BOARD OF TRUSTEES MEETING

UNIFORM & NON-UNIFORM PENSION PLANS

The meeting will be held via WebEx and in the

CITY OF OVERLAND COUNCIL CHAMBERS

9119 LACKLAND ROAD, OVERLAND, MO 63114

THURSDAY, OCTOBER 27, 2022, at 1:30 p.m.

TENTATIVE AGENDA

1:30 p.m. – Joint Boards of Trustees

1. Call to Order
2. Roll Call
3. Approval of Minutes
   - Joint Board of Trustees Meeting – August 9, 2022
4. Approval of Bills
   - Fiduciary Liability Insurance
5. Staff Report
   - Non-Uniform - Retirement Application
6. Legal Counsel Report
   - Fiduciary Responsibility
7. Financial Advisor Report
8. Discussion
   - Next Joint Boards of Trustees Meeting Date
9. Adjournment

Police Pension Board of Trustees Work Session – *immediately following Joint Meeting*

1. Discussion: Police Pension Changes & Funding

CITY OF OVERLAND
JOINT PENSION BOARD MEETING MINUTES
CITY COUNCIL CHAMBERS
August 9, 2022, at 1:30 p.m.

Mayor Marty Little called the meeting to order at 1:30 p.m.

ROLL CALL

Scott Pope
Julie Drew
Mark Giroux
Ken Crowder
Mayor Marty Little

Stephen Boyce
Sgt. Lydon
Lt. Carollo
Chief Mackey

APPROVAL OF MINUTES

Joint Boards of Trustees Quarterly Meeting – May 10, 2022

Mr. Ken Crowder made a motion to approve the minutes of the May 10, 2022, Joint Boards of Trustees Quarterly Meeting. Mr. Scott Pope seconded. The vote was recorded as follows: Pope – "yes," Drew – "yes," Giroux – "yes," Crowder – "yes," Mayor Little – "yes," Lt. Carollo – "yes," and Chief Mackey – "yes." Motion carried.

Police Pension Work Session – May 10, 2022

Chief Mackey made a motion to approve the minutes of May 10, 2022, Police Pension Board Work Session. Mr. Crowder seconded. The vote was recorded as follows: Giroux – "yes," Crowder – "yes," Mayor Little – "yes," Lt. Carollo – "yes," and Chief Mackey – "yes." Motion carried.

Police Pension Work Session – June 2, 2022

Chief Mackey made a motion to approve the minutes of June 2, 2022, Police Pension Board Work Session. Mr. Crowder seconded. The vote was recorded as follows: Giroux – "yes," Crowder – "yes," Mayor Little – "yes," Lt. Carollo – "yes," and Chief Mackey – "yes." Motion carried.

Police Pension Work Session – July 26, 2022

Chief Mackey made a motion to approve the minutes of July 26, 2022, Police Pension Board Work Session. Mayor Little seconded. The vote was recorded as follows: Giroux – "yes," Crowder – "yes," Mayor Little – "yes," Lt. Carollo – "yes," and Chief Mackey – "yes." Motion carried.

APPROVAL OF BILLS

Non-Uniform Bills

Mr. Pope made a motion to approve the payment of bills in the amount of $18,607.97. Mrs. Julie Drew seconded. The vote was recorded as follows: Pope – "yes," Drew – "yes," Giroux – "yes," Crowder – "yes," and Mayor Little – "yes." Motion carried.

Police Bills

Mr. Crowder made a motion to approve the payment of bills in the amount of $23,376.23. Chief Mackey seconded. The vote was recorded as follows: Giroux – "yes," Crowder – "yes," Mayor Little – "yes," Lt. Carollo – "yes," and Chief Mackey – "yes." Motion carried.

