

CITY OF SEBASTIAN
POLICE OFFICERS' RETIREMENT SYSTEM
ACTUARIAL VALUATION
AS OF OCTOBER 1, 2021
CONTRIBUTIONS APPLICABLE TO THE
PLAN/FISCAL YEAR ENDING SEPTEMBER 30, 2023
GASB 67/68 DISCLOSURE INFORMATION
AS OF SEPTEMBER 30, 2021



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

January 5, 2022

Mr. Ken Killgore, Administrative Service Director
City of Sebastian

Re: City of Sebastian Police Officers' Retirement System

Dear Mr. Killgore:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Sebastian Police Officers' Retirement System. Included are the related results for GASB Statements No. 67 and No. 68. The funding valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year. The calculation of the liability for GASB results was performed for the purpose of satisfying the requirements of GASB Statements No. 67 and No. 68. Use of the results for other purposes may not be applicable and may produce significantly different results.

The valuations have been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflect laws and regulations issued to date pursuant to the provisions of 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 Sebastian, financial reports prepared by the custodian bank, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

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

The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on an actuarial valuation performed as of October 1, 2020. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ending September 30, 2021 using generally accepted actuarial principles. It is our opinion that the assumptions used for this purpose are internally consistent, reasonable, and comply with the requirements under GASB No. 67 and No. 68.

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

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Sebastian, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Police Officers' Retirement System. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

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

Respectfully submitted,

Foster & Foster, Inc.

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

By: 
Steven M. Sutherland II, ASA

DHL/lke

Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Sebastian Police Officers' Retirement System, performed as of October 1, 2021, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ending September 30, 2023.

The contribution requirements, compared with those set forth in the October 1, 2020 actuarial valuation report, are as follows:

Valuation Date Applicable to Fiscal Year Ending	10/1/2021 <u>9/30/2023</u>	10/1/2020 <u>9/30/2022</u>
Minimum Required Contribution % of Projected Annual Payroll	38.6%	40.8%
Member Contributions (Est.) % of Projected Annual Payroll	8.0%	8.0%
City And State Required Contribution % of Projected Annual Payroll	30.6%	32.8%
State Contribution (Est.) ¹ % of Projected Annual Payroll	\$206,017 7.7%	\$206,017 7.7%
City Required Contribution ² % of Projected Annual Payroll	22.9%	25.1%

¹ Represents the amount received in calendar 2021. As per a Mutual Consent Agreement between the Membership and the City, all State Monies received each year will be available to offset the City's required contribution.

² The required contribution from the combination of City and State sources for the year ending September 30, 2023, is 30.6% of the actual payroll realized in that year. As a budgeting tool, the City may contribute 22.9% of each Member's Salary and then make a one-time adjustment to account for the actual State Monies received.

As you can see, the Minimum Required Contribution shows a decrease when compared to the results determined in the October 1, 2020 actuarial valuation report. The decrease is largely attributable to favorable plan experience on the basis of the plan's actuarial assumptions and was offset in part by a change in assumption. Sources of actuarial gain included inactive mortality experience and an investment return of 9.57% (Actuarial Asset Basis) which exceeded the 7.20% assumption. These gains were offset in part by a loss associated with an average salary increase of 6.35% which exceeded the 4.97% assumption.

CHANGES SINCE PRIOR VALUATION

Plan Changes

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

Actuarial Assumption/Method Changes

The interest rate was decreased from 7.20% to 7.10%. There have been no other assumption or method changes since the prior valuation.

CONTRIBUTION IMPACT OF ANNUAL CHANGES

(1)	Contribution Determined as of October 1, 2020	24.7%
(2)	Summary of Contribution Impact by component:	
	Change in State Contribution Percentage	0.4%
	Change in Normal Cost Rate	-0.3%
	Change in Administrative Expense Percentage	-0.3%
	Payroll Change Effect on UAAL Amortization	-0.5%
	Investment Return (Actuarial Asset Basis)	-1.5%
	Salary Increases	0.7%
	Active Decrements	0.0%
	Inactive Mortality	-1.3%
	UAAL Amortization Impact from Contribution Policy	-0.3%
	Assumption Change	1.4%
	Other	<u>-0.1%</u>
	Total Change in Contribution	-1.8%
(3)	Contribution Determined as of October 1, 2021	22.9%

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	New Assump <u>10/1/2021</u>	Old Assump <u>10/1/2021</u>	<u>10/1/2020</u>
A. Participant Data			
Actives	39	39	40
Service Retirees	13	13	13
DROP Retirees	2	2	1
Beneficiaries	2	2	0
Disability Retirees	4	4	4
Terminated Vested	<u>11</u>	<u>11</u>	<u>10</u>
Total	71	71	68
Total Annual Payroll	\$2,787,073	\$2,787,073	\$2,774,482
Payroll Under Assumed Ret. Age	2,684,280	2,684,280	2,562,563
Annual Rate of Payments to:			
Service Retirees	661,347	661,347	676,279
DROP Retirees	215,833	215,833	126,579
Beneficiaries	104,498	104,498	0
Disability Retirees	78,179	78,179	78,179
Terminated Vested	67,030	67,030	157,675
B. Assets			
Actuarial Value (AVA) ¹	19,689,863	19,689,863	17,732,894
Market Value (MVA) ¹	21,543,215	21,543,215	17,177,800
C. Liabilities			
Present Value of Benefits			
Actives			
Retirement Benefits	13,474,114	13,226,268	13,016,649
Disability Benefits	1,045,971	1,029,816	991,299
Death Benefits	58,699	57,864	55,851
Vested Benefits	248,455	242,811	268,173
Refund of Contributions	97,140	96,862	103,946
Service Retirees	7,351,674	7,286,142	7,483,725
DROP Retirees ¹	3,025,101	3,000,202	1,712,454
Beneficiaries	777,994	774,470	0
Disability Retirees	770,056	763,890	773,317
Terminated Vested	659,049	651,654	1,612,554
Share Plan Balances ¹	<u>0</u>	<u>0</u>	<u>0</u>
Total	27,508,253	27,129,979	26,017,968

C. Liabilities - (Continued)	New Assump <u>10/1/2021</u>	Old Assump <u>10/1/2021</u>	<u>10/1/2020</u>
Present Value of Future Salaries	21,865,192	21,745,157	21,788,786
Present Value of Future Member Contributions	1,749,215	1,739,613	1,743,103
Normal Cost (Retirement)	449,787	439,269	418,336
Normal Cost (Disability)	80,487	79,431	76,822
Normal Cost (Death)	2,858	2,812	2,723
Normal Cost (Vesting)	17,911	17,492	20,920
Normal Cost (Refunds)	18,310	18,299	19,255
Total Normal Cost	<u>569,353</u>	<u>557,303</u>	<u>538,056</u>
Present Value of Future Normal Costs	4,412,140	4,290,220	4,323,739
Accrued Liability (Retirement)	9,874,837	9,733,827	9,515,380
Accrued Liability (Disability)	464,864	459,741	413,096
Accrued Liability (Death)	36,304	35,978	33,784
Accrued Liability (Vesting)	128,756	126,376	138,962
Accrued Liability (Refunds)	7,478	7,479	10,957
Accrued Liability (Inactives) ¹	12,583,874	12,476,358	11,582,050
Share Plan Balances ¹	0	0	0
Total Actuarial Accrued Liability (EAN AL)	<u>23,096,113</u>	<u>22,839,759</u>	<u>21,694,229</u>
Unfunded Actuarial Accrued Liability (UAAL)	3,406,250	3,149,896	3,961,335
Funded Ratio (AVA / EAN AL)	85.3%	86.2%	81.7%

