TOWN OF INDIAN RIVER SHORES PUBLIC SAFETY OFFICERS AND FIREFIGHTERS' DEFINED BENEFIT PLAN

GASB DISCLOSURE INFORMATION STATEMENTS 67/68 MEASUREMENT DATE: SEPTEMBER 30, 2024

> GASB 68 REPORTING AS OF SEPTEMBER 30, 2024



November 20, 2024

Board of Trustees Town of Indian River Shores Public Safety Officers and Firefighters' Defined Benefit Plan

RE: GASB statements 67/68 – Town of Indian River Shores Public Safety Officers and Firefighters' Defined Benefit Plan

Dear Board:

We are pleased to present this report of the GASB statements 67/68 measured as of September 30, 2024 for the Town of Indian River Shores Public Safety Officers and Firefighters' Defined Benefit Plan.

The calculation of the liability associated with the benefits referenced in this report was performed to satisfy the requirements of GASB 67/68 and is not applicable for other purposes, such as determining the plan's funding requirements. Use of the results for other purposes may not be applicable and may produce significantly different results.

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, 2023. The total pension liability was rolled forward from the valuation date to the plan's fiscal year ending September 30, 2024 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 67/68.

In conducting the valuation, we have relied on personnel and plan design information supplied by the Town and asset information supplied by the custodian bank. The actuarial assumptions and methods are described in the 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.

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

To the best of our knowledge, these statements are complete and accurate and are in accordance with generally recognized actuarial practices and methods. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations. Due to the limited scope of the valuation, we did not perform an analysis of the potential range of such future measurements.

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.

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

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I. SUMMARY

Valuation Date	10/01/2023	10/01/2022
GASB 67/68 Measurement Date	09/30/2024	09/30/2023
GASB 68 Reporting Date	09/30/2024	09/30/2023
Plan Membership		
Inactives Currently Receiving Benefits	21	19
Inactives Not Yet Receiving Benefits	9	5
Active Plan Members	 17	 18
Total	47	42
Covered Payroll	\$ 1,680,198	\$ 1,534,611
Net Pension Liability/(Asset)		
Total Pension Liability	\$ 18,139,959	\$ 17,408,935
Plan Fiduciary Net Position	 20,146,825	16,836,601
Net Pension Liability/(Asset)	\$ (2,006,866)	\$ 572,334
Plan Fiduciary Net Position		
As a % of Total Pension Liability	111.06%	96.71%
Net Pension Liability/(Asset)		
As a % of Covered Payroll	-119.44%	37.30%
Total Pension Expense/(Income)	\$ 581,047	\$ 787,204
Development of Single Discount Rate		
Single Discount Rate	6.75%	6.75%
Long-Term Expected Rate of Return	6.75%	6.75%
High-quality Municipal Bond Rate	4.06%	4.87%
Number of Years Future Benefit Payments Are Expected to be Paid	All Years	All Years

II. FIDUCIARY NET POSITION

STATEMENT OF FIDUCIARY NET POSITION SEPTEMBER 30, 2024

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Short Term Investments	493,062
Cash	51
Total Cash and Equivalents	493,113
Receivables:	
State Contributions	87,344
Investment Income	29,430
	_5,.50
Total Receivable	116,774
	,
Investments:	
U. S. Bonds and Bills	1,762,570
Federal Agency Guaranteed Securities	1,089,547
Corporate Bonds	1,346,385
Municipal Obligations	239,203
Stocks	1,996,538
Mutual Funds:	
Fixed Income	457,202
Equity	10,935,802
Pooled/Common/Commingled Funds:	
Real Estate	1,725,487
Total Investments	19,552,734
	- , ,
Total Assets	20,162,621
Total Assets	20,102,021
LIABILITIES	
Payables:	
Investment Expenses	14,384
Administrative Expenses	1,412
Administrative Expenses	1,712
Total Liabilities	15,796
Town Engolithes	13,770
NET POSITION RESTRICTED FOR PENSIONS	20,146,825
TELL CONTOUR RESTRICTED FOR LENGISMS	20,170,023

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEAR ENDED SEPTEMBER 30, 2024 Market Value Basis

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Member	135,928
Town	298,907
State	354,804

Total Contributions 789,639

Investment Income:

Net Increase in Fair Value of Investments 3,175,664
Interest & Dividends 556,422
Less Investment Expense¹ (61,724)

Net Investment Income 3,670,362

Total Additions 4,460,001

DEDUCTIONS

Distributions to Members:

Benefit Payments 1,003,443
Lump Sum DROP Distributions 10,778
Lump Sum Share Distributions 69,008
Refunds of Member Contributions 0

