

CITY OF MILTON
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: Jason L. Franken Date: 1/6/2017

Jason L. Franken, FSA, EA, MAAA
Enrolled Actuary #14-6888



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

	ACTUAL	HYPOTHETICAL	
	8.00% RP-2000 Generational	6.00% RP-2000 Generational	10.00% RP-2000 Generational
Total Pension Liability			
Service Cost	318,891	497,562	225,218
Interest	1,131,940	1,072,802	1,197,118
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual			
Experience	(39,135)	(121,090)	(56,480)
Changes of Assumptions	444,060	309,822	108,386
Benefit Payments, Including Refunds of Employee Contributions	(1,044,056)	(1,044,056)	(1,044,056)
Net Change in Total Pension Liability	811,700	715,040	430,186
Total Pension Liability - Beginning	14,352,382	17,904,492	12,267,989
Total Pension Liability - Ending (a)	<u>\$ 15,164,082</u>	<u>\$ 18,619,532</u>	<u>\$ 12,698,175</u>
Plan Fiduciary Net Position			
Contributions - Employer	538,937	538,937	538,937
Contributions - Employee	229,488	229,488	229,488
Net Investment Income	938,420	938,420	938,420
Benefit Payments, Including Refunds of Employee Contributions	(1,044,056)	(1,044,056)	(1,044,056)
Administrative Expenses	(51,481)	(51,481)	(51,481)
Net Change in Plan Fiduciary Net Position	611,308	611,308	611,308
Plan Fiduciary Net Position - Beginning	12,170,490	12,170,490	12,170,490
Plan Fiduciary Net Position - Ending (b)	<u>\$ 12,781,798</u>	<u>\$ 12,781,798</u>	<u>\$ 12,781,798</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 2,382,284</u>	<u>\$ 5,837,734</u>	<u>\$ (83,623)</u>

GASB 68: PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	ACTUAL	HYPOTHETICAL	
	8.00%	6.00%	10.00%
Pension Expense	<u>\$ 374,579</u>	<u>\$ 628,679</u>	<u>\$ 196,648</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 8.00% and 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	12,736,260	-	1,715,250	-	950,291	11,971,301
2017	11,971,301	-	1,074,985	-	914,705	11,811,021
2018	11,811,021	-	1,063,516	-	902,341	11,649,846
2019	11,649,846	-	1,059,857	-	889,593	11,479,582
2020	11,479,582	-	1,064,660	-	875,780	11,290,702
2021	11,290,702	-	1,076,345	-	860,202	11,074,559
2022	11,074,559	-	1,104,781	-	841,773	10,811,551
2023	10,811,551	-	1,092,208	-	821,236	10,540,579
2024	10,540,579	-	1,124,112	-	798,282	10,214,749
2025	10,214,749	-	1,147,893	-	771,264	9,838,120
2026	9,838,120	-	1,128,403	-	741,913	9,451,630
2027	9,451,630	-	1,145,230	-	710,321	9,016,721
2028	9,016,721	-	1,171,590	-	674,474	8,519,605
2029	8,519,605	-	1,156,526	-	635,307	7,998,386
2030	7,998,386	-	1,131,462	-	594,612	7,461,536
2031	7,461,536	-	1,107,296	-	552,631	6,906,871
2032	6,906,871	-	1,082,840	-	509,236	6,333,267
2033	6,333,267	-	1,056,227	-	464,412	5,741,452
2034	5,741,452	-	1,027,227	-	418,227	5,132,452
2035	5,132,452	-	999,640	-	370,611	4,503,423
2036	4,503,423	-	967,264	-	321,583	3,857,742
2037	3,857,742	-	935,586	-	271,196	3,193,352
2038	3,193,352	-	897,747	-	219,558	2,515,163
2039	2,515,163	-	862,639	-	166,707	1,819,231
2040	1,819,231	-	832,187	-	112,251	1,099,295
2041	1,099,295	-	795,038	-	56,142	360,399
2042	360,399	-	754,552	-	-	-

*All DROP Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 26.48

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 8.00% 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: 6.00% and 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	12,736,260	-	1,715,250	-	712,718	11,733,728
2017	11,733,728	-	1,074,985	-	671,774	11,330,517
2018	11,330,517	-	1,063,516	-	647,926	10,914,927
2019	10,914,927	-	1,059,857	-	623,100	10,478,170
2020	10,478,170	-	1,064,660	-	596,750	10,010,260
2021	10,010,260	-	1,076,345	-	568,325	9,502,240
2022	9,502,240	-	1,104,781	-	536,991	8,934,450
2023	8,934,450	-	1,092,208	-	503,301	8,345,543
2024	8,345,543	-	1,124,112	-	467,009	7,688,440
2025	7,688,440	-	1,147,893	-	426,870	6,967,417
2026	6,967,417	-	1,128,403	-	384,193	6,223,207
2027	6,223,207	-	1,145,230	-	339,036	5,417,013
2028	5,417,013	-	1,171,590	-	289,873	4,535,296
2029	4,535,296	-	1,156,526	-	237,422	3,616,192
2030	3,616,192	-	1,131,462	-	183,028	2,667,758
2031	2,667,758	-	1,107,296	-	126,847	1,687,309
2032	1,687,309	-	1,082,840	-	68,753	673,222
2033	673,222	-	1,056,227	-	-	-

*All DROP Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 17.64

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 6.00% 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: 10.00% and 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	12,736,260	-	1,715,250	-	1,187,864	12,208,874
2017	12,208,874	-	1,074,985	-	1,167,138	12,301,027
2018	12,301,027	-	1,063,516	-	1,176,927	12,414,438
2019	12,414,438	-	1,059,857	-	1,188,451	12,543,032
2020	12,543,032	-	1,064,660	-	1,201,070	12,679,442
2021	12,679,442	-	1,076,345	-	1,214,127	12,817,224
2022	12,817,224	-	1,104,781	-	1,226,483	12,938,926
2023	12,938,926	-	1,092,208	-	1,239,282	13,086,000
2024	13,086,000	-	1,124,112	-	1,252,394	13,214,282
2025	13,214,282	-	1,147,893	-	1,264,034	13,330,423
2026	13,330,423	-	1,128,403	-	1,276,622	13,478,642
2027	13,478,642	-	1,145,230	-	1,290,603	13,624,015
2028	13,624,015	-	1,171,590	-	1,303,822	13,756,247
2029	13,756,247	-	1,156,526	-	1,317,798	13,917,519
2030	13,917,519	-	1,131,462	-	1,335,179	14,121,236
2031	14,121,236	-	1,107,296	-	1,356,759	14,370,699
2032	14,370,699	-	1,082,840	-	1,382,928	14,670,787
2033	14,670,787	-	1,056,227	-	1,414,267	15,028,827
2034	15,028,827	-	1,027,227	-	1,451,521	15,453,121
2035	15,453,121	-	999,640	-	1,495,330	15,948,811
2036	15,948,811	-	967,264	-	1,546,518	16,528,065
2037	16,528,065	-	935,586	-	1,606,027	17,198,506
2038	17,198,506	-	897,747	-	1,674,963	17,975,722
2039	17,975,722	-	862,639	-	1,754,440	18,867,523
2040	18,867,523	-	832,187	-	1,845,143	19,880,479
2041	19,880,479	-	795,038	-	1,948,296	21,033,737
2042	21,033,737	-	754,552	-	2,065,646	22,344,831
2043	22,344,831	-	721,653	-	2,198,400	23,821,578
2044	23,821,578	-	681,094	-	2,348,103	25,488,587
2045	25,488,587	-	664,625	-	2,515,627	27,339,589
2046	27,339,589	-	638,249	-	2,702,046	29,403,386
2047	29,403,386	-	598,690	-	2,910,404	31,715,100
2048	31,715,100	-	582,404	-	3,142,390	34,275,086
2049	34,275,086	-	544,300	-	3,400,294	37,131,080
2050	37,131,080	-	510,438	-	3,687,586	40,308,228
2051	40,308,228	-	473,491	-	4,007,148	43,841,885
2052	43,841,885	-	437,320	-	4,362,323	47,766,888
2053	47,766,888	-	415,119	-	4,755,933	52,107,702
2054	52,107,702	-	381,792	-	5,191,681	56,917,591
2055	56,917,591	-	350,274	-	5,674,245	62,241,562
2056	62,241,562	-	321,273	-	6,208,093	68,128,382
2057	68,128,382	-	293,505	-	6,798,163	74,633,040
2058	74,633,040	-	268,736	-	7,449,867	81,814,171
2059	81,814,171	-	244,961	-	8,169,169	89,738,379
2060	89,738,379	-	223,231	-	8,962,676	98,477,824
2061	98,477,824	-	203,690	-	9,837,598	108,111,732
2062	108,111,732	-	186,167	-	10,801,865	118,727,430
2063	118,727,430	-	170,492	-	11,864,218	130,421,156
2064	130,421,156	-	156,441	-	13,034,294	143,299,009
2065	143,299,009	-	143,792	-	14,322,711	157,477,928

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3
Hypothetical Assumptions: 10.00% and 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
2066	157,477,928	-	132,359	-	15,741,175	173,086,744
2067	173,086,744	-	121,914	-	17,302,579	190,267,409
2068	190,267,409	-	112,233	-	19,021,129	209,176,305
2069	209,176,305	-	103,141	-	20,912,473	229,985,637
2070	229,985,637	-	94,511	-	22,993,838	252,884,964
2071	252,884,964	-	86,216	-	25,284,186	278,082,934
2072	278,082,934	-	78,191	-	27,804,384	305,809,127
2073	305,809,127	-	70,436	-	30,577,391	336,316,082
2074	336,316,082	-	62,935	-	33,628,461	369,881,608
2075	369,881,608	-	55,690	-	36,985,376	406,811,294
2076	406,811,294	-	48,726	-	40,678,693	447,441,261
2077	447,441,261	-	42,083	-	44,742,022	492,141,200
2078	492,141,200	-	35,898	-	49,212,325	541,317,627
2079	541,317,627	-	30,244	-	54,130,251	595,417,634
2080	595,417,634	-	25,123	-	59,540,507	654,933,018
2081	654,933,018	-	20,619	-	65,492,271	720,404,670
2082	720,404,670	-	16,713	-	72,039,631	792,427,588
2083	792,427,588	-	13,368	-	79,242,090	871,656,310
2084	871,656,310	-	10,540	-	87,165,104	958,810,874
2085	958,810,874	-	8,162	-	95,880,679	1,054,683,391
2086	1,054,683,391	-	6,229	-	105,468,028	1,160,145,190
2087	1,160,145,190	-	4,679	-	116,014,285	1,276,154,796
2088	1,276,154,796	-	3,455	-	127,615,307	1,403,766,648
2089	1,403,766,648	-	2,501	-	140,376,540	1,544,140,687
2090	1,544,140,687	-	1,778	-	154,413,980	1,698,552,889
2091	1,698,552,889	-	1,245	-	169,855,227	1,868,406,871
2092	1,868,406,871	-	856	-	186,840,644	2,055,246,659
2093	2,055,246,659	-	580	-	205,524,637	2,260,770,716
2094	2,260,770,716	-	386	-	226,077,052	2,486,847,382
2095	2,486,847,382	-	255	-	248,684,725	2,735,531,852
2096	2,735,531,852	-	167	-	273,553,177	3,009,084,862
2097	3,009,084,862	-	107	-	300,908,481	3,309,993,236
2098	3,309,993,236	-	68	-	330,999,320	3,640,992,488
2099	3,640,992,488	-	42	-	364,099,247	4,005,091,693
2100	4,005,091,693	-	26	-	400,509,168	4,405,600,835
2101	4,405,600,835	-	16	-	440,560,083	4,846,160,902
2102	4,846,160,902	-	10	-	484,616,090	5,330,776,982
2103	5,330,776,982	-	6	-	533,077,698	5,863,854,674
2104	5,863,854,674	-	3	-	586,385,467	6,450,240,138
2105	6,450,240,138	-	2	-	645,024,014	7,095,264,150
2106	7,095,264,150	-	1	-	709,526,415	7,804,790,564
2107	7,804,790,564	-	1	-	780,479,056	8,585,269,619
2108	8,585,269,619	-	-	-	858,526,962	9,443,796,581

*All DROP Balances paid in 2016.

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 10.00% 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

	ACTUAL	HYPOTHETICAL	
	8.00% RP-2000 Generational	6.00% RP-2000 Generational	10.00% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$710,200	\$1,082,176	\$394,240
Total Required Contribution (% of Payroll)	32.0%	48.7%	17.8%
Expected Member Contribution	222,030	222,030	222,030
Expected Sponsor Contribution (Fixed \$)	\$488,170	\$860,146	\$172,210
Expected Sponsor Contribution (% of Payroll)	22.0%	38.7%	7.8%

ASSETS

Actuarial Value ¹	13,124,438	13,124,438	13,124,438
Market Value ¹	12,736,260	12,736,260	12,736,260

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	6,150,993	8,996,876	4,393,798
Disability Benefits	231,407	307,490	179,321
Death Benefits	95,238	119,472	77,522
Vested Benefits	247,242	509,811	125,498
Refund of Contributions	73,096	77,530	69,176
Service Retirees	6,053,718	7,126,779	5,248,240
DROP Retirees ¹	3,379,172	3,956,586	2,968,133
Beneficiaries	538,463	621,732	473,869
Disability Retirees	580,552	680,021	505,515
Terminated Vested	212,701	291,468	159,386
Total:	17,562,582	22,687,765	14,200,458
Present Value of Future Salaries	18,668,530	20,886,177	16,863,881
Present Value of Future Member Contributions	1,866,853	2,088,618	1,686,388
Total Normal Cost	305,063	465,690	206,377
Present Value of Future Normal Costs (Entry Age Normal)	2,469,471	4,271,403	1,491,557
Total Actuarial Accrued Liability ¹	15,093,111	18,416,362	12,708,901
Unfunded Actuarial Accrued Liability (UAAL)	1,968,673	5,291,924	(415,537)

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

Valuation Date: 10/1/2016

	ACTUAL	HYPOTHETICAL	
	8.00% RP-2000 Generational	6.00% RP-2000 Generational	10.00% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost (with interest)	317,266	479,661	216,696
Administrative Expenses (with interest)	53,540	53,025	54,055
Payment Required To Amortize UAAL (with interest)	339,394	549,490	123,489
Total Required Contribution	\$710,200	\$1,082,176	\$394,240

¹ The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2016.