D. Actuarial Present Value of Accrued Benefits	New Assump <u>10/1/2021</u>	Old Assump <u>10/1/2021</u>	<u>10/1/2020</u>
Vested Accrued Benefits			
Inactives + Share Plan Balances ¹	12,583,874	12,476,358	11,582,050
Actives	5,002,309	4,910,410	5,109,473
Member Contributions	<u>1,620,576</u>	<u>1,620,576</u>	<u>1,557,376</u>
Total	19,206,759	19,007,344	18,248,899
 Non-vested Accrued Benefits	 <u>849,519</u>	 <u>832,295</u>	 <u>790,615</u>
Total Present Value Accrued Benefits (PVAB)	20,056,278	19,839,639	19,039,514
 Funded Ratio (MVA / PVAB)	 107.4%	 108.6%	 90.2%
 Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	216,639	0	
Plan Experience	0	252,146	
Benefits Paid	0	(794,272)	
Interest	0	1,342,251	
Other	<u>0</u>	<u>0</u>	
Total	216,639	800,125	

	New Assump	Old Assump	
Valuation Date	10/1/2021	10/1/2021	10/1/2020
Applicable to Fiscal Year Ending	<u>9/30/2023</u>	<u>9/30/2023</u>	<u>9/30/2022</u>

E. Pension Cost

Normal Cost (with interest)			
% of Total Annual Payroll ²	22.0	21.5	21.8
Administrative Expenses (with interest)			
% of Total Annual Payroll ²	2.7	2.7	3.0
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 25 years (as of 10/1/2021, with interest)			
% of Total Annual Payroll ²	13.9	13.0	16.0
Minimum Required Contribution			
% of Total Annual Payroll ²	38.6	37.2	40.8
Expected Member Contributions			
% of Total Annual Payroll ²	8.0	8.0	8.0
Expected City and State Contribution			
% of Total Annual Payroll ²	30.6	29.2	32.8

F. Past Contributions

Plan Years Ending:	<u>9/30/2021</u>
Total Required Contribution	1,055,480
City and State Requirement	835,014
Actual Contributions Made:	
Members (excluding buyback)	220,466
City	686,778
State	<u>206,017</u>
Total	1,113,261

G. Net Actuarial (Gain)/Loss (612,686)

¹ The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2021 and 9/30/2020.

² Contributions developed as of 10/1/2021 are expressed as a percentage of total annual payroll at 10/1/2021 of \$2,684,280.

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

<u>Year</u>	<u>Projected Unfunded Actuarial Accrued Liability</u>
2021	3,406,250
2022	3,262,801
2023	3,103,349
2029	1,939,373
2035	627,710
2040	303,541
2046	0

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

	<u>Actual</u>	<u>Assumed</u>
Year Ended 9/30/2021	6.35%	4.97%
Year Ended 9/30/2020	2.64%	5.15%
Year Ended 9/30/2019	6.84%	7.13%
Year Ended 9/30/2018	3.09%	6.97%
Year Ended 9/30/2017	7.22%	6.19%

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

	<u>Market Value</u>	<u>Actuarial Value</u>	<u>Assumed</u>
Year Ended 9/30/2021	23.63%	9.57%	7.20%
Year Ended 9/30/2020	6.04%	6.09%	7.20%
Year Ended 9/30/2019	1.79%	7.10%	7.30%
Year Ended 9/30/2018	7.35%	6.89%	7.30%
Year Ended 9/30/2017	10.90%	6.72%	7.45%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2021	\$2,684,280
	10/1/2012	1,893,717
(b) Total Increase		41.75%
(c) Number of Years		9.00
(d) Average Annual Rate		3.95%

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

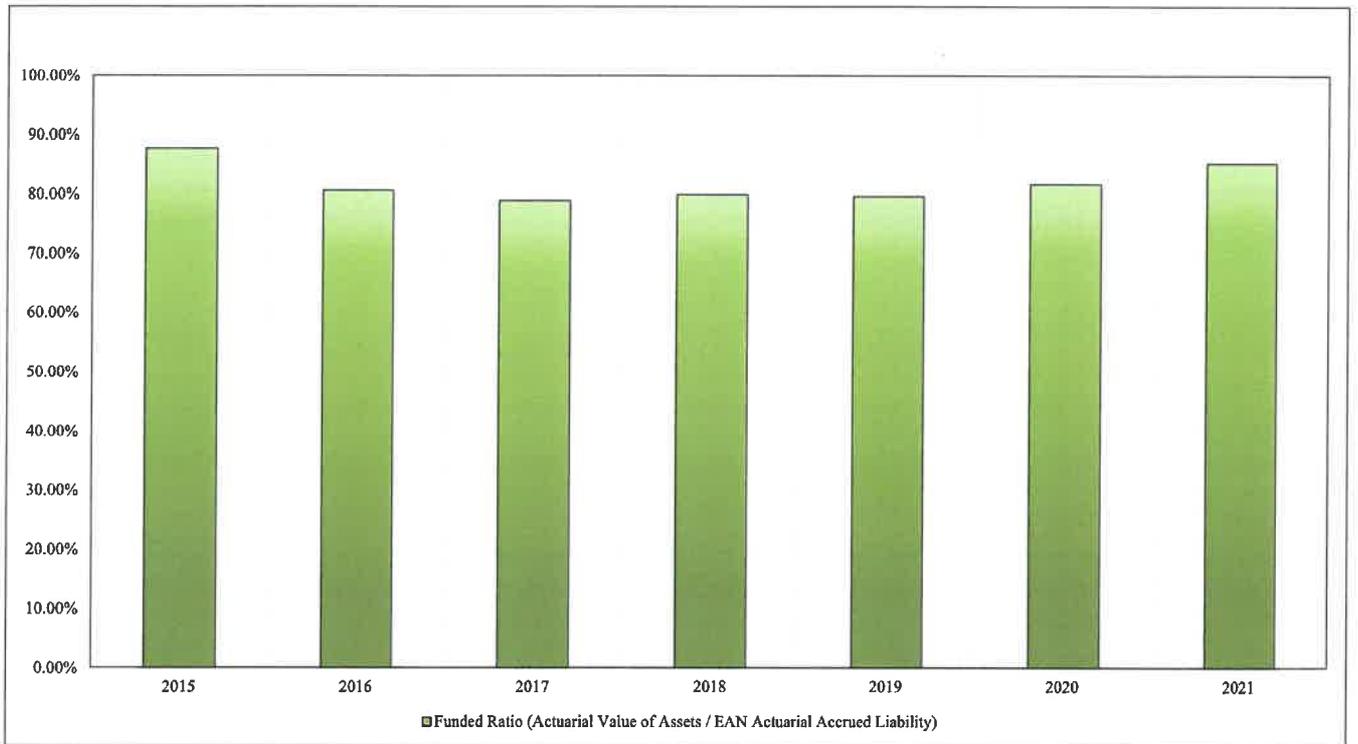
(1) Unfunded Actuarial Accrued Liability as of October 1, 2020	\$3,961,335
(2) Sponsor Normal Cost developed as of October 1, 2020	333,051
(3) Expected administrative expenses for the year ended September 30, 2021	75,233
(4) Expected interest on (1), (2) and (3)	311,904
(5) Sponsor contributions to the System during the year ended September 30, 2021	892,795
(6) Expected interest on (5)	26,146
(7) Expected Unfunded Actuarial Accrued Liability as of September 30, 2021 (1)+(2)+(3)+(4)-(5)-(6)	3,762,582
(8) Change to UAAL due to Assumption Change	256,354
(9) Change to UAAL due to Actuarial (Gain)/Loss	(612,686)
(10) Unfunded Actuarial Accrued Liability as of October 1, 2021	3,406,250

