

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: 4/16/2018

Patrick T. Donlan, EA, ASA, MAAA  
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, 2017 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, 2017

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.50% RP-2000 Generational	5.50% RP-2000 Generational
<u>Total Pension Liability</u>		
Service Cost	170,659	253,272
Interest	349,574	334,115
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	(4,941)	34,397
Changes of Assumptions	-	-
Contributions - Buy Back	165,863	165,863
Benefit Payments, Including Refunds of Employee Contributions	(278,261)	(278,261)
Net Change in Total Pension Liability	402,894	509,386
Total Pension Liability - Beginning	4,629,460	5,960,685
Total Pension Liability - Ending (a)	<u>\$ 5,032,354</u>	<u>\$ 6,470,071</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	263,254	263,254
Contributions - Employee	71,967	71,967
Contributions - Buy Back	165,863	165,863
Net Investment Income	549,626	549,626
Benefit Payments, Including Refunds of Employee Contributions	(278,261)	(278,261)
Administrative Expenses	(41,418)	(41,418)
Net Change in Plan Fiduciary Net Position	731,031	731,031
Plan Fiduciary Net Position - Beginning	4,043,450	4,043,450
Plan Fiduciary Net Position - Ending (b)	<u>\$ 4,774,481</u>	<u>\$ 4,774,481</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 257,873</u>	<u>\$ 1,695,590</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
2017	4,774,481	-	319,798	-	346,094	4,800,777
2018	4,800,777	-	290,369	-	349,169	4,859,577
2019	4,859,577	-	287,112	-	353,702	4,926,167
2020	4,926,167	-	282,459	-	358,870	5,002,578
2021	5,002,578	-	303,934	-	363,796	5,062,440
2022	5,062,440	-	303,909	-	368,286	5,126,817
2023	5,126,817	-	328,474	-	372,194	5,170,537
2024	5,170,537	-	339,693	-	375,052	5,205,896
2025	5,205,896	-	345,715	-	377,478	5,237,659
2026	5,237,659	-	354,763	-	379,521	5,262,417
2027	5,262,417	-	356,873	-	381,299	5,286,843
2028	5,286,843	-	354,900	-	383,204	5,315,147
2029	5,315,147	-	347,932	-	385,589	5,352,804
2030	5,352,804	-	340,933	-	388,675	5,400,546
2031	5,400,546	-	345,334	-	392,091	5,447,303
2032	5,447,303	-	337,063	-	395,908	5,506,148
2033	5,506,148	-	327,343	-	400,686	5,579,491
2034	5,579,491	-	328,155	-	406,156	5,657,492
2035	5,657,492	-	317,967	-	412,388	5,751,913
2036	5,751,913	-	306,488	-	419,900	5,865,325
2037	5,865,325	-	303,196	-	428,530	5,990,659
2038	5,990,659	-	299,711	-	438,060	6,129,008
2039	6,129,008	-	319,462	-	447,696	6,257,242
2040	6,257,242	-	306,921	-	457,784	6,408,105
2041	6,408,105	-	294,853	-	469,551	6,582,803
2042	6,582,803	-	288,949	-	482,875	6,776,729
2043	6,776,729	-	277,319	-	497,855	6,997,265
2044	6,997,265	-	263,192	-	514,925	7,248,998
2045	7,248,998	-	250,728	-	534,273	7,532,543
2046	7,532,543	-	238,582	-	555,994	7,849,955
2047	7,849,955	-	225,626	-	580,286	8,204,615
2048	8,204,615	-	213,832	-	607,327	8,598,110
2049	8,598,110	-	201,448	-	637,304	9,033,966
2050	9,033,966	-	190,373	-	670,408	9,514,001
2051	9,514,001	-	179,690	-	706,812	10,041,123
2052	10,041,123	-	169,478	-	746,729	10,618,374
2053	10,618,374	-	159,589	-	790,393	11,249,178
2054	11,249,178	-	150,080	-	838,060	11,937,158
2055	11,937,158	-	140,964	-	890,001	12,686,195
2056	12,686,195	-	132,231	-	946,506	13,500,470
2057	13,500,470	-	123,835	-	1,007,891	14,384,526
2058	14,384,526	-	115,812	-	1,074,497	15,343,211
2059	15,343,211	-	108,178	-	1,146,684	16,381,717
2060	16,381,717	-	100,942	-	1,224,843	17,505,618
2061	17,505,618	-	94,135	-	1,309,391	18,720,874
2062	18,720,874	-	87,801	-	1,400,773	20,033,846
2063	20,033,846	-	81,889	-	1,499,468	21,451,425
2064	21,451,425	-	76,356	-	1,605,994	22,981,063
2065	22,981,063	-	71,139	-	1,720,912	24,630,836
2066	24,630,836	-	66,180	-	1,844,831	26,409,487

## 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
2067	26,409,487	-	61,479	-	1,978,406	28,326,414
2068	28,326,414	-	56,970	-	2,122,345	30,391,789
2069	30,391,789	-	52,633	-	2,277,410	32,616,566
2070	32,616,566	-	48,485	-	2,444,424	35,012,505
2071	35,012,505	-	44,497	-	2,624,269	37,592,277
2072	37,592,277	-	40,623	-	2,817,897	40,369,551
2073	40,369,551	-	36,821	-	3,026,336	43,359,066
2074	43,359,066	-	33,075	-	3,250,690	46,576,681
2075	46,576,681	-	29,418	-	3,492,148	50,039,411
2076	50,039,411	-	25,864	-	3,751,986	53,765,533
2077	53,765,533	-	22,436	-	4,031,574	57,774,671
2078	57,774,671	-	19,165	-	4,332,382	62,087,888
2079	62,087,888	-	16,084	-	4,655,988	66,727,792
2080	66,727,792	-	13,277	-	5,004,087	71,718,602
2081	71,718,602	-	10,796	-	5,378,490	77,086,296
2082	77,086,296	-	8,653	-	5,781,148	82,858,791
2083	82,858,791	-	6,836	-	6,214,153	89,066,108
2084	89,066,108	-	5,311	-	6,679,759	95,740,556
2085	95,740,556	-	4,056	-	7,180,390	102,916,890
2086	102,916,890	-	3,030	-	7,718,653	110,632,513
2087	110,632,513	-	2,214	-	8,297,355	118,927,654
2088	118,927,654	-	1,572	-	8,919,515	127,845,597
2089	127,845,597	-	1,093	-	9,588,379	137,432,883
2090	137,432,883	-	744	-	10,307,438	147,739,577
2091	147,739,577	-	499	-	11,080,450	158,819,528
2092	158,819,528	-	329	-	11,911,452	170,730,651
2093	170,730,651	-	214	-	12,804,791	183,535,228
2094	183,535,228	-	138	-	13,765,137	197,300,227
2095	197,300,227	-	88	-	14,797,514	212,097,653
2096	212,097,653	-	56	-	15,907,322	228,004,919
2097	228,004,919	-	35	-	17,100,368	245,105,252
2098	245,105,252	-	22	-	18,382,893	263,488,123
2099	263,488,123	-	14	-	19,761,609	283,249,718
2100	283,249,718	-	9	-	21,243,729	304,493,438
2101	304,493,438	-	5	-	22,837,008	327,330,441
2102	327,330,441	-	3	-	24,549,783	351,880,221
2103	351,880,221	-	1	-	26,391,017	378,271,237
2104	378,271,237	-	1	-	28,370,343	406,641,579
2105	406,641,579	-	-	-	30,498,118	437,139,697

\*All DROP Balances paid in 2017.

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
2017	4,774,481	-	319,798	-	253,802	4,708,485
2018	4,708,485	-	290,369	-	250,982	4,669,098
2019	4,669,098	-	287,112	-	248,905	4,630,891
2020	4,630,891	-	282,459	-	246,931	4,595,363
2021	4,595,363	-	303,934	-	244,387	4,535,816
2022	4,535,816	-	303,909	-	241,112	4,473,019
2023	4,473,019	-	328,474	-	236,983	4,381,528
2024	4,381,528	-	339,693	-	231,642	4,273,477
2025	4,273,477	-	345,715	-	225,534	4,153,296
2026	4,153,296	-	354,763	-	218,675	4,017,208
2027	4,017,208	-	356,873	-	211,132	3,871,467
2028	3,871,467	-	354,900	-	203,171	3,719,738
2029	3,719,738	-	347,932	-	195,017	3,566,823
2030	3,566,823	-	340,933	-	186,800	3,412,690
2031	3,412,690	-	345,334	-	178,201	3,245,557
2032	3,245,557	-	337,063	-	169,236	3,077,730
2033	3,077,730	-	327,343	-	160,273	2,910,660
2034	2,910,660	-	328,155	-	151,062	2,733,567
2035	2,733,567	-	317,967	-	141,602	2,557,202
2036	2,557,202	-	306,488	-	132,218	2,382,932
2037	2,382,932	-	303,196	-	122,723	2,202,459
2038	2,202,459	-	299,711	-	112,893	2,015,641
2039	2,015,641	-	319,462	-	102,075	1,798,254
2040	1,798,254	-	306,921	-	90,464	1,581,797
2041	1,581,797	-	294,853	-	78,890	1,365,834
2042	1,365,834	-	288,949	-	67,175	1,144,060
2043	1,144,060	-	277,319	-	55,297	922,038
2044	922,038	-	263,192	-	43,474	702,320
2045	702,320	-	250,728	-	31,733	483,325
2046	483,325	-	238,582	-	20,022	264,765
2047	264,765	-	225,626	-	8,357	47,496
2048	47,496	-	213,832	-	-	-

\*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 31.22

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, 2019

Valuation Date: 10/1/2017

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.50%	5.50%
	RP-2000	RP-2000
	Generational	Generational
Total Required Contribution (Fixed \$)	\$309,783	\$508,840
Total Required Contribution (% of Payroll)	20.2%	33.1%
Expected Member Contribution	79,819	79,050
Expected Sponsor Contribution (Fixed \$)	\$229,964	\$429,790
Expected Sponsor Contribution (% of Payroll)	15.0%	28.0%

**ASSETS**

Actuarial Value <sup>1</sup>	4,689,668	4,689,668
Market Value <sup>1</sup>	4,774,481	4,774,481

**LIABILITIES**

Present Value of Benefits		
Active Members		
Retirement Benefits	2,719,591	4,134,236
Disability Benefits	98,153	142,834
Death Benefits	21,575	27,288
Vested Benefits	284,013	487,986
Refund of Contributions	88,703	92,807
Service Retirees	2,437,611	2,865,518
DROP Retirees <sup>1</sup>	97,755	117,656
Beneficiaries	0	0
Disability Retirees	0	0
Terminated Vested	613,698	864,244
Total:	<u>6,361,099</u>	<u>8,732,569</u>
Present Value of Future Salaries	10,238,677	11,447,375
Present Value of Future Member Contributions	511,934	572,369
Total Normal Cost	194,748	287,748
Present Value of Future Normal Costs (Entry Age Normal)	1,248,444	2,096,285
Total Actuarial Accrued Liability <sup>1</sup>	5,112,655	6,636,284
Unfunded Actuarial Accrued Liability (UAAL)	422,987	1,946,616

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2019

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL
	7.50%	5.50%
	RP-2000	RP-2000
	Generational	Generational
<b><u>PENSION COST</u></b>		
Normal Cost <sup>2</sup>	206,433	305,013
Administrative Expenses <sup>2</sup>	43,903	43,903
Payment Required To Amortize UAAL <sup>2</sup>	59,447	159,924
Total Required Contribution	\$309,783	\$508,840

<sup>1</sup> The asset values and liabilities include accumulated DROP Balances as of 9/30/2017.

<sup>2</sup> Contributions developed as of 10/1/2017 displayed above have been adjusted to account for assumed salary increase and interest components.