

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

**SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2020 VALUATION DATE**



March 31, 2021

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, 2020 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: 
Drew D. Ballard, EA, MAAA
Enrolled Actuary #20-8193

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, 2020 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, 2020

	ACTUAL	HYPOTHETICAL
	7.25%	5.25%
<u>Total Pension Liability</u>		
Service Cost	206,381	305,504
Interest	429,229	415,788
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	135,621	126,562
Changes of Assumptions	(44,750)	(51,870)
Contributions - Buy Back	-	-
Benefit Payments, Including Refunds of Employee Contributions	(383,278)	(383,278)
Net Change in Total Pension Liability	343,203	412,706
Total Pension Liability - Beginning	5,708,313	7,445,913
Total Pension Liability - Ending (a)	<u>\$ 6,051,516</u>	<u>\$ 7,858,619</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	493,651	493,651
Contributions - Employee	86,546	86,546
Contributions - Buy Back	-	-
Net Investment Income	341,155	341,155
Benefit Payments, Including Refunds of Employee Contributions	(383,278)	(383,278)
Administrative Expenses	(42,409)	(42,409)
Net Change in Plan Fiduciary Net Position	495,665	495,665
Plan Fiduciary Net Position - Beginning	5,314,253	5,314,253
Plan Fiduciary Net Position - Ending (b)	<u>\$ 5,809,918</u>	<u>\$ 5,809,918</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 241,598</u>	<u>\$ 2,048,701</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.25%

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
2020	5,562,116	-	380,977	-	389,443	5,570,582
2021	5,570,582	-	373,579	-	390,325	5,587,328
2022	5,587,328	-	372,953	-	391,562	5,605,937
2023	5,605,937	-	376,408	-	392,786	5,622,315
2024	5,622,315	-	377,247	-	393,943	5,639,011
2025	5,639,011	-	380,706	-	395,028	5,653,333
2026	5,653,333	-	385,655	-	395,887	5,663,565
2027	5,663,565	-	385,758	-	396,625	5,674,432
2028	5,674,432	-	386,014	-	397,403	5,685,821
2029	5,685,821	-	388,004	-	398,157	5,695,974
2030	5,695,974	-	387,484	-	398,912	5,707,402
2031	5,707,402	-	378,725	-	400,058	5,728,735
2032	5,728,735	-	372,281	-	401,838	5,758,292
2033	5,758,292	-	363,959	-	404,283	5,798,616
2034	5,798,616	-	365,880	-	407,137	5,839,873
2035	5,839,873	-	356,358	-	410,473	5,893,988
2036	5,893,988	-	343,517	-	414,862	5,965,333
2037	5,965,333	-	335,598	-	420,321	6,050,056
2038	6,050,056	-	352,440	-	425,853	6,123,469
2039	6,123,469	-	359,210	-	430,930	6,195,189
2040	6,195,189	-	354,289	-	436,308	6,277,208
2041	6,277,208	-	351,887	-	442,342	6,367,663
2042	6,367,663	-	350,245	-	448,959	6,466,377
2043	6,466,377	-	337,485	-	456,579	6,585,471
2044	6,585,471	-	324,282	-	465,691	6,726,880
2045	6,726,880	-	311,693	-	476,400	6,891,587
2046	6,891,587	-	298,828	-	488,808	7,081,567
2047	7,081,567	-	285,464	-	503,066	7,299,169
2048	7,299,169	-	272,477	-	519,312	7,546,004
2049	7,546,004	-	259,122	-	537,692	7,824,574
2050	7,824,574	-	246,768	-	558,336	8,136,142
2051	8,136,142	-	234,745	-	581,361	8,482,758
2052	8,482,758	-	223,551	-	606,896	8,866,103
2053	8,866,103	-	212,434	-	635,092	9,288,761
2054	9,288,761	-	201,688	-	666,124	9,753,197
2055	9,753,197	-	191,259	-	700,174	10,262,112
2056	10,262,112	-	181,176	-	737,435	10,818,371
2057	10,818,371	-	171,354	-	778,120	11,425,137
2058	11,425,137	-	161,863	-	822,455	12,085,729
2059	12,085,729	-	152,671	-	870,681	12,803,739
2060	12,803,739	-	143,764	-	923,060	13,583,035
2061	13,583,035	-	135,133	-	979,871	14,427,773
2062	14,427,773	-	126,776	-	1,041,418	15,342,415
2063	15,342,415	-	118,695	-	1,108,022	16,331,742
2064	16,331,742	-	110,897	-	1,180,031	17,400,876
2065	17,400,876	-	103,382	-	1,257,816	18,555,310
2066	18,555,310	-	96,146	-	1,341,775	19,800,939
2067	19,800,939	-	89,180	-	1,432,335	21,144,094
2068	21,144,094	-	82,463	-	1,529,958	22,591,589
2069	22,591,589	-	75,968	-	1,635,136	24,150,757
2070	24,150,757	-	69,677	-	1,748,404	25,829,484
2071	25,829,484	-	63,588	-	1,870,333	27,636,229
2072	27,636,229	-	57,711	-	2,001,535	29,580,053

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.25%

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
2073	29,580,053	-	52,058	-	2,142,667	31,670,662
2074	31,670,662	-	46,645	-	2,294,432	33,918,449
2075	33,918,449	-	41,498	-	2,457,583	36,334,534
2076	36,334,534	-	36,646	-	2,632,925	38,930,813
2077	38,930,813	-	32,111	-	2,821,320	41,720,022
2078	41,720,022	-	27,902	-	3,023,690	44,715,810
2079	44,715,810	-	24,011	-	3,241,026	47,932,825
2080	47,932,825	-	20,433	-	3,474,389	51,386,781
2081	51,386,781	-	17,172	-	3,724,919	55,094,528
2082	55,094,528	-	14,234	-	3,993,837	59,074,131
2083	59,074,131	-	11,624	-	4,282,453	63,344,960
2084	63,344,960	-	9,339	-	4,592,171	67,927,792
2085	67,927,792	-	7,373	-	4,924,498	72,844,917
2086	72,844,917	-	5,715	-	5,281,049	78,120,251
2087	78,120,251	-	4,349	-	5,663,561	83,779,463
2088	83,779,463	-	3,249	-	6,073,893	89,850,107
2089	89,850,107	-	2,384	-	6,514,046	96,361,769
2090	96,361,769	-	1,721	-	6,986,166	103,346,214
2091	103,346,214	-	1,225	-	7,492,556	110,837,545
2092	110,837,545	-	863	-	8,035,691	118,872,373
2093	118,872,373	-	604	-	8,618,225	127,489,994
2094	127,489,994	-	423	-	9,243,009	136,732,580
2095	136,732,580	-	297	-	9,913,101	146,645,384
2096	146,645,384	-	211	-	10,631,783	157,276,956
2097	157,276,956	-	151	-	11,402,574	168,679,379
2098	168,679,379	-	109	-	12,229,251	180,908,521
2099	180,908,521	-	79	-	13,115,865	194,024,307
2100	194,024,307	-	57	-	14,066,760	208,091,010
2101	208,091,010	-	41	-	15,086,597	223,177,566
2102	223,177,566	-	29	-	16,180,372	239,357,909
2103	239,357,909	-	20	-	17,353,448	256,711,337
2104	256,711,337	-	14	-	18,611,571	275,322,894
2105	275,322,894	-	9	-	19,960,909	295,283,794
2106	295,283,794	-	6	-	21,408,075	316,691,863
2107	316,691,863	-	4	-	22,960,160	339,652,019
2108	339,652,019	-	2	-	24,624,771	364,276,788
2109	364,276,788	-	1	-	26,410,067	390,686,854
2110	390,686,854	-	1	-	28,324,797	419,011,650
2111	419,011,650	-	-	-	30,378,345	449,389,995

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 7.25% 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: 5.25%

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
2020	5,562,116	-	380,977	-	282,010	5,463,149
2021	5,463,149	-	373,579	-	277,009	5,366,579
2022	5,366,579	-	372,953	-	271,955	5,265,581
2023	5,265,581	-	376,408	-	266,562	5,155,735
2024	5,155,735	-	377,247	-	260,773	5,039,261
2025	5,039,261	-	380,706	-	254,568	4,913,123
2026	4,913,123	-	385,655	-	247,816	4,775,284
2027	4,775,284	-	385,758	-	240,576	4,630,102
2028	4,630,102	-	386,014	-	232,947	4,477,035
2029	4,477,035	-	388,004	-	224,859	4,313,890
2030	4,313,890	-	387,484	-	216,308	4,142,714
2031	4,142,714	-	378,725	-	207,551	3,971,540
2032	3,971,540	-	372,281	-	198,733	3,797,992
2033	3,797,992	-	363,959	-	189,841	3,623,874
2034	3,623,874	-	365,880	-	180,649	3,438,643
2035	3,438,643	-	356,358	-	171,174	3,253,459
2036	3,253,459	-	343,517	-	161,789	3,071,731
2037	3,071,731	-	335,598	-	152,456	2,888,589
2038	2,888,589	-	352,440	-	142,399	2,678,548
2039	2,678,548	-	359,210	-	131,195	2,450,533
2040	2,450,533	-	354,289	-	119,353	2,215,597
2041	2,215,597	-	351,887	-	107,082	1,970,792
2042	1,970,792	-	350,245	-	94,273	1,714,820
2043	1,714,820	-	337,485	-	81,169	1,458,504
2044	1,458,504	-	324,282	-	68,059	1,202,281
2045	1,202,281	-	311,693	-	54,938	945,526
2046	945,526	-	298,828	-	41,796	688,494
2047	688,494	-	285,464	-	28,653	431,683
2048	431,683	-	272,477	-	15,511	174,717
2049	174,717	-	259,122	-	-	-

Number of Years Expected Benefit Payments Sustained: 29.67

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.25% 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, 2022

Valuation Date: 10/1/2020

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.25%	5.25%
	<u> </u>	<u> </u>
Minimum Required Contribution (Fixed \$)	\$337,115	\$562,240
Minimum Required Contribution (% of Payroll)	17.7%	29.5%
Expected Member Contribution	98,710	97,758
Expected Sponsor Contribution (Fixed \$)	\$238,405	\$464,482
Expected Sponsor Contribution (% of Payroll)	12.7%	24.5%

ASSETS

Actuarial Value ¹	5,670,052	5,670,052
Market Value ¹	5,562,116	5,562,116

LIABILITIES

Present Value of Benefits

Active Members

Retirement Benefits	3,146,011	4,727,115
Disability Benefits	67,847	100,965
Death Benefits	17,805	23,000
Vested Benefits	440,306	743,512
Refund of Contributions	124,399	130,425
Service Retirees	2,893,577	3,373,682
DROP Retirees ¹	0	0
Beneficiaries	0	0
Disability Retirees	0	0
Terminated Vested	569,529	804,538
Total:	<u>7,259,474</u>	<u>9,903,237</u>

Present Value of Future Salaries	11,920,152	13,296,504
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Present Value of Future

Member Contributions	596,008	664,825
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Total Normal Cost	203,744	301,111
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Present Value of Future

Normal Costs (Entry Age Normal)	1,180,546	1,968,651
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Total Actuarial Accrued Liability ¹	6,078,928	7,934,586
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Unfunded Actuarial Accrued Liability (UAAL)	408,876	2,264,534
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ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2022

Valuation Date: 10/1/2020

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.25%	5.25%
<u>PENSION COST</u>		
Normal Cost ²	216,947	320,623
Administrative Expenses ²	41,475	41,475
Payment Required To Amortize UAAL ²	<u>78,693</u>	<u>200,142</u>
Minimum Required Contribution	\$337,115	\$562,240

¹ The asset values and liabilities include accumulated DROP Balances as of 9/30/2020.

² Contributions developed as of 10/1/2020 displayed above have been adjusted to account for assumed salary increase and interest components.