following the receipt of 5 years of benefit payments.

Vesting (Termination) Upon an employee's termination of employment for reason other than death, disability or retirement, he shall be entitled to the payment of the Vested Percentage of his or her accrued pension at the otherwise Early (reduced) of Normal Retirement Date. The applicable Vested Percentage is determined by the following table:

| <u>Years of Service</u> | <u>Percentage</u> ¹ |
|-------------------------|--------------------------------|
| Less than 5 | 0% |
| 5 | 50% |
| 6 | 60% |
| 7 | 70% |
| 8 | 80% |
| 9 | 90% |
| 10 | 100% |

¹ Members are 100% vested in their frozen accrued benefit as of January 31, 2014.

Death Benefit

Vested or Eligible for Retirement Monthly accrued benefit payable to designated beneficiary. The accrued benefit is frozen as of January 31, 2014.

Non-Vested Refund of Member Contributions.

Disability

Eligibility

Service Incurred Covered from Date of Employment.

Non-Service Incurred 10 years of Credited Service.

Benefit

3.5% of Average Final Compensation times Credited Service (but not less than 42% of Average Final Compensation for Service Incurred). Average Final Compensation and Credited Service for purposes of determining the applicable minimum Disability Benefit are frozen as of January 31, 2014.

Form of Benefit

Ten year Certain and Life Annuity (options are available).

Board of Trustees

a. Five Commission appointees, and

b. Two Town Manager appointees

Deferred Retirement Option Plan (DROP)

Eligibility

Members who were within two years of Normal Retirement eligibility as of January 25, 2014 had the option of DROP participation prior to February 1, 2014.

Participation

Not to exceed 36 months.

Rate of Return

At the Member's election:

a. Actual net rate of investment return credited each fiscal quarter, or

b. A fixed rate money market account.

Form of Distribution

Cash lump sum (options available) at termination of employment.

SUMMARY OF PLAN PROVISIONS
FIREFIGHTERS
(Through Ordinance 2016-22)

The below information is for historical reference only. Benefits are frozen as of September 30, 2013.

| | |
|-----------------------------------|--|
| <u>Eligibility</u> | Full-time certified Firefighters participate as a condition of employment. Members hired after September 30, 2013 do not participate in this System |
| <u>Credited Service</u> | Total years and fractional parts of years of service as a Firefighter with the Town. Credited Service is frozen as of September 30, 2013. |
| <u>Salary</u> | Total W-2 compensation, plus tax deferred, tax-sheltered, and tax-exempt income. Salary earned after September 30, 2013 is not counted for determination of the accrued benefit. |
| <u>Average Final Compensation</u> | Average Salary for the best 5 years during the 10 years immediately preceding retirement or termination. Average Final Compensation is not applicable for the determination of the accrued benefit after September 30, 2013. |
| <u>Member Contributions</u> | None. |
| <u>Town Contributions</u> | Amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability over 30 years (per Chapter 112, Florida Statutes). |
| <u>Normal Retirement</u> | |
| Eligibility | Attainment of 1) age 60, 2) age 55 and the completion of 10 years of Credited Service or 3) the completion of 25 years of Credited Service, regardless of age. |
| Benefit | 3.5% of Average Final Compensation times Years of Credited Service. The accrued benefit is frozen as of September 30, 2013. |
| Form of Benefit | 10 Year Certain and Life Annuity (options are available). |

Early Retirement (removed with Ordinance 2013-13)

Eligibility Age 45 and the completion of 15 years of Credited Service or Age 50 and the completion of 10 years of Credited Service.

Benefit Accrued benefit, reduced 3% per year.

Supplemental Benefit \$10.00 per month for each year of Credited Service, payable to age 65. Credited Service is frozen as of September 30, 2013 for determination of the Supplemental Benefit.

Vesting (Termination) Upon an employee's termination of employment for reason other than death, disability or retirement, he shall be entitled to the payment of the Vested Percentage of his or her accrued pension at the otherwise Early (reduced) of Normal Retirement Date. The applicable Vested Percentage is determined by the following table:

| <u>Years of Service</u> | <u>Percentage</u> ¹ |
|-------------------------|--------------------------------|
| Less than 5 | 0% |
| 5 | 50% |
| 6 | 60% |
| 7 | 70% |
| 8 | 80% |
| 9 | 90% |
| 10 | 100% |

¹ Members are 100% vested in their frozen accrued benefit as of September 30, 2013.