Total Distributions 1,083,229

Administrative Expense 66,548

Total Deductions 1,149,777

Net Increase in Net Position 3,310,224

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year 16,836,601

End of the Year 20,146,825

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

III. GASB EXHIBITS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY

GASB 67/68 Measurement Date		09/30/2024	09/30/2023
GASB 68 Reporting Period Ending		09/30/2024	09/30/2023
Total Pension Liability			
Service Cost		247,584	230,727
Interest		1,155,256	1,157,604
Share Plan Allocation		354,804	239,474
Changes in Benefit Terms		0	0
Experience Gains/Losses		56,609	(357,330)
Changes of Assumptions		0	0
Benefit Payments		(1,083,229)	(1,561,012)
Net Change in Total Pension Liability	-	731,024	(290,537)
Total Pension Liability – Beginning		17,408,935	17,699,472
Total Pension Liability – Ending (a)	\$	18,139,959	\$ 17,408,935
Plan Fiduciary Net Position			
Contributions – Employer		298,907	351,314
Contributions – State		354,804	239,474
Contributions – Employee		135,928	138,115
Net Investment Income		3,670,362	1,591,858
Benefit Payments		(1,083,229)	(1,561,012)
Administrative Expense		(66,548)	(62,716)
Other		0	0
Net Change in Plan Fiduciary Net Position		3,310,224	 697,033
Plan Fiduciary Net Position – Beginning		16,836,601	16,139,568
Adjustment to beginning of year		0	0
Plan Fiduciary Net Position – Ending (b)	\$	20,146,825	\$ 16,836,601
Net Pension Liability – Ending (a) – (b)	\$	(2,006,866)	\$ 572,334
Plan Fiduciary Net Position			
As % of Total Pension Liability		111.06%	96.71%
Covered Payroll	\$	1,680,198	\$ 1,534,611
Net Pension Liability			
As % of Covered Payroll		-119.44%	37.30%

SENSITIVITY TO CHANGES IN DISCOUNT RATE

GASB 67/68 Measurement Date	09/30/2024	(09/30/2023
GASB 68 Reporting Date	09/30/2024	(09/30/2023
Discount Rate	6.75%		6.75%
+ 1% Discount Rate	7.75%		7.75%
- 1% Discount Rate	5.75%		5.75%
Sponsor's Net Pension Liability			
Current Discount Rate	\$ (2,006,866)	\$	572,334
1% Increase in Discount Rate	(3,416,408)		(838,734)
1% Decrease in Discount Rate	(328,422)		2,256,202

PENSION EXPENSE YEAR-END SEPTEMBER 30, 2024

For the year ended September 30, 2024, the Sponsor will recognize a Pension Expense/(Income) of \$581,047. Below is a summary of the components of the Pension expense.

Fiscal Year End Beginning of Measurement Period	09/30/2024 10/01/2023
End of Measurement Period	09/30/2024
Service Cost	\$ 247,584
Interest on Total Pension Liability	1,155,256
Share Plan Allocation	354,804
Changes in Benefit Terms	0
Contributions – Employee	(135,928)
Projected Earnings on Investments	(1,124,316)
Administrative Expenses	66,548
Recognition of deferred outflows/(inflows)	
Experience Gains/Losses	98,623
Assumption Changes	0
Investment Returns	(81,524)
Total Pension Expense	 581,047

PENSION DEFERRED OUTFLOWS/INFLOWS YEAR-END SEPTEMBER 30, 2024

On September 30, 2024, the Sponsor reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and		
expected experience	37,740	178,666
Changes of assumptions	0	0
Net difference between projected and actual earnings		
on pension plan investments	0	1,170,948
Total	\$ 37,740	\$ 1,349,614

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year-ended	September 30:

2025	\$ (262,376)
2026	\$ 75,448
2027	\$ (615,737)
2028	\$ (509,209)
2029	\$ 0
Thereafter	\$ 0

IV. SUPPLEMENTARY GASB 68 EXPENSE DETAIL

AMORTIZATION SCHEDULE – EXPERIENCE

		Initial	Recognition	l						
Year		Base	Period		2024	2025	2026	2027	2028	Thereafter Thereafter
2024	\$	56,609	3	\$	18,869 \$	18,870 \$	18,870 \$	0 \$	0 \$	0
2023		(357,330)	4		(89,333)	(89,333)	(89,333)	0	0	0
2022		419,151	3		139,717	0	0	0	0	0
2021		117,478	4		29,370	0	0	0	0	0
Net Inc	rease (E	Decrease) in Pen	sion Expense	\$	98,623 \$	(70,463) \$	(70,463) \$	0 \$	0 \$	0

AMORTIZATION SCHEDULE – INVESTMENTS

Year		Initial Base	Recognition Period	2024	2025	2026	2027	2028	Thereafter
2024	\$	(2,546,046)	5	\$ (509,210) \$	(509,209) \$	(509,209) \$	(509,209) \$	(509,209) \$	0
2023		(532,638)	5	(106,528)	(106,528)	(106,528)	(106,528)	0	0
2022		3,808,239	5	761,648	761,648	761,648	0	0	0
2021		(1,689,118)	5	(337,824)	(337,824)	0	0	0	0
2020		551,951	5	110,390	0	0	0	0	0
Net Inc	rease (Decrease) in Pen	sion Expense	\$ (81,524) \$	(191,913) \$	145,911 \$	(615,737) \$	(509,209) \$	0

V. ADDITIONAL INFORMATION

SCHEDULE OF CONTRIBUTIONS

		Contributions			
		in Relation to			Contrib.
	Actuarially	the Actuarially	Contribution		as %
Fiscal Year	Determined	Determined	Deficiency	Covered	of Covered
Ended	Contribution	Contributions	(Excess)	Payroll	Payroll
09/30/2024	\$ 298,907	\$ 298,907	\$ 0	\$ 1,680,198	17.79%
09/30/2023	\$ 348,971	\$ 351,314	\$ (2,343)	\$ 1,534,611	22.89%

The following assumptions were used to determine the Actuarially Determined Contribution for the fiscal year ended September 30, 2024:

Calculation Timing The Actuarially Determined Contribution is calculated using a

October 1, 2023 valuation date.

