

CITY OF NORTH PORT
POLICE OFFICERS' PENSION - LOCAL OPTION TRUST FUND
ACTUARIAL VALUATION
AS OF OCTOBER 1, 2020
CONTRIBUTIONS APPLICABLE TO THE
PLAN/FISCAL YEAR ENDING SEPTEMBER 30, 2022
GASB 67/68 DISCLOSURE INFORMATION
AS OF SEPTEMBER 30, 2020



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

January 7, 2021

Board of Trustees
The Resource Center, LLC
4100 Center Pointe Drive, Ste. 108
Fort Myers, FL 33916

Re: City of North Port Police Officers' 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 Police Officers' 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 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 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.


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, 2019. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ending September 30, 2020 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 Police Officers' 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. Dozen, 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 Police Officers' Pension - Local Option Trust Fund, performed as of October 1, 2020, 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, 2022.

The contribution requirements, compared with those set forth in the October 1, 2019 actuarial valuation report, are as follows:

Valuation Date Applicable to Fiscal Year Ending	10/1/2020 <u>9/30/2022</u>	10/1/2019 <u>9/30/2021</u>
Minimum Required Contribution	\$2,238,929	\$2,452,712
Member Contributions (Est.)	472,266	501,697
City And State Required Contribution	1,766,663	1,951,015
State Contribution (Est.) ¹	280,000	280,000
City Required Contribution ²	\$1,486,663	\$1,671,015

¹ As per a Mutual Consent Agreement between the Membership and the City, all State Monies received each year up to \$280,000, if received, will be available to offset the City's required contribution.

² Please note that the City has access to a prepaid contribution of \$629,677.39 that is available to offset a portion of the above stated requirements for the fiscal year ending September 30, 2021.

As you can see, the Minimum Required Contribution shows a decrease when compared to the results determined in the October 1, 2019 actuarial valuation. The decrease is primarily attributable to net favorable plan experience described in the next paragraph. The decrease was partially offset by a change in assumptions combined with a consolidation of the Unfunded Actuarial Accrued Liability.

Plan experience was favorable overall on the basis of the plan's actuarial assumptions. Sources of actuarial gain included an average salary increase of 2.57% which fell short of the 6.61% assumption and an investment return of 8.77% (Actuarial Asset Basis) which exceeded the 7.45% assumption. These gains were offset in part by losses associated with unfavorable turnover and retirement experience.

CHANGES SINCE PRIOR VALUATION

Plan Changes

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

Actuarial Assumption/Method Changes

As mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2019 FRS valuation report for special risk employees.

In conjunction with this valuation of the Plan, the net-of-fees investment return assumption has been reduced to 7.35%.

In conjunction with this valuation of the Plan, the Unfunded Actuarial Accrued Liability (UAAL) has been consolidated into one base. All future components of the UAAL will be amortized as a level dollar over 15 years.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	New Asmp/Mthd <u>10/1/2020</u>	Old Asmp/Mthd <u>10/1/2020</u>	<u>10/1/2019</u>
A. Participant Data			
Actives	58	58	61
Service Retirees	34	34	33
DROP Retirees	1	1	0
Beneficiaries	4	4	4
Disability Retirees	11	11	11
Terminated Vested	<u>22</u>	<u>22</u>	<u>23</u>
Total	130	130	132
Total Annual Payroll	\$5,442,283	\$5,442,283	\$5,659,986
Payroll Under Assumed Ret. Age	5,341,529	5,341,529	5,659,986
Annual Rate of Payments to:			
Service Retirees	1,798,217	1,798,217	1,693,056
DROP Retirees	85,182	85,182	0
Beneficiaries	187,012	187,012	187,012
Disability Retirees	345,833	345,833	345,833
Terminated Vested	87,858	87,858	87,858
B. Assets			
Actuarial Value (AVA) ¹	50,498,450	50,498,450	45,952,844
Market Value (MVA) ¹	51,373,369	51,373,369	45,831,290
C. Liabilities			
Present Value of Benefits			
Actives			
Retirement Benefits	32,712,828	31,970,367	32,556,697
Disability Benefits	1,762,520	1,662,870	1,733,097
Death Benefits	289,382	457,676	486,101
Vested Benefits	1,881,414	1,819,057	1,899,452
Refund of Contributions	69,530	69,427	83,961
Service Retirees	21,200,599	21,128,854	19,605,163
DROP Retirees ¹	1,095,411	1,073,623	0
Beneficiaries	2,086,008	2,055,638	2,079,955
Disability Retirees	3,848,119	3,751,634	3,787,357
Terminated Vested	522,893	504,049	474,036
Share Plan Balances ¹	<u>935,995</u>	<u>935,995</u>	<u>665,533</u>
Total	66,404,699	65,429,190	63,371,352

C. Liabilities - (Continued)	New Asmp/Mthd <u>10/1/2020</u>	Old Asmp/Mthd <u>10/1/2020</u>	<u>10/1/2019</u>
Present Value of Future Salaries	45,392,528	45,062,164	48,345,982
Present Value of Future Member Contributions	3,631,402	3,604,973	3,867,679
Normal Cost (Retirement)	1,297,318	1,260,492	1,340,195
Normal Cost (Disability)	124,972	118,037	128,643
Normal Cost (Death)	25,927	39,540	43,346
Normal Cost (Vesting)	115,394	111,192	118,413
Normal Cost (Refunds)	21,537	21,528	20,054
Total Normal Cost	<u>1,585,148</u>	<u>1,550,789</u>	<u>1,650,651</u>
Present Value of Future Normal Costs	12,717,963	12,335,491	13,308,469
Accrued Liability (Retirement)	22,038,857	21,677,498	21,487,475
Accrued Liability (Disability)	769,094	734,112	724,587
Accrued Liability (Death)	78,991	152,448	152,849
Accrued Liability (Vesting)	1,103,063	1,072,138	1,077,470
Accrued Liability (Refunds)	7,706	7,710	8,458
Accrued Liability (Inactives) ¹	28,753,030	28,513,798	25,946,511
Share Plan Balances ¹	935,995	935,995	665,533
Total Actuarial Accrued Liability (EAN AL)	<u>53,686,736</u>	<u>53,093,699</u>	<u>50,062,883</u>
Unfunded Actuarial Accrued Liability (UAAL)	3,188,286	2,595,249	4,110,039
Funded Ratio (AVA / EAN AL)	94.1%	95.1%	91.8%

D. Actuarial Present Value of Accrued Benefits	New Asmp/Mthd <u>10/1/2020</u>	Old Asmp/Mthd <u>10/1/2020</u>	<u>10/1/2019</u>
Vested Accrued Benefits			
Inactives + Share Plan Balances ¹	29,689,025	29,449,793	26,612,044
Actives	11,534,312	11,354,237	11,486,965
Member Contributions	<u>3,914,620</u>	<u>3,914,620</u>	<u>3,857,781</u>
Total	45,137,957	44,718,650	41,956,790
Non-vested Accrued Benefits	<u>2,016,739</u>	<u>1,951,934</u>	<u>1,593,087</u>
Total Present Value			
Accrued Benefits (PVAB)	47,154,696	46,670,584	43,549,877
Funded Ratio (MVA / PVAB)	108.9%	110.1%	105.2%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	484,112	0	
Plan Experience	0	2,256,034	
Benefits Paid	0	(2,294,329)	
Interest	0	3,159,002	
Other	<u>0</u>	<u>0</u>	
Total	484,112	3,120,707	

	New Asmp/Mthd	Old Asmp/Mthd	
Valuation Date	10/1/2020	10/1/2020	10/1/2019
Applicable to Fiscal Year Ending	<u>9/30/2022</u>	<u>9/30/2022</u>	<u>9/30/2021</u>

E. Pension Cost

Normal Cost ²	\$1,751,867	\$1,714,721	\$1,828,906
Administrative Expenses ²	118,668	118,725	113,197
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 15 years (as of 10/1/2020) ²	368,394	292,097	510,609
Minimum Required Contribution	2,238,929	2,125,543	2,452,712
Expected Member Contributions ²	472,266	472,494	501,697
Expected City and State Contribution	1,766,663	1,653,049	1,951,015

F. Past Contributions

Plan Years Ending:	<u>9/30/2020</u>
City and State Requirement	2,223,746
Actual Contributions Made:	
City	1,943,746
State	<u>280,000</u>
Total	2,223,746

G. Net Actuarial (Gain)/Loss (892,106)

¹ The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2020 and 9/30/2019.