Disability

Eligibility

Service Incurred Covered from Date of Employment.

Non-Service Incurred 10 years of Credited Service.

Benefit 3.5% of Average Final Compensation times Credited Service (but not less than 42% of Average Final Compensation for Service Incurred). Average Final Compensation and Credited Service for purposes of determining the applicable minimum Disability Benefit are frozen as of September 30, 2013.

Form of Benefit Ten year Certain and Life Annuity (options are available)

Cost of Living Adjustment

Service Retirees receive a 3% annual increase in benefits commencing on the October 1 following the receipt of 5 years of benefit payments.

Death Benefit

Vested or Eligible
for Retirement

Monthly accrued benefit payable to designated beneficiary. The accrued benefit is frozen as of September 30, 2013.

Non-Vested

Refund of Member Contributions.

Board of Trustees

- a. Five Commission appointees, and
- b. Two Town Manager appointees

Deferred Retirement Option Plan (DROP)

Eligibility

Satisfaction of Normal Retirement requirements. New DROP participants are not permitted after September 30, 2013.

Participation

Not to exceed 36 months.

Rate of Return

At the Member's election:

- a. Actual net rate of investment return credited each fiscal quarter, or
- b. A fixed rate money market account.

Form of Distribution

Cash lump sum (options available) at termination of employment.

SUMMARY OF PLAN PROVISIONS
GENERAL EMPLOYEES
(Through Ordinance No. 2016-22)

The information below is for historical reference only. Benefits are frozen as of September 30, 2013.

| | |
|-----------------------------------|--|
| <u>Effective Date</u> | April 1, 1992 |
| <u>Latest Amendment</u> | August 14, 2013 |
| <u>Eligibility</u> | Full-time employees hired before September 30, 2013 become Members as a condition of employment. |
| <u>Compensation</u> | W-2 earnings, plus tax-deferred, tax-sheltered, and tax-exempt income. Salary earned after September 30, 2013 is not counted for determination of the accrued benefit. |
| <u>Average Final Compensation</u> | Average Compensation paid an employee during the best 5 years within the last 10 years preceding September 30, 2013. |
| <u>Credited Service</u> | Years and fractional parts of years of service with the Town as a General Employee through September 30, 2013. |
| <u>Normal Retirement</u> | |
| Eligibility | Earlier of 1) Age 62 or 2) Age 55 and the completion of 30 years of Credited Service. |
| Benefit | 2.75% of Average Final Compensation times Years of Credited Service. The benefit is frozen as of September 30, 2013. |
| Form of Benefit | Life Annuity with 120 months certain (options available). |
| <u>Early Retirement</u> | |
| Date | Attainment of age 50 and the completion of 15 years of Credited Service. |
| Benefit | Accrued benefit reduced 3.0% for each year preceding the Normal Retirement Date. |

Death Benefit

Not Vested

Refund of Member Contributions.

Vested

Accrued benefit paid to Beneficiary for 120 months at Member's otherwise Early (reduced) or Normal Retirement Date.

Post-Retirement

According to optional form of benefit selected.

Termination of Employment

Upon an employee's termination of employment for reason other than death, disability or retirement, he shall be entitled to the payment of the Vested Percentage of his or her accrued pension at the otherwise Early (reduced) or Normal Retirement Date. The applicable Vested Percentage is determined by the following table:

| <u>Years of Service</u> | <u>Percentage</u> |
|-------------------------|-------------------|
| Less than 5 | 0% |
| 5 | 50% |
| 6 | 60% |
| 7 | 70% |
| 8 | 80% |
| 9 | 90% |
| 10 | 100% |

Members are 100% vested on September 30, 2013.

Deferred Retirement Option Plan

Eligibility

Within 12 months following satisfaction of Normal Retirement requirements (age 62 or age 55 and 30 years of Credited Service.) New DROP Participants are not allowed after September 30, 2013.

Participation

Not to exceed 60 months.

Rate of Return

At election of Member (may change once during the DROP period) either: 1) actual net rate of investment return (total return net of brokerage commissions, management fees, and transaction costs), or 2) 6.5%. Earnings are credited each fiscal quarter.

Form of Distribution

Cash lump sum (options available) at termination of employment.

Contributions

Employee

None.

Town

Amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability over 30 years (per Chapter 112, F.S.).