

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: 1/26/2016

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, 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	
	8.00% RP-2000 Static 9/30/2015	8.00% RP-2000 Generational 9/30/2015	6.00% RP-2000 Generational 9/30/2015	10.00% RP-2000 Generational 9/30/2015
<u>GASB 67: Schedule of Changes in Net Pension Liability</u>				
<u>Total Pension Liability</u>				
Service Cost	300,174	309,520	470,182	210,874
Interest	1,107,941	1,130,010	1,050,470	1,171,723
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	(64,838)	(90,667)	(113,816)	(80,971)
Changes of Assumptions	-	-	-	-
Contributions - Buy Back	-	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,079,979)	(1,079,979)	(1,079,979)	(1,079,979)
Net Change in Total Pension Liability	263,298	268,884	326,857	221,647
Total Pension Liability - Beginning	14,089,084	14,355,595	17,577,635	12,046,342
Total Pension Liability - Ending (a)	<u>\$ 14,352,382</u>	<u>\$ 14,624,479</u>	<u>\$ 17,904,492</u>	<u>\$ 12,267,989</u>
<u>Plan Fiduciary Net Position</u>				
Contributions - Employer	463,611	463,611	463,611	463,611
Contributions - Employee	211,695	211,695	211,695	211,695
Net Investment Income	173,587	173,587	173,587	173,587
Benefit Payments, Including Refunds of Employee Contributions	(1,079,979)	(1,079,979)	(1,079,979)	(1,079,979)
Administrative Expenses	(33,907)	(33,907)	(33,907)	(33,907)
Net Change in Plan Fiduciary Net Position	(264,993)	(264,993)	(264,993)	(264,993)
Plan Fiduciary Net Position - Beginning	12,435,483	12,435,483	12,435,483	12,435,483
Plan Fiduciary Net Position - Ending (b)	<u>\$ 12,170,490</u>	<u>\$ 12,170,490</u>	<u>\$ 12,170,490</u>	<u>\$ 12,170,490</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 2,181,892</u>	<u>\$ 2,453,989</u>	<u>\$ 5,734,002</u>	<u>\$ 97,499</u>

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

Pension Expense	<u>\$ 244,600</u>	<u>\$ 273,398</u>	<u>\$ 545,994</u>	<u>\$ 28,910</u>
-----------------	-------------------	-------------------	-------------------	------------------

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 8.00% 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	12,170,490	-	1,535,396	-	912,223	11,547,317
2016	11,547,317	-	999,393	-	883,810	11,431,734
2017	11,431,734	-	1,033,276	-	873,208	11,271,666
2018	11,271,666	-	1,043,616	-	859,989	11,088,039
2019	11,088,039	-	1,039,118	-	845,478	10,894,399
2020	10,894,399	-	1,042,627	-	829,847	10,681,619
2021	10,681,619	-	1,065,888	-	811,894	10,427,625
2022	10,427,625	-	1,088,912	-	790,654	10,129,367
2023	10,129,367	-	1,074,066	-	767,387	9,822,688
2024	9,822,688	-	1,103,963	-	741,657	9,460,382
2025	9,460,382	-	1,119,307	-	712,058	9,053,133
2026	9,053,133	-	1,103,543	-	680,109	8,629,699
2027	8,629,699	-	1,111,702	-	645,908	8,163,905
2028	8,163,905	-	1,127,082	-	608,029	7,644,852
2029	7,644,852	-	1,107,323	-	567,295	7,104,824
2030	7,104,824	-	1,077,728	-	525,277	6,552,373
2031	6,552,373	-	1,046,740	-	482,320	5,987,953
2032	5,987,953	-	1,029,631	-	437,851	5,396,173
2033	5,396,173	-	995,376	-	391,879	4,792,676
2034	4,792,676	-	959,046	-	345,052	4,178,682
2035	4,178,682	-	924,206	-	297,326	3,551,802
2036	3,551,802	-	884,178	-	248,777	2,916,401
2037	2,916,401	-	844,168	-	199,545	2,271,778
2038	2,271,778	-	802,630	-	149,637	1,618,785
2039	1,618,785	-	759,833	-	99,109	958,061
2040	958,061	-	726,061	-	47,602	279,602
2041	279,602	-	682,566	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 26.41

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: 8.00% 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	12,170,490	-	1,535,369	-	912,224	11,547,345
2016	11,547,345	-	999,332	-	883,814	11,431,827
2017	11,431,827	-	1,033,301	-	873,214	11,271,740
2018	11,271,740	-	1,043,853	-	859,985	11,087,872
2019	11,087,872	-	1,039,692	-	845,442	10,893,622
2020	10,893,622	-	1,043,717	-	829,741	10,679,646
2021	10,679,646	-	1,067,640	-	811,666	10,423,672
2022	10,423,672	-	1,091,521	-	790,233	10,122,384
2023	10,122,384	-	1,077,630	-	766,686	9,811,440
2024	9,811,440	-	1,108,901	-	740,559	9,443,098
2025	9,443,098	-	1,125,840	-	710,414	9,027,672
2026	9,027,672	-	1,111,814	-	677,741	8,593,599
2027	8,593,599	-	1,121,998	-	642,608	8,114,209
2028	8,114,209	-	1,139,691	-	603,549	7,578,067
2029	7,578,067	-	1,122,488	-	561,346	7,016,925
2030	7,016,925	-	1,095,659	-	517,528	6,438,794
2031	6,438,794	-	1,067,667	-	472,397	5,843,524
2032	5,843,524	-	1,053,780	-	425,331	5,215,075
2033	5,215,075	-	1,022,881	-	376,291	4,568,485
2034	4,568,485	-	989,964	-	325,880	3,904,401
2035	3,904,401	-	958,641	-	274,006	3,219,766
2036	3,219,766	-	922,033	-	220,700	2,518,433
2037	2,518,433	-	885,426	-	166,058	1,799,065
2038	1,799,065	-	847,231	-	110,036	1,061,870
2039	1,061,870	-	807,530	-	52,648	306,988
2040	306,988	-	776,810	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 25.40

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 3
Hypothetical Assumptions: 6.00% 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	12,170,490	-	1,535,369	-	684,168	11,319,289
2016	11,319,289	-	999,332	-	649,177	10,969,134
2017	10,969,134	-	1,033,301	-	627,149	10,562,982
2018	10,562,982	-	1,043,853	-	602,463	10,121,592
2019	10,121,592	-	1,039,692	-	576,105	9,658,005
2020	9,658,005	-	1,043,717	-	548,169	9,162,457
2021	9,162,457	-	1,067,640	-	517,718	8,612,535
2022	8,612,535	-	1,091,521	-	484,006	8,005,020
2023	8,005,020	-	1,077,630	-	447,972	7,375,362
2024	7,375,362	-	1,108,901	-	409,255	6,675,716
2025	6,675,716	-	1,125,840	-	366,768	5,916,644
2026	5,916,644	-	1,111,814	-	321,644	5,126,474
2027	5,126,474	-	1,121,998	-	273,929	4,278,405
2028	4,278,405	-	1,139,691	-	222,514	3,361,228
2029	3,361,228	-	1,122,488	-	167,999	2,406,739
2030	2,406,739	-	1,095,659	-	111,535	1,422,615
2031	1,422,615	-	1,067,667	-	53,327	408,275
2032	408,275	-	1,053,780	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 17.39

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 4
Hypothetical Assumptions: 10.00% 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	12,170,490	-	1,535,369	-	1,140,281	11,775,402
2016	11,775,402	-	999,332	-	1,127,574	11,903,644
2017	11,903,644	-	1,033,301	-	1,138,699	12,009,042
2018	12,009,042	-	1,043,853	-	1,148,712	12,113,901
2019	12,113,901	-	1,039,692	-	1,159,406	12,233,615
2020	12,233,615	-	1,043,717	-	1,171,176	12,361,074
2021	12,361,074	-	1,067,640	-	1,182,725	12,476,159
2022	12,476,159	-	1,091,521	-	1,193,040	12,577,678
2023	12,577,678	-	1,077,630	-	1,203,886	12,703,934
2024	12,703,934	-	1,108,901	-	1,214,948	12,809,981
2025	12,809,981	-	1,125,840	-	1,224,706	12,908,847
2026	12,908,847	-	1,111,814	-	1,235,294	13,032,327
2027	13,032,327	-	1,121,998	-	1,247,133	13,157,462
2028	13,157,462	-	1,139,691	-	1,258,762	13,276,533
2029	13,276,533	-	1,122,488	-	1,271,529	13,425,574
2030	13,425,574	-	1,095,659	-	1,287,774	13,617,689
2031	13,617,689	-	1,067,667	-	1,308,386	13,858,408
2032	13,858,408	-	1,053,780	-	1,333,152	14,137,780
2033	14,137,780	-	1,022,881	-	1,362,634	14,477,533
2034	14,477,533	-	989,964	-	1,398,255	14,885,824
2035	14,885,824	-	958,641	-	1,440,650	15,367,833
2036	15,367,833	-	922,033	-	1,490,682	15,936,482
2037	15,936,482	-	885,426	-	1,549,377	16,600,433
2038	16,600,433	-	847,231	-	1,617,682	17,370,884
2039	17,370,884	-	807,530	-	1,696,712	18,260,066
2040	18,260,066	-	776,810	-	1,787,166	19,270,422
2041	19,270,422	-	735,880	-	1,890,248	20,424,790
2042	20,424,790	-	702,076	-	2,007,375	21,730,089
2043	21,730,089	-	666,811	-	2,139,668	23,202,946
2044	23,202,946	-	623,232	-	2,289,133	24,868,847
2045	24,868,847	-	605,575	-	2,456,606	26,719,878
2046	26,719,878	-	577,630	-	2,643,106	28,785,354
2047	28,785,354	-	536,044	-	2,851,733	31,101,043
2048	31,101,043	-	527,060	-	3,083,751	33,657,734
2049	33,657,734	-	487,920	-	3,341,377	36,511,191
2050	36,511,191	-	453,281	-	3,628,455	39,686,365
2051	39,686,365	-	417,317	-	3,947,771	43,216,819
2052	43,216,819	-	383,351	-	4,302,514	47,135,982
2053	47,135,982	-	362,124	-	4,695,492	51,469,350
2054	51,469,350	-	332,510	-	5,130,310	56,267,150
2055	56,267,150	-	305,200	-	5,611,455	61,573,405
2056	61,573,405	-	280,324	-	6,143,324	67,436,405
2057	67,436,405	-	257,788	-	6,730,751	73,909,368
2058	73,909,368	-	237,034	-	7,379,085	81,051,419
2059	81,051,419	-	218,040	-	8,094,240	88,927,619
2060	88,927,619	-	200,665	-	8,882,729	97,609,683
2061	97,609,683	-	184,679	-	9,751,734	107,176,738
2062	107,176,738	-	169,947	-	10,709,176	117,715,967
2063	117,715,967	-	156,233	-	11,763,785	129,323,519
2064	129,323,519	-	143,375	-	12,925,183	142,105,327
2065	142,105,327	-	131,154	-	14,203,975	156,178,148
2066	156,178,148	-	119,540	-	15,611,838	171,670,446

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 4
Hypothetical Assumptions: 10.00% 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	171,670,446	-	108,509	-	17,161,619	188,723,556
2068	188,723,556	-	97,840	-	18,867,464	207,493,180
2069	207,493,180	-	87,564	-	20,744,940	228,150,556
2070	228,150,556	-	77,680	-	22,811,172	250,884,048
2071	250,884,048	-	68,237	-	25,084,993	275,900,804
2072	275,900,804	-	59,349	-	27,587,113	303,428,568
2073	303,428,568	-	51,010	-	30,340,306	333,717,864
2074	333,717,864	-	43,414	-	33,369,616	367,044,066
2075	367,044,066	-	36,579	-	36,702,578	403,710,065
2076	403,710,065	-	30,374	-	40,369,488	444,049,179
2077	444,049,179	-	24,916	-	44,403,672	488,427,935
2078	488,427,935	-	20,207	-	48,841,783	537,249,511
2079	537,249,511	-	16,165	-	53,724,143	590,957,489
2080	590,957,489	-	12,771	-	59,095,110	650,039,828
2081	650,039,828	-	9,933	-	65,003,486	715,033,381
2082	715,033,381	-	7,640	-	71,502,956	786,528,697
2083	786,528,697	-	5,816	-	78,652,579	865,175,460
2084	865,175,460	-	4,359	-	86,517,328	951,688,429
2085	951,688,429	-	3,222	-	95,168,682	1,046,853,889
2086	1,046,853,889	-	2,350	-	104,685,271	1,151,536,810
2087	1,151,536,810	-	1,686	-	115,153,597	1,266,688,721
2088	1,266,688,721	-	1,198	-	126,668,812	1,393,356,335
2089	1,393,356,335	-	836	-	139,335,592	1,532,691,091
2090	1,532,691,091	-	573	-	153,269,080	1,685,959,598
2091	1,685,959,598	-	389	-	168,595,940	1,854,555,149
2092	1,854,555,149	-	262	-	185,455,502	2,040,010,389
2093	2,040,010,389	-	175	-	204,001,030	2,244,011,244
2094	2,244,011,244	-	116	-	224,401,119	2,468,412,247
2095	2,468,412,247	-	76	-	246,841,221	2,715,253,392
2096	2,715,253,392	-	50	-	271,525,337	2,986,778,679
2097	2,986,778,679	-	32	-	298,677,866	3,285,456,513
2098	3,285,456,513	-	21	-	328,545,650	3,614,002,142
2099	3,614,002,142	-	13	-	361,400,214	3,975,402,343
2100	3,975,402,343	-	9	-	397,540,234	4,372,942,568
2101	4,372,942,568	-	5	-	437,294,257	4,810,236,820
2102	4,810,236,820	-	3	-	481,023,682	5,291,260,499
2103	5,291,260,499	-	2	-	529,126,050	5,820,386,547
2104	5,820,386,547	-	1	-	582,038,655	6,402,425,201
2105	6,402,425,201	-	1	-	640,242,520	7,042,667,720
2106	7,042,667,720	-	-	-	704,266,772	7,746,934,492

*All DROP Balances paid in 2015.

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, 2017

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL		
	8.00% RP-2000 Static	8.00% RP-2000 Generational	6.00% RP-2000 Generational	10.00% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$681,121	\$711,688	\$1,085,377	\$395,764
Total Required Contribution (% of Payroll)	29.3%	30.7%	46.7%	17.0%
Expected Member Contribution	232,111	232,111	232,111	232,111
Expected Sponsor Contribution (Fixed \$)	\$449,010	\$479,577	\$853,266	\$163,653
Expected Sponsor Contribution (% of Payroll)	19.3%	20.7%	36.7%	7.0%
ASSETS				
Actuarial Value ¹	12,549,441	12,549,441	12,549,441	12,549,441
Market Value ¹	12,170,490	12,170,490	12,170,490	12,170,490
LIABILITIES				
Present Value of Benefits				
Active Members				
Retirement Benefits	6,401,597	6,597,665	9,605,230	4,726,324
Disability Benefits	292,902	296,671	402,093	226,048
Death Benefits	69,601	63,598	80,921	50,995
Vested Benefits	265,400	289,145	591,600	147,639
Refund of Contributions	74,511	74,518	78,821	70,662
Service Retirees	5,405,248	5,475,851	6,389,284	4,778,550
DROP Retirees ¹	3,242,335	3,274,745	3,852,746	2,861,128
Beneficiaries	430,640	435,504	504,617	381,962
Disability Retirees	609,165	610,359	719,636	528,335
Terminated Vested	187,229	193,379	267,754	143,214
Total:	16,978,628	17,311,435	22,492,702	13,914,857
Present Value of Future Salaries	19,693,619	19,707,037	22,057,908	17,790,066
Present Value of Future Member Contributions	1,969,362	1,970,704	2,205,791	1,779,007
Total Normal Cost	310,936	320,866	489,803	216,604
Present Value of Future Normal Costs (Entry Age Normal)	2,542,570	2,638,776	4,565,235	1,588,562
Total Actuarial Accrued Liability ¹	14,436,058	14,672,659	17,927,467	12,326,295
Unfunded Actuarial Accrued Liability (UAAL)	1,886,617	2,123,218	5,378,026	(223,146)

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

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL		
	8.00% RP-2000 Static	8.00% RP-2000 Generational	6.00% RP-2000 Generational	10.00% RP-2000 Generational
<u>PENSION COST</u>				
Normal Cost (with interest)	323,373	333,701	504,497	227,434
Administrative Expenses (with interest)	35,263	35,263	34,924	35,602
Payment Required To Amortize UAAL (with interest)	322,485	342,724	545,956	132,728
Total Required Contribution	\$681,121	\$711,688	\$1,085,377	\$395,764

¹ The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2015.