² Contributions developed as of 10/1/2020 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>
2020	3,188,286
2021	3,064,790
2022	2,932,217
2025	2,473,116
2029	1,687,355
2032	933,091
2035	0

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

	<u>Actual</u>	<u>Assumed</u>
Year Ended 9/30/2020	2.57%	6.61%
Year Ended 9/30/2019	2.87%	7.59%
Year Ended 9/30/2018	11.59%	7.61%
Year Ended 9/30/2017	7.65%	7.96%
Year Ended 9/30/2016	6.86%	8.37%

(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 9/30/2020	10.94%	8.77%	7.45%
Year Ended 9/30/2019	2.55%	7.89%	7.55%
Year Ended 9/30/2018	9.13%	7.05%	7.65%
Year Ended 9/30/2017	12.74%	6.80%	7.75%
Year Ended 9/30/2016	7.41%	6.99%	7.75%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2020	\$5,341,529
	10/1/2010	6,079,559
(b) Total Increase		-12.14%
(c) Number of Years		10.00
(d) Average Annual Rate		-1.29%

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
(Before Method and Assumption Changes)

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2019	\$4,110,039
(2)	Sponsor Normal Cost developed as of October 1, 2019	1,197,852
(3)	Expected administrative expenses for the year ended September 30, 2020	102,164
(4)	Expected interest on (1), (2) and (3)	399,243
(5)	Sponsor contributions to the System during the year ended September 30, 2020	2,223,746
(6)	Expected interest on (5)	98,197
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2020 (1)+(2)+(3)+(4)-(5)-(6)	3,487,355
(8)	Change to UAAL due to Actuarial (Gain)/Loss	(892,106)
(9)	Unfunded Actuarial Accrued Liability as of October 1, 2020	2,595,249

<u>Type of Base</u>	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2020 Amount</u>	<u>Amortization Amount</u>
	10/1/1997	7	51,964	9,115
	10/1/1999	9	94,405	13,745
	10/1/2000	10	82,737	11,192
Method Change	10/1/2004	14	862,885	94,319
Actuarial Loss	10/1/2004	8	650,951	103,231
Actuarial Loss	10/1/2005	8	518,532	82,232
Actuarial Gain	10/1/2006	8	(154,831)	(24,554)
Actuarial Loss	10/1/2007	8	576,532	91,429
Method Change	10/1/2008	8	40,441	6,413
Assum. Change	10/1/2010	10	127,947	17,308
Benefit Change	10/1/2010	20	128,616	11,697
Actuarial Loss	10/1/2011	1	119,055	119,055
Actuarial Loss	10/1/2012	2	105,266	54,523
Assum. Change	10/1/2012	12	(500,596)	(60,071)
Actuarial Gain	10/1/2013	3	(428,595)	(153,245)
Actuarial Gain	10/1/2014	4	(390,664)	(108,431)
Actuarial Gain	10/1/2015	5	(504,580)	(115,913)
Benefit Change	10/1/2015	25	2,810	234
Assum. Change	10/1/2016	16	562,235	57,053
Actuarial Loss	10/1/2016	6	309,377	61,247
Actuarial Gain	10/1/2017	7	(138,716)	(24,332)

Type of <u>Base</u>	Date <u>Established</u>	Years <u>Remaining</u>	10/1/2020 <u>Amount</u>	Amortization <u>Amount</u>
Assum. Change	10/1/2017	17	429,272	42,204
Actuarial Loss	10/1/2018	8	486,167	77,099
Assum. Change	10/1/2018	18	430,633	41,145
Actuarial Gain	10/1/2019	9	(461,429)	(67,180)
Assum. Change	10/1/2019	19	486,941	45,337
Actuarial Gain	10/1/2020	10	<u>(892,106)</u>	<u>(120,680)</u>
			2,595,249	264,172

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES
(After Method and Assumption Changes)

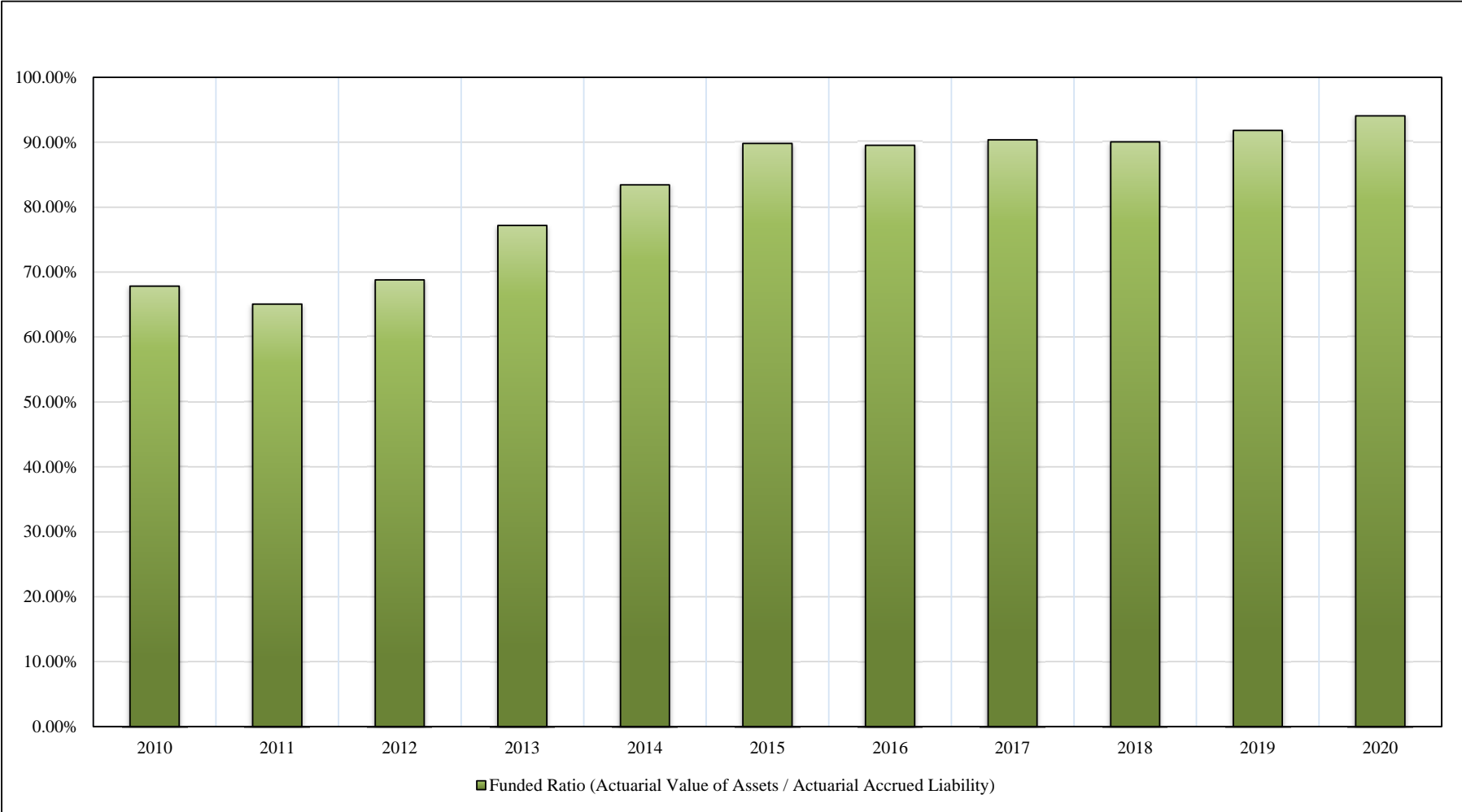
(1)	Unfunded Actuarial Accrued Liability as of October 1, 2019	\$4,110,039
(2)	Sponsor Normal Cost developed as of October 1, 2019	1,197,852
(3)	Expected administrative expenses for the year ended September 30, 2020	102,164
(4)	Expected interest on (1), (2) and (3)	399,243
(5)	Sponsor contributions to the System during the year ended September 30, 2020	2,223,746
(6)	Expected interest on (5)	98,197
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2020 (1)+(2)+(3)+(4)-(5)-(6)	3,487,355
(8)	Change to UAAL due to Assumption Change	593,037
(9)	Change to UAAL due to Actuarial (Gain)/Loss	(892,106)
(10)	Unfunded Actuarial Accrued Liability as of October 1, 2020	3,188,286

