

CITY OF LAKE ALFRED
GENERAL EMPLOYEES' RETIREMENT SYSTEM

SECTION 112.664, FLORIDA STATUTES
COMPLIANCE

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.

By: Patrick T. Donlan Date: 4/9/2019

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Enrolled Actuary #17-6595



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, 2018 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, 2018

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.50% RP-2000 Generational	5.50% RP-2000 Generational
<u>Total Pension Liability</u>		
Service Cost	193,994	285,310
Interest	380,720	363,291
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	18,610	89,848
Contributions - Buy Back	11,989	11,989
Benefit Payments, Including Refunds of Employee Contributions	(300,164)	(300,164)
Net Change in Total Pension Liability	305,149	450,274
Total Pension Liability - Beginning	5,032,354	6,470,071
Total Pension Liability - Ending (a)	<u>\$ 5,337,503</u>	<u>\$ 6,920,345</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	216,098	216,098
Contributions - Employee	77,075	77,075
Contributions - Buy Back	11,989	11,989
Net Investment Income	354,176	354,176
Benefit Payments, Including Refunds of Employee Contributions	(300,164)	(300,164)
Administrative Expenses	(31,140)	(31,140)
Net Change in Plan Fiduciary Net Position	328,034	328,034
Plan Fiduciary Net Position - Beginning	4,774,481	4,774,481
Plan Fiduciary Net Position - Ending (b)	<u>\$ 5,102,515</u>	<u>\$ 5,102,515</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 234,988</u>	<u>\$ 1,817,830</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.50% and RP-2000 Generational Mortality

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
2018	5,102,515	-	318,474	-	370,746	5,154,787
2019	5,154,787	-	302,463	-	375,267	5,227,591
2020	5,227,591	-	297,167	-	380,926	5,311,350
2021	5,311,350	-	313,592	-	386,592	5,384,350
2022	5,384,350	-	314,252	-	392,042	5,462,140
2023	5,462,140	-	343,879	-	396,765	5,515,026
2024	5,515,026	-	354,020	-	400,351	5,561,357
2025	5,561,357	-	363,587	-	403,467	5,601,237
2026	5,601,237	-	372,410	-	406,127	5,634,954
2027	5,634,954	-	374,537	-	408,576	5,668,993
2028	5,668,993	-	374,160	-	411,143	5,705,976
2029	5,705,976	-	368,009	-	414,148	5,752,115
2030	5,752,115	-	361,403	-	417,856	5,808,568
2031	5,808,568	-	368,150	-	421,837	5,862,255
2032	5,862,255	-	361,316	-	426,120	5,927,059
2033	5,927,059	-	351,275	-	431,357	6,007,141
2034	6,007,141	-	351,667	-	437,348	6,092,822
2035	6,092,822	-	341,366	-	444,160	6,195,616
2036	6,195,616	-	330,140	-	452,291	6,317,767
2037	6,317,767	-	326,608	-	461,585	6,452,744
2038	6,452,744	-	326,856	-	471,699	6,597,587
2039	6,597,587	-	347,512	-	481,787	6,731,862
2040	6,731,862	-	334,470	-	492,347	6,889,739
2041	6,889,739	-	322,250	-	504,646	7,072,135
2042	7,072,135	-	319,325	-	518,435	7,271,245
2043	7,271,245	-	307,605	-	533,808	7,497,448
2044	7,497,448	-	292,708	-	551,332	7,756,072
2045	7,756,072	-	279,740	-	571,215	8,047,547
2046	8,047,547	-	267,085	-	593,550	8,374,012
2047	8,374,012	-	253,271	-	618,553	8,739,294
2048	8,739,294	-	240,637	-	646,423	9,145,080
2049	9,145,080	-	227,419	-	677,353	9,595,014
2050	9,595,014	-	215,494	-	711,545	10,091,065
2051	10,091,065	-	203,952	-	749,182	10,636,295
2052	10,636,295	-	192,911	-	790,488	11,233,872
2053	11,233,872	-	182,149	-	835,710	11,887,433
2054	11,887,433	-	171,760	-	885,116	12,600,789
2055	12,600,789	-	161,763	-	938,993	13,378,019
2056	13,378,019	-	152,154	-	997,646	14,223,511
2057	14,223,511	-	142,879	-	1,061,405	15,142,037
2058	15,142,037	-	133,983	-	1,130,628	16,138,682
2059	16,138,682	-	125,484	-	1,205,696	17,218,894
2060	17,218,894	-	117,396	-	1,287,015	18,388,513
2061	18,388,513	-	109,751	-	1,375,023	19,653,785
2062	19,653,785	-	102,602	-	1,470,186	21,021,369
2063	21,021,369	-	95,895	-	1,573,007	22,498,481
2064	22,498,481	-	89,582	-	1,684,027	24,092,926
2065	24,092,926	-	83,600	-	1,803,834	25,813,160
2066	25,813,160	-	77,888	-	1,933,066	27,668,338
2067	27,668,338	-	72,451	-	2,072,408	29,668,295
2068	29,668,295	-	67,223	-	2,222,601	31,823,673
2069	31,823,673	-	62,185	-	2,384,444	34,145,932

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.50% and RP-2000 Generational Mortality

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
2070	34,145,932	-	57,351	-	2,558,794	36,647,375
2071	36,647,375	-	52,691	-	2,746,577	39,341,261
2072	39,341,261	-	48,152	-	2,948,789	42,241,898
2073	42,241,898	-	43,690	-	3,166,504	45,364,712
2074	45,364,712	-	39,289	-	3,400,880	48,726,303
2075	48,726,303	-	34,979	-	3,653,161	52,344,485
2076	52,344,485	-	30,783	-	3,924,682	56,238,384
2077	56,238,384	-	26,724	-	4,216,877	60,428,537
2078	60,428,537	-	22,846	-	4,531,284	64,936,975
2079	64,936,975	-	19,184	-	4,869,554	69,787,345
2080	69,787,345	-	15,831	-	5,233,457	75,004,971
2081	75,004,971	-	12,862	-	5,624,891	80,617,000
2082	80,617,000	-	10,296	-	6,045,889	86,652,593
2083	86,652,593	-	8,116	-	6,498,640	93,143,117
2084	93,143,117	-	6,289	-	6,985,498	100,122,326
2085	100,122,326	-	4,788	-	7,508,995	107,626,533
2086	107,626,533	-	3,568	-	8,071,856	115,694,821
2087	115,694,821	-	2,601	-	8,677,014	124,369,234
2088	124,369,234	-	1,847	-	9,327,623	133,695,010
2089	133,695,010	-	1,285	-	10,027,078	143,720,803
2090	143,720,803	-	876	-	10,779,027	154,498,954
2091	154,498,954	-	589	-	11,587,399	166,085,764
2092	166,085,764	-	391	-	12,456,418	178,541,791
2093	178,541,791	-	256	-	13,390,625	191,932,160
2094	191,932,160	-	166	-	14,394,906	206,326,900
2095	206,326,900	-	107	-	15,474,513	221,801,306
2096	221,801,306	-	69	-	16,635,095	238,436,332
2097	238,436,332	-	44	-	17,882,723	256,319,011
2098	256,319,011	-	28	-	19,223,925	275,542,908
2099	275,542,908	-	18	-	20,665,717	296,208,607
2100	296,208,607	-	11	-	22,215,645	318,424,241
2101	318,424,241	-	7	-	23,881,818	342,306,052
2102	342,306,052	-	4	-	25,672,954	367,979,002
2103	367,979,002	-	2	-	27,598,425	395,577,425
2104	395,577,425	-	1	-	29,668,307	425,245,731
2105	425,245,731	-	-	-	31,893,430	457,139,161

*All DROP Balances paid in 2018.

Number of Years Expected Benefit Payments Sustained: 999.99

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.50% 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: 5.50% and RP-2000 Generational Mortality

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
2018	5,102,515	-	318,474	-	271,880	5,055,921
2019	5,055,921	-	302,463	-	269,758	5,023,216
2020	5,023,216	-	297,167	-	268,105	4,994,154
2021	4,994,154	-	313,592	-	266,055	4,946,617
2022	4,946,617	-	314,252	-	263,422	4,895,787
2023	4,895,787	-	343,879	-	259,812	4,811,720
2024	4,811,720	-	354,020	-	254,909	4,712,609
2025	4,712,609	-	363,587	-	249,195	4,598,217
2026	4,598,217	-	372,410	-	242,661	4,468,468
2027	4,468,468	-	374,537	-	235,466	4,329,397
2028	4,329,397	-	374,160	-	227,827	4,183,064
2029	4,183,064	-	368,009	-	219,948	4,035,003
2030	4,035,003	-	361,403	-	211,987	3,885,587
2031	3,885,587	-	368,150	-	203,583	3,721,020
2032	3,721,020	-	361,316	-	194,720	3,554,424
2033	3,554,424	-	351,275	-	185,833	3,388,982
2034	3,388,982	-	351,667	-	176,723	3,214,038
2035	3,214,038	-	341,366	-	167,385	3,040,057
2036	3,040,057	-	330,140	-	158,124	2,868,041
2037	2,868,041	-	326,608	-	148,761	2,690,194
2038	2,690,194	-	326,856	-	138,972	2,502,310
2039	2,502,310	-	347,512	-	128,070	2,282,868
2040	2,282,868	-	334,470	-	116,360	2,064,758
2041	2,064,758	-	322,250	-	104,700	1,847,208
2042	1,847,208	-	319,325	-	92,815	1,620,698
2043	1,620,698	-	307,605	-	80,679	1,393,772
2044	1,393,772	-	292,708	-	68,608	1,169,672
2045	1,169,672	-	279,740	-	56,639	946,571
2046	946,571	-	267,085	-	44,717	724,203
2047	724,203	-	253,271	-	32,866	503,798
2048	503,798	-	240,637	-	21,091	284,252
2049	284,252	-	227,419	-	9,380	66,213
2050	66,213	-	215,494	-	-	-

*All DROP Balances paid in 2018.

Number of Years Expected Benefit Payments Sustained: 32.31

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.50% 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, 2020

Valuation Date: 10/1/2018

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.50% RP-2000 Generational	5.50% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$333,458	\$552,702
Total Required Contribution (% of Payroll)	19.8%	32.7%
Expected Member Contribution	87,609	86,765
Expected Sponsor Contribution (Fixed \$)	\$245,849	\$465,937
Expected Sponsor Contribution (% of Payroll)	14.8%	27.7%

ASSETS

Actuarial Value ¹	4,989,075	4,989,075
Market Value ¹	5,102,515	5,102,515

LIABILITIES

Present Value of Benefits		
Active Members		
Retirement Benefits	3,087,720	4,702,474
Disability Benefits	113,917	165,574
Death Benefits	24,078	30,677
Vested Benefits	345,146	592,189
Refund of Contributions	92,038	95,997
Service Retirees	2,458,977	2,881,136
DROP Retirees ¹	105,276	124,573
Beneficiaries	0	0
Disability Retirees	0	0
Terminated Vested	634,521	888,359
Total:	<u>6,861,673</u>	<u>9,480,979</u>
Present Value of Future Salaries	11,410,804	12,786,304
Present Value of Future Member Contributions	570,540	639,315
Total Normal Cost	212,895	316,123
Present Value of Future Normal Costs (Entry Age Normal)	1,362,797	2,311,517
Total Actuarial Accrued Liability ¹	5,498,876	7,169,462
Unfunded Actuarial Accrued Liability (UAAL)	509,801	2,180,387

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2020

Valuation Date: 10/1/2018

	ACTUAL	HYPOTHETICAL
	7.50%	5.50%
	RP-2000	RP-2000
	Generational	Generational
<u>PENSION COST</u>		
Normal Cost ²	225,669	335,090
Administrative Expenses ²	33,008	33,008
Payment Required To Amortize UAAL ²	74,781	184,604
Total Required Contribution	\$333,458	\$552,702

¹ The asset values and liabilities include accumulated DROP Balances as of 9/30/2018.

² Contributions developed as of 10/1/2018 displayed above have been adjusted to account for assumed salary increase and interest components.