CITY OF LEESBURG
RETIREMENT PLAN FOR GENERAL EMPLOYEES

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2021

CONTRIBUTIONS APPLICABLE TO THE
PLAN/FISCAL YEAR ENDING SEPTEMBER 30, 2023

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

FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

December 6, 2021

Board of Trustees
City of Leesburg
Retirement Plan for General Employees

Re: City of Leesburg Retirement Plan for General Employees

Dear Board:

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

The valuations have been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflect laws and regulations issued to date pursuant to the provisions of Chapter 112, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in the valuations, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience.

The funding percentages and unfunded accrued liability as measured based on the actuarial value of assets will differ from similar measures based on the market value of assets. These measures, as provided, are appropriate for determining the adequacy of future contributions, but may not be appropriate for the purpose of settling a portion or all of its liabilities. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations. Due to the limited scope of the valuations, we did not perform an analysis of the potential range of such future measurements.

In conducting the valuations, we have relied on personnel, plan design, and asset information supplied by the City of Leesburg, financial reports prepared by the custodian bank, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

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

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

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

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

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

Respectfully submitted,

Foster & Foster, Inc.

By: Chih Hung (Kevin) Peng
Kevin H. Peng, ASA, EA, MAAA
Enrolled Actuary #20-7783

By: Patrick T. Donlan
Patrick T. Donlan, EA, ASA, MAAA
Enrolled Actuary #20-6595

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Enclosures

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SUMMARY OF REPORT

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

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

Valuation Date	10/1/2021	10/1/2020
Applicable to Fiscal Year Ending	9/30/2023	9/30/2022
Minimum Required Contribution	$992,016	$1,135,409
Valuation Date	10/1/2023	10/1/2022
Applicable to Fiscal Year Ending	9/30/2025	9/30/2024
Estimated Projected Contribution [1]	$762,016	$877,016
Valuation Date	10/1/2025	10/1/2024
Applicable to Fiscal Year Ending	9/30/2027	9/30/2026
Estimated Projected Contribution [1]	$532,016	$647,016

[1] The projected contribution estimates shown are based on projected investment experience as described later in this section.

As you can see, the Minimum Required Contribution shows a decrease when compared to the results determined in the October 1, 2020 actuarial valuation. The decrease is attributable to overall favorable actuarial experience as described in the next paragraph.

Plan experience was favorable overall on the basis of the plan's actuarial assumptions. Sources of actuarial gain included an investment return of 10.04% (Actuarial Asset Basis) which exceeded the 7.25% assumption, inactive mortality experience, and much fewer retirements than expected. There were no significant sources of actuarial loss.

The Board utilizes a 5-year smoothing technique for the Actuarial Value of Assets, under which all assets are valued at market value with an adjustment to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period. As shown on Page 27, there will be a deferred recogniztion of the investment gain of approximately $1,036,000 per year in the next four years. The 15-year amortization of these gains would decrease the Plan's funding requirements by approximately $115,000 per year (assuming no other gains or losses). Therefore, at the end of the 4-year period, the funding requirements will be approximately $460,000 per year lower than they are now based upon the 5-year smoothing of the investment returns.

The pensionable payroll for the fiscal year ended September 30, 2021 for the Members who were active on October 1, 2021 was $8,449,075. If we assume that that amount would drop by 5.00% each year (when Members retire they are not replaced in the defined benefit plan), then the dollar amounts stated above would represent approximately the following percentages of the pensionable payroll. Please note that the dollar amounts shown above are what is legally required; these percentages are shown only for comparative purposes.

Valuation Date	10/1/2021	10/1/2020
Applicable Plan/Fiscal Year End	9/30/2023	9/30/2022
Total Recommended Contribution	13.01%	14.15%

The approximate total payroll for the City for the fiscal year ended September 30, 2021 is $22,834,463 (this does not include the fire department). If we assume that this amount would stay the same for the next two years, then the dollar amounts stated above would represent approximately the following percentages of the total payroll of the City's Police and General Employees. Please note that the dollar amounts shown above are what is legally required. These percentages are shown only for comparative purposes.

Valuation Date	10/1/2021	10/1/2020
Applicable Plan/Fiscal Year End	9/30/2023	9/30/2022
Total Recommended Contribution	4.34%	4.97%

CHANGES SINCE PRIOR VALUATION

Plan Changes

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

Actuarial Assumption/Method Changes

There have been no assumption or method changes since the prior valuation.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	10/1/2021	10/1/2020
A. Participant Data		
Actives	133	138
Service Retirees	197	197
DROP Retirees	3	3
Beneficiaries	47	50
Disability Retirees	1	2
Terminated Vested	244	248
Total	625	638
Total Annual Payroll	$8,449,075	$8,489,296
Payroll Under Assumed Ret. Age	8,167,158	8,092,141
Annual Rate of Payments to:		
Service Retirees	2,323,030	2,373,601
DROP Retirees	21,951	21,837
Beneficiaries	275,303	282,342
Disability Retirees	25,580	34,731
Terminated Vested	1,015,340	1,077,978
B. Assets		
Actuarial Value (AVA) [1]	39,948,955	38,012,493
Market Value (MVA) [1]	44,093,212	38,012,493
C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	7,876,480	7,509,263
Disability Benefits	775,642	770,935
Death Benefits	81,570	79,395
Vested Benefits	254,932	319,120
Refund of Contributions	0	0
Service Retirees	23,924,719	24,316,513
DROP Retirees [1]	358,876	336,435
Beneficiaries	2,168,953	2,327,126
Disability Retirees	167,262	229,797
Terminated Vested	5,642,087	5,853,038
Total	41,250,521	41,741,622

C. Liabilities - (Continued)	10/1/2021	10/1/2020
Present Value of Future Salaries	N/A	N/A
Present Value of Future Member Contributions	0	0
Normal Cost (Retirement)	26,183	26,338
Normal Cost (Disability)	12,237	12,391
Normal Cost (Death)	2,178	2,193
Normal Cost (Vesting)	4,271	6,773
Normal Cost (Refunds)	0	0
Total Normal Cost	44,869	47,695
Present Value of Future Normal Costs	150,054	169,296
Accrued Liability (Retirement)	7,791,160	7,415,343
Accrued Liability (Disability)	729,743	720,400
Accrued Liability (Death)	73,496	70,645
Accrued Liability (Vesting)	244,171	303,029
Accrued Liability (Refunds)	0	0
Accrued Liability (Inactives) [1]	32,261,897	33,062,909
Total Actuarial Accrued Liability (EAN AL)	41,100,467	41,572,326
Unfunded Actuarial Accrued Liability (UAAL)	1,151,512	3,559,833
Funded Ratio (AVA / EAN AL)	97.2%	91.4%

D. Actuarial Present Value of Accrued Benefits

	10/1/2021	10/1/2020
Vested Accrued Benefits		
Inactives [1]	32,261,897	33,062,909
Actives	8,933,082	8,591,603
Member Contributions	0	0
Total	41,194,979	41,654,512
Non-vested Accrued Benefits	55,542	87,110
Total Present Value Accrued Benefits (PVAB)	41,250,521	41,741,622
Funded Ratio (MVA / PVAB)	106.9%	91.1%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
Plan Experience	(798,581)	
Benefits Paid	(2,623,679)	
Interest	2,931,159	
Other	0	
Total	(491,101)	

Valuation Date	10/1/2021	10/1/2020
Applicable to Fiscal Year Ending	9/30/2023	9/30/2022
E. Pension Cost		
Normal Cost [2]	$48,122	$51,153
Administrative Expenses [2]	84,211	84,652
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 15 years (as of 10/1/2021) [2]	859,683	999,604
Minimum Required Contribution	992,016	1,135,409
Expected Member Contributions [2]	0	0
Expected City Contribution	992,016	1,135,409
F. Past Contributions		
Plan Years Ending:	9/30/2021	
City Requirement	910,414	
Actual Contributions Made:		
City	910,414	
Total	910,414	
G. Net Actuarial (Gain)/Loss	(1,855,936)	

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

[2] Contributions developed as of 10/1/2021 displayed above have been adjusted to account for assumed interest component.

