



June 3, 2021

Mr. John P. Villanueva, C.P.A.
Finance Director
Town of Orange Park
2042 Park Avenue
Orange Park, Florida 32073

Re: Town of Orange Park General Employees' Defined Benefit Plan and Trust

Dear John:

As requested, we are pleased to enclose nine (9) copies of the October 1, 2020 Chapter 112.664 Compliance Report for the Town of Orange Park General Employees' Defined Benefit Plan and Trust (Plan).

As required, we will timely upload the required data to the State's online portal.

Please note we understand the following items must be posted on the Plan's website and must be posted on any website containing budget information relating to the Town or actuarial or performance information relating to the Plan:

- this compliance report
- most recent financial statement
- most recent actuarial valuation report
- a link to the Division of Retirement Actuarial Summary Fact Sheet
http://www.dms.myflorida.com/workforce_operations/retirement/local_retirement_plans/local_retirement_section/actuarial_summary_fact_sheets
- for the previous five years - 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
- the Plan's funded ratio as determined in the most recent actuarial valuation – 105.7% on a market value of assets basis as of October 1, 2020

We appreciate the opportunity to work with the Town Council on this important assignment.

If you should have any questions concerning the above, please do not hesitate to contact us.

Sincerest regards,

A handwritten signature in black ink that reads "Jennifer Borregard". The signature is written in a cursive, flowing style.

Jennifer M. Borregard, E.A.
Consultant and Actuary

Enclosures

Town of Orange Park General Employees' Defined Benefit Plan and Trust

CHAPTER 112.664, F. S. COMPLIANCE REPORT

In Connection with the October 1, 2020 Funding Actuarial Valuation Report and the Plan's
Financial Reporting for the Year Ended September 30, 2020





June 3, 2021

Town Council
Town of Orange Park General Employees'
Defined Benefit Plan and Trust
c/o Mr. John P. Villanueva, C.P.A.
Finance Director
2042 Park Avenue
Orange Park, Florida 32073

Re: October 1, 2020 Chapter 112.664 Compliance Report

Dear Council Members:

Gabriel, Roeder, Smith & Company (GRS) has been engaged by the Town Council (Council) of the Town of Orange Park General Employees' Defined Benefit Plan and Trust (Plan) to prepare a disclosure report to satisfy the requirements set forth in Chapter 112.664, F.S. and as further required pursuant to Chapter 60T-1.0035, F.A.C.

This report was prepared at the request of the Council and is intended for use by the Council and those designated or approved by the Council. This report may be provided to parties other than the Council only in its entirety and only with the permission of the Council.

The purpose of the report is to provide the required information specified in Chapter 112.664, F.S. and to supplement this information with additional exhibits. This report should not be relied on for any purpose other than the purpose described above.

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. The scope of this engagement does not include an analysis of the potential range of such measurements.

This report was based upon information furnished by the Council concerning Plan benefits, Plan provisions and Plan members as used in the corresponding Actuarial Valuation Reports for the Valuation Dates indicated. Financial information was provided by the Council as of September 30,

2020. We reviewed the information provided for internal and year-to-year consistency, but did not audit the data. The Plan is responsible for the accuracy of the data.

Except where specific assumptions are required by Chapter 112.664, F.S, this report was prepared using actuarial assumptions adopted by the Council as described in Section C. The actuarial assumptions were most recently updated in 2019. The Council's assumptions are based on past and expected future Plan experience and represent an estimate of future Plan experience. The mortality assumptions are prescribed by statute.

The investment return assumption of 2% higher than the investment return assumption utilized in the Actuarial Valuation Report does not represent an estimate of future Plan experience nor observation of the estimates inherent in market data. This assumption is provided as a counterpart to the Chapter 112.664, F.S. requirement to utilize an investment return assumption of 2% lower than the investment return assumption utilized in the Actuarial Valuation Report. The inclusion of the additional 2% higher assumption shows a more complete assessment of the range of results as opposed to the *one-sided* range required by statute.

If all actuarial assumptions are met and if all current and future minimum required contributions are paid Plan assets will be sufficient to pay all Plan benefits and future contributions are expected to remain relatively stable as a percent of payroll. Plan minimum required contributions are determined in compliance with the requirements of the Florida Protection of Public Employee Retirement Benefits Act with normal cost determined as a level percent of covered payroll and a level dollar amortization payment using an initial amortization period of 30 years.

The Plan's funded ratio as of October 1, 2020 is 105.7% defined as the ratio of the market value of Plan assets to the actuarial accrued liability.

The Plan's funded ratio and the GASB Net Pension Liability may not be appropriate for assessing the sufficiency of Plan assets to meet the estimated cost of settling benefit obligations but may be appropriate for assessing the need for or the amount of future contributions.

This report was prepared using our proprietary valuation model and related software which in our professional judgment has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

The undersigned are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

The signing actuaries are independent of the Plan sponsor.



This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Plan as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

With respect to the reporting standards for defined benefit retirement plans or systems contained in Section 112.664(1), F.S., the actuarial disclosures required under this section were prepared and completed by us or under our direct supervision and we acknowledge responsibility for the results. To the best of our knowledge, the results are complete and accurate, and in our opinion, meet the requirements of Section 112.664(1), F.S., and Section 60T-1.0035, F.A.C.

Respectfully submitted,

GABRIEL, ROEDER, SMITH AND COMPANY

By *Michelle Jones*
Shelly L. Jones, M.A.A.A.
Enrolled Actuary No. 20-08646
Consultant & Actuary

By *Jennifer Borregard*
Jennifer M. Borregard, M.A.A.A.
Enrolled Actuary No. 20-07624
Consultant & Actuary



TABLE OF CONTENTS

<u>Section</u>	<u>Title</u>	<u>Page</u>
A	Chapter 112.664, F.S. Results	
	Net Pension Liability	
	1. Using financial reporting assumptions per GASB Statement No. 67 and No. 68 and using assumptions required under Section 112.664(1)(a), F.S.	1
	2. Using assumptions required under Section 112.664(1)(b), F.S.	2
	3. Using assumptions required under Section 112.664(1)(a), F.S. plus 2%	3
	Asset and Benefit Payments Projection	
	1. Using financial reporting assumptions per GASB Statement No. 67 and No. 68 and using assumptions required under Section 112.664(1)(a), F.S.	4
	2. Using assumptions required under Section 112.664(1)(b), F.S.	5
	3. Using assumptions required under Section 112.664(1)(a), F.S. plus 2%	6
	Actuarially Determined Contribution	7
	Unfunded Actuarial Accrued Liability Bases and Amortization Payments	8
B	Summary of Plan Provisions	9
C	Actuarial Assumptions and Cost Methods Used for Funding	13
D	Glossary	16

SECTION A

CHAPTER 112.664, F.S. RESULTS

Net Pension Liability
Using Financial Reporting Assumptions per GASB Statements No. 67 and No. 68
and Using Assumptions Required Under 112.664(1)(a), F.S.

Measurement Date	<u>September 30, 2020</u>
A. <u>Total Pension Liability (TPL)</u>	
Service Cost	\$ 241,329
Interest	747,461
Benefit Changes	0
Difference Between Actual and Expected Experience	41,280
Assumption Changes	(200,214)
Benefit Payments	(545,195)
Contribution Refunds	(5,995)
Other	0
Net Change in Total Pension Liability (TPL)	\$ 278,666
Total Pension Liability - (beginning of year)	10,871,216
Total Pension Liability - (end of year)	<u>\$ 11,149,882</u>
B. <u>Plan Fiduciary Net Position</u>	
Contributions - Employer	\$ 172,921
Contributions - Member	72,296
Net Investment Income	722,773
Benefit Payments	(545,195)
Contribution Refunds	(5,995)
Administrative Expenses	(1,000)
Other	0
Net Change in Plan Fiduciary Net Position	\$ 415,800
Plan Fiduciary Net Position - (beginning of year)	11,414,711
Plan Fiduciary Net Position - (end of year)	<u>\$ 11,830,511</u>
C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u>	\$ (680,629)

Valuation Date October 1, 2019

Certain Key Assumptions

Investment Return Assumption 7.0%

Mortality Table:

For healthy participants during employment, PUB-2010 Headcount Weighted General Below Median Employee Mortality Table, separate rates for males and females, set back 1 year for males, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018. For healthy participants post employment, PUB-2010 Headcount Weighted General Below Median Healthy Retiree Mortality Table, separate rates for males and females, set back 1 year for males, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018.



Net Pension Liability
Using Assumptions Required Under 112.664(1)(b), F.S.

Measurement Date	<u>September 30, 2020</u>
A. <u>Total Pension Liability (TPL)</u>	
Service Cost	\$ 379,015
Interest	684,033
Benefit Changes	0
Difference Between Actual and Expected Experience	22,595
Assumption Changes	(309,701)
Benefit Payments	(545,195)
Contribution Refunds	(5,995)
Other	<u>0</u>
Net Change in Total Pension Liability (TPL)	\$ 224,752
Total Pension Liability - (beginning of year)	13,864,337
Total Pension Liability - (end of year)	<u>\$ 14,089,089</u>
B. <u>Plan Fiduciary Net Position</u>	
Contributions - Employer	\$ 172,921
Contributions - Member	72,296
Net Investment Income	722,773
Benefit Payments	(545,195)
Contribution Refunds	(5,995)
Administrative Expenses	(1,000)
Other	<u>0</u>
Net Change in Plan Fiduciary Net Position	\$ 415,800
Plan Fiduciary Net Position - (beginning of year)	11,414,711
Plan Fiduciary Net Position - (end of year)	<u>\$ 11,830,511</u>
C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u>	\$ 2,258,578
Valuation Date	October 1, 2019

Certain Key Assumptions

Investment Return Assumption 5.0%

Mortality Table:

For healthy participants during employment, PUB-2010 Headcount Weighted General Below Median Employee Mortality Table, separate rates for males and females, set back 1 year for males, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018. For healthy participants post employment, PUB-2010 Headcount Weighted General Below Median Healthy Retiree Mortality Table, separate rates for males and females, set back 1 year for males, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018.



Net Pension Liability

Using Assumptions Required Under 112.664(1)(a), F.S. Plus 2% on Investment Return Assumption

Measurement Date	<u>September 30, 2020</u>
A. <u>Total Pension Liability (TPL)</u>	
Service Cost	\$ 160,124
Interest	773,237
Benefit Changes	0
Difference Between Actual and Expected Experience	41,077
Assumption Changes	(134,531)
Benefit Payments	(545,195)
Contribution Refunds	(5,995)
Other	0
Net Change in Total Pension Liability (TPL)	\$ 288,717
Total Pension Liability - (beginning of year)	8,800,451
Total Pension Liability - (end of year)	<u>\$ 9,089,168</u>
B. <u>Plan Fiduciary Net Position</u>	
Contributions - Employer	\$ 172,921
Contributions - Member	72,296
Net Investment Income	722,773
Benefit Payments	(545,195)
Contribution Refunds	(5,995)
Administrative Expenses	(1,000)
Other	0
Net Change in Plan Fiduciary Net Position	\$ 415,800
Plan Fiduciary Net Position - (beginning of year)	11,414,711
Plan Fiduciary Net Position - (end of year)	<u>\$ 11,830,511</u>
C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u>	\$ (2,741,343)
Valuation Date	October 1, 2019

Certain Key Assumptions

Investment Return Assumption 9.0%

Mortality Table:

For healthy participants during employment, PUB-2010 Headcount Weighted General Below Median Employee Mortality Table, separate rates for males and females, set back 1 year for males, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018. For healthy participants post employment, PUB-2010 Headcount Weighted General Below Median Healthy Retiree Mortality Table, separate rates for males and females, set back 1 year for males, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018.



Asset and Benefit Payment Projection
Not Reflecting Any Future Contributions
Using Financial Reporting Assumptions per GASB Statements No. 67 and No. 68
and Using Assumptions Required Under 112.664(1)(a), F.S.

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2021	\$ 11,830,511	\$ 805,507	\$ 603,033	\$ 12,032,985
2022	12,032,985	818,635	630,891	12,220,729
2023	12,220,729	830,550	663,587	12,387,692
2024	12,387,692	841,583	681,026	12,548,249
2025	12,548,249	849,481	770,059	12,627,671
2026	12,627,671	853,964	798,747	12,682,888
2027	12,682,888	857,081	818,700	12,721,269
2028	12,721,269	859,229	833,048	12,747,450
2029	12,747,450	861,336	825,728	12,783,058
2030	12,783,058	862,444	862,621	12,782,881
2031	12,782,881	861,798	879,517	12,765,162
2032	12,765,162	860,253	887,648	12,737,767
2033	12,737,767	858,794	875,419	12,721,142
2034	12,721,142	858,206	860,071	12,719,277
2035	12,719,277	858,531	847,923	12,729,885
2036	12,729,885	859,925	830,561	12,759,249
2037	12,759,249	862,657	812,549	12,809,357
2038	12,809,357	866,501	803,567	12,872,291
2039	12,872,291	871,403	790,346	12,953,348
2040	12,953,348	877,670	774,531	13,056,487
2041	13,056,487	885,609	755,369	13,186,727
2042	13,186,727	895,234	741,830	13,340,131
2043	13,340,131	907,107	711,589	13,535,649
2044	13,535,649	921,172	701,482	13,755,339
2045	13,755,339	936,706	697,346	13,994,699
2046	13,994,699	954,512	669,351	14,279,860
2047	14,279,860	975,499	642,001	14,613,358
2048	14,613,358	999,845	615,331	14,997,872
2049	14,997,872	1,027,597	593,044	15,432,425
2050	15,432,425	1,059,288	559,137	15,932,576

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits reflecting no contributions from the Town, Members or State: All future years

Certain Key Assumptions

Investment return assumption 7.0%

Mortality Table:

For healthy participants during employment, PUB-2010 Headcount Weighted General Below Median Employee Mortality Table, separate rates for males and females, set back 1 year for males, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018. For healthy participants post employment, PUB-2010 Headcount Weighted General Below Median Healthy Retiree Mortality Table, separate rates for males and females, set back 1 year for males, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018.

Note: As required in Section 112.664(c) of the Florida Statutes, the projection of Plan assets does not include future contributions from the Town, Members or State. For this reason, this projection should not be viewed as representative of the amount of time the Plan can sustain benefit payments. Under the Government Accounting Standards Board standards which include Town, Member and State contributions, the Plan is expected to be able to pay all future benefit payments.



Asset and Benefit Payment Projection
Not Reflecting Any Future Contributions
Using Assumptions Required Under 112.664(1)(b), F.S.

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2021	\$ 11,830,511	\$ 575,315	\$ 603,033	\$ 11,802,793
2022	11,802,793	573,180	630,891	11,745,082
2023	11,745,082	569,416	663,587	11,650,911
2024	11,650,911	564,239	681,026	11,534,124
2025	11,534,124	556,006	770,059	11,320,071
2026	11,320,071	544,532	798,747	11,065,856
2027	11,065,856	531,285	818,700	10,778,441
2028	10,778,441	516,529	833,048	10,461,922
2029	10,461,922	500,899	825,728	10,137,093
2030	10,137,093	483,666	862,621	9,758,138
2031	9,758,138	464,264	879,517	9,342,885
2032	9,342,885	443,283	887,648	8,898,520
2033	8,898,520	421,393	875,419	8,444,494
2034	8,444,494	399,105	860,071	7,983,528
2035	7,983,528	376,383	847,923	7,511,988
2036	7,511,988	353,273	830,561	7,034,700
2037	7,034,700	329,892	812,549	6,552,043
2038	6,552,043	306,001	803,567	6,054,477
2039	6,054,477	281,478	790,346	5,545,609
2040	5,545,609	256,460	774,531	5,027,538
2041	5,027,538	231,071	755,369	4,503,240
2042	4,503,240	205,221	741,830	3,966,631
2043	3,966,631	179,203	711,589	3,434,245
2044	3,434,245	152,855	701,482	2,885,618
2045	2,885,618	125,535	697,346	2,313,807
2046	2,313,807	97,697	669,351	1,742,153
2047	1,742,153	69,850	642,001	1,170,002
2048	1,170,002	41,959	615,331	596,630
2049	596,630	13,890	593,044	17,476
2050	17,476	-	559,137	-

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits reflecting no contributions from the Town, Members or State: 29.00

Certain Key Assumptions

Investment return assumption 5.0%

Mortality Table:

For healthy participants during employment, PUB-2010 Headcount Weighted General Below Median Employee Mortality Table, separate rates for males and females, set back 1 year for males, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018. For healthy participants post employment, PUB-2010 Headcount Weighted General Below Median Healthy Retiree Mortality Table, separate rates for males and females, set back 1 year for males, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018.

Note: As required in Section 112.664(c) of the Florida Statutes, the projection of Plan assets does not include future contributions from the Town, Members or State. For this reason, this projection should not be viewed as representative of the amount of time the Plan can sustain benefit payments. Under the Government Accounting Standards Board standards which include Town, Member and State contributions, the Plan is expected to be able to pay all future benefit payments.



Asset and Benefit Payment Projection
Not Reflecting Any Future Contributions
Using Assumptions Required Under 112.664(1)(a), F.S. Plus 2% on Investment Return Assumption

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2021	\$ 11,830,511	\$ 1,035,735	\$ 603,033	\$ 12,263,213
2022	12,263,213	1,073,338	630,891	12,705,660
2023	12,705,660	1,111,585	663,587	13,153,658
2024	13,153,658	1,151,066	681,026	13,623,698
2025	13,623,698	1,189,087	770,059	14,042,726
2026	14,042,726	1,225,419	798,747	14,469,398
2027	14,469,398	1,262,860	818,700	14,913,558
2028	14,913,558	1,302,144	833,048	15,382,654
2029	15,382,654	1,344,715	825,728	15,901,641
2030	15,901,641	1,389,649	862,621	16,428,669
2031	16,428,669	1,436,268	879,517	16,985,420
2032	16,985,420	1,485,985	887,648	17,583,757
2033	17,583,757	1,540,423	875,419	18,248,761
2034	18,248,761	1,601,012	860,071	18,989,702
2035	18,989,702	1,668,281	847,923	19,810,060
2036	19,810,060	1,742,949	830,561	20,722,448
2037	20,722,448	1,825,930	812,549	21,735,829
2038	21,735,829	1,917,566	803,567	22,849,828
2039	22,849,828	2,018,462	790,346	24,077,944
2040	24,077,944	2,129,754	774,531	25,433,167
2041	25,433,167	2,252,646	755,369	26,930,444
2042	26,930,444	2,388,052	741,830	28,576,666
2043	28,576,666	2,537,667	711,589	30,402,744
2044	30,402,744	2,702,500	701,482	32,403,762
2045	32,403,762	2,882,790	697,346	34,589,206
2046	34,589,206	3,080,827	669,351	37,000,682
2047	37,000,682	3,299,176	642,001	39,657,857
2048	39,657,857	3,539,605	615,331	42,582,131
2049	42,582,131	3,803,861	593,044	45,792,948
2050	45,792,948	4,094,466	559,137	49,328,277

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits reflecting no contributions from the Town, Members or State: All future years

Certain Key Assumptions

Investment return assumption 9.0%

Mortality Table:

For healthy participants during employment, PUB-2010 Headcount Weighted General Below Median Employee Mortality Table, separate rates for males and females, set back 1 year for males, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018. For healthy participants post employment, PUB-2010 Headcount Weighted General Below Median Healthy Retiree Mortality Table, separate rates for males and females, set back 1 year for males, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018.

Note: As required in Section 112.664(c) of the Florida Statutes, the projection of Plan assets does not include future contributions from the Town, Members or State. For this reason, this projection should not be viewed as representative of the amount of time the Plan can sustain benefit payments. Under the Government Accounting Standards Board standards which include Town, Member and State contributions, the Plan is expected to be able to pay all future benefit payments.



ACTUARIALLY DETERMINED CONTRIBUTION

	Valuation and 112.664(1)(a), F.S. Assumptions	112.664(1)(b), F.S. Assumptions	112.664(1)(a), F.S. Assumptions Plus 2% on Investment Return Assumption
A. Valuation Date	October 1, 2020	October 1, 2020	October 1, 2020
B. Actuarial Determined Contribution to Be Paid During Fiscal Year Ending	September 30, 2021	September 30, 2021	September 30, 2021
C. Annual Payroll of Active Employees	\$ 2,150,340	\$ 2,150,340	\$ 2,150,340
D. Total Minimum Funding Requirement			
1. Total Normal Cost	\$ 199,442	\$ 319,221	\$ 130,150
2. Annual Payment to Amortize Unfunded Actuarial Liability	(49,738)	139,853	(241,627)
3. Interest Adjustment	<u>5,791</u>	<u>13,657</u>	<u>(6,820)</u>
4. Total Minimum Funding Requirement (1. + 2. + 3., not less than 1.)	\$ 199,442	\$ 472,731	\$ 130,150
E. Expected Contribution Sources (\$ / % of pay)			
1. Town	\$ 130,111 6.05%	\$ 403,400 18.76%	\$ 60,819 2.83%
2. Member	<u>69,331 3.22%</u>	<u>69,331 3.22%</u>	<u>69,331 3.22%</u>
3. Total	\$ 199,442 9.27%	\$ 472,731 21.98%	\$ 130,150 6.05%



Unfunded Actuarial Accrued Liability Bases and Amortization Payments

Amortization Base	Current Unfunded Liabilities	Amortization Payment			Remaining Funding Period
		Valuation and 112.664(1)(a), F.S. Assumptions	112.664(1)(b), F.S. Assumptions	112.664(1)(a), F.S. Assumptions Plus 2%	
10/01/2017 Combined Bases*	\$ (620,172)	\$ (48,354)	\$ (40,336)	\$ (56,746)	27 years
10/01/2017 Assumption Change	18,020	1,405	1,172	1,649	27 years
10/01/2018 (Gain) / Loss	(184,883)	(14,236)	(11,819)	(16,767)	28 years
10/01/2019 (Gain) / Loss	254,129	19,344	15,985	22,861	29 years
10/01/2019 Assumption Change	(212,499)	(16,175)	(13,366)	(19,116)	29 years
10/01/2020 (Gain) / Loss	109,917	8,278	6,810	9,816	30 years
10/01/2020 Assumption Change - 112.664(1)(b), F.S. Assumptions	2,928,097	N/A	181,407	N/A	30 years
10/01/2020 Assumption Change - 112.664(1)(a), F.S. Assumptions Plus 2%	(2,052,910)	N/A	N/A	(183,324)	30 years

* Combined and amortized based on maximum 30 years due to combined credit base



SECTION B

SUMMARY OF PLAN PROVISIONS

**Outline of Principal Provisions of the Retirement Plan
(as of October 1, 2020)**

A. Effective Date:

January 7, 1975. Latest amendment 11-16 on June 7, 2016.

B. Eligibility Requirements:

General employee of the Town and completion of one year of service.

C. Credited Service:

Years of service completed with a minimum of 1000 hours. [Plan is being administered based upon completed months from date of employment to retirement date (or date of termination, if earlier)].

D. Earnings:

Base pay excluding overtime pay, commissions, bonuses and any other extra compensation. Does not include lump sum payments for unused accumulated leave time.

E. Final Average Monthly Earnings:

For employees represented by Local 630, monthly average for the five year period immediately preceding retirement. (Plan being administered to use highest five years of the last ten years preceding retirement.)

For employees in dispatcher positions, monthly average for the highest five years of the last ten years preceding retirement.

For all other employees, monthly average for the highest five years of the last ten years preceding retirement - not less than average earnings as of June 7, 2016.

F. Normal Retirement:

1. Eligibility:

Earlier of:

(a) Attainment of age 65 and completion of 10 years of credited service.

(b) Attainment of age 62 and completion of 20 years of credited service.

2. Benefit:

For employees represented by Local 630, 2.5% times final average monthly earnings times credited service through September 30, 2013 and 2.0% times final average monthly earnings times credited service after September 30, 2013, subject to a minimum pension of \$50 and a maximum annual benefit of 75% of final average earnings (but not less than the participant's pension benefit accrued as of September 30, 2013).



**Outline of Principal Provisions of the Retirement Plan
(as of October 1, 2020)**

F. Normal Retirement (cont'd):

For employees in dispatcher positions hired before June 3, 2014, 2.5% times final average monthly earnings times credited service through June 3, 2014 and 2.25% times final average monthly earnings times credited service thereafter, subject to a minimum pension of \$50 and a maximum annual benefit of 90% of final average earnings.

For employees in dispatcher positions hired on or after June 3, 2014, 2.0% times final average monthly earnings times credited service, subject to a minimum pension of \$50 and a maximum annual benefit of 75% of final average earnings.

For all other employees hired before June 7, 2016, 2.5% times final average monthly earnings times credited service, subject to a minimum pension of \$50 and a maximum annual benefit of 75% of final average earnings. The maximum annual benefit cannot be less than the maximum benefit as of June 7, 2016.

For all other employees hired on or after June 7, 2016, 2.0% times final average monthly earnings times credited service, subject to a minimum pension of \$50 and a maximum annual benefit of 75% of final average earnings.

G. Early Retirement:

1. Eligibility:

Permitted within ten (10) years preceding normal retirement date.

2. Benefit:

Benefit accrued to date of retirement, reduced by 1/15th for each of the first five years and 1/30th for each year thereafter that early retirement date precedes normal retirement date.

H. Delayed Retirement:

1. Eligibility:

Any first day of a month past normal retirement date.

2. Benefit:

Accrued monthly pension based upon credited service and final average monthly earnings as of delayed retirement date.



**Outline of Principal Provisions of the Retirement Plan
(as of October 1, 2020)**

I. Death Benefit:

1. If a married participant dies while eligible for early retirement, the surviving spouse receives a life annuity equal to 50% of the benefit due the employee had he or she elected the joint and survivorship annuity and retired the day before death.
2. If an unmarried participant dies while eligible for early retirement, the beneficiary receives a 10 year certain benefit equal to the benefit due the employee had he or she elected the 10 year certain and life option and retired the day before death.

J. Employee Contributions

For employees represented by Local 630 - 1% of earnings effective October 1, 2013, 2% of earnings effective October 1, 2014 and 3% of earnings thereafter.

For employees in dispatcher positions - 2% of earnings effective June 3, 2014, 3.5% of earnings effective October 1, 2014 and 5% of earnings thereafter.

For all other employees - 3% of earnings effective June 7, 2016.

K. Benefit Upon Termination of Service

1. Benefit:

Accrued monthly pension based upon final average monthly earnings and credited service as of date of termination times the vesting percentage shown below payable at normal retirement date.

2. Vesting Schedule:

<u>Years of Credited Service</u>	<u>Vesting Percentage</u>
Less than 5	0%
5 or more years	100%

L. Normal Form of Payment of Retirement Income

Life annuity with optional annuity forms available. Effective October 1, 2010, Town no longer purchases annuities.

**Outline of Principal Provisions of the Retirement Plan
(as of October 1, 2020)**

M. Supplemental Health Benefit

1. Eligibility:

Participants who terminate employment on or after August 1, 2000 (effective date of Ordinance) and who receive monthly benefits, and their beneficiaries.

2. Benefit:

Monthly benefit calculated as \$5.00 for each year of credited service.

N. Changes Since Prior Valuation:

None

SECTION C

ACTUARIAL ASSUMPTIONS AND COST METHODS USED FOR FUNDING

**Actuarial Assumptions and Actuarial Cost Methods Used in the Valuation
(as of October 1, 2020)**

A. Mortality

For healthy participants during employment, PUB-2010 Headcount Weighted General Below Median Employee Mortality Table, separate rates for males and females, set back 1 year for males, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018.

For healthy participants post employment, PUB-2010 Headcount Weighted General Below Median Healthy Retiree Mortality Table, separate rates for males and females, set back 1 year for males, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018.

Sample Ages (2020)	Pre-retirement Future Life Expectancy (Years)		Post-retirement Future Life Expectancy (Years)	
	Male	Female	Male	Female
	55	32.58	35.02	28.63
60	27.74	30.00	24.55	27.84
62	25.85	28.02	22.93	26.02

Sample Ages (2040)	Pre-retirement Future Life Expectancy (Years)		Post-retirement Future Life Expectancy (Years)	
	Male	Female	Male	Female
	55	34.22	36.50	30.64
60	29.30	31.44	26.40	29.51
62	27.37	29.43	24.72	27.63

B. Investment Return

7.0%, compounded annually, net of investment expenses - includes inflation of 2.75%.

C. Allowances for Expenses or Contingencies

Previous year's actual administrative expenses.

**Actuarial Assumptions and Actuarial Cost Methods Used in the Valuation
(as of October 1, 2020)**

D. Employee Withdrawal Rates

Withdrawal rates for males and for females were used in accordance with the following illustrative example:

<u>Age</u>	<u>Withdrawal Rates</u>	
	<u>Per 100 Employees</u>	
	<u>Males</u>	<u>Females</u>
25	14.8	16.5
35	9.1	11.9
45	7.9	10.0
55	6.1	7.9

E. Salary Increase Factors

Current salary is assumed to increase at a rate equal to 4.75% per year. General increase in wage level due to inflation is 3.75%.

F. Assumed Retirement Age

The earlier of (a) age 65 with 10 years of service and (b) age 62 with 20 years of service.

G. Disability Rates

None.

H. Asset Valuation Method

Fair Market Value

I. Cost Method

Normal Retirement, Termination and Death Benefits: Entry-Age-Normal Cost Method.

Under this method the normal cost for each active employee is the amount which is calculated to be a level percentage of pay that would be required annually from his entry age to his assumed retirement age to fund his estimated benefits, assuming the Plan had always been in effect. The normal cost for the Plan is the sum of such amounts for all employees. The actuarial accrued liability as of any valuation date for each active employee or inactive employee who is eligible to receive benefits under the Plan is the excess of the actuarial present value of estimated future benefits over the actuarial present value of current and future normal costs. The unfunded actuarial accrued liability as of any valuation date is the excess of the actuarial accrued liability over the assets of the Plan.

Vested Normal Retirement, Termination, Disability, and Death Benefits: Unit Credit Cost Method

Under this method, the actuarial present value of vested accrued benefits is an amount calculated to be the sum of the present values of each individual's vested accrued or earned benefit under the Fund as of the valuation date. Each individual's calculation is based on pay and service as of the valuation date.

**Actuarial Assumptions and Actuarial Cost Methods Used in the Valuation
(as of October 1, 2020)**

J. Changes Since Prior Valuation:

None.

SECTION D

GLOSSARY

GLOSSARY

<i>Actuarial Accrued Liability</i>	The difference between the Actuarial Present Value of Future Benefits, and the Actuarial Present Value of Future Normal Costs.
<i>Actuarial Assumptions</i>	Assumptions about future plan experience that affect costs or liabilities, such as: mortality, withdrawal, disablement, and retirement; future increases in salary; future rates of investment earnings; future investment and administrative expenses; characteristics of members not specified in the data, such as marital status; characteristics of future members; future elections made by members and other items.
<i>Actuarial Cost Method</i>	A procedure for allocating the Actuarial Present Value of Future Benefits between the Actuarial Present Value of Future Normal Costs and the Actuarial Accrued Liability.
<i>Actuarial Equivalent</i>	Of equal Actuarial Present Value, determined as of a given date and based on a given set of Actuarial Assumptions.
<i>Actuarial Present Value</i>	The amount of funds required to provide a payment or series of payments in the future. It is determined by discounting the future payments with an assumed interest rate and with the assumed probability each payment will be made.
<i>Actuarial Present Value of Future Benefits</i>	The Actuarial Present Value of amounts which are expected to be paid at various future times to active members, retired members, beneficiaries receiving benefits and inactive, non-retired members entitled to either a refund or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would provide sufficient assets to pay all projected benefits and expenses when due.
<i>Actuarial Valuation</i>	The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a plan. An Actuarial Valuation for a governmental retirement system typically also includes calculations of items needed for compliance with GASB No. 67.
<i>Actuarial Value of Assets</i>	The value of the assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets or a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the actuarially required contribution.

<i>Amortization Method</i>	A method for determining the Amortization Payment. The most common methods used are level dollar and level percentage of payroll. Under the Level Dollar method, the Amortization Payment is one of a stream of payments, all equal, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the Amortization Payment is one of a stream of increasing payments, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the stream of payments increases at the rate at which total covered payroll of all active members is assumed to increase.
<i>Amortization Payment</i>	That portion of the plan contribution which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.
<i>Amortization Period</i>	The period used in calculating the Amortization Payment.
<i>Annual Required Contribution</i>	The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation. The annual required contribution consists of the Employer Normal Cost and Amortization Payment plus interest adjustment.
<i>Closed Amortization Period</i>	A specific number of years that is reduced by one each year, and declines to zero with the passage of time. For example if the amortization period is initially set at 30 years, it is 29 years at the end of one year, 28 years at the end of two years, etc.
<i>Employer Normal Cost</i>	The portion of the Normal Cost to be paid by the employer. This is equal to the Normal Cost less expected member contributions.
<i>Equivalent Single Amortization Period</i>	For plans that do not establish separate amortization bases (separate components of the UAAL), this is the same as the Amortization Period. For plans that do establish separate amortization bases, this is the period over which the UAAL would be amortized if all amortization bases were combined upon the current UAAL payment.
<i>Experience Gain/Loss</i>	A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two actuarial valuations. To the extent that actual experience differs from that assumed, Unfunded Actuarial Accrued Liabilities emerge which may be larger or smaller than projected. Gains are due to favorable experience, e.g., the assets earn more than projected, salaries do not increase as fast as assumed, members retire later than assumed, etc. Favorable experience means actual results produce actuarial liabilities not as large as projected by the actuarial assumptions. Losses are the result of unfavorable experience, i.e., actual results that produce Unfunded Actuarial Accrued Liabilities which are larger than projected.
<i>Funded Ratio</i>	The ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability.

<i>GASB</i>	Governmental Accounting Standards Board.
<i>GASB No. 67 and GASB No. 68</i>	These are the governmental accounting standards that set the accounting rules for public retirement plans and the employers that sponsor or contribute to them. Statement No. 67 sets the accounting rules for the plans themselves, while Statement No. 68 sets the accounting rules for the employers that sponsor or contribute to public retirement plans.
<i>Normal Cost</i>	The annual cost assigned, under the Actuarial Cost Method, to the current plan year.
<i>Open Amortization Period</i>	An open amortization period is one which is used to determine the Amortization Payment but which does not change over time. In other words, if the initial period is set as 30 years, the same 30-year period is used in determining the Amortization Period each year. In theory, if an Open Amortization Period is used to amortize the Unfunded Actuarial Accrued Liability, the UAAL will never completely disappear, but will become smaller each year, either as a dollar amount or in relation to covered payroll.
<i>Unfunded Actuarial Accrued Liability</i>	The difference between the Actuarial Accrued Liability and Actuarial Value of Assets.
<i>Valuation Date</i>	The date as of which the Actuarial Present Value of Future Benefits are determined. The benefits expected to be paid in the future are discounted to this date.