

Annual Comprehensive Financial Report



Retirement System for the General Employees of
the Utility Board of the City of Key West, Florida

For the Fiscal Year Ended December 31, 2021

Annual Comprehensive Financial Report

Retirement System for the General Employees of the
Utility Board of the City of Key West, Florida

Fiscal Year Ended December 31, 2021

Prepared by: Finance Department
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UTILITY BOARD OF THE CITY OF KEY WEST

May 11, 2022

Retirement System for the General Employees of the
Utility Board of the City of Key West
Key West, Florida

The Annual Comprehensive Financial Report (ACFR) of the Retirement System for the General Employees of the Utility Board of the City of Key West (the Plan), for the fiscal year ended December 31, 2021, is submitted herewith, pursuant to Resolution No. 142 of the Utility Board of the City of Key West ("Utility Board"), adopted December 15, 1953. The effective date was April 9, 1954, as amended and restated as of September 28, 1983, by Article Eight, Section 8.07. The Utility Board is the sole participating employer. The Plan is a defined benefit pension plan covering all permanent employees and elected officials of the Utility Board, a governmental entity. The Plan does not cover any employees from any other government entity.

Responsibility for the accuracy of the presented data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Plan. We believe the data, as presented, is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position of the Plan. All disclosures necessary for the reader to gain a thorough understanding of the Plan's financial condition have been included.

In order to meet the needs of a broad spectrum of financial statement readers, the ACFR is presented in five sections: Introductory Section, Financial Section, Investment Section, Actuarial Section and Statistical Section.

The Retirement System for the General Employees of the Utility Board of the City of Key West, Florida was established in 1954 with approximately \$900,000 in assets. At December 31, 2021 the Pension Board of Trustees consisted of eleven members, comprised of a cross-section of six employees representing all sections, three retiree representatives, one Utility Board Member, and the General Manager. The employee and retiree representatives serve four year terms, which can be consecutive.

Financial Highlights

The net position restricted for pension benefits was \$131,229,229 at December 31, 2021. Net position increased \$14,632,596 or 12.5% during 2021 due to investment performance compared to an increase of \$12,271,013 or 11.8% during 2020.

Accounting Systems and Reports

The accounting policies and the presentation of the financial report of the Plan have been designed to conform to accounting principles generally accepted in the United States of America as applicable to pension plans and reporting as set forth by the Governmental Accounting Standards Board (GASB). Transactions of the Plan are reported on the accrual basis of accounting. Internal accounting controls are carefully designed to provide reasonable assurance regarding the safekeeping and reliability of all financial records.

Changes in Fiduciary Net Position

Employer contributions, as well as return on investments, provide the reserves needed to finance retirement benefits.

Deduction from Fiduciary Net Position

The sole purpose for which the Plan was created was to provide retirement annuities, survivor benefits, and total and permanent disability benefits to qualified members and their beneficiaries. The cost of such programs includes recurring benefit payments as designated by the Plan, refunds of employee contributions to terminated employees, and costs of administering the Plan. Other postemployment benefits such as healthcare and life insurance, if applicable, are not administered through the Plan; they are provided by the Utility Board. See note 7 in the Notes to Financial Statements.

Investments

The Plan has established an investment policy based upon certain investment criteria and allows for the delegation of investment authority to professional investment managers. The objective of the policy is to invest in a mix of high quality stocks and bonds which allows the Plan to participate in rising markets while moderating risk on the downside. The Statement of Investment Policy outlines the responsibility for the investment of the fund and the degree of risk that is deemed appropriate for the Plan. Investment Managers are asked to execute the investment policy in accordance with the respective policy guidelines, but are to use full discretion within the policy and guidelines. The objective of the Plan is that the overall annual return net of investment expenses, compounded annually, will meet or exceed the actuarial assumption of 7.35%. The total fund net return for the year ending December 31, 2021 was a net gain of 15.31%, compared to a net gain of 14.69% for the prior year.

Funding

The Plan's funding policy provides for employer contributions at rates that, expressed as a percentage of annual covered payroll, are sufficient to provide resources to pay benefits when due. A pension fund is well funded when it has enough money in reserve to meet all expected future obligations to participants. The Plan's funding objective is to meet long-term benefit obligations through contributions that remain fairly consistent as a percent of member payroll. The greater the level of funding, the larger the ratio of assets accumulated to the actuarial accrued liability and the greater the level of investment potential. As of January 1, 2022, the date of the latest actuarial valuation, the funded ratio was 90.0% on the valuation funding basis and (12.92)% on a GASB Statement No. 67 basis. The Plan has been and continues to be funded on an actuarially sound basis.

Letter of Transmittal

Independent Audit

Article Eight, Trust and Trustees, Section 8.07, Fund Audit, states that the Utility Board shall engage the services of a Certified Public Accountant to perform a certified audit of the fund each year. The cost of such audit shall be the responsibility of the Utility Board. The Utility Board engaged the accounting firm of Cherry Bekaert LLP to perform the annual audit for 2021. The Report of Independent Auditor is included in the Financial Section of this ACFR.

Professional Services

Outside professionals are appointed by the Board of Trustees and generally are also confirmed by the Utility Board. The professionals provide accounting, analytical, consulting and legal services that are essential to the effective and efficient operation of the Plan.

Acknowledgments

This ACFR was compiled by the Finance Department of the Utility Board with the cooperation of the independent auditor, pension administrator, actuary, and investment consultant.

The ACFR is intended to provide complete and reliable information as a basis for making management decisions, as a means of determining compliance with legal provisions, and as a means of determining responsible stewardship of the funds of the Plan. This report will be sent to the trustees, consultants and investment managers for the Plan. In addition, the ACFR will be available to the members and other interested parties. We feel that they will find it helpful in understanding the Plan.

Respectfully submitted,



Jesse Perloff
Plan Secretary/Treasurer

Director of Finance & CFO
Utility Board of the City of Key West

**Retirement System for the General Employees of the
Utility Board of the City of Key West**

PENSION BOARD OF TRUSTEES

RETIREE'S REPRESENTATIVE – 3

Elected for a 4 year term by the Retirees

Harry Bethel, Sr. - Chairman - Term Expires: 03/31/24

Thomas Grassi - Term Expires: 03/31/26

Sylvia Adams – Term Expires: 03/31/24

COMM/MGMT. SVCS. – 1

*Includes GM Office,
Communications, & Mgmt. Svcs. Staff*
Gricel Owen - Term Expires 03/31/24

FINANCE DEPARTMENT – 1

*Includes Dir. Office, Accounting,
Purchasing, & Warehouse Staff*
Cagle Petit – Term Expires 03/31/26

CUSTOMER SERVICES DEPT. – 1

*Includes Dir. Office,
Cust. Svcs. & Meter Svcs. Staff*
Erica Zarate - Term Expires 03/31/26

GENERATION DEPARTMENT – 1

*Includes Dir. Office &
Generation Staff*
Joe Weldon - Term Expires 03/31/24

T&D & ELECTRICAL DEPARTMENT – 1

Includes Dir. Office, Substation & T&D Staff
Joey Diaz – Term Expires 03/31/26

**ENGINEERING, SYSTEM CONTROL,
FLEETS & FACILITIES -1**

*Includes Dir. Office, System Control,
Engineering Staff, Fleets & Facilities*
Brittani Harden - Vice Chair - Term
Expires 03/31/24

APPOINTED MEMBER - 1

Utility Board Member
Steve Wells

REQUIRED MEMBER – 1

General Manager & CEO
Lynne Tejeda

Representative Departments & Trustee seats based on an employee count of 130 at December 31, 2021.

**Retirement System for the General Employees of the
Utility Board of the City of Key West**

Administrative Organization

Cherry Bekaert LLP
Independent Auditor

Lorium Law
Plan Counsel

Gabriel, Roeder, Smith & Company
Actuaries

Jack Wetzler
Plan Administrator

Jesse Perloff, Director of Finance & CFO
Plan Secretary/Treasurer

AndCo Consulting
Investment Consultant

Salem Trust
Plan Custodian

Summary of Plan Benefits as of December 31, 2021

Employees hired on or before May 31, 2010:

Benefit Factor	2.4%
Average Final Compensation	Highest 10,440 hours out of the last 20,880 hours of service
Employees Eligible @ 2.4%	62 (Includes 1 Utility Board Members)

Employees hired on or after June 1, 2010:

Benefit Factor	2.0%
Average Final Compensation	Career Average of Pensionable Wages – date of participation through termination of service
Employees Eligible @ 2.0%	68 (Includes 4 Utility Board Members)

2021 Net Minimum Funding Payment	29.0% of payroll
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Normal Retirement	30 years credited service (the max allowed) or 60 years of age with 10 years minimum credited service
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Early Retirement	20 years credited service- any age, or 55 years of age with 10 years minimum credited service
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Current Employees & Board Members	130
Retirees and beneficiaries receiving benefits	194
Cost of living allowance	3% (January 1 st of each year)
Net position restricted for pension benefits	\$131,229,229

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REPORT OF INDEPENDENT AUDITOR

To the Board of Trustees
Retirement System for the General Employees of the Utility Board of the City of Key West, Florida
Key West, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Retirement System for the General Employees of the Utility Board of the City of Key West, Florida (the “Plan”), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Plan’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan as of December 31, 2021, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Plan's basic financial statements. The other supplementary information and the introductory, investment, actuarial and statistical sections, as listed in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory, investment, actuarial and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on these sections.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2022, on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Cheryl Behrman".

Orlando, Florida
May 11, 2022

Retirement System for the General Employees of the Utility Board of the City of Key West

Management's Discussion and Analysis

As management of the Retirement System for the General Employees of the Utility Board of the City of Key West (the "Plan"), we offer readers of the Plan's financial statements this narrative overview of the financial activities of the Plan for the year ended December 31, 2021. This narrative is intended to supplement the Plan's financial statements, and we encourage readers to consider the information presented here in conjunction with the Plan's financial statements.

Overview of the financial statements

The following discussion and analysis is intended to serve as an introduction to the Plan's financial statements.

The financial statements, which are included in this report, are described below:

The Statement of Fiduciary Net Position is a point-in-time snapshot of account balances at fiscal year-end. It reports the assets available for future payments to retirees and any current liabilities that are owed as of the statement date. The resulting Net Position (Assets – Liabilities = Net Position) represents the value of assets held in trust for pension benefits.

The Statement of Changes in Fiduciary Net Position displays the effect of pension fund transactions that occurred during the fiscal year, where Additions – Deductions = Net Increase (Decrease) in Net Position. This Net Increase (Decrease) in Net Position reflects the change in the net position of the Statement of Fiduciary Net Position from the prior year to the current year.

The Notes to the Financial Statements are an integral part of the financial statements and provide additional information that is essential to the comprehensive understanding of the data provided in the financial statements. These notes describe the accounting and administrative policies under which the Plan operates and provide additional levels of detail for select financial statement items.

Required Supplementary Information includes additional schedules with historical trend information. Because of the long-term nature of a defined benefit plan, financial statements alone cannot provide sufficient information to properly reflect the ongoing plan perspective.

The Schedule of Changes in Net Pension Liability and Related Ratios includes information about the sources of changes to the net pension liability and to the changes in fiduciary net position. It also provides information regarding the fiduciary net position as a percentage of covered employee payroll and net pension liability as a percentage of covered payroll.

The Schedule of Employer Contributions presents information regarding the value of total annual contributions required to be paid by the Utility Board of the City of Key West ("Utility Board") and the actual performance of the Utility Board in meeting this requirement.

**Retirement System for the General Employees of the
Utility Board of the City of Key West**

Management's Discussion and Analysis

Required Supplementary Information (Continued)

The Schedule of Money-Weighted Rate of Return provides information regarding the Plan rate of return.

The Notes to Required Supplementary Information provide background information and explanatory detail to aid in understanding the required supplementary schedules.

Other Supplementary Information is included to provide additional analysis of selected account groups.

Financial highlights

The net position restricted for pension benefits was \$131,229,229 at December 31, 2021.

Net position increased \$14,632,596, or 12.5% during 2021 due to investment performance.

The Plan's funding objective is to meet long-term benefit obligations. As of January 1, 2022, the date of the latest actuarial valuation, the present value of vested accrued benefits exceeds the market value of Plan assets. The Vested Benefit Security Ratio is 108.6% as of January 1, 2022.

Total additions to plan net position increased 14.6% to \$22,015,574. The increase is primarily due to an increase in investment income. Net additions included employer contributions of \$4,681,720 and net investment income of \$17,333,813.

Total deductions from plan net position increased 6.4% to \$7,382,978 in 2021. The increase is primarily due to additional benefits paid to new and existing retirees.

**Retirement System for the General Employees of the
Utility Board of the City of Key West**

Management’s Discussion and Analysis

Analysis of financial activities

The Plan’s funding objective is to meet long-term benefit obligations through investment income and contributions. Accordingly, the collection of contributions and the return on investments provide the reserves needed to finance future retirement benefits. The financial market in 2021 produced a positive return. Net position restricted for pension benefits was \$131,229,229 in 2021 and \$116,596,633 in 2020.

Net Position (Table 1)				
As of December 31, 2021 and 2020				
	2021	2020	Increase (Decrease) Amount	Increase (Decrease) %
Current and Other Assets	\$ 1,495,569	\$ 2,275,258	\$ (779,689)	(34.27)
Investments	130,028,393	114,461,499	15,566,894	13.60
Total Assets	131,523,962	116,736,757	14,787,205	12.67
Total Liabilities	294,733	140,124	154,609	110.34
Net Position	<u>\$ 131,229,229</u>	<u>\$ 116,596,633</u>	<u>\$ 14,632,596</u>	12.55

As the years roll forward and the total assets and liabilities grow, the Plan’s investment income will play a more significant role in funding future retirement benefits – eventually providing 80 to 90 percent of the necessary funds. Therefore, investment return over the long term is critical to the funding status of the retirement Plan.

During 2021, the Plan's investment portfolio provided a net return of approximately 15.31%. The Plan’s 3 and 5 year net returns were 17.32% and 12.88% respectively. Based upon the reporting period available from the Plan’s current investment manager, the Plan’s net return since April 1, 2002 was 6.94%. It is important to remember that a retirement plan’s funding is based on a long time horizon, where temporary ups and downs in the market are expected. The more critical factor is that the Plan be able to meet an expected earnings yield of 7.35% annual return on investments.