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

Year	Projected Unfunded Actuarial Accrued Liability
2021	1,151,512
2022	375,314
2036	0

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

		Actual	Assumed
Year Ended	9/30/2021	N/A	N/A
Year Ended	9/30/2020	N/A	N/A
Year Ended	9/30/2019	N/A	N/A
Year Ended	9/30/2018	N/A	N/A
Year Ended	9/30/2017	N/A	N/A

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

		Market Value	Actuarial Value	Assumed
Year Ended	9/30/2021	21.16%	10.04%	7.25%
Year Ended	9/30/2020	3.95%	6.80%	7.25%
Year Ended	9/30/2019	2.70%	7.90%	7.45%
Year Ended	9/30/2018	9.56%	7.57%	7.45%
Year Ended	9/30/2017	11.22%	7.71%	7.45%

STATEMENT BY ENROLLED ACTUARY

This actuarial valuation was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

Patrick T Donlan

Patrick T. Donlan, EA, ASA, MAAA
Enrolled Actuary #20-6595

Please let us know when the report is approved by the Board and unless otherwise directed we will provide a copy of the report to the following office to comply with Chapter 112 Florida Statutes:

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

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

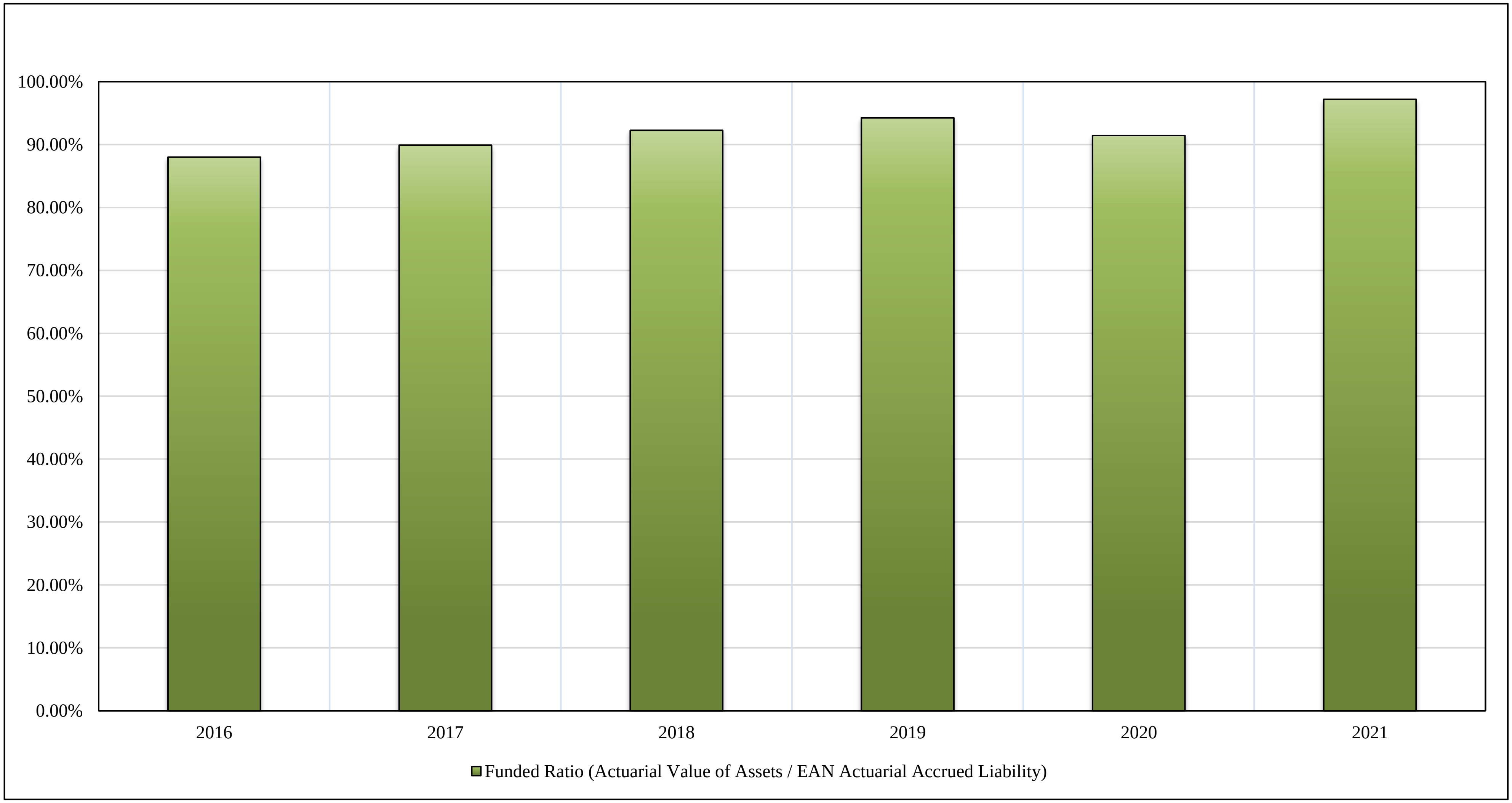
(1)	Unfunded Actuarial Accrued Liability as of October 1, 2020	$3,559,833
(2)	Sponsor Normal Cost developed as of October 1, 2020	47,695
(3)	Expected administrative expenses for the year ended September 30, 2021	78,930
(4)	Expected interest on (1), (2) and (3)	264,407
(5)	Sponsor contributions to the System during the year ended September 30, 2021	910,414
(6)	Expected interest on (5)	33,003
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2021 (1)+(2)+(3)+(4)-(5)-(6)	3,007,448
(8)	Change to UAAL due to Assumption Change	0
(9)	Change to UAAL due to Actuarial (Gain)/Loss	(1,855,936)
(10)	Unfunded Actuarial Accrued Liability as of October 1, 2021	1,151,512

Type of Base	Date Established	Years Remaining	10/1/2021 Amount	Amortization Amount
Consolidated Base	10/1/2018	1.75	1,407,726	824,646
Actuarial Gain	10/1/2018	12	(261,120)	(31,063)
Actuarial Gain	10/1/2019	13	(860,467)	(97,361)
Assump Change	10/1/2019	13	782,477	88,536
Actuarial Loss	10/1/2020	14	32,131	3,477
Asmp/Mthd Change	10/1/2020	14	1,906,701	206,342
Actuarial Gain	10/1/2021	15	(1,855,936)	(193,008)
			1,151,512	801,569

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1)	Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2020	$3,559,833
(2)	Expected UAAL as of October 1, 2021	3,007,448
(3)	Summary of Actuarial (Gain)/Loss, by component:	
	Investment Return (Actuarial Asset Basis)	(1,036,064)
	Salary Increases	0
	Active Decrements	(238,893)
	Inactive Mortality	(637,954)
	Other	56,975
	Increase in UAAL due to (Gain)/Loss	(1,855,936)
	Assumption Changes	0
(4)	Actual UAAL as of October 1, 2021	$1,151,512

HISTORY OF FUNDING PROGRESS



ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate	*Healthy Active Lives:* **Female:** PubG.H-2010 for Employees. **Male:** PubG.H-2010 for Employees, set back one year. *Healthy Retiree Lives:* **Female:** PubG.H-2010 for Healthy Retirees. **Male:** PubG.H-2010 (Below Median) for Healthy Retirees, set back one year. *Beneficiary Lives:* **Female:** PubG.H-2010 (Below Median) for Healthy Retirees. **Male:** PubG.H-2010 for Healthy Retirees, set back one year. *Disabled Lives:* PubG.H-2010 for Disabled Retirees, set forward three years. All rates are projected generationally with Mortality Improvement Scale MP-2018. We feel this assumption sufficiently accommodates future mortality improvements. The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2020 FRS valuation report for non-special-risk employees, with appropriate adjustments made based on plan demographics.
Interest Rate	7.25% per year compounded annually, net of investment related expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.
Salary Increases	None (frozen plan).
Payroll Growth	0.00% (frozen plan).
Administrative Expenses	$78,518 annually, based on the average of actual expenses incurred in the prior two fiscal years.

