



# THE RESOURCE CENTERS, LLC

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## **VILLAGE OF PALM SPRINGS GENERAL EMPLOYEES' PENSION FUND**

Special Meeting of Tuesday, March 30, 2021

### **QUARTERLY MEETING NOTICE AND AGENDA**

Location: Village of Palm Springs Council Chambers  
226 Cypress Lane  
Palm Springs, FL 33461  
Meeting Contact: (800) 206-0116 (Plan Administrator)

For all who are present, masks will be required and social distancing will be observed. Please note that attendance may be limited to observe social distancing in accordance with the CDC guidelines.

Time: 2:00 P.M.

1. Call Meeting to Order
2. Roll Call
3. Approval of Actuarial Valuation as of October 1, 2020
4. Other Business
5. Public Comments
6. Next Meeting: Tuesday, May 4, 2021 at 2:00 P.M.
7. Adjournment

#### PLEASE NOTE:

Should any interested party seek to appeal any decision made by the Board with respect to any matter considered at such meeting or hearing, he will need a record of the proceedings, and for such purpose he may need to insure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based. In accordance with the Americans With Disabilities Act of 1990, persons needing a special accommodation to participate in this meeting should contact The Resource Centers, LLC no later than four days prior to the meeting.



Freiman Little Actuaries, LLC  
4105 Savannahs Trail  
Merritt Island, FL 32953

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# Village of Palm Springs General Employees' Pension Fund

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Actuarial Valuation as of October 1, 2020



REPORT TO DETERMINE MINIMUM FUNDING REQUIREMENTS  
FOR THE FISCAL YEAR ENDING  
SEPTEMBER 30, 2022

**DRAFT**



January 27, 2021

Board of Trustees  
Village of Palm Springs General Employees' Pension Fund  
Village of Palm Springs, Florida

**RE: Actuarial Valuation as of October 1, 2020**

Dear Board Members:

We are pleased to present the actuarial valuation as of October 1, 2020 for the Village of Palm Springs General Employees' Pension Fund (the Plan). This report provides a review of the current funded status of the Plan, establishes the minimum funding requirements for the fiscal year ending September 30, 2022, and provides an analysis of experience since the last valuation. In addition to providing the summary and derivation of actuarial findings, this report describes the data assumptions, and methods used to create these results.

In producing our work product, we rely on various models, internal and external, which were used for their intended purposes. Underlying data, assumptions, methodologies, model inputs and resulting outputs have been reviewed. We find all inputs and outputs to be reasonable.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the normal operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law.

Statement by Enrolled Actuary:

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

We look forward to the presentation of these results to you in person and we are always available to answer any questions you may have.

Sincerely,

A handwritten signature in black ink, appearing to read "Chad Little".

Chad M. Little, ASA, EA  
Partner, Consulting Actuary  
Enrollment Number 20-6619

A handwritten signature in black ink, appearing to read "Paula C. Freiman".

Paula C. Freiman, ASA, EA  
Partner, Consulting Actuary  
Enrollment Number 20-5796



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## Section

## 1

**Board Summary**

This report presents the results of the October 1, 2020 actuarial valuation of the Village of Palm Springs General Employees' Pension Fund (the Plan).

**Summary of Principal Valuation Results**

A summary of the key valuation findings as of October 1, 2020 are compared with the results of prior valuations below.

**Minimum Funding Requirements**

| Fiscal Year Ending September 30,    | 2020      | 2021      | 2022      |
|-------------------------------------|-----------|-----------|-----------|
| Village Minimum Funding Requirement | \$887,412 | \$920,740 | \$429,329 |

**Funded Status**

| Valuation Date October 1,  | 2018         | 2019         | 2020         |
|----------------------------|--------------|--------------|--------------|
| Accrued Liability          | \$27,001,283 | \$28,902,543 | \$28,334,905 |
| Actuarial Value of Assets  | \$26,411,172 | \$26,840,827 | \$28,756,492 |
| Unfunded Accrued Liability | \$2,990,111  | \$2,061,716  | \$(421,587)  |
| Funded Percentage          | 92.40%       | 92.87%       | 101.49%      |

**Key Assumptions**

| Valuation Date October 1,         | 2018         | 2019         | 2020         |
|-----------------------------------|--------------|--------------|--------------|
| Assumed Rate of Investment Return | 6.50%        | 6.25%        | 6.25%        |
| Salary Increase Assumption        | 4.6% to 8.3% | 4.6% to 8.3% | 4.6% to 8.3% |



## Summary of Significant Events

Determination of the funded status of the Plan and minimum funding requirements are based on participant data, asset information, Plan provisions, actuarial methods and assumptions. Any significant events associated with these items are discussed below.

### Participant Data

Due to the closure of the Plan to future new entrants effective June 30, 2010, the active membership of the Plan continues to decrease. The number of active members stayed level at 31 and the number of inactive members decreased from 97 to 95.

A demographic gain was experienced primarily due to four deaths during the year. The last ten years of average individual salary increases are shown in the following table.

| Year Ended<br>September 30, | Actual | Expected |
|-----------------------------|--------|----------|
| 2020                        | 5.6 %  | 5.6 %    |
| 2019                        | 5.2 %  | 5.7 %    |
| 2018                        | 4.8 %  | 5.8 %    |
| 2017                        | 3.4 %  | 5.8 %    |
| 2016                        | 6.9 %  | 5.9 %    |
| 2015                        | 5.8 %  | 5.8 %    |
| 2014                        | 4.7 %  | 5.9 %    |
| 2013                        | 5.7 %  | 5.9 %    |
| 2012                        | 4.6 %  | 5.9 %    |
| 2011                        | 5.8 %  | 6.0 %    |
| 10 Year Avg                 | 4.9 %  | 5.8 %    |

In general, should a pattern of consistent gains or losses develop, assumptions may require revision. We recommend that the Board of Trustees review termination and retirement assumptions.

### Assets

The net return on the market value of assets was 8.07% and the return on the smoothed actuarial value of assets was 7.81% in comparison to the 6.25% return expected for the year ended September 30, 2020 such that there was an actuarial investment gain. Note that the returns on the market and actuarial value of assets differ because of the smoothing method used to dampen the effects of market fluctuations.

### Plan Provisions

Ordinance 2020-10 was adopted effective July 9, 2020. Ordinance 2020-27 was adopted effective September 10, 2020. These amendments were identical and modified the composition, roles and hearing procedures of the Board of Trustees. Our statement of no impact dated June 13, 2020 noted, "The liability of the Plan is not anticipated to be materially affected by this amendment to Plan provisions."

There have been no other changes in Plan provisions since the prior valuation.

## Assumptions and Methods

In the prior valuation the mortality assumption was that used for not special risk employees in the valuation of the Florida Retirement System (FRS) as of July 1, 2016, 2017 and 2018, as required by state statute. Mortality was revised to that assumed for the Florida Retirement System (FRS) valuation as of July 1, 2019 and 2020 for not special risk and not school instructional personnel, as required by state statute.

As the group of active participants approach retirement the Board of Trustees should continue to review the investment allocations and consider gradually lowering the net assumed rate of investment return as we expect a change to reflect less risk in the asset allocation.

The impact of any changes in assumptions and methods may be found in the reconciliation of the funded status and minimum funding requirements found near the end of Section 2 of this report. See "Reconciliations" in the table of contents.

## Assessment and Disclosure of Risk

As described in Actuarial Standard of Practice No. 51 (ASOP 51), this section is meant to address the assessment and disclosure of risk in a pension funding valuation. This is not meant to be a comprehensive summary but should provide information regarding risks related to this plan. Additional historical information provided in this report also contains relevant information regarding asset size, asset mix, pay increases, benefits and contributions. This information can be used to understand the changes over time to identify trends.

Note that ASOP 51 defines risk as "The potential of actual future measurements deviating from expected future measurements resulting from actual future experience deviating from actuarially assumed experience...." The following provides examples of potential risk.

**Investment Risk:** As noted previously, investment returns less than the assumed rate of return result in increased annual minimum required contributions payable in a subsequent year.

**Interest Rate Risk:** Interest rates are used to discount the value of benefits. If the long-term expectation of returns is higher or lower than the assumed net investment return, the assumed net investment return should be adjusted. When the assumed net investment return is increased the estimated liability is decreased. When the assumed net investment return is decreased the estimated liability is increased. The chart below shows what the funded status of the plan is on a market value of assets basis after changing the net assumed return by 1% or 2%.

| <b>Funded Status on Market Value of Assets Basis</b> |                                                 |                        |         |                                                            |                        |       |
|------------------------------------------------------|-------------------------------------------------|------------------------|---------|------------------------------------------------------------|------------------------|-------|
| <b>Year<br/>Ending<br/>September 30,</b>             | <b>Valuation<br/>Net<br/>Assumed<br/>Return</b> |                        |         | <b>Valuation<br/>Net Assumed<br/>Return<br/>Assumption</b> |                        |       |
|                                                      | <b>2%<br/>Decrease</b>                          | <b>1%<br/>Decrease</b> |         | <b>1%<br/>Increase</b>                                     | <b>2%<br/>Increase</b> |       |
| 2020                                                 | 78.44%                                          | 90.14%                 | 102.64% | 115.86%                                                    | 129.75%                | 6.25% |
| 2019                                                 | 70.88%                                          | 81.89%                 | 93.68%  | 106.19%                                                    | 119.36%                | 6.25% |
| 2018                                                 | 73.14%                                          | 84.45%                 | 96.55%  | 109.38%                                                    | 122.89%                | 6.50% |
| 2017                                                 | 71.81%                                          | 82.91%                 | 94.80%  | 107.43%                                                    | 120.73%                | 6.75% |
| 2016                                                 | 68.52%                                          | 79.05%                 | 90.33%  | 102.29%                                                    | 114.87%                | 7.00% |
| 2015                                                 | 71.08%                                          | 81.16%                 | 91.89%  | 103.21%                                                    | 115.07%                | 7.50% |

**Longevity and Other Demographic Risks:** The estimated liability of the Plan is based on assumptions related to mortality, retirement, disability and termination. To the extent that Plan experience is different than these assumptions the gains and losses affect future required contributions and estimated liability.

**Contribution Risk:** The possibility that the plan sponsor does not make contributions to the plan according to the funding policy.

**Intergenerational equity risk:** Intergenerational equity is the concept that resources do not belong to a specific generation and they must be preserved for future generations. One way to alleviate this risk is to pay for benefits over the average future service of the group receiving benefits. Members may feel there are inequities when one is paying more than others, receiving less than others, or paying more than others in relation to what they are receiving.

Plan maturity measures may help understand the risks associated with the plan. As the Plan matures, the ratio of the Market Value of Assets to the Covered Payroll increases. As this ratio gets larger, the impact of asset volatility has a larger effect on the volatility of the Minimum Required Contribution as a percentage of pay.

| <u>Year<br/>Ending<br/>September 30,</u> | <u>Market<br/>Value of<br/>Assets</u> | <u>Covered<br/>Valuation<br/>Payroll</u> | <u>Asset<br/>Volatility<br/>Ratio</u> |
|------------------------------------------|---------------------------------------|------------------------------------------|---------------------------------------|
| 2020                                     | \$29,082,299                          | 1,718,430                                | 16.9                                  |
| 2019                                     | 27,075,784                            | 1,624,165                                | 16.7                                  |
| 2018                                     | 26,551,714                            | 1,800,777                                | 14.7                                  |
| 2017                                     | 24,406,511                            | 1,989,561                                | 12.9                                  |
| 2016                                     | 21,853,722                            | 1,962,392                                | 11.1                                  |
| 2015                                     | 19,413,306                            | 2,084,998                                | 9.4                                   |
| 2014                                     | 19,217,346                            | 2,265,141                                | 8.5                                   |
| 2013                                     | 16,369,058                            | 2,468,911                                | 7.0                                   |
| 2012                                     | 14,889,816                            | 2,690,922                                | 5.5                                   |
| 2011                                     | 12,196,718                            | 2,809,429                                | 4.3                                   |
| 2010                                     | 12,001,482                            | 2,931,037                                | 4.1                                   |
| 2009                                     | 10,342,313                            | 4,418,658                                | 2.3                                   |
| 2008                                     | 9,618,909                             | 4,450,603                                | 2.2                                   |

Another measure of a pension plan's maturity is the Ratio of Benefit Payments to Contributions. Over the life of a pension plan, it is expected that the majority of the benefits will be paid for by returns rather than contributions. For this to happen, as a plan matures, the plan will eventually pay out more in benefits than it receives in contributions. It is important to understand the magnitude of this difference so that steps can be taken, if necessary, to manage cash flows going forward. The table below provides the Ratio of Benefit Payments to Contributions. Note that there are other cash flows to be considered such as interest and dividends earned or expenses paid by a pension plan.

| <b>Year<br/>Ending<br/>September 30,</b> | <b>Benefit<br/>Payments</b> | <b>Contributions</b> | <b>Ratio of<br/>Benefit<br/>Payments<br/>to<br/>Contributions</b> |
|------------------------------------------|-----------------------------|----------------------|-------------------------------------------------------------------|
| 2020                                     | \$1,097,195                 | \$988,950            | 1.11                                                              |
| 2019                                     | 1,106,461                   | 885,020              | 1.25                                                              |
| 2018                                     | 1,004,991                   | 921,969              | 1.09                                                              |
| 2017                                     | 950,966                     | 890,969              | 1.06                                                              |
| 2016                                     | 877,324                     | 1,160,358            | 0.76                                                              |
| 2015                                     | 811,678                     | 1,141,960            | 0.71                                                              |
| 2014                                     | 708,034                     | 1,245,175            | 0.57                                                              |
| 2013                                     | 557,336                     | 1,120,557            | 0.50                                                              |
| 2012                                     | 466,659                     | 1,042,068            | 0.45                                                              |
| 2011                                     | 447,129                     | 858,310              | 0.52                                                              |
| 2010                                     | 419,009                     | 1,149,389            | 0.34                                                              |
| 2009                                     | 358,661                     | 1,139,148            | 0.31                                                              |
| 2008                                     | 32,088                      | 1,163,346            | 0.26                                                              |
| 2007                                     | 74,636                      | 985,729              | 0.28                                                              |
| 2006                                     | 277,911                     | 800,106              | 0.35                                                              |
| 2005                                     | 225,841                     | 593,192              | 0.38                                                              |
| 2004                                     | 185,390                     | 541,925              | 0.34                                                              |
| 2003                                     | 164,452                     | 433,436              | 0.38                                                              |
| 2002                                     | 135,179                     | 162,418              | 0.83                                                              |
| 2001                                     | 111,123                     | 154,786              | 0.72                                                              |
| 2000                                     | 109,067                     | 197,915              | 0.55                                                              |
| 1999                                     | 108,115                     | 213,864              | 0.51                                                              |
| 1998                                     | 91,332                      | 196,364              | 0.47                                                              |
| 1997                                     | 88,849                      | 222,328              | 0.40                                                              |



When looking at Net Cash Flows, it is useful to understand the relative size of the cash flows in comparison to the Market Value of Assets. The following table provides the ratio of the Net Cash Flows divided by the Market Value of Assets. As mentioned previously, there are other cash flows to be considered such as interest and dividends earned or expenses paid by a pension plan.

| <u>Year<br/>Ending<br/>September 30,</u> | <u>Contributions</u> | <u>Disbursements</u> | <u>Assets</u> | <u>Net Cash Flow<br/>Divided by<br/>Assets</u> |
|------------------------------------------|----------------------|----------------------|---------------|------------------------------------------------|
| 2020                                     | \$988,950            | \$1,161,595          | \$29,082,299  | (0.01)                                         |
| 2019                                     | 885,020              | 1,159,265            | 27,075,734    | (0.01)                                         |
| 2018                                     | 921,902              | 1,058,438            | 26,551,744    | (0.01)                                         |
| 2017                                     | 892,969              | 1,003,872            | 24,406,511    | 0.00                                           |
| 2016                                     | 1,160,358            | 932,804              | 21,853,722    | 0.01                                           |
| 2015                                     | 1,141,960            | 861,576              | 19,405,306    | 0.01                                           |
| 2014                                     | 1,245,175            | 752,796              | 16,987,346    | 0.03                                           |
| 2013                                     | 1,120,557            | 599,028              | 17,360,035    | 0.03                                           |
| 2012                                     | 1,032,068            | 507,395              | 14,889,805    | 0.04                                           |
| 2011                                     | 858,310              | 488,044              | 12,196,718    | 0.03                                           |
| 2010                                     | 1,240,389            | 460,688              | 12,001,482    | 0.06                                           |
| 2009                                     | 1,139,148            | 392,309              | 10,342,313    | 0.07                                           |
| 2008                                     | 1,163,346            | 335,659              | 9,618,909     | 0.09                                           |
| 2007                                     | 985,729              | 208,491              | 9,674,855     | 0.07                                           |
| 2006                                     | 800,106              | 310,301              | 7,845,405     | 0.06                                           |
| 2005                                     | 593,155              | 260,098              | 6,980,188     | 0.05                                           |
| 2004                                     | 540,925              | 227,731              | 5,932,559     | 0.05                                           |
| 2003                                     | 33,436               | 94,983               | 5,306,867     | 0.04                                           |
| 2002                                     | 103,403              | 163,909              | 4,523,653     | 0.00                                           |
| 2001                                     | 154,036              | 148,852              | 4,886,561     | 0.00                                           |
| 2000                                     | 27,911               | 129,161              | 5,816,019     | 0.01                                           |
| 1999                                     | 210,864              | 129,874              | 5,470,061     | 0.02                                           |
| 1998                                     | 190,364              | 113,032              | 5,042,952     | 0.02                                           |
| 1997                                     | 202,328              | 108,722              | 4,711,252     | 0.02                                           |

## Section

**2 Results**

In this section, the assets and liabilities of the Plan are shown in detail. Assets and liabilities are then compared to determine the funded status and minimum funding requirements. Finally, analysis is performed to explain movement in results from the prior valuation.

Asset information is based on the fair market value of assets, along with any techniques used to smooth out market fluctuations. Liabilities are determined through a combination of the benefit provisions, participant census data which contains information for the members who will receive those benefits, and the methods and assumptions used with regard to how benefits will be paid to members. A summary of participant data, an outline of the benefit provisions, and a description of the methods and assumptions used in this valuation are described in Section 4.

**Financial Information**

Over the life of the Plan, the majority of assets are typically generated from investment return. In this section, we describe how the assets of the Plan are invested, show how the actuarial value of assets is derived, and review the investment results since the prior valuation.

**Investment Allocation**

|                           | September 30, 2019 |           | September 30, 2020 |           |
|---------------------------|--------------------|-----------|--------------------|-----------|
| Equity Securities         | \$17,057,445       | 63%       | \$17,467,053       | 60%       |
| Fixed Income              | 7,749,106          | 25%       | 7,749,106          | 27%       |
| Real Estate               | 2,587,151          | 10%       | 2,588,973          | 9%        |
| Cash and Cash Equivalents | 625,569            | 2%        | 1,273,633          | 4%        |
| Net Receivables/Payables  | <u>20,291</u>      | <u>0%</u> | <u>3,534</u>       | <u>0%</u> |
| Total Assets              | \$27,075,734       | 100%      | \$29,082,299       | 100%      |

**Reconciliation of Market Value of Assets**

| <b>Year Ending September 30,</b>                 | <b>2019</b>     | <b>2020</b>     |
|--------------------------------------------------|-----------------|-----------------|
| 1. Value as of beginning of year                 | \$26,551,744    | \$27,075,734    |
| 2. Contributions                                 |                 |                 |
| a. Employer                                      | \$831,216       | \$933,633       |
| b. Employee                                      | <u>53,804</u>   | <u>55,317</u>   |
| c. Total Contributions                           | \$885,020       | \$988,950       |
| 3. Investment Income                             |                 |                 |
| a. Realized Gains and Losses                     | \$74,481        | \$726,552       |
| b. Unrealized Gains and Losses                   | 144,763         | 887,471         |
| c. Interest and Dividends                        | 629,818         | 622,578         |
| d. Other Income                                  | 566             | 211             |
| e. Investment Expenses                           | <u>(51,393)</u> | <u>(57,602)</u> |
| f. Net Investment Income                         | \$98,235        | \$2,179,210     |
| 4. Deductions                                    |                 |                 |
| a. Benefits Paid, including contribution refunds | \$(1,106,461)   | \$(1,097,195)   |
| b. Administrative Expenses                       | <u>(52,804)</u> | <u>(64,400)</u> |
| c. Total                                         | \$(1,159,265)   | \$(1,161,595)   |
| 5. Value as of end of year                       | \$27,075,734    | \$29,082,299    |

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**Development of Historical Market Gains and Losses for Asset Smoothing**

|    |                                             | <b>2020</b>      | <b>2019</b>      |
|----|---------------------------------------------|------------------|------------------|
| 1. | Market Value of Assets - Beginning of Year  | \$27,075,734     | \$26,551,744     |
| 2. | Contributions                               | 988,950          | 885,020          |
| 3. | Benefit Payments and Administrative Expense | (1,161,595)      | (1,159,265)      |
| 4. | Expected Return on Assets                   | <u>1,686,838</u> | <u>1,716,950</u> |
| 5. | Expected Value of Assets at End of Year     | \$28,589,927     | \$27,994,449     |
| 6. | Market Value of Assets - End of Year        | \$29,082,299     | \$27,075,734     |
| 7. | Gain (Loss) for Plan Year = (6) - (5)       | \$492,372        | \$(918,715)      |
|    |                                             | <b>2018</b>      | <b>2017</b>      |
| 1. | Market Value of Assets - Beginning of Year  | \$24,406,511     | \$21,853,722     |
| 2. | Contributions                               | 921,902          | 892,969          |
| 3. | Benefit Payments and Administrative Expense | (1,058,438)      | (1,003,872)      |
| 4. | Expected Return on Assets                   | <u>1,642,831</u> | <u>1,525,879</u> |
| 5. | Expected Value of Assets at End of Year     | \$25,912,806     | \$23,268,698     |
| 6. | Market Value of Assets - End of Year        | \$26,551,744     | \$24,406,511     |
| 7. | Gain (Loss) for Plan Year = (6) - (5)       | \$638,938        | \$1,137,813      |

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## Development of Actuarial Value of Assets

The market value of assets is adjusted to recognize investment earnings greater than (or less than) the assumed investment return over a five-year period. The Actuarial Value of Assets shall not be more than 120% or less than 80% of the market value of assets.

### Determination of Actuarial Value of Assets as of October 1, 2020

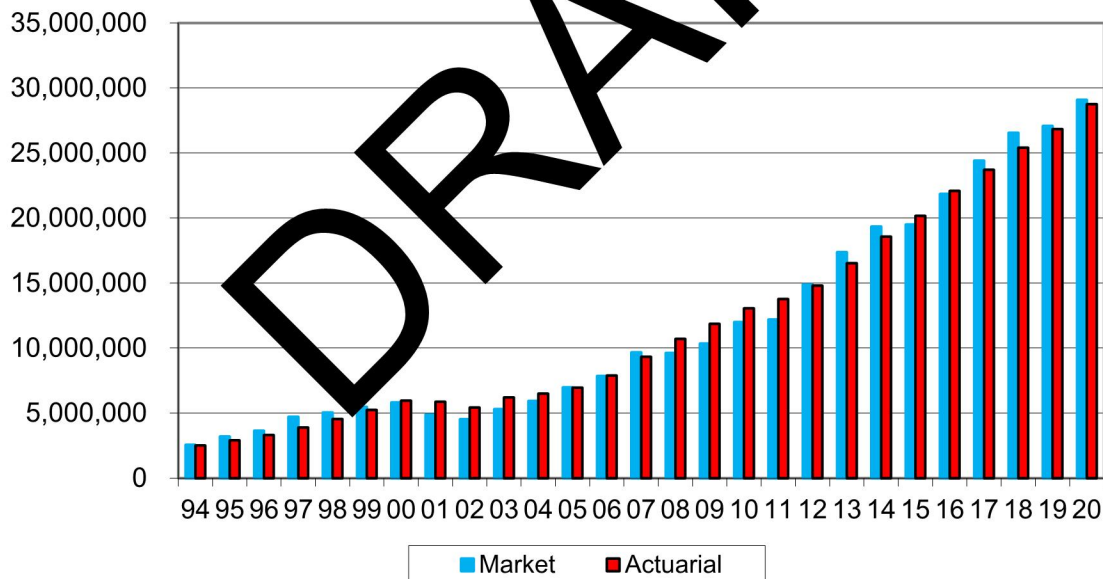
|                                                                |                                 |                                 |                                     |
|----------------------------------------------------------------|---------------------------------|---------------------------------|-------------------------------------|
| 1. Market Value of Assets as of October 1, 2020                |                                 |                                 | \$29,082,299                        |
| 2. Phase-In Gains (Losses) Over Five Year Period               |                                 |                                 |                                     |
|                                                                | <b>Original<br/>Gain (Loss)</b> | <b>Percent<br/>Unrecognized</b> | <b>Unrecognized<br/>Gain (Loss)</b> |
| a. Year Ending 9/30/2020                                       | \$492,372                       | 80%                             | \$393,898                           |
| b. Year Ending 9/30/2019                                       | (918,715)                       | 60%                             | (551,229)                           |
| c. Year Ending 9/30/2018                                       | 638,938                         | 40%                             | 255,575                             |
| d. Year Ending 9/30/2017                                       | 1,137,811                       | 20%                             | <u>227,563</u>                      |
| e. Total                                                       |                                 |                                 | \$325,807                           |
| 3. Preliminary Actuarial Value of Assets as of October 1, 2020 |                                 |                                 | \$28,756,492                        |
| 4. Corridor Around Market Value                                |                                 |                                 |                                     |
| a. Minimum = 80% of Market Value of Assets                     |                                 |                                 | \$23,265,839                        |
| b. Maximum = 120% of Market Value of Assets                    |                                 |                                 | \$34,898,759                        |
| c. Corridor Adjustment to Preliminary Actuarial Value          |                                 |                                 | \$0                                 |
| 5. Actuarial Value of Assets as of October 1, 2020 (3. + 4.c.) |                                 |                                 | \$28,756,492                        |

### Determination of Actuarial Asset Gain (Loss) for the Year Ended September 30, 2020

|                                                  |                  |
|--------------------------------------------------|------------------|
| 1. Actuarial Value of Assets - Beginning of Year | \$26,840,827     |
| 2. Contributions                                 | 988,950          |
| 3. Benefit Payments and Administrative Expense   | (1,161,595)      |
| 4. Expected Return on Assets                     | <u>1,672,157</u> |
| 5. Expected Value of Assets at End of Year       | \$28,340,339     |
| 6. Actuarial Value of Assets - End of Year       | \$28,756,492     |
| 7. Gain (Loss) for Plan Year = (6) - (5)         | \$416,153        |

**Historic Asset Values**

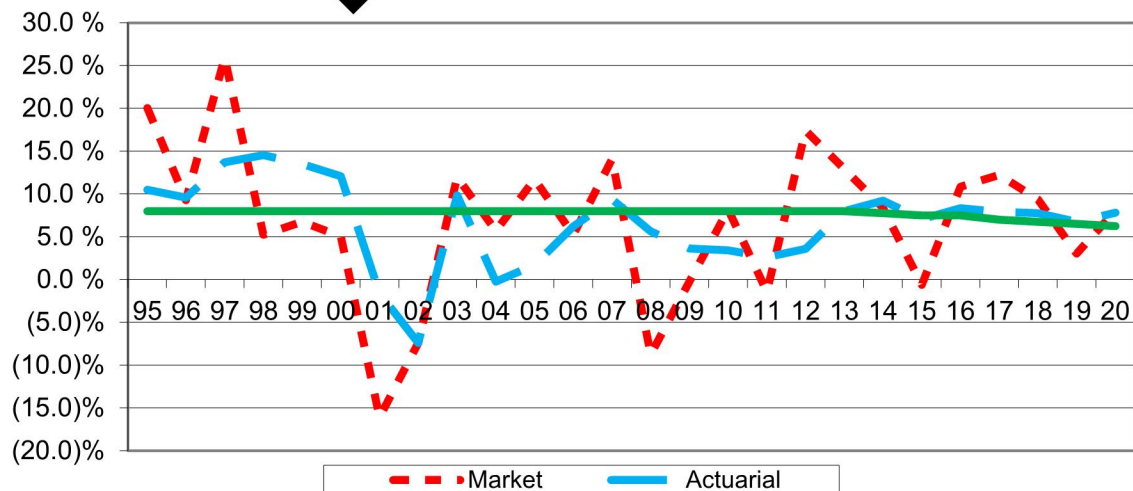
| As of<br>October 1, | Market<br>Value | Actuarial<br>Value | As of<br>October 1, | Market<br>Value | Actuarial<br>Value |
|---------------------|-----------------|--------------------|---------------------|-----------------|--------------------|
| 2020                | \$29,082,299    | \$28,756,492       | 2007                | \$9,674,855     | \$9,330,985        |
| 2019                | 27,075,734      | 26,840,827         | 2006                | 7,845,405       | 7,882,464          |
| 2018                | 26,551,744      | 25,411,172         | 2005                | 6,980,188       | 6,949,418          |
| 2017                | 24,406,511      | 23,712,033         | 2004                | 5,932,559       | 6,502,614          |
| 2016                | 21,853,722      | 22,082,870         | 2003                | 5,306,867       | 6,203,585          |
| 2015                | 19,498,306      | 20,163,447         | 2002                | 4,523,653       | 5,428,384          |
| 2014                | 19,337,346      | 18,562,501         | 2001                | 4,886,561       | 5,863,873          |
| 2013                | 17,369,035      | 16,524,970         | 2000                | 5,816,019       | 5,953,335          |
| 2012                | 14,889,816      | 14,798,078         | 1999                | 5,470,061       | 5,246,459          |
| 2011                | 12,196,718      | 13,770,643         | 1998                | 5,042,952       | 4,543,647          |
| 2010                | 12,001,482      | 13,055,082         | 1997                | 4,711,252       | 3,888,036          |
| 2009                | 10,342,313      | 11,855,663         | 1996                | 3,638,607       | 3,312,460          |
| 2008                | 9,618,909       | 10,707,438         | 1995                | 3,035,294       | 2,898,853          |



**Historic Investment Returns**

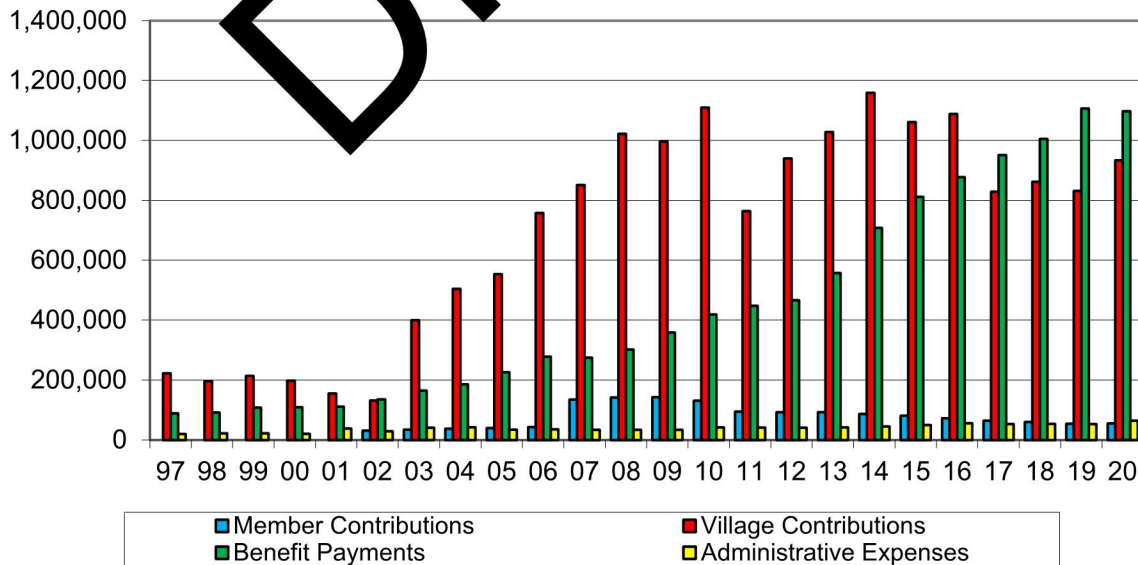
| September 30    | Market  | Actuarial | Assumed |
|-----------------|---------|-----------|---------|
| 2020            | 8.1 %   | 7.8 %     | 6.25 %  |
| 2019            | 3.0 %   | 6.7 %     | 6.50 %  |
| 2018            | 9.4 %   | 7.8 %     | 6.75 %  |
| 2017            | 12.2 %  | 7.9 %     | 7.00 %  |
| 2016            | 10.8 %  | 8.3 %     | 7.50 %  |
| 2015            | (0.6)%  | 7.1 %     | 7.50 %  |
| 2014            | 8.4 %   | 9.2 %     | 7.75 %  |
| 2013            | 12.9 %  | 8.0 %     | 8.00 %  |
| 2012            | 17.4 %  | 3.6 %     | 8.00 %  |
| 2011            | (1.4)%  | 2.6 %     | 8.00 %  |
| 2010            | 8.2 %   | 3.4 %     | 8.00 %  |
| 2009            | (0.2)%  | 3.6 %     | 8.00 %  |
| 2008            | (8.8)%  | 5.6 %     | 8.00 %  |
| 2007            | 14.1 %  | 9.7 %     | 8.00 %  |
| 2006            | 5.2 %   | 6.2 %     | 8.00 %  |
| 2005            | 11.7 %  | 1.7 %     | 8.00 %  |
| 2004            | 5.7 %   | (0.2)%    | 8.00 %  |
| 2003            | 12.0 %  | 7.9 %     | 8.00 %  |
| 2002            | (7.4)%  | (7.4)%    | 8.00 %  |
| 2001            | (16.1)% | (1.6)%    | 8.00 %  |
| 2000            | 5.0 %   | 12.1 %    | 8.00 %  |
| 1999            | 6.7 %   | 13.5 %    | 8.00 %  |
| 1998            | 1.0 %   | 14.6 %    | 8.00 %  |
| 1997            | 26.0 %  | 13.7 %    | 8.00 %  |
| 1996            | 9.2 %   | 9.6 %     | 8.00 %  |
| 1995            | 2.1 %   | 10.5 %    | 8.00 %  |
| 26 Year Average | 7.4 %   | 6.6 %     | 7.74 %  |
| 10 Year Average | 7.5 %   | 6.9 %     | 7.32 %  |

Actual rate of investment return is calculated as  $2I / (A + B - I)$ , where A is the asset value at the beginning of the year, B is the asset value at the end of the year, and I represents investment income net of investment expenses.



**Historic Contributions and Benefit Payments**

| Year Ended<br>September 30 | Member<br>Contributions | Village<br>Contributions | Benefit<br>Payments | Administrative<br>Expenses |
|----------------------------|-------------------------|--------------------------|---------------------|----------------------------|
| 2020                       | \$55,317                | \$933,633                | \$1,097,195         | \$64,400                   |
| 2019                       | 53,804                  | 831,216                  | 1,106,461           | 52,804                     |
| 2018                       | 59,855                  | 862,047                  | 1,004,991           | 53,447                     |
| 2017                       | 64,047                  | 828,922                  | 950,966             | 52,906                     |
| 2016                       | 72,094                  | 1,088,264                | 877,324             | 55,480                     |
| 2015                       | 80,731                  | 1,061,229                | 811,678             | 49,898                     |
| 2014                       | 86,400                  | 1,158,775                | 708,034             | 44,762                     |
| 2013                       | 92,577                  | 1,027,980                | 557,336             | 41,692                     |
| 2012                       | 92,223                  | 939,845                  | 466,659             | 40,739                     |
| 2011                       | 94,530                  | 763,780                  | 447,529             | 41,315                     |
| 2010                       | 130,745                 | 1,109,644                | 427,029             | 41,659                     |
| 2009                       | 142,613                 | 996,535                  | 358,668             | 33,915                     |
| 2008                       | 141,424                 | 1,021,922                | 367,088             | 33,571                     |
| 2007                       | 134,438                 | 851,291                  | 274,766             | 33,855                     |
| 2006                       | 42,629                  | 757,477                  | 277,914             | 35,457                     |
| 2005                       | 39,804                  | 553,678                  | 225,841             | 34,257                     |
| 2004                       | 37,351                  | 504,577                  | 185,390             | 42,341                     |
| 2003                       | 33,977                  | 399,459                  | 164,452             | 40,531                     |
| 2002                       | 31,109                  | 171,309                  | 135,179             | 28,730                     |
| 2001                       | 0                       | 154,777                  | 111,123             | 37,729                     |
| 2000                       | 0                       | 97,915                   | 109,067             | 20,094                     |
| 1999                       | 0                       | 238,864                  | 108,115             | 21,759                     |
| 1998                       | 0                       | 193,364                  | 91,332              | 21,700                     |
| 1997                       | 0                       | 12,328                   | 88,849              | 19,873                     |



## Present Value of Benefits

| Valuation as of October 1,          | 2019             | 2020             |
|-------------------------------------|------------------|------------------|
| 1. <b>Active Members</b>            |                  |                  |
| a. Retirement Benefits              | \$11,538,547     | \$12,191,910     |
| b. Deferred Benefits                | 306,308          | 279,360          |
| c. Survivor Benefits                | <u>297,591</u>   | <u>229,193</u>   |
| d. Total                            | \$12,142,446     | \$12,700,463     |
| 2. <b>Deferred Vested</b>           | \$3,943,213      | \$3,932,052      |
| 3. <b>Members in Payment Status</b> |                  |                  |
| a. Retirement Benefits              | 14,296,958       | \$12,810,529     |
| b. Beneficiaries                    | <u>1,861,225</u> | <u>2,055,703</u> |
| c. Total                            | \$16,158,183     | \$14,866,232     |
| 4. <b>Present Value of Benefits</b> | \$32,243,642     | \$31,498,747     |

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## Accrued Liability

| Valuation as of October 1,          | 2019             | 2020             |
|-------------------------------------|------------------|------------------|
| <b>1. Active Members</b>            |                  |                  |
| a. Retirement Benefits              | \$8,585,669      | \$9,381,219      |
| b. Deferred Benefits                | 39,056           | 19,461           |
| c. Survivor Benefits                | <u>176,422</u>   | <u>135,941</u>   |
| d. Total                            | \$8,801,147      | \$9,536,621      |
| <b>2. Deferred Vested</b>           | \$3,943,213      | \$3,932,052      |
| <b>3. Members in Payment Status</b> |                  |                  |
| a. Retirement Benefits              | \$12,896,958     | \$12,810,529     |
| b. Beneficiaries                    | <u>1,868,225</u> | <u>2,055,703</u> |
| c. Total                            | \$16,158,183     | \$14,866,232     |
| <b>4. Accrued Liability</b>         | \$28,902,543     | \$28,334,905     |

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## Normal Cost

| Valuation as of October 1,       | 2019            | 2020          |
|----------------------------------|-----------------|---------------|
| 1. Retirement Benefits           | \$320,909       | \$331,374     |
| 2. Deferred Benefits             | 24,238          | 25,126        |
| 3. Survivor Benefits             | 12,018          | 9,784         |
| 4. Administrative Expense        | <u>52,804</u>   | <u>64,400</u> |
| 5. Total Normal Cost             |                 |               |
| a. As a Dollar Amount            | \$409,969       | \$430,684     |
| b. As a Percent of Payroll       | 25.2%           | 25.1%         |
| 6. Actual Employer Normal Cost   |                 |               |
| a. Preliminary Normal Cost       | \$357,165       |               |
| b. Actual Administrative Expense | 64,400          |               |
| c. Actual Employee Contributions | <u>(55,317)</u> |               |
| d. Employer Normal Cost          | \$366,248       |               |
| 7. Valuation Salary              | \$1,624,165     | \$1,718,430   |

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## Unfunded Accrued Liability

Valuation as of October 1,

2020

### Unfunded Accrued Liability

|                               |                     |
|-------------------------------|---------------------|
| 1. Accrued Liability          | \$28,334,905        |
| 2. Actuarial Value of Assets  | <u>(28,756,492)</u> |
| 3. Unfunded Accrued Liability | \$ (421,587)        |

### Determination of Expected Unfunded Accrued Liability

|                                                             |                  |
|-------------------------------------------------------------|------------------|
| 1. Unfunded Accrued Liability as of Prior Year              | \$2,061,716      |
| 2. Employer Normal Cost (Including Administrative Expenses) | 366,248          |
| 3. Interest for a full year on (1) and (2)                  | 151,748          |
| 4. Employer Contribution for Prior Year                     | (933,633)        |
| 5. Interest on Contributions                                | (29,176)         |
| 6. Change in Plan, Methods or Assumptions                   | <u>(745,073)</u> |
| 7. Expected Unfunded Accrued Liability                      | \$871,830        |

### Calculation of (Gain) or Loss

|                                        |                |
|----------------------------------------|----------------|
| 1. Actual Unfunded Accrued Liability   | \$ (421,587)   |
| 2. Expected Unfunded Accrued Liability | <u>871,830</u> |
| 3. Total (Gain) or Loss                | \$ (1,293,417) |

### Reconciliation of Unfunded Accrued Liability

|                                                  |                  |
|--------------------------------------------------|------------------|
| 1. Unfunded Accrued Liability for Prior Year     | \$2,061,716      |
| 2. Total Change in Unfunded Accrued Liability    |                  |
| a. Expected Change in Unfunded Accrued Liability | \$ (444,813)     |
| b. Change in Plan, Methods or Assumptions        | (745,073)        |
| c. Change Due to (Gain) or Loss                  |                  |
| i. Investment (Gain) Loss                        | \$ (416,153)     |
| ii. Demographic (Gain) Loss                      | <u>(877,264)</u> |
| iii. Total (Gain) or Loss                        | \$ (1,293,417)   |
| d. Total Change in Unfunded Accrued Liability    | \$ (2,483,303)   |
| 3. Unfunded Accrued Liability for Current Year   | \$ (421,587)     |

### Amortization of Unfunded Accrued Liability

The Unfunded Accrued Liability is being amortized as a level dollar amount using the net assumed investment return.

A fresh start was implemented on the amortization of the Unfunded Accrued Liability retroactive effective October 1, 2017 at 6.73813 years such that the October 1, 2017 valuation amortization payment remained unchanged. Effective with the October 1, 2018 actuarial valuation, the Unfunded Accrued Liability was amortized over a 5.73813-year period. Future changes in UAL are to be set up over a 5-year period.

### Actions Taken to Reduce Unfunded Accrued Liability

The required contributions calculated each year include a payment for the amortization of the Unfunded Accrued Liability. This payment is designed to reduce the Unfunded Accrued Liability in an orderly fashion over the next 5 years.

### Amortization Bases

| Type              | 10/1 | Original Balance | Outstanding Base | Adjusted Outstanding Bases | Years Remain | Amortization Payment |
|-------------------|------|------------------|------------------|----------------------------|--------------|----------------------|
| Fresh Start       | 2018 | \$2,090,111      | \$1,438,136      | \$1,385,969                | 3.73813      | \$402,052            |
| (Gain) Loss       | 2019 | (623,007)        | (52,938)         | (494,428)                  | 4.00000      | (135,064)            |
| Assumption Change | 2019 | 913,998          | 75,066           | 725,362                    | 4.00000      | 198,149              |
| (Gain) Loss       | 2020 | (1,293,417)      | (1,293,417)      | (1,293,417)                | 5.00000      | (290,959)            |
| Assumption Change | 2020 | (45,073)         | (45,073)         | (745,073)                  | 5.00000      | (167,607)            |
| Total             |      |                  | \$(360,727)      | \$(421,587)                |              | \$6,571              |

### Projected Unfunded Accrued Liability and Amortization Payments

| Plan Year Beginning October 1 | Unfunded Accrued Liability | Amortization Payment |
|-------------------------------|----------------------------|----------------------|
| 2020                          | \$(421,587)                | \$6,571              |
| 2021                          | (454,918)                  | 6,572                |
| 2022                          | (490,333)                  | 6,570                |
| 2023                          | (527,959)                  | (96,369)             |
| 2024                          | (458,564)                  | (458,564)            |
| 2025                          | 0                          | 0                    |

## Minimum Funding Requirements

| Valuation as of October 1,<br>Funding for Year Ending September 30, | 2019<br>2021   | 2020<br>2022 |
|---------------------------------------------------------------------|----------------|--------------|
| 1. Total Normal Cost                                                | \$409,969      | \$430,684    |
| 2. Amortization of UAL                                              | <u>482,644</u> | <u>6,571</u> |
| 3. Total Minimum Required Contribution (MRC) BOY                    | \$892,613      | \$437,255    |
| 4. Total MRC Beginning of Funding Year                              | \$948,401      | \$464,583    |
| 5. Total MRC Payable Monthly in Funding Year                        | \$978,039      | \$479,101    |
| 6. Expected Employee Contributions                                  | \$49,299       | \$49,772     |
| 7. Employer MRC Payable Monthly in Funding Year                     | \$928,740      | \$429,329    |
| 8. Village Plus Expected Employee Contributions                     | \$978,039      | \$479,101    |
| 9. Valuation Salary                                                 |                |              |
| a. Expected in Year Following Valuation Date                        | \$1,624,165    | \$1,718,430  |
| b. Expected in Funding Year                                         | 1,643,311      | 1,659,066    |
| 10. Assumed Net Investment Return                                   | 6.25%          | 6.25%        |

## Reconciliations

### Reconciliation of Change in Village Minimum Required Contribution

|                                                       |                    |                  |
|-------------------------------------------------------|--------------------|------------------|
| <b>As of Prior Valuation</b>                          |                    | <b>\$928,740</b> |
| Changes in Required Village Contribution Rate due to: |                    |                  |
| Normal Operation of Plan                              | \$6,811            |                  |
| Funding More Than Expected                            | (19,182)           |                  |
| Investment Experience                                 | (102,575)          |                  |
| Demographic Experience                                | (188,465)          |                  |
| Revise Mortality Assumption                           | <u>(196,000)</u>   |                  |
| Total Changes                                         | <u>\$(499,411)</u> |                  |
| <b>As of Current Valuation</b>                        |                    | <b>\$429,329</b> |

### Reconciliation of Change in Funded Percentage

|                                  |               |                 |
|----------------------------------|---------------|-----------------|
| <b>As of Prior Valuation</b>     |               | <b>92.87 %</b>  |
| Changes in Funded Status due to: |               |                 |
| Normal Operation of Plan         | 1.73 %        |                 |
| Investment Experience            | 1.39 %        |                 |
| Demographic Experience           | 2.90 %        |                 |
| Revise Mortality Assumption      | <u>2.60 %</u> |                 |
| Total Changes                    | <u>8.62 %</u> |                 |
| <b>As of Current Valuation</b>   |               | <b>101.49 %</b> |

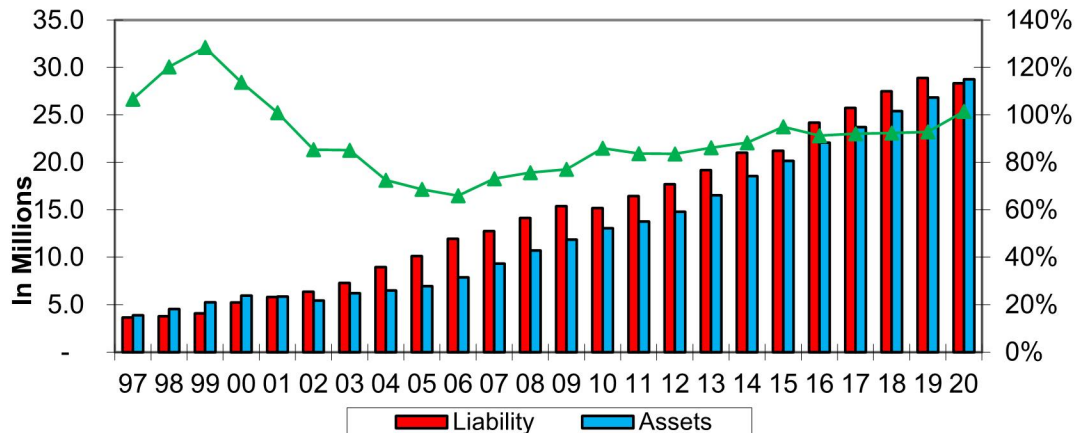


## Historical Actuarial Experience

### Historic Gains and Losses

| Actuarial<br>Valuation Date | Investment Gain/(Loss) |                           |                                   | Total<br>Gain/(Loss) |
|-----------------------------|------------------------|---------------------------|-----------------------------------|----------------------|
|                             | Market<br>Basis<br>(A) | Actuarial<br>Basis<br>(B) | Demographic<br>Gain/(Loss)<br>(C) |                      |
| 10/1/2020                   | \$492,372              | \$416,153                 | \$877,264                         | \$1,293,417          |
| 10/1/2019                   | (918,715)              | 61,087                    | 561,920                           | 623,007              |
| 10/1/2018                   | 638,938                | 239,721                   | 205,918                           | 445,639              |
| 10/1/2017                   | 1,137,813              | 198,147                   | 325,072                           | 523,219              |
| 10/1/2016                   | 662,505                | 171,077                   | 429,411                           | 600,488              |
| 10/1/2015                   | (1,580,239)            | (82,140)                  | 930,661                           | 848,521              |
| 10/1/2014                   | 110,752                | 245,387                   | 506,452                           | 751,879              |
| 10/1/2013                   | 745,644                | 656                       | 393,841                           | 393,004              |
| 10/1/2012                   | 1,171,704              | (619,873)                 | 512,584                           | (107,289)            |
| 10/1/2011                   | (1,149,127)            | (713,091)                 | (55,854)                          | 768,945              |
| 10/1/2010                   | 20,895                 | (559,923)                 | 1,628,110                         | 1,068,187            |
| 10/1/2009                   | (822,536)              | (484,798)                 | 711,774                           | (313,024)            |
| 10/1/2008                   | (1,690,729)            | (230,820)                 | (25,731)                          | (256,551)            |
| 10/1/2007                   | 497,490                | 111,236                   | 164,743                           | 778,339              |
| 10/1/2006                   | (199,402)              | (129,112)                 | 173,217                           | 50,105               |
| 10/1/2005                   | 226,606                | (419,833)                 | (152,874)                         | (572,697)            |
| 10/1/2004                   | (125,619)              | 524,021                   | (145,699)                         | (669,719)            |
| 10/1/2003                   | 183,751                | 69,069                    | (12,628)                          | (581,697)            |
| 10/1/2002                   | (752,232)              | (233,948)                 | 89,638                            | (813,410)            |
| 10/1/2001                   | (1,400,911)            | (571,900)                 | (23,393)                          | (595,293)            |
| 10/1/2000                   | (106,551)              | 215,655                   | 14,489                            | 230,144              |
| 10/1/1999                   | (63,671)               | 251,971                   | 72,707                            | 324,678              |
| 10/1/1998                   | (131,865)              | 257,903                   | 248,521                           | 506,424              |
| 10/1/1997                   | 663,401                | 192,429                   | (8,262)                           | 184,167              |

### Historical Funded Percentage



Section  
**3**

# **Accounting Information**

## **Information Required by GASB 67/68**

A supplemental report provides information under the Governmental Accounting Standards Board No. 67/68.

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## Statement of Accumulated Plan Benefits (FASB 35)

The following table is based on prior accounting standards and is required by the State. The present value of accrued benefits is an estimate of the liability for the Plan of all benefits accrued to date.

| Valuation as of October 1,                              | 2019              | 2020              |
|---------------------------------------------------------|-------------------|-------------------|
| <b>Statement of Accumulated Plan Benefits</b>           |                   |                   |
| Present value of accumulated vested plan benefits       |                   |                   |
| Participants Currently Receiving Payments               | \$16,158,183      | \$14,866,232      |
| Other Participants                                      | <u>10,335,942</u> | <u>11,043,829</u> |
| Total                                                   | \$26,494,125      | \$25,910,061      |
| Present value of accumulated non-vested plan benefits   | <u>167,318</u>    | <u>153,336</u>    |
| Total present value of accumulated plan benefits        | \$26,661,443      | \$26,063,397      |
| <b>Statement of Change in Accumulated Plan Benefits</b> |                   |                   |
| Accumulated plan benefits as of prior year              |                   | \$26,661,443      |
| Increase (decrease) during the year attributable to:    |                   |                   |
| Plan amendment                                          |                   | \$0               |
| Change in methodology                                   |                   | 0                 |
| Change in assumptions                                   |                   | (681,045)         |
| Benefits paid                                           |                   | (1,097,195)       |
| Interest due to decrease in discount rate               |                   | 1,666,340         |
| Other, including benefits accumulated                   |                   | <u>(486,146)</u>  |
| Net increase (decrease)                                 |                   | \$(598,046)       |
| Accumulated plan benefits as of current year            |                   | \$26,063,397      |

## Other Disclosures Required by the State of Florida

| Valuation as of October 1,                                | 2019         | 2020         |
|-----------------------------------------------------------|--------------|--------------|
| <b>Other Disclosures Required by the State of Florida</b> |              |              |
| Present value of active member:                           |              |              |
| Future salaries (attained age)                            | \$15,977,241 | \$15,677,221 |
| Future contributions (attained age)                       | \$479,317    | \$470,317    |

## Required Disclosure Under F.S. 112.664(1)

As required under F.S. Section 112.664(1) we have produced the following information:

- (a) Total pension liability calculated based on mortality used in one of the last two Florida Retirement System (FRS) valuations. This actuarial valuation assumes mortality as used in the July 1, 2019 actuarial valuation for NOT special risk members of FRS.
- (b) Total pension liability calculated using an assumed interest rate that is 200 basis points lower than that assumed in the valuation of the Plan.
- (c) Determination of the number of months or years for which the current market value of assets is adequate to sustain the payment of expected retirement benefits.
- (d) Recommended contribution to the Plan using the most recent valuation and the contributions necessary prepared pursuant to (a) and (b) stated as a dollar amount and % of payroll.

|                                                                                  | 2% Decrease<br>(4.25%) | Actuarial Valuation<br>Current<br>Discount Rate<br>(6.25%) | 2% Increase<br>(8.25%) |
|----------------------------------------------------------------------------------|------------------------|------------------------------------------------------------|------------------------|
| Total pension liability                                                          | \$37,077,899           | \$28,334,905                                               | \$22,414,684           |
| Plan fiduciary net position                                                      | <u>(29,082,299)</u>    | <u>(29,082,299)</u>                                        | <u>(29,082,299)</u>    |
| Net pension liability                                                            | <u>\$7,995,558</u>     | <u>\$(747,394)</u>                                         | <u>\$(6,667,615)</u>   |
| Plan fiduciary net position as a<br>percentage of the total pension<br>liability | 104.4%                 | 102.64%                                                    | 129.75%                |
| Years of benefit payments:                                                       |                        |                                                            |                        |
| Expected for current members:                                                    | 89.00                  | 89.00                                                      | 89.00                  |
| Paid for with current assets:                                                    | 21.71                  | 33.64                                                      | 89.00                  |
| Village Contribution Requirement Percent                                         |                        |                                                            |                        |
| Expected Employee Contributions                                                  |                        |                                                            |                        |
| Dollar amount                                                                    | \$2,778,901            | \$479,101                                                  | \$316,965              |
| Percent of Payroll                                                               | 167.50%                | 28.88%                                                     | 19.11%                 |

### Required Disclosure Under F.S. 112.664(2)(b)2.

F.S. Section 112.664(2)(b)2. - For the previous five years, beginning with 2013, a side-by-side comparison of the plan's assumed rate of return compared to the actual rate of return, as well as the percentages of cash, equity, bond and alternative investments in the plan portfolio.

| Year Ending September 30, | 2020    | 2019    | 2018    | 2017    | 2016    |
|---------------------------|---------|---------|---------|---------|---------|
| Assumed rate of return    | 6.25%   | 6.50%   | 6.75%   | 7.00%   | 7.50%   |
| Actual rate of return     | 8.07%   | 3.02%   | 9.38%   | 12.22%  | 10.85%  |
| Percentages of assets in: |         |         |         |         |         |
| Equity                    | 60.06%  | 63.04%  | 67.79%  | 64.56%  | 63.13%  |
| Bond                      | 26.65%  | 25.02%  | 20.94%  | 22.71%  | 24.28%  |
| Cash                      | 4.38%   | 2.31%   | 1.11%   | 2.68%   | 2.75%   |
| Alternative               | 8.91%   | 9.63%   | 7.82%   | 10.05%  | 9.84%   |
| Total                     | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

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## Section

## 4

Supplementary  
Information

## Demographic Data

| Valuation as of October 1,                         | 2019        | 2020        |
|----------------------------------------------------|-------------|-------------|
| <u>Active Participants</u>                         |             |             |
| Number                                             | 31          | 31          |
| Average Age                                        | 51.6        | 52.6        |
| Average Credited Service                           | 18.0        | 19.0        |
| Average Salary                                     | \$59,351    | \$62,856    |
| Total Salary                                       | \$1,839,882 | \$1,948,546 |
| Valuation Salary                                   | \$1,624,165 | \$1,718,430 |
| Accumulated Contributions                          | \$530,387   | \$585,704   |
| <u>Terminated With Rights to Deferred Benefits</u> |             |             |
| Number                                             | 43          | 42          |
| Average Age                                        | 52.4        | 53.1        |
| Total Annualized Benefit                           | \$398,947   | \$392,973   |
| Average Monthly Benefit                            | \$773       | \$780       |
| <u>Service Retirements</u>                         |             |             |
| Number                                             | 46          | 43          |
| Average Age                                        | 71.7        | 72.5        |
| Total Annualized Benefit                           | \$972,242   | \$917,411   |
| Average Monthly Benefit                            | \$1,761     | \$1,778     |
| <u>Beneficiaries</u>                               |             |             |
| Number                                             | 8           | 10          |
| Average Age                                        | 70.7        | 72.4        |
| Total Annualized Benefit                           | \$134,555   | \$158,476   |
| Average Monthly Benefit                            | \$1,402     | \$1,321     |
| <u>Total In Payment Status</u>                     |             |             |
| Number                                             | 54          | 53          |
| Average Age                                        | 71.6        | 72.5        |
| Total Annualized Benefit                           | \$1,106,797 | \$1,075,887 |
| Average Monthly Benefit                            | \$1,708     | \$1,692     |



**Number of Active Members by Age and Service as of October 1, 2020**

| Age   | Service |      |      |      |     | Total |
|-------|---------|------|------|------|-----|-------|
|       | < 15    | < 20 | < 25 | < 30 | 30+ |       |
| < 25  |         |      |      |      |     |       |
| < 30  |         |      |      |      |     |       |
| < 35  | 1       |      |      |      |     | 1     |
| < 40  | 3       |      |      |      |     | 3     |
| < 45  | 2       |      |      |      |     | 2     |
| < 50  | 2       | 5    | 1    | 1    |     | 9     |
| < 55  |         | 3    |      | 2    | 1   | 6     |
| < 60  |         | 1    | 2    |      |     | 3     |
| < 65  |         | 2    | 1    |      |     | 3     |
| < 70  | 1       |      |      |      |     | 1     |
| 70+   |         |      | 2    |      | 1   | 3     |
| Total | 9       | 11   | 6    | 3    | 2   | 31    |

**Average Active Pay by Age and Service as of October 1, 2020**

| Age   | Service |        |        |        |        | Total  |
|-------|---------|--------|--------|--------|--------|--------|
|       | < 15    | < 20   | < 25   | < 30   | 30+    |        |
| < 25  |         |        |        |        |        |        |
| < 30  |         |        |        |        |        |        |
| < 35  | 74,819  |        |        |        |        | 74,819 |
| < 40  | 57,894  |        |        |        |        | 57,894 |
| < 45  | 75,385  |        |        |        |        | 75,385 |
| < 50  | 58,978  | 79,806 | 62,587 | 76,657 |        | 72,615 |
| < 55  |         | 64,307 |        | 73,148 | 65,525 | 67,457 |
| < 60  |         | 3,741  | 63,321 |        |        | 60,127 |
| < 65  |         | 30,085 | 6,967  |        |        | 55,712 |
| < 70  | 63,962  |        |        |        |        | 63,962 |
| 70+   |         |        | 7,580  |        | 64,362 | 26,508 |
| Total | 64,376  | 73,178 | 35,226 | 74,318 | 64,944 | 62,856 |

The pay shown above is that expected to be paid in the year following the valuation date.

There are no members with less than 10 years of service.

**Reconciliation of Participants**

|                           | Active | Deferred<br>Vested | Retirements | Beneficiaries | Total |
|---------------------------|--------|--------------------|-------------|---------------|-------|
| <b>October 1, 2019</b>    | 31     | 43                 | 46          | 8             | 128   |
| Retirement of TV          |        | (1)                | 1           |               | 0     |
| Deceased With Beneficiary |        |                    | (2)         | 2             | 0     |
| Deceased No Beneficiary   |        |                    | (2)         |               | (2)   |
| <b>October 1, 2020</b>    | 31     | 42                 | 43          | 10            | 126   |

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## Outline of Plan Provisions

Plan Type: Single-employer Defined Benefit Pension Plan

Legal Authority: The Plan was established and is amended by local ordinance.

Board Composition: The trustees consist of five members who are selected as follows:

- (a) One member is an elected Village Council member,
- (b) One member is the Village Manager or the Village Manager's designee, and
- (c) Two members are active participants elected by a majority of the active participants.
- (d) A fifth member is a resident of Palm Springs selected by a majority vote of the other four members.

Plan Administrator: The Board of Trustees

Funding Requirements: Employer contributions are actuarially determined and subject to State statute. Employee contributions are as described below and may be amended by ordinance.

Effective Date: November 19, 1969.

Recent Ordinances: Ordinance No. 2010-07 adopted April 2010 closed the Plan to future new entrants effective June 30, 2010. Individual members chose whether to remain active participants of this Plan or to alternatively move to the Florida Retirement System.

Ordinance No. 2013-30 adopted September 26, 2013 contained language to allow for investment in foreign governments, real property up to 5% in investments not listed in the ordinance, and any investments authorized by Florida Statutes 215.47.

Ordinance No. 2016-26 adopted October 12, 2017 amended and restated the Plan. The following changes were made: (1) effective January 1, 2007 members who die or become disabled while on active duty military service are treated as though re-employed with the Village the day before disability or death, and then become disabled from a non-duty disability or died a non-duty death; (2) amounts paid as differential wages to members who are absent while in qualified military service are treated as pensionable earnings beginning with earnings after December 31, 2008 and pursuant to IRC §414(u)(7); (3) a refund of employee contributions without interest is payable to the estate of a vested termination who dies with no designated beneficiary or spouse and that vested terminations who are married at the time of death are assumed to have elected an annuity payable to their spouse if there is no valid beneficiary designation and form of benefit election on file under Option 3 (100% Joint & Survivor with Pop-Up to Life Only) (a) commencing the first of the month coincident or next following the member's death if the member had reached normal retirement age but had not yet commenced benefits, or (b) commencing at what would have been the first of the month after the member's normal retirement age if the vested terminated member dies before reaching normal retirement age; (4) only with the consent of the vested terminated member may the actuarially equivalent present value of the vested benefit more than \$1,000 be paid; (5) non-spouse beneficiaries who are eligible to receive lump sum distributions under the plan are additionally defined as distributees who may have rollovers performed on their behalf; and (6) if a member does not consent to receive a mandatory distribution in excess of \$1,000, the monies

are transferred to an individual retirement plan of the Board's choosing and the member is notified of the transfer.

Ordinance 2020-10 was adopted effective July 9, 2020. Ordinance 2020-27 was adopted effective September 10, 2020. These amendments were identical and modified the composition, roles and hearing procedures of the Board of Trustees.

Plan Year: The 12-month period from October 1st to the next September 30th.

Member: General employees or elected officials, excluding persons whose customary employment is not for more than 20 hours per week or for not more than 5 months in any plan year, become Members immediately upon hire. The Plan is closed to future new entrants effective June 30, 2010.

Credited Service: Employee service computed in years and fractional parts.

Vesting: Members become vested according to the following schedule:

| Service | Vested % |
|---------|----------|
| <5      | 0%       |
| 5       | 50%      |
| 6       | 60%      |
| 7       | 70%      |
| 8       | 80%      |
| 9       | 90%      |
| 10+     | 100%     |

Members are 100% vested upon attainment of Normal Retirement Eligibility.

Earnings: Total annual gross compensation reported on Form W-2 plus tax deferred income. Payment upon termination for unused vacation time is limited to 120 hours.

Employee Contribution: 3.0% of Earnings.

Final Average Earnings: The average of the highest five successive Plan Years of Earnings in the last ten Plan Years of employment.

Normal Retirement Date: The first day of the month coincident with or next following attainment of age 62 and 5 years of Credited Service.

Members who terminate employment with a vested percentage greater than 0% prior the Normal Retirement Date are eligible to receive their Accrued Benefit once the age requirements for the Normal Retirement Date are met, provided Employee Contributions remain in the Plan.

Accrued Benefit: The amount of monthly retirement income payable at the Normal Retirement Date is determined according to the following formula:

$$2.50\% \times \text{Final Average Earnings} \times \text{Credited Service up to 25 years}$$

The Accrued Benefit is payable in the form of a life only annuity.

Cost of Living Adjustment: Based on the Consumer Price Index, a Cost of Living Adjustment is granted annually in an amount not more than 3% for Members in payment status.

Early Retirement Date: After attainment of 10 years of Credited Service, a Member may retire up to 10 years earlier than their Normal Retirement Date.

Early Retirement Benefit: The Accrued Benefit is reduced for commencement earlier than the Normal Retirement Date at a rate of 5% annually.

Members who terminate employment with a vested percentage greater than 0% prior to reaching the Early Retirement Date age requirements may elect to receive an Early Retirement Benefit once the age requirements are met, provided Employee Contributions remain in the Plan.

Pre-retirement Death Benefit: The Accrued Benefit adjusted for a 100% joint and survivor pop-up option is payable to the beneficiary of a Member who dies while in active service after earning 10 years of Credited Service.

Optional Forms of Retirement Income: In addition to the life only annuity, also available under the terms of the Plan are the 10-year certain and continuous form of annuity, as well as the 100% and 50% joint and survivor pop-up annuity forms of benefit.

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## Description of Assumptions and Methods

Assumed Rate of Investment Return: 6.25% per year, net of investment expenses

Inflation: 2.0% per year. Note this assumption is not used directly in the actuarial valuation.

Salary Increase – Individual: Rates varying by age as shown in the following schedule, which includes inflation. Accrued Benefits in the final year of the career are loaded 1% for retirement and termination to account for payments due to accumulated leave. No adjustment is made to death benefits to account for unused accumulated sick leave.

| Age | Rate   | Age | Rate   | Age | Rate   | Age | Rate   | Age | Rate   |
|-----|--------|-----|--------|-----|--------|-----|--------|-----|--------|
| 15  | 8.336% | 25  | 7.621% | 35  | 6.874% | 45  | 6.179% | 55  | 5.164% |
| 16  | 8.336% | 26  | 7.516% | 36  | 6.824% | 46  | 6.064% | 56  | 5.067% |
| 17  | 8.336% | 27  | 7.421% | 37  | 6.780% | 47  | 5.950% | 57  | 4.967% |
| 18  | 8.336% | 28  | 7.334% | 38  | 6.734% | 48  | 5.841% | 58  | 4.864% |
| 19  | 8.336% | 29  | 7.255% | 39  | 6.689% | 49  | 5.737% | 59  | 4.762% |
| 20  | 8.336% | 30  | 7.181% | 40  | 6.635% | 50  | 5.638% | 60  | 4.659% |
| 21  | 8.164% | 31  | 7.111% | 41  | 6.568% | 51  | 5.543% | 61+ | 4.556% |
| 22  | 8.006% | 32  | 7.049% | 42  | 6.489% | 52  | 5.447% |     |        |
| 23  | 7.865% | 33  | 6.986% | 43  | 6.395% | 53  | 5.354% |     |        |
| 24  | 7.736% | 34  | 6.927% | 44  | 6.292% | 54  | 5.260% |     |        |

Mortality: Mortality rates are those required by state statute. Mortality is as assumed for the Florida Retirement System (FRS) valuation as of July 1, 2019 for not special risk and not school instructional personnel, as follows:

The following two sex distinct tables are used with fully generational mortality improvements using sex distinct Scale MP-2018.

Healthy Active: PubG.H-2010(B) (male set back 1 year)

Healthy Retiree: PubG.H-2010(B) (male set back 1 year)

Juvenile rates were used for ages 15-17.

The active table references the healthy retiree rates, above, at ages 81+.

The healthy retiree table references the active mortality rates, above, before age 51.

In comparison, mortality used in the October 1, 2019 actuarial valuation was the mortality as assumed for FRS valuations as of July 1, 2016, 2017 and 2018 for not special risk, as follows:

|                    |                                                              |
|--------------------|--------------------------------------------------------------|
| Pre-retirement     | Males: 50% RP-00 Combined Healthy White Collar +             |
| Healthy mortality: | 50% RP-00 Combined Healthy Blue Collar                       |
|                    | Females: 100% RP-00 Combined Healthy White Collar            |
|                    | Both male and female rates fully generational using Scale BB |
| Post-retirement    | Males: 50% RP-00 Annuitant White Collar +                    |
| Healthy mortality: | 50% RP-00 Annuitant Blue Collar                              |
|                    | Females: 100% RP-00 Annuitant White Collar                   |
|                    | Both male and female rates fully generational using Scale BB |



Retirement: Upon attaining 5 years of service, members are assumed to retire at a rate of 10% annually from age 52 through age 61. At age 62, 100% of Members are assumed to retire.

Termination: Select Rates for years 0-4 are 25%, 20%, 14%, 9% and 8%, respectively. Ultimate rates varying by age follow. No termination is assumed for members who have attained Early or Normal Retirement eligibility.

| Age   | Rate  | Age | Rate  | Age | Rate  | Age | Rate  | Age   | Rate  |
|-------|-------|-----|-------|-----|-------|-----|-------|-------|-------|
| 15-20 | 7.00% | 27  | 6.10% | 34  | 4.30% | 41  | 1.90% | 48    | 1.35% |
| 21    | 6.90% | 28  | 5.90% | 35  | 4.00% | 42  | 1.80% | 49    | 1.30% |
| 22    | 6.80% | 29  | 5.70% | 36  | 3.60% | 43  | 1.70% | 50-61 | 1.25% |
| 23    | 6.70% | 30  | 5.50% | 37  | 3.20% | 44  | 1.60% | 62 +  | 0.00% |
| 24    | 6.60% | 31  | 5.20% | 38  | 2.80% | 45  | 1.50% |       |       |
| 25    | 6.50% | 32  | 4.90% | 39  | 2.40% | 46  | 1.45% |       |       |
| 26    | 6.30% | 33  | 4.60% | 40  | 2.00% | 47  | 1.40% |       |       |

Designated Beneficiaries: For pre-retirement death benefits, all members are assumed to have a designated beneficiary on file. Females are assumed to be three years younger than males.

Administrative Expense Load: The Normal Cost is increased by plan expenses, other than investment related expenses, from the prior year.

Funding Method: Entry Age Normal (level percent of salary).

A description of the funding method is found on the next page entitled "Glossary of Actuarial Terms."

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## Glossary of Actuarial Terms

Present Value of Benefits (PVB): The present value, as of the valuation date, of all benefits that will become payable by the Plan for the current group of members in the census.

Normal Cost (NC): The value of the portion of the total benefit for active members which accrues in the year following the valuation date. Under the Entry Age Normal (Level Percent of Salary) funding method, the annual NC for each individual active member is determined as a constant fraction of salary from the member's date of entry into the Plan to the member's assumed date of termination, retirement, disability or death.

Accrued Liability (AL): This is the portion of the PVB attributable to the past at the valuation date. For active members, AL is the annual NC accumulated from date of entry to the valuation date for each member. For retired and terminated members, the PVB and the AL are equal. The AL is the estimated liability owed by the pension fund at the valuation date.

Unfunded Accrued Liability (UAL): Any excess of the Accrued Liability over the fund assets. A negative UAL indicates fund assets are greater than the Accrued Liability, otherwise known as a surplus. Actuarial gains reduce the UAL and actuarial losses increase the UAL.

Actuarial Value of Assets: The value of assets used in the actuarial valuation of the Plan which is compared to the AL to determine the UAL and minimum funding requirements. A method may be used to smooth out short term volatility in the fair market value of assets. In this valuation, the Actuarial Value of Assets has been calculated to smooth out unexpected fluctuations in the fair market value of assets over a 5-year period, less any reserve of State contributions.

DRAFT



March 16, 2021

**Via Email**

Margaret M. Adcock  
The Resource Centers, LLC  
4360 Northlake Blvd., Suite 206  
Palm Beach Gardens, FL 33410  
Phone: 561-624-3277 ext. 2962  
Margie Adcock <margie@resourcecenters.com>

Dear Margie:

**Re: Study 6.15% and 6.00% Net Assumed Return Assumption as of October 1, 2020**

As requested by the Board of Trustees at their February 11, 2021 meeting, this letter is to provide the results of the draft October 1, 2020 actuarial valuation for the Village of Palm Springs General Employees' Pension Fund (the Plan) if the net assumed investment return is revised to 6.15% or 6.00%. All other assumptions and methods are as described in the October 1, 2020 draft actuarial valuation report dated January 27, 2021.

**Net Assumed Return**

While the attached draft report was produced as directed using the unchanged 6.25% net assumed return, the Board has requested to see valuation results if the net assumed return is revised to 6.15% or 6.00%. We are providing this information as requested. However, the decision regarding what net assumed return assumption should be used in the actuarial valuation must be based on the expected net return (geometric) based on the Plan's investment mix.

**Valuation Results**

The attached Exhibits A, B, C, and D provide a summary of valuation results before and after the change in net assumed return.

**Required Disclosures**

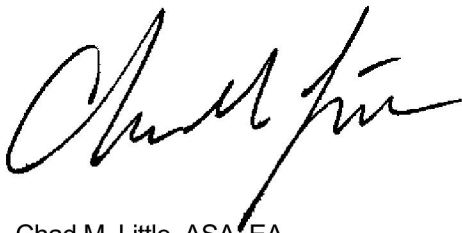
- In producing our work product, we rely on various models, internal and external, which were used for their intended purposes. Underlying data, assumptions, methodologies, model inputs and resulting outputs have been reviewed. We find all inputs and outputs to be reasonable.
- Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law.
- In preparing our report we relied, without audit, on information (some oral and some written) supplied by the Plan Administrator, the Plan Attorney, and the Village. This information includes, but is not limited to, statutory provisions, employee census, and financial information. In our examination of

these data, we have found them to be reasonably consistent and comparable with data used for other purposes. Since the valuation results are dependent on the integrity of the data supplied, the results can be expected to differ if the underlying data is incomplete or missing. It should be noted that if any data or other information is inaccurate or incomplete, our calculations may need to be revised.

- The purpose of this study is to provide information regarding the funding valuation. No third-party recipient of this work product should rely upon this work for any purpose other than as stated. Such recipients should engage qualified professionals for advice appropriate to their own specific needs. The consultants who worked on this assignment are pension actuaries. Our advice is not intended to be a substitute for qualified legal, tax or accounting counsel.
- The signing actuaries are independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.
- On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with Actuarial Standards of Practice, the Code of Professional Conduct and Qualification Standards for Public Statements of Actuarial Opinion of the American Academy of Actuaries. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

Please let us know if you have any questions or need additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Chad M. Little". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

Chad M. Little, ASA, EA  
Partner, Consulting Actuary

## VILLIAGE OF PALM SPRINGS GENERAL EMPLOYEES' PENSION FUND

Present Value of Benefits

| Valuation as of October 1, |                                          | DRAFT<br>Valuation<br>6.25%<br>2020 | STUDY<br>6.15%<br>2020 | STUDY<br>6.00%<br>2020 |
|----------------------------|------------------------------------------|-------------------------------------|------------------------|------------------------|
| 1.                         | <b>Active Members</b>                    |                                     |                        |                        |
|                            | a. Retirement Benefits                   | \$12,191,910                        | \$12,438,045           | \$12,820,229           |
|                            | b. Deferred Benefits                     | 279,360                             | 288,211                | 302,093                |
|                            | c. Survivor Benefits                     | <u>229,193</u>                      | <u>233,647</u>         | <u>240,554</u>         |
|                            | d. Total                                 | \$12,700,463                        | \$12,959,903           | \$13,362,876           |
| 2.                         | <b>Deferred Vested</b>                   | \$3,932,052                         | \$3,997,765            | \$4,099,272            |
| 3.                         | <b>Members in Payment Status</b>         |                                     |                        |                        |
|                            | a. Retirement Benefits                   | \$12,810,529                        | \$12,935,322           | \$13,126,429           |
|                            | b. Beneficiaries                         | <u>2,055,703</u>                    | <u>2,074,223</u>       | <u>2,102,544</u>       |
|                            | c. Total                                 | \$14,866,232                        | \$15,009,545           | \$15,228,973           |
| 4.                         | <b>Present Value of Benefits (PVB)</b>   | \$31,498,747                        | \$31,967,213           | \$32,691,121           |
| 5.                         | <b>Change in PVB (from 6.25% Result)</b> |                                     | \$468,466              | \$1,192,374            |

## VILLIAGE OF PALM SPRINGS GENERAL EMPLOYEES' PENSION FUND

Unfunded Accrued Liability and Funded Percentage

| Valuation as of October 1, |                                         | DRAFT<br>Valuation<br>6.25%<br>2020 | STUDY<br>6.15%<br>2020 | STUDY<br>6.00%<br>2020 |
|----------------------------|-----------------------------------------|-------------------------------------|------------------------|------------------------|
| 1.                         | <b>Active Members</b>                   |                                     |                        |                        |
| a.                         | Retirement Benefits                     | \$9,381,219                         | \$9,529,538            | \$9,757,989            |
| b.                         | Deferred Benefits                       | 19,461                              | 18,814                 | 17,702                 |
| c.                         | Survivor Benefits                       | <u>135,941</u>                      | <u>137,674</u>         | <u>140,330</u>         |
| d.                         | Total                                   | \$9,536,621                         | \$9,686,026            | \$9,916,021            |
| 2.                         | <b>Deferred Vested</b>                  | \$3,932,052                         | \$3,997,765            | \$4,099,272            |
| 3.                         | <b>Members in Payment Status</b>        |                                     |                        |                        |
| a.                         | Retirement Benefits                     | \$12,810,529                        | \$12,935,322           | \$13,126,429           |
| b.                         | Beneficiaries                           | <u>2,055,703</u>                    | <u>2,074,223</u>       | <u>2,102,544</u>       |
| c.                         | Total                                   | \$14,866,232                        | \$15,009,545           | \$15,228,973           |
| 4.                         | <b>Accrued Liability (AL)</b>           | \$28,334,905                        | \$28,693,336           | \$29,244,266           |
| 5.                         | <b>Actuarial Value of Assets</b>        | \$28,756,492                        | \$28,756,492           | \$28,756,492           |
| 6.                         | <b>Unfunded Accrued Liability</b>       | (\$421,587)                         | (\$63,156)             | \$487,774              |
| 7.                         | <b>Funded Percentage (FP)</b>           | 101.49%                             | 100.22%                | 98.33%                 |
| 8.                         | <b>Change in AL (from 6.25% Result)</b> |                                     | \$358,431              | \$909,361              |
| 9.                         | <b>Change in FP (from 6.25% Result)</b> |                                     | ( 1.27)%               | ( 3.16)%               |



## VILLIAGE OF PALM SPRINGS GENERAL EMPLOYEES' PENSION FUND

Normal Cost

| Valuation as of October 1, |                                         | DRAFT<br>Valuation<br>6.25%<br>2020 | STUDY<br>6.15%<br>2020 | STUDY<br>6.00%<br>2020 |
|----------------------------|-----------------------------------------|-------------------------------------|------------------------|------------------------|
| 1.                         | Retirement Benefits                     | \$331,374                           | \$340,429              | \$354,522              |
| 2.                         | Deferred Benefits                       | 25,126                              | 25,857                 | 26,999                 |
| 3.                         | Survivor Benefits                       | 9,784                               | 9,996                  | 10,325                 |
| 4.                         | Administrative Expense                  | <u>64,400</u>                       | <u>64,400</u>          | <u>64,400</u>          |
| 5.                         | <b>Total Normal Cost (NC)</b>           |                                     |                        |                        |
| a.                         | As a Dollar Amount                      | \$430,684                           | \$440,682              | \$456,246              |
| b.                         | As a Percent of Payroll                 | 25.1%                               | 25.6%                  | 26.6%                  |
| 6.                         | <b>Valuation Salary</b>                 | \$1,718,430                         | \$1,718,430            | \$1,718,430            |
| 7.                         | <b>Change in NC (from 6.25% Result)</b> |                                     | \$9,998                | \$25,562               |

## VILLIAGE OF PALM SPRINGS GENERAL EMPLOYEES' PENSION FUND

Minimum Required Contribution

| Valuation as of October 1,<br>Funding for Year Ending September 30, | DRAFT<br>Valuation<br>i=6.25%<br>2020<br>2022 | STUDY<br>i=6.15%<br>2020<br>2022 | STUDY<br>i=6.00%<br>2020<br>2022 |
|---------------------------------------------------------------------|-----------------------------------------------|----------------------------------|----------------------------------|
| 1. Total Normal Cost                                                | \$430,684                                     | \$440,682                        | \$456,246                        |
| 2. Amortization of UAL                                              | <u>6,571</u>                                  | <u>87,292</u>                    | <u>210,813</u>                   |
| 3. Total Minimum Required Contribution (MRC) BOY                    | \$437,255                                     | \$527,974                        | \$667,059                        |
| 4. Total MRC Payable Monthly in Funding Year                        | \$479,101                                     | \$577,678                        | \$728,295                        |
| 5. Expected Employee Contributions                                  | \$49,772                                      | \$49,772                         | \$49,772                         |
| 6. Employer MRC Payable Monthly in Funding Year                     | \$429,329                                     | \$527,906                        | \$678,523                        |
| 7. Change in Employer MRC (from 6.25%)                              |                                               | \$98,577                         | \$249,194                        |
| 8. Assumed Net Investment Return                                    | 6.25%                                         | 6.15%                            | 6.00%                            |