



March 29, 2017

VIA EMAIL

Ms. Susy Pita, Plan Administrator
21629 Stirling Pass
Leesburg, FL 34748

Re: City of Winter Haven Firefighters' Retirement System
Senate Bill 534 (Section 112.664, Florida Statutes) Compliance

Dear Susy:

Please find enclosed the annual disclosures that satisfy the October 1, 2016 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: 

Douglas H. Lozen, EA, MAAA
Enrolled Actuary #14-7778

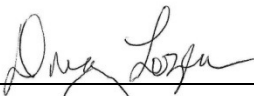
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Enclosures

cc via email: H. Lee Dehner, Board Attorney

CITY OF WINTER HAVEN
FIREFIGHTERS' 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:  Date: 3/29/2017
Douglas H. Lozen, EA, MAAA
Enrolled Actuary #14-7778



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	
	7.75% RP-2000 Generational	5.75% RP-2000 Generational	9.75% RP-2000 Generational
Total Pension Liability			
Service Cost	981,995	1,597,937	672,011
Interest	2,345,959	2,324,923	2,456,973
Change in Excess State Money	135,110	135,110	135,110
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	90,497	42,313	89,049
Changes of Assumptions	1,017,583	(245,091)	(196,727)
Benefit Payments, Including Refunds of Employee Contributions	(1,159,453)	(1,159,453)	(1,159,453)
Net Change in Total Pension Liability	3,411,691	2,695,739	1,996,963
Total Pension Liability - Beginning	30,714,374	40,261,441	25,953,639
Total Pension Liability - Ending (a)	<u>\$ 34,126,065</u>	<u>\$ 42,957,180</u>	<u>\$ 27,950,602</u>
Plan Fiduciary Net Position			
Contributions - Employer	1,586,480	1,586,480	1,586,480
Contributions - State	323,495	323,495	323,495
Contributions - Employee	402,477	402,477	402,477
Net Investment Income	2,195,014	2,195,014	2,195,014
Benefit Payments, Including Refunds of Employee Contributions	(1,159,453)	(1,159,453)	(1,159,453)
Administrative Expenses	(57,927)	(57,927)	(57,927)
Net Change in Plan Fiduciary Net Position	3,290,086	3,290,086	3,290,086
Plan Fiduciary Net Position - Beginning	23,678,770	23,678,770	23,678,770
Plan Fiduciary Net Position - Ending (b)	<u>\$ 26,968,856</u>	<u>\$ 26,968,856</u>	<u>\$ 26,968,856</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 7,157,209</u>	<u>\$ 15,988,324</u>	<u>\$ 981,746</u>

GASB 68: PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	ACTUAL	HYPOTHETICAL	
	7.75% RP-2000 Generational	5.75% RP-2000 Generational	9.75% RP-2000 Generational
Pension Expense	<u>\$ 1,427,536</u>	<u>\$ 2,059,015</u>	<u>\$ 876,672</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.75% 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
2016	26,966,776	-	2,669,894	-	1,986,467	26,283,349
2017	26,283,349	-	1,656,701	-	1,972,762	26,599,410
2018	26,599,410	-	1,727,716	-	1,994,505	26,866,199
2019	26,866,199	-	1,783,131	-	2,013,034	27,096,102
2020	27,096,102	-	1,840,809	-	2,028,617	27,283,910
2021	27,283,910	-	1,885,963	-	2,041,422	27,439,369
2022	27,439,369	-	1,977,159	-	2,049,936	27,512,146
2023	27,512,146	-	2,045,509	-	2,052,928	27,519,565
2024	27,519,565	-	2,167,658	-	2,048,770	27,400,677
2025	27,400,677	-	2,270,967	-	2,035,552	27,165,262
2026	27,165,262	-	2,352,022	-	2,014,167	26,827,407
2027	26,827,407	-	2,391,699	-	1,986,446	26,422,154
2028	26,422,154	-	2,446,278	-	1,952,924	25,928,800
2029	25,928,800	-	2,503,743	-	1,912,462	25,337,519
2030	25,337,519	-	2,574,813	-	1,863,884	24,626,590
2031	24,626,590	-	2,613,678	-	1,807,281	23,820,193
2032	23,820,193	-	2,596,302	-	1,745,458	22,969,349
2033	22,969,349	-	2,581,481	-	1,680,092	22,067,960
2034	22,067,960	-	2,601,574	-	1,609,456	21,075,842
2035	21,075,842	-	2,597,903	-	1,532,709	20,010,648
2036	20,010,648	-	2,563,310	-	1,451,497	18,898,835
2037	18,898,835	-	2,524,866	-	1,366,821	17,740,790
2038	17,740,790	-	2,495,214	-	1,278,222	16,523,798
2039	16,523,798	-	2,447,779	-	1,185,743	15,261,762
2040	15,261,762	-	2,388,948	-	1,090,215	13,963,029
2041	13,963,029	-	2,328,455	-	991,907	12,626,481
2042	12,626,481	-	2,268,825	-	890,635	11,248,291
2043	11,248,291	-	2,204,392	-	786,322	9,830,221
2044	9,830,221	-	2,134,028	-	679,149	8,375,342
2045	8,375,342	-	2,062,475	-	569,168	6,882,035
2046	6,882,035	-	1,991,255	-	456,197	5,346,977
2047	5,346,977	-	1,918,967	-	340,031	3,768,041
2048	3,768,041	-	1,844,724	-	220,540	2,143,857
2049	2,143,857	-	1,770,585	-	97,539	470,811
2050	470,811	-	1,696,556	-	-	-

*All DROP Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 34.28

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.75% 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: 5.75% 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
2016	26,966,776	-	2,669,894	-	1,473,830	25,770,712
2017	25,770,712	-	1,656,701	-	1,434,186	25,548,197
2018	25,548,197	-	1,727,716	-	1,419,349	25,239,830
2019	25,239,830	-	1,783,131	-	1,400,025	24,856,724
2020	24,856,724	-	1,840,809	-	1,376,338	24,392,253
2021	24,392,253	-	1,885,963	-	1,348,333	23,854,623
2022	23,854,623	-	1,977,159	-	1,314,798	23,192,262
2023	23,192,262	-	2,045,509	-	1,274,747	22,421,500
2024	22,421,500	-	2,167,658	-	1,226,916	21,480,758
2025	21,480,758	-	2,270,967	-	1,169,853	20,379,644
2026	20,379,644	-	2,352,022	-	1,104,209	19,131,831
2027	19,131,831	-	2,391,699	-	1,031,319	17,771,451
2028	17,771,451	-	2,446,278	-	951,528	16,276,701
2029	16,276,701	-	2,503,743	-	863,928	14,636,886
2030	14,636,886	-	2,574,813	-	767,595	12,829,668
2031	12,829,668	-	2,613,678	-	662,563	10,878,553
2032	10,878,553	-	2,596,302	-	550,873	8,833,124
2033	8,833,124	-	2,581,481	-	433,687	6,685,330
2034	6,685,330	-	2,601,574	-	309,611	4,393,367
2035	4,393,367	-	2,597,903	-	177,929	1,973,393
2036	1,973,393	-	2,563,310	-	-	-

*All DROP Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 20.77

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.75% 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: 9.75% 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
2016	26,966,776	-	2,669,894	-	2,499,103	26,795,985
2017	26,795,985	-	1,656,701	-	2,531,844	27,671,128
2018	27,671,128	-	1,727,716	-	2,613,709	28,557,121
2019	28,557,121	-	1,783,131	-	2,697,392	29,471,382
2020	29,471,382	-	1,840,809	-	2,783,720	30,414,293
2021	30,414,293	-	1,885,963	-	2,873,453	31,401,783
2022	31,401,783	-	1,977,159	-	2,965,287	32,389,911
2023	32,389,911	-	2,045,509	-	3,058,298	33,402,700
2024	33,402,700	-	2,167,658	-	3,151,090	34,386,132
2025	34,386,132	-	2,270,967	-	3,241,938	35,357,103
2026	35,357,103	-	2,352,022	-	3,332,656	36,337,737
2027	36,337,737	-	2,391,699	-	3,426,334	37,372,372
2028	37,372,372	-	2,446,278	-	3,524,550	38,450,644
2029	38,450,644	-	2,503,743	-	3,626,880	39,573,781
2030	39,573,781	-	2,574,813	-	3,732,922	40,731,890
2031	40,731,890	-	2,613,678	-	3,843,942	41,962,154
2032	41,962,154	-	2,596,302	-	3,964,740	43,330,592
2033	43,330,592	-	2,581,481	-	4,098,886	44,847,997
2034	44,847,997	-	2,601,574	-	4,245,853	46,492,276
2035	46,492,276	-	2,597,903	-	4,406,349	48,300,722
2036	48,300,722	-	2,563,310	-	4,584,359	50,321,771
2037	50,321,771	-	2,524,866	-	4,783,285	52,580,190
2038	52,580,190	-	2,495,214	-	5,004,927	55,089,903
2039	55,089,903	-	2,447,779	-	5,251,936	57,894,060
2040	57,894,060	-	2,388,948	-	5,528,210	61,033,322
2041	61,033,322	-	2,328,455	-	5,837,237	64,542,104
2042	64,542,104	-	2,268,825	-	6,182,250	68,455,529
2043	68,455,529	-	2,204,392	-	6,566,950	72,818,087
2044	72,818,087	-	2,134,028	-	6,995,730	77,679,789
2045	77,679,789	-	2,062,475	-	7,473,234	83,090,548
2046	83,090,548	-	1,991,255	-	8,004,255	89,103,548
2047	89,103,548	-	1,918,967	-	8,594,046	95,778,627
2048	95,778,627	-	1,844,724	-	9,248,486	103,182,389
2049	103,182,389	-	1,770,585	-	9,973,967	111,385,771
2050	111,385,771	-	1,696,556	-	10,777,406	120,466,621
2051	120,466,621	-	1,622,018	-	11,666,422	130,511,025
2052	130,511,025	-	1,546,713	-	12,649,423	141,613,735
2053	141,613,735	-	1,470,915	-	13,735,632	153,878,452
2054	153,878,452	-	1,394,780	-	14,935,154	167,418,826
2055	167,418,826	-	1,318,388	-	16,259,064	182,359,502
2056	182,359,502	-	1,241,939	-	17,719,507	198,837,070
2057	198,837,070	-	1,165,679	-	19,329,787	217,001,178
2058	217,001,178	-	1,089,926	-	21,104,481	237,015,733
2059	237,015,733	-	1,015,329	-	23,059,537	259,059,941
2060	259,059,941	-	942,451	-	25,212,400	283,329,890
2061	283,329,890	-	871,949	-	27,582,157	310,040,098
2062	310,040,098	-	804,320	-	30,189,699	339,425,477
2063	339,425,477	-	740,030	-	33,057,908	371,743,355
2064	371,743,355	-	679,104	-	36,211,871	407,276,122
2065	407,276,122	-	621,482	-	39,679,125	446,333,765

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3
Hypothetical Assumptions: 9.75% 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
2066	446,333,765	-	567,113	-	43,489,895	489,256,547
2067	489,256,547	-	515,835	-	47,677,366	536,418,078
2068	536,418,078	-	467,678	-	52,277,963	588,228,363
2069	588,228,363	-	422,410	-	57,331,673	645,137,626
2070	645,137,626	-	379,823	-	62,882,402	707,640,205
2071	707,640,205	-	339,881	-	68,978,351	776,278,675
2072	776,278,675	-	302,412	-	75,672,428	851,648,691
2073	851,648,691	-	267,381	-	83,022,713	934,404,023
2074	934,404,023	-	234,840	-	91,092,944	1,025,262,127
2075	1,025,262,127	-	204,791	-	99,953,074	1,125,010,410
2076	1,125,010,410	-	177,122	-	109,679,880	1,234,513,168
2077	1,234,513,168	-	151,750	-	120,357,636	1,354,719,054
2078	1,354,719,054	-	128,631	-	132,078,837	1,486,669,260
2079	1,486,669,260	-	107,740	-	144,945,001	1,631,506,521
2080	1,631,506,521	-	89,120	-	159,067,541	1,790,484,942
2081	1,790,484,942	-	72,774	-	174,568,734	1,964,980,902
2082	1,964,980,902	-	58,682	-	191,582,777	2,156,504,997
2083	2,156,504,997	-	46,745	-	210,256,958	2,366,715,210
2084	2,366,715,210	-	36,754	-	230,752,941	2,597,431,397
2085	2,597,431,397	-	28,530	-	253,248,170	2,850,651,037
2086	2,850,651,037	-	21,871	-	277,937,410	3,128,566,576
2087	3,128,566,576	-	16,567	-	305,034,434	3,433,584,443
2088	3,433,584,443	-	12,412	-	334,773,878	3,768,345,909
2089	3,768,345,909	-	9,212	-	367,413,277	4,135,749,974
2090	4,135,749,974	-	6,769	-	403,235,292	4,538,978,497
2091	4,538,978,497	-	4,934	-	442,550,163	4,981,523,726
2092	4,981,523,726	-	3,565	-	485,698,389	5,467,218,550
2093	5,467,218,550	-	2,555	-	533,053,684	6,000,269,679
2094	6,000,269,679	-	1,816	-	585,026,205	6,585,294,068
2095	6,585,294,068	-	1,280	-	642,066,109	7,227,358,897
2096	7,227,358,897	-	894	-	704,667,449	7,932,025,452
2097	7,932,025,452	-	617	-	773,372,451	8,705,397,286
2098	8,705,397,286	-	421	-	848,776,215	9,554,173,080
2099	9,554,173,080	-	282	-	931,531,862	10,485,704,660
2100	10,485,704,660	-	187	-	1,022,356,195	11,508,060,668
2101	11,508,060,668	-	121	-	1,122,035,909	12,630,096,456
2102	12,630,096,456	-	78	-	1,231,434,401	13,861,530,779
2103	13,861,530,779	-	49	-	1,351,499,249	15,213,029,979
2104	15,213,029,979	-	30	-	1,483,270,421	16,696,300,370
2105	16,696,300,370	-	19	-	1,627,889,285	18,324,189,636
2106	18,324,189,636	-	11	-	1,786,608,489	20,110,798,114
2107	20,110,798,114	-	7	-	1,960,802,816	22,071,600,923
2108	22,071,600,923	-	4	-	2,151,981,090	24,223,582,009
2109	24,223,582,009	-	2	-	2,361,799,246	26,585,381,253
2110	26,585,381,253	-	1	-	2,592,074,672	29,177,455,924
2111	29,177,455,924	-	1	-	2,844,801,953	32,022,257,876
2112	32,022,257,876	-	-	-	3,122,170,143	35,144,428,019

*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 9.75% 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	
	7.75% RP-2000 Generational	5.75% RP-2000 Generational	9.75% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$2,194,033	\$3,089,166	\$1,495,024
Total Required Contribution (% of Payroll)	55.71%	78.43%	37.95%
Expected Member Contribution	393,863	393,863	393,863
Expected State Money	188,385	188,385	188,385
Expected Sponsor Contribution (Fixed \$)	\$1,611,785	\$2,506,918	\$912,776
Expected Sponsor Contribution (% of Payroll)	40.93%	63.65%	23.17%

ASSETS

Actuarial Value ¹	27,388,390	27,388,390	27,388,390
Market Value ¹	26,966,776	26,966,776	26,966,776

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	24,317,186	37,793,113	16,465,118
Disability Benefits	817,565	1,162,863	598,124
Death Benefits	1,289,114	1,920,354	915,069
Vested Benefits	430,368	660,519	294,368
Refund of Contributions	44,576	46,327	42,980
Service Retirees	10,703,398	12,853,574	9,137,025
DROP Retirees ¹	5,541,268	6,582,568	4,811,345
Beneficiaries	1,071,536	1,324,780	895,584
Disability Retirees	721,713	846,871	626,610
Terminated Vested	12,199	12,199	12,199
Excess State Monies Reserve	981,312	981,312	981,312
Total:	45,930,235	64,184,480	34,779,734
Present Value of Future Salaries	42,415,741	48,649,610	37,484,907
Present Value of Future Member Contributions	4,241,574	4,864,961	3,748,491
Total Normal Cost	1,070,258	1,678,265	700,570
Present Value of Future Normal Costs (Entry Age Normal)	11,099,283	20,174,133	6,349,607
Total Actuarial Accrued Liability ¹	34,830,952	44,010,347	28,430,127
Unfunded Actuarial Accrued Liability (UAAL)	7,442,562	16,621,957	1,041,737

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

Valuation Date: 10/1/2016

	ACTUAL	HYPOTHETICAL	
	7.75% RP-2000 Generational	5.75% RP-2000 Generational	9.75% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost (with interest)	1,111,730	1,726,515	734,723
Administrative Expenses (with interest)	60,172	59,592	60,751
Payment Required To Amortize UAAL (with interest)	1,022,131	1,303,059	699,550
Total Required Contribution	\$2,194,033	\$3,089,166	\$1,495,024

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