

CITY OF FORT MEADE  
GENERAL EMPLOYEES' RETIREMENT PLAN

ACTUARIAL VALUATION  
AS OF OCTOBER 1, 2021

CONTRIBUTIONS APPLICABLE TO THE  
PLAN/FISCAL YEAR ENDING SEPTEMBER 30, 2022

GASB 67/68 DISCLOSURE INFORMATION  
AS OF SEPTEMBER 30, 2021



**FOSTER & FOSTER**  
ACTUARIES AND CONSULTANTS

January 20, 2022

Board of Trustees  
City of Fort Meade  
General Employees' Pension Board

Re: City of Fort Meade General Employees' Retirement Plan

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Fort Meade General Employees' Retirement Plan. 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 Chapter 112, 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 Fort Meade, 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.

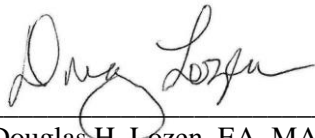
The undersigned are familiar with the immediate and long-term aspects of pension valuations, and meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the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

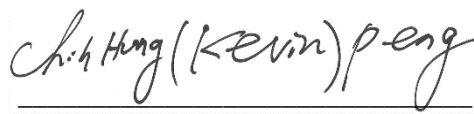
To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Fort Meade, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the General Employees' Retirement Plan. 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:   
\_\_\_\_\_  
Kevin H. Peng, ASA, EA, MAAA  
Enrolled Actuary #20-7783

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Enclosures

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## SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Fort Meade General Employees' Retirement Plan, 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, 2022.

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

Valuation Date	10/1/2021	10/1/2020
Applicable to Fiscal Year Ending	<u>9/30/2022</u>	<u>9/30/2021</u>
Minimum Required Contribution <sup>1</sup>	\$203,914	\$192,341

<sup>1</sup> Please note that the City has access to a prepaid contribution of \$158,976.80 that is available to offset a portion of the above stated requirements for the fiscal year ending September 30, 2022.

As you can see, the Minimum Required Contribution shows an increase when compared to the results determined in the October 1, 2020 actuarial valuation report. The increase is attributable to lowering the investment return assumption. The increase was offset in part by overall favorable actuarial experience as described below.

Plan experience was favorable overall on the basis of the plan's actuarial assumptions. Sources of actuarial gain included an investment return of 9.91% (Actuarial Asset Basis) which exceeded the 7.00% assumption, inactive mortality experience, and more turnover than expected. These gains were offset in part by a loss associated with an average salary increase of 9.19% which exceeded the 3.00% assumption.

## CHANGES SINCE PRIOR VALUATION

### Plan Changes

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

### Actuarial Assumption/Method Changes

The investment rate of return assumption was decreased from 7.00% to 6.75% per year compound annually, net of investment related expense.

There have been no method changes since the prior valuation.

## 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	44	44	47
Service Retirees	29	29	29
DROP Retirees	0	0	0
Beneficiaries	0	0	0
Disability Retirees	2	2	2
Terminated Vested	<u>15</u>	<u>15</u>	<u>14</u>
Total	90	90	92
Total Annual Payroll	\$1,839,555	\$1,839,555	\$1,774,898
Payroll Under Assumed Ret. Age	1,839,555	1,839,555	1,746,171
Annual Rate of Payments to:			
Service Retirees	344,668	344,668	357,449
DROP Retirees	0	0	0
Beneficiaries	0	0	0
Disability Retirees	22,300	22,300	22,300
Terminated Vested	104,143	104,143	100,479
B. Assets			
Actuarial Value (AVA) <sup>1</sup>	5,472,794	5,472,794	5,154,180
Market Value (MVA) <sup>1</sup>	5,927,788	5,927,788	5,123,385
C. Liabilities			
Present Value of Benefits			
Actives			
Retirement Benefits	2,313,165	2,203,616	1,919,100
Disability Benefits	173,052	166,031	149,097
Death Benefits	63,279	62,078	54,909
Vested Benefits	61,018	56,430	58,918
Refund of Contributions	0	0	0
Service Retirees	3,499,651	3,440,176	3,587,830
DROP Retirees <sup>1</sup>	0	0	0
Beneficiaries	0	0	0
Disability Retirees	235,912	231,556	234,569
Terminated Vested	<u>748,723</u>	<u>725,026</u>	<u>611,220</u>
Total	7,094,800	6,884,913	6,615,643



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	14,903,128	14,702,992	13,402,121
Total Normal Cost	102,752	95,518	102,123
Present Value of Future Normal Costs (EAN)	1,166,091	1,097,098	926,183
Accrued Liability (Retirement)	1,281,783	1,233,278	1,111,748
Accrued Liability (Disability)	102,175	99,309	88,703
Accrued Liability (Death)	30,643	30,394	26,887
Accrued Liability (Vesting)	29,822	28,076	28,503
Accrued Liability (Inactives) <sup>1</sup>	<u>4,484,286</u>	<u>4,396,758</u>	<u>4,433,619</u>
Total Actuarial Accrued Liability (EAN AL)	5,928,709	5,787,815	5,689,460
Total Actuarial Accrued Liability (FIL)	6,262,360	6,121,466	5,831,831
Unfunded Actuarial Accrued Liability (UAAL)	789,566	648,672	677,651
Funded Ratio (AVA / EAN AL)	92.3%	94.6%	90.6%
Funded Ratio (AVA / FIL AL)	87.4%	89.4%	88.4%

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 <sup>1</sup>	4,484,286	4,396,758	4,433,619
Actives	<u>702,723</u>	<u>675,827</u>	<u>677,673</u>
Total	5,187,009	5,072,585	5,111,292
Non-vested Accrued Benefits	<u>162,552</u>	<u>157,075</u>	<u>135,441</u>
Total Present Value			
Accrued Benefits (PVAB)	5,349,561	5,229,660	5,246,733
Funded Ratio (MVA / PVAB)	110.8%	113.3%	97.6%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	119,901	0	
Plan Experience	0	(3,716)	
Benefits Paid	0	(367,757)	
Interest	0	354,400	
Other	<u>0</u>	<u>0</u>	
Total	119,901	(17,073)	

