

**St. Johns River Power Park System  
Employees' Retirement Plan**

**Financial Statements**

**For the Year Ended  
September 30, 2023**

**St. Johns River Power Park System  
Employees' Retirement Plan  
Financial Statements  
September 30, 2023**

**TABLE OF CONTENTS**

Report of Independent Auditors .....	1
Management's Discussion and Analysis .....	3
Financial Statements:	
Statement of Fiduciary Net Position.....	4
Statement of Changes in Fiduciary Net Position .....	5
Notes to the Financial Statements .....	6
Required Supplementary Information:	
Schedule of Changes in Net Pension (Asset) Liability and Related Ratios .....	20
Investment Returns and Schedule of Contributions.....	21
Report of Independent Auditors on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in accordance with <i>Government Auditing Standards</i> .....	22



Ernst & Young LLP  
12926 Gran Bay Parkway West  
Suite 500  
Jacksonville, FL 32258

Tel: +1 904 358 2000  
Fax: +1 904 358 4598  
ey.com

## Report of Independent Auditors

The SJRPP Defined Benefit Pension Plan Committee  
Jacksonville, Florida

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of the SJRPP Defined Benefit Plan (the Plan), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents (collectively referred to as the financial statements).

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan at September 30, 2023, and the changes in the Plan's 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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.

#### Responsibility 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 of 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 12 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 of 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 GAAS 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 GAAS 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.

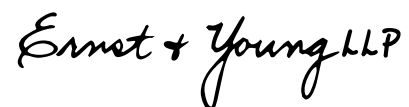
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal-control-related matters that we identified during the audit.

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in Net Pension (Asset) Liability and Related Ratios, and Investment Returns and Schedule of Contributions, as listed in the table of contents, be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 financial statements, and other knowledge we obtained during our audit of the 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 Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2023, 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 Plan's internal control over financial reporting and compliance.



December 21, 2023

**St. Johns River Power Park System  
Employees' Retirement Plan  
Management's Discussion and Analysis**

The following discussion and analysis of the Plan's financial performance provides an overview of the financial activities and changes in plan fiduciary net position for the years ended September 30, 2022, and 2023. This discussion and analysis should be read in conjunction with the financial statements and accompanying notes, which follow this section.

The Statement of Fiduciary Net Position presents information on all of the Plan's assets and liabilities with the difference between these two amounts being reported as fiduciary net position available for benefits. Assets and liabilities are segregated based on their nature and liquidity. The Statement of Changes in Fiduciary Net Position presents the current year additions and deductions from the fiduciary net position during the fiscal year. The Required Supplementary Information presents the changes in net pension liability and related ratios, annual employer contributions, as well as a schedule on the money-weighted rate of return on the Plan's assets.

	2023	2022	Increase (Decrease)
<i>Condensed Statement of Fiduciary Net Position</i>			
Total assets	\$ 160,729,856	\$ 156,148,482	\$ 4,581,374
Total liabilities	123,702	505,283	(381,581)
Fiduciary net position available for benefits	\$ 160,606,154	\$ 155,643,199	\$ 4,962,955
<i>Condensed Statement of Changes in Fiduciary Net Position</i>			
Total contributions	\$ 13,557	\$ 6,911,870	\$ (6,898,313)
Net investment income (loss)	17,835,378	(27,684,347)	45,519,725
Total net additions to fiduciary net position	\$ 17,848,935	\$ (20,772,477)	\$ 38,621,412
Total deductions from fiduciary net position	12,885,980	13,678,731	(792,751)
Net change in fiduciary net position	\$ 4,962,955	\$ (34,451,208)	\$ 39,414,163

Total assets increased due to an increase in investment values. Total liabilities decreased due to timing of broker settlements regarding investment sales and purchases. Total contributions decreased in current year, as prior year contributions were synthetically higher because of employer contribution overpayments in previous years. Net investment income increased due to improved market performance when compared to the prior year. Deductions from fiduciary net position decreased due to decrease in participant payments.

