St. Johns River Power Park System
Employees’ Retirement Plan
Financial Statements, Required Supplementary Information and Reports Required By *Government Auditing Standards*

For the Year Ended
September 30, 2022

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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, 2022, 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 accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan at September 30, 2022, 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 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 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 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 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 which 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 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.

Ernst & Young LLP

January 27, 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, 2021 and 2022. 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.

	2022	2021	Increase (Decrease)
Condensed Statement of Fiduciary Net position			
Total assets	$ 156,148,482	$190,477,418	$ (34,328,936)
Total liabilities	505,283	383,011	122,272
Fiduciary net position available for benefits	$ 155,643,199	$190,094,407	$ (34,451,208)
Condensed Statement of Changes in Fiduciary Net Position			
Total contributions	$ 6,911,870	$ 14,925	$ 6,896,945
Net investment income (loss)	(27,684,347)	33,731,542	(61,415,889)
Total net additions to fiduciary net position	(20,772,477)	33,746,467	(54,518,944)
Total deductions from fiduciary net position	13,678,731	13,634,532	44,199
Net change in fiduciary net position	$ (34,451,208)	$ 20,111,935	$ (54,563,143)

Total assets decreased due to a decrease in investment values. Total liabilities increased due to timing of broker settlements regarding investment sales and purchases.

Total contributions increased in current year, as prior year contributions were synthetically lower as a result of employer contribution overpayments in previous years. Net investment income decreased due to poor market performance when compared to the prior year. Deductions from fiduciary net position increased slightly due to increased benefits paid to participants.

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
September 30, 2022

Assets		
Cash and cash equivalents	$	3,469,137
Investments at fair value:		
Bonds and notes		59,440,422
Mutual funds		45,965,001
Equities		46,640,305
Total investments		152,045,728
Accrued interest and dividends		437,378
Receivable from brokers		190,918
Due from Revenue Fund		5,321
Total assets		156,148,482
Liabilities		
Due to brokers		497,033
Due to revenue fund		8,250
Total liabilities		505,283
Fiduciary net position available for benefits	$	155,643,199

See accompanying notes to financial statements.

St. Johns River Power Park System
Employees' Retirement Plan
Statement of Changes in Fiduciary Net Position
September 30, 2022

Additions		
Contributions		
Employer	$	6,900,000
Member		11,870
Total contributions		6,911,870
Investment income		
Net gains (losses)		(30,022,931)
Interest		1,592,554
Dividends		1,244,032
Other income		95,375
Less investment expenses:		
Investment management fees		(390,244)
Trustee fees		(203,133)
Net investment income		(27,684,347)
Total net additions		(20,772,477)
Deductions		
Benefits paid directly to participants		13,579,112
Administrative fees		99,619
Total deductions		13,678,731
Net change in fiduciary net position available for benefits		(34,451,208)
Fiduciary net position available for benefits, beginning of year		190,094,407
Fiduciary net position available for benefits, end of year	$	155,643,199

See accompanying notes to financial statements.

St. Johns River Power Park System
Employees' Retirement Plan
Notes to Financial Statements

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 agreement 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 (SJRPP). SJRPP 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 Agreement with FPL related to the shutdown of SJRPP (shutdown agreement), JEA assumed all obligations of the Plan. The Plan provides for pension, death and disability benefits. As there are no longer any active employees at SJRPP, 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 three-member Pension Committee (Committee), made up of the JEA Treasurer (Chair), JEA Controller, and JEA Manager of Electric Generation Planning, governs the Plan.

As of September 30, 2022, the Plan reported fiduciary net position available for benefits of $155,643,199. The Plan had assets of $156,148,482, which include investments of $152,045,728, cash and cash equivalents of $3,469,137, accrued interest and dividends of $437,378, a broker receivable of $190,918, and other receivables due from the fund of $5,321 offset by total liabilities of $505,283.

Membership in the Plan consisted of the following at October 1, 2021:

Inactive plan members or beneficiaries currently receiving benefits	387
Inactive plan members entitled to but not yet receiving benefits	68
Active participants	3
Total participants	458

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 SJRPP 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 all other administrative costs and receives reimbursement from the Plan.

The Plan's funding policy provides for biweekly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay benefits when due.

1. Description of Plan (continued)

Effective February 25, 2013, a Plan amendment closed the Plan to all new employees hired on or after February 25, 2013. The Plan provisions continue only for those employees who have either, as of February 24, 2013, reached age 60 with 5 years of service or completed 20 years of service regardless of age (Tier 1). All other participants had their benefit accruals frozen and had established individual Cash Balance Accounts as of February 25, 2013 (Tier 2). The provisions applicable to Tier 1 govern distributions of the Frozen Tier 1 Benefits.

Employee Group	Eligibility Requirement for Participation in Tier (as of February 24, 2013)	Benefit Changes Made
Group A	Active employees Age 60 with 5 Years of Service (YOS), or Age 55 with 20 YOS, or 30 YOS regardless of age.	None, Future Benefits Accrue as Stated under Current Defined Benefit (DB) Plan – Tier 1.
Group B	20 and have not yet attained Age 55.	Removal of the BACKDROP benefit; All other DB Plan Provisions the same as Group A - Tier 1.
Group C	A 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 effective February 25, 2013.	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. Group D employees are only eligible to accrue Tier Two Benefits.	Employees receive annual pay credits to their Cash Balance accounts.

All participants who have met the criteria below are entitled to a monthly plan benefit beginning on the first day of the month following the participant's normal retirement date equal to the accrued monthly benefit date.

- Five or more years of vesting service (a year in which an employee has completed 1,000 hours of employment) and have attained age 65
- 20 years of vesting service and have attained age 55
- 30 years of vesting service.

The Plan permits early retirement for participants who have attained the age of 55 and completed ten years, but less than 20 years of vesting service. Early retirement benefits begin the month after the early retirement date. A participant may elect, in writing, to defer the commencement of their benefits until a later date after the early retirement date up to the normal retirement date. As a result of the plant shutdown announced March 17, 2017, all employees age 55 actively employed on the plant shutdown date are eligible to retire immediately regardless of the accrued service without a benefit reduction.

1. Description of Plan (continued)

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.

Termination benefits are available to any participant who terminated employment other than by retirement or death, after completion of five years of vesting service. The termination benefit is the accrued benefit determined as of the date of termination and payment of that benefit commences monthly on the first month after the participant has attained age 65.

If an active participant becomes totally and permanently disabled, the participant is eligible for retirement if they have attained the age of 55 and completed ten years of vesting service.

If a participant should die while in active service, but after early retirement their surviving spouse is entitled to a benefit based on the participant's years of service to the date of death. This benefit is payable on the first day of the month the participant is retirement eligible and is based on the 75% joint and survivor's form of payment as of the date of commencement of the benefit.

Benefit terms provide a 1% annual cost-of-living increase for participants retired on or after October 1, 2003, beginning each October 1 following the fifth anniversary of payment commencement.

When JEA and FPL agreed to shutdown the coal plant, the following modifications were made to the Plan.

- Participants with at least 30 years of service, who only had Tier 1 defined benefits under the Plan, were allowed to receive their accrued benefit at plant closure. Participants who were at least age 55 were allowed to receive their accrued benefit at plant closure, without any application of early payment reduction factors

- Participants who have not reached age 55 may draw their pension benefits upon reaching age 55, with no early payment reduction factors. If the participant had at least 10 years of service but less than 30 years, they can draw at 88% of the Tier 1 benefit that they would have drawn at age 65 and, if less than 10 years of service, they can draw at 78% of the Tier 1 benefit that they would have drawn at age 65.

- For participants having both Tier 1 and Tier 2 benefits, those benefits must be taken at the same time. If a participant only has Tier 2 benefits, they can receive those benefits as soon as they reach the age of 55.

- An alternative refund option was offered to those employees who were under age 55 and did not have 30 years of service where they could choose to forfeit their entire benefits under the Plan and instead receive a refund, without interest, consisting of their total participant contributions made during participation in the Plan.

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.

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 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*.

3. Cash and Investments (continued)

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, 2022, the Plan's cash and cash equivalents consist of the following:

Cash on hand	$ 164
Cash equivalents:	
Wells Fargo Treasury Plus Money Market Account	3,468,973
Total cash and cash equivalents	$ 3,469,137

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

At September 30, 2022, 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 $11,760,883.96 and a fair market value of $45,965,001.34. This investment represents 30% 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, 2022, the average modified duration of the managed fixed securities portfolio was 4.6 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, 2022, 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.

3. Cash and Investments (continued)

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 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.

The fair value of the asset classes and portfolio as of September 30, 2022 and specific target allocations are as follows:

	Fair Value	Actual Percent	Target Percent
U.S. Government & agencies	$ 30,524,703	20%	N/A
Corporate bonds and notes	28,915,719	19%	N/A
Money market / cash	3,469,137	2%	N/A
Total fixed income	$ 62,909,559	40%	45%
S&P 500 Index Fund	45,965,001	30%	28%
S&P 400 Mid-Cap Index Fund	18,794,108	12%	11%
Small and Mid-Cap Value Fund	15,280,882	10%	8%
International equities	12,565,315	8%	8%
Total equities	$ 92,605,306	58%	55%
Total	$ 155,514,865		

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, 2021, the annual money-weighted rate of return on pension plan investments was 20.67%. 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 8% of total investments as of September 30, 2022.

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.

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.

	Level 1	Level 2	Total
U.S. Government & agencies	$ 21,042,009	$ 9,482,693	$ 30,524,702
Corporate bonds and notes	-	28,915,719	28,915,719
Money market / cash	3,469,137	-	3,469,137
Total fixed income	$ 24,511,146	$ 38,398,412	$ 62,909,558
S&P 500 Index Fund	-	45,965,001	45,965,001
S&P 400 Mid-Cap Index Fund	18,241,379	552,729	18,794,108
Small and Mid-Cap Value Fund	13,930,831	1,350,052	15,280,883
International equities	92,241	12,473,074	12,565,315
Total equities	$ 32,264,451	$ 60,340,856	$ 92,605,307
Total	$ 56,775,597	$ 98,739,268	$ 155,514,865

5. Federal Income Taxes

The Plan obtained a determination letter on the plan documents as of March 4, 1986 and an updated the determination letter as of August 21, 2003, 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.

6. Actuarial method and assumptions

Actuarial Assumptions – 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 tables used by the Florida Retirement System for classes other than K-12 School Instructional Personnel 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 Healthy Retiree tables, generationally projected from year 2010 using Scale MP-2018, set back 1 year for males; *Disabled mortality rates* : PUB-2010 Headcount Weighted General Disabled Retiree tables, set forward 3 years.

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.

	2022	
Asset Class	**Target Allocation**	**Long-term Expected Nominal Rate of Return**
Domestic equity	47%	**6.19%**
Fixed income	45%	**1.54%**
International equity	8%	**4.94%**
Total	**100%**	

6. Actuarial method and assumptions (continued)

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 Asset to Changes in the Discount Rate – The following presents the net pension asset of SJRPP, calculated using a discount rate of 6.00%, as well as what the net pension asset would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

		2022
1% decrease	$	(10,261)
Current discount rate		(26,412)
1% increase		(40,153)

Changes in the net pension asset are detailed below.

		2022
Total pension liability		
Beginning balance	$	167,697
Service cost		22
Interest on the total pension liability		9,656
Difference between expected and actual experience		(153)
Changes in assumptions		–
Benefit payments		(13,540)
Ending balance		163,682
Plan fiduciary net postion		
Beginning balance		169,982
Employer contributions		–
Employee contributions		15
Pension plan net investment income		33,731
Benefit payments		(13,540)
Administrative expense		(94)
Ending balance		190,094
Net pension asset	$	(26,412)

6. Actuarial method and assumptions (continued)

Plan Assets – Cash balances are amounts on deposit with the SJRPP 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 Pension Committee, and with the fiduciary standards set forth by the Employee Retirement Income Security Act 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, 2021, the most recent measurement date, is as follows:

Fiduciary Net Position of Plan *	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
$184,604,014	$163,682,311	($20,921,703)	113%	$284,024	-7366%

* *This amount is calculated based on the fiduciary net position available for benefits of $190,094,407 less the credit balance of $5,490,393.*

Additional information as of the latest actuarial valuation follows:

Valuation Date	10/1/2021
Actuarial cost method	Individual Entry Age
Amortization method	Goal-oriented
Remaining amortization periods	0
Asset valuation method	Market Value of Assets
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 though January 27, 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 (Asset) Liability and Related Ratios[(a)]

	2021	2020	2019[(b)]	2018	2017	2016	2015
Total Pension Liability							
Beginning balance	**$ 167,697**	$ 169,807	$ 174,666	$ 169,321	$ 158,926	$ 155,143	$ 148,508
Service cost	**22**	21	35	112	1,032	1,210	1,275
Interest	**9,656**	9,795	10,086	11,163	10,768	10,514	10,271
Changes in benefit terms	**–**	–	–	–	–	(59)	–
Difference between actual and expected experience	**(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	**(13,540)**	(13,148)	(13,198)	(19,928)	(12,257)	(12,326)	(10,348)
Total pension liability – ending	**$ 163,682**	$ 167,697	$ 169,807	$ 174,666	$ 169,321	$ 158,926	$ 155,143
Plan Fiduciary Net Position							
Beginning balance	**$ 169,982**	$ 162,013	$ 170,665	$ 152,798	$ 142,286	$ 138,902	$ 145,425
Contributions – employer	**–**	13,307	–	26,409	8,039	2,142	3,509
Contributions – employee	**15**	19	90	232	625	629	648
Net investment income (loss)	**33,731**	7,877	4,610	11,499	14,571	13,379	(266)
Benefit payments	**(13,540)**	(13,148)	(13,198)	(19,928)	(12,257)	(12,326)	(10,348)
Administrative expense	**(94)**	(86)	(154)	(345)	(466)	(440)	(66)
Plan fiduciary net position – ending	**$ 190,094**	$ 169,982	$ 162,013	$ 170,665	$ 152,798	$ 142,286	$ 138,902
Net Pension Liability (Asset) – Ending	**$ (26,412)**	$ (2,285)	$ 7,794	$ 4,001	$ 16,523	$ 16,640	$ 16,241
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	**116.14%**	101.36%	95.41%	97.71%	90.24%	89.53%	89.53%
Covered Payroll	**$ 373**	$ 468	$ 452	$ 3,992	$ 15,621	$ 15,730	$ 16,665
Net Pension Liability (Asset) as a Percentage of Covered Payroll	**(7078.62%)**	(488.67%)	1723.50%	100.24%	105.78%	105.79%	97.46%

(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.

SJRPP Plan – Investment Returns[a]

2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
17.17%	12.64%	10.32%	-0.19%	9.99%	10.39%	7.37%	2.48%	4.78%	21.33%

SJRPP Plan – Schedule of Contributions[a]

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2013	$ 11,845	$ 11,885	$ (40)	$ 17,761	66.92%
2014	5,397	5,559	(162)	21,304	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%

[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	1 year
Asset valuation method	Market value of assets 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 Healthy Retiree tables, generationally projected from year 2010 using Scale MP-2018, set back 1 year for males; *Disabled mortality rates* : PUB-2010 Headcount Weighted General Disabled Retiree tables, set forward 3 years.

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Building a better working world

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, 2022, 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 January 27, 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 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 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.

Ernst + Young LLP

January 27, 2023