Type of <u>Base</u>	Date <u>Established</u>	Years <u>Remaining</u>	10/1/2020 <u>Amount</u>	Amortization <u>Amount</u>
Consolidation Base	10/1/2020	15	2,595,249	271,333
Assum. Change	10/1/2020	15	593,037	62,002
			3,188,286	333,335

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2019	\$4,110,039
(2) Expected UAAL as of October 1, 2020	3,487,355
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	(609,877)
Salary Increases	(796,254)
Active Decrements	435,687
Inactive Mortality	17,262
Other	<u>61,076</u>
Increase in UAAL due to (Gain)/Loss	(892,106)
Assumption Changes	<u>593,037</u>
(4) Actual UAAL as of October 1, 2020	\$3,188,286

HISTORY OF FUNDING PROGRESS



ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate

Healthy Active Lives:

Female: PubS.H-2010 for Employees, set forward one year. Prior year assumption: RP2000 Generational, 100% Combined Healthy White Collar, Scale BB.

Male: PubS.H-2010 for Employees, set forward one year. Prior year assumption: RP2000 Generational, 10% Combined Healthy White Collar / 90% Combined Healthy Blue Collar, Scale BB.

Healthy Retiree Lives:

Female: PubS.H-2010 for Healthy Retirees, set forward one year. Prior year assumption: RP2000 Generational, 100% Annuitant White Collar, Scale BB.

Male: PubS.H-2010 for Healthy Retirees, set forward one year. Prior year assumption: RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB.

Beneficiary Lives:

Female: PubG.H-2010 for Healthy Retirees. Prior year assumption: RP2000 Generational, 100% Annuitant White Collar, Scale BB.

Male: PubG.H-2010 for Healthy Retirees, set back one year. Prior year assumption: RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB.

Disabled Lives:

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

Prior year assumption (Female): 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale

Prior year assumption (Male): 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.

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, 2019 FRS valuation report for special risk employees.

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

Interest Rate

7.35% (prior year 7.45%) 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

<u>Salary Scale</u>	
<u>Service</u>	<u>Rate</u>
< 2	17.0%
2 - 10	8.5%
11 - 20	6.0%
20+	2.0%

The above rates were adopted in conjunction with the September 5, 2013 Experience Study.

Final Year Salary Load

Projected salary at retirement is increased 20% to account for non-regular compensation (no load for Members hired after January 1, 2012).

Payroll Growth

0.00% for purposes of amortizing the Unfunded Actuarial Accrued Liability. This assumption cannot exceed the ten-year average payroll growth, in compliance with Part VII of Chapter 112, Florida Statutes.

Administrative Expenses

\$107,375 annually, based on the average of actual expenses incurred in the prior two fiscal years.

Normal Retirement

The below rates were adopted in conjunction with the September 5, 2013 Experience Study.

<u>% Retiring During the Year</u>	
<u>Years Eligible for Normal Retirement</u>	<u>Rate</u>
0	66.7%
1	0.0%
2+	100.0%

Early Retirement

Commencing with attainment of Early Retirement Status (age 45 with 10 years of service), Members are assumed to retire with an immediate subsidized benefit at the rate of 10% per year.

Termination Rates

% Terminating During the Year	
Service	Rate
< 1	24.0%
1 - 4	6.0%
5 - 19	3.0%
20+	0.0%

The above rates were adopted in conjunction with the September 5, 2013 Experience Study.

Disability Rates

% 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%
59+	2.09%

75% of Disability Retirements are assumed to be service-incurred.

Marital Assumption

80% are assumed Married with husbands three years older than their wives.

Asset Smoothing Methodology

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

Funding Method

Entry Age Normal Actuarial Cost Method. The following loads are applied for determination of the Sponsor funding requirement:

Interest – A half year, based on the current 7.35% assumption.

Salary – A full year, based on the current 6.60% assumption.

Amortization Method

New UAAL amortization bases are amortized over 15 years.

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.
- 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 384.0% on October 1, 2010 to 109.4% on October 1, 2020, 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 53.6%. With a plan of this maturity, losses due to lower than expected investment returns or demographic factors may result in larger increases in contribution requirements than would be needed for a less mature plan. Please note Chapter 112, Florida Statutes, requires that the plan sponsor contributes the minimum required contribution; thus, there is minimal solvency risk to the plan.
- The Funded Ratio, determined as the ratio of the Actuarial Value of Assets to the Total Accrued Liability, has increased from 67.8% on October 1, 2010 to 94.1% on October 1, 2020, due to net favorable experience realized by the plan and contributions made during the period.
- 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 8.6% on October 1, 2010 to 1.0% on October 1, 2020. The current Net Cash Flow Ratio of 1.0% indicates that contributions are generally 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>10/1/2010</u>	<u>10/1/2015</u>	<u>10/1/2019</u>	<u>10/1/2020</u>
<u>Support Ratio</u>				
Total Actives	96	88	61	58
Total Inactives ¹	25	52	51	53
Actives / Inactives ¹	384.0%	169.2%	119.6%	109.4%

Asset Volatility Ratio

Market Value of Assets (MVA)	16,425,731	31,992,095	45,831,290	51,373,369
Total Annual Payroll	6,079,559	6,217,766	5,659,986	5,442,283
MVA / Total Annual Payroll	270.2%	514.5%	809.7%	944.0%

Accrued Liability (AL) Ratio

Inactive Accrued Liability	6,884,967	16,291,094	25,946,511	28,753,030
Total Accrued Liability (EAN)	25,885,339	36,657,450	50,062,883	53,686,736
Inactive AL / Total AL	26.6%	44.4%	51.8%	53.6%

Funded Ratio

Actuarial Value of Assets (AVA)	17,561,488	32,923,998	45,952,844	50,498,450
Total Accrued Liability (EAN)	25,885,339	36,657,450	50,062,883	53,686,736
AVA / Total Accrued Liability (EAN)	67.8%	89.8%	91.8%	94.1%

Net Cash Flow Ratio

Net Cash Flow ²	1,406,046	1,867,564	(1,868)	493,622
Market Value of Assets (MVA)	16,425,731	31,992,095	45,831,290	51,373,369
Ratio	8.6%	5.8%	0.0%	1.0%

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>
1998	48,260.66	_____ %
1999	51,574.48	6.9%
2000	51,511.40	-0.1%
2001	56,480.66	9.6%
2002	76,778.55	35.9%
2003	88,977.27	15.9%
2004	132,825.30	49.3%
2005	163,669.80	23.2%
2006	191,599.50	17.1%
2007	232,905.15	21.6%
2008	221,662.73	-4.8%
2009	275,946.30	24.5%
2010	278,182.12	0.8%
2011	257,676.16	-7.4%
2012	282,742.64	9.7%
2013	297,989.02	5.4%
2014	306,641.87	2.9%
2015	341,431.51	11.3%
2016	378,332.56	10.8%
2017	405,720.10	7.2%
2018	453,917.98	11.9%
2019	495,381.00	9.1%
2020	523,055.05	5.6%