Based on our latest actuarial valuation as of January 1, 2022, the Plan’s total actuarial accrued liability using valuation funding basis of \$129,604,716 exceeds its smoothed actuarial value of assets of \$116,700,566 by \$12,904,150, producing a funded ratio of 90.0% compared to 83.6% in the prior year. The funded ratio is a key indication of financial strength of a retirement fund and analyzing this percentage over time indicates whether the Plan is becoming stronger or weaker. The fiduciary net position as a percent of net pension asset on a GASB Statement No. 67 basis is 101.1%, compared to net pension liability of 92.4% in the prior year.

**Retirement System for the General Employees of the
Utility Board of the City of Key West**

Management's Discussion and Analysis

Fiduciary net position

The Plan's net position is established from contributions and the accumulation of investment income, net of investment and administrative expenses and benefit payments.

Additions to fiduciary net position

As noted above, the net position needed to finance retirement benefits are accumulated through the collection of contributions and through investment earnings (net of investment expenses). The additions totaled \$22,015,574 for the year ended December 31, 2021, compared to \$19,211,759 for the year ended December 31, 2020.

Additions to Net Position (Table 2) For the Years Ended December 31, 2021 and 2020				
	<u>2021</u>	<u>2020</u>	Increase (Decrease) Amount	Increase (Decrease) %
Employer Contributions	\$ 4,681,720	\$ 4,596,321	\$ 85,399	1.86
Miscellaneous Revenue	41	11,526	(11,485)	(99.64)
Investment Income (Loss)	17,898,167	14,933,282	2,964,885	19.85
Investment Expenses	<u>(564,354)</u>	<u>(329,370)</u>	<u>(234,984)</u>	(71.34)
Total Additions	<u>\$ 22,015,574</u>	<u>\$ 19,211,759</u>	<u>\$ 2,803,815</u>	14.59

Deductions from fiduciary net position

The Plan was created to provide retirement, survivor, and disability benefits to qualified members and their beneficiaries. The cost of such programs include recurring benefit payments and the cost of administering the Plan.

Deductions from Net Position (Table 3) For the Years Ended December 31, 2021 and 2020				
	<u>2021</u>	<u>2020</u>	Increase (Decrease) Amount	Increase (Decrease) %
Benefit Payments	\$ 7,312,997	\$ 6,882,561	\$ 430,436	6.25
Administrative Expenses	<u>69,981</u>	<u>58,185</u>	<u>11,796</u>	20.27
Total Deductions	<u>\$ 7,382,978</u>	<u>\$ 6,940,746</u>	<u>\$ 442,232</u>	6.37

**Retirement System for the General Employees of the
Utility Board of the City of Key West**

Management's Discussion and Analysis

Expenses for the year ended December 31, 2021 totaled \$7,382,978, an increase of 6.4% from 2020. This increase was primarily due to additional benefit payments to new and existing retirees in 2021. The net deductions from net position of \$7,382,978 and additions to net position of \$22,015,574 resulted in an overall increase of \$14,632,596 in net position.

Fiduciary responsibilities

The Board of Trustees is the fiduciary of the pension trust fund. Fiduciaries are charged with the responsibility of assuring that the assets of the Plan are used exclusively for the benefit of plan participants and their beneficiaries and to defray the reasonable expenses of administering the Plan.

Requests for information

This financial report is designed to provide the Board of Trustees, our membership, Utility Board and investment managers with an overview of the Plan's finances and accountability for Plan assets. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Jesse Perloff, Plan Secretary/Treasurer
Retirement System for the General Employees of the
Utility Board of the City of Key West
1001 James Street
Key West, FL 33041-6100

**Retirement System for the General Employees of the
Utility Board of the City of Key West**

**Statement of Fiduciary Net Position
December 31, 2021**

Assets:	
Cash	\$ <u>671,881</u>
Receivables:	
Interest	95,516
Pending Trades	102,735
Employer Contributions	<u>5,714</u>
Total Receivables	<u>203,965</u>
Prepaid Expenses & Benefits	<u>619,723</u>
Investments:	
Money Market Funds	3,062,980
Common Stock	37,168,389
Mutual Fund - Domestic Stock Index Fund	19,883,187
Mutual Fund - Domestic Stock Fund	13,048,598
Mutual Fund - International Stock Index Fund	7,003,749
Mutual Fund - Global Bond Fund	3,788,802
Mutual Fund - Asset Allocation Fund	5,736,940
Mutual Fund - International Stock Fund	11,173,434
Corporate Bonds	6,007,018
Government Bonds	4,902,905
Mortgage and Asset Backed Securities	6,789,968
State and Local Bonds	1,455,201
Real Estate Investment Funds	<u>10,007,222</u>
Total Investments	<u>130,028,393</u>
Total Assets	<u>131,523,962</u>
Liabilities:	
Accrued Expenses & Benefits and Accounts Payable	114,573
Pending Trades Payable	<u>180,160</u>
Total Liabilities	<u>294,733</u>
Net Position Restricted for Pension Benefits	<u><u>\$ 131,229,229</u></u>

The accompanying notes are an integral
part of these financial statements.

**Retirement System for the General Employees of the
Utility Board of the City of Key West**

**Statement of Changes in Fiduciary Net Position
For the Year Ended December 31, 2021**

Additions:	
Employer Contributions	\$ 4,681,720
Miscellaneous Revenue	41
	4,681,761
Investment Loss:	
Net Appreciation in Fair Value of Investments	13,830,216
Interest	409,518
Dividends	3,286,886
Real Estate	371,547
	17,898,167
Less Investment Expenses	(564,354)
	17,333,813
Total Additions	22,015,574
Deductions:	
Benefits	7,312,997
Administrative Expenses	69,981
	7,382,978
Total Deductions	7,382,978
Net Increase	14,632,596
Net Position Restricted for Pension Benefits:	
Beginning of Year	116,596,633
End of Period	\$ 131,229,229

The accompanying notes are an integral
part of these financial statements.

**Retirement System for the General Employees of the
Utility Board of the City of Key West**

**Notes to Financial Statements
Year Ended December 31, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity – The Retirement System for the General Employees of the Utility Board of the City of Key West (the “Plan”) was established by resolution of the Utility Board of the City of Key West (the “Utility Board”), a governmental entity created by an Act of the Florida Legislature. The Plan accounts for the retirement activities for the General Employees of the Utility Board. The Plan is a separate legal entity governed by an eleven member Board of Trustees consisting of the General Manager & Chief Executive Officer of Keys Energy Services, six members elected by/from active members of the Plan, three retirees selected by/from retired members of the Plan, and one appointed Utility Board member.

Basis of accounting - The financial statements are prepared using the accrual basis of accounting. Contributions from the employer are recognized as revenue when due and when the employer is legally required to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Expenses are recorded when the corresponding liabilities are incurred regardless of when payment is made.

Method used to value investments – Investments, with the exception of money market funds and real estate investments, are reported at fair value. Money market funds are reported at amortized cost which approximates fair value. Real estate holdings are based on the net asset value (NAV) at the closest available reporting period, as reported by the real estate investment manager(s) using the fair values of the underlying investments of the fund. There are no restrictions or terms and conditions on the Plan in redeeming the real estate investments and the Plan has no unfunded commitments related to these investments. Securities traded on a national or international exchange are valued at the last reported sales price or exchange rate. Net appreciation/ (depreciation) in fair value of investments includes the difference between cost and fair value of investments held as well as the net realized gains and losses for securities sold. Interest and dividend income is recognized on the accrual basis when earned. Purchases and sales of investments are recorded on a trade date basis.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may vary from those estimates.

NOTE 2- PLAN DESCRIPTION AND CONTRIBUTION INFORMATION

Plan description - The following brief description of the Plan is provided for general information purposes only. Participants should refer to the Plan document for more information. The Plan is a single employer defined benefit pension plan covering all permanent employees immediately upon completion of a probationary period and elected officials of the Utility Board effective April 9, 1954. Benefit provisions are established and may be amended by the Utility Board.

**Retirement System for the General Employees of the
Utility Board of the City of Key West**

**Notes to Financial Statements
Year Ended December 31, 2021**

NOTE 2 – PLAN DESCRIPTION AND CONTRIBUTION INFORMATION (Continued)

For employees hired on or before May 31, 2010, the annual retirement benefit shall equal 2.4% of average final salary (AFS) times years of credited service, where AFS equals the highest 10,440 hours out of the last 20,880 hours of service immediately preceding retirement. For employees hired on or after June 1, 2010, the annual retirement benefit shall equal 2.0% of career average compensation times years of credited service, where career average compensation equals the average of the pensionable earnings received by a member from date of participation to termination of service.

Plan members hired on or before November 13, 2008 who have attained the earlier of age 60 or completion of 30 years of service with the Utility Board are entitled to retirement benefits. Plan members hired after November 13, 2008 who have attained the earlier of age 60 with 10 years of service or completion of 30 years of service with the Utility Board are entitled to retirement benefits.

If employees terminate before rendering ten years of service, they forfeit the right to receive the full portion of their accumulated benefits attributable to the Utility Board's contributions based upon the following vesting schedule.

<u>Years of Credited Service</u>	<u>% Vested</u>
Less than 5	0%
5 - 6	25%
6 - 7	30%
7 - 8	40%
8 - 9	60%
9 - 10	80%
10 or more	100%

Employees may elect to receive their pension benefits in the form of a life annuity, joint and last survivor annuity, joint and last survivor with pop-up feature or a ten year certain and life thereafter option. Retirees receive an annual 3% cost of living increase. In addition, benefits may change from time to time as circumstances permit.

For a service or non-service incurred disability, for employees hired before June 1, 2010, the disability benefit is calculated as for normal retirement based on credited service and average basic compensation during the three years immediately preceding disability, minimum benefit of 20% of final three year average basic compensation at date of disability. For employees hired after May 31, 2010, the disability benefit is calculated as for normal retirement benefit based on credited service and career average compensation as of date of disability, minimum benefit of 20% of career average compensation at date of disability. These benefits will be decreased on an actuarial basis to reflect any workers' compensation or similar injury payments made, which may be required by law.

In the case of death of a member while currently employed, the spouse/domestic partner, or children under the age of 21 (25 years of age provided the child is a full-time student in college or disabled under Social Security) if no spouse/domestic partner shall receive either (1) 75% of the amount of the retirement benefit which said employee would have received had the

**Retirement System for the General Employees of the
Utility Board of the City of Key West**

**Notes to Financial Statements
Year Ended December 31, 2021**

NOTE 2 – PLAN DESCRIPTION AND CONTRIBUTION INFORMATION (Continued)

employee continued employment until the employee’s normal retirement date at the current rate of pay for the life of the spouse/domestic partner or (2) 100% of the amount of the retirement benefit which said employee would have received had the employee continued employment until the employee’s normal retirement date at the current rate of pay until the youngest child is 21 years of age (25 years of age provided the child is a full-time student in college or disabled under Social Security) and 60% of the amount of the retirement benefit which said employee would have received had the employee continued employment until the employee’s normal retirement date at the current rate of pay thereafter, as elected by the Member.

As of January 1, 2022, the Plan’s membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	194
Terminated employees entitled to benefits not yet receiving them	19
Current employees and board members	<u>130</u>
Total	<u><u>343</u></u>

Contributions - Contribution requirements are established and may be amended by the Utility Board. The Utility Board's policy is to make contributions each payroll period based on a percentage of eligible salaries such that all employees' benefits will be fully funded by the time they retire.

The Utility Board also funds certain administrative and consulting expenses not reflected in these financial statements, as they are not significant. All other administrative costs of the Plan are financed from investment earnings and employer contributions. Although it has not expressed any intention to do so, the Utility Board has the right to discontinue its contributions or amend the Plan at any time and to terminate the Plan subject to the provisions set forth in the Plan.

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk – Florida Statutes require the Plan to maintain its deposits with financial institutions which have been designated as a Qualified Public Depository by the Treasurer of the State of Florida. The Plan’s accounts maintained in qualified public depositories are covered by federal depository insurance for an amount equal to the aggregate of each participant’s ascertainable, non-contingent interest in the Plan (up to \$250,000 per participant). Amounts in excess of federal depository insurance are secured by the Public Depository Trust Fund (Trust Fund) maintained by the Treasurer of the State of Florida. The Trust Fund is a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a member fails.

**Retirement System for the General Employees of the
Utility Board of the City of Key West**

**Notes to Financial Statements
Year Ended December 31, 2021**

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments

Authorized Investments – The Plan’s investment practices are governed by Chapter 280 (Florida Security for Public Deposits Act) and 218 (Local Government Investment Policies), Florida Statutes, and the Plan’s adopted investment policy. Florida Statutes and the Plan’s investment policy authorize the Board of Trustees to invest in cash equivalents, fixed income securities, equity securities, mutual funds and certain other assets. The policy prohibits investments in options, limited partnerships, and venture capital investments.

At December 31, 2021 the Plan’s investments were categorized as follows:

Money Market Funds	\$ 3,062,980	\$ -	\$ -	\$ 3,062,980
Common Stock	37,168,389	24,661	(2,710)	37,190,340
Mutual Fund - Domestic Stock Fund	13,048,598			13,048,598
Mutual Fund - Domestic Stock Index Fund	19,883,187			19,883,187
Mutual Fund - International Stock Index Fund	7,003,749			7,003,749
Mutual Fund - Global Bond Fund	3,788,802		(6,771)	3,782,031
Mutual Fund - Asset Allocation Fund	5,736,940		(20,249)	5,716,691
Mutual Fund - International Stock Fund	11,173,434			11,173,434
Corporate Bonds	6,007,018	42,105		6,049,123
Government Bonds	4,902,905	6,353	(74,045)	4,835,213
Mortgage and Asset Backed Securities	6,789,968	15,637		6,805,605
State and Local Bonds	1,455,201	6,760		1,461,961
Real Estate Investment Funds	10,007,222		26,350	10,033,572
	<u>\$ 130,028,393</u>	<u>\$ 95,516</u>	<u>\$ (77,425)</u>	<u>\$ 130,046,484</u>
Total				

Interest Rate Risk – This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to fair value losses resulting from rising interest rates, the Plan’s investment policy establishes benchmarks based on credit quality and duration. The benchmarks are monitored and changed when warranted by the investment market environment. Debt portfolios are structured and managed to produce returns based on risks inherent in the selected benchmarks. The Plan provides guidelines for investment professionals to manage interest rate risk in the fixed income portfolio using maturity and duration limitations as defined by the Statement of Investment Policy. Interest rate risk has the greatest impact on the fixed income portion of the investment portfolio. Interest rate risk is measured by duration. Duration is a measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years. Rising interest rates mean falling bond prices, while declining interest rates mean rising bond prices. The bigger the duration number, the greater the interest-rate risk or reward for bond prices. The Statement of Investment policy has the following limitation for portfolio duration, “The effective duration of the portfolio shall be kept within +/- 15% of the duration of the Barclays U.S. Intermediate Aggregate Bond Index.”

**Retirement System for the General Employees of the
Utility Board of the City of Key West**

**Notes to Financial Statements
Year Ended December 31, 2021**

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

At December 31, 2021 the Plan's Fixed Income Portfolio was characterized as follows:

<u>Portfolio Characteristics - Core Fixed 12/31/2021</u>	<u>Core Portfolio</u>	<u>Benchmark*</u>
Weighted Average Quality	AA+	AA+
Weighted Average Maturity (Yrs)	4.75	4.95
Yield to Maturity	1.55%	1.55%
Effective Duration (Yrs)	3.86	4.34

Benchmark* = Bloomberg U.S. Intermediate Aggregate Index

At December 31, 2021 the Effective Duration of the Plan's Fixed Income Portfolio was characterized as follows:

<u>Domestic Bond Portfolio</u>	<u>Fair Value*</u>	<u>Effective Duration (yrs)</u>
Money Market Fund	\$ 2,569,634	0.00
Corporate Bonds:		
Utility	\$ 980,488	3.96
Financial	1,727,071	3.86
Industrial	2,579,900	4.97
Other U.S. Government - SBA	719,559	6.35
Total Corporate Bonds	<u>6,007,018</u>	
Government Bonds:		
U.S. Treasuries	4,902,905	3.84
Total Government Bonds	<u>4,902,905</u>	
Mortgage and Asset Backed Securities		
U.S. Agency		
Other U.S. Government - Multi Family	1,100,241	4.09
Asset Backed Auto Loan/Lease	891,620	0.80
Other Asset Backed	174,614	0.97
Student Loans FFELP	208,439	0.09
Mortgage Backed Pass Through	3,617,770	3.75
Collateralized Mortgage Obligation	317,269	3.16
Commercial Mortgage Backed Securities	437,896	1.24
Adjustable Rate Mortgages	42,119	2.71
Total Mortgage and Asset Backed Securities	<u>6,789,968</u>	
State and Local Bonds	0	
Govt Obligation Taxable Municipal	944,056	6.94
Municipal Revenue Bonds	496,832	6.57
Municipal - HFA	14,313	3.22
Total State and Local Bonds	<u>1,455,201</u>	
Total Bond Portfolio**	<u>\$ 21,724,726</u>	3.86

*Fair Value excludes interest receivable and pending trades

**Total Bond Portfolio excludes Global Bond

**Retirement System for the General Employees of the
Utility Board of the City of Key West**

**Notes to Financial Statements
Year Ended December 31, 2021**

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Rate of Return

The objective of the Plan is that the overall annual return net of investment expenses, compounded annually, will meet or exceed the actuarial assumption of 7.35%.

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 expense 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 asset class are shown below.

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	7.5%
International Equity	8.5%
Domestic Bonds	2.5%
International Bonds	3.5%
Real Estate	4.5%

For the year ended December 31, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 15.31%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Custodial Credit Risk – This is the risk in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are held by counterparty. The Plan’s policy is to maintain its investments in custodial accounts that identify securities held as assets of the Plan by registering securities in the name of the Plan, or in street name or nominee name as the Plan’s agent.

Credit Risk – This is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. This risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization. The Plan requires Money Market Funds and cash equivalents contain securities whose credit rating are at least rated A1 or P1 by Standard and Poor’s and Moody’s. All securities will be investment grade at time of purchase. The weighted average quality of the portfolio will be “AA” or better.

**Retirement System for the General Employees of the
Utility Board of the City of Key West**

**Notes to Financial Statements
Year Ended December 31, 2021**

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

At December 31, 2021 the portfolio had the following credit risk allocation:

Rating	US Government		State & Local Bonds		Corporate Bonds		Total Bond Portfolio	
	Fair Value	%	Fair Value	%	Fair Value	%	Fair Value*	%
AAA	-	-	\$ 460,218	31.6%	\$ 960,303	12.4%	\$ 1,420,521	7.4%
AA	\$ 9,938,186	100%	898,832	61.7%	1,619,130	20.9%	12,456,148	65.0%
A	-	-	97,688	6.7%	2,331,004	30.0%	2,428,692	12.7%
BBB	-	-	-	0.0%	2,849,731	36.7%	2,849,731	14.9%
BB	-	-	-	0.0%	-	0.0%	-	0.0%
Total	<u>\$ 9,938,186</u>	100%	<u>\$ 1,456,738</u>	100.0%	<u>\$ 7,760,168</u>	100.0%	19,155,092 **	100.0%

Portfolio also includes Money Market Funds

2,569,634
\$ 21,724,726

*Fair Value excludes interest receivable and pending trades

**Mortgaged Backed bonds are categorized as US Government, Municipal, or Corporate based on bond issuer

Foreign Currency Risk - The risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The investment policy limits foreign investment to 20% of the total Plan's assets at cost. As of December 31, 2021, the Plan had exposure to foreign currency risk with 16.9% or \$21,965,985 of assets invested internationally.

The Plan has holdings in Vanguard TIS Index an international index mutual fund, PIMCO Global Bond an international bond mutual fund, and WCM Focused International Growth Fund an international stock index fund and as such, customized currency denomination is not available.

Concentration of Credit Risk – Per the Statement of Investment Policy, investments in corporate common stock and convertible bonds shall not exceed 75% of the market value of the Plan Assets. The foreign securities shall not exceed 25% of the market value of the Plan Assets. Of the fixed income investments, 80% shall have a minimum rating of investment grade or higher as reported by a major credit rating service. The value of bonds issued by any single corporation shall not exceed 3% of the total fund. Money market investments must have a minimum rating of A1/P1, or its equivalent, by a major credit rating service. Not more than 5% of the Fund'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.

At December 31, 2021, Management believes the Plan's investments met all of the criteria set forth in the Statement of Investment Policy.

**Retirement System for the General Employees of the
Utility Board of the City of Key West**

**Notes to Financial Statements
Year Ended December 31, 2021**

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Target Asset Allocations –The Board has established the following asset allocation targets for the total fund.

Asset Class	Target	Range	Benchmark Index
Domestic Equity	45%	40% - 65%	Russell 3000
International Equity	15%	5% - 20%	MSCI-ACW ex US
Broad Market Fixed Income	20%	10% - 30%	Bloomberg Barclays Intermediate Aggregate
GTAA (Global Tactical Asset Allocation)*	5%	0% - 10%	Strategy Index**
Global Bonds*	5%	0% - 10%	Bloomberg Barclays Global Aggregate
Real Estate*	10%	0% - 15%	NCREIF NFI-ODCE

*Benchmark will default to "broad market fixed income" if these portfolios are not funded. Targets and ranges above are based on market value of total Plan assets.

**The "Strategy Index" is defined as the most appropriate index or combination of indices, or absolute return target for the investment(s) in question.

The Investment Consultant will monitor the aggregate asset allocation of the portfolio, and will rebalance to the target asset allocation based on market conditions. If at the end of any calendar quarter, the allocation of an asset class falls outside of its allowable range, barring extenuating circumstances such as pending cash flows or allocation levels viewed as temporary, the asset allocation will be rebalanced into the allowable range. To the extent possible, contributions and withdrawals from the portfolio will be executed proportionally based on the most current market values available and with reasonable notice provided to the Investment Managers. The Board has the authority for establishing and amending investment policies. The Board does not intend to exercise short-term changes to the target allocations.

Fair Value Hierarchy – The fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value, provides three levels of inputs to measure fair value. Because of the inherent uncertainty of valuations, estimated fair values may differ significantly from values that would have been used had a ready market for these investments existed, and differences could be material.

The Plan classifies its investments into a hierarchical disclosure framework as follows:

Level I – Securities traded in an active market with available quoted prices for identical assets as of the reporting date.

Level II – Securities not traded on an active market but for which observable market inputs are readily available or Level I securities where there is a contractual restriction as of the reporting date.

Level III – Securities not traded in an active market and for which no significant observable market inputs are available as of the reporting date.

**Retirement System for the General Employees of the
Utility Board of the City of Key West**

**Notes to Financial Statements
Year Ended December 31, 2021**

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

At December 31, 2021 the Plan's total portfolio was classified as follows:

	12/31/2021	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Common Stock	\$ 37,168,389	\$ 37,168,389	\$ -	\$ -
Mutual Fund - Domestic Stock Index Fund	19,883,187	19,883,187	-	-
Mutual Fund - Domestic Stock Fund	13,048,598	13,048,598	-	-
Mutual Fund - International Stock Index Fund	7,003,749	7,003,749	-	-
Mutual Fund - Global Bond Fund	3,788,802	3,788,802	-	-
Mutual Fund - Asset Allocation Fund	5,736,940	5,736,940	-	-
Mutual Fund - International Stock Fund	11,173,434	11,173,434	-	-
Corporate Bonds	6,007,018	-	6,007,018	-
Government Bonds	4,902,905	-	4,902,905	-
Mortgage and Asset Backed Securities	6,789,968	-	6,789,968	-
State and Local Bonds	1,455,201	-	1,455,201	-
Total investments by fair value level	116,958,191	\$ 97,803,099	\$ 19,155,092	-
Investments measured at amortized cost				
Money Market Funds	3,062,980			
Total investments measured at amortized cost	3,062,980			
Investments measured at the NAV				
Real Estate Investment Funds	10,007,222			
Total investments measured at the NAV	10,007,222			
Total investments	\$ 130,028,393			

NOTE 4 – NET PENSION ASSET

The Plan, established by resolution of the Utility Board of the City of Key West, is a defined benefit pension plan covering all permanent employees and elected officials of the Utility Board. The January 1, 2021 valuation suggested a contribution of 36.6% of covered payroll for the fiscal year ended December 31, 2021; however, the Utility Board elected to contribute 45.0% effective January 1, 2020, which changed to 44.6% effective May 1, 2021. On September 8, 2021, the Board elected to change the contribution rate to a cap of 40.0% effective October 1, 2021.

Net Pension Asset

	<u>12/31/2021</u>
Total Pension Liability	\$ 129,836,894
Fiduciary Net Position	<u>131,229,229</u>
Net Pension Asset	<u>\$ (1,392,335)</u>
Fiduciary Net Position as a % of Total Pension Liability	101.07%
Covered Payroll	\$ 10,774,549
Net Pension Asset as a % of Covered Payroll	-12.92%

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate, and actuarial assumptions on the following page.

**Retirement System for the General Employees of the
Utility Board of the City of Key West**

**Notes to Financial Statements
Year Ended December 31, 2021**

NOTE 4 – NET PENSION ASSET (Continued)

Actuarial Assumptions

The actuarial assumptions used in the January 1, 2021 valuation were based on an actuarial experience study over a five year period ending December 31, 2017.

Discount Rate

A discount rate of 7.35% was used to measure the total pension liability. This discount rate was based on the long-term expected rate of return on Plan investments (net of investment expense) of 7.35%. The projection of cash flows used to determine this discount rate assumed member contributions will be made at the current contribution rate and employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the 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 Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis

The following presents the net pension asset of the Plan, calculated using the discount rate of 7.35%, as well as what the net pension asset would be if it were calculated using a discount rate that is one percentage point lower (6.35%) or one percentage point higher (8.35%) than the current rate.

Measurement date: December 31, 2021

	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	6.35%	7.35%	8.35%
Net Pension Liability (Asset)	\$14,639,497	(1,392,335)	(14,646,418)

**Retirement System for the General Employees of the
Utility Board of the City of Key West**

**Notes to Financial Statements
Year Ended December 31, 2021**

NOTE 4 – NET PENSION ASSET (Continued)

Other Key Actuarial Assumptions

Valuation date	January 1, 2022
Measurement date	December 31, 2021
Minimum contribution, as % of covered payroll	29.0%
Actuarial Cost Method	Entry Age
Amortization Method	Level % of pay, closed
Amortization period	30 years
Asset valuation method	Five year smoothed market
Actuarial assumptions:	
Inflation	2.6%
Projected salary increases *	4.0% - 7.0%
Investment rate of return	7.35%
Payroll growth assumptions	3.0% per year, but limited to average annual increase over most recent ten years (0.5%)
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	<p>For healthy participants during employment, 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.</p> <p>For healthy participant’s post-employment, PUB-2010 Headcount Weighted General Below Median Healthy Retiree 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.</p> <p>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.</p>
Cost-of-living Increases	3.0%
*Includes adjustment for inflation	3.25%

**Retirement System for the General Employees of the
Utility Board of the City of Key West**

**Notes to Financial Statements
Year Ended December 31, 2021**

NOTE 5 – INCOME TAX STATUS

The Internal Revenue Service has ruled that the Plan qualifies under Section 401(a) of the Internal Revenue Code (IRC) and is, therefore, not subject to tax under present income tax law. Once qualified, the Plan is required to operate in conformity with the IRC to maintain its qualification. The Board of Trustees is not aware of any course of action or series of events that have occurred that might adversely affect the qualified status.

NOTE 6 – PLAN AMENDMENTS

During the year ended December 31, 2021, there were no amendments to the Plan.

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS

The Plan does not provide postemployment benefits. Any applicable postemployment benefits are provided by the Utility Board of the City of Key West, Florida.

NOTE 8– SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 11, 2022 in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.

**Retirement System for the General Employees of the
Utility Board of the City of Key West**

Required Supplementary Information

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios

<i>For the year ended</i>	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Total Pension Liability								
Service Cost	\$1,541,442	\$1,547,225	\$1,533,031	\$1,513,840	\$1,653,371	\$1,689,246	\$1,615,566	\$1,688,924
Interest on Total Pension Liability	9,139,976	8,932,525	8,833,919	8,625,293	8,313,210	8,043,700	7,503,157	7,233,694
Benefit Changes	-	-	-	-	132,646	-	-	-
Effect of Actual and Expected Experience	(444,296)	781,979	26,942	333,184	(756,398)	465,515	(399,487)	(552,616)
Effect of Assumption Changes	711,728	(2,331,163)	(218,579)	-	113,197	2,800,797	-	3,883,996
Benefit Payments	<u>(7,312,997)</u>	<u>(6,882,561)</u>	<u>(6,513,941)</u>	<u>(6,275,076)</u>	<u>(5,723,180)</u>	<u>(5,462,925)</u>	<u>(5,040,021)</u>	<u>(4,673,833)</u>
Net Change in Total Pension Liability	3,635,853	2,048,005	3,661,372	4,197,241	3,732,846	7,536,333	3,679,215	7,580,165
Total Pension Liability, beginning	<u>126,201,041</u>	<u>124,153,036</u>	<u>120,491,664</u>	<u>116,294,423</u>	<u>112,561,577</u>	<u>105,025,244</u>	<u>101,346,029</u>	<u>93,765,864</u>
Total Pension Liability, ending (a)	<u><u>\$129,836,894</u></u>	<u><u>\$126,201,041</u></u>	<u><u>\$124,153,036</u></u>	<u><u>\$120,491,664</u></u>	<u><u>\$116,294,423</u></u>	<u><u>\$112,561,577</u></u>	<u><u>\$105,025,244</u></u>	<u><u>\$101,346,029</u></u>
Fiduciary Net Position								
Employer Contributions	\$4,681,720	\$4,596,321	\$4,468,689	\$4,175,289	\$3,860,513	\$3,986,227	\$3,653,199	\$3,511,645
Net Investment Income	17,333,854	14,615,438	18,937,609	(1,961,067)	12,634,539	5,090,087	(550,552)	3,909,304
Benefit Payments	(7,312,997)	(6,882,561)	(6,513,941)	(6,275,076)	(5,723,180)	(5,462,925)	(5,040,021)	(4,673,833)
Administrative Expenses	<u>(69,981)</u>	<u>(58,185)</u>	<u>(59,031)</u>	<u>(76,329)</u>	<u>(58,967)</u>	<u>(57,971)</u>	<u>(67,452)</u>	<u>(75,519)</u>
Net Change in Plan Fiduciary Net Position	14,632,596	12,271,013	16,833,326	(4,137,183)	10,712,905	3,555,418	(2,004,826)	2,671,597
Plan Fiduciary Net Position, beginning	<u>116,596,633</u>	<u>104,325,620</u>	<u>87,492,294</u>	<u>91,629,477</u>	<u>80,916,572</u>	<u>77,361,154</u>	<u>79,365,980</u>	<u>76,694,383</u>
Plan Fiduciary Net Position, ending (b)	<u><u>\$131,229,229</u></u>	<u><u>\$116,596,633</u></u>	<u><u>\$104,325,620</u></u>	<u><u>\$87,492,294</u></u>	<u><u>\$91,629,477</u></u>	<u><u>\$80,916,572</u></u>	<u><u>\$77,361,154</u></u>	<u><u>\$79,365,980</u></u>
Net Pension Liability (Asset), ending = (a) - (b)	\$ (1,392,335)	\$ 9,604,408	\$ 19,827,416	\$ 32,999,370	\$ 24,664,946	\$ 31,645,005	\$ 27,664,090	\$ 21,980,049
Fiduciary Net Position as a % of Total Pension Liability	101.07%	92.39%	84.03%	72.61%	78.79%	71.89%	73.66%	78.31%
Covered Payroll	\$ 10,774,549	\$ 10,515,772	\$ 10,320,299	\$ 9,425,032	\$ 9,462,044	\$ 9,291,906	\$ 9,319,386	\$ 8,958,281
Net Pension Liability (Asset) as a % of Covered Payroll	-12.92%	91.33%	192.12%	350.12%	260.67%	340.57%	296.84%	245.36%

**GASB Statement No. 67 requires 10 year trend information. Fiscal year 2014 was the year of implementation, additional years will be displayed as the information becomes available.*

**Retirement System for the General Employees of the
Utility Board of the City of Key West**

Notes to Required Supplementary Information

Discount Rate

A discount rate of 7.35% was used to measure the total pension liability. This discount rate was based on the long-term expected rate of return on Plan investments (net of investment expense) of 7.35%. The projection of cash flows used to determine this discount rate assumed member contributions will be made at the current contribution rate and employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the 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 Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Schedule of Employer Contributions

Fiscal Year Ended 12/31	Actuarially Determined Contributions	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution As a % of Covered Payroll
2012	3,356,361	3,356,361	-	9,312,610	36.04%
2013	3,628,209	3,628,209	-	9,162,598	39.60%
2014	3,511,645	3,511,645	-	8,958,281	39.20%
2015	3,653,199	3,653,199	-	9,319,386	39.20%
2016	3,986,227	3,986,227	-	9,291,906	42.90%
2017	3,860,513	3,860,513	-	9,462,044	40.80%
2018	4,175,289	4,175,289	-	9,425,032	44.30%
2019	4,468,689	4,468,689	-	10,320,299	43.30%
2020	4,174,762	4,596,321	(421,559)	10,515,772	43.71%
2021	3,943,485	4,681,720	(738,235)	10,774,549	43.45%

Schedule of Money-Weighted Rate of Return

Fiscal Year Ended 12/31	Money Weighted Rate of Return
2012	12.96%
2013	20.52%
2014	5.47%
2015	-0.23%
2016	7.27%
2017	16.24%
2018	-2.23%
2019	22.09%
2020	14.69%
2021	15.31%

**Retirement System for the General Employees of the
Utility Board of the City of Key West**

Notes to Required Supplementary Information

Other Key Actuarial Assumptions

Valuation date	January 1, 2021
Measurement date	December 31, 2020
Minimum contribution, as % of covered payroll	36.6%
Actuarial Cost Method	Entry Age
Amortization Method	Level % of pay, closed
Amortization period	30 years
Asset valuation method	Five year smoothed market
Actuarial assumptions:	
Inflation	2.60%
Projected salary increases *	4.0% - 7.0%
Investment rate of return	7.40%
Payroll growth assumptions	3.0% per year, but limited to average annual increase over most recent ten years (0.5%)
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	<p>For healthy participants during employment, 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.</p> <p>For healthy participants post employment, PUB-2010 Headcount Weighted General Below Median Healthy Retiree 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.</p> <p>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 improvement.</p>
Cost-of-living Increases	3.0%
*Includes adjustment for inflation	3.25%

**Retirement System for the General Employees of the
Utility Board of the City of Key West**

Notes to Required Supplementary Information

Significant factors affecting trends in actuarial information

2021 changes in Plan provisions and actuarial methods since prior actuarial valuation-

- Investment return updated.

2020 changes in Plan provisions and actuarial methods since prior actuarial valuation-

- Investment return updated.

2019 changes in Plan provisions and actuarial methods since prior actuarial valuation-

- Investment return, employee withdrawal rates, salary increase factors and retirement rates updated.

2018 changes in Plan provisions and actuarial methods since prior actuarial valuation-

- None

2017 changes in Plan provisions and actuarial methods since prior actuarial valuation-

- Pre-retirement mortality was updated
- Effective October 25, 2017 for Members under Career Average Compensation and on January 1, 2020 for Members under Final Average Compensation, Compensation means a Member's base compensation (hourly rate in effect each pay period multiplied by the corresponding hours earned during that pay period). However, Compensation shall not include overtime (except as necessary to not penalize Members assigned to work 12-hour shifts), commissions, bonuses, expense allowances and any hours that are considered leave without pay. For Members under Final Average Compensation, effective January 1, 2020, the average annual Compensation earned by a Member during the highest 10,440 hours out of the last 20,880 hours of service (which shall be determined using the highest 130.5 payroll periods of the last 261 payroll periods) immediately preceding termination of service or retirement.

2016 changes in Plan provisions and actuarial methods since prior actuarial valuation-

- Mortality Rates updated

2015 changes in Plan provisions and actuarial methods since prior actuarial valuation-

- None

2014 changes in Plan provisions and actuarial methods since prior actuarial valuation-

- An excess benefit plan which will pay the difference between the amount provided for by the benefit formula in the Plan and the amount that can be paid due to the maximum benefit limitations imposed by Section 415 of the Internal Revenue Code. Withdrawal, salary increase, and retirement rates updated.

2013 changes in Plan provisions and actuarial methods since prior actuarial valuation-

- The assumed rate of returned used in determining actuarial present values was reduced from 8.0% to 7.5%.

2012 changes in Plan provisions and actuarial methods since prior actuarial valuation-

- None

**Retirement System for the General Employees of the
Utility Board of the City of Key West**

Other Supplementary Information

**Schedule of Administrative and Investment
Expenses**

Year Ended December 31, 2021

Administrative Expenses

Legal and Accounting Fees	\$ 20,737
Actuarial Services	48,624
Miscellaneous	620
Total Administrative Expenses	<u><u>\$ 69,981</u></u>

Investment Expenses

Investment Manager Fees	
Cambiar Investors	\$ 71,939
Sawgrass Capital Management	
Fred Alger	91,567
Galliard Core Fixed Income	54,361
Intercontinental	190,832
American Core Realty	41,347
Brandywine	32,114
Total Investment Manager Fees	<u>482,160</u>
Other Investment Expenses	
Salem Trust Custodian Fee	34,694
And Co Consulting Fee	47,500
Total Investment Expenses	<u><u>\$ 564,354</u></u>

See accompanying Report of Independent Auditor.

Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees
Retirement System for the General Employees of the Utility Board of the City of Key West, Florida
Key West, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Retirement System for the General Employees of the Utility Board of the City of Key West, Florida (the “Plan”) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Plan’s basic financial statements, and have issued our report thereon, dated May 11, 2022.

Report on Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Cheryl Behrman CPA". The signature is written in a cursive style.

Orlando, Florida
May 11, 2022

Retirement System for the General Employees of the Utility Board of the City of Key West

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Annual Investment Review December 31, 2021

For the year ending December 31, 2021, the total market value of the Plan for the Retirement System for the General Employees of the Utility Board of Key West, Florida increased from \$114,635,921 to \$130,046,484. The Plan experienced cash flow activity resulting in net withdrawals of -\$1,989,778 for the year. The Plan investments increased \$17,898,167 or 15.73% (gross of fees)/15.31% (net of fees) outperforming the blended benchmark return of 14.40% for the year. The total return of 15.73%, outperformed the median manager return of 13.33% and ranked in the top 23rd percentile among other public funds across the U.S. in the peer group sample. At year end, the asset allocation of the Plan was comprised as follows: 53.9% domestic equity, 14.0% international equity, 14.7% fixed income, 2.9% global fixed income, 7.7% real estate, 4.4% Global Tactical Asset Allocation, and 2.4% cash equivalents. The Plan is compliant with the guidelines provided for in the statement of investment policy.

US equity markets, as measured by the S&P 500 Index, experienced their third consecutive year of double-digit positive performance led by large, growth-oriented companies. While equities have historically performed well during periods of rising inflation due to their links with strong economic growth, companies may face headwinds if they are unable to pass along price increases, which would result in lower profit margins. The US labor market is nearing full employment with the unemployment rate falling to 3.9% in December. The pace of job growth slowed during the quarter with a three-month average of roughly +365,000. Workers are continuing to leave their employers in record numbers. As a result, wage growth remains strong as employers compete to fill job openings. The Omicron variant created economic headwinds during the year, however, despite higher transmission rates it was less likely to result in hospitalization or significant health risks.

The diversified domestic equity portfolio provided strong gains during the year returning 23.22% vs. 25.66% Russell 3000 Index and ranks in the 80th percentile of the domestic equity peer universe for the year. The individual domestic equity managers 2021 returns and benchmark comparisons are as follows: T Rowe Price (growth) 17.89% vs. 27.60% R1000 Growth; Alger(growth) 20.40% vs. 27.60% R1000 Growth; Vanguard TSM (index) 25.73% vs. 25.72% CRSP US Total Stock Market; Brandywine (value) 30.16% vs. 25.16% R1000 Value and Vanguard Equity Income (value) 25.64% vs. 26.19% Vanguard Equity Income IDX Hybrid; Cambiar (smid-value) 25.05% vs. 27.78% Russell 2500 Value.

International developed equity markets were positive across all regions and geographies. Emerging market returns were largely influenced by the large decline in Chinese stocks. The MSCI ACWI ex. US Index returned 8.29% for the year. Global central bank monetary policy diverged somewhat as the Fed stated its intention to taper its bond purchases and potentially begin raising interest rates in 2022. Both the European Central Bank and the Bank of Japan reiterated their intent to remain accommodative as localized inflation remains low. The total international equity portfolio outperformed the benchmark with a return of 13.64% vs. 8.29% MSCI ACWI ex. US and ranks in the 13th percentile of the international equity peer universe for the year.

The combination of concerns related to the potential for rising US interest rates and persistent inflation acted as headwinds for fixed income performance during the year. Longer-dated fixed income markets were negatively impacted by rising interest rates during the year. Despite the potential for increasing risk of deteriorating credit conditions, corporate bonds could outperform given their higher coupons and shorter maturity profiles compared to higher quality, longer duration bonds. The Galliard domestic fixed income portfolio outperformed the

**Retirement System for the General Employees of the
Utility Board of the City of Key West**

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Annual Investment Review

December 31, 2021

(Continued)

benchmark with a return of -0.81% vs. -1.29% Bloomberg Intermediate Aggregate Index and ranks in the 36th percentile of the domestic intermediate core fixed income peer universe for the year.

The Plan has additional investments in private real estate and global tactical asset allocation funds to provide additional diversification and to increase the overall potential for income. For 2021, the 7.7% allocation to the two commercial real estate offerings generated a combined return of 23.53% vs. NCREIF ODCE Index return of 22.99% and ranked in the 41st percentile of the private real estate peer universe for the year. The global tactical asset allocation fund generated a return of 7.22% vs. 9.69% for the benchmark.

The Plan return of 15.73% (gross of fees)/15.31% (net of fees) outperformed the actuarial assumption target in 2021 and ranked in the top 23rd percentile of pension funds across the US in the Public Fund Plan Sponsor Universe. The Plan outperformed the actuarial assumption of 7.35% on a trailing three-year period with a return of 17.67% (gross) vs. 16.10% for the policy. The Plan outperformed the actuarial assumption of 7.35% on a trailing five-year period with a return of 13.25% (gross) vs. 11.71% for the policy. The Plan outperformed the actuarial assumption of 7.35% on a trailing ten-year period with a return of 11.30% (gross) vs. 10.42% for the policy. The Plan's three-year, five-year, and ten-year investment returns rank in the top 6th, 2nd, and 3rd percentile, respectively, compared to other public pension funds across the US in the Public Fund Plan Sponsor Universe.

Prepared by: Tim Nash
AndCo Consulting
February 11, 2022

**Retirement System for the General Employees of the
Utility Board of the City of Key West**

Annual Performance - Pension Plan

Net Assets held in trust for pension benefits were \$131,229,229 at December 31, 2021 compared to \$116,596,633 at December 31, 2020. Total net assets increased 12.5% for the twelve months ending December 31, 2021 compared to an increase of 11.8% for the same period of 2020.

Quarterly gross returns by fund manager were:

Gross Time Weighted Return 2021					
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>2021</u>
Vanguard TSM Index	6.43%	8.29%	-0.06%	9.16%	25.73%
Brandywine Dynamic	17.55%	5.18%	-0.44%	5.74%	30.16%
Vanguard EI	10.07%	5.27%	-0.25%	8.70%	25.64%
Fred Alger	1.60%	11.06%	-0.17%	6.88%	20.40%
Cambiar Investors	16.65%	4.95%	-5.12%	7.66%	25.05%
Vanguard TIS Index	3.94%	5.52%	-3.00%	2.11%	8.62%
WCM Focused Intl	-0.04%	10.67%	0.15%	5.63%	17.02%
Galliard Core Fixed Income	-1.21%	0.86%	0.08%	-0.53%	-0.81%
Pimco Global Bond	-0.19%	0.06%	0.12%	-0.48%	-0.48%
Black Rock Multi-Asset	2.11%	3.34%	-0.30%	1.92%	7.22%
American Core Realty	1.87%	4.03%	5.62%	8.81%	21.79%
Intercontinental Real Estate	2.64%	4.49%	5.96%	9.75%	24.72%

The Plan was invested 53.9% US Equities, 14.0% International Equities, 14.7% Domestic Fixed Income, 2.9% Global Fixed Income, 7.7% Real Estate, 4.4% Global Tactical Asset Allocation and 2.4% cash equivalents at year end. No sector or stock overweighed the investment policy as of year-end and the above allocations were within our current investment policy guidelines. In 2021 there were \$1,989,778 net withdrawals from investments to fund Plan benefit payments and expenses.

The Plan produced a net gain on investments of 15.31% in 2021. At December 2021, the Plan's trailing three year net return was 17.32% and the trailing five year net return was 12.88%, compared to our goal of an overall 7.35% annual return.

At December 31, 2021, the Plan's 3-year and 5-year gross returns were 17.67% and 13.25%, respectively. The Benchmark returns were 16.10% and 11.71% during the same periods.

Since April 1, 2002 the Plan's net return was 6.94%, gross return was 7.44%, and the benchmark return during this same period was 7.71%.

**Retirement System for the General Employees of the
Utility Board of the City of Key West**

Schedule of Investment Results

Manager / Fund Market Index	Q1	Q2	Q3	Q4	1 year	3 years	5 years
Total Portfolio (Net) ⁽¹⁾	4.16%	6.07%	-0.41%	4.80%	15.31%	17.32%	12.88%
Total Portfolio (Gross)	4.22%	6.13%	-0.36%	5.00%	15.73%	17.67%	13.25%
<i>45% Russell 3000/15% MSCI World ex. US/20% Bloomberg Barclays US Int. Agg./ 5% Bloomberg Barclays Global Agg. Bond IDX/5% GTAA IDX/10% NCREIF Fund IDX (2)</i>	<i>2.99%</i>	<i>5.39%</i>	<i>0.17%</i>	<i>5.23%</i>	<i>14.40%</i>	<i>16.10%</i>	<i>11.71%</i>
Domestic Equity Composite	7.72%	8.16%	-1.15%	6.99%	23.22%	25.11%	18.17%
<i>Domestic Equity Policy</i>	<i>6.35%</i>	<i>8.24%</i>	<i>-0.10%</i>	<i>9.28%</i>	<i>25.66%</i>	<i>25.79%</i>	<i>17.97%</i>
Vanguard TSM Index	6.43%	8.29%	-0.06%	9.16%	25.73%	25.79%	18.00%
<i>CRSP US Total Market TR Index</i>	<i>6.43%</i>	<i>8.29%</i>	<i>-0.06%</i>	<i>9.16%</i>	<i>25.72%</i>	<i>25.79%</i>	<i>18.00%</i>
Brandywine Dynamic LCV	17.55%	5.18%	-0.44%	5.74%	30.16%	21.72%	N/A ⁽⁵⁾
<i>Russell 1000 Value</i>	<i>11.26%</i>	<i>5.21%</i>	<i>-0.78%</i>	<i>7.77%</i>	<i>25.16%</i>	<i>17.64%</i>	<i>11.16%</i>
Vanguard EI (VEIRX)	10.07%	5.27%	-0.25%	8.70%	25.64%	17.55%	N/A ⁽⁴⁾
<i>Vanguard Equity Income Idx Hybrid</i>	<i>11.03%</i>	<i>4.54%</i>	<i>-0.63%</i>	<i>9.41%</i>	<i>26.19%</i>	<i>16.62%</i>	<i>11.71%</i>
Cambiar Investors	16.65%	4.95%	-5.12%	7.66%	25.05%	21.84%	N/A ⁽³⁾
<i>Russell 2500 Value</i>	<i>16.83%</i>	<i>5.00%</i>	<i>-2.07%</i>	<i>6.36%</i>	<i>27.78%</i>	<i>18.31%</i>	<i>9.88%</i>
T Rowe Price	0.61%	12.02%	0.42%	4.16%	17.89%	27.43%	N/A ⁽⁶⁾
Fred Alger	1.60%	11.06%	-0.17%	6.88%	20.40%	32.10%	25.15%
<i>Russell 1000 Growth</i>	<i>0.94%</i>	<i>11.93%</i>	<i>1.16%</i>	<i>11.64%</i>	<i>27.60%</i>	<i>34.08%</i>	<i>25.32%</i>
International Composite	1.57%	8.54%	-1.12%	4.24%	13.64%	21.69%	15.77%
<i>International Equity Policy</i>	<i>3.49%</i>	<i>5.48%</i>	<i>-2.99%</i>	<i>1.82%</i>	<i>7.82%</i>	<i>13.18%</i>	<i>9.61%</i>
Vanguard TIS Index	3.94%	5.52%	-3.00%	2.11%	8.62%	13.67%	9.90%
<i>FTSE Global ex USA All Cap Index</i>	<i>3.87%</i>	<i>5.77%</i>	<i>-2.42%</i>	<i>1.81%</i>	<i>9.13%</i>	<i>14.15%</i>	<i>10.23%</i>
WCM Focused Intl Growth Instl	-0.04%	10.67%	0.15%	5.63%	17.02%	28.08%	20.65%
<i>MSCI AC World ex USA</i>	<i>3.60%</i>	<i>5.64%</i>	<i>-2.88%</i>	<i>1.88%</i>	<i>8.29%</i>	<i>13.70%</i>	<i>10.12%</i>
Domestic Fixed Income	-1.21%	0.86%	0.08%	-0.53%	-0.81%	4.03%	3.19%
Galliard Core Fixed Income	-1.21%	0.86%	0.08%	-0.53%	-0.81%	4.03%	3.19%
<i>Bloomberg Intermediate Aggregate</i>	<i>-1.61%</i>	<i>0.78%</i>	<i>0.05%</i>	<i>-0.51%</i>	<i>-1.29%</i>	<i>3.60%</i>	<i>2.79%</i>
Global Fixed Income	-0.25%	0.06%	0.12%	-0.48%	-0.54%	-1.23%	0.12%
Pimco Global Bond	-0.19%	0.06%	0.12%	-0.48%	-0.48%	N/A	N/A ⁽⁷⁾
<i>Bloomberg Global Aggregate Index</i>	<i>-2.47%</i>	<i>0.98%</i>	<i>0.09%</i>	<i>0.04%</i>	<i>-1.40%</i>	<i>4.05%</i>	<i>3.39%</i>
Total Global Tactical Asset Allocation	2.11%	3.34%	-0.30%	1.92%	7.22%	9.26%	6.56%
BlackRock Multi-Asset	2.11%	3.34%	-0.30%	1.92%	7.22%	9.24%	6.50%
<i>BlackRock Policy</i>	<i>0.73%</i>	<i>4.77%</i>	<i>0.05%</i>	<i>3.89%</i>	<i>9.69%</i>	<i>13.38%</i>	<i>9.48%</i>
Total Real Estate Portfolio	2.33%	4.31%	5.82%	9.37%	23.53%	10.64%	10.02%
American Core Realty	1.87%	4.03%	5.62%	8.81%	21.79%	9.56%	9.10%
Intercontinental Real Estate	2.64%	4.49%	5.96%	9.75%	24.72%	11.38%	10.68%
<i>NCREIF ODCE Proxy Index</i>	<i>2.25%</i>	<i>4.39%</i>	<i>6.95%</i>	<i>7.70%</i>	<i>22.99%</i>	<i>9.84%</i>	<i>9.11%</i>
Note:							
⁽¹⁾ The net calculations were prepared using the time-weighted rate of return net of management fees							
⁽²⁾ Per investment policy adopted March 2021							
⁽³⁾ Inception date in May 2017							
⁽⁴⁾ Inception date in April 2018							
⁽⁵⁾ Inception date in May 2018							
⁽⁶⁾ Inception date in February 2019							
⁽⁷⁾ Inception date in January 2021							

**Retirement System for the General Employees of the
Utility Board of the City of Key West**

As of December 31, 2021

As of December 31, 2021

Largest Holdings (By Fair Value)

	<u>Asset Description</u>	<u>Shares</u>	<u>Fair Value</u>
1	T Rowe Price Large Core Growth Fund	185,192	\$ 13,048,598
2	Vanguard Total Stock Market Index	110,952	13,045,713
3	WCM Focused INTL Growth Fund	403,665	11,173,434
4	Vanguard Total International Index Fund	204,788	7,003,749
5	Vanguard Equity Income Fund	74,143	6,837,474
6	U.S. Real Estate Investment Fund, LLC	4,135	5,946,232
7	BlackRock Multi Asset Fund	505,012	5,736,940
8	American Core Realty	28	4,080,408
9	Pimco Global Bond Opportunity (hedged)	364,659	3,788,802
10	Goldman Sachs Treasury Obligation Fund	2,569,618	2,569,618

A complete list of portfolio holdings is available upon request

**Schedule of Asset Allocation and Fees
For the Year Ended December 31, 2021**

<u>Investment Managers</u>	<u>Type</u>	<u>2021 Year End Account Value</u>	<u>% of Total Fair Value</u>	<u>2021 Investment Manager Fee</u>
BlackRock MultiAsset	Asset Allocation	\$ 5,736,940	4.41%	\$ -
Galliard Core Fixed Income	Fixed Income	21,721,536	16.70%	54,361
Pimco Global Bond Fund	Global Fixed Income	3,788,802	2.91%	-
Vanguard TIS Index Fund	International	7,003,751	5.39%	-
WCM Focused International Growth Fund	International	11,173,434	8.59%	-
Vanguard TSM Index Fund	Large Cap Core	13,046,974	10.03%	-
T Rowe Price Fund	Large Cap Core Growth	13,048,609	10.03%	-
Fred Alger	Large Cap Growth	15,161,187	11.66%	91,567
Cambiar Investors	Large Cap Value	14,979,517	11.52%	71,939
Vanguard Equity Income Fund	Large Cap Value	6,837,474	5.26%	-
Brandywine Dynamic	Large Cap Value	7,514,688	5.78%	32,114
Intercontinental	Real Estate	5,953,164	4.58%	190,832
American Core Realty	Real Estate	4,080,408	3.14%	41,347
Total Fund Balance		<u>\$ 130,046,484</u> *	<u>100.00%</u>	<u>\$ 482,160</u>

* Total Fund Balance includes interest receivable and pending trades

**Retirement System for the General Employees of the
Utility Board of the City of Key West**

**Asset Allocation by Investment Type
For the Year Ended December 31, 2021**

	Fair <u>Value</u>	% of Total Fair <u>Value</u>
Fixed Income		
Corporate Bonds	\$ 6,007,018	4.62%
Government Bonds	4,902,905	3.77%
Mortgage Backed Securities	6,789,968	5.22%
State and Local Bonds	1,455,201	1.12%
Global Bonds	<u>3,788,802</u>	<u>2.91%</u>
Total Fixed Income	<u>22,943,894</u>	<u>17.64%</u>
Real Estate	<u>10,007,222</u>	<u>7.70%</u>
Common Stock	<u>37,168,389</u>	<u>28.58%</u>
Mutual Funds	<u>56,845,908</u>	<u>43.71%</u>
Money Market Funds	<u>3,062,980</u>	<u>2.36%</u>
Net Receivable/(Payable)	<u>18,091</u>	<u>0.01%</u>
Total Investments	<u><u>\$ 130,046,484</u></u>	<u><u>100.00%</u></u>

Retirement System for the General Employees of the Utility Board of the City of Key West

Glossary

Actuarial Accrued Liability – The pension plan liability recognized to date, as determined by the actuarial method used.

Actuarial Valuation Report – A study performed annually by an actuary to examine whether the contributions made to a defined benefit plan are likely to be adequate, given the benefits offered, the mortality and other demographic factors of the participants, participant terminations and turnover, and pension plan investment performance.

Annualized Return – The average annual rate of return achieved by the account or index. This return should not be used for periods of less than one year.

Asset Allocation – The proportion (in percentage terms) of the total portfolio value allocated to each portfolio segment (equities, fixed income, and cash equivalents) as of period-end.

Bloomberg Intermediate Aggregate Index - An unmanaged index that consists of 1-10 year Governments, 1-10 year Corporates, all Mortgages, and all Asset-Backed securities within the Aggregate Index (i.e. The Aggregate Index less the Long Government/Corporate Index).

Barclays Capital US Treasury Inflation Protected Securities (TIPS) Index – Represents securities that protect against adverse inflation and provide a minimum level of real return. To be included in this index, bonds must have cash flows linked to an inflation index, be sovereign issues denominated in US currency, and have more than one year to maturity, and, as a portion of the index, total minimum amount outstanding of 100 million US dollars.

