

CITY OF LAKE WALES
MUNICIPAL POLICE OFFICERS' PENSION PLAN AND TRUST FUND
ACTUARIAL VALUATION
AS OF OCTOBER 1, 2022
CONTRIBUTIONS APPLICABLE TO THE
PLAN/FISCAL YEAR ENDING SEPTEMBER 30, 2024
GASB 67/68 DISCLOSURE INFORMATION
AS OF SEPTEMBER 30, 2022



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

January 20, 2023

Board of Trustees
City of Lake Wales
Police Officers' Pension Board

Re: City of Lake Wales Municipal Police Officers' Pension Plan and Trust Fund

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Lake Wales Municipal Police Officers' Pension Plan and Trust Fund. 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 Chapters 112 and 185, 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 City of Lake Wales, financial reports prepared by the custodian bank, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

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

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

The undersigned are familiar with the immediate and long-term aspects of pension valuations, and meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Lake Wales, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Municipal Police Officers' Pension Plan and Trust Fund. 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:



Patrick T. Donlan, EA, ASA, MAAA
Enrolled Actuary #20-6595

By:



Mateusz M. Wajda

Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Lake Wales Municipal Police Officers' Pension Plan and Trust Fund, performed as of October 1, 2022, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ending September 30, 2024.

The contribution requirements, compared with those set forth in the October 1, 2021 actuarial valuation report, are as follows:

Valuation Date Applicable to Fiscal Year Ending	10/1/2022 <u>9/30/2024</u>	10/1/2021 <u>9/30/2023</u>
Minimum Required Contribution % of Projected Annual Payroll	27.0%	25.3%
Member Contributions (Est.) % of Projected Annual Payroll	5.0%	5.0%
City And State Required Contribution % of Projected Annual Payroll	22.0%	20.3%
State Contribution (Est.) ¹ % of Projected Annual Payroll	\$127,928 4.7%	\$127,928 4.7%
City Required Contribution ² % of Projected Annual Payroll	17.3%	15.6%

¹ Represents the amount received in calendar 2022. Pursuant to Ordinance 2016-15, the City may use up to \$96,158.75 in State Contributions for determining its minimum funding requirements; annual State contributions in excess of this amount will be allocated equally between the Share Plan and the City.

² The required contribution from the combination of City and State sources for the year ending September 30, 2024, is 22.0% of the actual payroll realized in that year. As a budgeting tool, the City may contribute 17.3% of each Member's Salary and then make a one-time adjustment to account for the actual State Monies received. Please note that the City has access to a prepaid contribution of \$34,444.29 that is available to offset a portion of the above stated requirements for the fiscal year ending September 30, 2023.

As you can see, the Minimum Required Contribution shows an increase when compared to the results determined in the October 1, 2021 actuarial valuation report. The increase is attributable to unfavorable plan experience.

Plan experience was unfavorable overall on the basis of the plan's actuarial assumptions. Sources of actuarial loss included an investment return of 2.68% (Actuarial Asset Basis) which fell short of the 7.55% assumption and inactive mortality experience. There were no significant sources of actuarial gain.

CHANGES SINCE PRIOR VALUATION

Plan Changes

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

Actuarial Assumption/Method Changes

The investment return assumption was lowered from 7.55% to 7.50% per year, net of investment related expenses.

CONTRIBUTION IMPACT OF ANNUAL CHANGES

(1) Contribution Determined as of October 1, 2021	15.4%
(2) Summary of Contribution Impact by component:	
Change in State Contribution Percentage	0.2%
Change in Normal Cost Rate	-1.0%
Change in Administrative Expense Percentage	0.0%
Payroll Change Effect on UAAL Amortization	-0.5%
Investment Return (Actuarial Asset Basis)	3.2%
Salary Increases	-0.1%
Active Decrements	0.0%
Inactive Mortality	0.3%
UAAL Amortization Impact from Contribution Policy	-0.4%
Assumption Change	0.5%
Other	<u>-0.3%</u>
Total Change in Contribution	1.9%
(3) Contribution Determined as of October 1, 2022	17.3%

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	New Assump <u>10/1/2022</u>	Old Assump <u>10/1/2022</u>	<u>10/1/2021</u>
A. Participant Data			
Actives	47	47	45
Service Retirees	17	17	17
DROP Retirees	3	3	2
Beneficiaries	1	1	1
Disability Retirees	8	8	8
Terminated Vested	<u>9</u>	<u>9</u>	<u>6</u>
Total	85	85	79
 Payroll Under Assumed Ret. Age	 2,747,054	 2,747,054	 2,440,548
 Annual Rate of Payments to:			
Service Retirees	569,526	569,526	569,525
DROP Retirees	168,285	168,285	97,928
Beneficiaries	28,155	28,155	28,155
Disability Retirees	225,867	225,867	225,867
Terminated Vested	122,174	122,174	94,214
 B. Assets			
Actuarial Value (AVA) ¹	18,387,428	18,387,428	18,112,184
Market Value (MVA) ¹	16,227,542	16,227,542	18,867,636
 C. Liabilities			
Present Value of Benefits			
Actives			
Retirement Benefits	9,395,355	9,321,411	9,308,583
Disability Benefits	485,979	482,024	453,760
Death Benefits	76,783	76,152	69,635
Vested Benefits	733,188	724,216	673,129
Refund of Contributions	71,958	71,871	60,060
Service Retirees	5,574,848	5,553,057	5,657,452
DROP Retirees ¹	2,344,649	2,333,040	1,301,333
Beneficiaries	283,479	282,415	287,613
Disability Retirees	2,498,018	2,486,865	2,510,511
Terminated Vested	1,138,298	1,131,555	881,302
Share Plan Balances ¹	<u>119,455</u>	<u>119,455</u>	<u>106,954</u>
 Total	 22,722,010	 22,582,061	 21,310,332

C. Liabilities - (Continued)	New Assump <u>10/1/2022</u>	Old Assump <u>10/1/2022</u>	<u>10/1/2021</u>
Present Value of Future Salaries	19,443,860	19,385,374	17,236,360
Present Value of Future Member Contributions	972,193	969,269	861,818
Normal Cost (Retirement)	320,704	317,110	299,408
Normal Cost (Disability)	47,935	47,613	44,160
Normal Cost (Death)	8,792	8,736	8,179
Normal Cost (Vesting)	46,514	45,951	46,962
Normal Cost (Refunds)	<u>14,154</u>	<u>14,150</u>	<u>11,407</u>
Total Normal Cost	438,099	433,560	410,116
Present Value of Future Normal Costs	2,818,380	2,779,541	2,502,537
Accrued Liability (Retirement)	7,386,754	7,341,969	7,520,790
Accrued Liability (Disability)	199,523	198,444	200,397
Accrued Liability (Death)	21,720	21,614	20,841
Accrued Liability (Vesting)	330,005	327,214	315,741
Accrued Liability (Refunds)	6,881	6,892	4,861
Accrued Liability (Inactives) ¹	11,839,292	11,786,932	10,638,211
Share Plan Balances ¹	<u>119,455</u>	<u>119,455</u>	<u>106,954</u>
Total Actuarial Accrued Liability (EAN AL)	19,903,630	19,802,520	18,807,795
Unfunded Actuarial Accrued Liability (UAAL)	1,516,202	1,415,092	695,611
Funded Ratio (AVA / EAN AL)	92.4%	92.9%	96.3%

D. Actuarial Present Value of Accrued Benefits	New Assump <u>10/1/2022</u>	Old Assump <u>10/1/2022</u>	<u>10/1/2021</u>
Vested Accrued Benefits			
Inactives + Share Plan Balances ¹	11,958,747	11,906,387	10,745,165
Actives	4,969,519	4,934,377	5,177,680
Member Contributions	<u>1,089,950</u>	<u>1,089,950</u>	<u>1,088,206</u>
Total	18,018,216	17,930,714	17,011,051
Non-vested Accrued Benefits	<u>514,541</u>	<u>508,818</u>	<u>447,982</u>
Total Present Value Accrued Benefits (PVAB)	18,532,757	18,439,532	17,459,033
Funded Ratio (MVA / PVAB)	87.6%	88.0%	108.1%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	93,225	0	
Plan Experience	0	529,644	
Benefits Paid	0	(835,752)	
Interest	0	1,286,607	
Other	<u>0</u>	<u>0</u>	
Total	93,225	980,499	

	New Assump	Old Assump	
Valuation Date	10/1/2022	10/1/2022	10/1/2021
Applicable to Fiscal Year Ending	<u>9/30/2024</u>	<u>9/30/2024</u>	<u>9/30/2023</u>

E. Pension Cost

Normal Cost (with interest)			
% of Total Annual Payroll ²	16.5	16.4	17.4
Administrative Expenses (with interest)			
% of Total Annual Payroll ²	2.4	2.4	2.4
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 15 years (as of 10/1/2022, with interest)			
% of Total Annual Payroll ²	8.1	7.7	5.5
Minimum Required Contribution			
% of Total Annual Payroll ²	27.0	26.5	25.3
Expected Member Contributions			
% of Total Annual Payroll ²	5.0	5.0	5.0
Expected City and State Contribution			
% of Total Annual Payroll ²	22.0	21.5	20.3

F. Past Contributions

Plan Years Ending:	<u>9/30/2022</u>
City and State Requirement	534,215
Actual Contributions Made:	
Members (excluding buyback)	127,194
City	406,287
State	<u>127,928</u>
Total	661,409

G. Net Actuarial (Gain)/Loss 849,909

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

² Contributions developed as of 10/1/2022 are expressed as a percentage of total annual payroll at 10/1/2022 of \$2,747,054.

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

<u>Year</u>	<u>Projected Unfunded Actuarial Accrued Liability</u>
2022	1,516,202
2023	1,400,177
2024	1,272,279
2027	807,644
2031	446,341
2034	234,752
2037	0

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

	<u>Actual</u>	<u>Assumed</u>
Year Ended 9/30/2022	8.59%	5.65%
Year Ended 9/30/2021	3.11%	5.10%
Year Ended 9/30/2020	3.53%	5.07%
Year Ended 9/30/2019	8.24%	5.42%
Year Ended 9/30/2018	-1.96%	5.75%

(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 9/30/2022	-13.00%	2.68%	7.55%
Year Ended 9/30/2021	20.94%	7.95%	7.60%
Year Ended 9/30/2020	2.00%	5.22%	7.65%
Year Ended 9/30/2019	3.56%	7.13%	7.70%
Year Ended 9/30/2018	6.28%	5.94%	7.75%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2022	\$2,747,054
	10/1/2012	1,940,719
(b) Total Increase		41.55%
(c) Number of Years		10.00
(d) Average Annual Rate		3.54%

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.



Patrick T. Donlan, EA, ASA, MAAA
Enrolled Actuary #20-6595

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

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

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

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

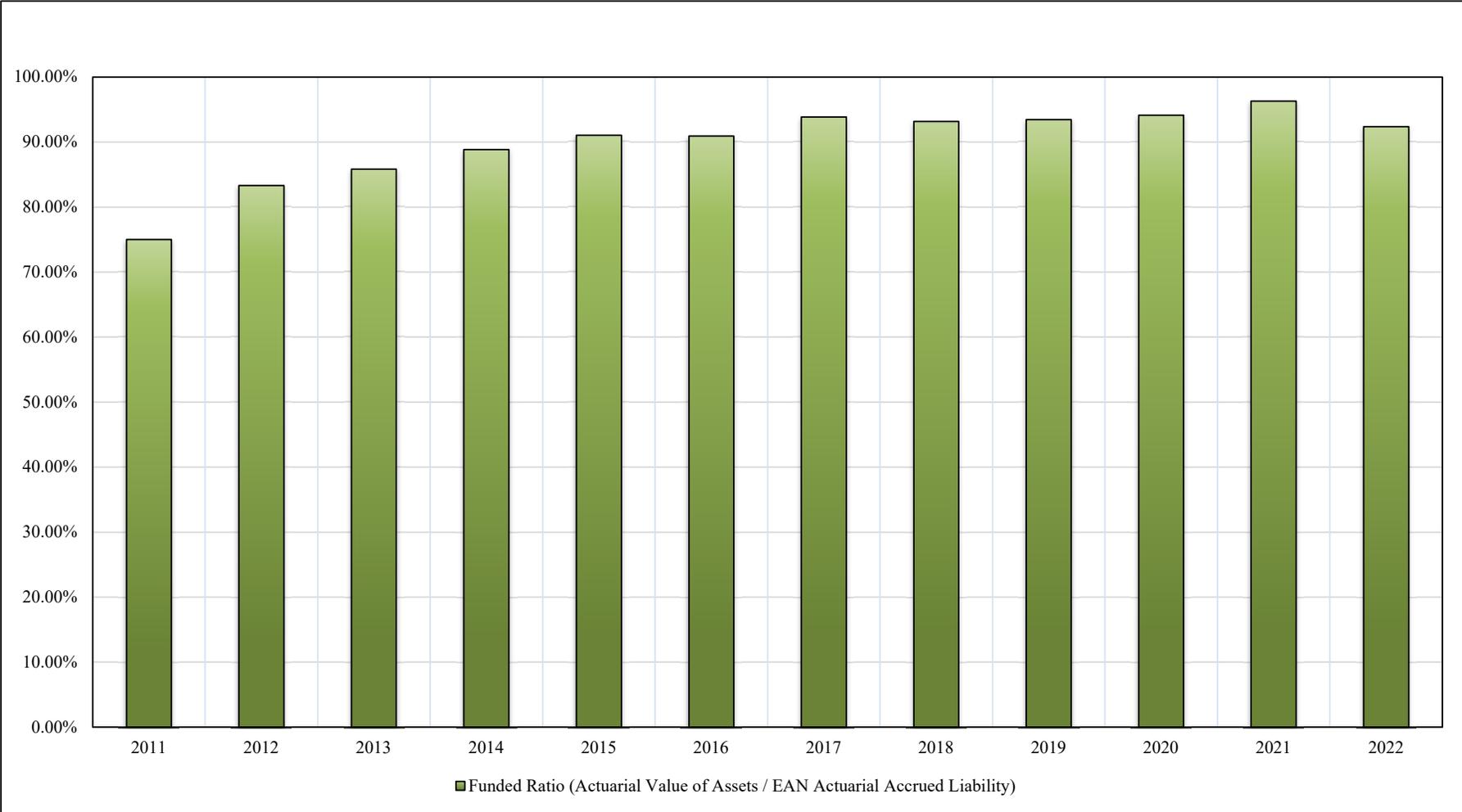
(1)	Unfunded Actuarial Accrued Liability as of October 1, 2021	\$695,611
(2)	Sponsor Normal Cost developed as of October 1, 2021	288,089
(3)	Expected administrative expenses for the year ended September 30, 2022	56,376
(4)	Expected interest on (1), (2) and (3)	76,398
(5)	Sponsor contributions to the System during the year ended September 30, 2022	534,215
(6)	Expected interest on (5)	17,076
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2022 (1)+(2)+(3)+(4)-(5)-(6)	565,183
(8)	Change to UAAL due to Assumption Change	101,110
(9)	Change to UAAL due to Actuarial (Gain)/Loss	849,909
(10)	Unfunded Actuarial Accrued Liability as of October 1, 2022	1,516,202

<u>Type of Base</u>	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2022 Amount</u>	<u>Amortization Amount</u>
UAAL Fresh Start	10/1/2018	6	667,817	128,225
Asmp/Mthd Change	10/1/2018	11	137,457	16,467
Actuarial Loss	10/1/2019	12	18,252	2,057
Assump Change	10/1/2019	12	83,322	9,391
Actuarial Loss	10/1/2020	13	130,252	13,905
Assump Change	10/1/2020	13	(179,720)	(19,186)
Actuarial Gain	10/1/2021	14	(378,444)	(38,484)
Assump Change	10/1/2021	14	86,247	8,771
Actuarial Loss	10/1/2022	15	849,909	82,725
Assump Change	10/1/2022	15	101,110	9,841
			1,516,202	213,712

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2021	\$695,611
(2) Expected UAAL as of October 1, 2022	565,183
 (3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	877,341
Salary Increases	(26,587)
Active Decrements	(10,224)
Inactive Mortality	90,717
Interest Crediting on Share Plan Balances	(20,711)
Other	<u>(60,627)</u>
Increase in UAAL due to (Gain)/Loss	849,909
Assumption Changes	<u>101,110</u>
(4) Actual UAAL as of October 1, 2022	\$1,516,202

HISTORY OF FUNDING PROGRESS



ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate

Healthy Active Lives:

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

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

Healthy Retiree Lives:

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

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

Beneficiary Lives:

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

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

Disabled Lives:

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

All rates 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.

50% of active deaths are assumed to be service-incurred.

Interest Rate

7.50% (prior year 7.55%) 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.

Payroll Growth

1.38% for purposes of amortizing the Unfunded Actuarial Accrued Liability. This assumption cannot exceed the ten-year average payroll growth, in compliance with Part VII of Chapter 112, Florida Statutes.

Salary Increases

Salary Scale	
Service	Rate
0	10.00%
1+	5.00%

The assumed rates were approved in conjunction with an actuarial experience study dated September 2018.

Administrative Expenses

\$63,144 annually, based on the average of actual expenses incurred in the prior two fiscal years.

Retirement Age

Earlier of age 55 and 10 years of service or age 50 and 25 years of service. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year. The assumed rates were approved in conjunction with an actuarial experience study dated September 2018.

Early Retirement

Commencing with eligibility for Early Retirement Age (Age 50 with 10 years of service), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year. The assumed rates were approved in conjunction with an actuarial experience study dated September 2018.

Disability Rate

Age-based table; sample rates below. The assumed rates were approved in conjunction with an actuarial experience study dated September 2018. It is assumed that 75% of disablements are service related.

% Becoming Disabled During the Year	
Age	Rate
20	0.14%
25	0.15%
30	0.18%
35	0.23%
40	0.30%
45	0.51%
50	1.00%
55	1.55%
60	2.09%

Marital Status

100% of active Members are assumed to be married with husbands being three years older than their spouses.

Amortization Method

New UAAL amortization bases are amortized over 15 years.

Bases established prior to the valuation date are adjusted proportionally to match the Expected Unfunded Actuarial Accrued Liability as of the valuation date, in order to align prior year bases with the portion of the current year UAAL associated with prior year sources.

Funding Method

Entry Age Normal Actuarial Cost Method. The following loads are applied for determining the minimum required contribution:

Interest - a half year, based on current 7.50% assumption.

Salary - None.

Actuarial Asset Method

Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return, net of fees. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

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.
- Salary Increases: When a plan participant experiences a salary increase that was greater than assumed, this produces a loss representing the cost of an increase in anticipated plan benefits for the participant as compared to the previous year. The total gain or loss associated with salary increases for the plan is the sum of salary gains and losses for all active participants.
- Payroll Growth: The plan's payroll growth assumption, if one is used, causes a predictable annual increase in the plan's amortization payment in order to produce an amortization payment that remains constant as a percentage of payroll if all assumptions are realized. If payroll increases less than the plan's payroll growth assumption, the plan's amortization payment can increase significantly as a percentage of payroll even if all assumptions other than the payroll growth assumption are realized.
- Demographic Assumptions: Actuarial results take into account various potential events that could happen to a plan participant, such as retirement, termination, disability, and death. Each of these potential events is assigned a liability based on the likelihood of the event and the financial consequence of the event for the plan. Accordingly, actuarial liabilities reflect a blend of financial consequences associated with various possible outcomes (such as retirement at one of various possible ages). Once the outcome is known (e.g. the participant retires) the liability is adjusted to reflect the known outcome. This adjustment produces a gain or loss depending on whether the outcome was more or less favorable than other outcomes that could have occurred.

Impact of Plan Maturity on Risk

For newer pension plans, most of the participants and associated liabilities are related to active members who have not yet reached retirement age. As pension plans continue in operation and active members reach retirement ages, liabilities begin to shift from being primarily related to active members to being shared amongst active and retired members. Plan maturity is a measure of the extent to which this shift has occurred. It is important to understand that plan maturity can have an impact on risk tolerance and the overall risk characteristics of the plan. For example, closed plans with a large amount of retired liability do not have as long of a time horizon to recover from losses (such as losses on investments due to lower than expected investment returns) as plans where the majority of the liability is attributable to active members. For this reason, less tolerance for investment risk may be warranted for highly mature closed plans with a substantial inactive liability. Similarly, mature closed plans paying substantial retirement benefits resulting in a small positive or net negative cash flow can be more sensitive to near term investment volatility, particularly if the size of the fund is shrinking, which can result in less assets being available for investment in the market.

To assist with determining the maturity of the plan, we have provided some relevant metrics in the table following titled “Plan Maturity Measures and Other Risk Metrics”. Highlights of this information are discussed below:

- The Support Ratio, determined as the ratio of active to inactive members, has decreased from 156.0% on October 1, 2012 to 146.9% on October 1, 2022, indicating that the plan has been maturing during the period.
- The Accrued Liability Ratio, determined as the ratio of the Inactive Accrued Liability, which is the liability associated with members who are no longer employed but are due a benefit from the plan, to the Total Accrued Liability, is 59.5%. With a plan of this maturity, losses due to lower than expected investment returns or demographic factors may result in larger increases in contribution requirements than would be needed for a less mature plan. Please note Chapter 112, Florida Statutes, requires that the plan sponsor contributes the minimum required contribution; thus, there is minimal solvency risk to the plan.
- The Funded Ratio, determined as the ratio of the Actuarial Value of Assets to the Total Accrued Liability, has increased from 83.3% on October 1, 2012 to 92.4% on October 1, 2022.
- The Net Cash Flow Ratio, determined as the ratio of the Net Cash Flow (contributions minus benefit payments and administrative expenses) to the Market Value of Assets, decreased from 1.4% on October 1, 2012 to -1.3% on October 1, 2022. The current Net Cash Flow Ratio of -1.3% indicates that contributions are not currently covering the plan's benefit payments and administrative expenses.

It is important to note that the actuary has identified the risks in this section as the most significant risks based on the characteristics of the plan and the nature of the project, however, it is not an exhaustive list of potential risks that could be considered. Additional advanced modeling, as well as the identification of additional risks, can be provided at the request of the audience addressed on page 2 of this report.

PLAN MATURITY MEASURES AND OTHER RISK METRICS

	<u>10/1/2022</u>	<u>10/1/2021</u>	<u>10/1/2017</u>	<u>10/1/2012</u>
<u>Support Ratio</u>				
Total Actives	47	45	43	39
Total Inactives ¹	32	30	27	25
Actives / Inactives ¹	146.9%	150.0%	159.3%	156.0%

Asset Volatility Ratio

Market Value of Assets (MVA)	16,227,542	18,867,636	14,896,004	10,892,859
Total Annual Payroll	2,747,054	2,440,548	2,518,412	1,940,719
MVA / Total Annual Payroll	590.7%	773.1%	591.5%	561.3%

Accrued Liability (AL) Ratio

Inactive Accrued Liability	11,839,292	10,638,211	8,881,114	7,820,552
Total Accrued Liability (EAN)	19,903,630	18,807,795	16,007,726	13,208,886
Inactive AL / Total AL	59.5%	56.6%	55.5%	59.2%

Funded Ratio

Actuarial Value of Assets (AVA)	18,387,428	18,112,184	15,023,595	11,004,097
Total Accrued Liability (EAN)	19,903,630	18,807,795	16,007,726	13,208,886
AVA / Total Accrued Liability (EAN)	92.4%	96.3%	93.9%	83.3%

Net Cash Flow Ratio

Net Cash Flow ²	(207,564)	(324,690)	(551,476)	157,833
Market Value of Assets (MVA)	16,227,542	18,867,636	14,896,004	10,892,859
Ratio	-1.3%	-1.7%	-3.7%	1.4%

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

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1999	80,747.52	_____ %
2000	83,414.32	3.3%
2001	82,957.83	-0.5%
2002	88,008.71	6.1%
2003	92,396.20	5.0%
2004	103,806.19	12.3%
2005	105,931.88	2.0%
2006	111,302.05	5.1%
2007	109,600.38	-1.5%
2008	109,740.94	0.1%
2009	109,623.33	-0.1%
2010	104,195.94	-5.0%
2011	102,277.12	-1.8%
2012	96,701.66	-5.5%
2013	96,158.75	-0.6%
2014	96,679.87	0.5%
2015	100,182.01	3.6%
2016	108,125.24	7.9%
2017	114,324.79	5.7%
2018	122,394.18	7.1%
2019	131,775.55	7.7%
2020	140,771.18	6.8%
2021	142,766.96	1.4%
2022	159,697.83	11.9%

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2022

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	516,852.51	516,852.51
Cash	1,251.75	1,251.75
Total Cash and Equivalents	518,104.26	518,104.26
Receivables:		
Member Contributions in Transit	5,436.69	5,436.69
City Contributions in Transit	17,677.14	17,677.14
Investment Income	23,741.49	23,741.49
Total Receivable	46,855.32	46,855.32
Investments:		
U. S. Bonds and Bills	439,910.05	394,242.60
Federal Agency Guaranteed Securities	2,529,107.06	2,303,820.06
Corporate Bonds	822,469.82	688,517.97
Municipal Obligations	241,154.53	206,904.27
Stocks	8,309,626.24	8,471,662.56
Mutual Funds:		
Equity	1,380,829.88	1,386,953.89
Pooled/Common/Commingled Funds:		
Real Estate	1,815,404.21	2,244,925.44
Total Investments	15,538,501.79	15,697,026.79
Total Assets	16,103,461.37	16,261,986.37
<u>LIABILITIES</u>		
Payables:		
Prepaid City Contribution	34,444.29	34,444.29
Total Liabilities	34,444.29	34,444.29
NET POSITION RESTRICTED FOR PENSIONS	16,069,017.08	16,227,542.08

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

ADDITIONS

Contributions:		
Member		127,194.16
City		406,287.18
State		159,697.83
Total Contributions		693,179.17
Investment Income:		
Net Realized Gain (Loss)	135,836.51	
Unrealized Gain (Loss)	(2,916,104.74)	
Net Increase in Fair Value of Investments		(2,780,268.23)
Interest & Dividends		462,708.40
Less Investment Expense ¹		(114,970.72)
Net Investment Income		(2,432,530.55)
Total Additions		(1,739,351.38)

DEDUCTIONS

Distributions to Members:		
Benefit Payments		823,547.28
Lump Sum DROP Distributions		0.00
Lump Sum Share Distributions		6,166.34
Refunds of Member Contributions		6,037.98
Total Distributions		835,751.60
Administrative Expense		64,991.39
Total Deductions		900,742.99
Net Increase in Net Position		(2,640,094.37)

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year	18,867,636.45
End of the Year	16,227,542.08

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

ACTUARIAL ASSET VALUATION
SEPTEMBER 30, 2022

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
09/30/2019	3.56%
09/30/2020	2.00%
09/30/2021	20.94%
09/30/2022	-13.00%

Annualized Rate of Return for prior four (4) years: 2.68%

(A) 10/01/2021 Actuarial Assets, including Prepaid Contributions: \$18,140,707.17

(I) Net Investment Income:

1. Interest and Dividends	462,708.40	
2. Realized Gain (Loss)	135,836.51	
3. Unrealized Gain (Loss)	(2,916,104.74)	
4. Change in Actuarial Value	2,915,338.31	
5. Investment Related Expenses	(114,970.72)	
Total		482,807.76

(B) 10/01/2022 Actuarial Assets, including Prepaid Contributions: \$18,421,872.69

Actuarial Asset Rate of Return = 2I/(A+B-I): 2.68%

10/01/2022 Limited Actuarial Assets \$18,387,428.40

10/01/2022 Market Value of Assets \$16,227,542.08

Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis) (\$877,340.97)

¹Market Value Basis, net of investment related expenses.

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

REVENUES

Contributions:		
Member	127,194.16	
City	406,287.18	
State	159,697.83	
 Total Contributions		 693,179.17
Earnings from Investments:		
Interest & Dividends	462,708.40	
Net Realized Gain (Loss)	135,836.51	
Unrealized Gain (Loss)	(2,916,104.74)	
Change in Actuarial Value	2,915,338.31	
 Total Earnings and Investment Gains		 597,778.48

EXPENDITURES

Distributions to Members:		
Benefit Payments	823,547.28	
Lump Sum DROP Distributions	0.00	
Lump Sum Share Distributions	6,166.34	
Refunds of Member Contributions	6,037.98	
 Total Distributions		 835,751.60
Expenses:		
Investment related ¹	114,970.72	
Administrative	64,991.39	
 Total Expenses		 179,962.11
 Change in Net Assets for the Year		 275,243.94
 Net Assets Beginning of the Year		 18,112,184.46
 Net Assets End of the Year ²		 18,387,428.40

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

²Net Assets may be limited for actuarial consideration.

DEFERRED RETIREMENT OPTION PLAN ACTIVITY
October 1, 2021 to September 30, 2022

Beginning of the Year Balance	45,848.16
Plus Additions	138,970.03
Investment Return Earned	(16,865.83)
Less Distributions	0.00
End of the Year Balance	167,952.36

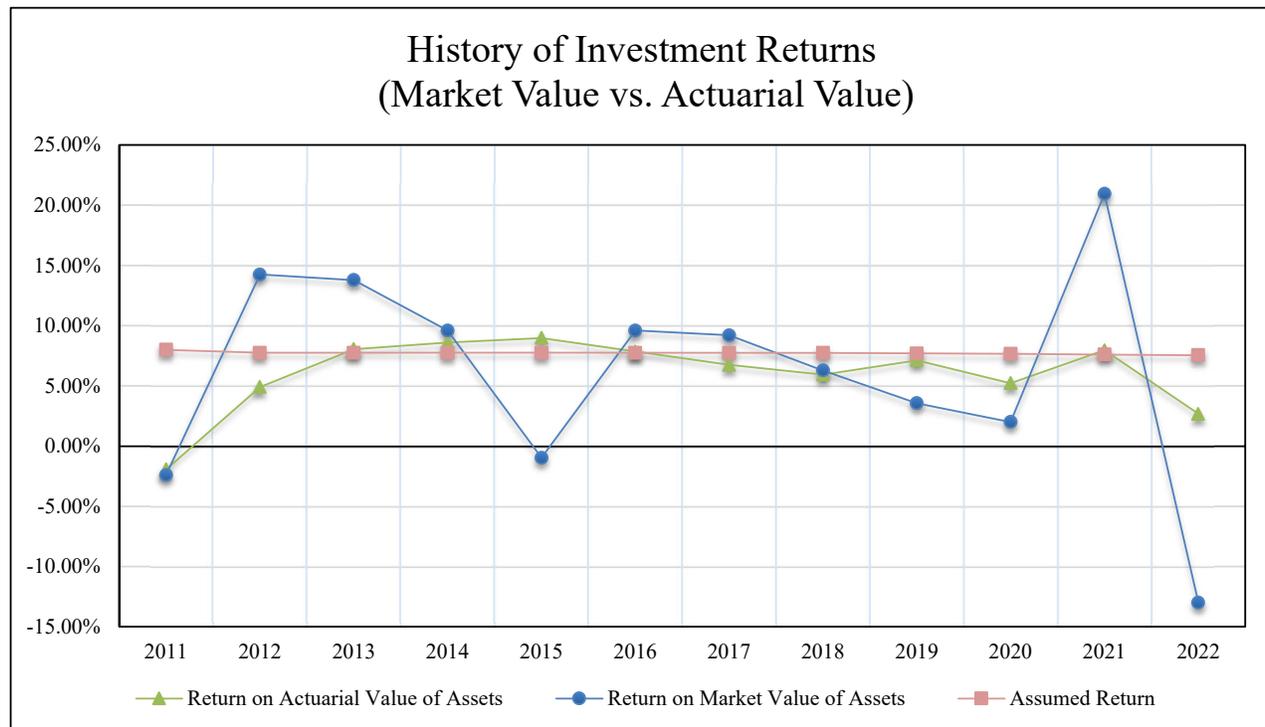
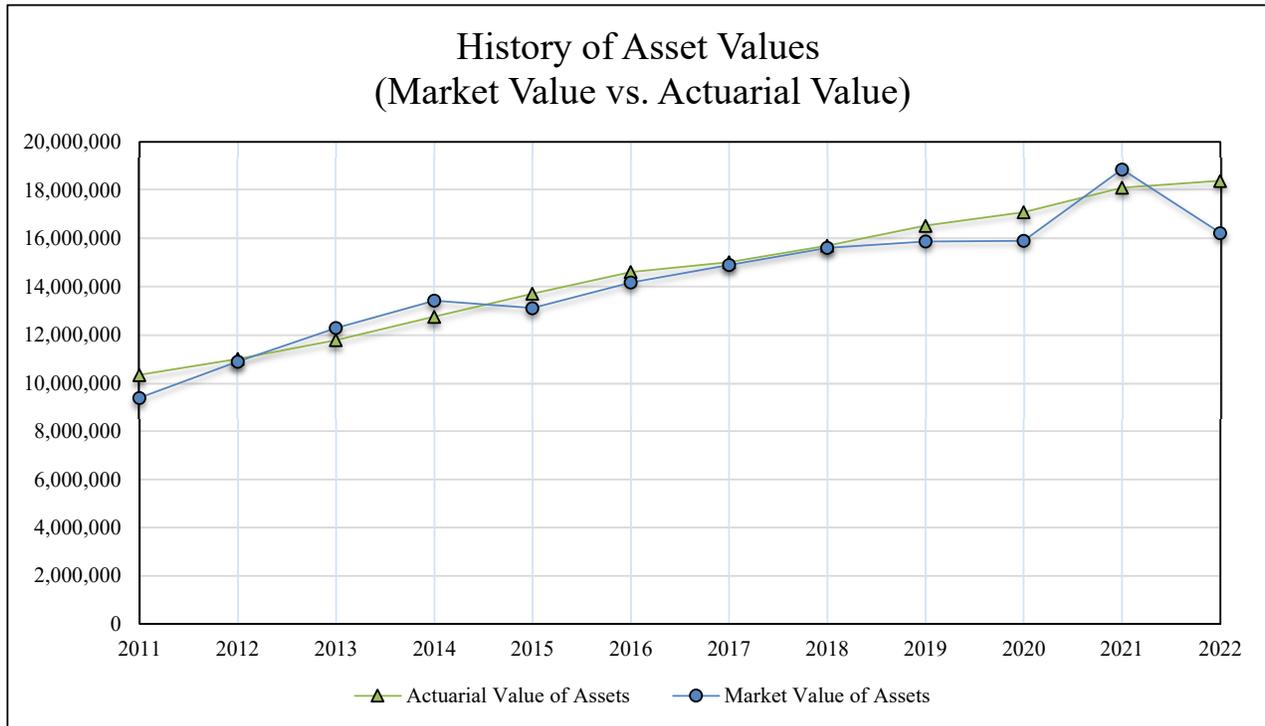
SUPPLEMENTAL CHAPTER 185 SHARE PLAN ACTIVITY
October 1, 2021 through September 30, 2022

9/30/2021 Balance	106,954.08
Prior Year Adjustment	(0.02)
Plus Additions	31,769.54
Investment Return Earned (Est.)	(13,102.00)
Administrative Fees (Est.)	0.00
Less Distributions	<u>(6,166.34)</u>
9/30/2022 Balance (Est.)	119,455.26

RECONCILIATION OF CITY SHORTFALL/(PREPAID) CONTRIBUTION
FOR THE FISCAL YEAR ENDED (FYE) SEPTEMBER 30, 2022

(1)	City and State Required Contribution Rate	21.0%
(2)	Pensionable Payroll Derived from Member Contributions	\$2,543,883.20
(3)	City and State Required Contribution (1) x (2)	534,215.47
(4)	Less Allowable State Contribution	<u>(127,928.29)</u>
(5)	Equals Required City Contribution for Fiscal 2022	406,287.18
(6)	Less 2021 Prepaid Contribution	(28,522.71)
(7)	Less Actual City Contributions	<u>(412,208.76)</u>
(8)	Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2022	(\$34,444.29)

HISTORY OF ASSET VALUES AND INVESTMENT RETURNS



STATISTICAL DATA

	<u>10/1/2022</u>	<u>10/1/2021</u>	<u>10/1/2020</u>	<u>10/1/2019</u>
<u>Actives</u>				
Number	47	45	44	45
Average Current Age	38.8	38.8	40.3	39.5
Average Age at Employment	29.6	29.1	29.1	29.2
Average Past Service	9.2	9.7	11.2	10.3
Average Annual Salary	\$58,448	\$56,787	\$61,159	\$59,252
<u>Service Retirees</u>				
Number	17	17	18	18
Average Current Age	69.0	68.0	67.3	66.3
Average Annual Benefit	\$33,502	\$33,501	\$34,073	\$34,299
<u>DROP Retirees</u>				
Number	3	2	0	0
Average Current Age	52.9	53.0	N/A	N/A
Average Annual Benefit	\$56,095	\$48,964	N/A	N/A
<u>Beneficiaries</u>				
Number	1	1	1	2
Average Current Age	68.4	67.4	66.4	71.7
Average Annual Benefit	\$28,155	\$28,155	\$28,155	\$18,951
<u>Disability Retirees</u>				
Number	8	8	8	8
Average Current Age	60.0	59.0	58.0	57.0
Average Annual Benefit	\$28,233	\$28,233	\$28,233	\$28,233
<u>Terminated Vested</u>				
Number	9	6	2	2
Average Current Age ¹	47.2	45.9	42.9	41.9
Average Annual Benefit ¹	\$40,725	\$47,107	\$19,214	\$19,214

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

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19												0
20 - 24	1	5										6
25 - 29	1	2			1							4
30 - 34	2		1	1		7						11
35 - 39	1				1		1	1				4
40 - 44		2	1			2	1	1				7
45 - 49						1		2	1	1		5
50 - 54								1	3	1		5
55 - 59							3	1				4
60 - 64							1					1
65+												0
Total	5	9	2	1	2	10	6	6	4	2	0	47

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2021	45
b. Terminations	
i. Vested (partial or full) with deferred annuity	(1)
ii. Vested in refund of member contributions only	(1)
iii. Refund of member contributions or full lump sum distribution received	0
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	0
f. DROP	<u>(1)</u>
g. Continuing participants	42
h. New entrants / Rehires	<u>5</u>
i. Total active life participants in valuation	<u>47</u>

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

	Service Retirees, Vested Receiving	DROP Benefits	Receiving Death Benefits	Receiving Disability Benefits	Vested (Deferred Annuity)	Vested (Due Refund)	<u>Total</u>
a. Number prior valuation	17	2	1	8	2	4	34
Retired	0	0	0	0	0	0	0
DROP	0	1	0	0	0	0	1
Vested (Deferred Annuity)	0	0	0	0	1	0	1
Vested (Due Refund)	0	0	0	0	0	1	1
Hired/Terminated in Same Year	0	0	0	0	0	1	1
Death, With Survivor	0	0	0	0	0	0	0
Death, No Survivor	0	0	0	0	0	0	0
Disabled	0	0	0	0	0	0	0
Refund of Contributions	0	0	0	0	0	0	0
Rehires	0	0	0	0	0	0	0
Expired Annuities	0	0	0	0	0	0	0
Data Corrections	0	0	0	0	0	0	0
b. Number current valuation	17	3	1	8	3	6	38

SUMMARY OF CURRENT PLAN

<u>Effective Date</u>	August 5, 1975
<u>Eligibility</u>	Full-time employees who are classified as full-time sworn Police Officers shall participate in the Plan as a condition of employment.
<u>Credited Service</u>	Total years and fractional parts of years of employment with the City as a Police Officer.
<u>Salary</u>	Total cash remuneration including up to 300 hours per year in overtime compensation paid by the primary employer to a police officer for services rendered, but not including any payments for extra duty or special detail work performed on behalf of a second party employer nor payments for accrued sick or vacation leave.
<u>Average Final Compensation (AFC)</u>	Average Salary for the highest 5 years during the 10 years immediately preceding retirement or termination.
<u>Member Contributions</u>	5.0% of Salary.
<u>City and State Contributions</u>	Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, over 30 years.
<u>Normal Retirement</u>	
Date	Earlier of age 55 and 10 years of Credited Service or age 50 and 25 years of Credited Service.
Benefit	3.0% of Average Final Compensation times Credited Service (Maximum Benefit = \$75,000 per year)
Form of Benefit	Ten Year Certain and Life Annuity (options available).
<u>Early Retirement</u>	
Eligibility	Age 50 and 10 Years of Credited Service.
Benefit	Accrued benefit, reduced 3% per year

Vesting

Schedule	100% after 10 years of Credited Service.
Benefit Amount	Member will receive the vested portion of his (her) accrued benefit at age 50 (reduced basis) or age 55 (unreduced), or a refund of contributions without interest.

Disability

Eligibility	
Service Incurred	Covered from Date of Employment.
Non-Service Incurred	10 years of Credited Service.
Benefit	Benefit accrued to date of disability but not less than 42% of Average Final Compensation (Service Incurred), or 25% of Average Final Compensation (Non-service Incurred).
Duration	Payable as a 10 Year Certain and Life Annuity or until recovery (as determined by the Board) (Options available).

Death Benefits

Pre-Retirement	
Service-Incurred	<u>Standard Benefit</u> : Beneficiary receives accrued benefit for 10 years. <u>Optional Benefit</u> to the spouse in lieu of Standard Benefit: 50% of member's Average Final Compensation paid on a monthly basis for life; to each minor child: 10% of AFC (up to a maximum of 80% of AFC to spouse and children) paid to age 18. Upon the death of the spouse, children's' benefits are paid in a manner determined by the Board. Minimum benefit: 4 times the AFC at retirement.
Nonservice-Incurred	
Vested	Beneficiary receives accrued benefit for 10 years.
Not Vested	Return of Member's contributions
Post-Retirement	Benefits payable to beneficiary in accordance with option selected at retirement.

Board of Trustees

- a. Two Commission appointees,
- b. Two Members of the Fund elected by the membership, and
- c. Fifth Member elected by other 4 and appointed by the City Commission.

Deferred Retirement Option Plan

Eligibility	Satisfaction of Normal Retirement requirements (earlier of Age 55 and 10 years of Credited Service, or Age 50 and 25 years of Credited Service.)
Participation	Not to exceed 60 months
Rate of Return	a. Money Market interest rate credited each fiscal quarter, or b. Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter.
Form of Distribution	Cash lump sum at termination of employment.

Defined Contribution Component Supplemental Retirement Benefit

Eligibility	Active Members and DROP Participants
Annual Crediting	50% of the premium tax revenues received by the City in excess of the 2013 frozen amount (\$96,158.75) shall be allocated to the share accounts.
Share Allocation	Each January 1, each Active Member and DROP Participant employed on the preceding September 30 shall receive one share for each complete year and fractional parts of Credited Service, determined on the same September 30.
Investment Earnings	Plan's actual net rate of investment return. Alternatively, participants may make a one-time irrevocable election to invest in a money market fund as may be made available from time to time by the Board.
Distribution	Lump sum payment at termination or death.
Vesting Schedule	100% after 10 years of Credited Service

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2022

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Short Term Investments	516,852
Cash	1,252
Total Cash and Equivalents	518,104
Receivables:	
Member Contributions in Transit	5,437
City Contributions in Transit	17,677
Investment Income	23,741
Total Receivable	46,855
Investments:	
U. S. Bonds and Bills	394,243
Federal Agency Guaranteed Securities	2,303,820
Corporate Bonds	688,518
Municipal Obligations	206,904
Stocks	8,471,663
Mutual Funds:	
Equity	1,386,954
Pooled/Common/Commingled Funds:	
Real Estate	2,244,925
Total Investments	15,697,027
Total Assets	16,261,986
Total Liabilities	0
NET POSITION RESTRICTED FOR PENSIONS	16,261,986

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

ADDITIONS

Contributions:

Member	127,194
City	412,209
State	159,698

Total Contributions	699,101
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Investment Income:

Net Increase in Fair Value of Investments	(2,780,268)
Interest & Dividends	462,708
Less Investment Expense ¹	(114,971)

Net Investment Income	(2,432,531)
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Total Additions	(1,733,430)
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DEDUCTIONS

Distributions to Members:

Benefit Payments	823,547
Lump Sum DROP Distributions	0
Lump Sum Share Distributions	6,166
Refunds of Member Contributions	6,038

Total Distributions	835,751
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Administrative Expense	64,992
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Total Deductions	900,743
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Net Increase in Net Position	(2,634,173)
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NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year	18,896,159
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End of the Year	16,261,986
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¹Investment related expenses include investment advisory, custodial and performance monitoring fees.

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

Plan Administration

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of:

- a. Two Commission appointees,
- b. Two Members of the Fund elected by the membership, and
- c. A fifth Member elected by other four and appointed by the City Commission.

Plan Membership as of October 1, 2021:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	28
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	6
Active Plan Members	45
	79
	79

Benefits Provided

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

A summary of the benefit provisions can be found in the October 1, 2021 Actuarial Valuation Report for the City of Lakes Wales Municipal Police Officers' Pension Plan and Trust Fund prepared by Foster & Foster Actuaries and Consultants.

Contributions

Member Contributions: 5.0% of Salary.

City and State Contributions: Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, over 30 years.

Investment Policy:

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

Asset Class	Target Allocation
Domestic Equity	45%
International Equity	15%
Bonds	30%
Private Real Estate	10%
Total	100%

Concentrations:

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

Rate of Return:

For the year ended September 30, 2022 the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was -13.00 percent.

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

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Deferred Retirement Option Program

Eligibility: Satisfaction of Normal Retirement requirements (earlier of Age 55 and 10 years of Credited Service, or Age 50 and 25 years of Credited Service.)

Participation: Not to exceed 60 months.

Rate of Return:

(a) Money Market interest rate credited each fiscal quarter, or

(b) Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter.

The DROP balance as September 30, 2022 is \$167,952.

NET PENSION LIABILITY OF THE SPONSOR

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

Total Pension Liability	\$ 19,845,114
Plan Fiduciary Net Position	<u>\$ (16,261,986)</u>
Sponsor's Net Pension Liability	<u>\$ 3,583,128</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	81.94%

Actuarial Assumptions:

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

Inflation	2.50%
Salary Increases	Service based
Discount Rate	7.50%
Investment Rate of Return	7.50%

Mortality Rate Healthy Active Lives:

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

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

Mortality Rate Healthy Retiree Lives:

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

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

Mortality Rate Beneficiary Lives:

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

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

Mortality Rate 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.

50% of active deaths are assumed to be service-incurred.

The most recent actuarial experience study used to review the other significant assumptions was dated September 24, 2018.

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

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

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

GASB 67

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

Asset Class	Long Term Expected Real Rate of Return ¹
Domestic Equity	7.1%
International Equity	3.1%
Bonds	2.0%
Private Real Estate	6.4%

¹ Source: Burgess Chambers

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

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.50 percent.

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

	1% Decrease	Current Discount Rate	1% Increase
	6.50%	7.50%	8.50%
Sponsor's Net Pension Liability	\$ 5,757,942	\$ 3,583,128	\$ 1,761,105

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last 2 Fiscal Years

	<u>09/30/2022</u>	<u>09/30/2021</u>
Total Pension Liability		
Service Cost	428,732	448,363
Interest	1,441,938	1,390,652
Share Plan Allocation	31,770	23,304
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(407,901)	(265,579)
Changes of assumptions	98,666	94,715
Benefit Payments, including Refunds of Employee Contributions	(835,751)	(906,966)
Net Change in Total Pension Liability	<u>757,454</u>	<u>784,489</u>
Total Pension Liability - Beginning	<u>19,087,660</u>	<u>18,303,171</u>
Total Pension Liability - Ending (a)	<u><u>\$ 19,845,114</u></u>	<u><u>\$ 19,087,660</u></u>
Plan Fiduciary Net Position		
Contributions - Employer	412,209	394,219
Contributions - State	159,698	142,767
Contributions - Employee	127,194	121,621
Net Investment Income	(2,432,531)	3,290,501
Benefit Payments, including Refunds of Employee Contributions	(835,751)	(906,966)
Administrative Expense	(64,992)	(61,296)
Net Change in Plan Fiduciary Net Position	<u>(2,634,173)</u>	<u>2,980,846</u>
Plan Fiduciary Net Position - Beginning	<u>18,896,159</u>	<u>15,915,313</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 16,261,986</u></u>	<u><u>\$ 18,896,159</u></u>
Net Pension Liability - Ending (a) - (b)	<u><u>\$ 3,583,128</u></u>	<u><u>\$ 191,501</u></u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	81.94%	99.00%
Covered Payroll	\$ 2,543,883	\$ 2,432,424
Net Pension Liability as a percentage of Covered Payroll	140.85%	7.87%

Notes to Schedule:*Changes of assumptions:*

For measurement date 09/30/2022, amounts reported as changes of assumptions resulted from lowering the investment return from 7.55% to 7.50%, net of investment related expenses.

For measurement date 09/30/2021, amounts reported as changes of assumptions resulted from lowering the investment return from 7.60% to 7.55%, net of investment related expenses.

SCHEDULE OF CONTRIBUTIONS

Last 2 Fiscal Years

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of Covered Payroll
09/30/2022	\$ 534,216	\$ 540,137	\$ (5,921)	\$ 2,543,883	21.23%
09/30/2021	\$ 498,647	\$ 513,682	\$ (15,035)	\$ 2,432,424	21.12%

Notes to Schedule

Valuation Date: 10/01/2020

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

Methods and assumptions used to determine contribution rates can be found in the October 1, 2020 Actuarial Valuation for the City of Lake Wales Municipal Police Officers' Pension Plan and Trust Fund prepared by Foster & Foster Actuaries and Consultants.

SCHEDULE OF INVESTMENT RETURNS
Last 2 Fiscal Years

Fiscal Year Ended	Annual Money-Weighted Rate of Return Net of Investment Expense
09/30/2022	-13.00%
09/30/2021	20.94%

NOTES TO THE FINANCIAL STATEMENTS

(For the Year Ended September 30, 2023)

Plan Description

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of:

- a. Two Commission appointees,
- b. Two Members of the Fund elected by the membership, and
- c. A fifth Member elected by other four and appointed by the City Commission.

Full-time employees who are classified as full-time sworn Police Officers shall participate in the Plan as a condition of employment.

Plan Membership as of October 1, 2021:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	28
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	6
Active Plan Members	45
	79
	79

Benefits Provided

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

A summary of the benefit provisions can be found in the October 1, 2021 Actuarial Valuation Report for the City of Lakes Wales Municipal Police Officers' Pension Plan and Trust Fund prepared by Foster & Foster Actuaries and Consultants.

Contributions

Member Contributions: 5.0% of Salary.

City and State Contributions: Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, over 30 years.

Net Pension Liability

The measurement date is September 30, 2022.

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

The reporting period is October 1, 2022 through September 30, 2023.

The Sponsor's Net Pension Liability was measured as of September 30, 2022.

The Total Pension Liability used to calculate the Net Pension Liability was determined as of that date.

Actuarial Assumptions:

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

Inflation	2.50%	
Salary Increases	Service based	
Discount Rate	7.50%	
Investment Rate of Return	7.50%	

Mortality Rate Healthy Active Lives:

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

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

Mortality Rate Healthy Retiree Lives:

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

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

Mortality Rate Beneficiary Lives:

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

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

Mortality Rate 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.

50% of active deaths are assumed to be service-incurred.

The most recent actuarial experience study used to review the other significant assumptions was dated September 24, 2018.

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

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

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

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return ¹
Domestic Equity	45%	7.1%
International Equity	15%	3.1%
Bonds	30%	2.0%
Private Real Estate	10%	6.4%
Total	100%	

¹ Source: Burgess Chambers

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

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Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.50 percent.

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

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Reporting Period Ending September 30, 2022	\$ 19,087,660	\$ 18,896,159	\$ 191,501
Changes for a Year:			
Service Cost	428,732	-	428,732
Interest	1,441,938	-	1,441,938
Share Plan Allocation	31,770	-	31,770
Differences between Expected and Actual Experience	(407,901)	-	(407,901)
Changes of assumptions	98,666	-	98,666
Changes of benefit terms	-	-	-
Contributions - Employer	-	412,209	(412,209)
Contributions - State	-	159,698	(159,698)
Contributions - Employee	-	127,194	(127,194)
Net Investment Income	-	(2,432,531)	2,432,531
Benefit Payments, including Refunds of Employee Contributions	(835,751)	(835,751)	-
Administrative Expense	-	(64,992)	64,992
Net Changes	757,454	(2,634,173)	3,391,627
Reporting Period Ending September 30, 2023	\$ 19,845,114	\$ 16,261,986	\$ 3,583,128

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

	Current		
	1% Decrease	Discount Rate	1% Increase
	6.50%	7.50%	8.50%
Sponsor's Net Pension Liability	\$ 5,757,942	\$ 3,583,128	\$ 1,761,105

Pension Plan Fiduciary Net Position.

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

**FINAL PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED
INFLOWS OF RESOURCES RELATED TO PENSIONS
FISCAL YEAR SEPTEMBER 30, 2022**

For the year ended September 30, 2022 the Sponsor has recognized a Pension Expense of \$280,449. On September 30, 2022 the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	-	456,588
Changes of assumptions	125,461	120,966
Net difference between Projected and Actual Earnings on Pension Plan investments	-	838,659
Employer and State contributions subsequent to the measurement date	571,907	-
Total	\$ 697,368	\$ 1,416,213

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer and State contributions subsequent to the measurement date has been recognized as a reduction of the net Pension Liability in the year ended September 30, 2022. Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in Pension Expense as follows:

Year ended September 30:		
2023		\$ (305,499)
2024		\$ (204,899)
2025		\$ (327,640)
2026		\$ (452,714)
2027		\$ -
Thereafter		\$ -

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

FISCAL YEAR SEPTEMBER 30, 2023

For the year ended September 30, 2023 the Sponsor will recognize a Pension Expense of \$824,159.

On September 30, 2023 the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	-	535,486
Changes of assumptions	154,363	80,644
Net difference between Projected and Actual Earnings on Pension Plan investments	2,310,390	-
Employer and State contributions subsequent to the measurement date	<u>TBD</u>	<u>-</u>
Total	<u><u>TBD</u></u>	<u><u>\$ 616,130</u></u>

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer and State contributions subsequent to the measurement date will be recognized as a reduction of the net Pension Liability in the year ended September 30, 2023.

Other 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:	
2024	\$ 503,570
2025	\$ 380,829
2026	\$ 255,755
2027	\$ 708,469
2028	\$ -
Thereafter	\$ -

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 2 Fiscal Years

Reporting Period Ending	09/30/2023	09/30/2022
Measurement Date	09/30/2022	09/30/2021
Total Pension Liability		
Service Cost	428,732	448,363
Interest	1,441,938	1,390,652
Share Plan Allocation	31,770	23,304
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(407,901)	(265,579)
Changes of assumptions	98,666	94,715
Benefit Payments, including Refunds of Employee Contributions	(835,751)	(906,966)
Net Change in Total Pension Liability	757,454	784,489
Total Pension Liability - Beginning	19,087,660	18,303,171
Total Pension Liability - Ending (a)	\$ 19,845,114	\$ 19,087,660
Plan Fiduciary Net Position		
Contributions - Employer	412,209	394,219
Contributions - State	159,698	142,767
Contributions - Employee	127,194	121,621
Net Investment Income	(2,432,531)	3,290,501
Benefit Payments, including Refunds of Employee Contributions	(835,751)	(906,966)
Administrative Expense	(64,992)	(61,296)
Net Change in Plan Fiduciary Net Position	(2,634,173)	2,980,846
Plan Fiduciary Net Position - Beginning	18,896,159	15,915,313
Plan Fiduciary Net Position - Ending (b)	\$ 16,261,986	\$ 18,896,159
Net Pension Liability - Ending (a) - (b)	\$ 3,583,128	\$ 191,501
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	81.94%	99.00%
Covered Payroll	\$ 2,543,883	\$ 2,432,424
Net Pension Liability as a percentage of Covered Payroll	140.85%	7.87%

Notes to Schedule:*Changes of assumptions:*

For measurement date 09/30/2022, amounts reported as changes of assumptions resulted from lowering the investment return from 7.55% to 7.50%, net of investment related expenses.

For measurement date 09/30/2021, amounts reported as changes of assumptions resulted from lowering the investment return from 7.60% to 7.55%, net of investment related expenses.

SCHEDULE OF CONTRIBUTIONS

Last 2 Fiscal Years

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of Covered Payroll
09/30/2022	\$ 534,216	\$ 540,137	\$ (5,921)	\$ 2,543,883	21.23%
09/30/2021	\$ 498,647	\$ 513,682	\$ (15,035)	\$ 2,432,424	21.12%

Notes to Schedule

Valuation Date: 10/01/2020

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

Methods and assumptions used to determine contribution rates can be found in the October 1, 2020 Actuarial Valuation for the City of Lake Wales Municipal Police Officers' Pension Plan and Trust Fund prepared by Foster & Foster Actuaries and Consultants.

EXPENSE DEVELOPMENT AND AMORTIZATION SCHEDULES

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

FINAL COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2022

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 2,387,858	\$ 682,547	\$ 1,868,601	\$ -
Employer and State Contributions made after 09/30/2021	-	-	571,907	-
Total Pension Liability Factors:				
Service Cost	448,363	-	-	448,363
Interest	1,390,652	-	-	1,390,652
Share Plan Allocation	23,304	-	-	23,304
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(265,579)	265,579	-	-
Current year amortization of experience difference	-	(291,651)	-	(291,651)
Change in assumptions about future economic or demographic factors or other inputs	94,715	-	94,715	-
Current year amortization of change in assumptions	-	(40,322)	(114,608)	74,286
Benefit Payments, including Refunds of Employee Contributions	(906,966)	-	-	-
Net change	<u>784,489</u>	<u>(66,394)</u>	<u>552,014</u>	<u>1,644,954</u>
Plan Fiduciary Net Position:				
Contributions - Employer	394,219	-	(394,219)	-
Contributions - State	142,767	-	(142,767)	-
Contributions - Employee	121,621	-	-	(121,621)
Projected Net Investment Income	1,197,797	-	-	(1,197,797)
Difference between projected and actual earnings on Pension Plan investments	2,092,704	2,092,704	-	-
Current year amortization	-	(457,139)	(350,756)	(106,383)
Benefit Payments, including Refunds of Employee Contributions	(906,966)	-	-	-
Administrative Expenses	(61,296)	-	-	61,296
Net change	<u>2,980,846</u>	<u>1,635,565</u>	<u>(887,742)</u>	<u>(1,364,505)</u>
Ending Balance	<u>\$ 191,501</u>	<u>\$ 2,251,718</u>	<u>\$ 1,532,873</u>	<u>\$ 280,449</u>

PRELIMINARY COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2023

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 191,501	\$ 2,251,718	\$ 1,532,873	\$ -
Employer and State Contributions made after 09/30/2022	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	428,732	-	-	428,732
Interest	1,441,938	-	-	1,441,938
Share Plan Allocation	31,770	-	-	31,770
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(407,901)	407,901	-	-
Current year amortization of experience difference	-	(329,003)	-	(329,003)
Change in assumptions about future economic or demographic factors or other inputs	98,666	-	98,666	-
Current year amortization of change in assumptions	-	(40,322)	(69,764)	29,442
Benefit Payments, including Refunds of Employee Contributions	(835,751)	-	-	-
Net change	<u>757,454</u>	<u>38,576</u>	<u>28,902</u>	<u>1,602,879</u>
Plan Fiduciary Net Position:				
Contributions - Employer	412,209	-	(412,209)	-
Contributions - State	159,698	-	(159,698)	-
Contributions - Employee	127,194	-	-	(127,194)
Projected Net Investment Income	1,419,048	-	-	(1,419,048)
Difference between projected and actual earnings on Pension Plan investments	(3,851,579)	-	3,851,579	-
Current year amortization	-	(418,541)	(1,121,071)	702,530
Benefit Payments, including Refunds of Employee Contributions	(835,751)	-	-	-
Administrative Expenses	(64,992)	-	-	64,992
Net change	<u>(2,634,173)</u>	<u>(418,541)</u>	<u>2,158,601</u>	<u>(778,720)</u>
Ending Balance	<u>\$ 3,583,128</u>	<u>\$ 1,871,753</u>	<u>TBD</u>	<u>\$ 824,159</u>

* Employer and State contributions subsequent to the measurement date made after September 30, 2022 but made on or before September 30, 2023 need to be added.

AMORTIZATION SCHEDULE - INVESTMENTS

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

Plan Year Ending	Differences Between Projected and Actual Earnings	Recognition Period (Years)	Increase (Decrease) in Pension Expense Arising from the Recognition of the of Differences Between Projected and Actual Earnings on Pension Plan Investments											
			2022	2023	2024	2025	2026	2027	2028	2029	2030	2031		
2022	\$ 3,851,579	5	\$ -	\$ 770,315	\$ 770,316	\$ 770,316	\$ 770,316	\$ 770,316	\$ 770,316	\$ -	\$ -	\$ -	\$ -	\$ -
2021	\$ (2,092,704)	5	\$ (418,540)	\$ (418,541)	\$ (418,541)	\$ (418,541)	\$ (418,541)	\$ (418,541)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2020	\$ 890,134	5	\$ 178,027	\$ 178,027	\$ 178,027	\$ 178,027	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2019	\$ 643,474	5	\$ 128,695	\$ 128,695	\$ 128,695	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	\$ 220,168	5	\$ 44,034	\$ 44,034	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ (192,995)	5	\$ (38,599)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ (106,383)	\$ 702,530	\$ 658,497	\$ 529,802	\$ 351,775	\$ 770,316	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

AMORTIZATION SCHEDULE - CHANGES OF ASSUMPTIONS

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Changes of Assumptions

Plan Year Ending	Changes of Assumptions	Recognition Period (Years)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
2022	\$ 98,666	5	\$ -	\$ 19,734	\$ 19,733	\$ 19,733	\$ 19,733	\$ 19,733	\$ -	\$ -	\$ -	\$ -
2021	\$ 94,715	5	\$ 18,943	\$ 18,943	\$ 18,943	\$ 18,943	\$ 18,943	\$ -	\$ -	\$ -	\$ -	\$ -
2020	\$ (201,609)	5	\$ (40,322)	\$ (40,322)	\$ (40,322)	\$ (40,322)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2019	\$ 93,011	5	\$ 18,602	\$ 18,602	\$ 18,602	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	\$ 62,423	5	\$ 12,485	\$ 12,485	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 387,470	6	\$ 64,578	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 74,286	\$ 29,442	\$ 16,956	\$ (1,646)	\$ 38,676	\$ 19,733	\$ -	\$ -	\$ -	\$ -

AMORTIZATION SCHEDULE - EXPERIENCE

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Differences between Expected and Actual Experience

Plan Year Ending	Differences Between Expected and Actual Experience	Recognition Period (Years)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
2022	\$ (407,901)	5	\$ -	\$ (81,581)	\$ (81,580)	\$ (81,580)	\$ (81,580)	\$ (81,580)	\$ -	\$ -	\$ -	\$ -
2021	\$ (265,579)	5	\$ (53,115)	\$ (53,116)	\$ (53,116)	\$ (53,116)	\$ (53,116)	\$ -	\$ -	\$ -	\$ -	\$ -
2020	\$ (63,157)	5	\$ (12,631)	\$ (12,631)	\$ (12,631)	\$ (12,631)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2019	\$ (122,778)	5	\$ (24,556)	\$ (24,556)	\$ (24,556)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	\$ (595,515)	5	\$ (119,103)	\$ (119,103)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ (228,096)	6	\$ (38,016)	\$ (38,016)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ (109,886)	6	\$ (18,314)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ (181,415)	7	\$ (25,916)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ (291,651)	\$ (329,003)	\$ (171,883)	\$ (147,327)	\$ (134,696)	\$ (81,580)	\$ -	\$ -	\$ -	\$ -