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2020

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	1,399,776.31	1,399,776.31
Total Cash and Equivalents	1,399,776.31	1,399,776.31
Receivables:		
City Contributions in Transit	485,936.50	485,936.50
Investment Income	56,965.53	56,965.53
Total Receivable	542,902.03	542,902.03
Investments:		
U. S. Bonds and Bills	5,177,138.43	5,176,008.50
Federal Agency Guaranteed Securities	188,300.97	193,464.64
Corporate Bonds	3,303,308.33	3,427,108.04
Stocks	9,910,731.80	10,059,819.21
Mutual Funds:		
Fixed Income	4,237,647.67	4,145,687.92
Equity	15,188,852.74	22,992,039.16
Pooled/Common/Commingled Funds:		
Real Estate	3,500,000.00	4,101,949.34
Total Investments	41,505,979.94	50,096,076.81
Total Assets	43,448,658.28	52,038,755.15
 <u>LIABILITIES</u>		
Payables:		
Investment Expenses	34,108.02	34,108.02
Administrative Expenses	1,600.75	1,600.75
Prepaid City Contribution	629,677.39	629,677.39
Total Liabilities	665,386.16	665,386.16
NET POSITION RESTRICTED FOR PENSIONS	42,783,272.12	51,373,368.99

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2020
Market Value Basis

ADDITIONS

Contributions:			
Member		423,515.43	
City		1,943,746.00	
State		523,055.05	
Total Contributions			2,890,316.48
Investment Income:			
Net Realized Gain (Loss)	546,283.10		
Unrealized Gain (Loss)	3,535,068.07		
Net Increase in Fair Value of Investments		4,081,351.17	
Interest & Dividends		1,082,908.67	
Less Investment Expense ¹		(115,802.92)	
Net Investment Income			5,048,456.92
Total Additions			7,938,773.40

DEDUCTIONS

Distributions to Members:			
Benefit Payments		2,241,911.09	
Lump Sum DROP Distributions		0.00	
Lump Sum Share Distributions		43,047.61	
Refunds of Member Contributions		9,370.60	
Total Distributions			2,294,329.30
Administrative Expense			102,365.29
Total Deductions			2,396,694.59
Net Increase in Net Position			5,542,078.81
NET POSITION RESTRICTED FOR PENSIONS			
Beginning of the Year			45,831,290.18
End of the Year			51,373,368.99

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

ACTUARIAL ASSET VALUATION
SEPTEMBER 30, 2020

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	
09/30/2017	12.74%	
09/30/2018	9.13%	
09/30/2019	2.55%	
09/30/2020	10.94%	
Annualized Rate of Return for prior four (4) years:		8.77%
(A) 10/01/2019 Actuarial Assets:		\$45,952,843.73
(I) Net Investment Income:		
1. Interest and Dividends	1,082,908.67	
2. Realized Gain (Loss)	546,283.10	
3. Unrealized Gain (Loss)	3,535,068.07	
4. Change in Actuarial Value	(996,472.46)	
5. Investment Related Expenses	(115,802.92)	
Total		4,051,984.46
(B) 10/01/2020 Actuarial Assets:		\$50,498,450.08
Actuarial Asset Rate of Return = 2I/(A+B-I):		8.77%
10/01/2020 Limited Actuarial Assets:		\$50,498,450.08
10/01/2020 Market Value of Assets:		\$51,373,368.99
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)		\$609,876.79

¹Market Value Basis, net of investment related expenses.

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
 SEPTEMBER 30, 2020
 Actuarial Asset Basis

REVENUES

Contributions:		
Member	423,515.43	
City	1,943,746.00	
State	523,055.05	
Total Contributions		2,890,316.48
Earnings from Investments:		
Interest & Dividends	1,082,908.67	
Net Realized Gain (Loss)	546,283.10	
Unrealized Gain (Loss)	3,535,068.07	
Change in Actuarial Value	(996,472.46)	
Total Earnings and Investment Gains		4,167,787.38

EXPENDITURES

Distributions to Members:		
Benefit Payments	2,241,911.09	
Lump Sum DROP Distributions	0.00	
Lump Sum Share Distributions	43,047.61	
Refunds of Member Contributions	9,370.60	
Total Distributions		2,294,329.30
Expenses:		
Investment related ¹	115,802.92	
Administrative	102,365.29	
Total Expenses		218,168.21
Change in Net Assets for the Year		4,545,606.35
Net Assets Beginning of the Year		45,952,843.73
Net Assets End of the Year²		50,498,450.08

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, 2019 to September 30, 2020

Beginning of the Year Balance	0.00
Plus Additions	49,087.46
Investment Return Earned	1,034.36
Less Distributions	0.00
End of the Year Balance	50,121.82

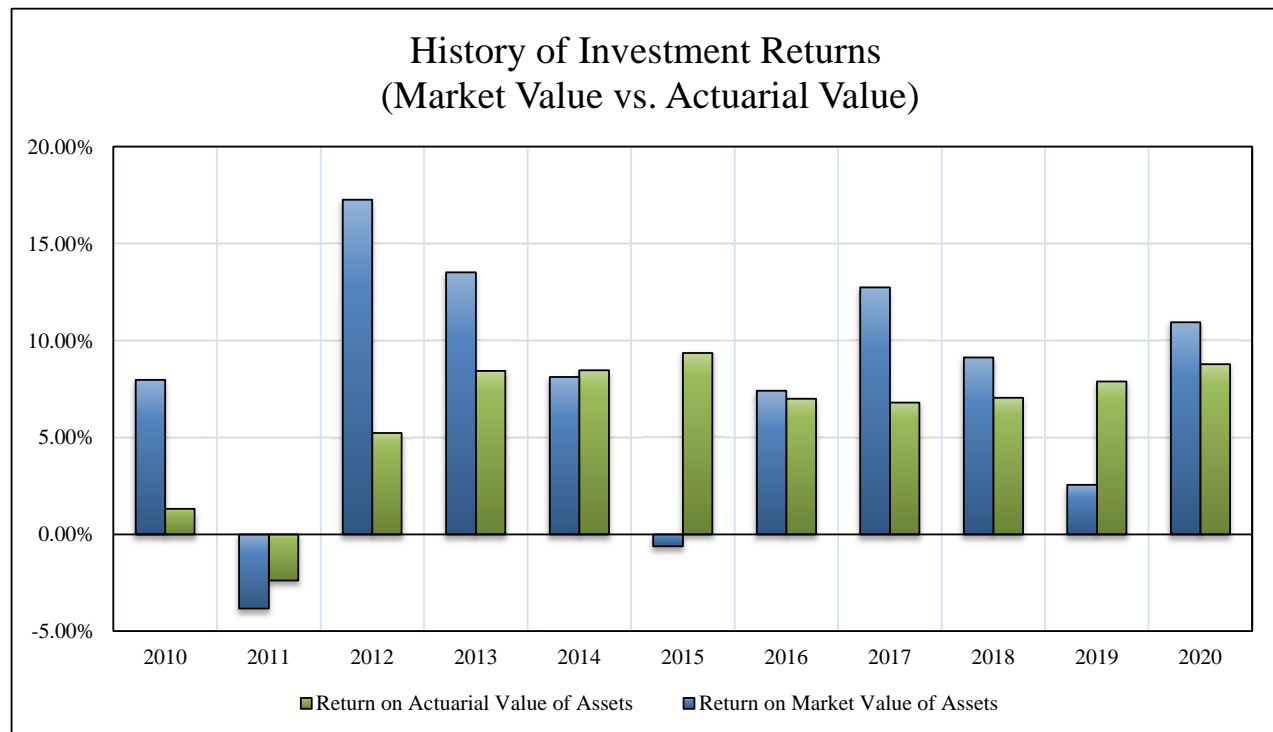
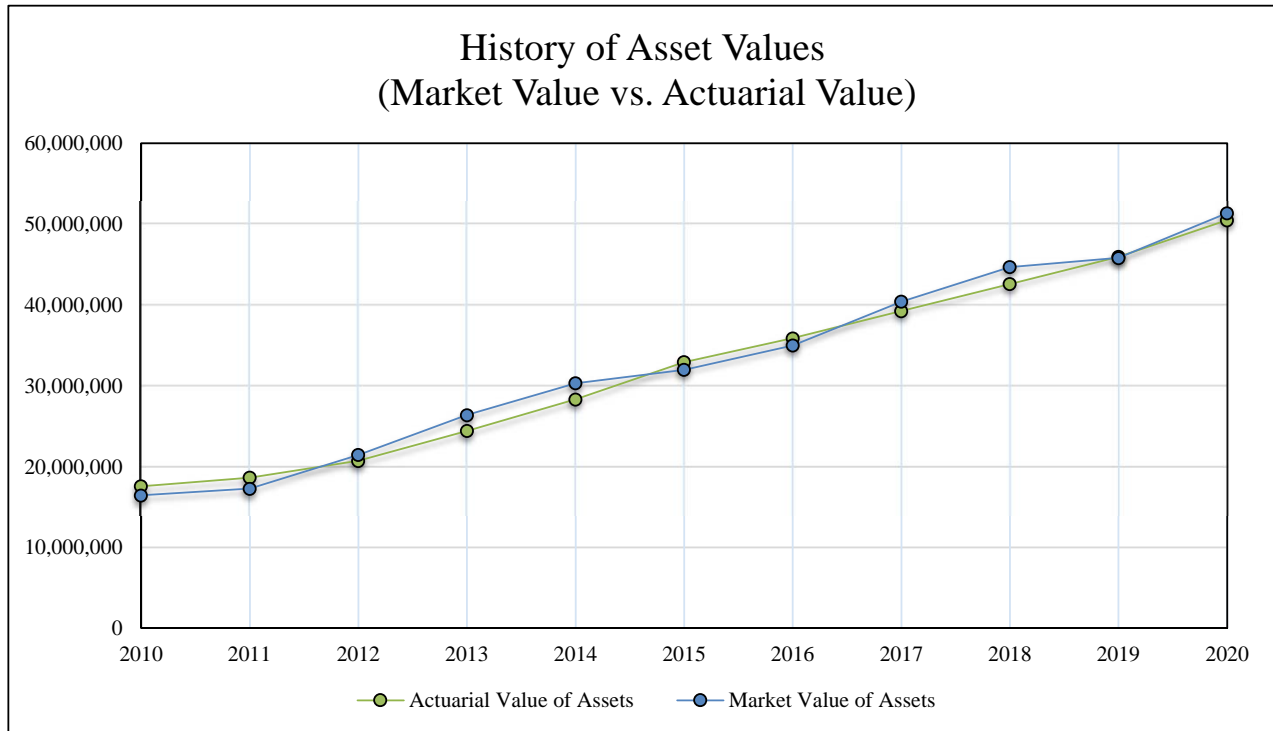
SUPPLEMENTAL CHAPTER 185 SHARE PLAN ACTIVITY
October 1, 2019 through September 30, 2020

9/30/2019 Balance	665,532.78
Prior Year Adjustment	0.00
Plus Additions	243,055.05
Investment Return Earned (est.)	70,455.00
Administrative Fees	0.00
Less Distributions	<u>(43,047.61)</u>
9/30/2020 Balance (est.)	935,995.22

RECONCILIATION OF CITY'S SHORTFALL/(PREPAID) CONTRIBUTION
FOR THE FISCAL YEAR ENDED (FYE) SEPTEMBER 30, 2020

(1) Required City and State Contributions	\$2,223,746.00
(2) Less Allowable State Contribution	<u>(280,000.00)</u>
(3) Required City Contribution for Fiscal 2020	1,943,746.00
(4) Less 2019 Prepaid Contribution	(629,677.39)
(5) Less Actual City Contributions	<u>(1,943,746.00)</u>
(6) Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2020	(\$629,677.39)

HISTORY OF ASSET VALUES AND INVESTMENT RETURNS



STATISTICAL DATA

	<u>10/1/2017</u>	<u>10/1/2018</u>	<u>10/1/2019</u>	<u>10/1/2020</u>
<u>Actives</u>				
Number	76	65	61	58
Average Current Age	39.0	39.7	40.3	40.8
Average Age at Employment	28.5	28.2	28.2	28.1
Average Past Service	10.5	11.5	12.1	12.7
Average Annual Salary	\$81,809	\$90,977	\$92,787	\$93,832
<u>Service Retirees</u>				
Number	24	29	33	34
Average Current Age	59.9	58.7	58.3	57.9
Average Annual Benefit	\$51,892	\$50,984	\$51,305	\$52,889
<u>DROP Retirees</u>				
Number	1	1	0	1
Average Current Age	59.4	60.4	N/A	50.5
Average Annual Benefit	\$82,852	\$82,852	N/A	\$85,182
<u>Beneficiaries</u>				
Number	3	3	4	4
Average Current Age	51.1	52.1	56.7	57.7
Average Annual Benefit	\$36,965	\$36,965	\$46,753	\$46,753
<u>Disability Retirees</u>				
Number	9	11	11	11
Average Current Age	58.4	57.4	58.4	59.4
Average Annual Benefit	\$29,840	\$31,439	\$31,439	\$31,439
<u>Terminated Vested</u>				
Number	25	25	23	22
Average Current Age ¹	44.7	40.4	39.9	40.9
Average Annual Benefit ²	\$36,457	\$37,846	\$29,286	\$29,286

¹ Effective 10/1/2018, the Average Current Age excludes participants awaiting a refund of contributions.

² The Average Annual Benefit excludes 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					2	1						3
30 - 34						7	2					9
35 - 39						7	10					17
40 - 44						2	5	2	1			10
45 - 49						1	5	5				11
50 - 54							1	4	1			6
55 - 59								1	1			2
60 - 64												0
65+												0
Total	0	0	0	0	2	18	23	12	3	0	0	58

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2019	61
b. Terminations	
i. Vested (partial or full) with deferred annuity	0
ii. Vested in refund of member contributions only	0
iii. Refund of member contributions or full lump sum distribution received	0
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	(2)
f. DROP	<u>(1)</u>
g. Continuing participants	58
h. New entrants	<u>0</u>
i. Total active life participants in valuation	58

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

	Service Retirees, Vested Receiving Benefits	DROP Benefits	Receiving Death Benefits	Receiving Disability Benefits	Vested (Deferred Annuity)	Vested (Due Refund)	<u>Total</u>
a. Number prior valuation	33	0	4	11	3	20	71
Retired	2	0	0	0	0	0	2
DROP	0	1	0	0	0	0	1
Vested (Deferred Annuity)	0	0	0	0	0	0	0
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	(1)	0	0	0	0	0	(1)
Disabled	0	0	0	0	0	0	0
Refund of Contributions	0	0	0	0	0	(1)	(1)
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	34	1	4	11	3	19	72

SUMMARY OF CURRENT PLAN
(Through Ordinance 2018-53)

<u>Original Plan Effective Date</u>	December 14, 1979
<u>Latest Amendment</u>	September 25, 2018
<u>Credited Service</u>	<p>a.) Total aggregate period of service, including military leave if reemployed by City within 1 year of discharge under honorable conditions.</p> <p>b.) Upon termination, prior Credited Service will be forfeited if refund of contributions elected, or if not reemployed within (5) years, and not vested at termination.</p> <p>The Plan is closed to Police Officers hired after December 31, 2015.</p>
<u>Average Final Compensation</u>	Average total W-2 earnings, plus tax deferred and tax exempt income, during the best 5 years of the last 10 years of service.
<u>Normal Retirement</u>	
Eligibility	The earlier of 1) age 55 and the completion of 10 Years of Service or 2) the completion of 25 Years of Service, regardless of age. For Members hired after May 27, 2014, there is an age 52 requirement, in addition to the completion of 25 years of Credited Service.
<u>Benefit Amount</u>	3.50% of Average Final Compensation for each year of Credited Service. For Member hired after May 27, 2014, the benefit accrual rate is 3.15% for each year of Credited Service.
Form of Benefit	Ten Year Certain and Life Annuity (options available).

Early Retirement

Eligibility	Age 45 and 10 Years of Service.
Benefit Amount	Accrued benefit, reduced by 3% per year for each year prior to the Normal Retirement Date if the Member has less than 15 years of service, 2% per year if the Member has at least 15 but less than 20 years of service or 1% per year of the Member has 20 or more years of service at the time of retirement. The Normal Retirement date is the earlier of 55 and 10 or when the Member would have reached 25 years of service. For Members hired after May 27, 2014, the reduction is a flat 3% per year for each year prior to the Normal Retirement Date (determined as if employment had continued).

Disability

Service Connected

Eligibility	a.) Years of Service: None b.) Total and permanent disability prior to Normal Retirement Date.
-------------	---

Benefit Amount	Greater of 1) 2% times Average Final Compensation times Credited Service, or 2) 60% of earnings in effect at time of disability (80% AFC minimum for intentional violence); 10 year certain and life annuity form of benefit (optional forms available).
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Non-Service Connected

Eligibility	a.) 10 Years of Service. b.) Total and permanent disability prior to Normal Retirement.
-------------	--

Benefit Amount	Same as Service Connected except minimum 50% of earnings.
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Supplemental Benefit

\$165 per month for all service retirees, disability retirees, vested terminated Members, and beneficiaries. The supplemental benefit is not payable for Members hired after May 27, 2014.

Pre-Retirement Death

Coverage from date of hire (service-incurred) or after 5 Years of Service (non-service). Benefit is 60% (Service incurred) or 50% (non-service) of compensation in effect at time of death payable to spouse for life (service incurred) or for life or until remarriage (non-service). If no spouse, children receive benefit in equal shares until age 18 (or age 23 if full-time student). Minimum benefit for vested Members is accrued benefit, less any benefits paid pursuant to other death benefit provisions.

Vesting (Termination)

Less than 10 years of Service

Refund of Member Contributions Contributing without interest.

10 years or more

Accrued benefit payable at age 45 or later, on reduced basis if to commence prior to age 55, or Refund of Member Contributions.

Contributions

Employee

8.0% of total compensation.

Premium Tax

0.85% tax on premiums for casualty insurance.

City

Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability as provided in Part VII of Chapter 112, Florida Statutes. In no event will City contributions be less than 18% of the Members' total pay.

Board of Trustees

a.) Two City residents appointed by the City Commission,

b.) Two Police Officers elected by a majority of Police Officers, and

c.) Fifth Member elected by the Board and appointed (as a ministerial duty) by the City Commission.

Deferred Retirement Option Plan

Eligibility	Satisfaction of Normal Retirement requirements (earlier of 1) Age 55 and 10 years of Credited Service, or 2) the completion of 25 years of Credited Service, regardless of age).
Participation	Not to exceed 36 months.
Rate of Return	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 (options available) at termination of employment.

Share Plan

Chapter 185 State Monies received by the City each year in excess of the \$280,000 applicable frozen amount shall be allocated to each Members share account.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2020

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Short Term Investments	1,399,776
Total Cash and Equivalents	1,399,776
Receivables:	
City Contributions in Transit	485,936
Investment Income	56,966
Total Receivable	542,902
Investments:	
U. S. Bonds and Bills	5,176,009
Federal Agency Guaranteed Securities	193,465
Corporate Bonds	3,427,108
Stocks	10,059,819
Mutual Funds:	
Fixed Income	4,145,688
Equity	22,992,039
Pooled/Common/Commingled Funds:	
Real Estate	4,101,949
Total Investments	50,096,077
Total Assets	52,038,755
<u>LIABILITIES</u>	
Payables:	
Investment Expenses	34,108
Administrative Expenses	1,601
Total Liabilities	35,709
NET POSITION RESTRICTED FOR PENSIONS	52,003,046

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2020
Market Value Basis

ADDITIONS

Contributions:

Member	423,515	
City	1,943,746	
State	523,055	
 Total Contributions		 2,890,316
 Investment Income:		
Net Increase in Fair Value of Investments	4,081,351	
Interest & Dividends	1,082,909	
Less Investment Expense ¹	(115,803)	
 Net Investment Income		 5,048,457
 Total Additions		 7,938,773

DEDUCTIONS

Distributions to Members:

Benefit Payments	2,241,911	
Lump Sum DROP Distributions	0	
Lump Sum Share Distributions	43,048	
Refunds of Member Contributions	9,371	
 Total Distributions		 2,294,330
 Administrative Expense		 102,365
 Total Deductions		 2,396,695
 Net Increase in Net Position		 5,542,078
 NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		46,460,968
 End of the Year		 52,003,046

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

NOTES TO THE FINANCIAL STATEMENTS
(For the Year Ended September 30, 2020)

Plan Administration

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

- a. Two City residents appointed by the City Commission,
- b. Two Police Officers elected by a majority of Police Officers, and
- c. Fifth Member elected by the Board and appointed (as a ministerial duty) by the City Commission.

Each person employed by the City Police Department as a full-time Police Officer before March 1, 2016 elected to continue to be a Member of the plan or to participate in the Florida Retirement System (FRS). All Police Officers hired on or after March 1, 2016 shall be compulsory members of the FRS and shall not be eligible for membership in this system. This system shall be closed to new members effective March 1, 2016. All remaining eligible Police Officers are therefore eligible for all plan benefits as provided for in the plan document and by applicable law.

Plan Membership as of October 1, 2019:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	48
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	23
Active Plan Members	61
	132
	132

Benefits Provided

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

A summary of the benefit provisions can be found in the October 1, 2019 Actuarial Valuation Report for the City of North Port Police Officers' Pension - Local Option Trust Fund prepared by Foster & Foster Actuaries and Consultants.

Contributions

Employee: 8.0% of total compensation.

Premium Tax: 0.85% tax on premiums for casualty insurance.

City: Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability as provided in Part VII of Chapter 112, Florida Statutes. In no event will City contributions be less than 18% of the Members' total pay.

Investment Policy:

The following was the Board's adopted asset allocation policy as of September 30, 2020:

Asset Class	Target Allocation
Domestic Equity	45.0%
International Equity	15.0%
Intermediate Fixed Income	20.0%
Global Bond	5.0%
Real Estate	10.0%
GTAA	5.00%
Total	100.00%

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.

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Rate of Return:

For the year ended September 30, 2020, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was 10.94 percent.

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

Deferred Retirement Option Program

Eligibility: Satisfaction of Normal Retirement requirements (earlier of (1) Age 55 and 10 years of Credited Service, or (2) the completion of 25 years of Credited Service, regardless of age).

Participation: Not to exceed 36 months.

Rate of Return: 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, 2020 is \$50,122.

NET PENSION LIABILITY OF THE SPONSOR

The components of the Net Pension Liability of the Sponsor on September 30, 2020 were as follows:

Total Pension Liability	\$ 53,389,183
Plan Fiduciary Net Position	\$ (52,003,046)
Sponsor's Net Pension Liability	\$ 1,386,137
Plan Fiduciary Net Position as a percentage of Total Pension Liability	97.40%

Actuarial Assumptions:

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2019 updated to September 30, 2020 using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	2.00% - 17.00%
Discount Rate	7.35%
Investment Rate of Return	7.35%

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 above 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, 2019 FRS valuation report for special risk employees.

The most recent actuarial experience study used to review the other significant assumptions was dated September 5, 2013.

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 2020 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, 2020 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%
Intermediate Fixed Income	2.50%
Global Bond	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 7.35 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
	<u>6.35%</u>	<u>7.35%</u>	<u>8.35%</u>
Sponsor's Net Pension Liability	\$ 7,871,732	\$ 1,386,137	\$ (4,017,083)

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

	<u>09/30/2020</u>	<u>09/30/2019</u>
Total Pension Liability		
Service Cost	1,680,272	1,707,877
Interest	3,764,787	3,518,999
Share Plan Allocation	243,055	215,381
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(607,594)	488,870
Changes of assumptions	602,053	565,173
Benefit Payments, including Refunds of Employee Contributions	<u>(2,294,330)</u>	<u>(2,793,476)</u>
Net Change in Total Pension Liability	3,388,243	3,702,824
Total Pension Liability - Beginning	<u>50,000,940</u>	<u>46,298,116</u>
Total Pension Liability - Ending (a)	<u><u>\$ 53,389,183</u></u>	<u><u>\$ 50,000,940</u></u>
Plan Fiduciary Net Position		
Contributions - Employer	1,943,746	1,969,588
Contributions - State	523,055	495,381
Contributions - Employee	423,515	439,024
Net Investment Income	5,048,457	1,147,535
Benefit Payments, including Refunds of Employee Contributions	(2,294,330)	(2,793,476)
Administrative Expense	<u>(102,365)</u>	<u>(112,385)</u>
Net Change in Plan Fiduciary Net Position	5,542,078	1,145,667
Plan Fiduciary Net Position - Beginning	<u>46,460,968</u>	<u>45,315,301</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 52,003,046</u></u>	<u><u>\$ 46,460,968</u></u>
Net Pension Liability - Ending (a) - (b)	<u><u>\$ 1,386,137</u></u>	<u><u>\$ 3,539,972</u></u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	97.40%	92.92%
Covered Payroll	\$ 5,301,467	\$ 5,293,941
Net Pension Liability as a percentage of Covered Payroll	26.15%	66.87%

Notes to Schedule:*Changes of assumptions:*

For measurement date 09/30/2020, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2019 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics.

Additionally, the investment return assumption has been reduced from 7.45% to 7.35% net of investment related expenses.

For measurement date 09/30/2019, amounts reported as changes of assumptions resulted from lowering the investment return assumption from 7.55% to 7.45% 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
09/30/2020	\$ 2,223,746	\$ 2,223,746	\$ -	\$ 5,301,467	41.95%
09/30/2019	\$ 2,249,588	\$ 2,249,588	\$ -	\$ 5,293,941	42.49%

Notes to Schedule

Valuation Date: 10/01/2018

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, 2018 Actuarial Valuation for the City of North Port Police Officers' 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
09/30/2020	10.94%
09/30/2019	2.55%

NOTES TO THE FINANCIAL STATEMENTS
(For the Year Ended September 30, 2021)

Plan Description

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

- a. Two City residents appointed by the City Commission,
- b. Two Police Officers elected by a majority of Police Officers, and
- c. Fifth Member elected by the Board and appointed (as a ministerial duty) by the City Commission.

Each person employed by the City Police Department as a full-time Police Officer before March 1, 2016 elected to continue to be a Member of the plan or to participate in the Florida Retirement System (FRS). All Police Officers hired on or after March 1, 2016 shall be compulsory members of the FRS and shall not be eligible for membership in this system. This system shall be closed to new members effective March 1, 2016. All remaining eligible Police Officers are therefore eligible for all plan benefits as provided for in the plan document and by applicable law.

Plan Membership as of October 1, 2019:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	48
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	23
Active Plan Members	61
	132

Benefits Provided

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

A summary of the benefit provisions can be found in the October 1, 2019 Actuarial Valuation Report for the City of North Port Police Officers' Pension - Local Option Trust Fund prepared by Foster & Foster Actuaries and Consultants.

Contributions

Employee: 8.0% of total compensation.

Premium Tax: 0.85% tax on premiums for casualty insurance.

City: Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability as provided in Part VII of Chapter 112, Florida Statutes. In no event will City contributions be less than 18% of the Members' total pay.

Net Pension Liability

The measurement date is September 30, 2020.

The measurement period for the pension expense was October 1, 2019 to September 30, 2020.

The reporting period is October 1, 2020 through September 30, 2021.

The Sponsor's Net Pension Liability was measured as of September 30, 2020.

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, 2019 updated to September 30, 2020 using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	2.00% - 17.00%
Discount Rate	7.35%
Investment Rate of Return	7.35%

Mortality Rate Healthy Active Lives:

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

Male: PubS.H-2010 (Above 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 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 above 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, 2019 FRS valuation report for special risk employees.

The most recent actuarial experience study used to review the other significant assumptions was dated September 5, 2013.

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 2020 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, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return ¹
Domestic Equity	45.0%	7.50%
International Equity	15.0%	8.50%
Intermediate Fixed Income	20.0%	2.50%
Global Bond	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 7.35 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, 2020	\$ 50,000,940	\$ 46,460,968	\$ 3,539,972
Changes for a Year:			
Service Cost	1,680,272	-	1,680,272
Interest	3,764,787	-	3,764,787
Share Plan Allocation	243,055	-	243,055
Differences between Expected and Actual Experience	(607,594)	-	(607,594)
Changes of assumptions	602,053	-	602,053
Changes of benefit terms	-	-	-
Contributions - Employer	-	1,943,746	(1,943,746)
Contributions - State	-	523,055	(523,055)
Contributions - Employee	-	423,515	(423,515)
Net Investment Income	-	5,048,457	(5,048,457)
Benefit Payments, including Refunds of Employee Contributions	(2,294,330)	(2,294,330)	-
Administrative Expense	-	(102,365)	102,365
Net Changes	3,388,243	5,542,078	(2,153,835)
Reporting Period Ending September 30, 2021	\$ 53,389,183	\$ 52,003,046	\$ 1,386,137

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

	Current Discount		
	1% Decrease	Rate	1% Increase
	6.35%	7.35%	8.35%
Sponsor's Net Pension Liability	\$ 7,871,732	\$ 1,386,137	\$ (4,017,083)

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, 2020**

For the year ended September 30, 2020, the Sponsor has recognized a Pension Expense of \$2,450,081.

On September 30, 2020, 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	627,217	952,066
Changes of assumptions	1,314,800	-
Net difference between Projected and Actual Earnings on Pension Plan investments	826,933	-
Employer and State contributions subsequent to the measurement date	2,466,801	-
Total	\$ 5,235,751	\$ 952,066

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, 2020.

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:			
2021	\$	233,220	
2022	\$	200,565	
2023	\$	717,550	
2024	\$	665,549	
2025	\$	-	
Thereafter	\$	-	

**PRELIMINARY PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND
DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS
FISCAL YEAR SEPTEMBER 30, 2021**

For the year ended September 30, 2021, the Sponsor will recognize a Pension Expense of \$1,805,328.

On September 30, 2021, 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	450,736	989,979
Changes of assumptions	1,322,282	-
Net difference between Projected and Actual Earnings on Pension Plan investments	-	458,517
Employer and State contributions subsequent to the measurement date	TBD	-
Total	TBD	\$ 1,448,496

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, 2021.