<u>Type of Base</u>	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2021 Amount</u>	<u>Amortization Amount</u>
Method & Benefit	10/1/2002	11	431,817	50,593
Assump Change	10/1/2010	19	139,883	11,428
Benefit Change	10/1/2010	19	7,085	579
Assump Change	10/1/2013	12	(25,223)	(2,775)
Benefit Change	10/1/2014	23	(3,846)	(283)
Assump Change	10/1/2015	14	195,616	19,342
Method Change	10/1/2015	14	663,975	65,653
Assump Change	10/1/2016	15	599,781	56,661
Benefit Change	10/1/2016	25	615,674	43,532
Actuarial Loss	10/1/2016	5	123,392	27,392
Actuarial Loss	10/1/2017	6	189,400	35,943
Assump Change	10/1/2017	16	353,349	32,027
Actuarial Loss	10/1/2018	7	64,439	10,750
Actuarial Loss	10/1/2019	13	280,385	29,160
Asmp/Mthd Change	10/1/2019	13	169,365	17,614
Actuarial Loss	10/1/2020	14	402,025	39,752
Assump Change	10/1/2020	14	(444,535)	(43,955)
Actuarial Gain	10/1/2021	15	(612,686)	(57,880)
Assump Change	10/1/2021	15	256,354	24,217
			3,406,250	359,750

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2020	\$3,961,335
(2) Expected UAAL as of October 1, 2021	3,762,582
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	(422,645)
Salary Increases	201,389
Active Decrements	1,035
Inactive Mortality	(342,967)
Other	<u>(49,498)</u>
Increase in UAAL due to (Gain)/Loss	(612,686)
Assumption Changes	<u>256,354</u>
(4) Actual UAAL as of October 1, 2021	\$3,406,250

HISTORY OF FUNDING PROGRESS



ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate

Healthy Active Lives:

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

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

Healthy Retiree Lives:

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

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

Beneficiary Lives:

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

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

Disabled Lives:

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

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

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

Interest Rate

7.10% (prior year 7.20%) 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>Credited Service</u>	<u>Assumption</u>
< 1 Year	16.0%
Years 1 - 3	6.5%
Years 4 - 13	5.8%
14 Years and Greater	3.8%

This assumption was approved in conjunction with an actuarial experience study dated September 13, 2019.

Payroll Growth

1.51% 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

\$69,187 annually, based on the average of actual expenses incurred in the prior two fiscal years.

Final Salary Load

Final salary is increased with a load assumption as shown below based on credited service on 10/1/2014:

<u>Service on 10/1/2014</u>	<u>Load Assumption</u>
5 or more years	20.0%
More than 2, less than 5 years	10.0%
Less than 2 years	0.0%

Termination Rate

The assumed rates of termination are displayed below:

<u>Credited Service</u>	<u>Assumption</u>
0 – 2	15.0%
3 – 14	4.0%
15 +	0.0%

This assumption was approved in conjunction with an actuarial experience study dated September 13, 2019.

Retirement Rates

Members with less than 25 years of credited service are assumed to retire at the following rates:

<u>Age</u>	<u>Assumption</u>
50	30%
51 – 54	5%
55 - 56	50%
57	100%

Members with at least 25 years of credited service are assumed to retire immediately. This assumption was approved in conjunction with an actuarial experience study dated September 13, 2019.

Disability Rate

Age-based rates with increasing probability of disablement at higher ages. A sample of rates are shown below:

<u>Age</u>	<u>Assumption</u>
30	0.24%
40	0.42%
50	1.08%
60	5.40%

Funding Method

Entry Age Normal Actuarial Cost Method (level percent of pay). A half-year of interest load at the current assumption of 7.1% is used for determining the minimum required contribution.

Actuarial Asset Method

All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a four-year period.

Amortization Method

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

Experience: 15 Years.

Assumption/Method Changes: 15 Years.

Benefit Changes: 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.
- **Payroll Growth:** The plan's payroll growth assumption, if one is used, causes a predictable annual increase in the plan's amortization payment in order to produce an amortization payment that remains constant as a percentage of payroll if all assumptions are realized. If payroll does not increase according to the plan's payroll growth assumption, the plan's amortization payment can increase significantly as a percentage of payroll even if all assumptions other than the payroll growth assumption are realized.
- **Demographic Assumptions:** Actuarial results take into account various potential events that could happen to a plan participant, such as retirement, termination, disability, and death. Each of these potential events is assigned a liability based on the likelihood of the event and the financial consequence of the event for the plan. Accordingly, actuarial liabilities reflect a blend of financial consequences associated with various possible outcomes (such as retirement at one of various possible ages). Once the outcome is known (e.g. the participant retires) the liability is adjusted to reflect the known outcome. This adjustment produces a gain or loss depending on whether the outcome was more or less favorable than other outcomes that could have occurred.

Impact of Plan Maturity on Risk

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

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

- The Support Ratio, determined as the ratio of active to inactive members, has decreased from 235.7% on October 1, 2012 to 156.0% on October 1, 2021, 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 54.5%. With a plan of this maturity, losses due to lower than expected investment returns or demographic factors may result in larger increases in contribution requirements than would be needed for a less mature plan. Please note Chapter 112, Florida Statutes, requires that the plan sponsor contributes the minimum required contribution; thus, there is minimal solvency risk to the plan.
- The Funded Ratio, determined as the ratio of the Actuarial Value of Assets to the Total Accrued Liability, has increased from 73.7% on October 1, 2012 to 87.8% on October 1, 2021.
- The Net Cash Flow Ratio, determined as the ratio of the Net Cash Flow (contributions minus benefit payments and administrative expenses) to the Market Value of Assets, decreased from 2.9% on October 1, 2012 to 1.2% on October 1, 2021. The current Net Cash Flow Ratio of 1.2% 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>10/1/2012</u>	<u>10/1/2016</u>	<u>10/1/2020</u>	<u>10/1/2021</u>
<u>Support Ratio</u>				
Total Actives	33	32	40	39
Total Inactives ¹	14	19	24	25
Actives / Inactives ¹	235.7%	168.4%	166.7%	156.0%
<u>Asset Volatility Ratio</u>				
Market Value of Assets (MVA)	8,843,096	12,488,710	17,177,800	21,543,215
Total Annual Payroll	1,893,717	2,245,394	2,774,482	2,787,073
MVA / Total Annual Payroll	467.0%	556.2%	619.1%	773.0%
<u>Accrued Liability (AL) Ratio</u>				
Inactive Accrued Liability	5,006,582	6,706,024	11,582,050	12,583,874
Total Accrued Liability (EAN)	11,993,437	15,870,617	21,694,229	23,096,113
Inactive AL / Total AL	41.7%	42.3%	53.4%	54.5%
<u>Funded Ratio</u>				
Actuarial Value of Assets (AVA)	8,843,096	12,798,493	17,732,894	19,689,863
Total Accrued Liability (EAN)	11,993,437	15,870,617	21,694,229	23,096,113
AVA / Total Accrued Liability (EAN)	73.7%	80.6%	81.7%	85.3%
<u>Net Cash Flow Ratio</u>				
Net Cash Flow ²	259,843	137,122	388,833	248,605
Market Value of Assets (MVA)	8,843,096	12,488,710	17,177,800	21,543,215
Ratio	2.9%	1.1%	2.3%	1.2%

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

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1998	39,753.00	_____ %
1999	46,790.00	17.7%
2000	112,773.00	141.0%
2001	68,646.00	-39.1%
2002	82,877.00	20.7%
2003	92,713.77	11.9%
2004	106,715.77	15.1%
2005	117,621.48	10.2%
2006	117,621.48	0.0%
2007	117,621.48	0.0%
2008	122,800.00	4.4%
2009	137,781.90	12.2%
2010	134,851.83	-2.1%
2011	133,477.13	-1.0%
2012	139,262.54	4.3%
2013	145,960.60	4.8%
2014	147,867.54	1.3%
2015	145,700.02	-1.5%
2016	169,027.15	16.0%
2017	168,628.24	-0.2%
2018	188,923.04	12.0%
2019	198,770.00	5.2%
2020	208,644.92	5.0%
2021	206,017.47	-1.3%

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2021

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	615,146.58	615,146.58
Cash	65.06	65.06
Total Cash and Equivalents	615,211.64	615,211.64
Receivables:		
Investment Income	25,946.10	25,946.10
Total Receivable	25,946.10	25,946.10
Investments:		
U. S. Bonds and Bills	47,684.48	46,628.67
Federal Agency Guaranteed Securities	954,270.51	1,005,585.29
Corporate Bonds	2,975,443.07	3,030,095.02
Municipal Obligations	225,731.96	236,500.15
Stocks	10,264,681.33	12,893,041.42
Mutual Funds:		
Equity	2,593,549.48	2,889,738.11
Pooled/Common/Commingled Funds:		
Real Estate	650,000.00	800,469.00
Total Investments	17,711,360.83	20,902,057.66
Total Assets	18,352,518.57	21,543,215.40
<u>LIABILITIES</u>		
Total Liabilities	0.00	0.00
NET POSITION RESTRICTED FOR PENSIONS	18,352,518.57	21,543,215.40

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

ADDITIONS

Contributions:

Member	220,465.85
City	686,778.00
State	206,017.47

Total Contributions 1,113,261.32

Investment Income:

Net Realized Gain (Loss)	2,444,084.31	
Unrealized Gain (Loss)	1,431,479.72	
Net Increase in Fair Value of Investments		3,875,564.03
Interest & Dividends		377,626.50
Less Investment Expense ¹		(136,380.87)

Net Investment Income 4,116,809.66

Total Additions 5,230,070.98

DEDUCTIONS

Distributions to Members:

Benefit Payments	771,442.70
Lump Sum DROP Distributions	0.00
Refunds of Member Contributions	22,829.28

Total Distributions 794,271.98

Administrative Expense 70,383.50

Total Deductions 864,655.48

Net Increase in Net Position 4,365,415.50

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year 17,177,799.90

End of the Year 21,543,215.40

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

ACTUARIAL ASSET VALUATION
September 30, 2021

Actuarial Assets for funding purposes are developed by recognizing the total actuarial investment gain or loss for each Plan Year over a four year period. In the first year, 25% of the gain or loss is recognized. In the second year 50%, in the third year 75%, and in the fourth year 100% of the gain or loss is recognized. The actuarial investment gain or loss is defined as the actual return on investments minus the actuarial assumed investment return. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Plan Year Ending	Gain/Loss	<u>Gains/(Losses) Not Yet Recognized</u>			
		Amounts Not Yet Recognized by Valuation Year			
		2021	2022	2023	2024
09/30/2018	1,392	0	0	0	0
09/30/2019	(844,232)	(211,058)	0	0	0
09/30/2020	(177,768)	(88,884)	(44,442)	0	0
09/30/2021	2,871,059	2,153,294	1,435,529	717,764	0
Total		1,853,352	1,391,087	717,764	0

Development of Investment Gain/(Loss)

Market Value of Assets, 09/30/2020	17,177,800
Contributions Less Benefit Payments and Admin Expenses	248,606
Expected Investment Earnings*	1,245,751
Actual Net Investment Earnings	4,116,810
2021 Actuarial Investment Gain/(Loss)	<u>2,871,059</u>

*Expected Investment Earnings = 0.072 * (17,177,800 + 0.5 * 248,606)

Development of Actuarial Value of Assets

(1) Market Value of Assets, 09/30/2021	21,543,215
(2) Gains/(Losses) Not Yet Recognized	<u>1,853,352</u>
(3) Actuarial Value of Assets, 09/30/2021, (1) - (2)	19,689,863
 (A) 09/30/2020 Actuarial Assets:	 17,732,894
 (I) Net Investment Income:	
1. Interest and Dividends	377,627
2. Realized Gain (Loss)	2,444,084
3. Unrealized Gain (Loss)	1,431,480
4. Change in Actuarial Value	(2,408,446)
5. Investment Expenses	<u>(136,381)</u>
Total	1,708,364
 (B) 09/30/2021 Actuarial Assets:	 19,689,863
 Actuarial Asset Rate of Return = 2I/(A+B-I):	 9.57%
Market Value of Assets Rate of Return:	23.63%
 Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)	 422,645
 10/01/2021 Limited Actuarial Assets:	 19,689,863

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

REVENUES

Contributions:		
Member	220,465.85	
City	686,778.00	
State	206,017.47	
 Total Contributions		 1,113,261.32
Earnings from Investments:		
Interest & Dividends	377,626.50	
Net Realized Gain (Loss)	2,444,084.31	
Unrealized Gain (Loss)	1,431,479.72	
Change in Actuarial Value	(2,408,446.00)	
 Total Earnings and Investment Gains		 1,844,744.53

EXPENDITURES

Distributions to Members:		
Benefit Payments	771,442.70	
Lump Sum DROP Distributions	0.00	
Refunds of Member Contributions	22,829.28	
 Total Distributions		 794,271.98
Expenses:		
Investment related ¹	136,380.87	
Administrative	70,383.50	
 Total Expenses		 206,764.37
 Change in Net Assets for the Year		 1,956,969.50
 Net Assets Beginning of the Year		 17,732,893.90
 Net Assets End of the Year ²		 19,689,863.40

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

²Net Assets may be limited for actuarial consideration.

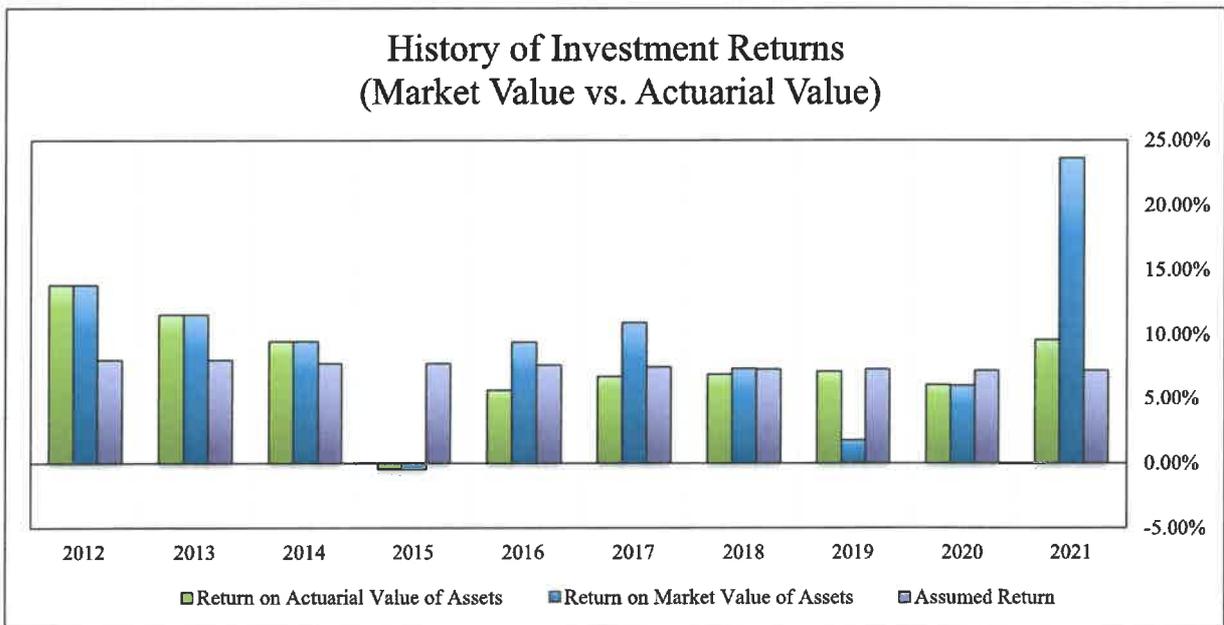
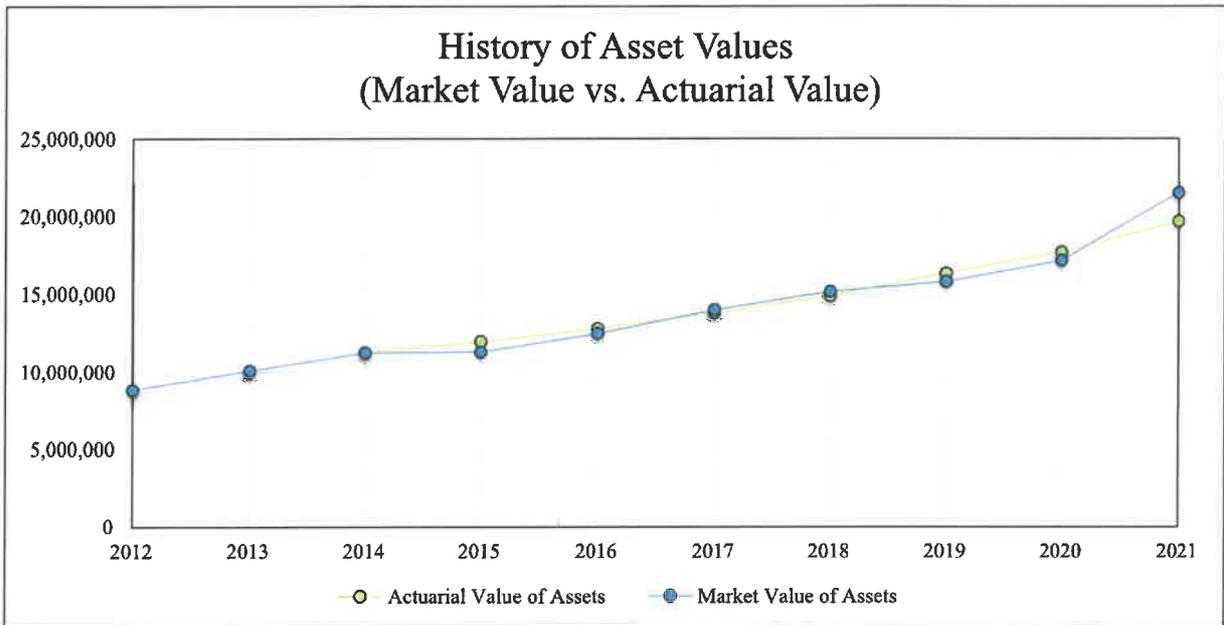
DEFERRED RETIREMENT OPTION PLAN ACTIVITY
October 1, 2020 to September 30, 2021

Beginning of the Year Balance	116,783.41
Plus Additions	190,832.37
Investment Return Earned	2,743.08
Less Distributions	0.00
End of the Year Balance	310,358.86

CITY CONTRIBUTIONS IN EXCESS OF MINIMUM REQUIREMENT
FOR THE FISCAL YEAR ENDED (FYE) SEPTEMBER 30, 2021

(1)	Total Required Contribution Rate	38.3%
(2)	Pensionable Payroll Derived from Member Contributions	\$2,755,823.13
(3)	Total Required Contribution (1) x (2)	1,055,480.26
(4)	Less Actual Member Contributions	(220,465.85)
(5)	Less Allowable State Contribution	<u>(206,017.47)</u>
(6)	Equals Required City Contribution for Fiscal 2021	628,996.94
(7)	Less 2020 Prepaid Contribution	0.00
(8)	Less Actual City Contributions	<u>(686,778.00)</u>
(9)	City Contributions in Excess of Minimum Requirement Applied to Reduce Unfunded Actuarial Accrued Liability as of September 30, 2021	(\$57,781.06)

HISTORY OF ASSET VALUES AND INVESTMENT RETURNS



STATISTICAL DATA

	<u>10/1/2018</u>	<u>10/1/2019</u>	<u>10/1/2020</u>	<u>10/1/2021</u>
<u>Actives</u>				
Number	39	41	40	39
Average Current Age	41.2	41.3	40.9	41.4
Average Age at Employment	31.1	30.8	30.9	31.1
Average Past Service	10.1	10.5	10.0	10.3
Average Annual Salary	\$69,415	\$71,618	\$69,362	\$71,463
<u>Service Retirees</u>				
Number	12	12	13	13
Average Current Age	61.0	62.0	62.2	61.7
Average Annual Benefit	\$45,366	\$45,366	\$52,021	\$50,873
<u>DROP Retirees</u>				
Number	0	0	1	2
Average Current Age	N/A	N/A	56.2	57.5
Average Annual Benefit	N/A	N/A	\$126,579	\$107,917
<u>Beneficiaries</u>				
Number	1	1	0	2
Average Current Age	68.7	69.7	N/A	64.5
Average Annual Benefit	\$7,211	\$7,211	N/A	\$52,249
<u>Disability Retirees</u>				
Number	3	4	4	4
Average Current Age	56.9	58.5	59.5	60.5
Average Annual Benefit	\$19,184	\$19,545	\$19,545	\$19,545
<u>Terminated Vested</u>				
Number	10	11	10	11
Average Current Age	49.9	50.9	51.9	52.3
Average Annual Benefit ¹	\$26,279	\$26,279	\$26,279	\$16,758

