

**CITY OF LAKE ALFRED
GENERAL EMPLOYEES'
RETIREMENT SYSTEM**

FINANCIAL STATEMENTS

September 30, 2020 and 2019

CITY OF LAKE ALFRED GENERAL EMPLOYEES' RETIREMENT SYSTEM

SEPTEMBER 30, 2020 AND 2019

TABLE OF CONTENTS

Independent Auditor's Report.....	1-2
Statements of Plan Net Position.....	3
Statements of Changes in Plan Net Position.....	4
Notes to Financial Statements.....	5-11
Required Supplementary Information:	
Schedule of Changes in Net Pension Liability and Related Ratios.....	12
Notes to Schedule of Changes in Net Pension Liability and Related Ratios	14
Schedule of Contributions.....	15
Schedule of Investment Returns.....	16

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees

City of Lake Alfred General Employees' Retirement System

Report on the Financial Statements

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, 2020 and 2019, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2020 and 2019, and its changes in financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matters

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, 2020 and 2019, 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.

Other Matters***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, schedule of contributions and the schedule of investment returns beginning on page 12 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.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
April 13, 2021

CITY OF LAKE ALFRED GENERAL EMPLOYEES' RETIREMENT SYSTEM

STATEMENTS OF PLAN NET POSITION

September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Receivables:		
Plan members	\$ -	\$ 3,218
Total receivables	<u>-</u>	<u>3,218</u>
Investments, at fair value:		
Cash and short-term money market funds	46,578	48,390
Fixed income external investment pools	1,624,392	1,543,095
Equity securities external investment pools	3,621,404	3,263,620
Real estate investment pool	<u>529,820</u>	<u>521,534</u>
Total investments	<u>5,822,194</u>	<u>5,376,639</u>
Total assets	<u>5,822,194</u>	<u>5,379,857</u>
LIABILITIES		
Member contribution refunds payable	<u>12,276</u>	<u>-</u>
Total liabilities	<u>12,276</u>	<u>-</u>
NET POSITION, restricted for pension benefits	<u><u>\$ 5,809,918</u></u>	<u><u>\$ 5,379,857</u></u>

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, 2020 and 2019

	2020	2019
ADDITIONS		
Contributions:		
City	\$ 493,651	\$ 229,964
Plan members	86,546	79,133
Plan member buy-back contributions	-	11,628
Total contributions	<u>580,197</u>	<u>320,725</u>
Investment income	352,230	285,643
Less investment related expenses:		
Custodial fees	<u>11,676</u>	<u>11,307</u>
Total investment expenses	<u>11,676</u>	<u>11,307</u>
Net investment income	<u>340,554</u>	<u>274,336</u>
Total additions	<u>920,751</u>	<u>595,061</u>
DEDUCTIONS		
Administrative expenses:		
Legal	7,420	7,945
Actuarial	26,888	18,776
Insurance	-	1,395
Administration fees	3,000	3,000
Auditing	<u>4,500</u>	<u>3,375</u>
Total administrative expenses	41,808	34,491
Benefit payments and refund of contributions	<u>448,882</u>	<u>298,774</u>
Total deductions	<u>490,690</u>	<u>333,265</u>
NET INCREASE	430,061	261,796
NET POSITION - beginning of year	<u>5,379,857</u>	<u>5,118,061</u>
NET POSITION - end of year	<u><u>\$ 5,809,918</u></u>	<u><u>\$ 5,379,857</u></u>

See accompanying notes to financial statements

CITY OF LAKE ALFRED GENERAL EMPLOYEES' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

September 30, 2020 and 2019

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 all 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.

CITY OF LAKE ALFRED GENERAL EMPLOYEES' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

September 30, 2020 and 2019

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 trust and agency funds of the City. Actuarial liabilities are determined by consulting actuaries. Investments of the Plan are maintained by a third-party custodian.

Participation in the Plan is mandatory for all full time City employees who are not police officers or firefighters. Plan members contribute 5% of salary with the City contributing an actuarially determined amount, which was approximately 28.5% and 14.5% of annual covered payroll for the years ended September 30, 2020 and 2019, respectively. Contributions are deposited with a third-party custodian where they are invested by the money manager for the payment of benefits.

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 – At October 1, 2019 and 2018, the participant data consisted of:

	2019	2018
Inactive plan members or beneficiaries currently receiving benefits	25	22
Inactive plan members entitled to but not yet receiving benefits	35	30
Active plan members	34	37
Total	<u>94</u>	<u>89</u>

CITY OF LAKE ALFRED GENERAL EMPLOYEES' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

September 30, 2020 and 2019

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, 2020 and September 30, 2019:

Asset Class	Target Allocation	
	September 30,	
	2020	2019
US Large Cap Equity	34%	34%
US Small Cap Equity	11%	11%
Non-US Equity	15%	15%
Core Bonds - Broad Market High Quality	15%	15%
Core Plus Fixed Income Fund	15%	15%
Core Real Estate	10%	10%
Total	100%	100%

CITY OF LAKE ALFRED GENERAL EMPLOYEES' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

September 30, 2020 and 2019

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 State Board of Administration or State Treasurer authorized investments	Not Limited			
Commerical 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, the City 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.

CITY OF LAKE ALFRED GENERAL EMPLOYEES' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

September 30, 2020 and 2019

NOTE 3 - INVESTMENTS (cont...)

Investments at Fair Value (cont...)

As of September 30, 2020, and 2019, the carrying amount of the Plan investments with the FMIvT were as follows:

Asset Class	2020	2019
Cash and money market	\$ 46,578	\$ 48,390
FMIvT Broad Market High Quality Bond	809,285	774,236
FMIvT Core Plus	815,107	768,859
FMIvT Large Cap Diversified Value	2,101,812	1,865,694
FMIvT Diversified Small to Mid Cap Equity	593,864	618,313
FMIvT International Equity	925,728	779,613
FMIvT Core Real Estate	529,820	521,534
Total	<u>\$ 5,822,194</u>	<u>\$ 5,376,639</u>

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

<u>Issuer/Issue</u>	<u>Fitch Rating</u>	<u>Fair Value</u>	<u>Weighted Average Duration</u>
As of September 30, 2020:			
Cash and short term money market funds	Not Rated	\$ 46,578	NA
FMIvT Core Plus Fixed Income Fund	Not Rated	815,107	3.35
FMIvT Broad Market High Quality Bond Fund	AAf/S4	809,285	5.52
		<u>\$ 1,670,970</u>	
As of September 30, 2019:			
Cash and short term money market funds	Not Rated	\$ 48,390	NA
FMIvT Core Plus Fixed Income Fund	Not Rated	768,859	1.4
FMIvT Broad Market High Quality Bond Fund	AAf/S4	774,236	5.31
		<u>\$ 1,591,485</u>	

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, 2020 and 2019.

Money-weighted Rate of Return - For the year ended September 30, 2020 and 2019, the money-weighted rate of return, net of investment expenses and adjusted for the changing amounts invested, for the Plan was 6.29% and 5.29% respectively.

CITY OF LAKE ALFRED GENERAL EMPLOYEES' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

September 30, 2020 and 2019

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 60 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, 2020 was zero and 2019 totaled \$22,099.

NOTE 5 - NET PENSION LIABILITY

Net Pension Liability - The components of the net pension liability for the Plan as of September 30, 2020 and 2019, were as follows:

	2020	2019
Total pension liability	\$ 6,051,516	\$ 5,708,313
Plan fiduciary net position	(5,809,918)	(5,379,857)
Net pension liability	<u>\$ 241,598</u>	<u>\$ 328,456</u>
Plan fiduciary net position as percentage of the total pension liability	96.01%	94.25%

Actuarial assumptions:

Actuarial valuation date	October 1, 2019	October 1, 2018
Measurement date	<u>September 30, 2020</u>	<u>September 30, 2019</u>
Inflation	3.00%	3.00%
Salary increases	Service Based	6.00%
Discount rate	7.25%	7.50%
Investment rate of return	7.25%	7.50%
Date of actuarial experience study	June 15, 2020	September 16, 2013

Mortality rates for the fiscal year ending September 30, 2020 were based on The Society of Actuaries' Retirement Plan Experience Committee (RPEC) Pub-2010 Public Retirement Plans Mortality Tables Report. Mortality rates for the year ending September 30, 2019 were based on the RP-2000 mortality tables for active, inactive and disabled males or females, as appropriate, with adjustments for mortality improvements based on Scale BB.

CITY OF LAKE ALFRED GENERAL EMPLOYEES' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

September 30, 2020 and 2019

NOTE 5 - NET PENSION LIABILITY (cont...)

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 2020 and 2019 the inflation assumption was 2.80%. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2020 and 2019 are summarized in the following table.