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:		
2022	\$	(114,567)
2023	\$	402,418
2024	\$	350,417
2025	\$	(313,746)
2026	\$	-
Thereafter	\$	-

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 2 Fiscal Years

Reporting Period Ending Measurement Date	09/30/2021 09/30/2020	09/30/2020 09/30/2019
Total Pension Liability		
Service Cost	1,680,272	1,707,877
Interest	3,764,787	3,518,999
Share Plan Allocation	243,055	215,381
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(607,594)	488,870
Changes of assumptions	602,053	565,173
Benefit Payments, including Refunds of Employee Contributions	(2,294,330)	(2,793,476)
Net Change in Total Pension Liability	3,388,243	3,702,824
Total Pension Liability - Beginning	50,000,940	46,298,116
Total Pension Liability - Ending (a)	<u>\$ 53,389,183</u>	<u>\$ 50,000,940</u>
Plan Fiduciary Net Position		
Contributions - Employer	1,943,746	1,969,588
Contributions - State	523,055	495,381
Contributions - Employee	423,515	439,024
Net Investment Income	5,048,457	1,147,535
Benefit Payments, including Refunds of Employee Contributions	(2,294,330)	(2,793,476)
Administrative Expense	(102,365)	(112,385)
Net Change in Plan Fiduciary Net Position	5,542,078	1,145,667
Plan Fiduciary Net Position - Beginning	46,460,968	45,315,301
Plan Fiduciary Net Position - Ending (b)	<u>\$ 52,003,046</u>	<u>\$ 46,460,968</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,386,137</u>	<u>\$ 3,539,972</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	97.40%	92.92%
Covered Payroll	\$ 5,301,467	\$ 5,293,941
Net Pension Liability as a percentage of Covered Payroll	26.15%	66.87%

Notes to Schedule:*Changes of assumptions:*

For measurement date 09/30/2020, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2019 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics.

Additionally, the investment return assumption has been reduced from 7.45% to 7.35% net of investment related expenses.

For measurement date 09/30/2019, amounts reported as changes of assumptions resulted from lowering the investment return assumption from 7.55% to 7.45% 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
09/30/2020	\$ 2,223,746	\$ 2,223,746	\$ -	\$ 5,301,467	41.95%
09/30/2019	\$ 2,249,588	\$ 2,249,588	\$ -	\$ 5,293,941	42.49%

Notes to Schedule

Valuation Date: 10/01/2018

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, 2018 Actuarial Valuation for the City of North Port Police Officers' 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.

COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2020

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 982,815	\$ 2,851,461	\$ 4,561,269	\$ -
Employer and State Contributions made after 09/30/2019	-	-	2,466,801	-
Total Pension Liability Factors:				
Service Cost	1,707,877	-	-	1,707,877
Interest	3,518,999	-	-	3,518,999
Share Plan Allocation	215,381	-	-	215,381
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	488,870	-	488,870	-
Current year amortization of experience difference	-	(417,784)	(176,481)	(241,303)
Change in assumptions about future economic or demographic factors or other inputs	565,173	-	565,173	-
Current year amortization of change in assumptions	-	-	(444,055)	444,055
Benefit Payments, including Refunds of Employee Contributions	(2,793,476)	-	-	-
Net change	<u>3,702,824</u>	<u>(417,784)</u>	<u>2,900,308</u>	<u>5,645,009</u>
Plan Fiduciary Net Position:				
Contributions - Employer	1,969,588	-	(1,969,588)	-
Contributions - State	495,381	-	(495,381)	-
Contributions - Employee	439,024	-	-	(439,024)
Projected Net Investment Income	3,421,235	-	-	(3,421,235)
Difference between projected and actual earnings on Pension Plan investments	(2,273,700)	-	2,273,700	-
Current year amortization	-	(456,929)	(1,009,875)	552,946
Benefit Payments, including Refunds of Employee Contributions	(2,793,476)	-	-	-
Administrative Expenses	(112,385)	-	-	112,385
Net change	<u>1,145,667</u>	<u>(456,929)</u>	<u>(1,201,144)</u>	<u>(3,194,928)</u>
Ending Balance	<u>\$ 3,539,972</u>	<u>\$ 1,976,748</u>	<u>\$ 6,260,433</u>	<u>\$ 2,450,081</u>

PRELIMINARY COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2021

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 3,539,972	\$ 1,976,748	\$ 6,260,433	\$ -
Employer and State Contributions made after 09/30/2020	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	1,680,272	-	-	1,680,272
Interest	3,764,787	-	-	3,764,787
Share Plan Allocation	243,055	-	-	243,055
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(607,594)	607,594	-	-
Current year amortization of experience difference	-	(569,681)	(176,481)	(393,200)
Change in assumptions about future economic or demographic factors or other inputs	602,053	-	602,053	-
Current year amortization of change in assumptions	-	-	(594,571)	594,571
Benefit Payments, including Refunds of Employee Contributions	(2,294,330)	-	-	-
Net change	<u>3,388,243</u>	<u>37,913</u>	<u>(168,999)</u>	<u>5,889,485</u>
Plan Fiduciary Net Position:				
Contributions - Employer	1,943,746	-	(1,943,746)	-
Contributions - State	523,055	-	(523,055)	-
Contributions - Employee	423,515	-	-	(423,515)
Projected Net Investment Income	3,479,729	-	-	(3,479,729)
Difference between projected and actual earnings on Pension Plan investments	1,568,728	1,568,728	-	-
Current year amortization	-	(770,673)	(487,395)	(283,278)
Benefit Payments, including Refunds of Employee Contributions	(2,294,330)	-	-	-
Administrative Expenses	(102,365)	-	-	102,365
Net change	<u>5,542,078</u>	<u>798,055</u>	<u>(2,954,196)</u>	<u>(4,084,157)</u>
Ending Balance	<u>\$ 1,386,137</u>	<u>\$ 2,812,716</u>	<u>TBD</u>	<u>\$ 1,805,328</u>

* Employer and State Contributions subsequent to the measurement date made after September 30, 2020 but made on or before September 30, 2021 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)	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
2020	\$ (1,568,728)	5	\$ -	\$ (313,744)	\$ (313,746)	\$ (313,746)	\$ (313,746)	\$ (313,746)	\$ -	\$ -	\$ -	\$ -	\$ -
2019	\$ 2,273,700	5	\$ 454,740	\$ 454,740	\$ 454,740	\$ 454,740	\$ 454,740	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	\$ (554,122)	5	\$ (110,824)	\$ (110,824)	\$ (110,824)	\$ (110,824)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ (1,730,524)	5	\$ (346,105)	\$ (346,105)	\$ (346,105)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 163,274	5	\$ 32,655	\$ 32,655	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ 2,612,399	5	\$ 522,480	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 552,946	\$ (283,278)	\$ (315,935)	\$ 30,170	\$ 140,994	\$ (313,746)	\$ -	\$ -	\$ -	\$ -	\$ -

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)	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
2020	\$ 602,053	4	\$ -	\$ 150,514	\$ 150,513	\$ 150,513	\$ 150,513	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2019	\$ 565,173	5	\$ 113,033	\$ 113,035	\$ 113,035	\$ 113,035	\$ 113,035	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	\$ 528,699	5	\$ 105,740	\$ 105,740	\$ 105,740	\$ 105,740	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ 569,256	6	\$ 94,876	\$ 94,876	\$ 94,876	\$ 94,876	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 782,433	6	\$ 130,406	\$ 130,406	\$ 130,406	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 444,055	\$ 594,571	\$ 594,570	\$ 464,164	\$ 263,548	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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)	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
2020	\$ (607,594)	4	\$ -	\$ (151,897)	\$ (151,899)	\$ (151,899)	\$ (151,899)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2019	\$ 488,870	5	\$ 97,774	\$ 97,774	\$ 97,774	\$ 97,774	\$ 97,774	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	\$ (582,492)	5	\$ (116,498)	\$ (116,498)	\$ (116,498)	\$ (116,498)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ 472,241	6	\$ 78,707	\$ 78,707	\$ 78,707	\$ 78,707	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ (860,314)	6	\$ (143,386)	\$ (143,386)	\$ (143,386)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ (1,105,298)	7	\$ (157,900)	\$ (157,900)	\$ (157,900)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ (241,303)	\$ (393,200)	\$ (393,202)	\$ (91,916)	\$ (54,125)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -