CITY OF LAKE ALFRED

GENERAL EMPLOYEES'

RETIREMENT SYSTEM

FINANCIAL STATEMENTS

September 30, 2025 and 2024

CITY OF LAKE ALFRED GENERAL EMPLOYEES' RETIREMENT SYSTEM

SEPTEMBER 30, 2025 AND 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
City of Lake Alfred General Employees' Retirement System

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of the City of Lake Alfred General Employees' Retirement System, a fiduciary fund of the City of Lake Alfred, Florida, as of and for the year ended September 30, 2025 and 2024, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City of Lake Alfred General Employees' Retirement System as of September 30, 2025 and 2024, and its changes in financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Lake Alfred General Employees' Retirement System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, these financial statements present only the City of Lake Alfred General Employees' Retirement System and do not purport to, and do not, present fairly the financial position of the City of Lake Alfred, Florida, as of September 30, 2025 and 2024, and the changes in its financial position and cash flows, where applicable, for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Lake Alfred General Employees' Retirement System ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

307 Pontotoc Plaza ■ Auburndale, Florida 33823 ■ **Phone** 800.368.3959 ■ **Fax** 863.583.0872

Brynjulfson CPA, P.A. **www.myfloridacpas.com**

Auditor's Responsibilities for the Audit of the Financial Statements *(concluded)*

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Lake Alfred General Employees' Retirement System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Lake Alfred General Employees' Retirement System's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedule of changes in net pension liability and related ratios, notes to the schedule of changes in net pension liability and related ratios, schedule of contributions, notes to schedule of contributions and schedule of investment returns beginning on page 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2026, on our consideration of the City of Lake Alfred General Employees' Retirement System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Lake Alfred General Employees' Retirement System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City of Lake Alfred General Employees' Retirement System's internal control over financial reporting and compliance.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
April 16, 2026

CITY OF LAKE ALFRED GENERAL EMPLOYEES' RETIREMENT SYSTEM

STATEMENTS OF PLAN NET POSITION

September 30, 2025 and 2024

	2025	2024
ASSETS		
Receivables:		
Contributions receivable:		
Plan members	$ 5,063	$ 200
Total receivables	5,063	200
Investments, at fair value:		
Cash and short-term money market funds	60,133	97,784
Fixed income external investment pools	2,315,122	2,046,479
Equity securities external investment pools	4,532,527	4,183,756
Real estate investment pool	608,847	656,549
Total investments	7,516,629	6,984,568
Total assets	7,521,692	6,984,768
LIABILITIES		
Accounts payable	6,809	6,402
Total liabilities	6,809	6,402
NET POSITION, restricted for pension benefits	$ 7,514,883	$ 6,978,366

See accompanying notes to financial statements

CITY OF LAKE ALFRED GENERAL EMPLOYEES' RETIREMENT SYSTEM

STATEMENTS OF CHANGES IN PLAN NET POSITION

For years ended September 30, 2025 and 2024

	2025	2024
ADDITIONS		
Contributions:		
City	$ 308,971	$ 255,934
Plan members	79,775	74,697
Plan member buy-back contributions	122,044	43,295
Total contributions	510,790	373,926
Investment income	590,319	1,192,184
Less investment related expenses:		
Custodial fees	17,388	14,108
Total investment expenses	17,388	14,108
Net investment income	572,931	1,178,076
Total additions	1,083,721	1,552,002
DEDUCTIONS		
Administrative expenses:		
Legal	7,798	10,129
Actuarial	24,950	24,187
Insurance	-	1,570
Administration fees	3,000	3,000
Auditing	6,041	5,350
Total administrative expenses	41,789	44,236
Benefit payments and refund of contributions	505,415	345,868
Total deductions	547,204	390,104
CHANGE IN NET POSITION	536,517	1,161,898
NET POSITION - beginning of year	6,978,366	5,816,468
NET POSITION - end of year	$ 7,514,883	$ 6,978,366

See accompanying notes to financial statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS

REPORTING ENTITY – The financial statements presented are only for the City of Lake Alfred General Employees' Retirement System (the "Plan") and are not intended to present the basic financial statements of the City of Lake Alfred, Florida, (the "City"). The Plan is included in the City's annual financial report which is a separately issued document. The Plan is a pension trust fund (fiduciary fund type) of the City which accounts for the single employer defined pension plan for certain full-time City employees who are not police officers or firefighters.