	New Assump	Old Assump	
Valuation Date	10/1/2021	10/1/2021	10/1/2020
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 <sup>2</sup>	\$109,406	\$101,827	\$108,868
Administrative Expenses <sup>2</sup>	22,197	22,224	19,849
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 30 years (as of 10/1/2021) <sup>2</sup>	72,311	62,415	63,624
Minimum Required Contribution	203,914	186,466	192,341
F. Past Contributions			
Plan Years Ending:	<u>9/30/2021</u>		
City Requirement	192,341		
Actual Contributions Made:			
City	<u>192,341</u>		
Total	192,341		
G. Net Actuarial (Gain)/Loss	N/A		

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

<sup>2</sup> Contributions developed as of 10/1/2021 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>
2021	789,566
2022	770,364
2023	749,866
2030	584,211
2037	392,742
2044	143,376
2051	0

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

	<u>Actual</u>	<u>Assumed</u>
Year Ended 9/30/2021	9.19%	3.00%
Year Ended 9/30/2020	6.06%	3.00%
Year Ended 9/30/2019	5.93%	3.00%
Year Ended 9/30/2018	4.33%	3.00%
Year Ended 9/30/2017	2.12%	3.00%

(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	19.31%	9.91%	7.00%
Year Ended 9/30/2020	6.33%	7.70%	7.00%
Year Ended 9/30/2019	5.14%	6.66%	7.00%
Year Ended 9/30/2018	7.55%	7.91%	7.50%
Year Ended 9/30/2017	13.41%	8.73%	7.50%

## 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 a copy of the report to the following office to comply with Chapter 112 Florida Statutes:

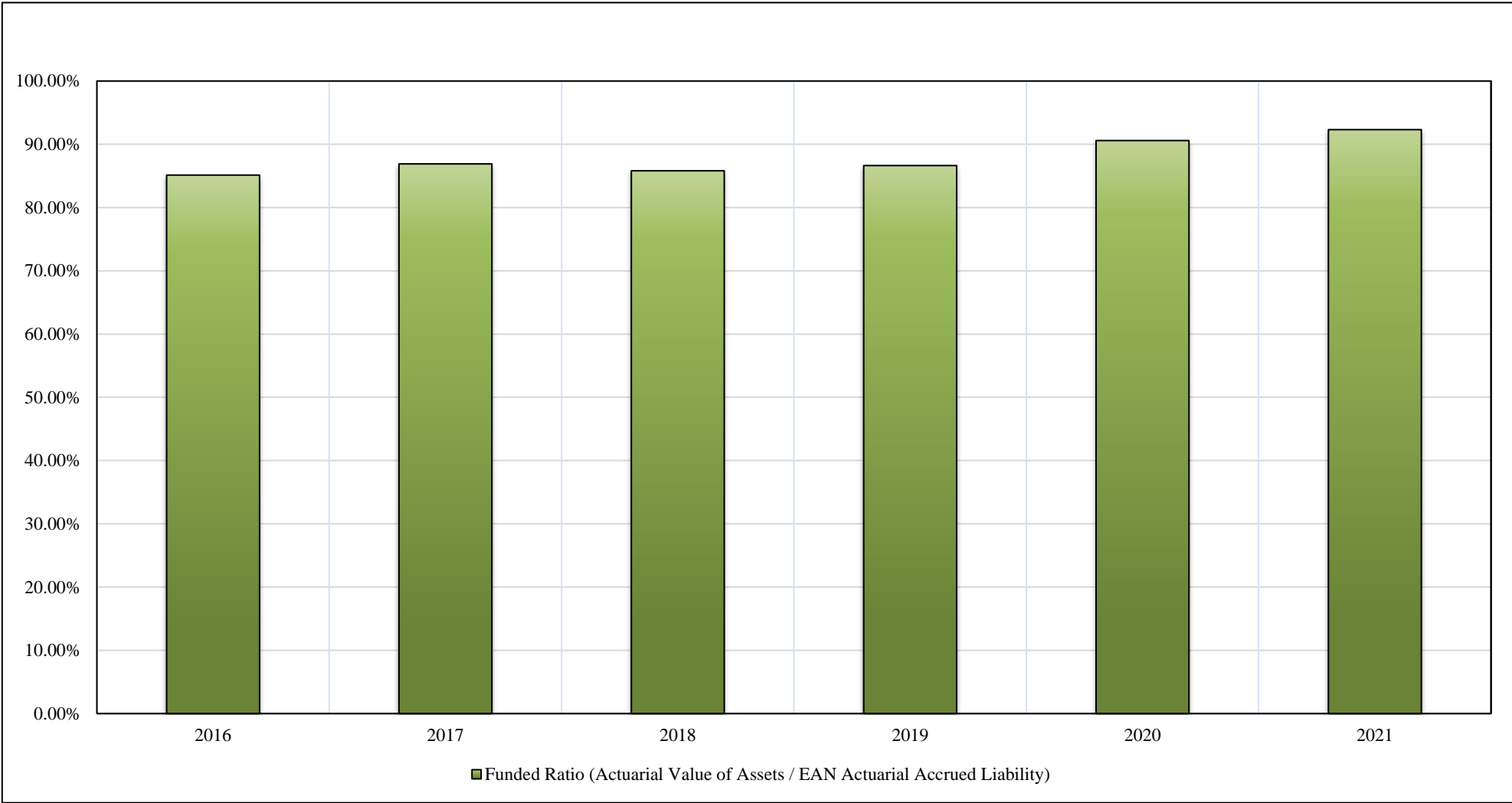
Mr. Keith Brinkman  
Bureau of Local  
Retirement Systems  
Post Office Box 9000  
Tallahassee, FL 32315-9000

## RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2020	\$677,651
(2)	Sponsor Normal Cost developed as of October 1, 2020	102,123
(3)	Expected administrative expenses for the year ended September 30, 2021	18,619
(4)	Expected interest on (1), (2) and (3)	55,236
(5)	Sponsor contributions to the System during the year ended September 30, 2021	192,341
(6)	Expected interest on (5)	12,616
(7)	Unfunded Actuarial Accrued Liability as of September 30, 2021 (1)+(2)+(3)+(4)-(5)-(6)	648,672
(8)	Change to UAAL due to Assumption Change	140,894
(9)	Unfunded Actuarial Accrued Liability as of October 1, 2021	789,566