Asset Class	September 30,	
	2020	2019
Core Bonds	1.60%	1.60%
Core Plus	2.10%	2.10%
US Large Cap Equity	4.60%	4.60%
US Small Cap Equity	5.50%	5.50%
International Equity	6.70%	6.70%
Core Real Estate	5.00%	5.00%

Discount Rate - A discount rate of 7.25% and 7.50% was used to measure the total pension liability of the Plan as of September 30, 2020 and 2019. 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, 2020 and 2019, 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, 2019	7.50%	\$ 1,170,677	\$ 328,456	\$ (240,861)
September 30, 2020	7.25%	\$ 1,048,436	\$ 241,598	\$ (417,211)

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:

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

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:

	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Total pension liability			
Service cost	\$ 154,686	\$ 148,309	\$ 134,677
Interest	320,365	318,656	303,446
Differences between expected and actual experience	12,782	(180,354)	-
Changes in assumptions	164,833	-	-
Contributions - buyback	-	-	-
Benefit payments and refunds	(280,105)	(260,308)	(237,593)
Net change in total pension liability	<u>372,561</u>	<u>26,303</u>	<u>200,530</u>
Total pension liability, beginning	<u>4,256,899</u>	<u>4,230,596</u>	<u>4,030,066</u>
Total pension liability, ending	<u><u>\$4,629,460</u></u>	<u><u>\$4,256,899</u></u>	<u><u>\$4,230,596</u></u>
Plan fiduciary net position			
Contributions - employer	173,325	177,969	198,995
Contributions - retroactive employer	-	-	-
Contributions - employee	58,327	56,377	56,427
Contributions - employee buyback	-	-	-
Net investment income	303,304	(3,845)	308,029
Benefit payments and refunds	(280,105)	(260,307)	(237,593)
Administrative expenses	(36,681)	(28,284)	(27,085)
Net change in plan fiduciary net position	<u>218,170</u>	<u>(58,090)</u>	<u>298,773</u>
Plan fiduciary net position, beginning	<u>3,825,280</u>	<u>3,883,370</u>	<u>3,584,597</u>
Plan fiduciary net position, ending	<u><u>\$4,043,450</u></u>	<u><u>\$3,825,280</u></u>	<u><u>\$3,883,370</u></u>
Net pension liability	<u><u>\$ 586,010</u></u>	<u><u>\$ 431,619</u></u>	<u><u>\$ 347,226</u></u>
Plan fiduciary net position as a percentage of the total pension liability	87.34%	89.86%	91.79%
Covered payroll	\$1,166,417	\$1,126,891	\$1,098,655
Net pension liability as a percentage of covered payroll	50.24%	38.30%	31.60%

Additional years will be added to this schedule until 10 years' data is presented.

See Auditor's Report

CITY OF LAKE ALFRED GENERAL EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
NOTES TO SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Changes of Assumptions:

For the measurement date of September 30, 2020:

- As a result of Chapter 201157, 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.

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.

See Auditor's Report

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
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%
2015	172,875	177,969	5,094	1,126,891	15.79%
2014	204,413	205,381	968	1,098,655	18.69%
2013	160,529	166,916	6,387	1,081,295	15.44%
2012	145,913	146,005	92	1,095,004	13.33%
2011	211,489	211,397	(92)	1,202,118	17.59%

Notes to 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, 2020 contributions, the valuation date was as of October 1, 2018.

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 - 6.00%

Investment rate of return - 7.5% per year compounded annually, net of investment related expenses.

Retirement age - age 59 with 12 years of service.

Mortality rates were based on the RP-2000 tables for active, inactive, and disabled males or females, as appropriate, with adjustments for mortality improvements based on Scale BB.

Termination rates:

Credited service	Assumption			
First 2 years	18.00%			
Years 3-6	14.00%			
Years 7+	Age-based rates			
Termination and disability rate table	<u>20</u>	<u>30</u>	<u>40</u>	<u>50</u>
% Terminating during the year (years 7+)	38.60%	19.40%	7.30%	2.70%
% Becoming disabled during the year	0.05%	0.06%	0.12%	0.43%

See Auditor's Report

CITY OF LAKE ALFRED GENERAL EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF INVESTMENT RETURNS

Average money-weighted rate of return, net of investment expenses:

For the year ended September 30:

2020	6.29%
2019	5.29%
2018	7.29%
2017	13.25%
2016	7.82%
2015	-0.09%
2014	8.40%

Additional years will be added to this schedule annually until 10 years' data is presented.

See Auditor's Report