BASIS OF ACCOUNTING - The Plan's financial statements are prepared using the accrual basis of accounting.

CONTRIBUTIONS - It is the City's policy to fund the annual required contribution. Employee contributions are recognized as revenues in the period in which employee services are performed. Employer contributions are recognized as revenues in the period they are received by the Plan unless the contribution represents satisfaction of a prior period receivable. Additional contributions required to fully meet the employer's actuarial contribution requirements for the year are accrued as a receivable from the City at year end.

PLAN EXPENSES - All costs of administering the Plan are paid out of the Plan's funds. Benefit payments, contribution refunds to participants, and administrative expenses are reported as plan expenses when due and payable.

METHOD USED TO VALUE INVESTMENTS - Plan investments are reported at fair value which is the price that would be received to sell an investment in an orderly transaction between market participants. All fair values are determined by the third-party custodians. Security transactions and any resulting gains or losses are accounted for by the specific identification method on a trade-date basis.

USE OF ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

EXEMPT TAX STATUS - The Plan is exempt from federal income taxes under provisions of Section 501(a) of the Internal Revenue Code.

NOTE 2 – PLAN DESCRIPTION

The Plan was established by City Ordinance and can be amended or terminated by City Ordinance. The Plan is a single-employer defined-benefit pension plan administered by a Board of seven trustees, three of whom, unless otherwise prohibited by law, shall be legal residents of the City and shall be appointed by the Lake Alfred City Commission, three of whom shall be members of the Plan and shall be elected by a majority of the general employees who are members of the Plan. The seventh trustee shall be chosen by a majority of the previous trustees. The Plan is a fiduciary fund of the City of Lake Alfred, Florida because it exists solely to provide benefits to City employees and the assets of the plan are included in the City's financial statements and are blended with those of the other fiduciary funds of the City. Actuarial liabilities are determined by consulting actuaries. Investments of the Plan are maintained by a third-party custodian.

Prior to January 1, 2023, participation in the Plan was mandatory for all full time City employees who are not police officers or firefighters (General Employees). Effective January 1, 2023, the Plan was closed to new entrants and any General Employees hired after January 1, 2023, must participate in a defined contribution plan and are not eligible to participate in the Plan. All members of the Plan as of January 31, 2023 had the option to transfer the actuarial present value of their frozen accrued benefit to the defined contribution plan or choose to stay in the Plan and continue to accrue benefits.

Plan members contribute 5% of salary with the City contributing an actuarially determined amount, which was approximately 19.37% and 17.13% of annual covered payroll for the years ended September 30, 2025 and 2024, respectively. Contributions are deposited with a third-party custodian where they are invested by the money manager.

Employees are fully vested upon completion of ten years of service. Benefits are payable at normal retirement, age 57 with 10 years of service, equal to 2.72% of average final compensation multiplied by the number of service years. Average final compensation is the average salary of the 5 best years of the last 10 years of credited service prior to termination, retirement or death or the career average as a full-time general employee, whichever is greater. A year is defined as 12 consecutive months. Early retirement is available with reduced benefits at age 55 with 10 years of service.

Plan Membership – On October 1, 2024 and 2023, the participant data consisted of:

	2024	2023
Inactive plan members or beneficiaries currently receiving benefits	29	29
Inactive plan members entitled to but not yet receiving benefits	40	40
Active plan members	19	23
Total	88	92

NOTE 3 – INVESTMENTS

The Plan has contracted with the Florida Municipal Pension Trust Fund (FMPTF) to be the custodian and investment manager for the Plan's investments and has adopted FMPTF's investment policy for its investments. The FMPTF is established as a trust whereby governmental entities with employee pension plans may elect to join the trust (becoming a Participating Employer), and with the trust providing the plans with administrative and investment services for the benefit of Participating Employers, Participating Employees, and Beneficiaries. All employee pension plan assets with the FMPTF are included in the trust's Master Trust Fund. Employee pension plan assets are invested by the FMPTF through the Florida Municipal Investment Trust (FMIvT) for the benefit of the Participating Employers, Participating Employees and Beneficiaries.

The FMIvT is a Local Government Investment Pool (LGIP) and, therefore, considered an external investment pool for GASB reporting requirements. The Plan is a Participating Employer in the FMPTF and has a beneficial interest in shares in the FMIvT portfolios. The Plan's investment is the beneficial interest in the FMIvT portfolio, not the individual securities held within each portfolio.

The FMIvT is governed by a Board of Trustees that is comprised of elected officials who actively participate in the FMIvT. In addition, an investment advisory committee made up of finance directors from throughout the State of Florida and from past presidents of the Florida Government Finance Officers Association, meets regularly with the FMIvT administrator to assist and consult on issues regarding the FMIvT.

The Board has elected to participate in the FMPTF 60% equity asset allocation model. This model uses an investment allocation ratio of not to exceed 60% of the Plan's assets invested in equity securities (pooled equity funds managed by FMIvT), 30% in fixed income securities (pooled fixed income funds managed by FMIvT), and 10% in real estate (pooled core real estate portfolio managed by FMIvT). Within this target asset allocation, the FMIvT has target percentages of how it allocates a plan's investments among the various pooled accounts that it maintains for its participants.

Target Asset Allocation - The following was the Board's adopted asset allocation policy as of September 30, 2025 and September 30, 2024:

	Target Allocation	
	September 30,	
Asset Class	2025	2024
US Large Cap Equity	25%	25%
US Small Cap Equity	14%	14%
Non-US Equity	21%	21%
Core Bonds - Broad Market High Quality	15%	15%
Core Plus Fixed Income Fund	15%	15%
Core Real Estate	10%	10%
Total	100%	100%

NOTE 3 - INVESTMENTS (cont...)

The Board has adopted the FMPTF investment policy which authorizes investments in a variety of fixed income and domestic and international equity interest as follows:

Authorized Investments	Portfolio Concentration	Maximum Maturity	Issuer Concentration	S&P Rating
Repurchase agreements	Not Limited	180 days		
Direct obligations of the U.S. Treasury	Not Limited			
State Board of Administration or State Treasurer authorized investments	Not Limited			
Commercial paper issued in the U.S.	Not Limited	270 days		AA
Bankers' acceptances	Not Limited	270 days	5.00%	AA
Nonnegotiable certificates of deposit	Not Limited	2 years	$5 million	A
U.S. Government Agency securities	Not Limited			
Money market master mutual funds, limited to temporary funds	Temp Funds			
Mortgage obligations guaranteed by U.S.	Not Limited			AAA
Corporate fixed income securities issued by U.S. companies	Not Limited		3.00%	A
Asset "backed" securities issued by U.S.	Not Limited			A
State, municipal, county governments	Not Limited			A
Commingled government investment trusts	Not Limited			
Guaranteed investment contracts with highest rated companies	Not Limited			Highest AM Best
Investment agreements with financial institutions	Not Limited		$10 million	
Equity assets	60.00%			
Florida Municipal Investment Trust (FMIvT) portfolios	Not Limited			

Investments at Fair Value - The Plan is a participating member of the FMPTF. All assets with the FMPTF are invested through the FMIvT for the benefit of the participating members. The FMIvT, administered by the Florida League of Cities, Inc., is an interlocal governmental entity created under the laws of the State of Florida as a local government investment pool and is considered an external investment pool for GASB purposes and therefore, while the Plan's investments are reported at fair value, the Plan is not required to categorize the positions in the pool within the fair value hierarchy as established by the U.S. GAAP. Redemptions from the FMIvT are permitted monthly upon advance written notification.

NOTE 3 - INVESTMENTS (cont...)

Investments at Fair Value (cont...)

As of September 30, 2025, and 2024, the carrying amount of the Plan investments with the FMIvT were as follows:

Asset Class	2025	2024
Cash and money market	$ 60,133	$ 97,784
FMIvT Broad Market High Quality Bond	1,202,661	1,005,778
FMIvT Core Plus	1,112,461	1,040,701
FMIvT Large Cap Diversified Equity	1,909,224	1,739,157
FMIvT Diversified Small to Mid Cap Equity	984,678	1,012,762
FMIvT International Equity	1,638,625	1,431,837
FMIvT Core Real Estate Portfolio	608,847	656,549
Total	$ 7,516,629	$ 6,984,568

Information related to interest rate and credit risk for the Plan's fixed income investments is summarized below:

Issuer/Issue	Fitch Rating	Fair Value	Modified Duration
As of September 30, 2025:			
Cash and short term money market funds	Not Rated	$ 60,133	NA
FMIvT Core Plus Fixed Income Fund	Not Rated	1,112,461	5.52
FMIvT Broad Market High Quality Bond Fund	AAf/S4	1,202,661	5.56
		$ 2,375,255	
As of September 30, 2024:			
Cash and short term money market funds	Not Rated	$ 97,784	NA
FMIvT Core Plus Fixed Income Fund	Not Rated	1,040,701	6.24
FMIvT Broad Market High Quality Bond Fund	AAf/S4	1,005,778	5.10
		$ 2,144,263	

Concentrations - The Plan did not hold investments (other than those issued or explicitly guaranteed by the US Government or those in pooled investments) in any one organization that represented 5% or more of the Plan's fiduciary net position as of September 30, 2025 and 2024.

Money-weighted Rate of Return - For the year ended September 30, 2025 and 2024, the money-weighted rate of return, net of investment expenses and adjusted for the changing amounts invested, for the Plan was 8.17% and 18.90% respectively.

NOTE 4 - DEFERRED RETIREMENT OPTION PROGRAM (DROP)

The Plan permits its members to elect to receive retirement benefits while still employed and receiving a salary. Members are eligible upon reaching normal retirement. The participant's retirement benefits are credited into an individual member account and paid out to the member upon termination or retirement not to exceed a period of up to 96 months. Amounts credited to the members' DROP accounts earn interest and remain in the pension plans' net position until paid out. Amounts held in DROP accounts as of September 30, 2025 and 2024 were $24,047 and $132,238, respectively.

NOTE 5 - NET PENSION LIABILITY

Net Pension Liability - The components of the net pension liability for the Plan as of September 30, 2025 and 2024, were as follows:

	2025	2024
Total pension liability	$ 8,307,059	$ 7,990,750
Plan fiduciary net position	(7,514,883)	(6,978,366)
Net pension liability	$ 792,176	$ 1,012,384
Plan fiduciary net position as percentage of the total pension liability	90.46%	87.33%

Actuarial assumptions:

Actuarial valuation date	October 1, 2024	October 1, 2023
Measurement date	September 30, 2025	September 30, 2024
Inflation	2.50%	2.50%
Salary increases	Service Based	Service Based
Discount rate	6.85%	6.95%
Investment rate of return	6.85%	6.95%
Date of actuarial experience study	June 15, 2020	June 15, 2020

Mortality rates for the fiscal year ending September 30, 2025 and 2024, were based on The Society of Actuaries' Retirement Plan Experience Committee (RPEC) Pub-2010 Public Retirement Plans Mortality Tables Report.

Long-term Expected Real 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. 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. For 2025 and 2024 the inflation assumption was 2.50%.

NOTE 5 - NET PENSION LIABILITY (cont…)

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2025 and 2024 are summarized in the following table.

	September 30,	
Asset Class	2025	2024
Core Bonds	2.50%	2.50%
Core Plus	2.80%	2.80%
US Large Cap Equity	7.20%	7.10%
US Small Cap Equity	8.50%	8.50%
International Equity	8.20%	8.20%
Core Real Estate	6.40%	6.40%

Discount Rate – The total pension liability was measured using a discount rate of 6.85% as of September 30, 2025 and 6.95% as of September 30, 2024. 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 City contributions will be made at rates equal to the actuarially determined contribution 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.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability (asset) of the City as of September 30, 2025 and 2024, calculated using the discount rate for each year, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower and one percentage point higher than the current rate used for each year.

Fiscal year	Discount Rate	1% Decrease	Current discount	1% Increase
September 30, 2024	6.95%	$ 2,137,500	$ 1,012,384	$ 91,792
September 30, 2025	6.85%	$ 1,947,368	$ 792,176	$ (157,553)

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LAKE ALFRED GENERAL EMPLOYEES' RETIREMENT SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

The following information presents the changes in net pension liability:

	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021
Total pension liability					
Service cost	$ 157,710	$ 182,024	$ 234,395	$ 216,884	$ 205,075
Interest	548,755	505,914	475,945	456,882	441,055
Differences between expected and actual experience	(245,095)	372,814	253,322	28,582	(89,015)
Changes in assumptions	238,310	70,180	95,375	82,236	-
Contributions - buyback	122,044	43,295	-	39,821	-
Benefit payments and refunds	(505,415)	(355,084)	(619,218)	(355,105)	(346,143)
Net change in total pension liability	316,309	819,143	439,819	469,300	210,972
Total pension liability, beginning	7,990,750	7,171,607	6,731,788	6,262,488	6,051,516
Total pension liability, ending	$ 8,307,059	$ 7,990,750	$ 7,171,607	$ 6,731,788	$ 6,262,488
Plan fiduciary net position					
Contributions - employer	308,971	255,934	209,562	238,405	-
Contributions - employee	79,775	74,697	95,013	102,026	93,431
Contributions - employee buyback	122,044	43,295	-	39,821	-
Net investment income	572,931	1,178,076	496,367	(906,010)	1,099,300
Benefit payments and refunds	(505,415)	(345,868)	(628,433)	(355,105)	(346,143)
Administrative expenses	(41,789)	(44,236)	(59,290)	(35,039)	(37,355)
Net change in plan fiduciary net position	536,517	1,161,898	113,219	(915,902)	809,233
Plan fiduciary net position, beginning	6,978,366	5,816,468	5,703,249	6,619,151	5,809,918
Plan fiduciary net position, ending	$ 7,514,883	$ 6,978,366	$ 5,816,468	$ 5,703,249	$ 6,619,151
Net pension liability (asset)	$ 792,176	$ 1,012,384	$ 1,355,139	$ 1,028,539	$ (356,663)
Plan fiduciary net position as a percentage of the total pension liability	90.46%	87.33%	81.10%	84.72%	105.70%
Covered payroll	$ 1,595,499	$ 1,493,942	$ 1,900,261	$ 2,040,515	$ 1,868,615
Net pension liability (asset) as a percentage of covered payroll	49.65%	67.77%	71.31%	50.41%	-19.09%

Continued…

See Auditor's Report

CITY OF LAKE ALFRED GENERAL EMPLOYEES' RETIREMENT SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (concluded)

The following information presents the changes in net pension liability:

	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016
Total pension liability					
Service cost	$ 206,381	$ 211,276	$ 193,994	$ 170,659	$ 154,686
Interest	429,229	403,077	380,720	349,574	320,365
Differences between expected and actual experience	135,621	93,660	18,610	(4,941)	12,782
Changes in assumptions	(44,750)	-	-	-	164,833
Contributions - buyback	-	11,628	11,989	165,863	-
Benefit payments and refunds	(383,278)	(348,831)	(300,164)	(278,261)	(280,105)
Net change in total pension liability	343,203	370,810	305,149	402,894	372,561
Total pension liability, beginning	5,708,313	5,337,503	5,032,354	4,629,460	4,256,899
Total pension liability, ending	$ 6,051,516	$ 5,708,313	$ 5,337,503	$ 5,032,354	$ 4,629,460
Plan fiduciary net position					
Contributions - employer	493,651	229,964	216,098	188,390	173,325
Contributions - retroactive employer	-	-	-	74,865	-
Contributions - employee	86,546	79,133	77,075	71,967	58,327
Contributions - employee buyback	-	11,628	11,989	165,862	-
Net investment income	340,554	274,336	353,176	548,625	303,304
Benefit payments and refunds	(448,882)	(298,774)	(284,617)	(278,262)	(280,105)
Administrative expenses	(41,808)	(34,491)	(30,140)	(40,417)	(36,681)
Net change in plan fiduciary net position	430,061	261,796	343,581	731,030	218,170
Plan fiduciary net position, beginning	5,379,857	5,118,061	4,774,480	4,043,450	3,825,280
Plan fiduciary net position, ending	$ 5,809,918	$ 5,379,857	$ 5,118,061	$ 4,774,480	$ 4,043,450
Net pension liability	$ 241,598	$ 328,456	$ 219,442	$ 257,874	$ 586,010
Plan fiduciary net position as a percentage of the total pension liability	96.01%	94.25%	95.89%	94.88%	87.34%
Covered payroll	$ 1,730,788	$ 1,582,655	$ 1,530,313	$ 1,454,094	$ 1,166,417
Net pension liability as a percentage of covered payroll	13.96%	20.75%	14.34%	17.73%	50.24%

See Auditor's Report

NOTES TO SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Changes of Assumptions:

For the measurement date of September 30, 2025:

- The investment rate of return was lowered from 6.95% to 6.85% per year, net of investment related expenses.
- As a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2024, FRS valuation report for non-special risk employees.

For the measurement date of September 30, 2024:

- The investment rate of return was lowered from 7.05% to 6.95% per year, net of investment related expenses. Additionally, the long-term inflation rate assumption was reduced from 2.80% to 2.50%.

For the measurement date of September 30, 2023:

- The investment rate of return was lowered from 7.15% to 7.05% per year, net of investment related expenses.

For the measurement date of September 30, 2022:

- The investment rate of return was lowered from 7.25% to 7.15% per year, net of investment related expenses.

For the measurement date of September 30, 2020:

- As a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in the Milliman's July 1, 2019 FRS valuation report for non-special-risk employees, with appropriate adjustments made based on plan demographics.
- Additionally, as a result of the experience study dated June 15, 2020, the following changes were made:
    - The investment return assumption changed from 7.50% to 7.25% per year, net of investment related expenses.
    - The assumed rate of individual increases was changed from a flat 6.0% per year to a service-based table with the first 5 years of employment at 7.0% per year, the next 5 years at 6.0% per year and for service beyond 10 years, 5.5%.
    - The assumed rates of retirement were changed to an age-based table with varying rates from age 55 to 65.
    - The assumed rates of pre-retirement withdrawal were amended to better reflect anticipated experience.
    - The assumed rates of disability were reduced by 50% at all ages.

CITY OF LAKE ALFRED GENERAL EMPLOYEES' RETIREMENT SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

NOTES TO SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

For the measurement date September 30, 2016:

- As a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the FRS.

CITY OF LAKE ALFRED GENERAL EMPLOYEES' RETIREMENT SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

SCHEDULE OF CONTRIBUTIONS

The following information presents a schedule of contributions:

Year Ended September 30	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	$ 308,971	$ 308,971	$ -	$ 1,595,499	19.37%
2024	255,934	255,934	-	1,493,942	17.13%
2023	209,562	209,562	-	1,900,261	11.03%
2022	238,405	238,405	-	2,040,515	11.68%
2021	247,802	-	(247,802)	1,868,615	0.00%
2020	245,849	493,651	247,802	1,730,788	28.52%
2019	229,964	229,964	-	1,582,655	14.53%
2018	216,098	216,098	-	1,530,313	14.12%
2017	170,830	188,390	(17,560)	1,454,094	12.96%
2016	168,960	173,325	(4,365)	1,166,417	14.86%

CITY OF LAKE ALFRED GENERAL EMPLOYEES' RETIREMENT SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

NOTES TO THE SCHEDULE OF CONTRIBUTIONS

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.

- **Valuation date** - for the September 30, 2025 contributions, the valuation date was as of October 1, 2023.
- **Actuarial cost method -**Entry age normal actuarial cost method.
- **Asset valuation method** - each year, the prior actuarial value of assets are brought forward utilizing the historical geometric 4-year average market value returns, net of fees. It is possible that over time, this technique will produce an insignificant bias above or below market value.
- **Payroll growth** – None
- **Salary increases** - Salary increase assumptions are based on a service-based scale with 0-4 years of service at 7.0%, 5-9 years of service at 6.0% and greater than 9 years of service at 5.5%.
- **Investment rate of return** – 7.05% (previously 7.15%) per year compounded annually, net of investment related expenses.
- **Retirement age** - The retirement age assumption is assumed at age 55 to 56 to be 5%, age 57-58 at 30%, age 59-64 at 50% and greater than age 64 at 100%.
- **Mortality Rates** - Mortality rates were based on The Society of Actuaries Retirement Experience Committee (RPEC) Pub-2010 Public Retirement Plans Mortality Tables Report with all rates projected generationally with Mortality Improvements Scale MP-2018.
- **Termination and Disability Rate Assumptions**:

Termination rate table

	Age Range		
Credited service	<35	35-49	50+
<5 years	25%	16%	14%
5-14 years	17%	10%	4%
15+ years	14%	4%	2%

Disability rate table	25	35	45	55	65
% Becoming disabled during the year	0.03%	0.03%	0.11%	0.45%	1.40%

CITY OF LAKE ALFRED GENERAL EMPLOYEES' RETIREMENT SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

SCHEDULE OF INVESTMENT RETURNS

For the year ended September 30,	Average Money-weighted Rate of Return, Net of Investment Expenses:
2025	8.17%
2024	18.90%
2023	7.85%
2022	-13.41%
2021	19.36%
2020	6.29%
2019	5.29%
2018	7.29%
2017	13.25%
2016	7.82%

See Auditor's Report

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees
City of Lake Alfred General Employees' Retirement System

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of Lake Alfred General Employees' Retirement System (the Plan) as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements, and have issued our report thereon dated April 16, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Plan's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
April 16, 2026