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

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

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

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2020	40
b. Terminations	
i. Vested (partial or full) with deferred annuity	0
ii. Vested in refund of member contributions only	(3)
iii. Refund of member contributions or full lump sum distribution received	(1)
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	0
f. DROP	(1)
g. Continuing participants	35
h. New entrants	4
i. Total active life participants in valuation	39

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

	Service Retirees, Vested Receiving <u>Benefits</u>	<u>DROP Benefits</u>	Receiving Death <u>Benefits</u>	Receiving Disability <u>Benefits</u>	Vested (Deferred Annuity)	Vested (Due Refund)	<u>Total</u>
a. Number prior valuation	13	1	0	4	6	4	28
Retired	1	0	0	0	(1)	0	0
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	3	3
Hired/Terminated in Same Year	0	0	0	0	0	0	0
Death, With Survivor	(1)	0	2	0	(1)	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	13	2	2	4	4	7	32

SUMMARY OF CURRENT PLAN
(Through Ordinance O-21-02)

<u>Eligibility</u>	Full-time employees who are classified as full-time sworn Police Officers participate in the System as a condition of employment.
<u>Credited Service</u>	Total years and fractional parts of years of employment with the City as a Police Officer.
<u>Salary</u>	Total cash compensation reportable on Form W-2, paid during the fiscal year, for services rendered to the City as a Police Officer. For Credited Service after July 1, 2011, annual overtime shall not exceed 300 hours. Additionally, payment for unused sick and annual leave time shall not be considered pensionable for hours accrued after July 1, 2011. Also, payment for overtime and unused sick and annual leave time at the time of termination shall not exceed the amounts in place on July 1, 2011.
<u>Average Final Compensation</u>	Average Earnings for the highest 5 years during the 10 years immediately preceding retirement or termination.
<u>Member Contributions</u>	8% of Salary.
<u>City and State Contributions</u>	Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, over a period not exceeding 30 years.
<u>Normal Retirement</u>	
Date	Earlier of: 1) age 55 and 10 years of Credited Service, or 2) age 52 and 25 years of Credited Service.
Benefit	
Members hired prior to 4/11/12	3.0% of Average Final Compensation for each year of Credited Service.
Members hired after 4/10/12	2.0% of Average Final Compensation for each year of Credited Service through September 30, 2016, plus 3.0% of Average Final Compensation for years of Credited Service after September 30, 2016.
Form of Benefit	Ten Year Certain and Life Annuity (options available).
<u>Early Retirement</u>	
Eligibility	Age 50 and 10 Years of Credited Service.
Benefit	Accrued benefit, reduced 3% per year prior to Normal Retirement.

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.

Deferred Retirement Option Plan

Eligibility	Satisfaction of Normal Retirement requirements.
Participation	Not to exceed 60 months.
Rate of Return	1.30% annual interest, compounded monthly
Form of Distribution	Lump sum (options available) at termination of employment.

Disability

Eligibility	
Service Incurred	Covered from Date of Employment.
Non-Service Incurred	10 years of Credited Service.
Benefit	
Service Incurred	Accrued benefit, but not less than 42% of Average Final Compensation.
Non-Service Incurred	Accrued benefit, but not less than 25% of Average Final Compensation.
Duration	Payable for life, with ten years certain, or until recovery (as determined by the Board).

Death Benefits

Pre-Retirement	
Non-vested	Refund of accumulated contributions.
Vested	Accrued benefit payable to Beneficiary for 10 years at otherwise Normal Retirement Date.
Post-Retirement	Benefits payable to beneficiary in accordance with option selected at retirement.

Cost-of-Living Adjustment

A 1% automatic cost-of-living adjustment (COLA), beginning on the first October 1 following age 58 for Members retiring after August 23, 2017 with at least 15 years of Credited Service. The COLA is applicable to all categories of retirement, including Normal, Early, Vesting, Disability, and pre-retirement death Beneficiaries.

Board of Trustees

- a. Two City Council appointees,
- b. Two Members of the System, elected by the Membership, and
- c. Fifth Trustee elected by other 4 and appointed by City Council.

Supplemental Benefit:
Chapter 185 Share Accounts

Effective September 30, 2015, excess Premium tax monies received pursuant to Chapter 185, Florida Statutes will be allocated to individual Member share accounts based on years of Credited Service.

Excess Monies

The current Mutual Consent between the City and Membership allows the City to utilize all future Chapter 185 Premium tax monies to assist with Plan funding. Therefore, no excess monies are available for Share Plan allocation.

Investment Earnings

Plan earnings, net of investment-related expenses.

Expenses

Based on expenses related to administration of the Share Plan, debited against individual accounts on a pro-rata basis.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2021

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Short Term Investments	615,147
Cash	65
Total Cash and Equivalents	615,212
Receivables:	
Investment Income	25,946
Total Receivable	25,946
Investments:	
U. S. Bonds and Bills	46,629
Federal Agency Guaranteed Securities	1,005,585
Corporate Bonds	3,030,095
Municipal Obligations	236,500
Stocks	12,893,041
Mutual Funds:	
Equity	2,889,738
Real Estate	800,469
Total Investments	20,902,057
Total Assets	21,543,215
Total Liabilities	0
NET POSITION RESTRICTED FOR PENSIONS	21,543,215

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

ADDITIONS

Contributions:

Member	220,466
City	686,778
State	206,017

Total Contributions 1,113,261

Investment Income:

Net Increase in Fair Value of Investments	3,875,564
Interest & Dividends	377,627
Less Investment Expense ¹	(136,381)

Net Investment Income 4,116,810

Total Additions 5,230,071

DEDUCTIONS

Distributions to Members:

Benefit Payments	771,443
Lump Sum DROP Distributions	0
Refunds of Member Contributions	22,829

Total Distributions 794,272

Administrative Expense 70,384

Total Deductions 864,656

Net Increase in Net Position 4,365,415

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year 17,177,800

End of the Year 21,543,215

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

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

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 Council appointees,
- b. Two Members of the System, elected by the Membership, and
- c. Fifth Trustee elected by other 4 and appointed by City Council.

Plan Membership as of October 1, 2020:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	18
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	10
Active Plan Members	40
	68

Benefits Provided

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

A summary of the benefit provisions can be found in the October 1, 2020 Actuarial Valuation Report for the City of Sebastian Police Officers' Retirement System prepared by Foster & Foster Actuaries and Consultants.

Contributions

Member Contributions: 8% of Salary.

City and State Contributions: Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, over a period not exceeding 30 years.

Investment Policy:

The following was the Board's adopted asset allocation policy as of September 30, 2021:

Asset Class	Target Allocation
Domestic Equity	52.50%
International Equity	12.50%
Fixed Income	25.00%
Private Real Estate	5.00%
MLP/Energy Infrastructure	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.

Rate of Return:

For the year ended September 30, 2021, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was 23.63 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.

Participation: Not to exceed 60 months.

Rate of Return: 1.30% annual interest, compounded monthly.

The DROP balance as September 30, 2021 is \$310,359.

NET PENSION LIABILITY OF THE SPONSOR

The components of the Net Pension Liability of the Sponsor on September 30, 2021 were as follows:

Total Pension Liability	\$ 23,049,447
Plan Fiduciary Net Position	\$ (21,543,215)
Sponsor's Net Pension Liability	<u>\$ 1,506,232</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	93.47%

Actuarial Assumptions:

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2020 updated to September 30, 2021 using the following actuarial assumptions:

Inflation	2.30%
Salary Increases	Service based
Discount Rate	7.10%
Investment Rate of Return	7.10%

Mortality Rate Healthy Active Lives:

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

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

Mortality Rate Healthy Retiree Lives:

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

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

Mortality Rate Beneficiary Lives:

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

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

Mortality Rate Disabled Lives:

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

All rates are projected generationally with Mortality Improvement Scale MP-2018.

The described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of 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, with appropriate risk and collar adjustments made based on plan demographics. This assumption sufficiently accommodates future mortality improvements.

The most recent actuarial experience study used to review the other significant assumptions was dated September 13, 2019.

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 2021 the inflation rate assumption of the investment advisor was 1.75%.

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.

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Best estimates of geometric real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2021 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return ¹
Domestic Equity	5.59%
International Equity	4.47%
Fixed Income	1.35%
Private Real Estate	4.45%
MLP/Energy Infrastructure	2.67%

¹ Source: Morgan Stanley. Based on secular annualized return and volatility estimates are based on a 20-year time horizon.

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

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.10 percent.

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

	1% Decrease	Current Discount Rate	1% Increase
	6.10%	7.10%	8.10%
Sponsor's Net Pension Liability	\$ 4,343,570	\$ 1,506,232	\$ (851,838)

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

	<u>09/30/2021</u>	<u>09/30/2020</u>
Total Pension Liability		
Service Cost	546,747	600,789
Interest	1,539,609	1,451,768
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	249,038	408,904
Changes of assumptions	274,475	(447,786)
Benefit Payments, including Refunds of Employee Contributions	<u>(794,272)</u>	<u>(684,963)</u>
Net Change in Total Pension Liability	1,815,597	1,328,712
Total Pension Liability - Beginning	<u>21,233,850</u>	<u>19,905,138</u>
Total Pension Liability - Ending (a)	<u>\$ 23,049,447</u>	<u>\$ 21,233,850</u>
Plan Fiduciary Net Position		
Contributions - Employer	686,778	703,814
Contributions - State	206,017	208,645
Contributions - Employee	220,466	229,327
Net Investment Income	4,116,810	974,847
Benefit Payments, including Refunds of Employee Contributions	(794,272)	(684,963)
Administrative Expense	<u>(70,384)</u>	<u>(67,989)</u>
Net Change in Plan Fiduciary Net Position	4,365,415	1,363,681
Plan Fiduciary Net Position - Beginning	<u>17,177,800</u>	<u>15,814,119</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 21,543,215</u>	<u>\$ 17,177,800</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,506,232</u>	<u>\$ 4,056,050</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	93.47%	80.90%
Covered Payroll	\$ 2,755,823	\$ 2,866,586
Net Pension Liability as a percentage of Covered Payroll	54.66%	141.49%

Notes to Schedule of Changes in Net Pension Liability and Related Ratios

Changes of assumptions:

For measurement date 09/30/2021, the investment rate of return was lowered from 7.20% to 7.10%, net of investment related expenses.

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 risk and collar adjustments made based on plan demographics.

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
09/30/2021	\$ 835,014	\$ 892,795	\$ (57,781)	\$ 2,755,823	32.40%
09/30/2020	\$ 871,442	\$ 912,459	\$ (41,017)	\$ 2,866,586	31.83%

Notes to Schedule

Valuation Date: 10/01/2019

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, 2019 Actuarial Valuation for the City of Sebastian Police Officers' Retirement System prepared by Foster & Foster Actuaries and Consultants.

SCHEDULE OF INVESTMENT RETURNS
Last 2 Fiscal Years

<u>Fiscal Year Ended</u>	<u>Annual Money-Weighted Rate of Return Net of Investment Expense</u>
09/30/2021	23.63%
09/30/2020	6.04%

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 Council appointees,
- b. Two Members of the System, elected by the Membership, and
- c. Fifth Trustee elected by other 4 and appointed by City Council.

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

Plan Membership as of October 1, 2020:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	18
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	10
Active Plan Members	40
	68
	68

Benefits Provided

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

A summary of the benefit provisions can be found in the October 1, 2020 Actuarial Valuation Report for the City of Sebastian Police Officers' Retirement System prepared by Foster & Foster Actuaries and Consultants.

Contributions

Member Contributions: 8% of Salary.

City and State Contributions: Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, over a period not exceeding 30 years.

Net Pension Liability

The measurement date is September 30, 2021.

The measurement period for the pension expense was October 1, 2020 to September 30, 2021.

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

The Sponsor's Net Pension Liability was measured as of September 30, 2021.

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, 2020 updated to September 30, 2021 using the following actuarial assumptions:

Inflation	2.30%	
Salary Increases	Service based	
Discount Rate	7.10%	
Investment Rate of Return	7.10%	

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Mortality Rate Healthy Active Lives:

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

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

Mortality Rate Healthy Retiree Lives:

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

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

Mortality Rate Beneficiary Lives:

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

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

Mortality Rate Disabled Lives:

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

All rates are projected generationally with Mortality Improvement Scale MP-2018.

The described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of 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, with appropriate risk and collar adjustments made based on plan demographics. This assumption sufficiently accommodates future mortality improvements.

The most recent actuarial experience study used to review the other significant assumptions was dated September 13, 2019.

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 2021 the inflation rate assumption of the investment advisor was 1.75%.

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

Best estimates of geometric real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return¹</u>
Domestic Equity	52.50%	5.59%
International Equity	12.50%	4.47%
Fixed Income	25.00%	1.35%
Private Real Estate	5.00%	4.45%
MLP/Energy Infrastructure	5.00%	2.67%
Total	100.00%	

¹ Source: Morgan Stanley. Based on secular annualized return and volatility estimates are based on a 20-year time horizon.

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

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.10 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 (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of September 30, 2020	\$ 21,233,850	\$ 17,177,800	\$ 4,056,050
Changes for a Year:			
Service Cost	546,747	-	546,747
Interest	1,539,609	-	1,539,609
Differences between Expected and Actual Experience	249,038	-	249,038
Changes of assumptions	274,475	-	274,475
Changes of benefit terms	-	-	-
Contributions - Employer	-	686,778	(686,778)
Contributions - State	-	206,017	(206,017)
Contributions - Employee	-	220,466	(220,466)
Net Investment Income	-	4,116,810	(4,116,810)
Benefit Payments, including Refunds of Employee Contributions	(794,272)	(794,272)	-
Administrative Expense	-	(70,384)	70,384
Net Changes	1,815,597	4,365,415	(2,549,818)
Balances as of September 30, 2021	\$ 23,049,447	\$ 21,543,215	\$ 1,506,232

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

	Current Discount		
	1% Decrease 6.10%	Rate 7.10%	1% Increase 8.10%
Sponsor's Net Pension Liability	\$ 4,343,570	\$ 1,506,232	\$ (851,838)

Pension Plan Fiduciary Net Position.

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

**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 \$503,550.

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	546,916	12,957
Changes of assumptions	393,231	298,524
Net difference between Projected and Actual Earnings on Pension Plan investments	-	1,852,772
Total	\$ 940,147	\$ 2,164,253

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	\$ (97,294)
2023	\$ (262,172)
2024	\$ (458,452)
2025	\$ (493,440)
2026	\$ 87,252
Thereafter	\$ -

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

Measurement date ¹	09/30/2021	09/30/2020
Total Pension Liability		
Service Cost	546,747	600,789
Interest	1,539,609	1,451,768
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	249,038	408,904
Changes of assumptions	274,475	(447,786)
Benefit Payments, including Refunds of Employee Contributions	(794,272)	(684,963)
Net Change in Total Pension Liability	1,815,597	1,328,712
Total Pension Liability - Beginning	21,233,850	19,905,138
Total Pension Liability - Ending (a)	<u>\$ 23,049,447</u>	<u>\$ 21,233,850</u>
Plan Fiduciary Net Position		
Contributions - Employer	686,778	703,814
Contributions - State	206,017	208,645
Contributions - Employee	220,466	229,327
Net Investment Income	4,116,810	974,847
Benefit Payments, including Refunds of Employee Contributions	(794,272)	(684,963)
Administrative Expense	(70,384)	(67,989)
Net Change in Plan Fiduciary Net Position	4,365,415	1,363,681
Plan Fiduciary Net Position - Beginning	17,177,800	15,814,119
Plan Fiduciary Net Position - Ending (b)	<u>\$ 21,543,215</u>	<u>\$ 17,177,800</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,506,232</u>	<u>\$ 4,056,050</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	93.47%	80.90%
Covered Payroll	\$ 2,755,823	\$ 2,866,586
Net Pension Liability as a percentage of Covered Payroll	54.66%	141.49%

Notes to Schedule of Changes in Net Pension Liability and Related Ratios

¹ Effective for the City's fiscal year ending 09/30/2020, the GASB 68 measurement date of the Pension Expense has been approved and changed from 09/30/2019 to 09/30/2020.

Changes of assumptions:

For measurement date 09/30/2021, the investment rate of return was lowered from 7.20% to 7.10%, net of investment related expenses.

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 risk and collar adjustments made based on plan demographics.

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
09/30/2021	\$ 835,014	\$ 892,795	\$ (57,781)	\$ 2,755,823	32.40%
09/30/2020	\$ 871,442	\$ 912,459	\$ (41,017)	\$ 2,866,586	31.83%

Notes to Schedule

Valuation Date: 10/01/2019

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, 2019 Actuarial Valuation for the City of Sebastian Police Officers' Retirement System 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, 2021

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 4,056,050	\$ 512,554	\$ 1,449,021	\$ -
Total Pension Liability Factors:				
Service Cost	546,747	-	-	546,747
Interest	1,539,609	-	-	1,539,609
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	249,038	-	249,038	-
Current year amortization of experience difference	-	(38,695)	(149,007)	110,312
Change in assumptions about future economic or demographic factors or other inputs	274,475	-	274,475	-
Current year amortization of change in assumptions	-	(74,631)	(234,626)	159,995
Benefit Payments, including Refunds of Employee Contributions	(794,272)	-	-	-
Net change	<u>1,815,597</u>	<u>(113,326)</u>	<u>139,880</u>	<u>2,356,663</u>
Plan Fiduciary Net Position:				
Contributions - Employer	686,778	-	-	-
Contributions - State	206,017	-	-	-
Contributions - Employee	220,466	-	-	(220,466)
Projected Net Investment Income	1,245,751	-	-	(1,245,751)
Difference between projected and actual earnings on Pension Plan investments	2,871,059	2,871,059	-	-
Current year amortization	-	(661,680)	(204,400)	(457,280)
Benefit Payments, including Refunds of Employee Contributions	(794,272)	-	-	-
Administrative Expenses	(70,384)	-	-	70,384
Net change	<u>4,365,415</u>	<u>2,209,379</u>	<u>(204,400)</u>	<u>(1,853,113)</u>
Ending Balance	<u>\$ 1,506,232</u>	<u>\$ 2,608,607</u>	<u>\$ 1,384,501</u>	<u>\$ 503,550</u>

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)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
2021	\$ (2,871,059)	5	\$ (574,211)	\$ (574,212)	\$ (574,212)	\$ (574,212)	\$ (574,212)	\$ -	\$ -	\$ -	\$ -	\$ -
2020	\$ 177,768	5	\$ 35,554	\$ 35,554	\$ 35,554	\$ 35,554	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2019	\$ 844,232	5	\$ 168,846	\$ 168,846	\$ 168,846	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	\$ (1,391)	5	\$ (278)	\$ (278)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ (435,953)	5	\$ (87,191)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ (457,280)	\$ (370,090)	\$ (369,812)	\$ (538,658)	\$ (574,212)	\$ -	\$ -	\$ -	\$ -	\$ -

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)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
2021	\$ 274,475	6	\$ 45,745	\$ 45,746	\$ 45,746	\$ 45,746	\$ 45,746	\$ 45,746	\$ -	\$ -	\$ -	\$ -
2020	\$ (447,786)	6	\$ (74,631)	\$ (74,631)	\$ (74,631)	\$ (74,631)	\$ (74,631)	\$ -	\$ -	\$ -	\$ -	\$ -
2019	\$ 22,520	6	\$ 3,753	\$ 3,753	\$ 3,753	\$ 3,753	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ 382,825	6	\$ 63,804	\$ 63,804	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 626,069	7	\$ 89,438	\$ 89,438	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ 223,200	7	\$ 31,886	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 159,995	\$ 128,110	\$ (25,132)	\$ (25,132)	\$ (28,885)	\$ 45,746	\$ -	\$ -	\$ -	\$ -

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		Recognition Period (Years)											
	Expected and Actual Experience			2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	
2021	\$ 249,038		6	\$ 41,508	\$ 41,506	\$ 41,506	\$ 41,506	\$ 41,506	\$ 41,506	\$ 41,506	\$ -	\$ -	\$ -	\$ -
2020	\$ 408,904		6	\$ 68,151	\$ 68,151	\$ 68,151	\$ 68,151	\$ 68,151	\$ 68,151	\$ -	\$ -	\$ -	\$ -	\$ -
2019	\$ (25,912)		6	\$ (4,319)	\$ (4,319)	\$ (4,319)	\$ (4,319)	\$ (4,319)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	\$ 164,601		6	\$ 27,434	\$ 27,434	\$ 27,434	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ 20,758		6	\$ 3,460	\$ 3,460	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 59,175		7	\$ 8,454	\$ 8,454	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ (240,633)		7	\$ (34,376)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense				\$ 110,312	\$ 144,686	\$ 132,772	\$ 105,338	\$ 109,657	\$ 41,506	\$ -	\$ -	\$ -	\$ -	\$ -