Type of <u>Base</u>	Date <u>Established</u>	Years <u>Remaining</u>	10/1/2021 <u>Amount</u>	Amortization <u>Amount</u>
Prior Base #1		7	58,548	10,088
Prior Base #2		19	126,394	11,242
Assump Change	10/1/2016	25	278,936	21,920
Benefit Change	10/1/2017	26	19,334	1,496
Assump Change	10/1/2018	27	255,922	19,530
Assump Change	10/1/2020	29	(90,462)	(6,733)
Assump Change	10/1/2021	30	140,894	10,370
			789,566	67,913

HISTORY OF FUNDING PROGRESS



## ACTUARIAL ASSUMPTIONS AND METHODS

### Mortality Rate

#### *Healthy Active Lives:*

**Female:** PubG.H-2010 (Below Median) for Employees.

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

#### *Healthy Retiree Lives:*

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

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

PubG.H-2010 for Disabled Retirees, set forward three years.

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 non-special-risk employees, with appropriate adjustments made based on plan demographics.

### Interest Rate

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

### Salary Increases

3.00% per year, as utilized by the prior actuary. This assumption appears reasonable based on the employee group covered. We will review this assumption with the next experience study.



<u>Payroll Growth</u>	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.
<u>Administrative Expenses</u>	\$20,847 annually, based on the average of actual expenses incurred in the prior two fiscal years.
<u>Amortization Method</u>	New UAAL amortization bases are amortized over 30 Years.
<u>Actuarial Asset Method</u>	The Actuarial Value of Assets reflects a five-year smoothing methodology. The annual difference between expected and actual investment earnings (Market Value, net of investment-related expenses), is phased-in over a five-year period.
<u>Funding Method</u>	<p>Frozen Entry Age Actuarial Cost Method. The following loads are utilized for determination of the Total Required Contribution:</p> <ul style="list-style-type: none"> <li>• Interest – A half-year, based on the current 7.0% assumption.</li> <li>• Salary – 3.0%.</li> </ul>
<u>Retirement Age</u>	100% at first eligibility for normal retirement. This assumption was carried over from the prior actuary and will be reviewed with the next experience study.
<u>Termination Rates</u>	Age and gender-based, see sample rates below. This assumption was carried over from the prior actuary and will be reviewed with the next experience study.

% Terminating During the Year		
Age	Male	Female
20	29.9%	49.9%
25	19.9%	29.9%
30	13.9%	19.9%
35	9.9%	13.9%
40	5.8%	9.9%
45	3.7%	5.8%
50	1.4%	3.7%
55	0.0%	1.4%
60	0.0%	0.0%

### Disability Rates

Age and gender-based, see sample rates below. This assumption was carried over from the prior actuary and will be reviewed with the next experience study.

% Becoming Disabled During the Year		
Age	Male	Female
20	0.03%	0.03%
25	0.04%	0.05%
30	0.05%	0.08%
35	0.07%	0.14%
40	0.12%	0.21%
45	0.20%	0.32%
50	0.36%	0.53%
55	0.72%	0.95%
60	1.26%	1.16%
65	1.75%	1.36%

No disablements are assumed to be service-related.

### Marriage

100% of active participants are assumed to be married, with spouses assumed to be the same age.

## 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.

Normal (Current Year's) Cost Rate is determined in the aggregate as the ratio of (a) and (b) as follows:

- (a) The present value of benefits for all Plan participants, less the actuarial value of assets, less the Unfunded Actuarial Accrued Liability (UAAL).
- (b) The present value of future compensation over the anticipated number of years of participation, determined as of the valuation date.

The Normal Cost dollar requirement is the ratio of (a) and (b), multiplied by the Total Annual Payroll as of the valuation date.

Frozen Initial Liability Funding Method (Level Percent of Compensation) is the method used to determine required contributions under the Plan. The use of this method involves the systematic funding of the Normal Cost (described above) and the Unfunded Actuarial Accrued Liability (UAAL). The UAAL is reconciled each valuation with charges and credits as follows:

- (a) Charges: the Normal Cost for the prior year, in addition to interest at the valuation assumption on the Normal Cost and prior year's UAAL balance.
- (b) Credits: Sponsor contributions with interest at the valuation assumption.

New UAAL bases will be created only for changes in methods, assumptions, or benefits. Actuarial gains and losses are funded as part of the Normal Cost.

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.

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.

## 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 financial impact on the plan's normal cost of the experience differing from assumptions; this gain or loss is spread over a period of time determined by the average future working lifetime of the current active membership as of the valuation date. 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 funding requirement 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 102.4% on October 1, 2018 to 95.7% 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 75.6%. 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 85.8% on October 1, 2018 to 92.3% 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 -2.0% on October 1, 2018 to -3.3% on October 1, 2021. The current Net Cash Flow Ratio of -3.3% indicates that contributions are not currently covering the plan's benefit payments and administrative expenses.

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

## PLAN MATURITY MEASURES AND OTHER RISK METRICS

	<u>10/1/2018</u>	<u>10/1/2019</u>	<u>10/1/2020</u>	<u>10/1/2021</u>
<u>Support Ratio</u>				
Total Actives	42	34	47	44
Total Inactives	41	42	45	46
Actives / Inactives	102.4%	81.0%	104.4%	95.7%
<u>Asset Volatility Ratio</u>				
Market Value of Assets (MVA)	5,037,513	5,017,706	5,123,385	5,927,788
Total Annual Payroll	1,447,733	1,297,046	1,774,898	1,839,555
MVA / Total Annual Payroll	348.0%	386.9%	288.7%	322.2%
<u>Accrued Liability (AL) Ratio</u>				
Inactive Accrued Liability	4,117,918	4,263,286	4,433,619	4,484,286
Total Accrued Liability (EAN)	5,593,255	5,750,264	5,689,460	5,928,709
Inactive AL / Total AL	73.6%	74.1%	77.9%	75.6%
<u>Funded Ratio</u>				
Actuarial Value of Assets (AVA)	4,799,712	4,981,801	5,154,180	5,472,794
Total Accrued Liability (EAN)	5,593,255	5,750,264	5,689,460	5,928,709
AVA / Total Accrued Liability (EAN)	85.8%	86.6%	90.6%	92.3%
<u>Net Cash Flow Ratio</u>				
Net Cash Flow <sup>1</sup>	(99,325)	(141,914)	(214,757)	(198,342)
Market Value of Assets (MVA)	5,037,513	5,017,706	5,123,385	5,927,788
Ratio	-2.0%	-2.8%	-4.2%	-3.3%

<sup>1</sup> Determined as total contributions minus benefit payments and administrative expenses.

STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2021

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Cash	42,631.16
Total Cash and Equivalents	42,631.16
Total Receivable	0.00
Investments:	
Pooled/Common/Commingled Funds:	
Fixed Income	1,906,221.55
Equity	3,629,738.16
Real Estate	511,573.84
Total Investments	6,047,533.55
Total Assets	6,090,164.71
<u>LIABILITIES</u>	
Payables:	
Administrative Expenses	3,400.00
Prepaid City Contribution	158,976.80
Total Liabilities	162,376.80
NET POSITION RESTRICTED FOR PENSIONS	5,927,787.91

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

**ADDITIONS**

Contributions:

City	192,341.00	
Total Contributions		192,341.00
Investment Income:		
Net Increase in Fair Value of Investments	1,014,328.11	
Less Investment Expense <sup>1</sup>	(11,583.90)	
Net Investment Income		1,002,744.21
Total Additions		1,195,085.21

**DEDUCTIONS**

Distributions to Members:

Benefit Payments	367,756.92	
Lump Sum DROP Distributions	0.00	
Total Distributions		367,756.92
Administrative Expense		22,925.78
Total Deductions		390,682.70
Net Increase in Net Position		804,402.51

**NET POSITION RESTRICTED FOR PENSIONS**

Beginning of the Year		5,123,385.40
End of the Year		5,927,787.91

<sup>1</sup>Investment 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 five year period. In the first year, 20% of the gain or loss is recognized. In the second year 40%, in the third year 60%, in the fourth year 80%, and in the fifth 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	2025
09/30/2017	252,229	0	0	0	0	0
09/30/2018	2,455	491	0	0	0	0
09/30/2019	(91,751)	(36,701)	(18,351)	0	0	0
09/30/2020	(33,964)	(20,378)	(13,585)	(6,792)	0	0
09/30/2021	639,477	511,582	383,687	255,792	127,897	0
Total		454,994	351,751	249,000	127,897	0

<u>Development of Investment Gain/(Loss)</u>	
Market Value of Assets, including Prepaid Contributions, 09/30/2020	5,291,515
Contributions Less Benefit Payments & Admin Expenses	(207,495)
Expected Investment Earnings*	363,267
Actual Net Investment Earnings	1,002,744
2021 Actuarial Investment Gain/(Loss)	<u>639,477</u>

\*Expected Investment Earnings =  $0.07 * 5,291,515 - 207,495 * [(1 + 0.07) ^ 0.5 - 1]$

<u>Development of Actuarial Value of Assets</u>	
(1) Market Value of Assets, 09/30/2021	5,927,788
(2) Gain/(Loss) Not Yet Recognized	454,994
(3) Actuarial Value of Assets, 09/30/2021, (1) - (2)	<u>5,472,794</u>
(A) 09/30/2020 Actuarial Assets, including Prepaid Contributions:	5,322,310
(I) Net Investment Income:	
1. Net Increase in Fair Value of Investments	1,014,328
2. Change in Actuarial Value	(485,789)
3. Investment Expenses	(11,584)
Total	<u>516,955</u>
(B) 09/30/2021 Actuarial Assets, including Prepaid Contributions:	5,631,771
Actuarial Asset Rate of Return = $2I/(A+B-I)$ :	9.91%
Market Value of Assets Rate of Return:	19.31%
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)	151,656
10/01/2021 Limited Actuarial Assets (not including Prepaid):	5,472,794

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

REVENUES

Contributions:		
City	192,341.00	
Total Contributions		192,341.00
Earnings from Investments:		
Net Increase in Fair Value of Investments	1,014,328.11	
Change in Actuarial Value	(485,789.00)	
Total Earnings and Investment Gains		528,539.11

EXPENDITURES

Distributions to Members:		
Benefit Payments	367,756.92	
Lump Sum DROP Distributions	0.00	
Total Distributions		367,756.92
Expenses:		
Investment related <sup>1</sup>	11,583.90	
Administrative	22,925.78	
Total Expenses		34,509.68
Change in Net Assets for the Year		318,613.51
Net Assets Beginning of the Year		5,154,180.40
Net Assets End of the Year <sup>2</sup>		5,472,793.91

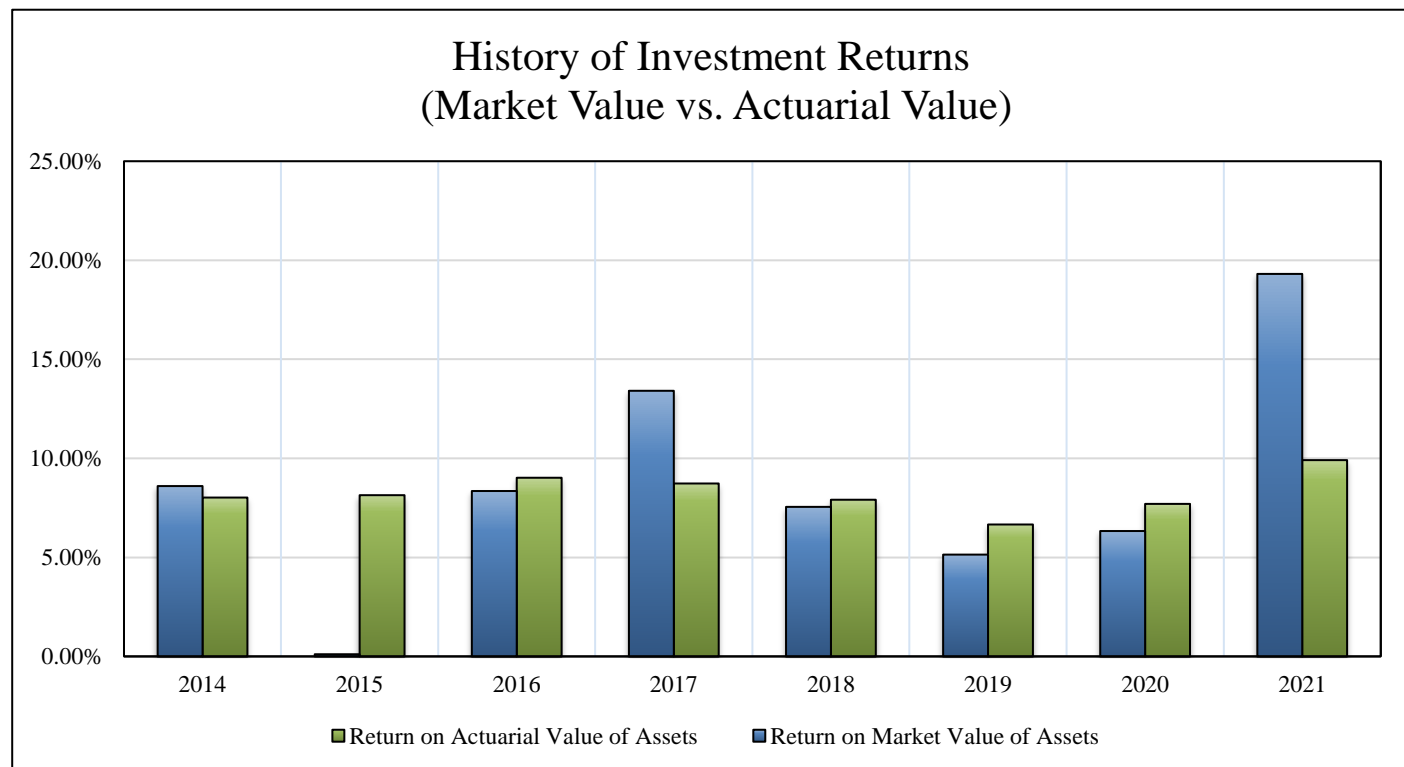
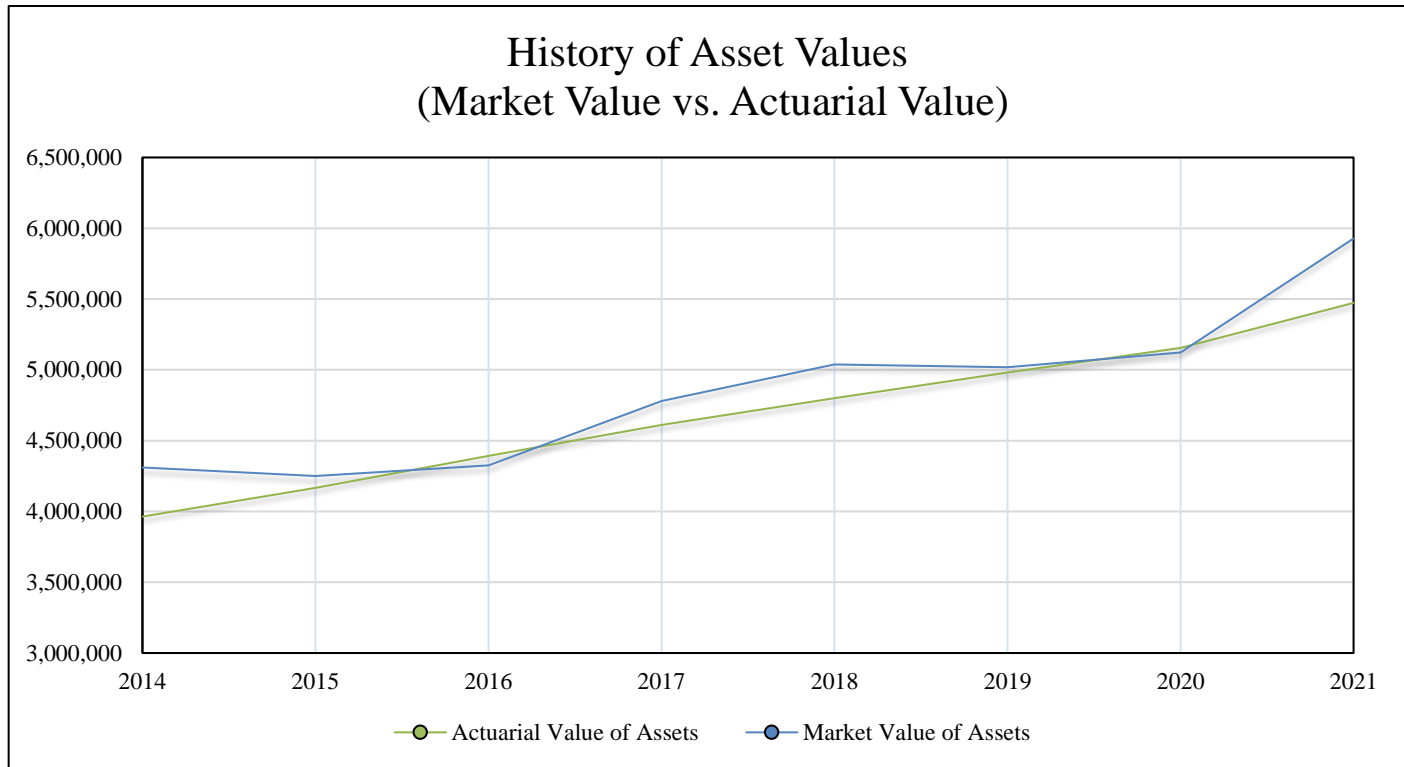
<sup>1</sup>Investment related expenses include investment advisory, custodial and performance monitoring fees.

<sup>2</sup>Net Assets may be limited for actuarial consideration.

RECONCILIATION OF CITY'S SHORTFALL/(PREPAID) CONTRIBUTION  
FOR THE FISCAL YEAR ENDED (FYE) SEPTEMBER 30, 2021

(1) Required City Contributions	\$192,341.00
(2) Less 2020 Prepaid Contribution	(168,129.68)
(3) Less Actual City Contributions	<u>(183,188.12)</u>
(4) Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2021	(\$158,976.80)

## 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	42	34	47	44
Average Current Age	42.9	44.3	40.7	44.0
Average Age at Employment	35.9	35.9	35.7	38.9
Average Past Service	7.0	8.4	5.0	5.1
Average Annual Salary	\$34,470	\$38,148	\$37,764	\$41,808
<u>Service Retirees</u>				
Number	24	26	29	29
Average Current Age	N/A	71.5	72.0	72.5
Average Annual Benefit	\$12,966	\$12,872	\$12,326	\$11,885
<u>DROP Retirees</u>				
Number	0	0	0	0
Average Current Age	N/A	N/A	N/A	N/A
Average Annual Benefit	N/A	N/A	N/A	N/A
<u>Beneficiaries</u>				
Number	0	0	0	0
Average Current Age	N/A	N/A	N/A	N/A
Average Annual Benefit	N/A	N/A	N/A	N/A
<u>Disability Retirees</u>				
Number	1	2	2	2
Average Current Age	N/A	61.2	62.2	63.2
Average Annual Benefit	\$14,157	\$11,150	\$11,150	\$11,150
<u>Terminated Vested</u>				
Number	16	14	14	15
Average Current Age	N/A	55.5	56.5	57.9
Average Annual Benefit	\$7,797	\$7,177	\$7,177	\$6,943

## 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	1											1
20 - 24			1		1							2
25 - 29		5				1						6
30 - 34	2	1				2						5
35 - 39	1	1										2
40 - 44	3			1			1					5
45 - 49	2	1				1	2					6
50 - 54				1			1	2				4
55 - 59	3	3							1		1	8
60 - 64		1	2						1			4
65+						1						1
Total	12	12	3	2	1	5	4	2	2	0	1	44

## VALUATION PARTICIPANT RECONCILIATION

### 1. Active lives

a. Number in prior valuation 10/1/2020	47
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	(14)
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	(1)
f. DROP	<u>0</u>
g. Continuing participants	32
h. New entrants	<u>12</u>
i. Total active life participants in valuation	44

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

	Service Retirees, Vested Receiving <u>Benefits</u>	DROP <u>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	29	0	0	2	14	0	45
Retired	1	0	0	0	0	0	1
DROP	0	0	0	0	0	0	0
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	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	1	0	1
b. Number current valuation	29	0	0	2	15	0	46

## SUMMARY OF CURRENT PLAN

<u>Effective Date</u>	January 1, 1969
<u>Participation</u>	All full-time permanent general employees of the City of Fort Meade become members on the first day of the month following, or coinciding with, their date of employment.
<u>Credited Service</u>	Years and fractional parts of years completed to the nearest full month.
<u>Average Monthly Earnings</u>	Average of total cash remuneration (including overtime and payments for accrued vacation and longevity, but excluding bonuses) during the last 5 years prior to retirement or termination.
<u>Normal Retirement</u>	
Eligibility	The earlier of:  1) Age 70; or  2) Age 65 with at least 10 years of Credited Service; or  3) Age 62 with at least 30 years of Credited Service; or  4) Age 60 with at least 35 years of Credited Service; or  5) Completion of 40 years of Credited Service, regardless of age.
Benefit Amount	1.5% of Average Final Compensation times Credited Service.
Form of Benefit	Single Life Annuity (options available).



### Early Retirement

Eligibility	Age 60 and 20 Years of Credited Service.
Benefit Amount	Benefit determined as for Normal Retirement, but reduced 5% for each year that Early Retirement precedes age 65.

### Disability

#### Service Connected

Eligibility	The participant must have become disabled in the line of duty due to a sickness or injury which renders him or her unable to perform his or her own occupation with the City.
Benefit	The greater of:  1) Monthly accrued benefit; or  2) 30% of salary in effect at the time of disablement.

#### Non-Service Connected

Eligibility	10 years of Credited Service and the participant must be disabled due to a sickness or injury which renders him or her unable to perform his or her own occupation with the City.
Benefit	Monthly accrued benefit.

### Vesting (Termination of Employment)

Eligibility	At least 10 years of Credited Service.
Benefit Amount	Accrued benefit payable at age 65 unreduced or accrued benefit reduced 5% for each year commencement precedes age 65.

### Pre-Retirement Death

#### Prior to Normal Retirement Eligibility

Benefit	Single lump sum payment to the spouse of the participant equal to the actuarially equivalent value of 75% of the participant's vested accrued benefit.
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#### On or After Normal Retirement Eligibility

Benefit	66 ⅔% of the participant's accrued 66 ⅔% joint and contingent annuity payable to the spouse for life. The spouse may elect to receive the 75% lump sum benefit that is payable in the case of a pre-retirement death prior to reaching Normal Retirement eligibility.
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### Deferred Retirement Option Plan

Eligibility	Later of Age 62 or Normal Retirement eligibility.
Participation	Not to exceed 36 months.
Rate of Return	6.0% per annum.
Form of Distribution	Cash lump sum (options available) at termination of employment.

STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2021

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Cash	42,631
Total Cash and Equivalents	42,631
Total Receivable	0
Investments:	
Pooled/Common/Commingled Funds:	
Fixed Income	1,906,222
Equity	3,629,738
Real Estate	511,574
Total Investments	6,047,534
Total Assets	6,090,165
<u>LIABILITIES</u>	
Payables:	
Administrative Expenses	3,400
Total Liabilities	3,400
NET POSITION RESTRICTED FOR PENSIONS	6,086,765

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

ADDITIONS

## Contributions:

City	183,188	
Total Contributions		183,188

## Investment Income:

Net Increase in Fair Value of Investments	1,014,329	
Interest & Dividends	0	
Less Investment Expense <sup>1</sup>	(11,584)	

Net Investment Income		1,002,745
Total Additions		1,185,933

DEDUCTIONS

## Distributions to Members:

Benefit Payments	367,757	
Total Distributions		367,757

Administrative Expense		22,926
Total Deductions		390,683
Net Increase in Net Position		795,250

## NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		5,291,515
End of the Year		6,086,765

<sup>1</sup>Investment 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 City of Fort Meade. The five-member City Commission serves as the Board of Trustees.

### *Plan Membership as of October 1, 2020:*

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	31
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	14
Active Plan Members	47
	92

### *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 Fort Meade General Employees' Retirement Plan prepared by the prior actuary, Southern Actuarial Services.

### *Contributions*

Amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Part VII of Florida Statutes, Chapter 112.

### *Investment Policy:*

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

Asset Class	Target Allocation
US Large Cap Equity	25.00%
US Small Cap Equity	14.00%
Non-US Equity	21.00%
Core Bonds	15.00%
Core Plus	15.00%
Core Real Estate	10.00%
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 19.31 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: Later of Age 62 or Satisfaction of Normal Retirement requirements.

Participation: Not to exceed 36 months.

Rate of Return: 6.0% per annum.

The DROP balance as September 30, 2021 is \$0.

## 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	\$ 5,992,415
Plan Fiduciary Net Position	\$ (6,086,765)
Sponsor's Net Pension Liability	<u>\$ (94,350)</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	101.57%

*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	2.92%
Salary Increases	3.00%
Discount Rate	6.75%
Investment Rate of Return	6.75%

*Mortality Rate Healthy Active Lives:*

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

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

*Mortality Rate Healthy Retiree 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 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:*

PubG.H-2010 for Disabled Retirees, set forward three years.

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

The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2019 FRS valuation report for non-special-risk employees. We feel this assumption sufficiently accommodates future mortality improvements.

The most recent actuarial experience study used to review the other significant assumptions was unknown.

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 2.80%.

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:

Asset Class	Long Term Expected Real Rate of Return <sup>1</sup>
US Large Cap Equity	7.2%
US Small Cap Equity	8.4%
Non-US Equity	8.2%
Core Bonds	2.6%
Core Plus	2.9%
Core Real Estate	6.7%

<sup>1</sup> Source: Florida League of Cities

*Discount Rate:*  
The Discount Rate used to measure the Total Pension Liability was 6.75 percent.  
The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

	1% Decrease	Current	1% Increase
	5.75%	Discount Rate	7.75%
		6.75%	
Sponsor's Net Pension Liability	\$ 523,447	\$ (94,350)	\$ (616,684)

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

Measurement Date	09/30/2021	09/30/2020
Total Pension Liability		
Service Cost	109,584	70,977
Interest	397,080	396,911
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(61,417)	(38,807)
Changes of assumptions	168,066	(94,057)
Benefit Payments, including Refunds of Employee Contributions	(367,757)	(374,697)
Net Change in Total Pension Liability	245,556	(39,673)
Total Pension Liability - Beginning	5,746,859	5,786,532
Total Pension Liability - Ending (a)	<u>\$ 5,992,415</u>	<u>\$ 5,746,859</u>
Plan Fiduciary Net Position		
Contributions - Employer	183,188	212,954
Net Investment Income	1,002,745	320,436
Benefit Payments, including Refunds of Employee Contributions	(367,757)	(374,697)
Administrative Expense	(22,926)	(18,768)
Net Change in Plan Fiduciary Net Position	795,250	139,925
Plan Fiduciary Net Position - Beginning	5,291,515	5,151,590
Plan Fiduciary Net Position - Ending (b)	<u>\$ 6,086,765</u>	<u>\$ 5,291,515</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ (94,350)</u>	<u>\$ 455,344</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	101.57%	92.08%
Covered Payroll	\$ 1,755,771	\$ 1,557,647
Net Pension Liability as a percentage of Covered Payroll	-5.37%	29.23%

**Notes to Schedule:***Changes of assumptions:*

For measurement date 09/30/2021, the investment rate of return was lowered from 7.00% to 6.75% per year compounded annually, 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 the July 1, 2019 actuarial valuation for non-special-risk lives.



## 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	\$ 192,341	\$ 183,188	\$ 9,153	\$ 1,755,771	10.43%
09/30/2020	\$ 178,708	\$ 212,954	\$ (34,246)	\$ 1,557,647	13.67%

#### Notes to Schedule

Valuation Date: 10/01/2020

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

Methods and assumptions used to determine contribution rates can be found in the October 1, 2020 Actuarial Valuation for the City of Fort Meade General Employees' Retirement Plan 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
09/30/2021	19.31%
09/30/2020	6.33%

## 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 City of Fort Meade. The five-member City Commission serves as the Board of Trustees.

### *Plan Membership as of October 1, 2020:*

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	31
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	14
Active Plan Members	47
	<u>92</u>

### *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 Fort Meade General Employees' Retirement Plan prepared by the prior actuary, Southern Actuarial Services.

### *Contributions*

Amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Part VII of Florida Statutes, Chapter 112.

### *Net Pension Liability*

The measurement date is September 30, 2021.

The measurement period for the 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	2.92%
Salary Increases	3.00%
Discount Rate	6.75%
Investment Rate of Return	6.75%

*Mortality Rate Healthy Active Lives:*

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

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

*Mortality Rate Healthy Retiree 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 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:*

PubG.H-2010 for Disabled Retirees, set forward three years.

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

The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2019 FRS valuation report for non-special-risk employees. We feel this assumption sufficiently accommodates future mortality improvements.

The most recent actuarial experience study used to review the other significant assumptions was unknown.

The Long-Term Expected Rate of Return on Pension Plan investments was 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 2.80%.

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:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return <sup>1</sup>
US Large Cap Equity	25.00%	7.20%
US Small Cap Equity	14.00%	8.40%
Non-US Equity	21.00%	8.20%
Core Bonds	15.00%	2.60%
Core Plus	15.00%	2.90%
Core Real Estate	10.00%	6.70%
Total	100.00%	

<sup>1</sup> Source: Florida League of Cities

*Discount Rate:*

The Discount Rate used to measure the Total Pension Liability was 6.75 percent.

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

## CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances at September 30, 2020	\$ 5,746,859	\$ 5,291,515	\$ 455,344
Changes for a Year:			
Service Cost	109,584	-	109,584
Interest	397,080	-	397,080
Differences between Expected and Actual Experience	(61,417)	-	(61,417)
Changes of assumptions	168,066	-	168,066
Changes of benefit terms	-	-	-
Contributions - Employer	-	183,188	(183,188)
Net Investment Income	-	1,002,745	(1,002,745)
Benefit Payments, including Refunds of Employee Contributions	(367,757)	(367,757)	-
Administrative Expense	-	(22,926)	22,926
Net Changes	245,556	795,250	(549,694)
Balances at September 30, 2021	\$ 5,992,415	\$ 6,086,765	\$ (94,350)

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

	Current Discount		
	1% Decrease	Rate	1% Increase
	5.75%	6.75%	7.75%
Sponsor's Net Pension Liability	\$ 523,447	\$ (94,350)	\$ (616,684)

*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

For the year ended September 30, 2021, the Sponsor will recognize a Pension Expense of \$72,582.

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	-	113,713
Changes of assumptions	402,539	56,433
Net difference between Projected and Actual Earnings on Pension Plan investments	-	459,903
Total	<u>\$ 402,539</u>	<u>\$ 630,049</u>

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	\$ (33,833)
2023	\$ (27,598)
2024	\$ (83,864)
2025	\$ (112,685)
2026	\$ 15,235
Thereafter	\$ 15,235

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

Measurement Date	09/30/2021	09/30/2020
Total Pension Liability		
Service Cost	109,584	70,977
Interest	397,080	396,911
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(61,417)	(38,807)
Changes of assumptions	168,066	(94,057)
Benefit Payments, including Refunds of Employee Contributions	(367,757)	(374,697)
Net Change in Total Pension Liability	245,556	(39,673)
Total Pension Liability - Beginning	5,746,859	5,786,532
Total Pension Liability - Ending (a)	<u>\$ 5,992,415</u>	<u>\$ 5,746,859</u>
Plan Fiduciary Net Position		
Contributions - Employer	183,188	212,954
Net Investment Income	1,002,745	320,436
Benefit Payments, including Refunds of Employee Contributions	(367,757)	(374,697)
Administrative Expense	(22,926)	(18,768)
Net Change in Plan Fiduciary Net Position	795,250	139,925
Plan Fiduciary Net Position - Beginning	5,291,515	5,151,590
Plan Fiduciary Net Position - Ending (b)	<u>\$ 6,086,765</u>	<u>\$ 5,291,515</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ (94,350)</u>	<u>\$ 455,344</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	101.57%	92.08%
Covered Payroll	\$ 1,755,771	\$ 1,557,647
Net Pension Liability as a percentage of Covered Payroll	-5.37%	29.23%

**Notes to Schedule:***Changes of assumptions:*

For measurement date 09/30/2021, the investment rate of return was lowered from 7.00% to 6.75% per year compounded annually, 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 the July 1, 2019 actuarial valuation for non-special-risk lives.

## 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	\$ 192,341	\$ 183,188	\$ 9,153	\$ 1,755,771	10.43%
09/30/2020	\$ 178,708	\$ 212,954	\$ (34,246)	\$ 1,557,647	13.67%

#### Notes to Schedule

Valuation Date: 10/01/2020

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

Methods and assumptions used to determine contribution rates can be found in the October 1, 2020 Actuarial Valuation for the City of Fort Meade General Employees' Retirement Plan 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	\$ 455,344	\$ 151,644	\$ 363,222	\$ -
Total Pension Liability Factors:				
Service Cost	109,584	-	-	109,584
Interest	397,080	-	-	397,080
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(61,417)	61,417	-	-
Current year amortization of experience difference	-	(35,737)	-	(35,737)
Change in assumptions about future economic or demographic factors or other inputs	168,066	-	168,066	-
Current year amortization of change in assumptions	-	(18,811)	(123,429)	104,618
Benefit Payments, including Refunds of Employee Contributions	(367,757)	-	-	-
Net change	<u>245,556</u>	<u>6,869</u>	<u>44,637</u>	<u>575,545</u>
Plan Fiduciary Net Position:				
Contributions - Employer	183,188	-	-	-
Projected Net Investment Income	363,144	-	-	(363,144)
Difference between projected and actual earnings on Pension Plan investments	639,601	639,601	-	-
Current year amortization	-	(187,859)	(25,114)	(162,745)
Benefit Payments, including Refunds of Employee Contributions	(367,757)	-	-	-
Administrative Expenses	(22,926)	-	-	22,926
Net change	<u>795,250</u>	<u>451,742</u>	<u>(25,114)</u>	<u>(502,963)</u>
Ending Balance	<u>\$ (94,350)</u>	<u>\$ 610,255</u>	<u>\$ 382,745</u>	<u>\$ 72,582</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	\$ (639,601)	5	\$ (127,921)	\$ (127,920)	\$ (127,920)	\$ (127,920)	\$ (127,920)	\$ -	\$ -	\$ -	\$ -	\$ -
2020	\$ 33,857	5	\$ 6,771	\$ 6,771	\$ 6,771	\$ 6,771	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2019	\$ 91,713	5	\$ 18,343	\$ 18,343	\$ 18,343	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	\$ (26,114)	5	\$ (5,223)	\$ (5,222)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ (273,571)	5	\$ (54,715)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ (162,745)	\$ (108,028)	\$ (102,806)	\$ (121,149)	\$ (127,920)	\$ -	\$ -	\$ -	\$ -	\$ -

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	\$ 168,066	7	\$ 24,012	\$ 24,009	\$ 24,009	\$ 24,009	\$ 24,009	\$ 24,009	\$ 24,009	\$ -	\$ -	\$ -
2020	\$ (94,057)	5	\$ (18,811)	\$ (18,811)	\$ (18,811)	\$ (18,811)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 854,987	8.6	\$ 99,417	\$ 99,417	\$ 99,417	\$ 59,651	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 104,618	\$ 104,615	\$ 104,615	\$ 64,849	\$ 24,009	\$ 24,009	\$ 24,009	\$ -	\$ -	\$ -

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)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
2021	\$ (61,417)	7	\$ (8,773)	\$ (8,774)	\$ (8,774)	\$ (8,774)	\$ (8,774)	\$ (8,774)	\$ (8,774)	\$ -	\$ -	\$ -
2020	\$ (38,807)	5	\$ (7,761)	\$ (7,761)	\$ (7,761)	\$ (7,761)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2019	\$ (49,621)	6	\$ (8,270)	\$ (8,270)	\$ (8,270)	\$ (8,270)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	\$ (26,337)	4.16	\$ (6,331)	\$ (1,013)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ (39,575)	8.6	\$ (4,602)	\$ (4,602)	\$ (4,602)	\$ (2,759)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ (35,737)	\$ (30,420)	\$ (29,407)	\$ (27,564)	\$ (8,774)	\$ (8,774)	\$ (8,774)	\$ -	\$ -	\$ -