Termination Rates

See Table later in this section. This assumption was adopted by the Board, based on results of the September 3, 2007 Experience Study.

Disability Rates

See Table later in this section. These rates are similar to those utilized by other municipal General Employee programs.

Retirement Rates

Age	Rate per Year
50 – 54	2.0%
55 – 58	20.0%
59 – 61	20.0%
62	50.0%
63 – 64	25.0%
65	100.0%

This assumption was adopted by the Board, based on results of the September 3, 2007 Experience Study.

Funding Method

Entry Age Normal Method. A load based on a full year of interest at the current assumption is used to develop the dollar funding requirements.

Asset Valuation Method

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

Amortization Method

New UAAL amortization bases are funded over a 15-year period.

Assumption Tables

Age	% Terminating During the Year	% Becoming Disabled During the Year
20	25.0%	0.05%
30	12.4	0.06
40	9.5	0.12
50	7.5	0.43
60	5.5	1.61

GLOSSARY

Actuarial Value of Assets is the asset value used in the valuation to determine contribution requirements. It represents the plan's Market Value of Assets (see below), with adjustments according to the plan's Actuarial Asset Method. These adjustments produce a "smoothed" value that is likely to be less volatile from year to year than the Market Value of Assets.

Entry Age Normal Cost Method **-** Under this method, the normal cost is the sum of the individual normal costs for all active participants. For an active participant, the normal cost is the participant's normal cost accrual rate, multiplied by the participant's current compensation.

(a) The normal cost accrual rate equals:

(i) the present value of future benefits for the participant, determined as of the participant's entry age, divided by

(ii) the present value of the compensation expected to be paid to the participant for each year of the participant's anticipated future service, determined as of the participant's entry age.

(b) In calculating the present value of future compensation, the salary scale is applied both retrospectively and prospectively to estimate compensation in years prior to and subsequent to the valuation year based on the compensation used for the valuation.

(c) The accrued liability is the sum of the individual accrued liabilities for all participants and beneficiaries. A participant's accrued liability equals the present value, at the participant's attained age, of future benefits less the present value at the participant's attained age of the individual normal costs payable in the future. A beneficiary's accrued liability equals the present value, at the beneficiary's attained age, of future benefits. The unfunded accrued liability equals the total accrued liability less the actuarial value of assets.

(d) Under this method, the entry age used for each active participant is the participant's age at the time he or she would have commenced participation if the plan had always been in existence under current terms, or the age as of which he or she first earns service credits for purposes of benefit accrual under the current terms of the plan.

Market Value of Assets is the fair market value of plan assets as of the valuation date. This amount may be adjusted to produce an Actuarial Value of Assets for plan funding purposes.

Normal (Current Year's) Cost is the current year's cost for benefits yet to be funded. Under the Entry Age Normal cost method, it is determined for each participant as the present value of future benefits, determined as of the Member's entry age, amortized as a level percentage of compensation over the anticipated number of years of participation, determined as of the entry age.

Present Value of Benefits is the single sum value on the valuation date of all future benefits to be paid to current plan participants.

Total Annual Payroll is the projected annual rate of pay for the fiscal year beginning on the valuation date of all covered Members.

Total Required Contribution is equal to the Normal Cost plus an amount sufficient to amortize the Unfunded Accrued Liability over no more than 30 years. The required amount is adjusted for interest according to the timing of contributions during the year.

Unfunded Actuarial Accrued Liability (UAAL) is the difference between the actuarial accrued liability (described above) and the Actuarial Value of Assets. Under the Entry Age Normal Actuarial Cost Method, an actuarial gain or loss, based on actual versus expected UAAL, is determined in conjunction with each valuation of the plan.

DISCUSSION OF RISK

ASOP No. 51, Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions, states that the actuary should identify risks that, in the actuary's professional judgment, may reasonably be anticipated to significantly affect the plan's future financial condition.

Throughout this report, actuarial results are determined using various actuarial assumptions. These results are based on the premise that all future plan experience will align with the plan's actuarial assumptions; however, there is no guarantee that actual plan experience will align with the plan's assumptions. It is possible that actual plan experience will differ from anticipated experience in an unfavorable manner that will negatively impact the plan's funded position.

Below are examples of ways in which plan experience can deviate from assumptions and the potential impact of that deviation. Typically, this results in an actuarial gain or loss representing the current-year financial impact on the plan's unfunded liability of the experience differing from assumptions; this gain or loss is amortized over a period of time determined by the plan's amortization method. When assumptions are selected that adequately reflect plan experience, gains and losses typically offset one another in the long term, resulting in a relatively low impact on the plan's contribution requirements associated with plan experience. When assumptions are too optimistic, losses can accumulate over time and the plan's amortization payment could potentially grow to an unmanageable level.

- <u>Investment Return</u>: When the rate of return on the Actuarial Value of Assets falls short of the assumption, this produces a loss representing assumed investment earnings that were not realized. Further, it is unlikely that the plan will experience a scenario that matches the assumed return in each year as capital markets can be volatile from year to year. Therefore, contribution amounts can vary in the future.

- <u>Demographic Assumptions:</u> Actuarial results take into account various potential events that could happen to a plan participant, such as retirement, termination, disability, and death. Each of these potential events is assigned a liability based on the likelihood of the event and the financial consequence of the event for the plan. Accordingly, actuarial liabilities reflect a blend of financial consequences associated with various possible outcomes (such as retirement at one of various possible ages). Once the outcome is known (e.g. the participant retires) the liability is adjusted to reflect the known outcome. This adjustment produces a gain or loss depending on whether the outcome was more or less favorable than other outcomes that could have occurred.

Impact of Plan Maturity on Risk

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

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

- The Support Ratio, determined as the ratio of active to inactive members, has decreased from 83.4% on October 1, 2011 to 27.0% on October 1, 2021, indicating that the plan has been maturing during the period (as expected for a closed plan).

- The Accrued Liability Ratio, determined as the ratio of the Inactive Accrued Liability, which is the liability associated with members who are no longer employed but are due a benefit from the plan, to the Total Accrued Liability, is 78.5%. With a plan of this maturity, losses due to lower than expected investment returns or demographic factors may result in larger increases in contribution requirements than would be needed for a less mature plan. Please note Chapter 112, Florida Statutes, requires that the plan sponsor contributes the minimum required contribution; thus, there is minimal solvency risk to the plan.

- The Funded Ratio, determined as the ratio of the Actuarial Value of Assets to the Total Accrued Liability, has increased from 80.5% on October 1, 2011 to 97.2% on October 1, 2021.

- The Net Cash Flow Ratio, determined as the ratio of the Net Cash Flow (contributions minus benefit payments and administrative expenses) to the Market Value of Assets, increased from -5.7% on October 1, 2011 to -4.1% on October 1, 2021. The current Net Cash Flow Ratio of -4.1% indicates that contributions are not currently covering the plan's benefit payments and administrative expenses.

