

CITY OF NORTH PORT
FIREFIGHTERS' PENSION - LOCAL OPTION 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



December 9, 2022

Board of Trustees
City of North Port
Firefighters' Pension Board

Re: City of North Port Firefighters' Pension - Local Option Trust Fund

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of North Port Firefighters' Pension - Local Option 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 175, 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 North Port, 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 North Port, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Firefighters' Pension - Local Option 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: 

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

By: 

Sara E. Carlson, ASA, EA, MAAA
Enrolled Actuary #20-8546

Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of North Port Firefighters' Pension - Local Option 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	\$1,659,274	\$1,327,374
Member Contributions (Est.)	422,901	464,824
City And State Required Contribution	1,236,373	862,550
State Contribution (Est.) ¹	250,000	250,000
Preliminary City Required Contribution ²	\$986,373	\$612,550
% of Projected Annual Payroll	25.56%	14.46%
Balance from City ²	\$986,373	\$762,632
% of Projected Annual Payroll	25.56%	18.00%

¹ The City may use up to \$250,000 in State Contributions for determining its minimum funding requirements (per Mutual Consent established between the City and the Membership), with the excess allocated to the Membership Share Plan. Given that the Trust Fund reimbursed the State in the amount of \$432,493.40 on August 9, 2022 (for Chapter 175 monies received that exceeded permissible amounts), annual State Contributions in excess of \$250,000 will remain with plan assets until full recovery of the \$432,493.40. As of October 1, 2022, the accumulated reimbursement made is \$90,753.38.

² By Local Ordinance, the City's minimum required contribution is 18.00% of Active Member Pensionable Payroll.

As you can see, the Minimum Required Contribution shows an increase when compared to the results determined in the October 1, 2021 actuarial valuation. The increase is attributable to net unfavorable actuarial experience described in the next paragraph, in addition to incorporation of assumption changes resulting from a special experience study.

Plan experience was unfavorable overall on the basis of the plan's actuarial assumptions. The primary source of actuarial loss was an investment return of 3.78% (Actuarial Asset Basis) which fell short of the 7.00% assumption. This loss was offset in part by a gain associated with an average salary increase of 1.74% which fell short of the 5.13% assumption.

CHANGES SINCE PRIOR VALUATION

Plan Changes

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

Actuarial Assumption/Method Changes

As approved at the June 15, 2022 Board meeting, the following changes were made to the assumptions as a result of the experience study dated June 13, 2022:

- 1) Investment Return - Reduced from 7.00% to 6.75%, net of investment related expenses.
- 2) Salary Increases - Reduced for members with less than 10 years of service and increased for members with 20 or more years of service.
- 3) Normal Retirement Rates – Reduced rates at ages 56 and 57.
- 4) Early Retirement Rates – Reduced to 0% for those with less than 15 years of service and a slight increase for those with 20 or more years of service.
- 5) Withdrawal Rates – Moved to a strict service-based table, and generally reduced rates for those with more than 10 years of service.

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

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	New Assump <u>10/1/2022</u>	Old Assump <u>10/1/2022</u>	<u>10/1/2021</u>
A. Participant Data			
Actives	35	35	37
Service Retirees	32	32	28
DROP Retirees	1	1	2
Beneficiaries	2	2	2
Disability Retirees	3	3	3
Terminated Vested	<u>34</u>	<u>34</u>	<u>35</u>
 Total	 107	 107	 107
 Payroll Under Assumed Ret. Age	 3,668,606	 3,667,322	 4,027,419
 Annual Rate of Payments to:			
Service Retirees	1,839,967	1,839,967	1,606,081
DROP Retirees	36,023	36,023	156,578
Beneficiaries	97,060	97,060	94,997
Disability Retirees	116,517	116,517	116,517
Terminated Vested	490,270	490,270	430,384
 B. Assets			
Actuarial Value (AVA) ¹	60,236,608	60,236,608	59,985,301
Market Value (MVA) ¹	54,354,227	54,354,227	65,404,889
 C. Liabilities			
Present Value of Benefits			
Actives			
Retirement Benefits	29,720,452	27,222,447	26,898,920
Disability Benefits	246,473	228,266	235,584
Death Benefits	110,800	103,808	107,388
Vested Benefits	5,626,693	5,696,879	5,917,694
Refund of Contributions	0	0	0
Service Retirees	25,180,102	24,567,496	21,667,679
DROP Retirees ¹	562,863	547,652	2,917,279
Beneficiaries	1,342,197	1,306,797	1,308,911
Disability Retirees	1,368,666	1,336,651	1,348,495
Terminated Vested	5,923,404	5,733,544	4,913,872
Share Plan Balances ¹	<u>1,723,017</u>	<u>1,723,017</u>	<u>2,396,871</u>
 Total	 71,804,667	 68,466,557	 67,712,693

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	25,700,189	24,530,348	26,631,636
Present Value of Future Member Contributions	2,724,220	2,600,217	2,822,953
Normal Cost (Retirement)	538,453	618,900	660,692
Normal Cost (Disability)	12,407	13,559	14,946
Normal Cost (Death)	3,266	3,928	4,230
Normal Cost (Vesting)	188,677	252,388	256,363
Normal Cost (Refunds)	<u>0</u>	<u>0</u>	<u>0</u>
Total Normal Cost	742,803	888,775	936,231
Present Value of Future Normal Costs	4,917,921	5,517,703	5,967,423
Accrued Liability (Retirement)	26,139,285	23,336,883	22,692,095
Accrued Liability (Disability)	161,882	139,742	138,154
Accrued Liability (Death)	88,037	77,823	79,503
Accrued Liability (Vesting)	4,397,293	4,179,249	4,282,411
Accrued Liability (Refunds)	0	0	0
Accrued Liability (Inactives) ¹	34,377,232	33,492,140	32,156,236
Share Plan Balances ¹	<u>1,723,017</u>	<u>1,723,017</u>	<u>2,396,871</u>
Total Actuarial Accrued Liability (EAN AL)	66,886,746	62,948,854	61,745,270
Unfunded Actuarial Accrued Liability (UAAL)	6,650,138	2,712,246	1,759,969
Funded Ratio (AVA / EAN AL)	90.1%	95.7%	97.1%

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	36,100,249	35,215,157	34,553,107
Actives	15,366,974	14,586,756	13,464,940
Member Contributions	<u>4,639,875</u>	<u>4,639,875</u>	<u>4,523,286</u>
Total	56,107,098	54,441,788	52,541,333
Non-vested Accrued Benefits	<u>615,373</u>	<u>542,460</u>	<u>474,132</u>
Total Present Value Accrued Benefits (PVAB)	56,722,471	54,984,248	53,015,465
Funded Ratio (MVA / PVAB)	95.8%	98.9%	123.4%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	1,738,223	0	
Plan Experience	0	1,381,847	
Benefits Paid	0	(3,018,499)	
Interest	0	3,605,435	
Other	<u>0</u>	<u>0</u>	
Total	1,738,223	1,968,783	

	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 ²	\$807,802	\$967,072	\$1,019,387
% of Total Annual Payroll ²			
Administrative Expenses ²	85,897	85,943	83,741
% of Total Annual Payroll ²			
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 15 years (as of 10/1/2022) ²	765,575	336,102	224,246
% of Total Annual Payroll ²			
Minimum Required Contribution	1,659,274	1,389,117	1,327,374
% of Total Annual Payroll ²			
Expected Member Contributions ²	422,901	422,982	464,824
% of Total Annual Payroll ²			
Expected City and State Contribution	1,236,373	966,135	862,550
% of Total Annual Payroll ²			

F. Past Contributions

Plan Years Ending:	<u>9/30/2022</u>
City and State Requirement	1,020,404
Actual Contributions Made:	
City	789,693
State	250,000
Total	<u>1,039,693</u>

G. Net Actuarial (Gain)/Loss 1,272,983

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 displayed above have been adjusted to account for assumed salary increase and interest components.

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

<u>Year</u>	<u>Projected Unfunded Actuarial Accrued Liability</u>
2022	6,650,138
2023	6,347,530
2024	6,024,497
2027	4,918,581
2031	3,062,965
2034	1,384,042
2037	0

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

	<u>Actual</u>	<u>Assumed</u>
Year Ended 9/30/2022	1.74%	5.13%
Year Ended 9/30/2021	10.51%	5.21%
Year Ended 9/30/2020	3.98%	5.41%
Year Ended 9/30/2019	4.74%	5.62%
Year Ended 9/30/2018	8.90%	5.68%

(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	-14.06%	3.78%	7.00%
Year Ended 9/30/2021	19.22%	10.21%	7.00%
Year Ended 9/30/2020	9.11%	8.21%	7.25%
Year Ended 9/30/2019	3.75%	7.74%	7.50%
Year Ended 9/30/2018	9.32%	7.04%	7.50%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2022	\$3,668,606
	10/1/2012	6,274,808
(b) Total Increase		-41.53%
(c) Number of Years		10.00
(d) Average Annual Rate		-5.23%

STATEMENT BY ENROLLED ACTUARY

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



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

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

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

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

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

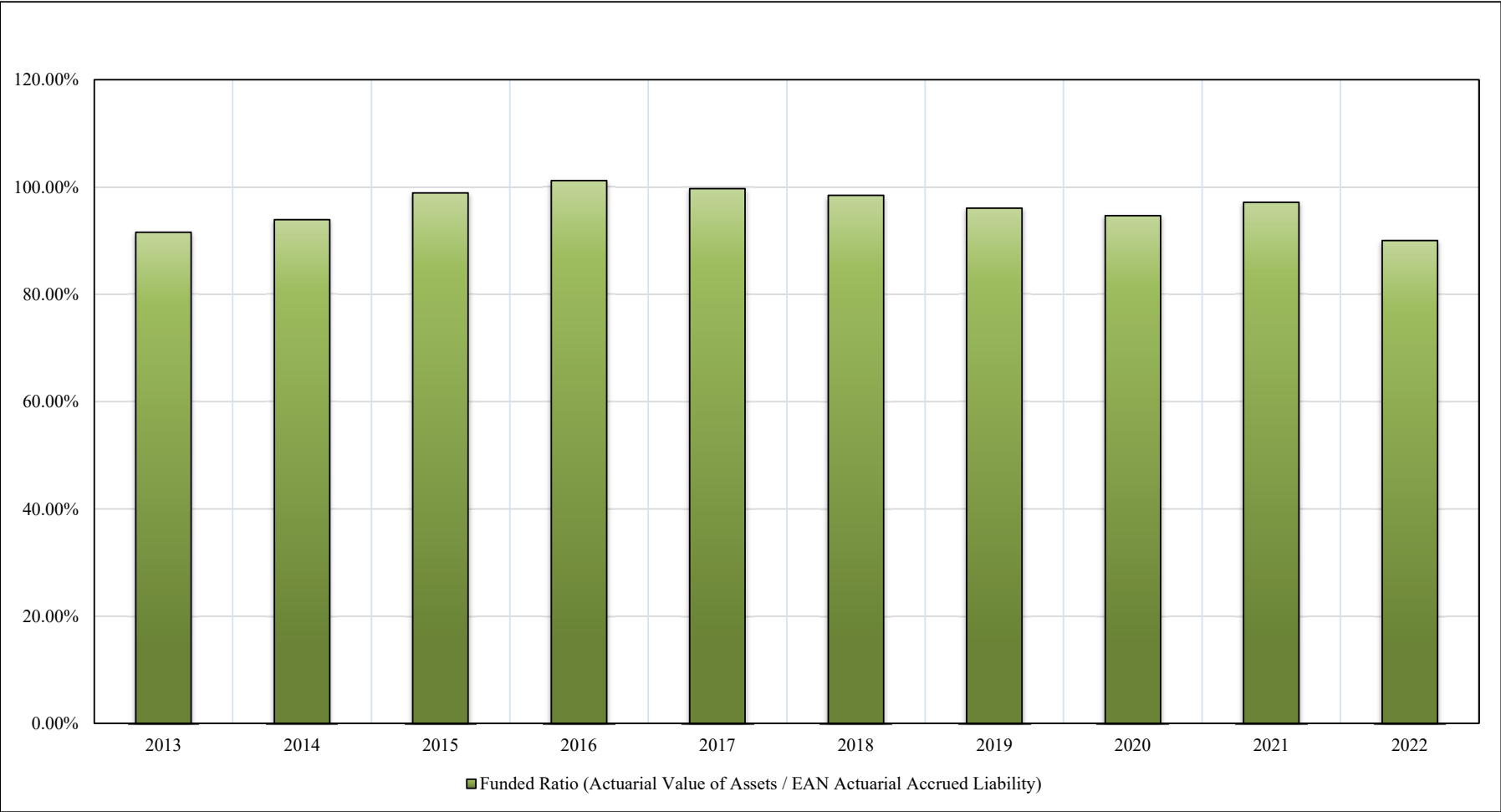
(1)	Unfunded Actuarial Accrued Liability as of October 1, 2021	\$1,759,969
(2)	Sponsor Normal Cost developed as of October 1, 2021	509,325
(3)	Expected administrative expenses for the year ended September 30, 2022	76,910
(4)	Expected interest on (1), (2) and (3)	161,542
(5)	Sponsor contributions to the System during the year ended September 30, 2022	1,039,693
(6)	Expected interest on (5)	28,790
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2022 (1)+(2)+(3)+(4)-(5)-(6)	1,439,263
(8)	Change to UAAL due to Assumption Change	3,937,892
(9)	Change to UAAL due to Actuarial (Gain)/Loss	1,272,983
(10)	Unfunded Actuarial Accrued Liability as of October 1, 2022	6,650,138

<u>Type of Base</u>	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2022 Amount</u>	<u>Amortization Amount</u>
Consolidation	10/1/2018	11	520,792	64,252
Benefit Change	10/1/2018	11	(3,821)	(471)
Actuarial Loss	10/1/2019	12	47,378	5,514
Reconciliation Base	10/1/2019	12	(227,018)	(26,419)
Assump Change	10/1/2019	12	1,164,313	135,496
Actuarial Gain	10/1/2020	13	(373,307)	(41,251)
Assump Change	10/1/2020	13	1,308,724	144,617
Actuarial Gain	10/1/2021	14	(997,798)	(105,282)
Actuarial Loss	10/1/2022	15	1,272,983	128,869
Assump Change	10/1/2022	15	<u>3,937,892</u>	<u>398,649</u>
			6,650,138	703,974

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2021	\$1,759,969
(2) Expected UAAL as of October 1, 2022	1,439,263
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	1,897,974
Salary Increases	(746,233)
Active Decrements	308,303
Inactive Mortality	101,283
Interest Crediting on Share Plan Balances	(422,234)
Prior Vested Terminated Members Entering Early Retirement	41,032
Other	<u>92,858</u>
Increase in UAAL due to (Gain)/Loss	1,272,983
Assumption Changes	<u>3,937,892</u>
(4) Actual UAAL as of October 1, 2022	\$6,650,138

HISTORY OF FUNDING PROGRESS



ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate

Healthy Active Lives:

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

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

Healthy Retiree Lives:

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

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

Beneficiary Lives:

Female: PubG.H-2010 for Healthy Retirees.

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

Disabled Lives:

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

All rates are projected generationally with Mortality Improvement Scale MP-2018. We feel this assumption sufficiently accommodates future mortality improvements.

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

Interest Rate

6.75% (prior year 7.00%) per year compounded annually, net of investment related expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.

Salary Increases

Service	Salary Scale	
	Old Rate	New Rate
<10	7.00%	5.50%
10-14	5.50%	5.50%
15-19	5.00%	5.00%
20+	4.50%	5.00%

The above rates are based on results of the June 13, 2022 experience study.

Payroll Growth

None.

Administrative Expenses

\$78,985 annually, based on the average of actual expenses incurred in the prior two fiscal years.

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:

	Assumption	
	Interest ¹	Salary
Before Changes	3.500%	5.13%
After Changes	3.375%	5.20%

¹ Represents a half-year of the applicable interest assumption

Disability Rates

See below sample rates, based on results of the June 13, 2022 experience study. It is assumed that 90% of disablements are service related.

% Becoming Disabled During the Year	
Age	Rate
20	0.03%
30	0.04%
40	0.07%
50	0.18%

Early Retirement

Early Retirements are assumed to occur according to the below table, based on results of the June 13, 2022 experience study:

<u>% Retiring During the Year</u>	
<u>Service</u>	<u>Rate</u>
10-14	0.0%
15-19	20.0%
20-24	25.0%
25+	30.0%

Prior valuations utilized rates according to the below tables.

<u>% Retiring During the Year (<25 Years of Service)</u>		<u>% Retiring During the Year (25+ Years of Service)</u>	
<u>Age</u>	<u>Old Rate</u>	<u>Age</u>	<u>Old Rate</u>
50-51	10.0%	50	5.0%
52-53	25.0%	51	50.0%
54	50.0%		

Normal Retirement

Normal Retirements are assumed to occur according to the below table, based on results of the June 13, 2022 experience study:

<u>% Retiring During the Year (<25 Years of Service)</u>		<u>% Retiring During the Year (25+ Years of Service)</u>	
<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
55	50.0%	52+	100.0%
56-57	20.0%		
58+	100.0%		

Prior valuations utilized rates according to the below tables.

<u>% Retiring During the Year (<25 Years of Service)</u>		<u>% Retiring During the Year (25+ Years of Service)</u>	
<u>Age</u>	<u>Old Rate</u>	<u>Age</u>	<u>Old Rate</u>
55-57	50.0%	52+	100.0%
58+	100.0%		

Termination Rates

Terminations are assumed to occur according to the below table, based on results of the June 13, 2022 experience study:

% Terminating During the Year	
Service	Rate
<10	10.0%
10	5.7%
11-14	5.0%
15+	4.5%

Prior valuations utilized rates according to the below tables:

% Terminating During the Year (0-4 Years of Service)		% Terminating During the Year (≥ 5 Years of Service)	
Age	Rate	Age	Rate
20-24	10.0%	20-44	6.0%
25-29	7.0%	45-49	5.0%
30-49	6.0%	50-54	1.0%
50-54	1.0%	55+	0.1%
55+	0.1%		

Asset Valuation Method

Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return. 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 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.
- 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 400.0% on October 1, 2012 to 68.6% on October 1, 2022, indicating that the plan has been maturing during the period.
- The Accrued Liability Ratio, determined as the ratio of the Inactive Accrued Liability, which is the liability associated with members who are no longer employed but are due a benefit from the plan, to the Total Accrued Liability, is 51.4%. With a plan of this maturity, losses due to lower than expected investment returns or demographic factors may result in larger increases in contribution requirements than would be needed for a less mature plan. Please note Chapter 112, Florida Statutes, requires that the plan sponsor contributes the minimum required contribution; thus, there is minimal solvency risk to the plan.
- The Funded Ratio, determined as the ratio of the Actuarial Value of Assets to the Total Accrued Liability, has increased from 86.6% on October 1, 2012 to 90.1% 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 5.2% on October 1, 2012 to -2.8% on October 1, 2022. The current Net Cash Flow Ratio of -2.8% 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	35	37	44	84
Total Inactives ¹	51	49	44	21
Actives / Inactives ¹	68.6%	75.5%	100.0%	400.0%
 <u>Asset Volatility Ratio</u>				
Market Value of Assets (MVA)	54,354,227	65,404,889	47,046,321	28,156,196
Total Annual Payroll	3,951,304	4,107,189	3,776,235	6,274,808
MVA / Total Annual Payroll	1,375.6%	1,592.4%	1,245.9%	448.7%
 <u>Accrued Liability (AL) Ratio</u>				
Inactive Accrued Liability	34,377,232	32,156,236	26,552,074	9,070,648
Total Accrued Liability (EAN)	66,886,746	61,745,270	46,397,844	31,447,123
Inactive AL / Total AL	51.4%	52.1%	57.2%	28.8%
 <u>Funded Ratio</u>				
Actuarial Value of Assets (AVA)	60,236,608	59,985,301	46,276,059	27,237,526
Total Accrued Liability (EAN)	66,886,746	61,745,270	46,397,844	31,447,123
AVA / Total Accrued Liability (EAN)	90.1%	97.1%	99.7%	86.6%
 <u>Net Cash Flow Ratio</u>				
Net Cash Flow ²	(1,544,256)	(576,312)	154,724	1,476,818
Market Value of Assets (MVA)	54,354,227	65,404,889	47,046,321	28,156,196
Ratio	-2.8%	-0.9%	0.3%	5.2%

¹ Excludes terminated participants awaiting a refund of member contributions.

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

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

Received During <u>Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1998	52,606.60	_____%
1999	55,358.60	5.2%
2000	68,338.10	23.4%
2001	68,311.30	0.0%
2002	92,515.40	35.4%
2003	101,562.23	9.8%
2004	127,554.50	25.6%
2005	166,534.47	30.6%
2006	242,082.84	45.4%
2007	284,870.08	17.7%
2008	486,956.22	70.9%
2009	388,871.03	-20.1%
2010	400,984.42	3.1%
2011	399,175.25	-0.5%
2012	425,380.30	6.6%
2013	403,183.26	-5.2%
2014	387,316.25	-3.9%
2015	376,215.34	-2.9%
2016	371,775.04	-1.2%
2017	376,129.17	1.2%
2018	414,503.01	10.2%
2019	419,797.03	1.3%
2020	436,173.63	3.9%
2021	494,295.63	13.3%
2022	340,753.38	-31.1%

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2022

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	634,433.24	634,433.24
Total Cash and Equivalents	634,433.24	634,433.24
Receivables:		
Member Contributions in Transit	17,842.58	17,842.58
City Contributions in Transit	198,221.44	198,221.44
Total Receivable	216,064.02	216,064.02
Investments:		
Mutual Funds:		
Fixed Income	19,660,285.42	16,596,815.88
Equity	25,979,282.81	29,395,469.97
Pooled/Common/Commingled Funds:		
Real Estate	5,003,452.44	7,530,517.07
Total Investments	50,643,020.67	53,522,802.92
Total Assets	51,493,517.93	54,373,300.18
<u>LIABILITIES</u>		
Payables:		
Investment Expenses	12,619.01	12,619.01
Administrative Expenses	5,117.29	5,117.29
Prior Refund Payable	1,337.11	1,337.11
Total Liabilities	19,073.41	19,073.41
NET POSITION RESTRICTED FOR PENSIONS	51,474,444.52	54,354,226.77

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

ADDITIONS

Contributions:			
Member		428,609.60	
City		789,692.94	
State, net of returned overpayment		(91,740.02)	
 Total Contributions			 1,126,562.52
Investment Income:			
Net Realized Gain (Loss)	356,426.64		
Unrealized Gain (Loss)	(11,572,037.50)		
Net Increase in Fair Value of Investments		(11,215,610.86)	
Interest & Dividends		2,269,839.81	
Less Investment Expense ¹		(128,141.85)	
 Net Investment Income			 (9,073,912.90)
 Total Additions			 (7,947,350.38)
<u>DEDUCTIONS</u>			
Distributions to Members:			
Benefit Payments		1,923,213.73	
Lump Sum DROP Distributions		725,826.21	
Lump Sum Share Distributions		369,458.88	
Refunds of Member Contributions		0.00	
 Total Distributions			 3,018,498.82
 Administrative Expense			 84,813.05
 Total Deductions			 3,103,311.87
 Net Increase in Net Position			 (11,050,662.25)
 NET POSITION RESTRICTED FOR PENSIONS			
Beginning of the Year			65,404,889.02
End of the Year			54,354,226.77

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	3.75%	
09/30/2020	9.11%	
09/30/2021	19.22%	
09/30/2022	-14.06%	
Annualized Rate of Return for prior four (4) years:		3.78%
(A) 10/01/2021 Actuarial Assets:		\$59,985,301.02
(I) Net Investment Income:		
1. Interest and Dividends	2,269,839.81	
2. Realized Gain (Loss)	356,426.64	
3. Unrealized Gain (Loss)	(11,572,037.50)	
4. Change in Actuarial Value	11,301,968.84	
5. Investment Related Expenses	(128,141.85)	
Total		2,228,055.94
(B) 10/01/2022 Actuarial Assets:		\$60,236,607.61
Actuarial Asset Rate of Return = 2I/(A+B-I):		3.78%
10/01/2022 Limited Actuarial Assets		\$60,236,607.61
10/01/2022 Market Value of Assets		\$54,354,226.77
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)		(\$1,897,973.58)

¹Market Value Basis, net of investment related expenses.

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

REVENUES

Contributions:		
Member	428,609.60	
City	789,692.94	
State, net of returned overpayment	(91,740.02)	
Total Contributions		1,126,562.52
Earnings from Investments:		
Interest & Dividends	2,269,839.81	
Net Realized Gain (Loss)	356,426.64	
Unrealized Gain (Loss)	(11,572,037.50)	
Change in Actuarial Value	11,301,968.84	
Total Earnings and Investment Gains		2,356,197.79

EXPENDITURES

Distributions to Members:		
Benefit Payments	1,923,213.73	
Lump Sum DROP Distributions	725,826.21	
Lump Sum Share Distributions	369,458.88	
Refunds of Member Contributions	0.00	
Total Distributions		3,018,498.82
Expenses:		
Investment related ¹	128,141.85	
Administrative	84,813.05	
Total Expenses		212,954.90
Change in Net Assets for the Year		251,306.59
Net Assets Beginning of the Year		59,985,301.02
Net Assets End of the Year²		60,236,607.61

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

²Net Assets may be limited for actuarial consideration.

SUPPLEMENTAL CHAPTER 175 SHARE PLAN ACTIVITY
October 1, 2021 through September 30, 2022

9/30/2021 Balance (Est.)	2,396,871.11
Prior Year Adjustment	(22,504.92)
Plus Additions	0.00
Investment Return Earned (Est.)	(281,890.00)
Administrative Fees (Est.)	0.00
Less Distributions	<u>(369,458.88)</u>
9/30/2022 Balance (Est.)	1,723,017.31

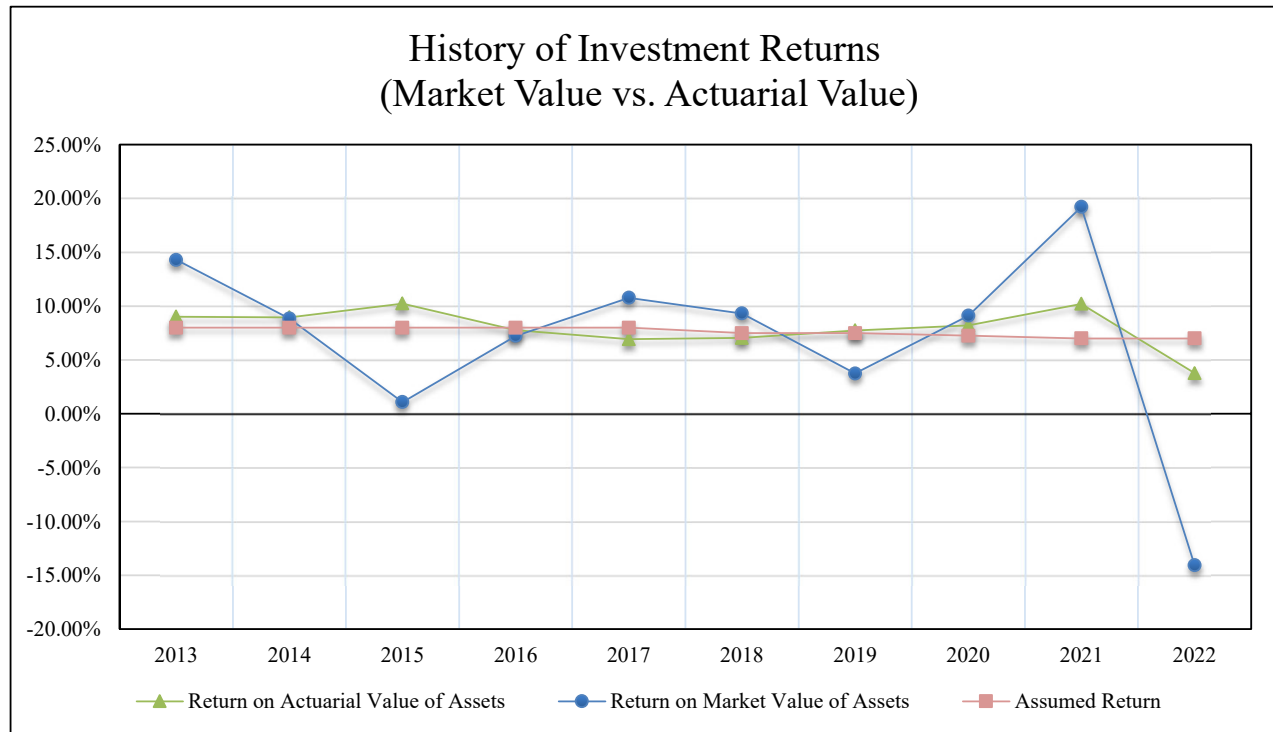
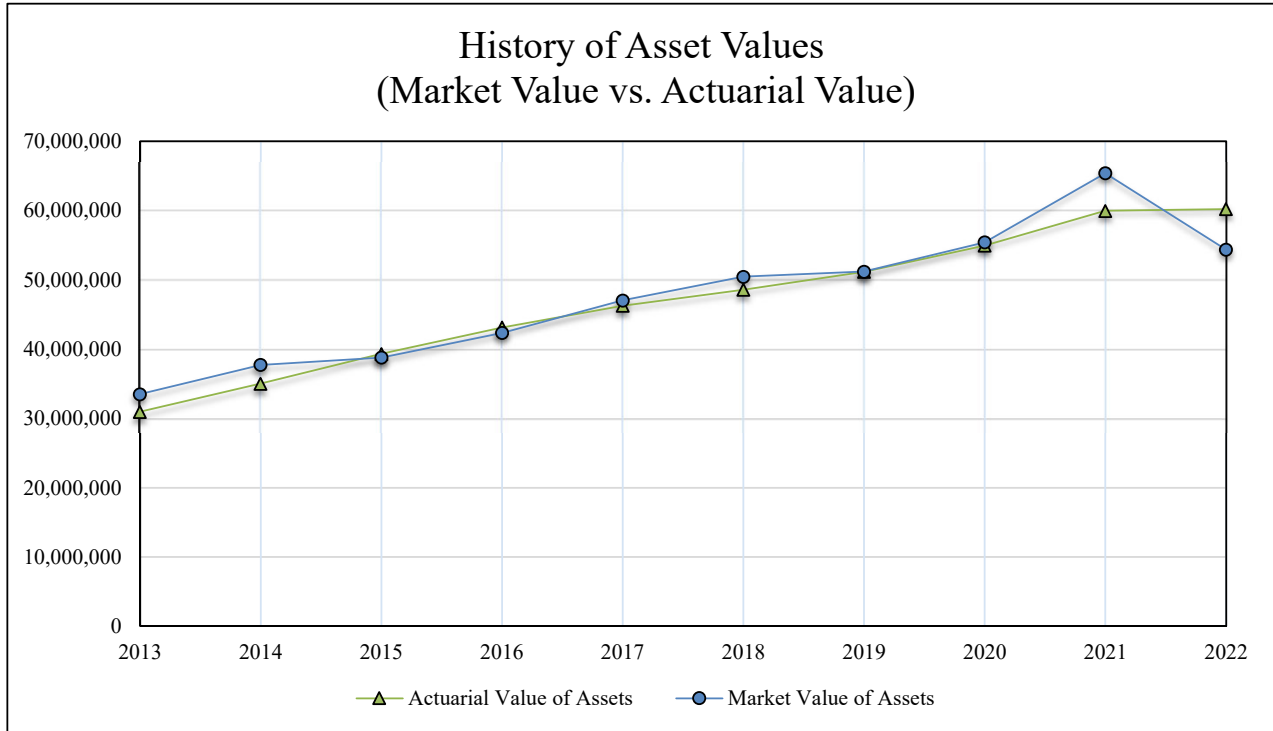
CITY CONTRIBUTIONS IN EXCESS OF MINIMUM REQUIREMENT
FOR THE FISCAL YEAR ENDED (FYE) SEPTEMBER 30, 2022

(1) Required City and State Contributions	\$1,020,404.00
(2) Less Allowable State Contribution	<u>(250,000.00)</u>
(3) Required City Contribution for Fiscal 2022	770,404.00
(4) Less 2021 Prepaid Contribution	0.00
(5) Less Actual City Contributions	<u>(789,692.94)</u>
(6) City Contributions in Excess of Minimum Requirement Applied to Reduce Unfunded Actuarial Accrued Liability as of September 30, 2022	(\$19,288.94)

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

Beginning of the Year Balance	637,595.86
Plus Additions	79,079.89
Investment Return Earned	12,109.22
Less Distributions	(725,826.21)
End of the Year Balance	2,958.76

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	35	37	38	38
Average Current Age	43.7	43.3	42.3	41.3
Average Age at Employment	26.4	26.8	27.0	27.0
Average Past Service	17.3	16.5	15.3	14.3
Average Annual Salary	\$112,894	\$111,005	\$100,361	\$96,635
<u>Service Retirees</u>				
Number	32	28	26	25
Average Current Age	61.7	61.5	61.0	60.9
Average Annual Benefit	\$57,499	\$57,360	\$56,940	\$56,904
<u>DROP Retirees</u>				
Number	1	2	2	3
Average Current Age	59.5	58.7	57.7	56.8
Average Annual Benefit	\$36,023	\$78,289	\$76,009	\$58,388
<u>Beneficiaries</u>				
Number	2	2	3	2
Average Current Age	52.9	51.9	55.2	54.8
Average Annual Benefit	\$48,530	\$47,499	\$62,877	\$81,204
<u>Disability Retirees</u>				
Number	3	3	3	2
Average Current Age	55.3	54.3	53.3	58.0
Average Annual Benefit	\$38,839	\$38,839	\$38,839	\$40,747
<u>Terminated Vested</u>				
Number	34	35	36	38
Average Current Age ¹	49.2	48.8	48.4	47.6
Average Annual Benefit ¹	\$37,713	\$30,742	\$34,418	\$35,272

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												0
25 - 29												0
30 - 34												0
35 - 39							3	5				8
40 - 44							4	8				12
45 - 49							2	6	1			9
50 - 54							1	2		3		6
55 - 59												0
60 - 64												0
65+												0
Total	0	0	0	0	0	0	10	21	1	3	0	35

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2021	37
b. Terminations	
i. Vested (partial or full) with deferred annuity	(1)
ii. Vested in refund of member contributions only	0
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	35
h. New entrants / Rehires	<u>0</u>
i. Total active life participants in valuation	35

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	28	2	2	3	14	21	70
Retired	4	(2)	0	0	(2)	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	0	0
Hired/Terminated in Same Year	0	0	0	0	0	0	0
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	32	1	2	3	13	21	72

SUMMARY OF CURRENT PLAN
(Through Ordinance 2018-17)

<u>Original Plan Effective Date</u>	November 5, 1974
<u>Latest Amendment</u>	April 24, 2018
<u>Eligibility</u>	Full-time employees who are classified as full-time Firefighters shall participate in the System as a condition of employment. Firefighters on or after May 10, 2016 shall participate in the Florida Retirement System. Members active on May 10, 2016 had the option of participating prospectively in the Florida Retirement System.
<u>Credited Service</u>	Total years and fractional parts of years of employment with the City as a firefighter.
<u>Salary</u>	W-2 Compensation plus tax deferred or tax sheltered items of income. Effective July 5, 2012 Salary includes up to 300 hours of overtime per fiscal year and only the dollar value of accrued sick and annual leave as of July 5, 2012 is included.
<u>Average Final Compensation</u>	Average Salary for the highest 5 years. Previously, there was a ten-year lookback period for determining this average.
<u>Member Contributions</u>	10.6% 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, as provided in Part VII of Florida Statutes, Chapter 112. In no event will the City's contribution be less than 18% of the total salary of plan Members.
<u>Normal Retirement</u>	
Date	Earlier of age 55 and 10 years of Credited Service or age 52 and 25 years of Credited Service.
Benefit	3.50% of Average Final Compensation <u>times</u> Credited Service (3.0% for those hired on and after October 12, 2012).
Form of Benefit	Ten Year Certain and Life Annuity (options available).
<u>Cost of Living Allowance</u>	Service retirees, vested terminated members, and their beneficiaries receive annual 3.0% benefit increases beginning at age 55 and ceasing at age 63.

Early Retirement

Eligibility Age 50 and 10 Years of Credited Service.

Benefit Accrued benefit, reduced according to the following schedule:

<u>Credited Service at time of Termination or Retirement</u>	<u>Percent per Year Reduction</u>
Less than 15 years	3%
At least 15, but less than 20 years	2%
20 or more years	1%

Vesting

Schedule 100% after 10 years of Credited Service.

Benefit Amount Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date.

Disability

Eligibility

Service Incurred Covered from Date of Employment.

Non-Service Incurred 10 years of Credited Service.

Exclusions Disability resulting from use of drugs, illegal participation in riots, service in military, etc.

Benefit Benefit accrued to date of disability. For Service Incurred, not less than 42% of Average Final Compensation.

Duration Payable as a 10 Year Certain and Life Annuity or until recovery (as determined by the Board; optional forms available).

Death Benefits

Pre-Retirement

Vested

Monthly accrued benefit payable to designated beneficiary for 10 years.

Non-Vested

Refund of accumulated contributions, without interest.

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 Department 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 (1) Age 55 with 10 years of Credited Service, or (2) Age 52 with 25 years of Credited Service).

Participation

Not to exceed 60 months.

Rate of Return

At the Member's election: (1) 1.0% annual rate, or (2) actual net rate of investment return (total return net of brokerage commissions, management fees, and transaction costs), credited each fiscal quarter. One change between the above options is allowed.

Form of Distribution

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

Supplemental Retirement Benefit

Initial Crediting

The Share Account of each active firefighter and retiree who was an employee and a member of the Plan between December 1, 2005 and September 30, 2012 shall receive one share for each month of credited service from date of hire through September 30, 2012.

Annual Crediting

For plan years beginning October 1, 2012 and later, premium tax revenues received by the City each year in excess of the \$250,000 applicable frozen amount shall be allocated to each Members share account.

Investment earnings

Effective December 31, 2013, and each December 31 thereafter, each share account shall be credited or debited with earnings or losses based upon the amount in the share account at the close of the immediately preceding plan year at a rate equal to the net of fees return for the Pension Plan for the preceding plan year.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2022

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Short Term Investments	634,433
Total Cash and Equivalents	634,433
Receivables:	
Member Contributions in Transit	17,843
City Contributions in Transit	198,221
Total Receivable	216,064
Investments:	
Mutual Funds:	
Fixed Income	16,596,816
Equity	29,395,470
Real Estate	7,530,517
Total Investments	53,522,803
Total Assets	54,373,300
<u>LIABILITIES</u>	
Payables:	
Investment Expenses	12,619
Administrative Expenses	5,117
Prior Refund Payable	1,337
Total Liabilities	19,073
NET POSITION RESTRICTED FOR PENSIONS	54,354,227

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

ADDITIONS

Contributions:

Member	428,610	
City	789,693	
State	340,753	
Fund Repayment to State for Overpayment ¹	(432,493)	
Total Contributions		1,126,563
 Investment Income:		
Net Increase in Fair Value of Investments	(11,215,611)	
Interest & Dividends	2,269,840	
Less Investment Expense ²	(128,142)	
Net Investment Income		(9,073,913)
Total Additions		(7,947,350)

DEDUCTIONS

Distributions to Members:

Benefit Payments	1,923,214	
Lump Sum DROP Distributions	725,826	
Lump Sum Share Distributions	369,459	
Refunds of Member Contributions	0	
Total Distributions		3,018,499
 Administrative Expense		 84,813
Total Deductions		3,103,312
Net Increase in Net Position		(11,050,662)

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		65,404,889
End of the Year		54,354,227

¹Due to revision of department payroll, as described by the State, for submission on Annual Reports.

²Investment 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 Department elected by the membership, and
- c. Fifth Member elected by other 4 and appointed by the City Commission.

Full-time employees who are classified as full-time Firefighters shall participate in the System as a condition of employment. Officers hired after July 1, 2016 shall participate in the Florida Retirement System. Members active on July 1, 2016 had the option of participating prospectively in the Florida Retirement System.

Plan Membership as of October 1, 2021:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	35
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	35
Active Plan Members	37
	107
	107

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 North Port Firefighters' Pension - Local Option Trust Fund prepared by Foster & Foster Actuaries and Consultants.

Contributions

Member Contributions: 10.6% of Salary.

City and State Contributions: Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Part VII of Florida Statutes, Chapter 112. In no event will the City's contribution be less than 18% of the total salary of plan Members.

Investment Policy:

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

Asset Class	Target Allocation
Domestic Equity	47.5%
International Equity	10.0%
Broad Market Fixed Income	22.5%
Global Fixed Income	5.0%
Real Estate	10.0%
GTAA	5.0%
Total	100.0%

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 -14.06 percent.

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

GASB 67

Deferred Retirement Option Program

Eligibility: Satisfaction of Normal Retirement requirements (earlier of (1) Age 55 with 10 years of Credited Service, or (2) Age 52 with 25 years of Credited Service).

Participation: Not to exceed 60 months.

Rate of Return: At the Member's election: (1) 1.0% annual rate, or (2) actual net rate of investment return (total return net of brokerage commissions, management fees, and transaction costs), credited each fiscal quarter. One change between the above options is allowed.

The DROP balance as September 30, 2022 is \$2,959.

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	\$ 67,368,778
Plan Fiduciary Net Position	<u>\$ (54,354,227)</u>
Sponsor's Net Pension Liability	<u>\$ 13,014,551</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	80.68%

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	6.75%
Investment Rate of Return	6.75%

Mortality Rate Healthy Active Lives:

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

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

Mortality Rate Beneficiary Lives:

Female: PubG.H-2010 for Healthy Retirees.

Male: PubG.H-2010 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.

The most recent actuarial experience study used to review the other significant assumptions was dated June 13, 2022.

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

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

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

GASB 67

Best estimates of arithmetic 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:

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return¹</u>
Domestic Equity	7.50%
International Equity	8.50%
Broad Market Fixed Income	2.50%
Global Fixed Income	3.50%
Real Estate	4.50%
GTAA	3.50%

¹ Source: AndCo Consulting

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 6.75 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
	5.75%	6.75%	7.75%
Sponsor's Net Pension Liability	\$22,302,214	\$ 13,014,551	\$ 5,397,758

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

	09/30/2022	09/30/2021
Total Pension Liability		
Service Cost	1,007,552	998,065
Interest	4,204,163	4,016,731
Share Plan Allocation	-	244,296
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	613,506	(18,990)
Changes of assumptions	4,000,894	-
Benefit Payments, including Refunds of Employee Contributions	(3,018,499)	(2,125,487)
Net Change in Total Pension Liability	6,807,616	3,114,615
Total Pension Liability - Beginning	60,561,162	57,446,547
Total Pension Liability - Ending (a)	<u>\$ 67,368,778</u>	<u>\$ 60,561,162</u>
Plan Fiduciary Net Position		
Contributions - Employer	789,693	709,952
Contributions - State	340,753	494,296
Contributions - Fund Repayment to State for Overpayment	(432,493)	-
Contributions - Employee	428,610	418,083
Net Investment Income	(9,073,913)	10,546,396
Benefit Payments, including Refunds of Employee Contributions	(3,018,499)	(2,125,487)
Administrative Expense	(84,813)	(73,156)
Net Change in Plan Fiduciary Net Position	(11,050,662)	9,970,084
Plan Fiduciary Net Position - Beginning	65,404,889	55,434,805
Plan Fiduciary Net Position - Ending (b)	<u>\$ 54,354,227</u>	<u>\$ 65,404,889</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 13,014,551</u>	<u>\$ (4,843,727)</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	80.68%	108.00%
Covered Payroll	\$ 4,043,488	\$ 3,944,177
Net Pension Liability as a percentage of Covered Payroll	321.86%	-122.81%

Notes to Schedule:*Changes of assumptions:*

For measurement date 09/30/2022, the Board approved the following assumption changes based on the June 13, 2022 actuarial experience study:

1. Investment Return - Reduced from 7.00% to 6.75%, net of investment related expenses.
2. Salary Increases - Reduced for members with less than 10 years of service and increased for members with 20 or more years of service.
3. Normal Retirement Rates – Reduced rates at ages 56 and 57.
4. Early Retirement Rates – Reduced to 0% for those with less than 15 years of service and a slight increase for those with 20 or more years of service.
5. Withdrawal Rates – Moved to a strict service-based table, and generally reduced rates for those with more than 10 years of service.

SCHEDULE OF CONTRIBUTIONS
Last 2 Fiscal Years

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contributions ¹	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of Covered Payroll
09/30/2022	\$ 1,020,404	\$ 1,039,693	\$ (19,289)	\$ 4,043,488	25.71%
09/30/2021	\$ 959,952	\$ 959,952	\$ -	\$ 3,944,177	24.34%

¹ Incl. Trust Fund Reimbursement

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 North Port Firefighters' Pension- Local Option 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	-14.06%
09/30/2021	19.22%

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 Department elected by the membership, and
- c. Fifth Member elected by other 4 and appointed by the City Commission.

Full-time employees who are classified as full-time Firefighters shall participate in the System as a condition of employment.

Officers hired after July 1, 2016 shall participate in the Florida Retirement System. Members active on July 1, 2016 had the option of participating prospectively in the Florida Retirement System.

Plan Membership as of October 1, 2021:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	35
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	35
Active Plan Members	37
	107

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 North Port Firefighters' Pension - Local Option Trust Fund prepared by Foster & Foster Actuaries and Consultants.

Contributions

Member Contributions: 10.6% of Salary.

City and State Contributions: Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Part VII of Florida Statutes, Chapter 112. In no event will the City's contribution be less than 18% of the total salary of plan Members.

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	6.75%
Investment Rate of Return	6.75%

Mortality Rate Healthy Active Lives:

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

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

Mortality Rate Beneficiary Lives:

Female: PubG.H-2010 for Healthy Retirees.

Male: PubG.H-2010 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.

The most recent actuarial experience study used to review the other significant assumptions was dated June 13, 2022.

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

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

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

Best estimates of arithmetic 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	47.5%	7.50%
International Equity	10.0%	8.50%
Broad Market Fixed Income	22.5%	2.50%
Global Fixed Income	5.0%	3.50%
Real Estate	10.0%	4.50%
GTAA	5.0%	3.50%
Total	100.0%	

¹ Source: AndCo Consulting

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 6.75 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	\$ 60,561,162	\$ 65,404,889	\$ (4,843,727)
Changes for a Year:			
Service Cost	1,007,552	-	1,007,552
Interest	4,204,163	-	4,204,163
Differences between Expected and Actual Experience	613,506	-	613,506
Changes of assumptions	4,000,894	-	4,000,894
Changes of benefit terms	-	-	-
Contributions - Employer	-	789,693	(789,693)
Contributions - State	-	340,753	(340,753)
Contributions - Fund Repayment to State for Overpayment	-	(432,493)	432,493
Contributions - Employee	-	428,610	(428,610)
Net Investment Income	-	(9,073,913)	9,073,913
Benefit Payments, including Refunds of Employee Contributions	(3,018,499)	(3,018,499)	-
Administrative Expense	-	(84,813)	84,813
Net Changes	6,807,616	(11,050,662)	17,858,278
Reporting Period Ending September 30, 2023	\$ 67,368,778	\$ 54,354,227	\$ 13,014,551

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

	Current		
	1% Decrease	Discount Rate	1% Increase
	5.75%	6.75%	7.75%
Sponsor's Net Pension Liability	\$ 22,302,214	\$ 13,014,551	\$ 5,397,758

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 \$1,128,248.

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	206,875	766,788
Changes of assumptions	1,003,625	-
Net difference between Projected and Actual Earnings on Pension Plan investments	-	5,321,255
Employer and State Contributions subsequent to the measurement date	697,953	-
Total	\$ 1,908,453	\$ 6,088,043

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer and State Contributions subsequent to the measurement date was 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	\$ (728,902)
2024	\$ (1,191,811)
2025	\$ (1,619,604)
2026	\$ (1,337,226)
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 \$3,884,607.

On September 30, 2023, 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	470,711	509,082
Changes of assumptions	2,973,694	-
Net difference between Projected and Actual Earnings on Pension Plan investments	6,858,758	-
Employer and State Contributions subsequent to the measurement date	TBD	-
Total	TBD	\$ 509,082

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	\$	3,062,936
2025	\$	2,635,143
2026	\$	1,379,388
2027	\$	2,716,614
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	<u>09/30/2022</u>	<u>09/30/2021</u>
Total Pension Liability		
Service Cost	1,007,552	998,065
Interest	4,204,163	4,016,731
Share Plan Allocation	-	244,296
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	613,506	(18,990)
Changes of assumptions	4,000,894	-
Benefit Payments, including Refunds of Employee Contributions	<u>(3,018,499)</u>	<u>(2,125,487)</u>
Net Change in Total Pension Liability	6,807,616	3,114,615
Total Pension Liability - Beginning	<u>60,561,162</u>	<u>57,446,547</u>
Total Pension Liability - Ending (a)	<u>\$ 67,368,778</u>	<u>\$ 60,561,162</u>
Plan Fiduciary Net Position		
Contributions - Employer	789,693	709,952
Contributions - State	340,753	494,296
Contributions - Fund Repayment to State for Overpayment	(432,493)	-
Contributions - Employee	428,610	418,083
Net Investment Income	(9,073,913)	10,546,396
Benefit Payments, including Refunds of Employee Contributions	(3,018,499)	(2,125,487)
Administrative Expense	<u>(84,813)</u>	<u>(73,156)</u>
Net Change in Plan Fiduciary Net Position	(11,050,662)	9,970,084
Plan Fiduciary Net Position - Beginning	<u>65,404,889</u>	<u>55,434,805</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 54,354,227</u>	<u>\$ 65,404,889</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 13,014,551</u>	<u>\$ (4,843,727)</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	80.68%	108.00%
Covered Payroll	\$ 4,043,488	\$ 3,944,177
Net Pension Liability as a percentage of Covered Payroll	321.86%	-122.81%

Notes to Schedule:*Changes of assumptions:*

For measurement date 09/30/2022, the Board approved the following assumption changes based on the June 13, 2022 actuarial experience study:

1. Investment Return - Reduced from 7.00% to 6.75%, net of investment related expenses.
2. Salary Increases - Reduced for members with less than 10 years of service and increased for members with 20 or more years of service.
3. Normal Retirement Rates – Reduced rates at ages 56 and 57.
4. Early Retirement Rates – Reduced to 0% for those with less than 15 years of service and a slight increase for those with 20 or more years of service.
5. Withdrawal Rates – Moved to a strict service-based table, and generally reduced rates for those with more than 10 years of service.

SCHEDULE OF CONTRIBUTIONS
Last 2 Fiscal Years

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contributions ¹	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of Covered Payroll
09/30/2022	\$ 1,020,404	\$ 1,039,693	\$ (19,289)	\$ 4,043,488	25.71%
09/30/2021	\$ 959,952	\$ 959,952	\$ -	\$ 3,944,177	24.34%

¹ Incl. Trust Fund Reimbursement

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 North Port Firefighters' Pension- Local Option 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	\$ 2,011,742	\$ 2,301,529	\$ 5,407,703	\$ -
Employer and State Contributions made after 09/30/2021	-	-	697,953	-
Total Pension Liability Factors:				
Service Cost	998,065	-	-	998,065
Interest	4,016,731	-	-	4,016,731
Share Plan Allocation	244,296	-	-	244,296
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(18,990)	18,990	-	-
Current year amortization of experience difference	-	(257,706)	(652,539)	394,833
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	(1,223,168)	1,223,168
Benefit Payments, including Refunds of Employee Contributions	(2,125,487)	-	-	-
Net change	<u>3,114,615</u>	<u>(238,716)</u>	<u>(1,177,754)</u>	<u>6,877,093</u>
Plan Fiduciary Net Position:				
Contributions - Employer	709,952	-	(709,952)	-
Contributions - State	494,296	-	(494,296)	-
Contributions - Employee	418,083	-	-	(418,083)
Projected Net Investment Income	3,860,265	-	-	(3,860,265)
Difference between projected and actual earnings on Pension Plan investments	6,686,131	6,686,131	-	-
Current year amortization	-	(1,916,069)	(372,416)	(1,543,653)
Benefit Payments, including Refunds of Employee Contributions	(2,125,487)	-	-	-
Administrative Expenses	(73,156)	-	-	73,156
Net change	<u>9,970,084</u>	<u>4,770,062</u>	<u>(1,576,664)</u>	<u>(5,748,845)</u>
Ending Balance	<u><u>\$ (4,843,727)</u></u>	<u><u>\$ 6,832,875</u></u>	<u><u>\$ 2,653,285</u></u>	<u><u>\$ 1,128,248</u></u>

PRELIMINARY COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2023

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ (4,843,727)	\$ 6,832,875	\$ 2,653,285	\$ -
Employer and State Contributions made after 09/30/2022	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	1,007,552	-	-	1,007,552
Interest	4,204,163	-	-	4,204,163
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	613,506	-	613,506	-
Current year amortization of experience difference	-	(257,706)	(349,670)	91,964
Change in assumptions about future economic or demographic factors or other inputs	4,000,894	-	4,000,894	-
Current year amortization of change in assumptions	-	-	(2,030,825)	2,030,825
Benefit Payments, including Refunds of Employee Contributions	(3,018,499)	-	-	-
Net change	<u>6,807,616</u>	<u>(257,706)</u>	<u>2,233,905</u>	<u>7,334,504</u>
Plan Fiduciary Net Position:				
Contributions - Employer	789,693	-	(789,693)	-
Contributions - State	340,753	-	(340,753)	-
Contributions - Fund Repayment to State for Overpayment	(432,493)	-	432,493	-
Contributions - Employee	428,610	-	-	(428,610)
Contributions - Buy Back	-	-	-	-
Projected Net Investment Income	4,509,156	-	-	(4,509,156)
Difference between projected and actual earnings on Pension Plan investments	(13,583,069)	-	13,583,069	-
Current year amortization	-	(1,685,973)	(3,089,029)	1,403,056
Benefit Payments, including Refunds of Employee Contributions	(3,018,499)	-	-	-
Administrative Expenses	(84,813)	-	-	84,813
Net change	<u>(11,050,662)</u>	<u>(1,685,973)</u>	<u>9,796,087</u>	<u>(3,449,897)</u>
Ending Balance	<u>\$ 13,014,551</u>	<u>\$ 4,889,196</u>	<u>TBD</u>	<u>\$ 3,884,607</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)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
2022	\$ 13,583,069	5	\$ -	\$ 2,716,613	\$ 2,716,614	\$ 2,716,614	\$ 2,716,614	\$ 2,716,614	\$ -	\$ -	\$ -	\$ -
2021	\$ (6,686,131)	5	\$ (1,337,227)	\$ (1,337,226)	\$ (1,337,226)	\$ (1,337,226)	\$ (1,337,226)	\$ -	\$ -	\$ -	\$ -	\$ -
2020	\$ (921,091)	5	\$ (184,218)	\$ (184,218)	\$ (184,218)	\$ (184,218)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2019	\$ 1,862,081	5	\$ 372,416	\$ 372,416	\$ 372,416	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	\$ (822,644)	5	\$ (164,529)	\$ (164,529)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ (1,150,474)	5	\$ (230,095)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ (1,543,653)	\$ 1,403,056	\$ 1,567,586	\$ 1,195,170	\$ 1,379,388	\$ 2,716,614	\$ -	\$ -	\$ -	\$ -

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	\$ 4,000,894	3	\$ -	\$ 1,333,632	\$ 1,333,631	\$ 1,333,631	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2020	\$ 1,631,930	3	\$ 543,977	\$ 543,977	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2019	\$ 1,577,924	3	\$ 525,975	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 1,378,943	9	\$ 153,216	\$ 153,216	\$ 153,216	\$ 153,216	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 1,223,168	\$ 2,030,825	\$ 1,486,847	\$ 1,486,847	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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	Recognition Period (Years)	<u>Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Differences between Expected and Actual Experience</u>										
			2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	
2022	\$ 613,506	3	\$ -	\$ 204,502	\$ 204,502	\$ 204,502	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2021	\$ (18,990)	3	\$ (6,330)	\$ (6,330)	\$ (6,330)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2020	\$ 250,384	3	\$ 83,461	\$ 83,461	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2019	\$ 864,392	3	\$ 288,131	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	\$ 876,960	4	\$ 219,240	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ (2,262,386)	9	\$ (251,376)	\$ (251,376)	\$ (251,376)	\$ (251,376)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ 555,367	9	\$ 61,707	\$ 61,707	\$ 61,707	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 394,833	\$ 91,964	\$ 8,503	\$ (46,874)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -