

CITY OF LAKE ALFRED
GENERAL EMPLOYEES' RETIREMENT SYSTEM

SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2023 VALUATION DATE



April 15, 2024

VIA E-MAIL

Ms. Laura Underhill
Florida League of Cities, Inc.
P.O. Box 1757
Tallahassee, FL 32302

Re: City of Lake Alfred General Employees' Retirement System
Section 112.664, Florida Statutes Compliance

Dear Laura:

Please find enclosed the annual disclosures that satisfy the October 1, 2023 financial reporting requirements made under Section 112.664.

Our office will submit this information electronically to the Department of Management Services. However, it is important for you to be aware that this report must also be made available on the Plan or Plan Sponsor's website, if such website exists. A deadline for this website publication is not made clear in the law.


In addition to the enclosed report, the Plan or Plan Sponsor's website must provide a link to the Division of Retirement's Actuarial Summary Fact Sheet for the Plan, and also report the previous five years' assumed and actual rates of return, along with their respective asset allocations. The Board should contact its Investment Consultant for this information.

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 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, meet the requirements of Section 112.664(1), Florida Statutes, and Rule 60T-1.0035, Florida Administrative Code.

If there are any questions, concerns, or comments about any of the items contained in this report, please feel free to contact me.

Respectfully submitted,

Foster & Foster, Inc.

By: 
Sara E. Carlson, ASA, EA, MAAA
Enrolled Actuary #23-8546

Enclosures

cc via email: Scott R. Christiansen, Board Attorney

When reviewing the following schedules, please note the following:

- 1) The purpose of producing this report is solely to satisfy the requirements set forth by Section 112.664, Florida Statutes, and is mandatory for every Florida public pension fund, excluding the Florida Retirement System (FRS).
- 2) None of the schedules shown have any impact on the funding requirements of the Plan. These schedules are for statutory compliance purposes only.
- 3) In the schedules that follow, the columns labeled “ACTUAL” represent the final recorded GASB 67/68 results. The columns labeled “HYPOTHETICAL” illustrate what the results would have been if different assumptions were used.
- 4) It is our opinion that the Plan’s actual assumptions utilized in the October 1, 2023 Actuarial Valuation Report, as adopted by the Board of Trustees, are reasonable individually and in the aggregate, and represent our best estimate of future Plan experience.
- 5) The “Number of Years Expected Benefit Payments Sustained” calculated in Section II: Asset Sustainability should not be interpreted as the number of years the Plan has left until it is insolvent. This calculation is required by 112.664, Florida Statutes, but the numeric result is irrelevant, since in its calculation we are to assume there will be no further contributions to the Fund. As long as the Actuarially Determined Contribution is made each year the Plan will never become insolvent.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY
FISCAL YEAR SEPTEMBER 30, 2023

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Discount Rate:	7.05%	5.05%
<u>Total Pension Liability</u>		
Service Cost	234,395	344,061
Interest	475,945	455,622
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	253,322	451,786
Changes of Assumptions	95,375	(39,451)
Benefit Payments, Including Refunds of Employee Contributions	(619,218)	(619,218)
Net Change in Total Pension Liability	439,819	592,800
Total Pension Liability - Beginning	6,731,788	8,812,574
Total Pension Liability - Ending (a)	<u>\$ 7,171,607</u>	<u>\$ 9,405,374</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	209,562	209,562
Contributions - Employee	95,013	95,013
Net Investment Income	501,281	501,281
Benefit Payments, Including Refunds of Employee Contributions	(619,218)	(619,218)
Administrative Expenses	(60,290)	(60,290)
Net Change in Plan Fiduciary Net Position	126,348	126,348
Plan Fiduciary Net Position - Beginning	5,703,249	5,703,249
Plan Fiduciary Net Position - Ending (b)	<u>\$ 5,829,597</u>	<u>\$ 5,829,597</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,342,010</u>	<u>\$ 3,575,777</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: Discount Rate = 7.05%

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2023	5,829,597	-	520,456	-	392,641	5,701,782
2024	5,701,782	-	401,888	-	387,809	5,687,703
2025	5,687,703	-	391,934	-	387,167	5,682,936
2026	5,682,936	-	393,969	-	386,760	5,675,727
2027	5,675,727	-	390,096	-	386,388	5,672,019
2028	5,672,019	-	400,482	-	385,760	5,657,297
2029	5,657,297	-	411,163	-	384,346	5,630,480
2030	5,630,480	-	422,008	-	382,073	5,590,545
2031	5,590,545	-	428,969	-	379,012	5,540,588
2032	5,540,588	-	431,510	-	375,401	5,484,479
2033	5,484,479	-	425,613	-	371,653	5,430,519
2034	5,430,519	-	430,649	-	367,671	5,367,541
2035	5,367,541	-	424,912	-	363,433	5,306,062
2036	5,306,062	-	413,206	-	359,512	5,252,368
2037	5,252,368	-	406,364	-	355,968	5,201,972
2038	5,201,972	-	474,113	-	350,027	5,077,886
2039	5,077,886	-	484,301	-	340,919	4,934,504
2040	4,934,504	-	493,250	-	330,495	4,771,749
2041	4,771,749	-	505,837	-	318,578	4,584,490
2042	4,584,490	-	512,418	-	305,144	4,377,216
2043	4,377,216	-	503,336	-	290,851	4,164,731
2044	4,164,731	-	492,280	-	276,261	3,948,712
2045	3,948,712	-	480,398	-	261,450	3,729,764
2046	3,729,764	-	466,707	-	246,497	3,509,554
2047	3,509,554	-	452,404	-	231,476	3,288,626
2048	3,288,626	-	438,571	-	216,389	3,066,444
2049	3,066,444	-	423,739	-	201,248	2,843,953
2050	2,843,953	-	409,869	-	186,051	2,620,135
2051	2,620,135	-	396,149	-	170,755	2,394,741
2052	2,394,741	-	384,997	-	155,258	2,165,002
2053	2,165,002	-	371,709	-	139,530	1,932,823
2054	1,932,823	-	358,637	-	123,622	1,697,808
2055	1,697,808	-	345,510	-	107,516	1,459,814
2056	1,459,814	-	332,377	-	91,201	1,218,638
2057	1,218,638	-	319,075	-	74,667	974,230
2058	974,230	-	305,662	-	57,909	726,477
2059	726,477	-	292,109	-	40,920	475,288
2060	475,288	-	278,414	-	23,694	220,568
2061	220,568	-	264,588	-	-	-

*All DROP Balances paid in 2023.

Number of Years Expected Benefit Payments Sustained: 38.83

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.05% interest.

It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent. Furthermore, State and local laws mandate that the Actuarially Determined Contribution be made each year.

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 2
Hypothetical Assumptions: Discount Rate = 5.05%

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2023	5,829,597	-	520,456	-	281,253	5,590,394
2024	5,590,394	-	401,888	-	272,167	5,460,673
2025	5,460,673	-	391,934	-	265,868	5,334,607
2026	5,334,607	-	393,969	-	259,450	5,200,088
2027	5,200,088	-	390,096	-	252,755	5,062,747
2028	5,062,747	-	400,482	-	245,557	4,907,822
2029	4,907,822	-	411,163	-	237,463	4,734,122
2030	4,734,122	-	422,008	-	228,417	4,540,531
2031	4,540,531	-	428,969	-	218,465	4,330,027
2032	4,330,027	-	431,510	-	207,771	4,106,288
2033	4,106,288	-	425,613	-	196,621	3,877,296
2034	3,877,296	-	430,649	-	184,930	3,631,577
2035	3,631,577	-	424,912	-	172,666	3,379,331
2036	3,379,331	-	413,206	-	160,223	3,126,348
2037	3,126,348	-	406,364	-	147,620	2,867,604
2038	2,867,604	-	474,113	-	132,843	2,526,334
2039	2,526,334	-	484,301	-	115,351	2,157,384
2040	2,157,384	-	493,250	-	96,493	1,760,627
2041	1,760,627	-	505,837	-	76,139	1,330,929
2042	1,330,929	-	512,418	-	54,273	872,784
2043	872,784	-	503,336	-	31,366	400,814
2044	400,814	-	492,280	-	-	-

*All DROP Balances paid in 2023.

Number of Years Expected Benefit Payments Sustained: 21.81

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.05% interest.

It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent. Furthermore, State and local laws mandate that the Actuarially Determined Contribution be made each year.

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2025

Valuation Date: 10/1/2023

	ACTUAL	HYPOTHETICAL
Investment Rate of Return:	7.05%	5.05%
Minimum Required Contribution (Fixed \$)	\$396,447	\$639,902
Minimum Required Contribution (% of Payroll)	23.5%	37.9%
Expected Member Contribution	87,476	84,497
Expected Sponsor Contribution (Fixed \$)	\$308,971	\$555,405
Expected Sponsor Contribution (% of Payroll)	18.5%	32.9%

ASSETS

Actuarial Value ¹	6,279,328	6,279,328
Market Value ¹	5,829,597	5,829,597

LIABILITIES

Present Value of Benefits		
Actives		
Retirement Benefits	3,663,906	5,555,120
Disability Benefits	83,920	121,345
Death Benefits	20,836	27,050
Vested Benefits	726,596	1,182,075
Refund of Contributions	83,659	86,953
Service Retirees	2,835,643	3,301,385
DROP Retirees ¹	643,747	795,435
Beneficiaries	272,638	315,695
Disability Retirees	0	0
Terminated Vested	432,965	629,496
Total:	8,763,910	12,014,554
Present Value of Future Salaries	11,629,702	12,943,463
Present Value of Future Member Contributions	581,485	647,173
Total Normal Cost	176,370	265,940
Present Value of Future Normal Costs (Entry Age Normal)	1,100,070	1,868,927
Total Actuarial Accrued Liability (EAN) ¹	7,663,840	10,145,627
Unfunded Actuarial Accrued Liability (UAAL)	1,384,512	3,866,299

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2025

Valuation Date: 10/1/2023

	ACTUAL	HYPOTHETICAL
Investment Rate of Return:	7.05%	5.05%
<u>PENSION COST</u>		
Normal Cost ²	187,199	282,269
Administrative Expenses ²	51,811	51,811
Payment Required To Amortize UAAL ²	157,437	305,822
Minimum Required Contribution	\$396,447	\$639,902

¹ The asset values and liabilities include accumulated DROP Plan Balances as of 9/30/2023.

² Contributions developed as of 10/1/2023 displayed above have been adjusted to account for assumed salary increase and interest components.