STAFF REPORT

- Due to a formula error, a correction is required for the totals on the bill report previously approved for payment on May 10, 2022.
    - Non-uniform corrected amount is $10,331.18
    - Police corrected amount is $15,001.53
- Non-Uniform Retirement Application – Mitchell Karnes, effective September 1, 2022
  Mr. Mark Giroux made a motion to approve the pension benefit. Mr. Pope seconded. The vote was recorded as follows: Pope – "yes," Drew – "yes," Giroux – "yes," Crowder – "yes," and Mayor Little – "yes." Motion carried.
- Fiduciary Insurance will expire in early November 2022. Application will be prepared for City Treasurer in the coming weeks.

ACTUARY REPORT: Non-Uniform Plan
Michael Sudduth, Milliman, presented the Actuarial Valuation of the Non-Uniform Pension Plan as of April 1, 2022.

LEGAL COUNSEL REPORT
Heather Mehta, Greensfelder, announced there have been no legislative changes. The firm will be hosting trustee training in November 2022.

FINANCIAL ADVISOR REPORT
Alex Nixon, ACG, review the second quarter investment returns.

DISCUSSION
Next Joint Quarterly Meeting is scheduled for Thursday, October 27, 2022, at 1:30 p.m.

Police Pension Plan Amendment Status
City Clerk Burton advised there is an issue with the proposed calculation factor of 2.35 percent for the new tier effective December 1, 2022. The calculation factor of 2.35 percent would provide for a higher benefit for an individual retiring at 25 years on the new tier, than someone who retires at 25 years on the current police plan.

Staff recommendation is to retain the current calculation factors; 2.5 percent for the first twenty years of service, and 1.5 percent for years of service over twenty. Trustees have already approved setting the maximum benefit to 60 percent of Average Monthly Compensation at retirement.

ADJOURNMENT
There being no further business to discuss, Mr. Scott Pope made a motion to adjourn. Mr. Mark Giroux seconded. The vote was recorded as follows: Pope – "yes," Drew – "yes," Giroux – "yes," Crowder – "yes," Mayor Little – "yes," Lt. Carollo – "yes," and Chief Mackey – "yes." Motion carried.

October 2022 - Bills

Bill Date	Payee	Description	Amount
10/3/2022	ACG	Investment Consulting Services through 9/30/2022	$ 6,250.00
10/7/2022	Greensfelder	Legal services through 9/30/2022	$ 301.00
10/25/2022	US Bank	Administrative Fees for 3Q/2022	$ 1,366.23
		Total Non-Uniform Pension Bills Due	**$ 7,917.23**

ACG | ASSET CONSULTING GROUP

231 South Bemiston Avenue
14th Floor
Saint Louis, Missouri 63105
Ph 314.862.4848
Fax 314.862.5967
www.acgnet.com

October 3, 2022

City of Overland Police/Non-Uniformed
Melissa Burton, City Clerk
9119 Lackland Road
Overland, MO 63114

Invoice #: 11064

Based on Annual Fee Amount of $50,000.00

Professional Fees for Investment Consulting for the Period
July 1, 2022 through September 30, 2022.

$12,500.00

Please remit payment within 15 days

Remit Check to:
Asset Consulting Group, LLC
Attention: Accounts Receivable
231 S. Bemiston, 14th Floor
St. Louis, MO 63105
Federal ID #26-0887580

By ACH/Wire:
Asset Consulting Group, LLC
BMO Harris Bank
Acct # 179-051-8
ABA # 071-000-288
Invoice #11064

Client Copy

GREENSFELDER
ATTORNEYS AT LAW

Greensfelder, Hemker & Gale, PC
10 South Broadway
Suite 2000
St. Louis, MO 63102
T: 314-241-9090
F: 314-241-8624

FEIN: 43-1313567

CONFIDENTIAL

City of Overland
Melissa J. Burton
City Clerk
9119 Lackland Road
Overland, MO 63114

October 7, 2022

20553
Invoice No. 739070

For legal services rendered through September 30, 2022

20553.031 **Non-Uniform Pension**

09/01/22	H. Mehta	Review application to renew fiduciary insurance.	0.2	86.00
09/22/22	H. Mehta	Review email from M. Burton regarding overpayment to beneficiary who passed away; draft email to Ms. Burton regarding how to handle recouping overpayment.	0.5	215.00
		Total Hours:	0.7	
	TOTAL LEGAL FEES			**301.00**

usbank

MK-WI-S300
1555 N. RiverCenter Dr. Ste 300
Milwaukee, WI 53212

Billing period:	07/01/2022 - 09/30/2022
Invoice Number:	13467183
Invoice Date:	10/25/2022
Account Number:	001050986242
Direct Inquiries To:	MEGAN NAREY
Phone:	651-466-6226

CITY OF OVERLAND NON UNI PEN - MF

Accounts Included In This Relationship: 001050986242

CURRENT CHARGES SUMMARIZED FOR ENTIRE RELATIONSHIP

Detail of Current Charges	Volume	Rate	Portion of Year	Total Fees
ADM004 ADMIN FEE - MV	10,988,887.70	0.0005	25.00%	$1,373.61
Subtotal Administrative Fees				**$1,373.61**
EXTR1 MISCELLANEOUS SERVICE MV Credit				($7.38)
Subtotal Other Services Fees				**($7.38)**
TOTAL AMOUNT DUE				**$1,366.23**

The fees shown on this invoice are reflective of the most recent fee schedule or notice of fee adjustment provided by U.S. Bank.

Milliman

CITY OF OVERLAND, MISSOURI
NON-UNIFORMED EMPLOYEES' RETIREMENT PLAN

GASB 67 and 68 DISCLOSURE
Fiscal Year: July 1, 2021 to June 30, 2022

Prepared by

Michael A. Sudduth, FSA
Consulting Actuary

Milliman, Inc.
500 North Broadway, Suite 1750
St. Louis, MO 63102
Tel +1 314 231 3031
Fax +1 314 231 0249
milliman.com

October 17, 2022

Table of Contents

Certification

Actuarial computations presented in this report under Statements No. 67 and 68 of the Governmental Accounting Standards Board are for purposes of assisting the City in fulfilling its financial accounting requirements. No attempt is being made to offer any accounting opinion or advice. This report is for fiscal year July 1, 2021 to June 30, 2022. The reporting date for determining plan assets and obligations is March 31, 2022. The calculations enclosed in this report have been made on a basis consistent with our understanding of the plan provisions. Determinations for purposes other than meeting financial reporting requirements may be significantly different than the results contained in this report. Accordingly, additional determinations may be needed for other purposes, such as judging benefit security or meeting employer funding requirements.

In preparing this report, we relied, without audit, on information as of April 1, 2022 and March 31, 2022 furnished by the City. This information includes, but is not limited to, statutory provisions, member census data, and financial information. The membership as of April 1, 2022 includes 39 active participants, 1 terminated vested and other inactive participants, and 63 retirees and beneficiaries. Please see Milliman's funding valuation report dated May 23, 2022 for more information on the plan's participant group as of April 1, 2022 as well as a summary of the plan provisions and a summary of the actuarial methods and assumptions used for funding purposes.

We performed a limited review of the census and financial information used directly in our analysis and have found them to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete our results may be different and our calculations may need to be revised.

We hereby certify that, to the best of our knowledge, this report, including all costs and liabilities based on actuarial assumptions and methods, is complete and accurate and determined in conformance with generally recognized and accepted actuarial principles and practices, which are consistent with the Actuarial Standards of Practice promulgated by the Actuarial Standards Board and the applicable Guides to Professional Conduct, amplifying Opinions and supporting Recommendations of the American Academy of Actuaries.

Each of the assumptions used in this valuation with the exception of those set by law was set based on industry standard published tables and data, the particular characteristics of the plan, relevant information from the plan sponsor or other sources about future expectations, and our professional judgment regarding future plan experience. We believe the assumptions are reasonable for the contingencies they are measuring, and are not anticipated to produce significant cumulative actuarial gains or losses over the measurement period. The valuation results were developed using models intended for valuations that use standard actuarial techniques.

This valuation report is only an estimate of the Plan's financial condition as of a single date. It can neither predict the Plan's future condition nor guarantee future financial soundness. Actuarial valuations do not affect the ultimate cost of Plan benefits, only the timing of Plan contributions. While the valuation is based on an array of individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. No one set of assumptions is uniquely correct. Determining results using alternative assumptions is outside the scope of our engagement.

Certification

Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as, but not limited to, the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of the actuarial assignment, we did not perform an analysis of the potential range of such future measurements.

Milliman's work is prepared solely for the internal use and benefit of the City of Overland, MO. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exceptions: (a) the Plan Sponsor may provide a copy of Milliman's work, in its entirety, to the Plan Sponsor's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the City; and (b) the Plan Sponsor may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law.

No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their specific needs.

The consultants who worked on this assignment are pension actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

The signing actuaries are independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and has been prepared in accordance with generally recognized accepted actuarial principles and practices. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

Michael A. Sudduth, FSA
Consulting Actuary

Overview of GASB 67 and GASB 68

The Governmental Accounting Standards Board (GASB) released new accounting standards for public pension plans and participating employers in 2012. These standards, GASB Statements No. 67 and 68, have substantially revised the accounting requirements previously mandated under GASB Statements No. 25 and 27. The most notable change is the distinct separation of funding from financial reporting. The Annual Required Contribution (ARC) has been eliminated under GASB 67 and 68 and is no longer relevant for financial reporting purposes. As a result, plan sponsors have been encouraged to establish a formal funding policy that is separate from financial reporting calculations.

GASB 67 applies to financial reporting for public pension plans and is required to be implemented for plan fiscal years beginning after June 15, 2013. Note that a plan's fiscal year might not be the same as the employer's fiscal year. Even if the plan does not issue standalone financial statements, but rather is considered a pension trust fund of a government, it is subject to GASB 67. Under GASB 67, enhancements to the financial statement disclosures are required, along with certain required supplementary information.

GASB 68 governs the specifics of accounting for public pension plan obligations for participating employers and is required to be implemented for employer fiscal years beginning after June 15, 2014. GASB 68 requires a liability for pension obligations, known as the Net Pension Liability, to be recognized on the balance sheets of participating employers. Changes in the Net Pension Liability will be immediately recognized as Pension Expense on the income statement or reported as deferred inflows/outflows of resources depending on the nature of the change.

Executive Summary

Relationship Between Valuation Date, Measurement Date, and Reporting Date

The Valuation Date is April 1, 2022. This is the date as of which the actuarial valuation is performed. The Measurement Date is March 31, 2022. This is the date as of which the net pension liability is determined. The Reporting Date is June 30, 2022. This is the plan's and/or employer's fiscal year ending date.

Significant Changes

There have been no significant changes between the valuation date and fiscal year end.

Schedule of Employer Contributions

Fiscal Year Ending June 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2013	$334,634	$334,634	$0	$1,952,243	17.14%
2014	317,872	317,872	0	2,045,749	15.54%
2015	445,385	445,385	0	2,060,955	21.61%
2016	598,488	598,488	0	1,994,469	30.01%
2017	591,301	591,301	0	2,120,880	27.88%
2018	537,996	537,996	0	1,938,650	27.75%
2019	528,924	528,924	0	2,120,659	24.94%
2020	474,035	474,035	0	1,984,925	23.88%
2021	460,488	460,488	0	1,933,434	23.82%
2022	515,661	515,661	0	1,913,262	26.95%

Actuarial Methods and Assumptions Used for Funding Policy

The following actuarial methods and assumptions were used in the April 1, 2022 funding valuation. Please see the valuation report dated May 23, 2022 for further details.

Valuation Timing	Actuarially determined contribution rates are calculated as of March 31, fifteen months prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Aggregate Cost Method
Amortization Method	
Level percent or level dollar	N/A
Closed, open, or layered periods	N/A
Amortization period at 04/01/2022	N/A
Amortization growth rate	N/A
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	2.35%
Salary Increases	3.50%
Investment Rate of Return	6.75%
Cost of Living Adjustments	1.50%

Retirement Age

Age	Percentage Retiring In the next year
40-59	3%
60	50%
61	30%
62	30%
63	30%
64	30%
65+	100%

Turnover	Crocker-Sarason T9 Table
Mortality	Pub-2010 General Headcount-Weighted (Healthy and Disabled) with generational projection per MP-2020 for healthy participants

Statement of Fiduciary Net Position

	March 31, 2021	March 31, 2022
Assets		
Cash and Short Term Investments	$172,414	$249,837
Investments at Fair Market Value	13,799,578	13,480,391
Accrued Interest Receivable	0	0
Due from Other Funds	0	0
Total assets	13,971,992	13,730,228
Liabilities		
Accounts Payable	0	0
Total liabilities	0	0
Net position restricted for pensions	$13,971,992	$13,730,228

Statement of Changes in Fiduciary Net Position

	March 31, 2022
Additions	
Member contributions	$111,238
Employer contributions	515,661
Total contributions	626,899
Investment income (loss):	
Net increase in fair value of investments	305,821
Total additions	932,720
Deductions	
Employee Benefit Distributions	1,105,209
Administrative expenses	69,275
Total deductions	1,174,484
Net increase (decrease)	(241,764)
Net position restricted for pensions	
Beginning of year (March 31, 2021)	13,971,992
End of year (March 31, 2022)	$13,730,228

Money-Weighted Rate of Return

Fiscal Year Ending June 30	Net Money-Weighted Rate of Return
2013	0.00%
2014	0.00%
2015	5.70%
2016	-1.54%
2017	10.49%
2018	10.12%
2019	3.72%
2020	-5.74%
2021	36.69%
2022	2.25%

Calculation of Money-Weighted Rate of Return

The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the beginning of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated net of investment expenses.

	Net External Cash Flows	Periods Invested	Period Weight	Net External Cash Flows With Interest
Beginning Value	$13,971,992	12.00	1.00	$14,286,263
Monthly net external cash flows:				
April	(81,629)	12.00	1.00	(83,465)
May	(61,718)	11.00	0.92	(62,994)
June	(62,197)	10.00	0.83	(63,356)
July	(77,673)	9.00	0.75	(78,979)
August	(131,595)	8.00	0.67	(133,571)
September	60,335	7.00	0.58	61,118
October	(118,249)	6.00	0.50	(119,571)
November	61,219	5.00	0.42	61,794
December	(113,880)	4.00	0.33	(114,719)
January	61,382	3.00	0.25	61,724
February	(142,531)	2.00	0.17	(143,071)
March	58,950	1.00	0.08	59,055
Ending Value	13,730,228			13,730,228
Money-Weighted Rate of Return	2.25%			

Long-Term Expected Rate of Return

The assumption for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice as of June 30, 2022.

Asset Class	Index	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
US Core Fixed Income	Barclays Aggregate	40.00%	1.51%	1.40%
US Large Caps	S&P 500	25.00%	4.80%	3.31%
US Small & Mid Caps	Russell 2500	15.00%	5.99%	3.65%
Foreign Developed Equity	MSCI EAFE NR	20.00%	6.12%	4.39%
Assumed Inflation - Mean			2.35%	2.35%
Assumed Inflation - Standard Deviation			1.25%	1.25%
Portfolio Real Mean Return			4.54%	3.92%
Portfolio Nominal Mean Return			6.89%	6.38%
Portfolio Standard Deviation				10.63%
Long-Term Expected Rate of Return				**6.75%**

Depletion Date Projection

GASB 67 and 68 generally require that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 67 and 68 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 67 and 68 (paragraph 29) do allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for the City of Overland, MO:

- The City of Overland, MO has at least a 5-year history of paying at least 100% of the Actuarially Determined Contribution (previously termed the Annual Required Contribution).

- The Actuarially Determined Contribution is based on a closed amortization period, which means that payment of the Actuarially Determined Contribution each year will bring the plan to a 100% funded position by the end of the amortization period.

- GASB 67 and 68 specify that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our professional opinion that the detailed depletion date projections outlined in GASB 67 and 68 will show that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Net Pension Liability

Net Pension Liability	**March 31, 2021**	**March 31, 2022**
Total pension liability	$15,500,580	$16,376,178
Fiduciary net position	13,971,992	13,730,228
Net pension liability	1,528,588	2,645,950
Fiduciary net position as a % of total pension liability	90.14%	83.84%
Covered payroll	1,933,434	1,913,262
Net pension liability as a % of covered payroll	79.06%	138.30%

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date. There have been no significant changes between the valuation date and the fiscal year end. Any significant changes during this period must be reflected as prescribed by GASB 67 and 68.

Discount Rate

Discount rate	6.75%	6.75%
Long-term expected rate of return, net of investment expense	6.75%	6.75%
Municipal bond rate	N/A	N/A

The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Other Key Actuarial Assumptions

The actuarial assumptions that determined the total pension liability as of March 31, 2022 were based on the results of an actuarial experience study for the period April 1, 2008 - March 31, 2013, with subsequent adjustments to mortality and discount rate.

Valuation date	April 1, 2021	April 1, 2022
Measurement date	March 31, 2021	March 31, 2022
Actuarial cost method	Entry Age Normal	Entry Age Normal
Inflation	2.50%	2.35%
Salary increases including inflation	3.50%	3.50%
Mortality	Pub-2010 General Headcount-Weighted (Healthy and Disabled) with generational projection per MP-2020 for healthy participants	Pub-2010 General Headcount-Weighted (Healthy and Disabled) with generational projection per MP-2020 for healthy participants

Please see Milliman's funding valuation report dated May 23, 2022 for more detail.

Changes in Net Pension Liability

Changes in Net Pension Liability	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of June 30, 2021	$15,500,580	$13,971,992	$1,528,588
Changes for the year:			
Service cost	280,941		280,941
Interest on total pension liability	1,046,289		1,046,289
Effect of plan changes	0		0
Effect of economic/demographic gains or losses	653,577		653,577
Effect of assumptions changes or inputs	0		0
Benefit payments	(1,105,209)	(1,105,209)	0
Employer contributions		515,661	(515,661)
Member contributions		111,238	(111,238)
Net investment income		305,821	(305,821)
Administrative expenses		(69,275)	69,275
Balances as of June 30, 2022	16,376,178	13,730,228	2,645,950

Sensitivity Analysis

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate.

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Total pension liability	$18,430,013	$16,376,178	$14,677,957
Fiduciary net position	13,730,228	13,730,228	13,730,228
Net pension liability	4,699,785	2,645,950	947,729

Schedule of Changes in Net Pension Liability and Related Ratios
(in 1,000s)

	Fiscal Year Ending June 30									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total Pension Liability										
Service cost	$281	$278	$292	$276	$280	$295	$308	$291	N/A	N/A
Interest on total pension liability	1,046	1,023	978	967	971	959	923	913	N/A	N/A
Effect of plan changes	0	0	0	0	0	(201)	0	0	N/A	N/A
Effect of economic/demographic gains or losses	654	96	(72)	(293)	(358)	(116)	112	(268)	N/A	N/A
Effect of assumption changes or inputs	0	350	327	0	0	0	0	0	N/A	N/A
Benefit payments	(1,105)	(861)	(887)	(782)	(950)	(762)	(837)	(788)	N/A	N/A
Net change in total pension liability	876	885	638	167	(57)	175	506	148	N/A	N/A
Total pension liability, beginning	15,501	14,615	13,978	13,811	13,868	13,693	13,187	13,039	N/A	N/A
Total pension liability, ending (a)	16,376	15,501	14,615	13,978	13,811	13,868	13,693	13,187	N/A	N/A
Fiduciary Net Position										
Employer contributions	$516	$460	$474	$529	$538	$591	$598	$445	N/A	N/A
Member contributions	111	120	128	126	127	125	128	131	N/A	N/A
Net investment income	306	3,772	(644)	412	1,043	998	(151)	547	N/A	N/A
Benefit payments	(1,105)	(861)	(887)	(782)	(950)	(762)	(837)	(788)	N/A	N/A
Administrative expenses	(69)	(54)	(54)	(64)	(56)	(59)	(58)	(72)	N/A	N/A
Net change in plan fiduciary net position	(242)	3,437	(983)	220	702	894	(320)	263	N/A	N/A
Fiduciary net position, beginning	13,972	10,535	11,518	11,298	10,595	9,702	10,021	9,758	N/A	N/A
Fiduciary net position, ending (b)	13,730	13,972	10,535	11,518	11,298	10,595	9,702	10,021	N/A	N/A
Net pension liability, ending = (a) - (b)	$2,646	$1,529	$4,081	$2,460	$2,513	$3,273	$3,992	$3,165	N/A	N/A
Fiduciary net position as a % of total pension liability	83.84%	90.14%	72.08%	82.40%	81.80%	76.40%	70.85%	76.00%	N/A	N/A
Covered payroll	$1,913	$1,933	$1,985	$2,121	$1,939	$2,121	$1,994	$2,061	N/A	N/A
Net pension liability as a % of covered payroll	138.30%	79.06%	205.57%	115.98%	129.65%	154.32%	200.13%	153.59%	N/A	N/A

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported.

Pension Expense

Pension Expense	July 1, 2020 to June 30, 2021	July 1, 2021 to June 30, 2022
Service cost	$277,664	$280,941
Interest on total pension liability	1,023,083	1,046,289
Effect of plan changes	0	0
Administrative expenses	54,082	69,275
Member contributions	(119,894)	(111,238)
Expected investment return net of investment expenses	(725,925)	(924,930)
Recognition of Deferred Inflows/Outflows of Resources		
Recognition of economic/demographic gains or losses	(144,159)	111,229
Recognition of assumption changes or inputs	159,657	159,657
Recognition of investment gains or losses	(374,130)	(185,756)
Pension Expense	150,378	445,467

As of June 30, 2022, the deferred inflows and outflows of resources are as follows:

Deferred Inflows / Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	($23,009)	$530,607
Changes of assumptions	0	283,244
Net difference between projected and actual earnings	(682,155)	0
Contributions made subsequent to measurement date	0	0
Total	(705,164)	813,851

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	$215,514
2024	106,264
2025	(336,912)
2026	123,821
2027	0
Thereafter*	0

* Note that additional future deferred inflows and outflows of resources may impact these numbers.

Schedule of Deferred Inflows and Outflows of Resources

	Original Amount	Date Established	Original Rec. Period*	Amount Recognized in Pension Expense for FYE 06/30/2022	Amount Recognized in Pension Expense through 06/30/2022	Balance of Deferred Inflows as of 06/30/2022	Balance of Deferred Outflows as of 06/30/2022
Economic/ demographic gains or losses	$653,577	6/30/2022	3.8	$171,994	$171,994	$0	$481,583
	95,712	6/30/2021	4.1	23,344	46,688	0	49,024
	(72,317)	6/30/2020	4.4	(16,436)	(49,308)	(23,009)	0
	(293,252)	6/30/2019	3.9	(67,673)	(293,252)	0	0
	0	6/30/2018	0.0	0	0	0	0
		Total		111,229	(123,878)	(23,009)	530,607
Assumption changes or inputs	349,831	6/30/2021	4.1	85,325	170,650	0	179,181
	327,059	6/30/2020	4.4	74,332	222,996	0	104,063
		Total		159,657	393,646	0	283,244
Investment gains or losses	619,109	6/30/2022	5.0	123,822	123,822	0	495,287
	(3,045,984)	6/30/2021	5.0	(609,197)	(1,218,394)	(1,827,590)	0
	1,439,086	6/30/2020	5.0	287,817	863,451	0	575,635
	372,557	6/30/2019	5.0	74,511	298,044	0	74,513
	(313,553)	6/30/2018	5.0	(62,709)	(313,553)	0	0
		Total		(185,756)	(246,630)	(1,827,590)	1,145,435
Total for economic/demographic gains or losses and assumption changes or inputs						(23,009)	813,851
Net deferred (inflows)/outflows for investment gains or losses						(682,155)	0
Total deferred (inflows)/outflows						(705,164)	813,851
Total net deferrals							108,687

* Investment (gains)/losses are recognized in pension expense over a period of five years; economic/demographic (gains)/losses and assumption changes or inputs are recognized over the average remaining service life for all active and inactive members.

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Deferred (Inflows)	Deferred Outflows	Net Investment (Inflows)/ Outflows	Net Deferrals	Net Pension Liability plus Net Deferrals	Annual Expense
Balances as of June 30, 2021	($15,500,580)	$13,971,992	($1,528,588)	($107,118)	$515,269	($1,487,020)	($1,078,869)	($2,607,457)	
Service cost	(280,941)		(280,941)						280,941
Interest on total pension liability	(1,046,289)		(1,046,289)						1,046,289
Effect of plan changes	0		0						0
Effect of liability gains or losses	(653,577)		(653,577)		653,577		653,577		
Effect of assumption changes or inputs	0		0				0		
Benefit payments	1,105,209	(1,105,209)	0						
Administrative expenses		(69,275)	(69,275)						69,275
Member contributions		111,238	111,238						(111,238)
Expected net investment income		924,930	924,930						(924,930)
Investment gains or losses		(619,109)	(619,109)			619,109	619,109		
Employer contributions		515,661	515,661					515,661	
Recognition of liability gains or losses				84,109	(195,338)		(111,229)		111,229
Recognition of assumption changes or inputs					(159,657)		(159,657)		159,657
Recognition of investment gains or losses						185,756	185,756		(185,756)
Annual expense								(445,467)	445,467
Balances as of June 30, 2022	(16,376,178)	13,730,228	(2,645,950)	(23,009)	813,851	(682,155)	108,687	(2,537,263)	

Glossary

Actuarially Determined Contribution	A target or recommended contribution to a defined benefit pension plan for the reporting period, determined based on the funding policy and most recent measurement available when the contribution for the reporting period was adopted.
Deferred Inflows/Outflows of Resources	Portion of changes in net pension liability that is not immediately recognized in Pension Expense. These changes include differences between expected and actual experience, changes in assumptions, and differences between expected and actual earnings on plan investments.
Discount Rate	Single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the sum of: 1) The actuarial present value of benefit payments projected to be made in future periods where the plan assets are projected to be sufficient to meet benefit payments, calculated using the Long-Term Expected Rate of Return. 2) The actuarial present value of projected benefit payments not included in (1), calculated using the Municipal Bond Rate.
Fiduciary Net Position	Equal to market value of assets.
Long-Term Expected Rate of Return	Long-term expected rate of return on pension plan investments expected to be used to finance the payment of benefits, net of investment expenses.
Money-Weighted Rate of Return	The internal rate of return on pension plan investments, net of investment expenses.
Municipal Bond Rate	Yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.
Net Pension Liability	Total Pension Liability minus the Plan's Fiduciary Net Position (unfunded accrued liability).
Projected Benefit Payments	All benefits estimated to be payable through the pension plan to current active and inactive employees as a result of their past service and expected future service.
Service Cost	The portion of the actuarial present value of projected benefit payments that is attributed to a valuation year.
Total Pension Liability	The portion of actuarial present value of projected benefit payments that is attributable to past periods of member service using the Entry Age Normal cost method based on the requirements of GASB 67 and 68.