Interest Rate 6.75%

Assumptions All other assumptions and methods used for determining the

Actuarially Determined Contribution can be found in the October 1, 2023 Actuarial Valuation Report for the Town of Indian River Shores Public Safety Officers and Firefighters' Defined Benefit Plan prepared by Foster & Foster Actuaries and

Consultants.

INVESTMENT DISCLOSURES

Schedule of Investment Returns

For the year ended September 30, 2024, the annual money-weighted return on Pension Plan investments, net of pension plan investment expense, was 22.19 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

	Annual Money-Weighted Rate of Return
Fiscal Year Ended	Net of Investment Expense
09/30/2024	22.19%
09/30/2023	10.19%

Support for Long-Term Expected Rate of Return

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

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

Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocation adopted as of September 30, 2024, as provided by Mariner, are summarized in the following table:

		Long Term Expected Real
Asset Class	Target Allocation	Rate of Return
Domestic Equity	60.00%	7.50%
Broad Market Fixed Income	18.00%	2.50%
Fixed Income (Non-Core)	5.00%	2.50%
Private Real Estate	10.00%	4.50%
Alternative	5.00%	5.87%
Cash	2.00%	2.50%
Total	100.00%	

Inflation rate of investment advisor

2.50%

Concentrations

The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan's fiduciary net position.

ASSUMPTIONS

Valuation Date October 1, 2023

GASB 67/68 Measurement Date September 30, 2024

GASB 68 Reporting Date September 30, 2024

Discount Rate 6.75%

Long-Term Rate of Return 6.75%

Cost Method Entry Age Normal

Latest Experience Study Date July 24, 2020

Mortality

Healthy Active Lives: PubS.H-2010 (Below Median) for Employees, set forward one

year.

Healthy Retiree Lives: PubS.H-2010 (Below Median) for Healthy Retirees, set forward

one year.

Beneficiary Lives: Female: PubG.H-2010 (Below Median) for Healthy Retirees.

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

back one year.

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

Disabled Retirees.

All rates for healthy lives are projected generationally with

Mortality Improvement Scale MP-2018.

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.

Salary Scale Service based

Inflation 2.50%

A summary of other assumptions reflected in the valuation can be found in the October 1, 2023 Actuarial Valuation Report for the Town of Indian River Shores Public Safety Officers and Firefighters' Defined Benefit Plan prepared by Foster & Foster Actuaries and Consultants.

Changes in Assumptions

Total Pension Liability as of the September 30, 2024 measurement date reflects no assumption changes.

Development of the Discount Rate

The projection of cash flows used to determine the Discount Rate assumed that current Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate.

Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments (6.75 percent) was applied to all periods of projected benefit payments to determine the Total Pension Liability.

No projected benefit payments were discounted using a high-quality municipal bond rate of 4.06 percent. The high-quality municipal bond rate was based on the daily rate closest to, but not later than the measurement date of the S&P Municipal Bond 20-Year High Grade Rate Index.

The single equivalent Discount Rate was 6.75 percent.

SUMMARY OF CURRENT PLAN

<u>Plan Description</u> The Plan is a single-employer defined benefit pension plan

administered by a Board of Trustees which is responsible for overseeing the investment of Pension Fund assets and application of the provisions of the Pension Ordinance. The Board has authority over distribution of all pensions and makes final decisions on claims and appeals. Five trustees comprise the Board: one full-time, certified firefighter of the Town elected by Pension Fund Participants, one full-time, certified police officer of the Town elected by Pension Fund Participants, two residents of the Town who are selected by the Town, and a fifth member who must be a legal resident of the Town and who shall be elected by the other four and appointed by the Town Council as a

ministerial duty.

Members are eligible to participate immediately upon hire as a

Public Safety Officer or Firefighter.

Benefits Provided The Plan provides retirement, termination, disability and death

benefits.

A summary of the benefit provisions can be found in the Actuarial Valuation as of October 1, 2023 for the Town of Indian River Shores Public Safety Officers and Firefighters' Defined Benefit Plan prepared by Foster & Foster Actuaries and Consultants.

Benefit Changes No benefit changes have been reflected since the prior year.

Deferred Retirement Option Program

Eligibility: Prospectively upon satisfaction of Normal Retirement

requirements.

Participation: Up to 60 months, but not beyond 30 years of total service with the

Town.

Rate of return: Actual net returns realized by the Plan as a whole.

DROP balance: The DROP balance as of September 30, 2024 is \$229,966.