Barclays Capital US Treasury: U.S. TIPS – Index includes all publicly issued U.S. Treasury inflation-protected securities that have at least 1 year remaining to maturity, are rated investment grade and have \$250 million or more of outstanding face value. In addition, the securities must be denominated in U.S. dollars and must be fixed rate and non-convertible. The Index is market capitalization weighted and the securities in the Index are updated on the last calendar day of each month.

Beginning Portfolio Value – The total fair value of the total portfolio as of the beginning of the period indicated. Calculated on a trade date basis and includes accruals.

Bonds – A debt-related investment security, representing a loan of money in return for an enforceable promise by the debtor to repay the principal amount of the loan and interest on the unpaid principal balance at a stated percentage rate on or before a stated date.

Citigroup World Government Bond Index – Index of bonds issued by governments in the U.S., Europe and Asia.

Consumer Price Index, U.S. – A measure of the average change in prices over time as determined by the movement in cost for a fixed basket of goods and services.

Defined Benefit Plan – Under a defined benefit plan, the eventual pension benefit is defined, or determinable, by formulas.

Retirement System for the General Employees of the Utility Board of the City of Key West

Glossary

Ending Portfolio Value – The total market value of the total portfolio as of the end of the period indicated. Calculated on a trade date basis and includes accruals.

Equities – Investment securities that represent an ownership interest in the entity issuing the security, that are expected to produce income in the form of shared profits, typically in the form of dividends, and to produce appreciation in value, typically referred to as capital appreciation or capital gain.

Global ex USA All Cap Index – A market capitalization weighted index representing the performance of the large, mid, and small stocks globally excluding the USA.

Gross-of Fees Rate of Return – The rate of return before the fees charged to the account have been deducted. Calculated on a trade date basis and includes accruals

Inflation – Measures for all urban consumers the change in the prices of goods and services purchased by all urban consumers.

Investment Objective – The expressed measurable goal of the investor or investment manager. This may be broadly stated (“capital appreciation”) or narrowly defined (“exceeds the consumer price index by at least 3% annually”).

Investment Performance – The measurement of net gain or loss produced by an investment portfolio.

Investment Strategy – The plan of an investment portfolio for purchasing various types of investment securities, attempting to take advantage of the earnings potential of the various types of investment securities, to emphasize safety from risk through diversification, and to accommodate future liquidity and cash flow needs.

MSCI EAFE (net) – Index (Europe, Australia, Far East) is a free float adjusted market capitalization index that is designed to measure developed market equity performance excluding the US & Canada.

NCREIF Fund Index Open-End Diversified Core Equity – Index of investment returns reporting on both a historical and current basis the results of 26 open-end commingled funds pursuing a core investment strategy, some of which have performance histories dating back to the 1970s.

Net-of Fees Rate of Return – The rate of return after the fees charged to the account have been deducted. Calculated on a trade date basis and includes accruals.

Realized Investment Income – The proceeds obtained from investment securities derived from interest paid on bonds, dividends paid on stocks and net realized gains or losses on the sale of investments.

Retirement System for the General Employees of the Utility Board of the City of Key West

Glossary

Realized Gains or Losses – The positive or negative difference between the cost (purchase price) of an investment security and the sale price of that security.

Return – A measure of total investment performance resulting from both realized and unrealized gains and losses and the reinvestment of dividend and interest income.

Russell 1000 Growth Index – The Russell 1000 Growth Index is constructed to provide a comprehensive and unbiased barometer of the large cap growth market.

Russell 1000 Value Index – The Russell 1000 Value Index is constructed to provide a comprehensive and unbiased barometer of the large cap value market.

Russell 2500 Value Index – The Russell 2500 is a market cap weighted index that includes the smallest 2,500 companies covered in the Russell 3000 with lower price-to-book ratios and lower forecasted growth values.

Russell 3000 Equity Index – Measures the performance of the 3,000 largest US companies based on total market capitalization, which represents approximately 98% of the investable US equity market.

Russell 3000 Growth Index - Measures the performance of those Russell 3000 Index companies with higher price-to-book ratios and higher forecasted growth values. The stocks in this index are also members of either the Russell 1000 Growth or the Russell 2000 Growth index.

Russell 3000 Value Index – Measures the performance of those Russell 3000 Index companies with lower price-to-book ratios and lower forecasted growth values. The stocks in this index are also members of either the Russell 1000 Value or the Russell 2000 Value index.

Strategy Index – The most appropriate index, combination of indices, or alternative return target for investment(s) in question.

Stocks – The equity or ownership interest in a corporation, issued by the corporation in the form of shares, and traded on an exchange or otherwise.

Time-Weighted Rate of Return – A measure of the investment performance of the investment manager, independent of the timing and magnitude of contributions to, or withdrawals from, the portfolio. This method allows the evaluation of the investment manager based solely on his/her performance since it eliminates the effect of factors that are not under the manager's control (that is, cash flow). This figure can be used to compare the account performance to comparative indices and other investment managers.

Unfunded Actuarial Accrued Liability – Any amount of pension plan accrued liability in excess of the current assets (the actuarial value of the assets) of the pension plan.

**Retirement System for the General Employees of the
Utility Board of the City of Key West**

Glossary

Unrealized Gain or Loss – The positive or negative difference between the cost (purchase price) of an investment security and the current fair market value of that security, which would be obtainable in the event of sale, but without actually selling the security.

U.S. Multi-Cap Core Equity Index – measures the performance of the 30 largest mutual funds that invest in a variety of capitalization ranges, without concentrating 75% or more of their equity assets in any one market capitalization range over an extended period of time, as determined by Lipper, Inc.

Vested Benefit Security Ratio – A ratio which indicates the extent to which a defined benefit pension plan is able to cover the total actuarial present value of vested accrued benefits by the market value of assets, also called the vested benefits index.

Volatility – A measure of the degree that a security's or portfolio's value fluctuates from its historical average value.

April 28, 2022

Board of Trustees
Retirement System for General Employees of
The Utility Board of the City of Key West
1001 James Street
Key West, Florida 33040

The fundamental financial objective of the Retirement System for General Employees of the Utility Board of the City of Key West is to provide benefits that are properly funded. An actuarial valuation is prepared annually to determine the Utility Board minimum contribution under the requirements of Florida State law. The contribution rate is developed using the entry age normal actuarial cost method as a level percentage of payroll, plus operating expenses. Gains and losses are reflected in unfunded actuarial accrued liabilities and amortized as level percentages of payroll.

The information being provided is compiled from annual actuarial valuations, including the most recent as of January 1, 2022. In performing these valuations, the Utility Board staff provides certain financial information and participant census data. We do not audit the financial information and participant census data provided to us; however, we perform certain reasonableness checks. The System is responsible for the accuracy of the financial information and participant census data.

The information we are providing includes the following:

- Summary of actuarial assumptions and methods
- Schedule of active and retired member data
- Solvency tests
- Analysis of financial experience
- Schedule of funding progress
- Summary of system provisions and changes
- Schedule of funding progress and employer contributions
- Schedule of benefit expenses by type
- Schedule of retired members by type of benefit
- Schedule of average benefit payments

We compiled all of the above information.

To the best of our knowledge, the assumptions and methods being utilized conform to the Government Accounting Standards Board (GASB) Statements No. 67 and No. 68 and to the Actuarial Standards of Practice issued by the Actuarial Standards Board.

Board of Trustees
April 28, 2022
Page Forty-Seven

On the basis of the January 1, 2022 Actuarial Valuation, we believe the Retirement System for General Employees of the Utility Board of the City of Key West continues in sound financial condition under generally accepted actuarial principles.

Please refer to the January 1, 2022 Actuarial Valuation Report dated April 14, 2022 for additional discussion regarding the risks associated with measuring the accrued liability and the minimum funding payment.

Sincerest regards,
Gabriel, Roeder, Smith & Company

A handwritten signature in cursive script that reads "Michelle Jones".

Shelly L. Jones, A.S.A.
Consultant and Actuary

ACTUARIAL SECTION

Summary Actuarial Assumptions and Methods

A. Mortality

For healthy participants during employment, 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 healthy participants post employment, PUB-2010 Headcount Weighted General Below Median Healthy Retiree 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 improvement.

Sample Ages (2022)	Pre-retirement Future Life		Post-retirement Future Life	
	Expectancy (Years)		Expectancy (Years)	
	Male	Female	Male	Female
55	32.75	35.17	28.83	32.55
60	27.89	30.14	24.73	28.00
62	25.99	28.16	23.10	26.17
Sample Ages (2042)	Pre-retirement Future Life		Post-retirement Future Life	
	Expectancy (Years)		Expectancy (Years)	
	Male	Female	Male	Female
55	34.38	36.65	30.85	34.33
60	29.45	31.58	26.59	29.67
62	27.52	29.57	24.90	27.79

ACTUARIAL SECTION

B. Interest to be Earned by Fund

7.30%, net of investment expenses, compounded annually for funding and accounting – includes inflation of 2.60%.

C. Allowances for Expenses or Contingencies

Average of actual administrative expenses during prior three (3) years.

D. Employee Withdrawal Rates

Withdrawal rates were used in accordance with tables per the following illustrative example:

Service	Withdrawal Rates
	Unisex
0	9.0%
1	8.1%
2	7.2%
3	5.4%
4	3.6%
5+	3.3%

E. Disability Benefits

Class (01) Inter-Company modified disability rates for males were used. Rates for females were doubled. No Workers' Compensation benefits are assumed to be payable.

F. Death Benefits

- (1) The assumed incidence of deaths is 90% service incurred and 10% as non-service incurred.
- (2) 10% of participants are assumed to designate a child as beneficiary eligible for future children's benefits.
- (3) 90% of participants are assumed to be married.

G. Increase in Covered Payroll

3.0% per year, limited to average annual increase over most recent ten years – 1.7%.

ACTUARIAL SECTION

H. Salary Increase Factors

Current salary was assumed to increase according to the following table.

Salary Increase Factors			
Age	Assumed Wage Inflation	Promotion & Seniority	Total Current Rates
< 35	3.25%	3.75%	7.0%
35 – 49	3.25%	1.75%	5.0%
50 & After	3.25%	0.75%	4.0%

I. Assumed Retirement Age

Employees are assumed to retire at the rates shown in the following table.

Less than 30 Years of Service	
Age	Rate of Retirement
<55	6.5%
55 – 58	15.0%
59 – 60	30.0%
61 – 69	5.0%
70 +	100.0%
30 Years of Service	
Age	Rate of Retirement
<50	50.0%
50 +	100.0%

J. Cost of Living Adjustment

Monthly benefits are assumed to increase 3% annually.

K. Valuation of Assets

The method used for determining the smoothed actuarial value of assets phases in the deviation between the expected and actual return on assets at the rate of one-fifth per year. The smoothed actuarial value of assets will be further adjusted to the extent necessary to fall within the corridor whose lower limit is 80% of the fair market value of System assets and whose upper limit is 120% of the fair market value of System assets. Prior to January 1, 2003, the actuarial value of assets was market value.

ACTUARIAL SECTION

L. Cost Methods

Normal Retirement Benefit, Termination, Disability and Death Benefit: Entry-Age-Actuarial Cost Method. Under this method the normal cost for each active employee is the amount that is calculated to be a level percentage of pay that would be required annually from his age at hire to his assumed retirement age to fund his estimated benefits, assuming the System had always been in effect. The normal cost for the System is the sum of such amounts for all employees. The actuarial accrued liability as of any valuation date for each active employee or inactive employee who is eligible to receive benefits under the System is the excess of the actuarial present value of estimated current and future normal costs. The unfunded actuarial accrued liability as of any valuation date is the excess of the actuarial accrued liability over the actuarial value of assets of the System.

M. Treatment of Actuarial Gains and Losses

Gains and losses are amortized over a period of 30 years based on a level percentage of pay and closed amortization.

N. Changes since Previous Valuation

1. Interest to be Earned by Fund was:

7.35%, net of investment expenses, compounded annually - includes inflation of 2.60%.

O. Choice of Assumptions and Methods

The actuarial assumptions and methods are recommended by the actuary and adopted by the Board of Trustees at various times. The recommended actuarial assumptions are based upon a review of actual System experience when sufficient data is available, including the results of an Experience Study for the period January 1, 2013 through December 31, 2017 specifically for salary increase factors, employee withdrawal rates, retirement rates and the investment return assumption. The mortality assumption is as mandated by State statute for funding. The remaining assumptions such as disability rates are based upon industry standards.