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

PLAN MATURITY MEASURES AND OTHER RISK METRICS

	10/1/2011	10/1/2016	10/1/2020	10/1/2021
Support Ratio				
Total Actives	316	185	138	133
Total Inactives [1]	379	474	500	492
Actives / Inactives [1]	83.4%	39.0%	27.6%	27.0%
Accrued Liability (AL) Ratio				
Inactive Accrued Liability	25,497,242	31,585,743	33,062,909	32,261,897
Total Accrued Liability (EAN)	38,184,861	41,115,853	41,572,326	41,100,467
Inactive AL / Total AL	66.8%	76.8%	79.5%	78.5%
Funded Ratio				
Actuarial Value of Assets (AVA)	30,735,796	36,184,553	38,012,493	39,948,955
Total Accrued Liability (EAN)	38,184,861	41,115,853	41,572,326	41,100,467
AVA / Total Accrued Liability (EAN)	80.5%	88.0%	91.4%	97.2%
Net Cash Flow Ratio				
Net Cash Flow [2]	(1,633,650)	(1,604,234)	(1,764,600)	(1,790,599)
Market Value of Assets (MVA)	28,828,625	34,967,109	38,012,493	44,093,212
Ratio	-5.7%	-4.6%	-4.6%	-4.1%

[1] Excludes terminated participants awaiting a refund of member contributions.

[2] Determined as total contributions minus benefit payments and administrative expenses.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2021

ASSETS	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Money Market	27,995.72	27,995.72
Cash	378,349.93	378,349.93
Total Cash and Equivalents	406,345.65	406,345.65
Receivables:		
From Broker for Investments Sold	268,993.13	268,993.13
Investment Income	52,383.87	52,383.87
Total Receivable	321,377.00	321,377.00
Investments:		
U. S. Bonds and Bills	4,014,762.59	4,044,761.47
Federal Agency Guaranteed Securities	657,520.45	652,360.67
Corporate Bonds	1,734,215.70	1,728,620.90
Stocks	17,723,099.53	24,287,219.95
Mutual Funds:		
Fixed Income	623,548.20	645,969.72
Equity	2,905,670.86	4,367,565.53
Pooled/Common/Commingled Funds:		
Real Estate	4,494,183.61	7,826,761.56
Total Investments	32,153,000.94	43,553,259.80
Total Assets	32,880,723.59	44,280,982.45
LIABILITIES		
Payables:		
To Broker for Investments Purchased	187,770.61	187,770.61
Total Liabilities	187,770.61	187,770.61
NET POSITION RESTRICTED FOR PENSIONS	32,692,952.98	44,093,211.84

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

ADDITIONS			
Contributions:			
City		910,413.96	
Total Contributions			910,413.96
Investment Income:			
Net Realized Gain (Loss)	4,138,853.56		
Unrealized Gain (Loss)	3,354,583.79		
Net Increase in Fair Value of Investments		7,493,437.35	
Interest & Dividends		602,384.05	
Less Investment Expense[1]		(224,503.59)	
Net Investment Income			7,871,317.81
Total Additions			8,781,731.77
DEDUCTIONS			
Distributions to Members:			
Benefit Payments		2,602,640.40	
Lump Sum DROP Distributions		0.00	
Lump Sum BAC-DROP Distributions		7,263.96	
Lump Sum PLOP Distributions		13,774.92	
Total Distributions			2,623,679.28
Administrative Expense			77,334.13
Total Deductions			2,701,013.41
Net Increase in Net Position			6,080,718.36
NET POSITION RESTRICTED FOR PENSIONS			
Beginning of the Year			38,012,493.48
End of the Year			44,093,211.84

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

ACTUARIAL ASSET VALUATION
September 30, 2021

Actuarial Assets for funding purposes are developed by recognizing the total actuarial investment gain or loss for each Plan Year over a five year period. In the first year, 20% of the gain or loss is recognized. In the second year 40%, in the third year 60%, in the fourth year 80%, and in the fifth year 100% of the gain or loss is recognized. The actuarial investment gain or loss is defined as the actual return on investments minus the actuarial assumed investment return. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Gains/Losses Not Yet Recognized

Plan Year Ending	Gain/(Loss)	Amounts Not Yet Recognized by Valuation Year 2021	2022	2023	2024	2025
09/30/2021	5,180,321	4,144,257	3,108,193	2,072,129	1,036,065	0
Total		4,144,257	3,108,193	2,072,129	1,036,065	0

Development of Investment Gain/Loss

Market Value of Assets, 09/30/2020	38,012,493
Contributions Less Benefit Payments & Admin Expenses	(1,790,599)
Expected Investment Earnings*	2,690,997
Actual Net Investment Earnings	7,871,318
2021 Actuarial Investment Gain/(Loss)	5,180,321

*Expected Investment Earnings = 0.0725 * (38,012,493 - 0.5 * 1,790,599)

Development of Actuarial Value of Assets

(1) Market Value of Assets, 09/30/2021	44,093,212
(2) Gains/(Losses) Not Yet Recognized	4,144,257
(3) Actuarial Value of Assets, 09/30/2021, (1) - (2)	39,948,955
(A) 09/30/2020 Actuarial Assets:	38,012,493
(I) Net Investment Income:	
1. Interest and Dividends	602,384
2. Realized Gain (Loss)	4,138,854
3. Unrealized Gain (Loss)	3,354,584
4. Change in Actuarial Value	(4,144,257)
5. Investment Expenses	(224,504)
Total	3,727,061
(B) 09/30/2021 Actuarial Assets:	39,948,955
Actuarial Assets Rate of Return = 2I/(A+B-I):	10.04%
Market Value of Assets Rate of Return:	21.16%
10/01/2021 Limited Actuarial Assets:	39,948,955
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)	1,036,064

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

REVENUES		
Contributions:		
City	910,413.96	
Total Contributions		910,413.96
Earnings from Investments:		
Interest & Dividends	602,384.05	
Net Realized Gain (Loss)	4,138,853.56	
Unrealized Gain (Loss)	3,354,583.79	
Change in Actuarial Value	(4,144,257.00)	
Total Earnings and Investment Gains		3,951,564.40
EXPENDITURES		
Distributions to Members:		
Benefit Payments	2,602,640.40	
Lump Sum DROP Distributions	0.00	
Lump Sum BAC-DROP Distributions	7,263.96	
Lump Sum PLOP Distributions	13,774.92	
Total Distributions		2,623,679.28
Expenses:		
Investment related[1]	224,503.59	
Administrative	77,334.13	
Total Expenses		301,837.72
Change in Net Assets for the Year		1,936,461.36
Net Assets Beginning of the Year		38,012,493.48
Net Assets End of the Year[2]		39,948,954.84

[1]Investment related expenses include investment advisory, custodial and performance monitoring fees.
[2]Net Assets may be limited for actuarial consideration.

