

**DRAFT**  
**OKEECHOBEE UTILITY AUTHORITY**  
**EMPLOYEES' RETIREMENT SYSTEM**  
**Statement of Fiduciary Net Position**  
**September 30, 2022**

**ASSETS**

Cash and cash equivalents	\$ 43,719
Contributions receivable	
Employee	14,107
Employer	21,396
Prepays	4,367
Investments: (at fair value)	
Mutual funds- fixed income	3,888,825
Mutual funds - international equity	778,331
Mutual funds - domestic equity	4,883,915
Total investments	<u>9,551,071</u>
<b>TOTAL ASSETS</b>	<u><b>9,634,660</b></u>

**LIABILITIES**

Accounts payable	<u>7,850</u>
<b>FIDUCIARY NET POSITION -</b>	
<b>RESTRICTED FOR PENSION BENEFITS</b>	<u><u><b>\$ 9,626,810</b></u></u>

See notes to the financial statements.

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**EMPLOYEES' RETIREMENT SYSTEM**  
**Statement of Changes in Fiduciary Net Position**  
**For the Fiscal Year Ended September 30, 2022**

**ADDITIONS**

**Contributions**

Employer	\$ 191,107
Plan members	126,005
Total contributions	<u>317,112</u>

**Investment income**

Net appreciation in fair value of investments	(2,623,987)
Interest and dividends	329,747
	<u>(2,294,240)</u>
Less: investment expenses	(20,250)
Net investment income	<u>(2,314,490)</u>

TOTAL ADDITIONS	<u>(1,997,378)</u>
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**DEDUCTIONS**

Benefits paid to participants	382,670
Refunds due on terminations	74,575
DROP distributions	6,990
Administrative expenses	<u>59,798</u>

TOTAL DEDUCTIONS	<u>524,033</u>
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NET INCREASE	(2,521,411)
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**FIDUCIARY NET POSITION -**  
**RESTRICTED FOR PENSION BENEFITS**

Beginning of year	<u>12,148,221</u>
End of year	<u><u>\$ 9,626,810</u></u>

See notes to the financial statements.

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**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**NOTE 1 - REPORTING ENTITY**

The Employees' Retirement System (Fund) of the Okeechobee Utility Authority (the Authority), is a single-employer, defined benefit contributory pension trust established by the Okeechobee Utility Authority in Resolution 2017-03 for the benefit of the Authority's present and former employees. The accounts of the Fund are included in the financial statements of the Okeechobee Utility Authority. These financial statements are only for the Employees' Retirement System and are not intended to present the basic financial statements of the Okeechobee Utility Authority. The Fund is under the supervision of a five member local independent board of trustees, two of whom shall be a legal resident within the Authority's jurisdictional boundaries, who shall be appointed by the Okeechobee Utility Authority Board; two of whom shall be Employee Members employed by the Authority and elected by Member employees; and one of whom shall be the Executive Director of the Authority or his designee.. The trustees may make amendments to the plan after approval of the plan sponsor and within guidelines of applicable Florida statutes.

Prior to October 1, 2016 both the Okeechobee Utility Authority and the general employees of the City of Okeechobee, Florida were covered by the Okeechobee General Employees' and Okeechobee Utility Authority Retirement System. As of October 1, 2015, assets and liabilities were allocated to each group, and separate contributions were determined. Effective October 1, 2016, the Authority members are covered by this Plan, the Okeechobee Utility Authority Employees' Retirement System.

The accounts of the Fund are included in the financial statements of the Okeechobee Utility Authority as an integral part of those financial statements.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The Fund's accounting records and financial statements are prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues, which include contributions and investment income, are recognized when they are earned and collection is reasonably assured, and expenses are recognized when the liability is incurred. All administrative costs are financed through current income and investment earnings. Benefits paid to members and contribution refunds are recognized when due and payable in accordance with the terms of the Plan. Gains and losses from the sale or exchange of investments are recognized on the transaction date. An independent investment manager and custodial bank handles all investments and check writing duties.