**Currently known Facts or Conditions That May Have a Significant Effect on the Plan's Financial Condition or Results of Operations**

There were no new state regulations, plan, or actuarial assumption changes, inclusive of market valuation changes subsequent to the reporting period that would materially affect the Plan's financial condition as of the date of this report.

**St. Johns River Power Park System  
Employees' Retirement Plan  
Statement of Fiduciary Net Position (unaudited)  
September 30, 2023**

**Assets**

Cash and cash equivalents	\$	4,869,239
Investments at fair value:		
Bonds and notes		69,041,036
Mutual funds		39,858,793
Equities		46,171,599
Total investments		155,071,428
Accrued interest and dividends		633,820
Receivable from brokers		142,485
Due from Revenue Fund		12,884
Total assets		160,729,856

**Liabilities**

Due to brokers		123,702
Total liabilities		123,702

<b>Fiduciary net position available for benefits</b>	<b>\$</b>	<b>160,606,154</b>
--	-----------	--------------------

See accompanying notes to the financial statements.

**St. Johns River Power Park System  
Employees' Retirement Plan  
Statement of Changes in Fiduciary Net Position (unaudited)  
September 30, 2023**

**Additions**

Contributions		
Employer	\$	-
Member		13,557
Total contributions		13,557
Investment income		
Net gains		14,956,993
Interest		2,264,695
Dividends		1,169,612
Other income		21,196
Less investment expenses:		
Investment management fees		(378,863)
Trustee fees		(198,255)
Net investment income		17,835,378
Total additions		17,848,935
<b>Deductions</b>		
Benefits paid directly to participants		12,819,237
Administrative fees		66,743
Total deductions		12,885,980
<b>Net change in net position</b>		4,962,955
<b>Net position, beginning of year</b>		155,643,199
<b>Net position, end of year</b>	\$	160,606,154

See accompanying notes to the financial statements.



**St. Johns River Power Park System  
Employees' Retirement Plan  
Notes to Financial Statements (unaudited)**

**1. Description of Plan**

The following description of the St. Johns River Power Park System Employees' Retirement Plan (Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

The Plan is a single employer contributory defined benefit plan that covers former employees of the St. Johns River Power Park System (SJPPP). SJPPP previously operated a coal-fired power plant that was jointly owned and operated by JEA (80% ownership interest) and Florida Power & Light (FPL) (20% ownership interest). As part of the Asset Transfer and Contract Termination Agreement with FPL related to the shutdown of SJPPP (shutdown agreement), JEA assumed all obligations of the Plan. The Plan provides for pension and death benefits. As there are no longer any active employees at SJPPP, the Plan will not have any new participants. The Plan is subject to provisions of Chapter 112, Florida Statutes and the oversight of the Florida Division of Retirement. A four-member Administrative Committee (Committee), made up of the JEA Treasurer (Chair), JEA Controller, an appointee of the Managing Director and Chief Executive Officer of JEA, and an SJPPP-related Project Director, governs the Plan.

As of September 30, 2023, the Plan reported fiduciary net position available for benefits of \$160,606,154. The Plan had assets of \$160,729,856, which include investments of \$155,071,428, cash and cash equivalents of \$4,869,239, accrued interest and dividends of \$633,820, a broker receivable of \$142,485, and other receivables due from the fund of \$12,884 offset by total liabilities of \$123,702.

Membership in the Plan consisted of the following at October 1, 2022:

Inactive plan members or beneficiaries currently receiving benefits	386
Inactive plan members entitled to but not yet receiving benefits	66
Active participants	<u>3</u>
Total participants	<u>455</u>

Plan members are required to contribute 4% of their annual salary in accordance with the provisions of IRC Section 414(h). The Plan requires funding of contributions from SJPPP be made according to an actuarial valuation. All employer contributions are irrevocable. The Plan pays all investment related administrative costs directly while the employer pays generally all other administrative costs and receives reimbursement from the Plan.

The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that are sufficient to accumulate assets to pay benefits when due.

## 1. Description of Plan (continued)

Effective February 25, 2013, the Plan design was changed to establish two tiers of benefits: Tier One (traditional defined benefit formula previously contained in the Plan) and Tier Two (new cash balance benefit). The type of benefit those active participants receive under the new Plan design varies based upon whether the participant is a Group A, B, C, or D participant, as summarized in the following chart:

Employee Group	Eligibility Requirement for Participation in Group (as of February 24, 2013)	Benefit Changes Made
Group A	Age 60 with 5 Years of Service (YOS), or Age 55 with 20 YOS, or 30 YOS regardless of age.	None. Tier One Benefit accrual only.
Group B	20 YOS and have not yet attained Age 55.	Removal of the BACKDROP benefit; Tier One benefit accrual only.
Group C	An active participant who accrued Tier One Benefits in the Plan prior to February 25, 2013, but who does not meet the definition of a Group A or Group B Employee is a Group C employee.	Effective February 25, 2013, the Tier One Benefits of Group C employees were frozen. Group C Employees became eligible to accrue Tier Two Benefits (a.k.a. Cash Balance Account) effective February 25, 2013.
Group D	A Participant who is newly hired or rehired on or after February 25, 2013.	Tier Two benefit accrual only. Employees receive annual pay credits to their Cash Balance accounts.

When Group C participants retire, they must commence receiving their Tier One and Tier Two benefits at the same time.

Effective January 5, 2018, the Plan was closed to new entrants and future benefit accruals were frozen with the exception of benefits for (i) active employees at JEA who had their employment transferred from SJRPP and remained active participants in the Plan, and (ii) interest credits for Tier Two benefits.

Prior to the SJRPP plant shutdown, the Plan provided an early retirement benefit for participants who had attained the age of 55 and completed 10 but less than 20 years of service. However, as a result of the SJRPP plant shutdown, as of March 17, 2017, the Plan provides that an active employee is eligible for the normal retirement benefit upon reaching age 55 regardless of years of service, and therefore the concept of early retirement no longer applied after March 17, 2017. As a result of the SJRPP plant shutdown, an active employee with 30 years of service, regardless of age, is also eligible for the normal retirement benefit.

BACKDROP benefits are calculated as if the retiree elected to retire up to 5 years earlier. The benefit is based upon the final average earnings (FAE) and Benefit Service as of the beginning of the BACKDROP period and is equal to the accumulation of the retirement benefits that the participant would have received over the BACKDROP period plus interest. Each year, interest is credited or debited to the BACKDROP based upon the Plan's Actuarial rate of return for that year. The rate is guaranteed to be no less than (4)% and no more than 4% per annum.

## **1. Description of Plan (continued)**

Termination benefits are available to any participant who terminated employment other than by retirement or death, after completion of five years of vesting service, provided, however, that participants who terminated employment with SJRPP after March 17, 2017 were eligible for the termination benefit regardless of years of vesting service. The termination benefit is the accrued benefit determined as of the date of termination and payment of that benefit generally commences monthly in the first month after the participant has attained age 65. However, a participant with 10 or more years of vesting service at the time of termination may elect to receive the termination benefit beginning at or after age 55, subject to an early payment reduction factor. Participants (i) whose SJRPP employment was terminated at the time of the SJRPP plant shut down, (ii) had less than 10 years of vesting service, and (iii) execute a release are permitted to receive the termination benefit beginning at or after age 55 with a special benefit reduction instead of application of the early payment reduction factor. The special benefit reduction is a 12% reduction of the Tier One benefit for an eligible participant who had at least 10 but less than 30 years of service, or a 22% reduction of the Tier One benefit for an eligible participant who had less than 10 years of service.

Participants who terminate employment after completing 5 years of vesting service may elect to forfeit the termination benefit and instead receive a refund of their participant contributions, without interest.

If a participant should die while in active service, the surviving spouse is entitled to a benefit based on Plan terms.

The Plan provide a 1% annual cost-of-living increase on Tier One benefits only, for participants who retired from active employment on or after October 1, 2003, beginning on the fifth anniversary of payment commencement.

## **2. Summary of Significant Accounting Policies**

### **A. Basis of presentation**

The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plan are recognized when due and the employer has made a formal commitment to provide the contributions.

Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

### **B. Cash and cash equivalents**

The Plan's cash and cash equivalents include cash on hand, bank demand accounts, money market mutual funds, and short-term liquid investments purchased with an original maturity of 90 days or less.

## 2. Summary of Significant Accounting Policies (continued)

### C. Investment valuation and income recognition

Investments in U.S. Treasury, federal agency, corporate bonds, mortgage/asset-backed securities, other fixed income securities, and common stock are recorded at fair value as determined by quoted market prices. Investments in money market mutual funds are recorded at cost, which approximates fair value. Realized gains and losses on sales of investments are calculated using the average cost for the fund.

### D. Payment of benefits

The Plan's benefit payments to participants are recorded upon distribution.

### E. Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

## 3. Cash and Investments

Cash balances are amounts on deposit with the Plan's trust bank, as well as amounts held in various money market funds as authorized in the Investment Policy Statement (Policy). All investments shall comply with the Policy as approved by the Committee, and with the fiduciary standards set forth by the Employee Retirement Income Security Act to the extent applicable and requirements set forth by the Florida Statutes. The trust bank balances are collateralized and subject to the Florida Security for Public Deposits Act of Chapter 280, Florida Statutes.

The Plan follows GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. Investments are presented at fair value, which is based on available or equivalent market values. The money market mutual fund is a 2a-7 fund registered with the SEC and, therefore is presented at actual pooled share price, which approximates fair value.

At September 30, 2023 the Plan's cash and cash equivalents consist of the following:

Cash on hand	\$	-
Cash equivalents:		
Wells Fargo Treasury Plus Money Market Account		4,869,239
<b>Total cash and cash equivalents</b>	<b>\$</b>	<b>4,869,239</b>

The Policy specifies investment objectives and guidelines for the Plan's investment portfolio and provides asset allocation targets for various asset classes.

### 3. Cash and Investments (continued)

At September 30, 2023, investments controlled by the Plan that represent 5% or more of the Plan's net position were the Alliance Domestic Passive Collective Trust with a basis of \$8,390,578.69 and a fair market value of \$39,858,793.39. This investment represents 25% of the fiduciary net position available for benefits.

#### Risk

In accordance with GASB Statement No. 40, investments also require certain disclosures regarding policies and practices with respect to the risks associated with them (see discussion in the following paragraphs).

#### Interest rate risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally speaking, 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 interest rate risk, the Plan's fixed income portfolio manager monitors the duration of the fixed maturity securities portfolio as part of the strategy to manage interest rate risk. As of September 30, 2023, the average modified duration of the managed fixed securities portfolio was 4.7 years.

#### Credit risk

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to real or perceived changes in the ability of the issuer to repay its debt. The Plan's rated debt instruments as of September 30, 2023, were rated by Standard & Poor's and/or an equivalent nationally recognized statistical rating organization.

The fixed income managers limit their investments to securities with an investment grade rating (BBB or equivalent) and the overall weighted average composite quality rating of the managed fixed income portfolio was Aa3.

#### Custodial credit risk

Custodial credit risk is the risk that, 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 in the possession of an outside party. All of the Plan's investments are held by the Plan's directed trustee and custodian in the Plan's name, or by an agent in the Plan's name.

#### Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. The Policy specifies an overall target allocation of 55% equities and 45% fixed income, including cash. The Policy further specifies target allocations for the equity investments among several asset classes.

