

February 15, 2016

VIA EMAIL

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
Senate Bill 534 (Section 112.664, Florida Statutes) Compliance

Dear Laura:

Please find enclosed the annual disclosures that satisfy the October 1, 2015 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.

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 #14-6595

PTD/lke
Enclosures

cc via email: Scott R. Christiansen, Board Attorney

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: 2/15/2016

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, 2015 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.

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Static 9/30/2015	7.50% RP-2000 Generational 9/30/2015	5.50% RP-2000 Generational 9/30/2015
<u>GASB 67: Schedule of Changes in Net Pension Liability</u>			
<u>Total Pension Liability</u>			
Service Cost	148,309	152,604	227,108
Interest	318,656	326,595	312,537
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(180,354)	(198,281)	(295,783)
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(260,308)	(260,308)	(260,308)
Net Change in Total Pension Liability	26,303	20,610	(16,446)
Total Pension Liability - Beginning	4,230,596	4,332,152	5,585,532
Total Pension Liability - Ending (a)	<u>\$ 4,256,899</u>	<u>\$ 4,352,762</u>	<u>\$ 5,569,086</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	177,969	177,969	177,969
Contributions - Employee	56,385	56,385	56,385
Net Investment Income	(3,845)	(3,845)	(3,845)
Benefit Payments, Including Refunds of Employee Contributions	(260,308)	(260,308)	(260,308)
Administrative Expenses	(28,284)	(28,284)	(28,284)
Net Change in Plan Fiduciary Net Position	(58,083)	(58,083)	(58,083)
Plan Fiduciary Net Position - Beginning	3,883,370	3,883,370	3,883,370
Plan Fiduciary Net Position - Ending (b)	<u>\$ 3,825,287</u>	<u>\$ 3,825,287</u>	<u>\$ 3,825,287</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 431,612</u>	<u>\$ 527,475</u>	<u>\$ 1,743,799</u>

GASB 68: Pension Expense for Fiscal Year Ending September 30, 2015

Pension Expense	<u>\$ 132,568</u>	<u>\$ 143,689</u>	<u>\$ 258,240</u>
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PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.50% and RP-2000 Static 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
2015	3,825,287	-	275,137	-	276,579	3,826,729
2016	3,826,729	-	276,692	-	276,629	3,826,666
2017	3,826,666	-	271,573	-	276,816	3,831,909
2018	3,831,909	-	273,053	-	277,154	3,836,010
2019	3,836,010	-	271,813	-	277,508	3,841,705
2020	3,841,705	-	266,090	-	278,150	3,853,765
2021	3,853,765	-	301,008	-	277,745	3,830,502
2022	3,830,502	-	300,406	-	276,022	3,806,118
2023	3,806,118	-	316,599	-	273,586	3,763,105
2024	3,763,105	-	327,717	-	269,943	3,705,331
2025	3,705,331	-	327,789	-	265,608	3,643,150
2026	3,643,150	-	334,148	-	260,706	3,569,708
2027	3,569,708	-	332,759	-	255,250	3,492,199
2028	3,492,199	-	325,820	-	249,697	3,416,076
2029	3,416,076	-	318,554	-	244,260	3,341,782
2030	3,341,782	-	308,862	-	239,051	3,271,971
2031	3,271,971	-	305,123	-	233,956	3,200,804
2032	3,200,804	-	292,615	-	229,087	3,137,276
2033	3,137,276	-	283,472	-	224,666	3,078,470
2034	3,078,470	-	282,004	-	220,310	3,016,776
2035	3,016,776	-	268,743	-	216,180	2,964,213
2036	2,964,213	-	253,677	-	212,803	2,923,339
2037	2,923,339	-	263,641	-	209,364	2,869,062
2038	2,869,062	-	250,729	-	205,777	2,824,110
2039	2,824,110	-	241,954	-	202,735	2,784,891
2040	2,784,891	-	228,038	-	200,315	2,757,168
2041	2,757,168	-	218,969	-	198,576	2,736,775
2042	2,736,775	-	206,828	-	197,502	2,727,449
2043	2,727,449	-	195,128	-	197,241	2,729,562
2044	2,729,562	-	182,090	-	197,889	2,745,361
2045	2,745,361	-	170,274	-	199,517	2,774,604
2046	2,774,604	-	158,971	-	202,134	2,817,767
2047	2,817,767	-	147,437	-	205,804	2,876,134
2048	2,876,134	-	137,201	-	210,565	2,949,498
2049	2,949,498	-	127,483	-	216,432	3,038,447
2050	3,038,447	-	118,341	-	223,446	3,143,552
2051	3,143,552	-	109,758	-	231,650	3,265,444
2052	3,265,444	-	101,703	-	241,094	3,404,835
2053	3,404,835	-	94,169	-	251,831	3,562,497
2054	3,562,497	-	87,126	-	263,920	3,739,291
2055	3,739,291	-	80,553	-	277,426	3,936,164
2056	3,936,164	-	74,434	-	292,421	4,154,151
2057	4,154,151	-	68,731	-	308,984	4,394,404
2058	4,394,404	-	63,418	-	327,202	4,658,188
2059	4,658,188	-	58,432	-	347,173	4,946,929
2060	4,946,929	-	53,745	-	369,004	5,262,188
2061	5,262,188	-	49,334	-	392,814	5,605,668
2062	5,605,668	-	45,157	-	418,732	5,979,243
2063	5,979,243	-	41,204	-	446,898	6,384,937
2064	6,384,937	-	37,457	-	477,466	6,824,946
2065	6,824,946	-	33,894	-	510,600	7,301,652
2066	7,301,652	-	30,514	-	546,480	7,817,618

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.50% and RP-2000 Static 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	7,817,618	-	27,311	-	585,297	8,375,604
2068	8,375,604	-	24,275	-	627,260	8,978,589
2069	8,978,589	-	21,414	-	672,591	9,629,766
2070	9,629,766	-	18,729	-	721,530	10,332,567
2071	10,332,567	-	16,231	-	774,334	11,090,670
2072	11,090,670	-	13,926	-	831,278	11,908,022
2073	11,908,022	-	11,824	-	892,658	12,788,856
2074	12,788,856	-	9,930	-	958,792	13,737,718
2075	13,737,718	-	8,241	-	1,030,020	14,759,497
2076	14,759,497	-	6,753	-	1,106,709	15,859,453
2077	15,859,453	-	5,469	-	1,189,254	17,043,238
2078	17,043,238	-	4,376	-	1,278,079	18,316,941
2079	18,316,941	-	3,459	-	1,373,641	19,687,123
2080	19,687,123	-	2,703	-	1,476,433	21,160,853
2081	21,160,853	-	2,090	-	1,586,986	22,745,749
2082	22,745,749	-	1,601	-	1,705,871	24,450,019
2083	24,450,019	-	1,215	-	1,833,706	26,282,510
2084	26,282,510	-	912	-	1,971,154	28,252,752
2085	28,252,752	-	677	-	2,118,931	30,371,006
2086	30,371,006	-	496	-	2,277,807	32,648,317
2087	32,648,317	-	358	-	2,448,610	35,096,569
2088	35,096,569	-	255	-	2,632,233	37,728,547
2089	37,728,547	-	178	-	2,829,634	40,558,003
2090	40,558,003	-	122	-	3,041,846	43,599,727
2091	43,599,727	-	82	-	3,269,976	46,869,621
2092	46,869,621	-	55	-	3,515,220	50,384,786
2093	50,384,786	-	35	-	3,778,858	54,163,609
2094	54,163,609	-	23	-	4,062,270	58,225,856
2095	58,225,856	-	14	-	4,366,939	62,592,781
2096	62,592,781	-	9	-	4,694,458	67,287,230
2097	67,287,230	-	5	-	5,046,542	72,333,767
2098	72,333,767	-	3	-	5,425,032	77,758,796
2099	77,758,796	-	2	-	5,831,910	83,590,704
2100	83,590,704	-	1	-	6,269,303	89,860,006
2101	89,860,006	-	1	-	6,739,500	96,599,505
2102	96,599,505	-	-	-	7,244,963	103,844,468

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: 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
2015	3,825,287	-	275,137	-	276,579	3,826,729
2016	3,826,729	-	276,701	-	276,628	3,826,656
2017	3,826,656	-	271,620	-	276,813	3,831,849
2018	3,831,849	-	273,176	-	277,145	3,835,818
2019	3,835,818	-	272,046	-	277,485	3,841,257
2020	3,841,257	-	266,500	-	278,101	3,852,858
2021	3,852,858	-	301,741	-	277,649	3,828,766
2022	3,828,766	-	301,441	-	275,853	3,803,178
2023	3,803,178	-	318,063	-	273,311	3,758,426
2024	3,758,426	-	329,692	-	269,519	3,698,253
2025	3,698,253	-	330,318	-	264,982	3,632,917
2026	3,632,917	-	337,429	-	259,815	3,555,303
2027	3,555,303	-	336,738	-	254,020	3,472,585
2028	3,472,585	-	330,669	-	248,044	3,389,960
2029	3,389,960	-	324,259	-	242,087	3,307,788
2030	3,307,788	-	315,513	-	236,252	3,228,527
2031	3,228,527	-	313,165	-	230,396	3,145,758
2032	3,145,758	-	301,869	-	224,612	3,068,501
2033	3,068,501	-	293,774	-	219,121	2,993,848
2034	2,993,848	-	293,652	-	213,527	2,913,723
2035	2,913,723	-	281,342	-	207,979	2,840,360
2036	2,840,360	-	267,265	-	203,005	2,776,100
2037	2,776,100	-	278,109	-	197,778	2,695,769
2038	2,695,769	-	265,916	-	192,211	2,622,064
2039	2,622,064	-	257,770	-	186,988	2,551,282
2040	2,551,282	-	244,359	-	182,183	2,489,106
2041	2,489,106	-	235,677	-	177,845	2,431,274
2042	2,431,274	-	223,808	-	173,953	2,381,419
2043	2,381,419	-	212,190	-	170,649	2,339,878
2044	2,339,878	-	199,359	-	168,015	2,308,534
2045	2,308,534	-	187,364	-	166,114	2,287,284
2046	2,287,284	-	175,794	-	164,954	2,276,444
2047	2,276,444	-	164,127	-	164,579	2,276,896
2048	2,276,896	-	153,542	-	165,009	2,288,363
2049	2,288,363	-	143,408	-	166,249	2,311,204
2050	2,311,204	-	133,824	-	168,322	2,345,702
2051	2,345,702	-	124,764	-	171,249	2,392,187
2052	2,392,187	-	116,173	-	175,058	2,451,072
2053	2,451,072	-	108,089	-	179,777	2,522,760
2054	2,522,760	-	100,476	-	185,439	2,607,723
2055	2,607,723	-	93,339	-	192,079	2,706,463
2056	2,706,463	-	86,669	-	199,735	2,819,529
2057	2,819,529	-	80,430	-	208,449	2,947,548
2058	2,947,548	-	74,651	-	218,267	3,091,164
2059	3,091,164	-	69,198	-	229,242	3,251,208
2060	3,251,208	-	64,070	-	241,438	3,428,576
2061	3,428,576	-	59,287	-	254,920	3,624,209
2062	3,624,209	-	54,758	-	269,762	3,839,213
2063	3,839,213	-	50,498	-	286,047	4,074,762
2064	4,074,762	-	46,493	-	303,864	4,332,133
2065	4,332,133	-	42,667	-	323,310	4,612,776
2066	4,612,776	-	39,020	-	344,495	4,918,251

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 2
Hypothetical 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	4,918,251	-	35,529	-	367,536	5,250,258
2068	5,250,258	-	32,148	-	392,564	5,610,674
2069	5,610,674	-	28,875	-	419,718	6,001,517
2070	6,001,517	-	25,711	-	449,150	6,424,956
2071	6,424,956	-	22,694	-	481,021	6,883,283
2072	6,883,283	-	19,828	-	515,503	7,378,958
2073	7,378,958	-	17,150	-	552,779	7,914,587
2074	7,914,587	-	14,696	-	593,043	8,492,934
2075	8,492,934	-	12,441	-	636,504	9,116,997
2076	9,116,997	-	10,386	-	683,385	9,789,996
2077	9,789,996	-	8,586	-	733,928	10,515,338
2078	10,515,338	-	7,014	-	788,387	11,296,711
2079	11,296,711	-	5,651	-	847,041	12,138,101
2080	12,138,101	-	4,495	-	910,189	13,043,795
2081	13,043,795	-	3,536	-	978,152	14,018,411
2082	14,018,411	-	2,750	-	1,051,278	15,066,939
2083	15,066,939	-	2,115	-	1,129,941	16,194,765
2084	16,194,765	-	1,601	-	1,214,547	17,407,711
2085	17,407,711	-	1,195	-	1,305,534	18,712,050
2086	18,712,050	-	878	-	1,403,371	20,114,543
2087	20,114,543	-	636	-	1,508,567	21,622,474
2088	21,622,474	-	453	-	1,621,669	23,243,690
2089	23,243,690	-	317	-	1,743,265	24,986,638
2090	24,986,638	-	217	-	1,873,990	26,860,411
2091	26,860,411	-	146	-	2,014,525	28,874,790
2092	28,874,790	-	97	-	2,165,606	31,040,299
2093	31,040,299	-	63	-	2,328,020	33,368,256
2094	33,368,256	-	40	-	2,502,618	35,870,834
2095	35,870,834	-	25	-	2,690,312	38,561,121
2096	38,561,121	-	16	-	2,892,083	41,453,188
2097	41,453,188	-	10	-	3,108,989	44,562,167
2098	44,562,167	-	6	-	3,342,162	47,904,323
2099	47,904,323	-	4	-	3,592,824	51,497,143
2100	51,497,143	-	2	-	3,862,286	55,359,427
2101	55,359,427	-	1	-	4,151,957	59,511,383
2102	59,511,383	-	1	-	4,463,354	63,974,736
2103	63,974,736	-	-	-	4,798,105	68,772,841

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 3
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
2015	3,825,287	-	275,137	-	202,825	3,752,975
2016	3,752,975	-	276,701	-	198,804	3,675,078
2017	3,675,078	-	271,620	-	194,660	3,598,118
2018	3,598,118	-	273,176	-	190,384	3,515,326
2019	3,515,326	-	272,046	-	185,862	3,429,142
2020	3,429,142	-	266,500	-	181,274	3,343,916
2021	3,343,916	-	301,741	-	175,618	3,217,793
2022	3,217,793	-	301,441	-	168,689	3,085,041
2023	3,085,041	-	318,063	-	160,931	2,927,909
2024	2,927,909	-	329,692	-	151,968	2,750,185
2025	2,750,185	-	330,318	-	142,176	2,562,043
2026	2,562,043	-	337,429	-	131,633	2,356,247
2027	2,356,247	-	336,738	-	120,333	2,139,842
2028	2,139,842	-	330,669	-	108,598	1,917,771
2029	1,917,771	-	324,259	-	96,560	1,690,072
2030	1,690,072	-	315,513	-	84,277	1,458,836
2031	1,458,836	-	313,165	-	71,624	1,217,295
2032	1,217,295	-	301,869	-	58,650	974,076
2033	974,076	-	293,774	-	45,495	725,797
2034	725,797	-	293,652	-	31,843	463,988
2035	463,988	-	281,342	-	17,782	200,428
2036	200,428	-	267,265	-	-	-

Number of Years Expected Benefit Payments Sustained: 21.75

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, 2017

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Static	7.50% RP-2000 Generational	5.50% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$243,999	\$255,716	\$407,816
Total Required Contribution (% of Payroll)	19.7%	20.6%	32.9%
Expected Member Contribution	64,350	64,350	63,730
Expected Sponsor Contribution (Fixed \$)	\$179,649	\$191,366	\$344,086
Expected Sponsor Contribution (% of Payroll)	14.5%	15.4%	27.7%

ASSETS

Actuarial Value	4,009,016	4,009,016	4,009,016
Market Value	3,825,287	3,825,287	3,825,287

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	2,005,829	2,067,985	3,128,207
Disability Benefits	88,163	89,607	137,045
Death Benefits	15,683	14,148	17,737
Vested Benefits	263,226	270,743	473,547
Refund of Contributions	71,353	71,358	75,033
Service Retirees	2,223,023	2,257,126	2,636,559
DROP Retirees	0	0	0
Beneficiaries	73,628	74,397	83,762
Disability Retirees	0	0	0
Terminated Vested	552,273	567,747	793,955
Total:	5,293,178	5,413,111	7,345,845
Present Value of Future Salaries	7,925,479	7,929,894	8,871,528
Present Value of Future Member Contributions	396,274	396,495	443,576
Total Normal Cost	154,332	158,799	235,480
Present Value of Future Normal Costs (Entry Age Normal)	969,132	999,842	1,699,817
Total Actuarial Accrued Liability	4,324,046	4,413,269	5,646,028
Unfunded Actuarial Accrued Liability (UAAL)	315,030	404,253	1,637,012

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2017

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Static	7.50% RP-2000 Generational	5.50% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost ¹	169,727	174,639	256,473
Administrative Expenses ¹	31,105	31,105	30,806
Payment Required To Amortize UAAL ¹	43,167	49,972	120,537
Total Required Contribution	\$243,999	\$255,716	\$407,816

¹ Contributions developed as of 10/1/2015 displayed above have been adjusted to account for assumed salary increase and interest components.