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Basis of Presentation

The accompanying financial statements are presented in accordance with generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB) Statement 67, *Financial Reporting for Pension Plans* and the Codification of Governmental Accounting and Financial Reporting Standards which covers the reporting requirements for the defined benefit pensions established by a governmental employer. Governmental Accounting Standards Board (GASB) 67, *Financial Reporting for Pension Plans* and GASB 68, *Accounting & Financial Reporting for Pensions (Employer)*, address accounting and financial reporting requirements for pension plan activities. The requirements for GASB 67 require changes in presentation of the financial statements, notes to the financial statements, and required supplementary information. It is important to note that the disclosures related to GASB 67 are accounting measurements, not actuarial measurements of the funded status of the Plan, and are not used to develop employer contribution rates. The accompanying financial statements include solely the accounts of the Plan which include all programs, activities and functions relating to the accumulation and investment of the assets and related income necessary to provide the service, disability and death benefits required under the terms of the enabling resolution and the amendments thereto.

Deposits and Investments

Cash and cash equivalents include amounts on deposit in demand accounts, money market accounts, and money market mutual funds.

Investments are reported at fair value as required by generally accepted accounting principles. The fair value of an investment is the amount that the Fund could reasonably expect to receive for it in a current sale between a willing buyer and a willing seller, other than in a forced or liquidation sale. The Fund categorizes its investments according to the fair value hierarchy established by GASB Statement No. 72. The hierarchy is based on observable and unobservable inputs used in establishing the fair value of a financial asset or liability. Purchases and sales of investments are recorded on the trade date.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates

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**NOTE 3 –PLAN INFORMATION**

Plan Description

The pension plan provides retirement, death and disability benefits for its participants. Each person employed by the Authority as a full-time employee becomes a member of the Plan as a condition of their employment except that the Executive Director of the Utility Authority, may opt out of the Plan within 60 days of employment. All employees are eligible to participate on the date of employment following attainment of age 18. Participation is mandatory. Normal retirement is provided for at age 65 and 5 years of service, or at 30 years of service regardless of age. The benefit is calculated at 2.1% of average monthly earnings times years of continuous service with the employer. Benefits are payable by monthly annuity for 10 years certain and life thereafter with other options available. Early retirement is provided for at age 55 and 10 years of participation. Death and disability benefits are also available through the plans. Early retirement reduction factor is 2% per year.

Upon termination of employment, with less than 5 years of service, the Plan refunds accumulated employee contributions. After 5 years of service, the pension benefit is accrued to date of termination and payable at normal retirement age if employee contributions are left in the fund.

The Plan contains a deferred retirement option plan (DROP) whereupon the employee could retire from the pension plan but continue employment with the Utility Authority for an additional maximum period of up to five years. The retirement benefit is immediately calculated and the monthly benefit is allocated to the DROP account. An election is made to either earn interest at the rate of 6.5% per annum or credited or debited with an investment return or loss approximating the other assets in the fund. Once a participant elects this option, he is no longer eligible for disability or pre-retirement benefits. The Plan's guidelines for the DROP are designed to adhere to IRS regulations. Additional information about the DROP can be obtained from the resolution.

Members of the plan consisted of the following at September 30, 2021:

Retired Plan Members or Beneficiaries	
currently receiving benefits	24
Inactive Plan Members entitled to but	
not yet receiving benefits	3
Drop Participants	-
Active Plan Members	<u>49</u>
Total	<u>76</u>

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**NOTE 3 –PLAN INFORMATION** (Continued)

Contributions

Contributions are made in accordance with applicable Florida Statutes and meeting the actuarially determined contribution requirements as based on the benefit structure established within the Plan as approved by the plan sponsor. The Authority is required to contribute an amount equal to the difference between the normal cost, as calculated for the plan year from the applicable actuarial valuation, less the member contributions for the current year. The Authority is required to fund the plan according to any contribution deficit as determined by actuarial valuation for the plan beyond the contributions by employees and the regular employer contributions by the Okeechobee Utility Authority.

