

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: 3/29/2017

Patrick T. Donlan, EA, ASA, MAAA
Enrolled Actuary #14-6595



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, 2016 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.

GASB 67: SCHEDULE OF CHANGES IN NET PENSION LIABILITY
FISCAL YEAR SEPTEMBER 30, 2016

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.50%	5.50%
	RP-2000	RP-2000
	Generational	Generational
	<u> </u>	<u> </u>
<u>Total Pension Liability</u>		
Service Cost	154,686	234,307
Interest	320,365	311,484
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	12,782	8,320
Changes of Assumptions	164,833	117,593
Benefit Payments, Including Refunds of Employee Contributions	(280,105)	(280,105)
Net Change in Total Pension Liability	372,561	391,599
Total Pension Liability - Beginning	4,256,899	5,569,086
Total Pension Liability - Ending (a)	<u>\$ 4,629,460</u>	<u>\$ 5,960,685</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	173,325	173,325
Contributions - Employee	58,321	58,321
Net Investment Income	303,302	303,302
Benefit Payments, Including Refunds of Employee Contributions	(280,105)	(280,105)
Administrative Expenses	(36,680)	(36,680)
Net Change in Plan Fiduciary Net Position	218,163	218,163
Plan Fiduciary Net Position - Beginning	3,825,287	3,825,287
Plan Fiduciary Net Position - Ending (b)	<u>\$ 4,043,450</u>	<u>\$ 4,043,450</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 586,010</u>	<u>\$ 1,917,235</u>

GASB 68: PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.50%	5.50%
	<u> </u>	<u> </u>
Pension Expense	<u>\$ 140,185</u>	<u>\$ 221,781</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
2016	4,043,450	-	273,023	-	293,020	4,063,447
2017	4,063,447	-	266,628	-	294,760	4,091,579
2018	4,091,579	-	268,733	-	296,791	4,119,637
2019	4,119,637	-	267,102	-	298,956	4,151,491
2020	4,151,491	-	262,876	-	301,504	4,190,119
2021	4,190,119	-	301,812	-	302,941	4,191,248
2022	4,191,248	-	302,971	-	302,982	4,191,259
2023	4,191,259	-	323,114	-	302,228	4,170,373
2024	4,170,373	-	333,928	-	300,256	4,136,701
2025	4,136,701	-	336,868	-	297,620	4,097,453
2026	4,097,453	-	344,876	-	294,376	4,046,953
2027	4,046,953	-	345,986	-	290,547	3,991,514
2028	3,991,514	-	342,109	-	286,534	3,935,939
2029	3,935,939	-	337,566	-	282,537	3,880,910
2030	3,880,910	-	330,549	-	278,673	3,829,034
2031	3,829,034	-	330,970	-	274,766	3,772,830
2032	3,772,830	-	321,505	-	270,906	3,722,231
2033	3,722,231	-	315,713	-	267,328	3,673,846
2034	3,673,846	-	316,336	-	263,676	3,621,186
2035	3,621,186	-	305,946	-	260,116	3,575,356
2036	3,575,356	-	294,061	-	257,124	3,538,419
2037	3,538,419	-	306,700	-	253,880	3,485,599
2038	3,485,599	-	296,679	-	250,294	3,439,214
2039	3,439,214	-	291,899	-	246,995	3,394,310
2040	3,394,310	-	279,442	-	244,094	3,358,962
2041	3,358,962	-	272,562	-	241,701	3,328,101
2042	3,328,101	-	261,833	-	239,789	3,306,057
2043	3,306,057	-	250,609	-	238,556	3,294,004
2044	3,294,004	-	237,404	-	238,148	3,294,748
2045	3,294,748	-	225,046	-	238,667	3,308,369
2046	3,308,369	-	213,111	-	240,136	3,335,394
2047	3,335,394	-	200,507	-	242,636	3,377,523
2048	3,377,523	-	189,141	-	246,221	3,434,603
2049	3,434,603	-	178,038	-	250,919	3,507,484
2050	3,507,484	-	167,425	-	256,783	3,596,842
2051	3,596,842	-	157,254	-	263,866	3,703,454
2052	3,703,454	-	147,542	-	272,226	3,828,138
2053	3,828,138	-	138,284	-	281,925	3,971,779
2054	3,971,779	-	129,485	-	293,028	4,135,322
2055	4,135,322	-	121,144	-	305,606	4,319,784
2056	4,319,784	-	113,237	-	319,737	4,526,284
2057	4,526,284	-	105,731	-	335,506	4,756,059
2058	4,756,059	-	98,636	-	353,006	5,010,429
2059	5,010,429	-	91,970	-	372,333	5,290,792
2060	5,290,792	-	85,724	-	393,595	5,598,663
2061	5,598,663	-	79,883	-	416,904	5,935,684
2062	5,935,684	-	74,468	-	442,384	6,303,600
2063	6,303,600	-	69,428	-	470,166	6,704,338
2064	6,704,338	-	64,710	-	500,399	7,140,027
2065	7,140,027	-	60,251	-	533,243	7,613,019
2066	7,613,019	-	55,995	-	568,877	8,125,901
2067	8,125,901	-	51,942	-	607,495	8,681,454

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
2068	8,681,454	-	48,033	-	649,308	9,282,729
2069	9,282,729	-	44,256	-	694,545	9,933,018
2070	9,933,018	-	40,628	-	743,453	10,635,843
2071	10,635,843	-	37,148	-	796,295	11,394,990
2072	11,394,990	-	33,799	-	853,357	12,214,548
2073	12,214,548	-	30,556	-	914,945	13,098,937
2074	13,098,937	-	27,406	-	981,393	14,052,924
2075	14,052,924	-	24,376	-	1,053,055	15,081,603
2076	15,081,603	-	21,470	-	1,130,315	16,190,448
2077	16,190,448	-	18,698	-	1,213,582	17,385,332
2078	17,385,332	-	16,076	-	1,303,297	18,672,553
2079	18,672,553	-	13,624	-	1,399,931	20,058,860
2080	20,058,860	-	11,399	-	1,503,987	21,551,448
2081	21,551,448	-	9,418	-	1,616,005	23,158,035
2082	23,158,035	-	7,687	-	1,736,564	24,886,912
2083	24,886,912	-	6,199	-	1,866,286	26,746,999
2084	26,746,999	-	4,921	-	2,005,840	28,747,918
2085	28,747,918	-	3,847	-	2,155,950	30,900,021
2086	30,900,021	-	2,944	-	2,317,391	33,214,468
2087	33,214,468	-	2,208	-	2,491,002	35,703,262
2088	35,703,262	-	1,612	-	2,677,684	38,379,334
2089	38,379,334	-	1,152	-	2,878,407	41,256,589
2090	41,256,589	-	803	-	3,094,214	44,350,000
2091	44,350,000	-	549	-	3,326,229	47,675,680
2092	47,675,680	-	367	-	3,575,662	51,250,975
2093	51,250,975	-	239	-	3,843,814	55,094,550
2094	55,094,550	-	154	-	4,132,085	59,226,481
2095	59,226,481	-	97	-	4,441,982	63,668,366
2096	63,668,366	-	60	-	4,775,125	68,443,431
2097	68,443,431	-	37	-	5,133,256	73,576,650
2098	73,576,650	-	23	-	5,518,248	79,094,875
2099	79,094,875	-	14	-	5,932,115	85,026,976
2100	85,026,976	-	8	-	6,377,023	91,403,991
2101	91,403,991	-	5	-	6,855,299	98,259,285
2102	98,259,285	-	3	-	7,369,446	105,628,728
2103	105,628,728	-	1	-	7,922,155	113,550,882
2104	113,550,882	-	1	-	8,516,316	122,067,197
2105	122,067,197	-	-	-	9,155,040	131,222,237

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
2016	4,043,450	-	273,023	-	214,882	3,985,309
2017	3,985,309	-	266,628	-	211,860	3,930,541
2018	3,930,541	-	268,733	-	208,790	3,870,598
2019	3,870,598	-	267,102	-	205,538	3,809,034
2020	3,809,034	-	262,876	-	202,268	3,748,426
2021	3,748,426	-	301,812	-	197,864	3,644,478
2022	3,644,478	-	302,971	-	192,115	3,533,622
2023	3,533,622	-	323,114	-	185,464	3,395,972
2024	3,395,972	-	333,928	-	177,595	3,239,639
2025	3,239,639	-	336,868	-	168,916	3,071,687
2026	3,071,687	-	344,876	-	159,459	2,886,270
2027	2,886,270	-	345,986	-	149,230	2,689,514
2028	2,689,514	-	342,109	-	138,515	2,485,920
2029	2,485,920	-	337,566	-	127,443	2,275,797
2030	2,275,797	-	330,549	-	116,079	2,061,327
2031	2,061,327	-	330,970	-	104,271	1,834,628
2032	1,834,628	-	321,505	-	92,063	1,605,186
2033	1,605,186	-	315,713	-	79,603	1,369,076
2034	1,369,076	-	316,336	-	66,600	1,119,340
2035	1,119,340	-	305,946	-	53,150	866,544
2036	866,544	-	294,061	-	39,573	612,056
2037	612,056	-	306,700	-	25,229	330,585
2038	330,585	-	296,679	-	10,024	43,930
2039	43,930	-	291,899	-	-	-

Number of Years Expected Benefit Payments Sustained: 23.15

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, 2018

Valuation Date: 10/1/2016

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.50% RP-2000 Generational	5.50% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$284,200	\$438,189
Total Required Contribution (% of Payroll)	21.6%	33.4%
Expected Member Contribution	68,102	67,446
Expected Sponsor Contribution (Fixed \$)	\$216,098	\$370,743
Expected Sponsor Contribution (% of Payroll)	16.5%	28.2%
<hr/>		
<u>ASSETS</u>		
Actuarial Value	4,197,904	4,197,904
Market Value	4,043,450	4,043,450
<hr/>		
<u>LIABILITIES</u>		
Present Value of Benefits		
Active Members		
Retirement Benefits	2,334,554	3,571,567
Disability Benefits	85,205	126,038
Death Benefits	26,182	33,516
Vested Benefits	305,818	534,245
Refund of Contributions	71,051	74,362
Service Retirees	2,345,604	2,756,114
Beneficiaries	0	0
Disability Retirees	0	0
Terminated Vested	604,765	834,557
Total:	<u>5,773,179</u>	<u>7,930,399</u>
Present Value of Future Salaries	8,558,472	9,576,485
Present Value of Future Member Contributions	427,924	478,824
Total Normal Cost	170,006	254,252
Present Value of Future Normal Costs (Entry Age Normal)	1,082,468	1,854,895
Total Actuarial Accrued Liability	4,690,711	6,075,504
Unfunded Actuarial Accrued Liability (UAAL)	492,807	1,877,600

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2018

Valuation Date: 10/1/2016

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.50% RP-2000 Generational	5.50% RP-2000 Generational
<u>PENSION COST</u>		
Normal Cost ¹	180,206	269,507
Administrative Expenses ¹	38,881	38,881
Payment Required To Amortize UAAL ¹	<u>65,113</u>	<u>129,801</u>
Total Required Contribution	\$284,200	\$438,189

¹ Contributions developed as of 10/1/2016 displayed above have been adjusted to account for assumed salary increases and reflect an expected lump-sum deposit at the beginning of the fiscal year.