ACTUARIAL SECTION

Resolutions Passed (Beginning 1998):

*Resolution No. 56 – Amending Benefit Factor from 2.2% to 2.4%
Passed by the Board of Trustees May 18, 1998*

*Resolution No. 57 – Extending Pre-retirement Survivor Benefits to domestic
partners
Passed by the Board of Trustees May 18, 1998*

*Resolution No. 58 – Reducing Maximum Credited Service from 35 Years to
30 Years
Passed by the Board of Trustees November 20, 1998*

*Resolution No. 60 – Increasing Cost of Living Adjustment from 2% to 3% per
year
Passed by the Board of Trustees September 28, 2000*

*Resolution No. 62 – Increasing Non-Service Death Benefit from 60% to 75%
of anticipated normal retirement benefit
Passed by the Board of Trustees August 14, 2002*

*Resolution No. 63 – Providing for System amendment and System
termination of rights
Passed by the Board of Trustees February 13, 2003*

*Resolution No. 64 – Creating a probationary period prior to membership for
employees hired after October 1, 2003
Passed by the Board of Trustees February 17, 2004*

*Resolution No. 65 – Eliminating an Optional Payment Method for receiving
benefit payments (any other payment form requested by
member agreeable to Board of Trustees).
Passed by the Board of Trustees February 17, 2004*

*Resolution No. 66 – Amending definition of Pensionable Earnings to use
member's base hourly rate each pay period, multiplied
by 80 hours, less any hours considered leave without
pay
Passed by the Board of Trustees May 18, 2004*

*Resolution No. 67 – Allowing certain employees to sign checks and to make
transfers on-line
Passed by the Board of Trustees November 16, 2004*

ACTUARIAL SECTION

*Resolution No. 68 – Amending definition of Actuarial Equivalence
Passed by the Board of Trustees November 16, 2004*

*Resolution No. 69 – Amending appointment of Trustees, Trustee terms of
office and number of Trustees required to constitute a
quorum
Passed by the Board of Trustees May 16, 2005*

*Resolution No. 70 – Allowing certain employees to sign checks and to make
transfers on-line
Passed by the Board of Trustees November 14, 2005*

*Resolution No. 71 – Allowing certain employees to sign checks and to make
transfers on-line
Passed by the Board of Trustees February 13, 2006*

*Resolution No. 72 – Amending terms of office for Trustees
Passed by the Board of Trustees March 6, 2006*

*Resolution No. 73 – Amending eligibility for Disability Benefits, definition of
total and permanent injury and disability application
process
Passed by the Board of Trustees May 15, 2006*

*Resolution No. 74 – Amending terms of office for Trustees
Passed by the Board of Trustees March 13, 2007*

*Resolution No. 75 – Amending eligibility for Normal Retirement and Deferred
Vested Benefits
Passed by the Board of Trustees November 13, 2008*

*Resolution No. 76 – Amending Death Benefit to allow for member designation
of beneficiary payments and adding an Optional
Payment Method for receiving benefit payments
(joint and survivor with pop-up)
Passed by the Board of Trustees January 13, 2009*

*Resolution No. 769 – Amending the accrued benefit for members hired after
May 31, 2010 to 2.0% of career average
compensation
Passed by the Utility Board March 10, 2010*

ACTUARIAL SECTION

Resolution No. 78 – Supporting Chairman Harry Bethel for a position on the Florida State Retirement Commission

Passed by the Board of Trustees May 17, 2012

Resolution No. 79 – Deleting obsolete language and allowing Trustees to complete their terms if the Trustee is moved or transferred from their department

Passed by the Board of Trustees February 28, 2013

Resolution No. 81 – Creating an Excess Benefit Plan

Passed by the Board of Trustees January 15, 2014

Resolution No. 82 – Amending Retirement System to disregard COLA in calculating the dollar limit on benefits prescribed by Internal Revenue Code Section 415

Passed by the Board of Trustees January 15, 2014

Resolution No. 83 – Amending and Restating the System document incorporating Internal Revenue Code required updates

Passed by the Board of Trustees May 22, 2014

Resolution No. 84 – Amending the Appointment of Trustees to add an additional retiree trustee with a four year term of office

Passed by the Board of Trustees May 22, 2014

Resolution No. 800 – Amending the term of office for certain Trustees

Passed by the Board of Trustees January 13, 2016

Resolution No. 807 – Amending the definition of compensation to use hourly rate in effect each pay period multiplied by the corresponding hours earned during that pay period less any hours that are considered leave without pay or are otherwise excluded from compensation. Effective January 1, 2020 final average compensation equals the average of the pensionable earnings earned by a member during the highest 10,440 hours out of the last 20,880 hours of service (which shall be determined using the highest 130.5 payroll periods of the last 261 payroll periods) immediately preceding termination of service or retirement.

Passed by the Board of Trustees October 25, 2017

ACTUARIAL SECTION

Resolution No. 20-08 – Establishing a methodology for additional funding above the actuarially calculated required contribution aiming to increase the System’s Fiduciary Net Position as a percentage of the Total Pension Liability to 95% by increasing the annual funding level to 8% over the actuarially calculated required contribution, with a maximum cap of 45%.

Passed by the Board of Trustees July 8, 2020

Resolution No. 21-06 – Amending the methodology established in Resolution No. 20-08 for additional funding above the actuarially calculated required contribution aiming to increase the System’s Fiduciary Net Position as a percentage of the Total Pension Liability to 95% by increasing the annual funding level to 8% over the actuarially calculated required contribution, with a lower maximum cap of 40% commencing fiscal year 2022.

Passed by the Board of Trustees September 8, 2021

ACTUARIAL SECTION

Schedule of Active and Retiree Valuation Data

Active Members					
Valuation Date	Number	Annual Payroll	Average Pay	% Increase	Inflation Increase % (CPI)
01/01/2013	136	\$ 9,558,105	\$ 70,280	1.8%	1.7%
01/01/2014	130	\$ 9,226,528	\$ 70,973	1.0%	1.5%
01/01/2015	126	\$ 9,046,826	\$ 71,800	1.2%	0.8%
01/01/2016	123	\$ 9,247,710	\$ 75,185	4.7%	0.7%
01/01/2017	126	\$ 9,667,989	\$ 76,730	2.1%	2.1%
01/01/2018	117	\$ 9,210,384	\$ 78,721	2.6%	2.1%
01/01/2019	123	\$ 10,080,796	\$ 81,958	4.1%	1.9%
01/01/2020	127	\$ 10,541,172	\$ 83,001	1.3%	2.3%
01/01/2021	123	\$ 10,557,428	\$ 85,833	3.4%	1.4%
01/01/2022	130	\$ 11,413,810	\$ 87,799	2.3%	7.0%

Valuation Date	Retirant and Beneficiary Data			Annual Allowances					Average Annual Allowances	% Increase in Annual Allowances	Retired Lives as Portion of Active Members	
	Number Added	Number Removed	Number	Added to Roll	Removed from Roll	COLA	Benefit Adjustment	Total			Number of Lives	Allowances / Active Pays
01/01/2013	5	1	164	\$ 139,802	\$ 12,893	\$ 125,694	N/A	\$ 4,315,575	\$ 26,314	6.2%	120.6%	45.2%
01/01/2014	8	2	170	\$ 225,224	\$ 41,543	\$ 135,223	N/A	\$ 4,634,479	\$ 27,262	7.4%	130.8%	50.2%
01/01/2015	11	5	176	\$ 351,316	\$ 102,383	\$ 146,509	\$ 148	\$ 5,030,069	\$ 28,580	8.5%	139.7%	55.6%
01/01/2016	11	6	181	\$ 447,519	\$ 151,316	\$ 159,718	\$ (2,190)	\$ 5,483,800	\$ 30,297	9.0%	147.2%	59.3%
01/01/2017	6	7	180	\$ 205,000	\$ 150,579	\$ 166,150	N/A	\$ 5,704,371	\$ 31,691	4.0%	142.9%	59.0%
01/01/2018	16	9	187	\$ 623,807	\$ 223,269	\$ 183,149	N/A	\$ 6,288,058	\$ 33,626	10.2%	159.8%	68.3%
01/01/2019	8	9	186	\$ 231,029	\$ 201,078	\$ 189,540	N/A	\$ 6,507,549	\$ 34,987	3.5%	151.2%	64.6%
01/01/2020	6	1	191	\$ 255,416	\$ 24,504	\$ 202,174	\$ 690	\$ 6,941,325	\$ 36,342	3.9%	150.4%	65.8%
01/01/2021	10	7	194	\$ 366,530	\$ 219,820	\$ 212,652	N/A	\$ 7,300,687	\$ 37,632	3.5%	157.7%	69.2%
01/01/2022	5	5	194	\$ 236,693	\$ 91,279	\$ 223,383	N/A	\$ 7,669,484	\$ 39,533	5.1%	149.2%	67.2%

ACTUARIAL SECTION

Solvency Test

Valuation Date	(1) Active Member Contributions	(2) Retirants and Beneficiaries	(3) Active Members (Employer Financed Portion)	Smoothed Actuarial Value of Assets	Portion of Accrued Liability Covered by Assets		
					(1)	(2)	(3)
01/01/2013	\$ 20,402	\$ 51,331,625	\$ 38,283,017	\$ 62,826,701	100.0%	100.0%	30.0%
01/01/2014	\$ 15,976	\$ 57,648,659	\$ 39,432,609	\$ 69,362,352	100.0%	100.0%	29.7%
01/01/2015	\$ 6,552	\$ 62,576,827	\$ 38,363,163	\$ 75,345,754	100.0%	100.0%	33.3%
01/01/2016	\$ 1,728	\$ 71,189,799	\$ 37,100,029	\$ 79,640,645	100.0%	100.0%	22.8%
01/01/2017	\$ 1,728	\$ 73,897,963	\$ 38,018,685	\$ 84,366,073	100.0%	100.0%	27.5%
01/01/2018	\$ 0	\$ 83,459,356	\$ 33,168,251	\$ 89,650,519	100.0%	100.0%	18.7%
01/01/2019	\$ 0	\$ 86,766,575	\$ 33,533,452	\$ 92,062,389	100.0%	100.0%	15.8%
01/01/2020	\$ 0	\$ 89,770,516	\$ 32,833,336	\$ 97,054,114	100.0%	100.0%	22.2%
01/01/2021	\$ 0	\$ 94,867,306	\$ 31,601,167	\$ 105,685,369	100.0%	100.0%	34.2%
01/01/2022	\$ 0	\$ 98,132,177	\$ 31,472,539	\$ 116,700,566	100.0%	100.0%	59.0%

Analysis of Financial Experience

Year	Gain (or Loss) During Year From Financial Experience	Gain (or Loss) During Year Due To Liabilities	Composite Gain (or Loss) During Year
2012	\$ (2,668,146)	\$ (564,103)	\$ (3,232,249)
2013	\$ 2,966,631	\$ 430,786	\$ 3,397,417
2014	\$ 2,065,609	\$ 393,272	\$ 2,458,881
2015	\$ 152,891	\$ (448,492)	\$ (295,601)
2016	\$ 350,662	\$ 791,434	\$ 1,142,096
2017	\$ 950,850	\$ (322,358)	\$ 628,492
2018	\$ (2,053,923)	\$ (40,060)	\$ (2,093,983)
2019	\$ 315,928	\$ (773,988)	\$ (458,060)
2020	\$ 3,880,419	\$ 453,528	\$ 4,333,947
2021	\$ 6,048,062	\$ 954,443	\$ 7,002,505

ACTUARIAL SECTION

Schedule of Funding Progress (in thousands)

Actuarial Valuation Date	Smoothed Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
01/01/2013	\$ 62,827	\$ 89,635	\$ 26,808	70.1%	\$ 9,558	280.5%
01/01/2014	\$ 69,362	\$ 97,097	\$ 27,735	71.4%	\$ 9,227	300.6%
01/01/2015	\$ 75,346	\$ 100,947	\$ 25,601	74.6%	\$ 9,047	283.0%
01/01/2016	\$ 79,641	\$ 108,292	\$ 28,651	73.5%	\$ 9,248	309.8%
01/01/2017	\$ 84,366	\$ 111,918	\$ 27,552	75.4%	\$ 9,668	285.0%
01/01/2018	\$ 89,651	\$ 116,628	\$ 26,977	76.9%	\$ 9,210	292.9%
01/01/2019	\$ 92,062	\$ 120,300	\$ 28,238	76.5%	\$ 10,081	280.1%
01/01/2020	\$ 97,054	\$ 122,604	\$ 25,550	79.2%	\$ 10,541	242.4%
01/01/2021	\$ 105,685	\$ 126,468	\$ 20,783	83.6%	\$ 10,557	196.9%
01/01/2022	\$ 116,701	\$ 129,605	\$ 12,904	90.0%	\$ 11,414	113.1%

ACTUARIAL SECTION

Summary of System Provisions and Changes

A. Effective Date

April 9, 1954, as amended and restated as of October 25, 2017, and further amended through Resolution No. 21-06 effective September 8, 2021.

B. Eligibility Requirements

All regular and permanent employees of the Utility Board shall become members of the System immediately upon completion of the probationary period. All regular and permanent employees of the Utility Board prior to October 2, 2003 became members of the System immediately upon employment. Elected Utility Board officials become members of the System immediately upon election.

C. Member Contributions

Eliminated effective October 1, 1985 (October 1, 1983 for management members).

D. Utility Board Contributions

The Utility Board shall contribute an amount that will be determined annually by decision of the Utility Board.

E. Credited Service

Credited service is service performed subject to a maximum of 30 years. However, any member with more than 30 years of credited service as of November 20, 1998 will be grandfathered under the prior 35 year cap.

F. Final Average Compensation

Final Average Compensation (FAC) equals the average annual pensionable earnings earned during a period of the five highest years out of the last ten years of service immediately preceding retirement. Pensionable earnings are calculated using the member's base hourly rate each pay period, multiplied by 80 hours, less any hours that are considered *leave without pay*.

ACTUARIAL SECTION

F. Final Average Compensation (cont'd)

Effective January 1, 2020, FAC equals the average of the pensionable earnings earned by a member during the highest 10,440 hours out of the last 20,880 hours of service (which shall be determined using the highest 130.5 payroll periods of the last 261 payroll periods) immediately preceding termination of service or retirement. Pensionable earnings are calculated using the member's base hourly rate in effect each pay period, multiplied by the corresponding hours earned during that pay period, less any hours that are considered *leave without pay* or are otherwise excluded from pensionable earnings.

G. Career Average Compensation

Career average compensation (CAC) means the average of the pensionable earnings earned by a member from date of participation to termination of service. Pensionable earnings are calculated using the member's base hourly rate each pay period, multiplied by the corresponding hours earned during that pay period, less any hours that are considered *leave without pay* or are otherwise excluded from pensionable earnings.

H. Normal Retirement

1. Eligibility

Earlier of:

- (a) Attainment of age 60 and completion of 10 years of credited service, attainment of age 60 if a System Member on or before November 13, 2008.
- (b) Completion of 30 years of credited service.

2. Benefit

For employees hired before June 1, 2010, 2.4% times FAC times years of credited service. For employees hired after May 31, 2010, 2.0% times CAC times years of credited service.

If you work beyond your normal retirement date, benefit as calculated for normal retirement based on credited service and FAC or CAC as of your late retirement date.

ACTUARIAL SECTION

I. Early Retirement

1. Eligibility

Earlier of:

- (a) Attainment of age 55 with completion of 10 years of credited service.
- (b) Completion of 20 years of credited service.

2. Benefit

Benefit as calculated for normal retirement based on credited service and FAC or CAC as of early retirement date. The member may elect to defer receipt of the benefit until the normal retirement date or alternatively, may elect a benefit reduced 5% for each year the benefit commencement date precedes normal retirement date.

J. Disability Benefit

1. Eligibility

Totally and permanently disabled as defined under the System and completion of ten years of credited service as of date of disability.

2. Benefit

For employees hired before June 1, 2010, benefit as calculated for normal retirement based on credited service and average basic compensation during the three years immediately preceding disability, minimum benefit of 20% of final three-year average basic compensation at date of disability.

For employees hired after May 31, 2010, benefit as calculated for normal retirement based on credited service and CAC as of date of disability, minimum benefit of 20% of CAC at date of disability.

These benefits will be offset by any benefits payable under Workers' Compensation or similar injury or disability benefit payments.

K. Pre-Retirement Death Benefit

In the case of death of a member while currently employed, the amount of the projected benefit which such member would have received had the member continued employment until normal retirement date at the current rate of pay shall be determined. For members currently employed beyond their normal retirement date, the projected benefit shall be equal to their accrued benefit at date of death.

ACTUARIAL SECTION

K. Pre-Retirement Death Benefit (cont'd)

Each System Member may elect survivor payment under Option 1 or Option 2, however, Option 2 is only available if the System Member has children less than 21 years of age (25 years of age provided the child is a full-time student in college or disabled under Social Security).

Option 1, 75% of the benefit calculated above payable during the remaining lifetime of the spouse or domestic partner.

Option 2, 100% of the benefit calculated above payable until the youngest child is 21 years of age (25 years of age provided the child is a full-time student in college or disabled under Social Security). Upon attainment of age 21 (25 years of age provided the child is a full-time student in college or disabled under Social Security) by the youngest child, 60% of the benefit calculated above payable during the remaining lifetime of the surviving spouse or domestic partner.

Notwithstanding the above, the minimum death benefit paid shall not be less than the accumulated employee contributions, if any, as of date of death.

L. Termination Benefit

Upon termination prior to normal or early retirement date a participant shall be entitled to choose (1) or (2) below, where:

(1) is a refund of member contributions plus 1% if termination with 5 years or less of service, or 3% if termination after 5 years of service; and,

(2) is (a) x (b), where (a) is the benefit as calculated for normal retirement, based on FAC or CAC and credited service at date of termination, and (b) is a percentage as shown on the following table:

<u>Years of Credited Service</u>	<u>Percentage</u>
Less than 5	0%
5	25%
6	30%
7	40%
8	60%
9	80%
10 or more	100%

ACTUARIAL SECTION

L. Termination Benefit (cont'd)

If this option is selected, unreduced vested benefits commence as of the terminated employee's normal retirement date. Alternatively, the member may elect to commence receiving a reduced vested benefit any time after early retirement eligibility requirements are met. Such benefit is reduced by 5% for each year that commencement of benefits proceeds the date that the member would have been eligible for normal retirement.

M. Normal Form of Payment

Monthly life annuity with final payment due in the month in which death occurs. Effective January 1, 1986, the monthly benefit is increased annually by 2%. Effective January 1, 2001, the monthly benefit is increased annually by 3%.

N. Changes since Last Actuarial Valuation

None affecting calculations.

O. Funding Policy

The Board of Trustees is responsible for establishing and maintaining the System's funding policy.

The actuarial cost method used for funding and accounting purposes is the Entry Age Actuarial Cost Method. This method was chosen based on the Board of Trustee's desire for a method which results in more stable funding for budgeting purposes.

The actuarial assumptions and methods used for funding and accounting purposes are the same with the exception of the asset valuation method. The method used for funding purposes is a five-year smoothed actuarial value of assets while the method used for accounting purposes is the fair market value of assets as required by the Government Accounting Standards Board (GASB).

RETIREMENT SYSTEM FOR GENERAL EMPLOYEES
UTILITY BOARD OF THE CITY OF KEY WEST

STATISTICAL SECTION

OVERVIEW

The statistical section presents additional information to provide financial statement users with added historical perspective, context and detail to assist in using the information in the financial statements, notes to the financial statements and required supplementary information to understand and assess the System's financial condition. The information is based upon information provided by the Utility Board for annual actuarial valuations.

Financial Trends

The schedules presented on pages E1 and E2 contain trend information to help the reader understand how the System's financial position has changed over time.

Operating Information

The schedules presented on pages E3 through E6 contain benefits, service and employer data to help the reader understand how the System's financial report relates to the services of the System and the activities it performs.

SCHEDULE OF CHANGES IN NET POSITION

<u>Calendar Year</u>	<u>Total Additions to System Net Position</u>	<u>Total Deductions from System Net Position</u>	<u>Changes in System Net Position</u>
2021	\$ 22,015,574	\$ 7,382,978	\$ 14,632,596
2020	\$ 19,211,759	\$ 6,940,746	\$ 12,271,013
2019	\$ 23,406,298	\$ 6,572,972	\$ 16,833,326
2018	\$ 2,214,222	\$ 6,351,405	\$ (4,137,183)
2017	\$ 16,495,052	\$ 5,782,147	\$ 10,712,905
2016	\$ 9,076,314	\$ 5,520,896	\$ 3,555,418
2015	\$ 3,102,647	\$ 5,107,473	\$ (2,004,826)
2014	\$ 7,420,949	\$ 4,749,352	\$ 2,671,597
2013	\$ 16,543,066	\$ 4,517,512	\$ 12,025,554
2012	\$ 10,674,733	\$ 4,170,455	\$ 6,504,278

STATISTICAL SECTION

SCHEDULE OF ADDITIONS BY SOURCE AND DEDUCTIONS BY TYPE OF SYSTEM ASSETS

Additions by Source

Calendar Year	Miscellaneous	Employer Contributions	Employer Contributions as a Percentage of Covered Payroll	Net Investment Income	Total
2021	\$ 41	\$ 4,681,720	41.0%	\$ 17,333,813	\$ 22,015,574
2020	\$ 0	\$ 4,596,321	43.5%	\$ 14,615,438	\$ 19,211,759
2019	\$ 0	\$ 4,468,689	42.4%	\$ 18,937,609	\$ 23,406,298
2018	\$ 0	\$ 4,175,289	44.3%	\$ (1,961,067)	\$ 2,214,222
2017	\$ 0	\$ 3,860,513	40.8%	\$ 12,634,539	\$ 16,495,052
2016	\$ 0	\$ 3,986,227	42.9%	\$ 5,090,087	\$ 9,076,314
2015	\$ 0	\$ 3,653,199	39.2%	\$ (550,552)	\$ 3,102,647
2014	\$ 0	\$ 3,511,645	39.2%	\$ 3,909,304	\$ 7,420,949
2013	\$ 0	\$ 3,628,209	39.6%	\$ 12,914,857	\$ 16,543,066
2012	\$ 0	\$ 3,356,361	36.1%	\$ 7,318,372	\$ 10,674,733

Deductions by Type

Calendar Year	Benefits	Administrative Expenses	Refunds	Total
2021	\$ 7,312,997	\$ 69,981	\$ 0	\$ 7,382,978
2020	\$ 6,882,561	\$ 58,185	\$ 0	\$ 6,940,746
2019	\$ 6,513,914	\$ 59,031	\$ 0	\$ 6,572,972
2018	\$ 6,275,076	\$ 76,329	\$ 0	\$ 6,351,405
2017	\$ 5,723,180	\$ 58,967	\$ 0	\$ 5,782,147
2016	\$ 5,462,925	\$ 57,971	\$ 0	\$ 5,520,896
2015	\$ 5,040,021	\$ 67,452	\$ 0	\$ 5,107,473
2014	\$ 4,673,833	\$ 75,519	\$ 0	\$ 4,749,352
2013	\$ 4,394,862	\$ 122,650	\$ 0	\$ 4,517,512
2012	\$ 4,125,823	\$ 44,632	\$ 0	\$ 4,170,455

STATISTICAL SECTION

Schedule of Benefit Expenses by Type

Year	Age & Service Benefits		Death in Service Benefits	Disability Benefits		Refunds		Total
	Retirants	Survivors		Retirants	Survivors	Death	Separation	
2012	\$ 3,534,852	\$ 236,410	\$ 89,374	\$ 192,161	\$ 73,026	\$ 0	\$ 0	\$ 4,125,823
2013	\$ 3,772,442	\$ 237,769	\$ 111,509	\$ 197,926	\$ 75,216	\$ 0	\$ 0	\$ 4,394,862
2014	\$ 4,016,746	\$ 250,642	\$ 125,108	\$ 203,864	\$ 77,473	\$ 0	\$ 0	\$ 4,673,833
2015	\$ 4,325,577	\$ 310,110	\$ 138,978	\$ 185,559	\$ 79,797	\$ 0	\$ 0	\$ 5,040,021
2016	\$ 4,755,198	\$ 322,623	\$ 131,955	\$ 171,431	\$ 81,718	\$ 0	\$ 0	\$ 5,462,925
2017	\$ 5,013,821	\$ 327,316	\$ 135,913	\$ 170,005	\$ 76,125	\$ 0	\$ 0	\$ 5,723,180
2018	\$ 5,635,016	\$ 283,212	\$ 115,519	\$ 175,105	\$ 66,224	\$ 0	\$ 0	\$ 6,275,076
2019	\$ 5,877,197	\$ 271,480	\$ 116,693	\$ 180,359	\$ 68,212	\$ 0	\$ 0	\$ 6,513,941
2020	\$ 6,229,874	\$ 276,466	\$ 120,194	\$ 185,770	\$ 70,257	\$ 0	\$ 0	\$ 6,882,561
2021	\$ 6,609,059	\$ 316,431	\$ 123,800	\$ 191,342	\$ 72,365	\$ 0	\$ 0	\$ 7,312,997

Based upon information reported by the Utility Board as compiled by the Actuary.

STATISTICAL SECTION

Schedule of Retired Members by Type of Benefit

Schedule of Retired Members by Type January 1, 2022

Amount of Monthly Benefit	Number of Retirants	Type of Retirement**						Option Selected #			
		1	2	3	4	5	6	Life	Opt. 1	Opt. 2	Opt. 3
Deferred	19	0	0	0	0	0	19	19	0	0	0
\$1 – 500	11	11	0	0	0	0	0	10	1	0	0
501 – 1,000	15	6	4	4	0	1	0	14	1	0	0
1,001 – 1,500	17	6	10	1	0	0	0	11	5	1	0
1,501 – 2,000	20	4	10	2	1	3	0	12	8	0	0
2,001 – 2,500	18	6	5	4	1	2	0	13	5	0	0
2,501 – 3,000	17	6	8	1	1	1	0	14	3	0	0
3,001 – 3,500	15	4	9	1	0	1	0	11	4	0	0
3,501 – 4,000	18	7	11	0	0	0	0	9	8	1	0
4,001 – 4,500	17	11	4	1	1	0	0	12	4	1	0
4,501 – 5,000	14	9	4	1	0	0	0	7	6	1	0
5,001 – 5,500	9	8	1	0	0	0	0	3	6	0	0
5,501 – 6,000	6	6	0	0	0	0	0	2	4	0	0
Over 6,000	17	14	3	0	0	0	0	9	7	1	0
Totals	213	98	69	15	4	8	19	146	62	5	0

**Type of Retirement

- 1 – Normal retirement for age & service
- 2 – Early retirement
- 3 – Survivor payment – normal or early retirement
- 4 – Survivor payment – death in service
- 5 – Disability retirement
- 6 – Former member with deferred future benefit

Option Selected

- Life – Normal form
- Opt. 1 – Joint & Survivor
- Opt. 2 – 10 years certain & life
- Opt. 3 – Years certain only

Based upon information reported by the Utility Board as compiled by the Actuary.

STATISTICAL SECTION

Schedule of Average Benefit Payments

RETIREMENT EFFECTIVE DATES For Fiscal Years ended December 31:	YEARS OF CREDITED SERVICE						
	0 - 5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30	30 +
2012							
Average Monthly Benefit	\$ 0	\$ 0	\$ 1,958	\$ 0	\$ 2,738	\$ 2,957	\$ 3,143
Average Final Average Salary	0	0	6,752	0	7,820	5,828	5,822
Number of Active Retirants	0	0	1	0	1	1	1
2013							
Average Monthly Benefit	\$ 0	\$ 0	\$ 1,977	\$ 553	\$ 3,695	\$ 2,980	\$ 3,502
Average Final Average Salary	0	0	7,991	1,442	7,730	5,332	5,795
Number of Active Retirants	0	0	1	1	1	3	1
2014							
Average Monthly Benefit	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,970	\$ 5,178	\$ 5,398
Average Final Average Salary	0	0	0	0	5,418	7,926	8,012
Number of Active Retirants	0	0	0	0	1	1	3
2015							
Average Monthly Benefit	\$ 0	\$ 0	\$ 0	\$ 2,036	\$ 0	\$ 4,301	\$ 4,977
Average Final Average Salary	0	0	0	6,532	0	7,292	7,338
Number of Active Retirants	0	0	0	1	0	3	4
2016							
Average Monthly Benefit	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,799	\$ 3,474	\$ 0
Average Final Average Salary	0	0	0	0	6,050	5,654	0
Number of Active Retirants	0	0	0	0	2	3	0

Based upon information reported by the Utility Board as compiled by the Actuary.

STATISTICAL SECTION

Schedule of Average Benefit Payments (Continued)

RETIREMENT EFFECTIVE DATES	YEARS OF CREDITED SERVICE						
For Fiscal Years ended December 31:	0 - 5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30	30 +
2017							
Average Monthly Benefit	\$ 0	\$ 0	\$ 1,301	\$ 2,241	\$ 4,071	\$ 3,985	\$ 4,814
Average Final Average Salary	0	0	5,982	5,697	8,481	6,556	7,123
Number of Active Retirants	0	0	2	2	1	4	5
2018							
Average Monthly Benefit	\$ 0	\$ 0	\$ 507	\$ 0	\$ 0	\$ 3,765	\$ 4,277
Average Final Average Salary	0	0	1,658	0	0	5,752	6,290
Number of Active Retirants	0	0	1	0	0	2	2
2019							
Average Monthly Benefit	\$ 0	\$ 0	\$ 2,510	\$ 0	\$ 3,735	\$ 4,426	\$ 6,090
Average Final Average Salary	0	0	7,892	0	6,916	6,914	9,042
Number of Active Retirants	0	0	1	0	1	2	1
2020							
Average Monthly Benefit	\$ 0	\$ 0	\$ 929	\$ 0	\$ 0	\$ 6,002	\$ 5,181
Average Final Average Salary	0	0	3,441	0	0	9,532	7,574
Number of Active Retirants	0	0	2	0	0	1	3
2021							
Average Monthly Benefit	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,733	\$ 6,679	\$ 0
Average Final Average Salary	0	0	0	0	8,930	10,282	0
Number of Active Retirants	0	0	0	0	1	2	0
From January 1, 2012 through December 31, 2021							
Average Monthly Benefit	\$ 0	\$ 0	\$ 1,427	\$ 1,768	\$ 3,318	\$ 4,186	\$ 4,850
Average Final Average Salary	0	0	5,392	4,842	7,174	6,829	7,248
Number of Active Retirants	0	0	8	4	8	22	20

Based upon information reported by the Utility Board as compiled by the Actuary.