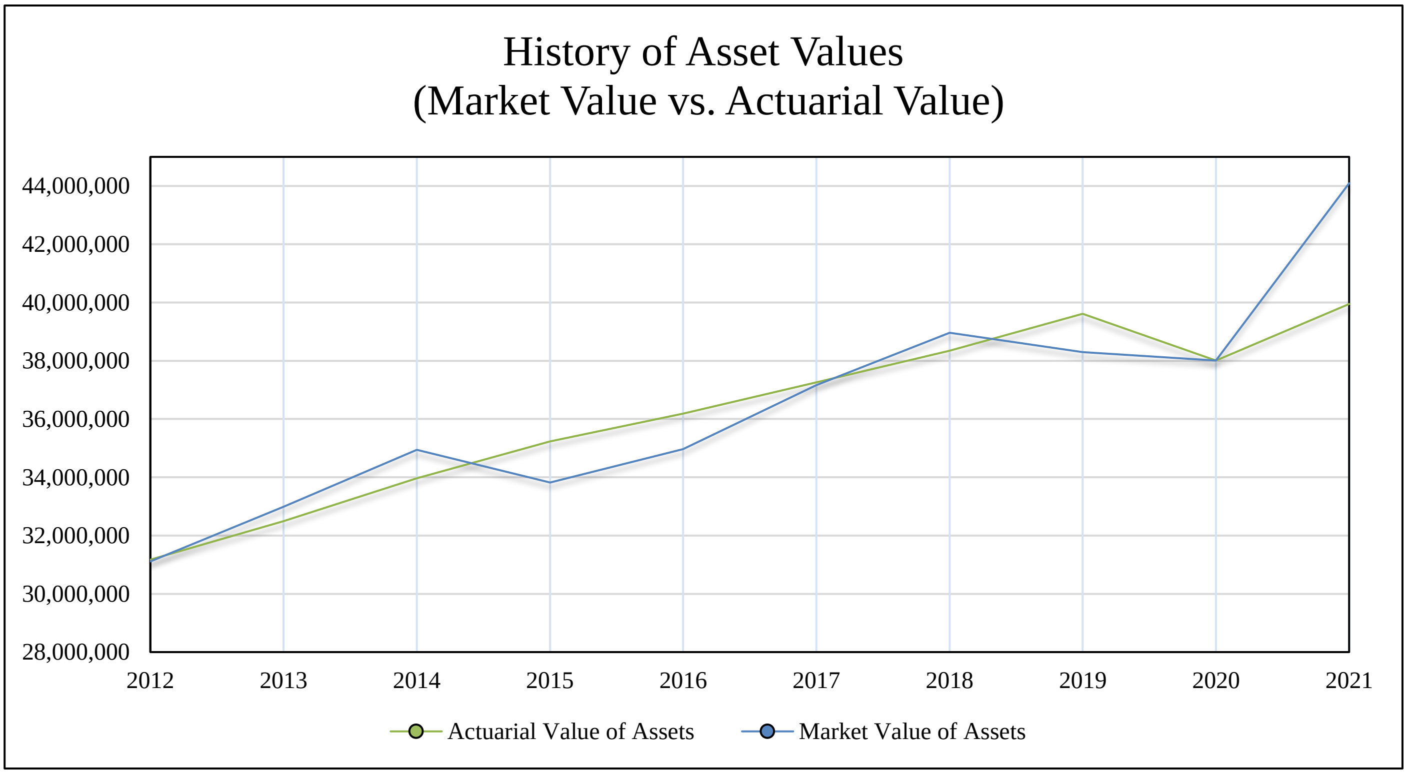
DEFERRED RETIREMENT OPTION PLAN ACTIVITY
October 1, 2020 to September 30, 2021

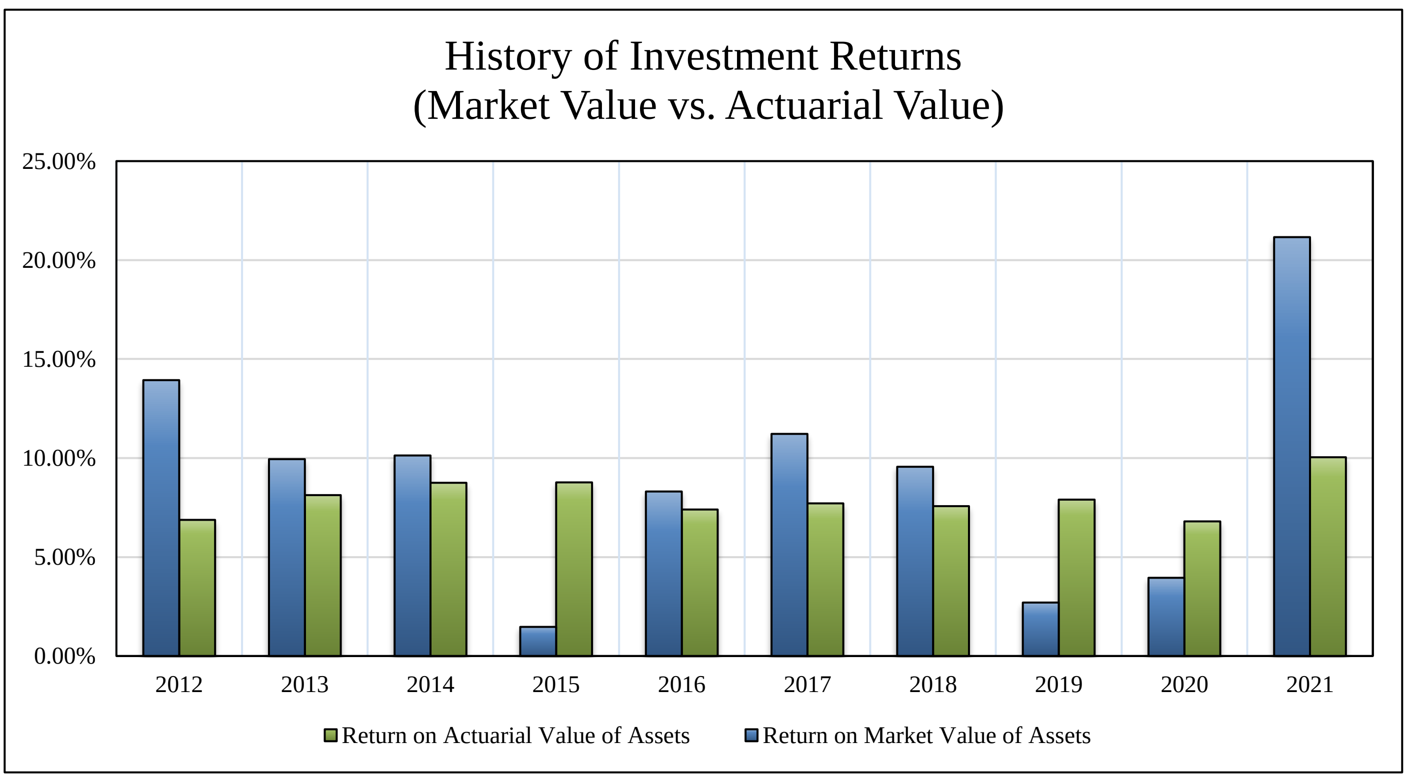
Beginning of the Year Balance	72,695.01
Plus Additions	21,951.12
Investment Return Earned	5,490.59
Less Distributions	0.00
End of the Year Balance	100,136.72

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

(1)	Required City Contributions	$910,414.00
(2)	Less 2020 Prepaid Contribution	0.00
(3)	Less Actual City Contributions	(910,413.96)
(4)	City Contributions in Excess of Minimum Requirement Applied to Reduce Unfunded Actuarial Accrued Liability as of September 30, 2021	$0.04

HISTORY OF ASSET VALUES AND INVESTMENT RETURNS





STATISTICAL DATA

	10/1/2018	10/1/2019	10/1/2020	10/1/2021
Actives				
Number	155	144	138	133
Average Current Age	50.4	51.0	51.9	52.7
Average Age at Employment	31.2	30.7	30.7	30.3
Average Past Service	19.2	20.3	21.2	22.4
Service Retirees				
Number	200	197	197	197
Average Current Age	69.7	70.4	71.1	71.3
Average Annual Benefit	$12,004	$11,926	$12,049	$11,792
DROP Retirees				
Number	3	3	3	3
Average Current Age	67.1	68.1	69.1	70.1
Average Annual Benefit	$7,225	$7,279	$7,279	$7,317
Beneficiaries				
Number	39	46	50	47
Average Current Age	71.9	70.7	71.5	72.7
Average Annual Benefit	$4,980	$5,193	$5,647	$5,858
Disability Retirees				
Number	4	4	2	1
Average Current Age	65.8	66.8	62.2	49.0
Average Annual Benefit	$15,422	$15,422	$17,366	$25,580
Terminated Vested				
Number	245	249	248	244
Average Current Age	51.9	52.8	53.6	54.3
Average Annual Benefit	$4,474	$4,455	$4,347	$4,161

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19												0
20 - 24												0
25 - 29												0
30 - 34												0
35 - 39							1	6				7
40 - 44							2	11	5			18
45 - 49							3	6	9	1		19
50 - 54								6	7	9	5	27
55 - 59							6	9	5	6	13	39
60 - 64							1	7	2	3	5	18
65+								4	1			5
Total	0	0	0	0	0	0	13	49	29	19	23	133