For the fiscal year ended September 30, 2022, the Authority funded the pension plan at the rate of 9.1% of covered payroll for plan participants based on the 2020 actuarial valuation. Employee contributions are at the rate of 6% of payroll. Actual contributions made were \$191,107 by the Authority and \$126,005 by the employees.

The significant actuarial assumptions used to compute the actuarially determined contribution requirement are the same as those used to compute the pension benefit obligation. The funding policy for the Plan is to make an actuarially determined pension contribution in an amount, such that when combined with the participants' contributions, all participants' benefits will be fully provided for by the time they attain retirement age.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2021 updated to September 30, 2022 using the following actuarial assumptions.

Inflation	2.5 %
Salary increases	From 7.5% to 4.25%, based on the age of the employee
Investment rate of return	6.75%, net of pension plan investment expense, including inflation
Retirement Age	100% at 30 years of service; 80% when eligible for early retirement, 60% one year later, 100% two years later; participants eligible for early retirement are assumed to retire at the rate of 5% per year.

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**NOTE 3 –PLAN INFORMATION** (Continued)

Actuarial Assumptions (Continued)

Mortality	For healthy participants PUB-2010 Headcount Weighted General Below Median Employee Mortality Table, separate rates for males and females, set back 1 year for males, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018.  For disabled participants, PUB-2010 Headcount Weighted General Disabled Retiree Mortality Table, separate rates for males and females, both set forward 3 years, without projected mortality improvements
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Discount Rate

The discount rate used to measure the total pension liability was 6.75%. 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 plans' 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.

Net Pension Liability of the Authority

Total pension liability	\$ 10,502,569
Plan fiduciary net position	<u>9,626,810</u>
Authority's net pension liability	<u>\$ 875,759</u>

The Plan fiduciary net position was 91.66% of the total pension liability as of September 30, 2022.

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**NOTE 3 – PLAN INFORMATION** (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following represents the Authority's net pension liability calculated using the discount rate of 6.75%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate:

	1% Decrease <u>5.75%</u>	Current Rate <u>6.75%</u>	1% Increase <u>7.75%</u>
Net pension liability (asset)	\$ <u>2,246,491</u>	\$ <u>875,759</u>	\$ <u>(253,565)</u>

**NOTE 4 – DEPOSITS AND INVESTMENTS**

Salem Trust Company periodically holds uninvested cash in its capacity as custodian for the Fund. These funds exist temporarily as cash in the process of collection from the sale of securities and for the payments of benefits and expenses. The Fund's policy for the allocation of invested assets is established by the Fund's Board of Trustees which pursues an investment strategy that reduces risk through a prudent diversification of the portfolio across a selection of distinct asset classes. The policy discourages the use of cash equivalents, except for liquidity purposes and refrains from shifting asset class allocations over short time spans. Investment management fees are calculated quarterly as a percentage of the fair value of the Fund's assets managed, where applicable. The Fund uses mutual funds as the investment vehicle for fixed income, international equity and additional domestic equity investments for further diversification. These investments are recommended and monitored by the investment monitor.

The Funds's Investment Policy allows the following investments:

1. Annuity and life insurance contracts with life insurance companies in amounts sufficient to provide, in whole or in part, the benefits to which all of the Members in the Plan shall be entitled under the provisions of the Plan and pay the initial and subsequent premium thereon.
2. Time or savings accounts of a national bank, a state bank insured by the Bank Insurance Fund or a savings/building and loan association insured by the Savings Association Insurance Fund which is administered by the Federal Deposit Insurance Corporation or a state or federal chartered credit union whose share accounts are insured by the National Credit Union Share Insurance Fund.
3. Obligations of the United States or obligations guaranteed as to principal and interest by the government of the United States or by an agency of the government of the United States.



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**NOTE 4 – DEPOSITS AND INVESTMENTS**

4. Stocks, commingled or mutual funds, bonds or other evidences of indebtedness, provided that:
  - (a) Except as provided in subparagraph (b), all individually held securities and all securities in a commingled or mutual fund must be issued or guaranteed by a corporation organized under the laws of the United States, and state or organized territory of the United States, or the District of Columbia.
  - (b) Up to 25% of the assets of the Fund may be invested in foreign securities.
  - (c) The BOT shall not invest more than 5% of its assets in the common stock, capital stock, or convertible securities of any one issuing company, nor shall the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of that company.
5. Equities:
  - (a) Must be traded on a national exchange or electronic network; and
  - (b) Not more than 5% of the Plan's assets, at the time of purchase, shall be invested in the common stock, capital stock or convertible stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of the company; and
  - (c) All individually held securities, except foreign securities which are limited to 15% of the market value of the assets, and all securities in a commingled or mutual fund must be issued or guaranteed by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia.
  - (d) Commingled funds issued by national or state banks.
6. Fixed Income:
  - (a) 85% of the fixed income investments shall have a minimum rating of investment grade or higher as reported by a major credit rating service such as Standard and Poor's with a rating of AAA to BBB-; and
  - (b) The value of bonds issued by any single corporation shall not exceed 3% of the total fund; and
7. Money Market:
  - (a) The money market fund or STIF options provided by the Plan's Custodian; and
  - (b) Have a minimum rating of A1/P1, or its equivalent, by a major credit rating service such as Standard and Poor's.

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**NOTE 4 – DEPOSITS AND INVESTMENTS**

8. Pooled Funds:

Investments made by the Board may include pooled funds. For purposes of this policy pooled funds may include, but are not limited to, mutual funds, commingled funds, exchange-traded funds, and real estate limited partnerships. Pooled funds may be governed by separate documents which may include investments not expressly permitted in this Investment Policy Statement. In the event of investment by the Plan into a pooled fund, the prospectus or governing policy of that pooled fund, as updated from time to time, shall be treated as an addendum to this Investment Policy Statement. The Investment Consultant shall periodically review with the Board any material changes in the prospectus or governing policy of a pooled fund.

Investments in corporate common stock and convertible bonds shall not exceed 70% of the market value of plan assets. Foreign investments are not to exceed 15% of the market value of the assets.

Temporary investment funds held by the custodian in a money market fund are classified as cash equivalents within the investment account.

The Fund carried no particular security investment that individually represented 5% or more of the Fund's net assets available for benefits as of September 30, 2022.

Investments not evidenced by securities that exist in physical or book-entry form include investments in mutual funds, domestic investment funds or a commingled pooled trust fund.

The Fund's independently managed investments are segregated into a separate account. The investment manager is monitored by the Board of Trustees and an investment performance monitor.

The Fund has no instrument that, in whole or in part, is accounted for as a derivative instrument under GASB statement No. 53, Accounting and Financial Reporting for Derivative Instruments during the current year.

The Fund invests in mortgage-backed securities representing interests in pools of mortgage loans as part of its interest rate risk management strategy. The mortgage-backed securities are not used to leverage investments in fixed income portfolios. The mortgage-backed securities held by the Fund are guaranteed by federally sponsored agencies such as the Government National Mortgage Association. These investments are inside of the fixed income open-end mutual fund that the Fund holds.

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**NOTE 4 – DEPOSITS AND INVESTMENTS**

The Fund invests in a variety of investment vehicles. Investments in general are exposed to various risks, such as interest rate, credit, and overall volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near term and such changes could materially affect the amounts reported in the statement of fiduciary net position.

For a more detailed and comprehensive list of available investments, the Investment Policy Statement, as approved by the Board of Trustees, should be referenced. The gain or loss on financial instruments is recognized in the changes in net position as part of investment income.

The following is a list of the Fund's investments as of September 30, 2022:

	2022	
	Historical Cost	Fair Value
Money Market Mutual Funds	\$ 43,719	\$ 43,719
Mutual Funds – Domestic Equity	3,402,105	4,883,915
Mutual Funds – International Equity	933,036	778,331
Mutual Funds - Fixed Income	4,553,693	3,888,825
	<u>\$ 8,932,553</u>	<u>\$ 9,594,790</u>

The money market mutual funds consist of investments with financial institutions in open end, institutional, money market funds complying with Securities and Exchange Commission (SEC) Rule 2a7. Rule 2a7 allows SEC registered mutual funds to use amortized cost rather than fair value to report net assets used to compute share prices if certain conditions are met. Those conditions include restrictions on the types of investments held, restrictions on the term-to-maturity of individual investments and the dollar-weighted average of the portfolio, requirements for portfolio diversification, and requirements for divestiture considerations in the event of security downgrades and defaults, and required actions if the fair value of the portfolio deviates from amortized cost by a specified amount. Money market mutual funds are exempt from the GASB 72 fair value hierarchy disclosures and are recorded as cash and cash equivalents on the Statement of Fiduciary Net Position.

**Investments Measurement at Fair Value**

The Fund categorizes its investments according to the fair value hierarchy established GASB *Statement No. 72, Fair Value Measurement and Application*. The hierarchy is based on valuation inputs used to measure the fair value of the asset as follows: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs to include quoted prices for similar assets in active and non-active markets; Level 3 inputs are significant unobservable inputs.

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**NOTE 4 - DEPOSITS AND INVESTMENTS** (Continued)

*Investments Measurement at Fair Value* (Continued)

The Fund categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The Fund has the following fair value measurements as of September 30, 2022:

		<b>Fair Value Measurement</b>		
	<b>Balance</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Investments by fair value level				
Mutual Funds – Domestic Equity	\$ 4,883,915	\$ 4,883,915	\$	\$
Mutual Funds – International Equity	778,331	778,331		
Mutual Funds - Fixed Income	3,888,825	3,888,825		
	<u>\$ 9,551,071</u>	<u>\$ 9,551,071</u>	<u>\$</u>	<u>\$</u>

*Credit risk* – Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. Credit risk does not apply to the Fund's investments at this time.

*Interest rate risk* – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the time to maturity, the greater the exposure to interest rate risks.

At September 30, 2022, the fixed income mutual fund was invested in high quality bonds and other fixed income securities including U.S. Government obligations, mortgage and asset-backed securities, corporate and municipal bonds, collateralized mortgage obligations, short-term instruments, and the other investments A rated by Standard & Poor's, Moody's Investor Services or Fitch. To a lesser extent the fund may also invest in fixed income securities rated Baa or lower. This fund had an effective duration of 5.5 years of September 30, 2022.

*Concentrations of credit risk* – Concentration of credit risk is defined as the risk of loss attributed to the magnitude of an investment in a single user. Not more than five (5) percent of the Fund's assets shall be invested in the common stock or capital stock of any one issuing company.

*Investing in Foreign Markets* – Investing in foreign markets may involve special risks and considerations not typically associated with investing in companies in the United States of America. These risks include revaluation of currencies, high rates of inflation, repatriation restrictions on income and capital, and future adverse political, social, and economic developments. Moreover, securities of foreign governments may be less liquid, subject to delayed settlements, taxation on realized or unrealized gains, and their prices are more volatile than those of comparable securities in U.S. companies.

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**NOTE 4 - DEPOSITS AND INVESTMENTS** (Continued)

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. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included the pension plan's target asset allocation as of September 30, 2022, are summarized in the following table:

Asset Class	Actual Allocation	Target Allocation	Long-Term Real Rate of Return*
Domestic Equity	51%	50%	7.5%
International Equity	8%	10%	8.5%
Fixed Income	40%	40%	2.5%
Cash Equivalents	1%	0%	0.0%
Total	100%	100%	

\*Net of long-term inflation assumption of 2.5%

**Rate of Return.**

For the year ended September 30, 2022, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was -19.73 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**NOTE 5 - DESIGNATIONS**

In past years, a portion of the plan's assets were designated for benefits that accrue in relation to the DROP account further described in Note 3. At September 30, 2022, there was \$81,378 in the DROP, this amount is included in both the Total Pension Liability and the Plan Fiduciary Net Position.

**NOTE 6 – PLAN TERMINATION**

Although it has not expressed an intention to do so, the Authority may terminate the Plan in accordance with the provisions for Florida Statutes and resolution. In the event that the Plan is terminated or contributions to the Plan are permanently discontinued, the benefits of each participant in the Plan at the termination date would be non-forfeitable.

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**Required Supplemental Information**  
**Schedule of Changes in the Employer's Net Pension Liability and Related Ratios**  
**Last Ten Fiscal Years**

	2017	2018	2019	2020	2021	2022
Total pension liability:						
Service cost	\$ 285,610	\$ 282,926	\$ 269,093	\$ 285,901	\$ 296,197	\$ 208,256
Interest	723,860	595,025	616,927	655,548	682,179	678,774
Differences between expected and actual experience		181,813	(383,010)	(36,680)	(51,853)	139,219
Change of assumptions	109,828				(171,663)	(303,559)
Benefit payments, including refunds of employee contributions	(206,413)	(319,132)	(300,238)	(328,601)	(366,966)	(464,235)
Net change in total pension liability	912,885	740,632	202,772	576,168	387,894	258,455
Total pension liability - beginning	7,423,763	8,336,648	9,077,280	9,280,052	9,856,220	10,244,114
Total pension liability - ending (a)	<u>\$ 8,336,648</u>	<u>\$ 9,077,280</u>	<u>\$ 9,280,052</u>	<u>\$ 9,856,220</u>	<u>\$ 10,244,114</u>	<u>\$ 10,502,569</u>
Plan fiduciary net position						
Contributions - employer	\$ 287,362	\$ 325,097	\$ 336,605	\$ 317,039	\$ 286,486	\$ 191,107
Contributions - employees	130,765	129,178	128,067	133,961	138,622	126,005
Net investment income	831,485	703,480	327,727	1,067,073	1,998,482	(2,314,490)
Benefit payments, including refunds of employee contributions	(206,413)	(319,132)	(300,238)	(328,601)	(366,966)	(464,235)
Administrative expenses	(52,151)	(72,819)	(59,018)	(52,827)	(50,818)	(59,798)
Net change in plan fiduciary net position	991,048	765,804	433,143	1,136,645	2,005,806	(2,521,411)
Plan fiduciary net position - beginning	6,815,775	7,806,823	8,572,627	9,005,770	10,142,415	12,148,221
Plan fiduciary net position - ending (b)	<u>\$ 7,806,823</u>	<u>\$ 8,572,627</u>	<u>\$ 9,005,770</u>	<u>\$ 10,142,415</u>	<u>\$ 12,148,221</u>	<u>\$ 9,626,810</u>
Net pension liability (asset) (a) - (b)	<u>\$ 529,825</u>	<u>\$ 504,653</u>	<u>\$ 274,282</u>	<u>\$ (286,195)</u>	<u>\$ (1,904,107)</u>	<u>\$ 875,759</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>93.64%</u>	<u>94.44%</u>	<u>97.04%</u>	<u>102.90%</u>	<u>118.59%</u>	<u>91.66%</u>
Covered payroll	<u>\$ 2,179,417</u>	<u>\$ 2,152,963</u>	<u>\$ 2,134,469</u>	<u>\$ 2,232,670</u>	<u>\$ 2,310,371</u>	<u>\$ 2,100,081</u>
Net pension liability as a percentage of covered payroll	<u>24.31%</u>	<u>23.44%</u>	<u>12.85%</u>	<u>(12.82)%</u>	<u>(82.42)%</u>	<u>(41.70)%</u>

NOTE: Prior to October 1, 2016, the Authority participated in the City of Okeechobee and Okeechobee Utility Authority Employees' Retirement System, a cost-sharing multiple-employer defined benefit plan. Effective October 1, 2016, the Authority withdrew from that plan and started the Okeechobee Utility Authority Employees' Retirement System, a single-employer defined benefit plan with the same contribution and benefit provisions as the prior plan.

This schedule is intended to show information for 10 years. However, until a full 10-year trend is compiled, information will be presented for those years for which information is available.

Change of Assumptions

For the year ending September 30, 2017, the assumed rates of mortality were changed.

For the year ending September 30, 2021, the assumed rates of mortality were changed.

For the year ending September 30, 2022, the investment return, salary increase factors, withdrawal rates and retirement rates were changed.

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**OKEECHOBEE UTILITY AUTHORITY**  
**EMPLOYEES' RETIREMENT SYSTEM**  
**Required Supplemental Information**

**Last Ten Fiscal Years**

**Schedule of Employer Contributions**

<u>Fiscal Year Ended September 30</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Excess (Deficiency)</u>	<u>Employer's Covered Payroll</u>	<u>Actual Contribution as a Percentage of Covered Payroll</u>
2017	303,157	287,362	(15,795) *	2,179,417	13.19%
2018	302,922	325,097	22,175	2,152,963	15.10%
2019	335,965	336,605	640	2,134,469	15.77%
2020	317,039	317,039	-	2,232,670	14.20%
2021	286,486	286,486	-	2,310,371	12.40%
2022	191,107	191,107	-	2,100,081	9.10%

\* Excess contributions from previous years totaling \$15,795 were applied to satisfy the full contribution requirement.

**Schedule of Annual Money-Weighted Rate of Return, Net of Investment Expense**

<u>Fiscal Year Ending September 30</u>	
2017	10.83%
2018	8.11%
2019	3.21%
2020	11.53%
2021	18.77%
2022	-19.73%

NOTE: Prior to October 1, 2016, the Authority participated in the City of Okeechobee and Okeechobee Utility Authority' Employees' Retirement System, a cost-sharing multiple-employer defined benefit plan. Effective October 1, 2016, the Authority withdrew from that plan and started the Okeechobee Utility Authority Employees' Retirement System, a single-employer defined benefit plan with the same contribution and benefit provisions as the prior plan.

This schedule is intended to show information for 10 years. However, until a full 10-year trend is compiled, information will be presented for those years for which information is available.

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**Notes to the Schedule of Contributions**

**September 30, 2022**

The 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                      October 1, 2020

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Aggregate
Amortization Method	N/A
Remaining Amortization Period	N/A
Asset Valuation Method	4-year smoothed market
Inflation	2.50%
Salary Increases	6.00%
Cost of Living Adjustments	None
Investment Rate of Return	7.00%
Retirement age	100% when first eligible for normal retirement or DROP entry
Mortality	For healthy participants during employment, RP 2000 Combined Healthy Participant Mortality Tables, with 50% White Collar / 50% Blue Collar Adjustment for males and 100% White Collar for females. Fully generational mortality improvements projected to each future decrement date



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**EMPLOYEES' RETIREMENT SYSTEM**  
**Schedule of Investment and Administrative Expenses**  
**For the Fiscal Year Ended September 30, 2022**

	<u>Investment Expenses</u>	<u>Administrative Expenses</u>
Actuary fees	\$	\$ 25,548
Administration		19,114
Audit fees		4,500
Custodial fees	4,750	
Insurance		2,933
Legal fees		6,953
Conference fees		750
Performance monitor	<u>15,500</u>	
Total	<u><u>\$ 20,250</u></u>	<u><u>\$ 59,798</u></u>
Percentage of Plan Net Assets	<u><u>0.21%</u></u>	<u><u>0.62%</u></u>