

**CITY OF LAKE ALFRED
GENERAL EMPLOYEES' RETIREMENT SYSTEM**

**SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2019 VALUATION DATE**



March 20, 2020

VIA E-MAIL

Ms. Laura Underhill, Financial Analyst
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, 2019 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: 

Patrick T. Donlan, EA, ASA, MAAA
Enrolled Actuary #17-6595

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, 2019 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, 2019

	ACTUAL	HYPOTHETICAL
	7.50% RP-2000 Generational	5.50% RP-2000 Generational
<u>Total Pension Liability</u>		
Service Cost	211,276	312,553
Interest	403,077	388,217
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	93,660	162,001
Changes of Assumptions	-	-
Contributions - Buy Back	11,628	11,628
Benefit Payments, Including Refunds of Employee Contributions	(348,831)	(348,831)
Net Change in Total Pension Liability	370,810	525,568
Total Pension Liability - Beginning	5,337,503	6,920,345
Total Pension Liability - Ending (a)	<u>\$ 5,708,313</u>	<u>\$ 7,445,913</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	229,964	229,964
Contributions - Employee	79,133	79,133
Contributions - Buy Back	11,628	11,628
Net Investment Income	275,336	275,336
Benefit Payments, Including Refunds of Employee Contributions	(348,831)	(348,831)
Administrative Expenses	(35,492)	(35,492)
Net Change in Plan Fiduciary Net Position	211,738	211,738
Plan Fiduciary Net Position - Beginning	5,102,515	5,102,515
Plan Fiduciary Net Position - Ending (b)	<u>\$ 5,314,253</u>	<u>\$ 5,314,253</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 394,060</u>	<u>\$ 2,131,660</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
2019	5,314,253	-	370,091	-	384,691	5,328,853
2020	5,328,853	-	322,593	-	387,567	5,393,827
2021	5,393,827	-	339,676	-	391,799	5,445,950
2022	5,445,950	-	341,286	-	395,648	5,500,312
2023	5,500,312	-	375,606	-	398,438	5,523,144
2024	5,523,144	-	368,748	-	400,408	5,554,804
2025	5,554,804	-	371,599	-	402,675	5,585,880
2026	5,585,880	-	386,924	-	404,431	5,603,387
2027	5,603,387	-	382,689	-	405,903	5,626,601
2028	5,626,601	-	384,665	-	407,570	5,649,506
2029	5,649,506	-	379,096	-	409,497	5,679,907
2030	5,679,907	-	374,591	-	411,946	5,717,262
2031	5,717,262	-	383,867	-	414,400	5,747,795
2032	5,747,795	-	378,552	-	416,889	5,786,132
2033	5,786,132	-	368,058	-	420,158	5,838,232
2034	5,838,232	-	369,676	-	424,005	5,892,561
2035	5,892,561	-	359,345	-	428,467	5,961,683
2036	5,961,683	-	347,106	-	434,110	6,048,687
2037	6,048,687	-	343,576	-	440,767	6,145,878
2038	6,145,878	-	349,056	-	447,851	6,244,673
2039	6,244,673	-	362,893	-	454,742	6,336,522
2040	6,336,522	-	349,366	-	462,138	6,449,294
2041	6,449,294	-	348,241	-	470,638	6,571,691
2042	6,571,691	-	349,637	-	479,765	6,701,819
2043	6,701,819	-	334,593	-	490,089	6,857,315
2044	6,857,315	-	319,471	-	502,318	7,040,162
2045	7,040,162	-	306,505	-	516,518	7,250,175
2046	7,250,175	-	293,745	-	532,748	7,489,178
2047	7,489,178	-	279,411	-	551,210	7,760,977
2048	7,760,977	-	266,336	-	572,086	8,066,727
2049	8,066,727	-	252,615	-	595,531	8,409,643
2050	8,409,643	-	240,165	-	621,717	8,791,195
2051	8,791,195	-	227,699	-	650,801	9,214,297
2052	9,214,297	-	216,204	-	682,965	9,681,058
2053	9,681,058	-	204,822	-	718,399	10,194,635
2054	10,194,635	-	193,791	-	757,330	10,758,174
2055	10,758,174	-	183,150	-	799,995	11,375,019
2056	11,375,019	-	172,889	-	846,643	12,048,773
2057	12,048,773	-	162,922	-	897,548	12,783,399
2058	12,783,399	-	153,323	-	953,005	13,583,081
2059	13,583,081	-	144,104	-	1,013,327	14,452,304
2060	14,452,304	-	135,283	-	1,078,850	15,395,871
2061	15,395,871	-	126,896	-	1,149,932	16,418,907
2062	16,418,907	-	118,997	-	1,226,956	17,526,866
2063	17,526,866	-	111,527	-	1,310,333	18,725,672
2064	18,725,672	-	104,440	-	1,400,509	20,021,741
2065	20,021,741	-	97,679	-	1,497,968	21,422,030
2066	21,422,030	-	91,187	-	1,603,233	22,934,076
2067	22,934,076	-	84,981	-	1,716,869	24,565,964
2068	24,565,964	-	78,994	-	1,839,485	26,326,455
2069	26,326,455	-	73,211	-	1,971,739	28,224,983
2070	28,224,983	-	67,647	-	2,114,337	30,271,673
2071	30,271,673	-	62,267	-	2,268,040	32,477,446

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
2072	32,477,446	-	57,017	-	2,433,670	34,854,099
2073	34,854,099	-	51,847	-	2,612,113	37,414,365
2074	37,414,365	-	46,735	-	2,804,325	40,171,955
2075	40,171,955	-	41,709	-	3,011,333	43,141,579
2076	43,141,579	-	36,793	-	3,234,239	46,339,025
2077	46,339,025	-	32,019	-	3,474,226	49,781,232
2078	49,781,232	-	27,439	-	3,732,563	53,486,356
2079	53,486,356	-	23,098	-	4,010,611	57,473,869
2080	57,473,869	-	19,100	-	4,309,824	61,764,593
2081	61,764,593	-	15,548	-	4,631,761	66,380,806
2082	66,380,806	-	12,470	-	4,978,093	71,346,429
2083	71,346,429	-	9,845	-	5,350,613	76,687,197
2084	76,687,197	-	7,644	-	5,751,253	82,430,806
2085	82,430,806	-	5,835	-	6,182,092	88,607,063
2086	88,607,063	-	4,368	-	6,645,366	95,248,061
2087	95,248,061	-	3,207	-	7,143,484	102,388,338
2088	102,388,338	-	2,302	-	7,679,039	110,065,075
2089	110,065,075	-	1,625	-	8,254,820	118,318,270
2090	118,318,270	-	1,130	-	8,873,828	127,190,968
2091	127,190,968	-	779	-	9,539,293	136,729,482
2092	136,729,482	-	533	-	10,254,691	146,983,640
2093	146,983,640	-	362	-	11,023,759	158,007,037
2094	158,007,037	-	244	-	11,850,519	169,857,312
2095	169,857,312	-	165	-	12,739,292	182,596,439
2096	182,596,439	-	110	-	13,694,729	196,291,058
2097	196,291,058	-	74	-	14,721,827	211,012,811
2098	211,012,811	-	49	-	15,825,959	226,838,721
2099	226,838,721	-	32	-	17,012,903	243,851,592
2100	243,851,592	-	20	-	18,288,869	262,140,441
2101	262,140,441	-	13	-	19,660,533	281,800,961
2102	281,800,961	-	8	-	21,135,072	302,936,025
2103	302,936,025	-	4	-	22,720,202	325,656,223
2104	325,656,223	-	2	-	24,424,217	350,080,438
2105	350,080,438	-	1	-	26,256,033	376,336,470
2106	376,336,470	-	1	-	28,225,235	404,561,704
2107	404,561,704	-	-	-	30,342,128	434,903,832

*All DROP Balances paid in 2019.

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
2019	5,314,253	-	370,091	-	282,106	5,226,268
2020	5,226,268	-	322,593	-	278,573	5,182,248
2021	5,182,248	-	339,676	-	275,683	5,118,255
2022	5,118,255	-	341,286	-	272,119	5,049,088
2023	5,049,088	-	375,606	-	267,371	4,940,853
2024	4,940,853	-	368,748	-	261,606	4,833,711
2025	4,833,711	-	371,599	-	255,635	4,717,747
2026	4,717,747	-	386,924	-	248,836	4,579,659
2027	4,579,659	-	382,689	-	241,357	4,438,327
2028	4,438,327	-	384,665	-	233,530	4,287,192
2029	4,287,192	-	379,096	-	225,370	4,133,466
2030	4,133,466	-	374,591	-	217,039	3,975,914
2031	3,975,914	-	383,867	-	208,119	3,800,166
2032	3,800,166	-	378,552	-	198,599	3,620,213
2033	3,620,213	-	368,058	-	188,990	3,441,145
2034	3,441,145	-	369,676	-	179,097	3,250,566
2035	3,250,566	-	359,345	-	168,899	3,060,120
2036	3,060,120	-	347,106	-	158,761	2,871,775
2037	2,871,775	-	343,576	-	148,499	2,676,698
2038	2,676,698	-	349,056	-	137,619	2,465,261
2039	2,465,261	-	362,893	-	125,610	2,227,978
2040	2,227,978	-	349,366	-	112,931	1,991,543
2041	1,991,543	-	348,241	-	99,958	1,743,260
2042	1,743,260	-	349,637	-	86,264	1,479,887
2043	1,479,887	-	334,593	-	72,192	1,217,486
2044	1,217,486	-	319,471	-	58,176	956,191
2045	956,191	-	306,505	-	44,162	693,848
2046	693,848	-	293,745	-	30,084	430,187
2047	430,187	-	279,411	-	15,976	166,752
2048	166,752	-	266,336	-	-	-

*All DROP Balances paid in 2019.

Number of Years Expected Benefit Payments Sustained: 29.63

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, 2021**

Valuation Date: 10/1/2019

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.50%	5.50%
	RP-2000	RP-2000
	Generational	Generational
Minimum Required Contribution (Fixed \$)	\$336,912	\$558,321
Minimum Required Contribution (% of Payroll)	19.7%	32.5%
Expected Member Contribution	89,110	88,251
Expected Sponsor Contribution (Fixed \$)	\$247,802	\$470,070
Expected Sponsor Contribution (% of Payroll)	14.7%	27.5%

ASSETS

Actuarial Value ¹	5,340,549	5,340,549
Market Value ¹	5,314,253	5,314,253

LIABILITIES

Present Value of Benefits		
Active Members		
Retirement Benefits	3,172,135	4,792,417
Disability Benefits	131,796	186,808
Death Benefits	25,142	31,723
Vested Benefits	339,203	577,520
Refund of Contributions	93,781	97,593
Service Retirees	2,752,212	3,219,328
DROP Retirees ¹	113,336	132,023
Beneficiaries	0	0
Disability Retirees	0	0
Terminated Vested	578,025	816,163
Total:	<u>7,205,630</u>	<u>9,853,575</u>
 Present Value of Future Salaries	 11,371,009	 12,680,318
 Present Value of Future Member Contributions	 568,550	 634,016
 Total Normal Cost	 207,504	 307,940
 Present Value of Future Normal Costs (Entry Age Normal)	 1,290,891	 2,185,187
 Total Actuarial Accrued Liability ¹	 5,914,739	 7,668,388
 Unfunded Actuarial Accrued Liability (UAAL)	 574,190	 2,327,839

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2021

Valuation Date: 10/1/2019

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.50%	5.50%
	RP-2000	RP-2000
	Generational	Generational
<u>PENSION COST</u>		
Normal Cost ²	219,954	326,416
Administrative Expenses ²	35,315	35,315
Payment Required To Amortize UAAL ²	<u>81,643</u>	<u>196,590</u>
Minimum Required Contribution	\$336,912	\$558,321

¹ The asset values and liabilities include accumulated DROP Balances as of 9/30/2019.

² Contributions developed as of 10/1/2019 displayed above have been adjusted to account for assumed salary increase and interest components.