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2020	138
b. Terminations	
i. Vested (partial or full) with deferred annuity	(1)
ii. Vested in refund of member contributions only	0
iii. Refund of member contributions or full lump sum distribution received	0
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	(4)
f. DROP	0
g. Continuing participants	133
h. New entrants	0
i. Total active life participants in valuation	133

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

	Service Retirees, Vested Receiving Benefits	DROP Benefits	Receiving Death Benefits	Receiving Disability Benefits	Vested (Deferred Annuity)	Vested (Due Refund)	Total
a. Number prior valuation	197	3	50	2	248	0	500
Retired	9	0	0	0	(5)	0	4
DROP	0	0	0	0	0	0	0
Vested (Deferred Annuity)	0	0	0	0	1	0	1
Vested (Due Refund)	0	0	0	0	0	0	0
Hired/Terminated in Same Year	0	0	0	0	0	0	0
Death, With Survivor	(2)	0	2	0	0	0	0
Death, No Survivor	(7)	0	(4)	(1)	0	0	(12)
Disabled	0	0	0	0	0	0	0
Refund of Contributions	0	0	0	0	0	0	0
Rehires	0	0	0	0	0	0	0
Expired Annuities	0	0	(1)	0	0	0	(1)
Data Corrections	0	0	0	0	0	0	0
b. Number current valuation	197	3	47	1	244	0	492

SUMMARY OF CURRENT PLAN
(Through Ordinance 18-31)

Eligibility	Regular, full-time employees who are not certified Firefighters enter on date of employment (Optional for City Attorney, Assistant City Attorney, Mayor and City Commissioners). Employees hired on or after October 1, 2008 are not eligible.
Salary	Basic compensation, excluding overtime pay, shift differential, stand-by pay, lump sum vacation pay, accrued sick leave pay, severance pay, bonuses, expense allowances and all other extraordinary compensation, and including all tax deferred, tax sheltered or tax exempt items of income.
Average Compensation	Average Salary of the 3 highest consecutive years of the last 10 years of Credited Service (not including any Salary paid after September 30, 2008).
Credited Service	Years and months of service with the City as a General Employee. For Members who retire after October 1, 1993 with at least 15 years of service, service also includes up to 4 years of prior military service if not receiving a continuing military service pension. For purposes of determining a Member's Normal Retirement Benefit, Credited Service shall not include service with the City after September 30, 2008. Credited Service after September 30, 2008 shall, however, be taken into consideration for vesting and benefit entitlement purposes.
Normal Retirement	
Date	The attainment of age 65 with 5 years of Credited Service.
Benefit	2.00% of Average Compensation times Credited Service prior to October 1, 2008, with a maximum of 45 years of Credited Service.
Form of Benefit	Lifetime benefits, ceasing upon death (options available).

Early Retirement

Date	Attainment of age 50 with 15 years of Credited Service.
Benefit	Accrued Benefit on Early Retirement Date, reduced 3.33% for each year that Early Retirement precedes Age 65.
Form of Benefit	Lifetime benefits, ceasing upon death (options available).

Pre-Retirement Death Benefit

Requirement	Death while in active service.
Benefit	Monthly benefit provided by the greater of (i) or (ii), where (i) is the single sum value of the deferred monthly retirement income commencing at normal retirement date which has accrued to the date of death, and (ii) is the smaller of (a) 18 times Average Final Compensation at the date of death and (b) 100 times the anticipated monthly retirement income at Normal Retirement.

Disability

Eligibility	10 years of Credited Service.
Amount	Prior to normal retirement date, the benefit payable is the lessor of 50% of Average Final Compensation or $1,500. At normal retirement date, the benefit payable is 2.00% times Average Final Compensation times years and months of Credited Service (to a maximum of 45 years) as if employment had continued from date of disability to normal retirement date.
Death Benefit	The greater of (i) or (ii), where (i) is equal to the single-sum value, as of the date of the participant's death, of the deferred monthly retirement income commencing at normal retirement date that the disabled participant would have accrued to the date of termination of service due to disability, and (ii) is the smaller of (a) 18 times Average Final Compensation at the date of termination due to disability and (b) 100 times the participant's anticipated monthly retirement income at Normal Retirement.

Termination of Employment

Vesting Schedule	Years of Service	Vested %
	Less than 5	0%
	5 or more	100%

Benefit: Vested Accrued benefit payable at age 65 (unreduced) or, if completed 15 years of Credited Service, Early Retirement Date (reduced).

Cost of Living Adjustment: Retirees (other than vested terminated members) and their beneficiaries receive a 2.00% increase in benefits each October 1st commencing 3 years after their otherwise Normal Retirement Date.

Board of Trustees: One City of Leesburg resident appointed by Commission, City Manager (or designee), Human Resources Director, one other department head appointed by the City Manager, two Members of the Plan who are not certified Police Officers and one Member of the Plan who is a certified Police Officer.

Deferred Retirement Option Plan

Eligibility: Satisfaction of Normal Retirement requirements.

Participation: Not to exceed 60 months.

Rate of Return: At Member’s election:

(1) Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter, or

(2) 6.50% per annum compounded quarterly.

Form of Distribution: Cash lump sum (options available) at termination of employment.

BAC-DROP

Eligibility: Satisfaction of Normal Retirement requirements.

BAC-DROP Period: Not to exceed 60 months.

Rate of Return: 2.50% per annum compounded quarterly.

Form of Distribution: Cash lump sum at termination of employment.

Early Retirement Window
(July 1, 2014 to September 30, 2014)

Eligibility	Age 50 with 20 years of service by September 30, 2014 who elect to retire by September 1, 2014.
Benefit	Accrued Benefit on Early Retirement Date, reduced based on the following schedule for each year that Early Retirement precedes Age 65.

Years of Credited Service at Retirement	Reduction Factor
35 or More	0%
30 to 35	0.5%
25 to 30	1.5%
20 to 25	2.0%

Form of Benefit	Lifetime benefits, ceasing upon death (options available).

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2021

ASSETS	MARKET VALUE
Cash and Cash Equivalents:	
Money Market	27,996
Cash	378,350
Total Cash and Equivalents	406,346
Receivables:	
From Broker for Investments Sold	268,993
Investment Income	52,384
Total Receivable	321,377
Investments:	
U. S. Bonds and Bills	4,044,761
Federal Agency Guaranteed Securities	652,361
Corporate Bonds	1,728,621
Stocks	24,287,220
Mutual Funds:	
Fixed Income	645,970
Equity	4,367,565
Pooled/Common/Commingled Funds:	
Real Estate	7,826,762
Total Investments	43,553,260
Total Assets	44,280,983
LIABILITIES	
Payables:	
To Broker for Investments Purchased	187,771
Total Liabilities	187,771
NET POSITION RESTRICTED FOR PENSIONS	44,093,212

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

ADDITIONS		
Contributions:		
City	910,414	
Total Contributions		910,414
Investment Income:		
Net Increase in Fair Value of Investments	7,493,437	
Interest & Dividends	602,384	
Less Investment Expense[1]	(224,503)	
Net Investment Income		7,871,318
Total Additions		8,781,732
DEDUCTIONS		
Distributions to Members:		
Benefit Payments	2,602,640	
Lump Sum DROP Distributions	0	
Lump Sum BAC-DROP Distributions	7,264	
Lump Sum PLOP Distributions	13,775	
Total Distributions		2,623,679
Administrative Expense		77,334
Total Deductions		2,701,013
Net Increase in Net Position		6,080,719
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		38,012,493
End of the Year		44,093,212

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

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

Plan Administration
The Plan is a single-employer defined benefit pension plan administered by a Board of Trustees comprised of:
One City of Leesburg resident appointed by Commission, City Manager (or designee), Human Resources Director, one other department head appointed by the City Manager, two Members of the Plan who are not certified Police Officers and one Member of the Plan who is a certified Police Officer.
Each person employed by the City as of September 30, 2008 as a full-time General Employee shall remain a Member of the System and is therefore eligible for plan benefits as provided for in the plan document and by applicable law with the exception of designated department heads and administrative management employees who elected to opt out of the System as of September 30, 2008, and all future new General Employees shall be ineligible to become Members of this System.

Plan Membership as of October 1, 2020:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	252
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	248
Active Plan Members	138
	638

Benefits Provided
The Plan provides retirement, termination, disability and death benefits.
A summary of the benefit provisions can be found in the October 1, 2020 Actuarial Valuation Report for the City of Leesburg Retirement Plan for General Employees prepared by Foster & Foster Actuaries and Consultants.

Contributions
Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes.

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

Asset Class	Target Allocation
Domestic Equity	50.00%
International Equity	10.00%
Fixed Income	17.50%
Private Real Estate	12.50%
Hedge Funds	5.00%
MLP/Energy Infrastructure	5.00%
Total	100.00%

Concentrations:
The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan's Fiduciary Net Position.

Rate of Return:
For the year ended September 30, 2021, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was 21.16 percent.
The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deferred Retirement Option Program
Eligibility: Satisfaction of Normal Retirement requirements.
Participation: Not to exceed 60 months.
Rate of Return: At Member's election:
(1) Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter, or
(2) 6.50% per annum compounded quarterly.
BAC-DROP:
Eligibility: Satisfaction of Normal Retirement requirements.
BAC-DROP Period: Not to exceed 60 months.
Rate of Return: 2.50% per annum compounded quarterly.
The DROP balance as September 30, 2021 is $100,137.

NET PENSION LIABILITY OF THE SPONSOR

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

Total Pension Liability	$ 41,764,218
Plan Fiduciary Net Position	$ (44,093,212)
Sponsor's Net Pension Liability	$ (2,328,994)
Plan Fiduciary Net Position as a percentage of Total Pension Liability	105.58%

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

Inflation	2.00%
Salary Increases	None (frozen Plan)
Discount Rate	7.25%
Investment Rate of Return	7.25%

Mortality Rate Healthy Active Lives:
Female: PubG.H-2010 for Employees.
Male: PubG.H-2010 for Employees, set back one year.
Mortality Rate Healthy Retiree Lives:
Female: PubG.H-2010 for Healthy Retirees.
Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.
Mortality Rate Beneficiary Lives:
Female: PubG.H-2010 (Below Median) for Healthy Retirees.
Male: PubG.H-2010 for Healthy Retirees, set back one year.
Mortality Rate Disabled Lives:
PubG.H-2010 for Disabled Retirees, set forward three years.

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

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

The most recent actuarial experience study used to review the other significant assumptions was dated September 3, 2007.

The Long-Term Expected Rate of Return on Pension Plan investments can be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Pension Plan investment expenses and inflation) are developed for each major asset class.
For 2021 the inflation rate assumption of the investment advisor was 1.75%.
These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Asset Class	Long Term Expected Real Rate of Return[1]
Domestic Equity	5.86%
International Equity	4.71%
Fixed Income	1.40%
Private Real Estate	4.85%
Hedge Funds	3.18%
MLP/Energy Infrastructure	2.67%

[1] Source: Morgan Stanley. Secular annualized return and volatility estimates are based on a 20-year time horizon.
Please note that long term expected return of the total portfolio is greater than simply multiplying each of the above "Long Term Expected Real Rate of Returns" by their target allocation % and adding them together. Not only is the time horizon longer for an actuarial valuation relative to the time horizon over which the above projected returns were generated, but also there is an additional correlation resulting from a diversified portfolio that will provide additional returns.

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.25 percent.

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Sponsor's Net Pension Liability	$ 1,995,631	$ (2,328,994)	$ (5,982,959)

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 2 Fiscal Years

	09/30/2021	09/30/2020
Total Pension Liability		
Service Cost	87,124	90,827
Interest	2,915,581	2,997,173
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(54,439)	(818,934)
Changes of assumptions	-	(722,065)
Benefit Payments, including Refunds of Employee Contributions	(2,623,679)	(2,713,707)
Net Change in Total Pension Liability	324,587	(1,166,706)
Total Pension Liability - Beginning	41,439,631	42,606,337
Total Pension Liability - Ending (a)	$ 41,764,218	$ 41,439,631
Plan Fiduciary Net Position		
Contributions - Employer	910,414	1,028,808
Net Investment Income	7,871,318	1,479,649
Benefit Payments, including Refunds of Employee Contributions	(2,623,679)	(2,713,707)
Administrative Expense	(77,334)	(79,702)
Net Change in Plan Fiduciary Net Position	6,080,719	(284,952)
Plan Fiduciary Net Position - Beginning	38,012,493	38,297,445
Plan Fiduciary Net Position - Ending (b)	$ 44,093,212	$ 38,012,493
Net Pension Liability - Ending (a) - (b)	$ (2,328,994)	$ 3,427,138
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	105.58%	91.73%
Covered Payroll	$ 8,614,389	$ 8,605,507
Net Pension Liability as a percentage of Covered Payroll	-27.04%	39.82%

Notes to Schedule:

Changes of assumptions:

For measurement date 09/30/2020, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in the July 1, 2019 actuarial valuation for non-special-risk lives, with appropriate risk and collar adjustments made based on plan demographics.

SCHEDULE OF CONTRIBUTIONS
Last 2 Fiscal Years

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of Covered Payroll
09/30/2021	$ 910,414	$ 910,414	$ -	$ 8,614,389	10.57%
09/30/2020	$ 1,028,808	$ 1,028,808	$ -	$ 8,605,507	11.96%

Notes to Schedule

Valuation Date: 10/01/2019
Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates can be found in the October 1, 2019 Actuarial Valuation for the City of Leesburg Retirement Plan for General Employees prepared by Foster & Foster Actuaries and Consultants.

SCHEDULE OF INVESTMENT RETURNS

Last 2 Fiscal Years

Fiscal Year Ended	Annual Money-Weighted Rate of Return Net of Investment Expense
09/30/2021	21.16%
09/30/2020	3.95%

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

Plan Description
The Plan is a single-employer defined benefit pension plan administered by a Board of Trustees comprised of:
One City of Leesburg resident appointed by Commission, City Manager (or designee), Human Resources Director, one other department head appointed by the City Manager, two Members of the Plan who are not certified Police Officers and one Member of the Plan who is a certified Police Officer.
Each person employed by the City as of September 30, 2008 as a full-time General Employee shall remain a Member of the System and is therefore eligible for plan benefits as provided for in the plan document and by applicable law with the exception of designated department heads and administrative management employees who elected to opt out of the System as of September 30, 2008, and all future new General Employees shall be ineligible to become Members of this System.

Plan Membership as of October 1, 2020:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	252
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	248
Active Plan Members	138
	638

Benefits Provided
The Plan provides retirement, termination, disability and death benefits.
A summary of the benefit provisions can be found in the October 1, 2020 Actuarial Valuation Report for the City of Leesburg Retirement Plan for General Employees prepared by Foster & Foster Actuaries and Consultants.

Contributions
Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes.

Net Pension Liability

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

The Sponsor's Net Pension Liability was measured as of September 30, 2021.
The Total Pension Liability used to calculate the Net Pension Liability was determined as of that date.

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

Inflation	2.00%
Salary Increases	None (frozen Plan)
Discount Rate	7.25%
Investment Rate of Return	7.25%

Mortality Rate Healthy Active Lives:
Female: PubG.H-2010 for Employees.
Male: PubG.H-2010 for Employees, set back one year.
Mortality Rate Healthy Retiree Lives:
Female: PubG.H-2010 for Healthy Retirees.
Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.
Mortality Rate Beneficiary Lives:
Female: PubG.H-2010 (Below Median) for Healthy Retirees.
Male: PubG.H-2010 for Healthy Retirees, set back one year.
Mortality Rate Disabled Lives:
PubG.H-2010 for Disabled Retirees, set forward three years.