### 3. Cash and Investments (continued)

The fair value of the asset classes and portfolio as of September 30, 2023, and specific target allocations are as follows:

	<b>Fair Value</b>	<b>Actual Percent</b>	<b>Target Percent</b>
U.S. Government & agencies	\$ 39,460,542	25%	N/A
Corporate bonds and notes	29,580,494	18%	N/A
Money market / cash	4,869,239	3%	N/A
Total fixed income	<u>\$ 73,910,275</u>	<u>46%</u>	<u>45%</u>
S&P 500 Index Fund	39,858,793	25%	28%
S&P 400 Mid-Cap Index Fund	17,742,135	11%	11%
Small and Mid-Cap Value Fund	13,617,874	9%	8%
International equities	14,811,590	9%	8%
Total equities	<u>\$ 86,030,392</u>	<u>54%</u>	<u>55%</u>
Total	<u><u>\$ 159,940,667</u></u>		

The Policy allows the percentage allocation to each asset class to vary by plus or minus 5% depending upon market conditions.

For the year ended September 30, 2022, the annual money-weighted rate of return on pension plan investments was -14.83%. This reflects the changing amounts actually invested.

#### Foreign currency risk

Foreign currency risk is the risk that changes in the exchange rates will adversely affect the fair market value of the investment or a deposit. The Plan is exposed to foreign currency risk through investments in international equity mutual funds. Investments in international equities are limited by the Policy's target asset allocation for that asset class. The target for international equities is 8% of the total portfolio. The international fund comprised 9% of total investments as of September 30, 2023.

### 4. Fair Value Measurements

GASB Statement No. 72, Fair Value Measurement and Application, addresses accounting and financial reporting issues related to fair value measurements. It provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

#### 4. Fair Value Measurements (continued)

SJRPP categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset or liability.

- Level 1 – quoted prices (unadjusted) for identical assets or liabilities in active markets that are accessible at the measurement date
- Level 2 – Inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for an asset or liability

The table below summarizes the Plan’s investments. Level 1 investments are valued using prices quoted in active markets for those securities. Level 2 investments are valued using direct market observations combined with quantitative pricing models to generate prices.

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
U.S. Government & agencies	\$ 26,392,130	\$ 13,068,412	\$ 39,460,542
Corporate bonds and notes	-	29,580,494	29,580,494
Money market / cash	4,869,239	-	4,869,239
Total fixed income	<u>\$ 31,261,369</u>	<u>\$ 42,648,906</u>	<u>\$ 73,910,275</u>
S&P 500 Index Fund	-	39,858,793	39,858,793
S&P 400 Mid-Cap Index Fund	17,041,215	700,920	17,742,135
Small and Mid-Cap Value Fund	12,040,541	1,577,333	13,617,874
International equities	102,026	14,709,564	14,811,590
Total equities	<u>\$ 29,183,782</u>	<u>\$ 56,846,610</u>	<u>\$ 86,030,392</u>
Total	<u>\$ 60,445,151</u>	<u>\$ 99,495,516</u>	<u>\$ 159,940,667</u>

#### 5. Federal Income Taxes

The Plan obtained a determination letter on the plan documents as of March 4, 1986 and subsequent determination letters as of August 21, 2003, and June 1, 2017, in which the Internal Revenue Service stated that the Plan, as then designed, complied with the applicable requirements of the Internal Revenue Code (IRC). The Plan administrator believes the Plan has operated in accordance with the Plan documents and the IRC as a governmental pension plan. The Plan is not subject to the requirements of the Employee Retirement Income Security Act (ERISA) except to the extent that provisions of ERISA are incorporated in Florida law applicable to the Plan.

## 6. Actuarial method and assumptions

Changes in the net pension asset are detailed below (in thousands):

	<u>2023</u>
<b>Total pension liability</b>	
Beginning balance	\$ 163,682
Service cost	10
Interest on the total pension liability	9,414
Difference between expected and actual experience	912
Changes in assumptions	-
Benefit payments	<u>(13,579)</u>
Ending balance	<u>160,439</u>
<b>Plan fiduciary net position</b>	
Beginning balance	190,094
Employer contributions	6,900
Employee contributions	12
Pension plan net investment income	(27,684)
Benefit payments	(13,579)
Administrative expense	<u>(100)</u>
Ending balance	<u>155,643</u>
Net pension liability	<u>\$ 4,796</u>



## 6. Actuarial method and assumptions (continued)

<b>Actuarial Assumptions -</b>	Actuarial valuations are performed as of the beginning of the fiscal year and assumptions below pertain to all years presented unless otherwise noted:
Actuarial cost method	Entry Age Normal
Inflation	2.25%
Salary increases	2.5% - 12.5% per year, including inflation
Investment rate of return	6.00% per year, compounded annually, net of investment expenses.
Retirement Age	Experience-based table of rates based on year of eligibility
Mortality Rates	Mortality rates used by the Florida Retirement System for Non-K12 Instructional Regular Class members, described as follows: <i>Healthy pre-retirement mortality rates:</i> PUB-2010 Headcount Weighted General Below Median Employee tables, generationally projected from year 2010 using Scale MP-2018, set back 1 year for males; <i>Healthy post-retirement mortality rates:</i> PUB-2010 Headcount Weighted General Below Median Retiree tables, generationally projected from year 2010 using Scale MP-2018, set back 1 year for males; <i>Disability mortality rates:</i> PUB-2010 Headcount Weighted General Disabled Retiree tables, set forward 3 years.
Notes:	A new formal written funding policy was adopted on December 14, 2022 and implemented in the October 1, 2022 valuation. The new policy (i) amended the Asset Method for determining the actuarial value of assets by incorporating five-year smoothing of investment returns on assets and (ii) amended the Amortization Method by incorporating a five-year amortization schedule for changes in unfunded actuarial accrued liability. Other significant actuarial assumptions and methods used in the October 1, 2022, valuation were based on the results of an actuarial experience study for the period October 1, 2003 - September 30, 2012

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 major asset class included in the pension plan's target asset allocation are summarized in the following table.

## 6. Actuarial method and assumptions (continued)

Asset Class	2023	
	Target Allocation	Long-term Expected Nominal Rate of Return
Domestic equity	47%	6.02%
Fixed income	45%	1.40%
International equity	8%	4.80%
Total	100%	

**Discount Rate** – The discount rate used to measure the total pension liability is 6.00%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at their applicable contribution rates and that the employer’s contributions will be made at rates equal to the actuarially determined contribution rates. 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 the Plan’s investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** – The following presents the net pension liability of SJRPP, calculated using a discount rate of 6.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate (in thousands):

	2023
1% decrease	\$ 20,230
Current discount rate	4,796
1% increase	(8,377)

**Plan Assets** – Cash balances are amounts on deposit with the Plan’s trust bank, as well as amounts held in various money market funds as authorized in the Investment Policy Statement (Policy). All investments shall comply with the Policy as approved by the Administrative Committee, and with the fiduciary standards set forth by the Employee Retirement Income Security Act, to the extent applicable to the Plan, and requirements set forth by the Florida Statutes. The trust bank balances are collateralized and subject to the Florida Security for Public Deposits Act of Chapter 280, Florida Statutes.

The Plan follows GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. Investments are presented at fair value, which is based on available or equivalent market values. The money market mutual fund is a 2a-7 fund registered with the SEC and, therefore is presented at actual pooled share price, which approximates fair value.

## 7. Funded Status and Funding Progress

The funded status of the Plan as of September 30, 2022, the most recent measurement date, is as follows:

<b>Fiduciary Net Position of Plan *</b>	<b>Actuarial Accrued Liability (AAL) Entry Age</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percent of Covered Payroll</b>
\$ 164,923,091	\$ 160,439,795	\$ (4,483,296)	103%	\$ 318,498	-1408%

\* This amount is calculated based on the fiduciary net position available for benefits of \$174,174,080 less the credit balance of \$9,250,989.

Additional information as of the latest actuarial valuation follows:

Valuation Date	10/1/2022
Actuarial cost method	Individual Entry Age
Amortization method	5 years
Remaining amortization periods	4 years
Asset valuation method	Market Value of Assets With 5-year smoothing
Actuarial assumptions:	
Investment rate of return	6.00%
Projected salary increases	2.5% - 12.5%
Includes price inflation	2.25%
COLAs	1.00%

## **8. Plan Termination**

If the Plan terminates, the net position of the Plan will be allocated among participants and their beneficiaries in the following order:

Priority Class A: The portion of the participants' accrued benefits that are derived from participant contributions.

Priority Class B: In the case of benefits payable as an annuity, equally among participants and beneficiaries whose benefits were in pay status.

Priority Class C: Equally among active participants who are eligible for normal retirement but have not yet retired.

Priority Class D: Equally among all other vested accrued benefits of both active and terminated participants.

Priority Class E: All other non-vested accrued benefits under the Plan.

## **9. Subsequent Events**

The plan has evaluated subsequent events and transactions for potential recognition and disclosure through December 21, 2023, the date the financial statements were available to be issued.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**St. Johns River Power Park System  
Employees' Retirement Plan  
Schedule of Changes in the Employers' Net Pension Liability and Related Ratios**

**SJRPP Plan – Schedule of Changes in Net Pension Liability and Related Ratios (in thousands) <sup>(a)</sup>**

	2022 <sup>(d)</sup>	2021 <sup>(c)</sup>	2020	2019 <sup>(b)</sup>	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>									
Beginning balance	\$ 163,682	\$ 167,697	\$ 169,807	\$ 174,666	\$ 169,321	\$ 158,926	\$ 155,143	\$ 148,508	\$ 146,521
Service cost	10	22	21	35	112	1,032	1,210	1,275	1,470
Interest	9,414	9,656	9,795	10,086	11,163	10,768	10,514	10,271	10,026
Changes in benefit terms	-	-	-	-	-	-	(59)	-	-
Difference between actual and expected experience	912	(153)	1,222	1,193	(1,784)	10,826	714	2,121	-
Changes in assumptions	-	-	-	(2,975)	15,782	26	3,730	3,316	-
Benefit payments	(13,579)	(13,540)	(13,148)	(13,198)	(19,928)	(12,257)	(12,326)	(10,348)	(9,509)
Total pension liability – ending	<u>\$ 160,439</u>	<u>\$ 163,682</u>	<u>\$ 167,697</u>	<u>\$ 169,807</u>	<u>\$ 174,666</u>	<u>\$ 169,321</u>	<u>\$ 158,926</u>	<u>\$ 155,143</u>	<u>\$ 148,508</u>
<b>Plan Fiduciary Net Position</b>									
Beginning balance	\$ 190,094	\$ 169,982	\$ 162,013	\$ 170,665	\$ 152,798	\$ 142,286	\$ 138,902	\$ 145,425	\$ 135,019
Contributions – employer	6,900	-	13,307	-	26,409	8,039	2,142	3,509	5,559
Contributions – employee	12	15	19	90	232	625	629	648	655
Net investment income (loss)	(27,684)	33,731	7,877	4,610	11,499	14,571	13,379	(266)	13,763
Benefit payments	(13,579)	(13,540)	(13,148)	(13,198)	(19,928)	(12,257)	(12,326)	(10,348)	(9,509)
Administrative expense	(100)	(94)	(86)	(154)	(345)	(466)	(440)	(66)	(62)
Plan fiduciary net position – ending	<u>\$ 155,643</u>	<u>\$ 190,094</u>	<u>\$ 169,982</u>	<u>\$ 162,013</u>	<u>\$ 170,665</u>	<u>\$ 152,798</u>	<u>\$ 142,286</u>	<u>\$ 138,902</u>	<u>\$ 145,425</u>
<b>Net Pension Liability (Asset) – Ending</b>	<u>\$ 4,796</u>	<u>\$ (26,412)</u>	<u>\$ (2,285)</u>	<u>\$ 7,794</u>	<u>\$ 4,001</u>	<u>\$ 16,523</u>	<u>\$ 16,640</u>	<u>\$ 16,241</u>	<u>\$ 3,083</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	97.01%	116.14%	101.36%	95.41%	97.71%	90.24%	89.53%	89.53%	97.92%
Covered Payroll	\$ 297	\$ 373	\$ 468	\$ 452	\$ 3,992	\$ 15,621	\$ 15,730	\$ 16,665	\$ 21,304
Net Pension Liability (Asset) as a Percentage of Covered Payroll	1616.38%	-7078.62%	-488.67%	1723.50%	100.24%	105.78%	105.79%	97.46%	14.47%

- (a) These schedules are presented to illustrate the requirement to share information for ten years. However, until a full ten-year trend is compiled, only available information is shown. All information is on a measurement year basis.
- (b) The mortality tables and improvement scales used by FRS were updated in their July 1, 2019 valuation. The new FRS mortality assumptions were adopted for this measurement.
- (c) The mortality tables and improvement scales used by FRS were updated in their July 1, 2021 valuation. The new FRS mortality assumptions were adopted for this measurement.
- (d) The new funding policy adopted for the Plan on December 14, 2022 implemented five-year smoothing for the actuarial value of assets and five-year amortization of the unfunded accrued actuarial liability. The changed methods were adopted for this measurement.

**SJRPP Plan – Investment Returns<sup>(a)</sup>**

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
12.64%	10.32%	-0.19%	9.99%	10.39%	7.37%	2.48%	4.78%	21.33%	1.92%

**SJRPP Plan – Schedule of Contributions (in thousands)<sup>(a)</sup>**

<b>Fiscal Year Ending September 30,</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Actual Contribution as a % of Covered Payroll</b>
2014	\$ 5,397.00	\$ 5,559.00	\$ (162.00)	\$21,304.00	26.09%
2015	3,414	3,509	(95)	16,665	21.06%
2016	2,050	2,142	(92)	15,730	13.62%
2017	7,967	8,039	(72)	15,621	51.46%
2018	7,727	26,409	(18,682)	3,992	661.57%
2019	-	-	-	452	0.00%
2020	4,582	13,307	(8,725)	468	2845.69%
2021	-	-	-	373	0.00%
2022	-	6,900	(6,900)	297	2323.23%
2023	-	-	-	339	0.00%

(a) All information is on measurement year basis

**Notes to Schedule of Contributions**

Valuation date: Actuarially determined contributions are calculated in a valuation performed as of the beginning of the year prior to the fiscal year in which contributions are made and reported

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

Actuarial cost method                      Entry Age Normal  
 Amortization method                      Level Dollar, Closed  
 Remaining amortization period              4 years  
 Asset valuation method                      Market value of assets, with 5-year smoothing, less Credit Balance Account  
 Inflation    2.25%  
 Salary increases                                2.5% - 12.5% per year, including inflation  
 Investment rate of return                      6.00% per year, compounded annually, net of investment expenses.  
 Retirement Rates                                Experience-based table of rates based on year of eligibility  
 Mortality    Mortality rates used by the Florida Retirement System for Non-K12 Instructional Regular Class members, described as follows:  
     *Healthy pre-retirement mortality rates:* PUB-2010 Headcount Weighted General Below Median Employee tables, generationally projected from year 2010 using Scale MP-2018, set back 1 year for males;  
     *Healthy post-retirement mortality rates:* PUB-2010 Headcount Weighted General Below Median Retiree tables, generationally projected from year 2010 using Scale MP-2018, set back 1 year for males;  
     *Disability mortality rates:* PUB-2010 Headcount Weighted General Disabled Retiree tables, set forward 3 years.

(b)



Ernst & Young LLP  
12926 Gran Bay Parkway West  
Suite 500  
Jacksonville, FL 32258

Tel: +1 904 358 2000  
Fax: +1 904 358 4598  
ey.com

## Report of Independent Auditors 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*

The SJRPP Defined Benefit Pension Plan Committee  
Jacksonville, Florida

We have audited, 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 (*Government Auditing Standards*), the financial statements of the SJRPP Defined Benefit Plan (the Plan), which comprise the statement of plan fiduciary net position as of September 30, 2023, and the related statement of changes in plan fiduciary net position for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 21, 2023.

### **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 or significant deficiencies may exist that were not 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 Plan'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 Plan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Ernst + Young LLP*

December 21, 2023