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

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

The most recent actuarial experience study used to review the other significant assumptions was dated September 3, 2007.

The Long-Term Expected Rate of Return on Pension Plan investments can be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Pension Plan investment expenses and inflation) are developed for each major asset class.
For 2021 the inflation rate assumption of the investment advisor was 1.75%.
These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return[1]
Domestic Equity	50.00%	5.86%
International Equity	10.00%	4.71%
Fixed Income	17.50%	1.40%
Private Real Estate	12.50%	4.85%
Hedge Funds	5.00%	3.18%
MLP/Energy Infrastructure	5.00%	2.67%
Total	100.00%	

[1] Source: Morgan Stanley. Secular annualized return and volatility estimates are based on a 20-year time horizon.
Please note that long term expected return of the total portfolio is greater than simply multiplying each of the above "Long Term Expected Real Rate of Returns" by their target allocation % and adding them together. Not only is the time horizon longer for an actuarial valuation relative to the time horizon over which the above projected returns were generated, but also there is an additional correlation resulting from a diversified portfolio that will provide additional returns.

Discount Rate:
The Discount Rate used to measure the Total Pension Liability was 7.25 percent.
The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at September 30, 2020	$ 41,439,631	$ 38,012,493	$ 3,427,138
Changes for a Year:			
Service Cost	87,124	-	87,124
Interest	2,915,581	-	2,915,581
Differences between Expected and Actual Experience	(54,439)	-	(54,439)
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - Employer	-	910,414	(910,414)
Net Investment Income	-	7,871,318	(7,871,318)
Benefit Payments, including Refunds of Employee Contributions	(2,623,679)	(2,623,679)	-
Administrative Expense	-	(77,334)	77,334
Net Changes	324,587	6,080,719	(5,756,132)
Balances at September 30, 2021	$ 41,764,218	$ 44,093,212	$ (2,328,994)

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Sponsor's Net Pension Liability	$ 1,995,631	$ (2,328,994)	$ (5,982,959)

Pension Plan Fiduciary Net Position.

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

PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

For the year ended September 30, 2021, the Sponsor will recognize a Pension Expense of $(1,250,607).
On September 30, 2021, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	-	27,220
Changes of assumptions	-	-
Net difference between Projected and Actual Earnings on Pension Plan investments	-	2,835,782
Total	$ -	$ 2,863,002

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in Pension Expense as follows:

Year ended September 30:	
2022	$ (609,801)
2023	$ (427,663)
2024	$ (789,474)
2025	$ (1,036,064)
2026	$ -
Thereafter	$ -

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 2 Fiscal Years

	09/30/2021	09/30/2020
Total Pension Liability		
Service Cost	87,124	90,827
Interest	2,915,581	2,997,173
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(54,439)	(818,934)
Changes of assumptions	-	(722,065)
Benefit Payments, including Refunds of Employee Contributions	(2,623,679)	(2,713,707)
Net Change in Total Pension Liability	324,587	(1,166,706)
Total Pension Liability - Beginning	41,439,631	42,606,337
Total Pension Liability - Ending (a)	$ 41,764,218	$ 41,439,631
Plan Fiduciary Net Position		
Contributions - Employer	910,414	1,028,808
Net Investment Income	7,871,318	1,479,649
Benefit Payments, including Refunds of Employee Contributions	(2,623,679)	(2,713,707)
Administrative Expense	(77,334)	(79,702)
Net Change in Plan Fiduciary Net Position	6,080,719	(284,952)
Plan Fiduciary Net Position - Beginning	38,012,493	38,297,445
Plan Fiduciary Net Position - Ending (b)	$ 44,093,212	$ 38,012,493
Net Pension Liability - Ending (a) - (b)	$ (2,328,994)	$ 3,427,138
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	105.58%	91.73%
Covered Payroll	$ 8,614,389	$ 8,605,507
Net Pension Liability as a percentage of Covered Payroll	-27.04%	39.82%

Notes to Schedule:

Changes of assumptions:

For measurement date 09/30/2020, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in the July 1, 2019 actuarial valuation for non-special-risk lives, with appropriate risk and collar adjustments made based on plan demographics.

SCHEDULE OF CONTRIBUTIONS
Last 2 Fiscal Years

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of Covered Payroll
09/30/2021	$ 910,414	$ 910,414	$ -	$ 8,614,389	10.57%
09/30/2020	$ 1,028,808	$ 1,028,808	$ -	$ 8,605,507	11.96%

Notes to Schedule

Valuation Date: 10/01/2019

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

Methods and assumptions used to determine contribution rates can be found in the October 1, 2019 Actuarial Valuation for the City of Leesburg Retirement Plan for General Employees prepared by Foster & Foster Actuaries and Consultants.

COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2021

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	$ 3,427,138	$ 1,339,684	$ 2,071,793	$ -
Total Pension Liability Factors:				
Service Cost	87,124	-	-	87,124
Interest	2,915,581	-	-	2,915,581
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(54,439)	54,439	-	-
Current year amortization of experience difference	-	(436,686)	-	(436,686)
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	(361,033)	-	(361,033)
Benefit Payments	(2,623,679)	-	-	-
Net change	324,587	(743,280)	-	2,204,986
Plan Fiduciary Net Position:				
Contributions - Employer	910,414	-	-	-
Projected Net Investment Income	2,690,997	-	-	(2,690,997)
Difference between projected and actual earnings on Pension Plan investments	5,180,321	5,180,321	-	-
Current year amortization	-	(1,450,331)	(608,401)	(841,930)
Benefit Payments	(2,623,679)	-	-	-
Administrative Expenses	(77,334)	-	-	77,334
Net change	6,080,719	3,729,990	(608,401)	(3,455,593)
Ending Balance	$ (2,328,994)	$ 4,326,394	$ 1,463,392	$ (1,250,607)

AMORTIZATION SCHEDULE - INVESTMENTS

Plan Year Ending	Differences Between Projected and Actual Earnings	Recognition Period (Years)	Increase (Decrease) in Pension Expense Arising from the Recognition of the of Differences Between Projected and Actual Earnings on Pension Plan Investments									
			2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
2021	$ (5,180,321)	5	$(1,036,065)	$(1,036,064)	$(1,036,064)	$(1,036,064)	$(1,036,064)	$ -	$ -	$ -	$ -	$ -
2020	$ 1,232,949	5	$ 246,590	$ 246,590	$ 246,590	$ 246,590	$ -	$ -	$ -	$ -	$ -	$ -
2019	$ 1,809,055	5	$ 361,811	$ 361,811	$ 361,811	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2018	$ (774,591)	5	$ (154,918)	$ (154,918)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2017	$ (1,296,738)	5	$ (259,348)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Increase (Decrease) in Pension Expense			$ (841,930)	$ (582,581)	$ (427,663)	$ (789,474)	$(1,036,064)	$ -	$ -	$ -	$ -	$ -

AMORTIZATION SCHEDULE - CHANGES OF ASSUMPTIONS

Plan Year Ending	Changes of Assumptions	Recognition Period (Years)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
			Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Changes of Assumptions									
2020	$ (722,065)	2	$ (361,033)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Increase (Decrease) in Pension Expense			$ (361,033)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

AMORTIZATION SCHEDULE - EXPERIENCE

Plan Year Ending	Differences Between Expected and Actual Experience	Recognition Period (Years)	Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Differences between Expected and Actual Experience									
			2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
2021	$ (54,439)	2	$ (27,219)	$ (27,220)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2020	$ (818,934)	2	$ (409,467)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Increase (Decrease) in Pension Expense			$ (436,686)	$ (27,220)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -