

June 26, 2015

VIA EMAIL

Mr. Cal Bowen
City of Winter Haven
General Employees' Pension Plan
P.O. Box 2277
Winter Haven, FL 33883-2277

Re: City of Winter Haven General Employees' Pension Plan
Senate Bill 534 (Section 112.664, Florida Statutes) Compliance

Dear Cal:

Please find enclosed the annual disclosures that satisfy the October 1, 2014 financial reporting requirements made under Section 112.664.

Our office will submit this information electronically to the Department of Management Services by the June 28, 2015 deadline. 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

DHL/lke
Enclosures

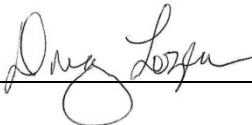
cc via email: H. Lee Dehner, Board Attorney

CITY OF WINTER HAVEN
GENERAL EMPLOYEES' PENSION PLAN

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: 6/26/2015

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, 2014 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 AND RELATED RATIOS

	ACTUAL	HYPOTHETICAL		
	7.80% RP-2000 Static 9/30/2014	7.80% RP-2000 Generational 9/30/2014	5.80% RP-2000 Generational 9/30/2014	9.80% RP-2000 Generational 9/30/2014
<u>Total Pension Liability</u>				
Service Cost	1,262,098	1,284,374	1,855,923	943,814
Interest	5,391,437	5,484,843	5,150,718	5,626,305
Change in Excess State Money	-	-	-	-
Change in Funding Standard Account	-	-	-	-
Share Plan Allocation	-	-	-	-
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	-	-	-	-
Changes of Assumptions	705,471	736,845	1,054,842	531,419
Contributions - Buy Back	-	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(3,789,392)	(3,789,392)	(3,789,392)	(3,789,392)
Net Change in Total Pension Liability	3,569,614	3,716,670	4,272,091	3,312,146
Total Pension Liability - Beginning	68,878,636	70,038,710	87,339,079	57,782,241
Total Pension Liability - Ending (a)	<u>72,448,250</u>	<u>\$ 73,755,380</u>	<u>\$ 91,611,170</u>	<u>\$ 61,094,387</u>
<u>Plan Fiduciary Net Position</u>				
Contributions - Employer	4,120,458	4,120,458	4,120,458	4,120,458
Contributions - State	-	-	-	-
Contributions - Employee	967,961	967,961	967,961	967,961
Contributions - Buy Back	-	-	-	-
Net Investment Income	5,328,368	5,328,368	5,328,368	5,328,368
Benefit Payments, Including Refunds of Employee Contributions	(3,789,392)	(3,789,392)	(3,789,392)	(3,789,392)
Administrative Expense	(41,863)	(41,863)	(41,863)	(41,863)
Other	-	-	-	-
Net Change in Plan Fiduciary Net Position	6,585,532	6,585,532	6,585,532	6,585,532
Plan Fiduciary Net Position - Beginning	48,185,166	48,185,166	48,185,166	48,185,166
Plan Fiduciary Net Position - Ending (b)	<u>\$ 54,770,698</u>	<u>\$ 54,770,698</u>	<u>\$ 54,770,698</u>	<u>\$ 54,770,698</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 17,677,552</u>	<u>\$ 18,984,682</u>	<u>\$ 36,840,472</u>	<u>\$ 6,323,689</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.80% and RP-2000 Static Mortality

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2014	54,770,698	-	5,783,712	-	4,046,550	53,033,536
2015	53,033,536	-	4,675,251	-	3,954,281	52,312,566
2016	52,312,566	-	4,890,541	-	3,889,649	51,311,674
2017	51,311,674	-	5,114,162	-	3,802,858	50,000,370
2018	50,000,370	-	5,352,328	-	3,691,288	48,339,330
2019	48,339,330	-	5,474,141	-	3,556,976	46,422,165
2020	46,422,165	-	5,617,590	-	3,401,843	44,206,418
2021	44,206,418	-	5,733,589	-	3,224,491	41,697,320
2022	41,697,320	-	5,793,806	-	3,026,433	38,929,947
2023	38,929,947	-	5,815,229	-	2,809,742	35,924,460
2024	35,924,460	-	5,791,227	-	2,576,250	32,709,483
2025	32,709,483	-	5,771,040	-	2,326,269	29,264,712
2026	29,264,712	-	5,730,591	-	2,059,154	25,593,275
2027	25,593,275	-	5,676,951	-	1,774,874	21,691,198
2028	21,691,198	-	5,589,612	-	1,473,919	17,575,505
2029	17,575,505	-	5,532,053	-	1,155,139	13,198,591
2030	13,198,591	-	5,433,051	-	817,601	8,583,141
2031	8,583,141	-	5,324,540	-	461,828	3,720,429
2032	3,720,429	-	5,179,792	-	-	-

*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 18.72

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.80% interest.

It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent.

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 2
Hypothetical Assumptions: 7.80% and RP-2000 Generational Mortality

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2014	54,770,698	-	5,783,712	-	4,046,550	53,033,536
2015	53,033,536	-	4,675,315	-	3,954,279	52,312,500
2016	52,312,500	-	4,891,049	-	3,889,624	51,311,075
2017	51,311,075	-	5,115,547	-	3,802,758	49,998,286
2018	49,998,286	-	5,355,119	-	3,691,017	48,334,184
2019	48,334,184	-	5,478,964	-	3,556,387	46,411,607
2020	46,411,607	-	5,625,341	-	3,400,717	44,186,983
2021	44,186,983	-	5,744,817	-	3,222,537	41,664,703
2022	41,664,703	-	5,809,479	-	3,023,277	38,878,501
2023	38,878,501	-	5,836,062	-	2,804,917	35,847,356
2024	35,847,356	-	5,821,087	-	2,569,071	32,595,340
2025	32,595,340	-	5,810,339	-	2,315,833	29,100,834
2026	29,100,834	-	5,780,441	-	2,044,428	25,364,821
2027	25,364,821	-	5,739,077	-	1,754,632	21,380,376
2028	21,380,376	-	5,665,461	-	1,446,716	17,161,631
2029	17,161,631	-	5,622,488	-	1,119,330	12,658,473
2030	12,658,473	-	5,539,108	-	771,336	7,890,701
2031	7,890,701	-	5,447,136	-	403,036	2,846,601
2032	2,846,601	-	5,319,188	-	-	-

*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 18.54

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.80% interest.

It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent.

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3
Hypothetical Assumptions: 5.80% and RP-2000 Generational Mortality

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2014	54,770,698	-	5,783,712	-	3,008,973	51,995,959
2015	51,995,959	-	4,675,315	-	2,880,181	50,200,825
2016	50,200,825	-	4,891,049	-	2,769,807	48,079,583
2017	48,079,583	-	5,115,547	-	2,640,265	45,604,301
2018	45,604,301	-	5,355,119	-	2,489,751	42,738,933
2019	42,738,933	-	5,478,964	-	2,319,968	39,579,937
2020	39,579,937	-	5,625,341	-	2,132,501	36,087,097
2021	36,087,097	-	5,744,817	-	1,926,452	32,268,732
2022	32,268,732	-	5,809,479	-	1,703,112	28,162,365
2023	28,162,365	-	5,836,062	-	1,464,171	23,790,474
2024	23,790,474	-	5,821,087	-	1,211,036	19,180,423
2025	19,180,423	-	5,810,339	-	943,965	14,314,049
2026	14,314,049	-	5,780,441	-	662,582	9,196,190
2027	9,196,190	-	5,739,077	-	366,946	3,824,059
2028	3,824,059	-	5,665,461	-	-	-

*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 14.67

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.80% interest.

It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent.

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 4
Hypothetical Assumptions: 9.80% and RP-2000 Generational Mortality

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2014	54,770,698	-	5,783,712	-	5,084,127	54,071,113
2015	54,071,113	-	4,675,315	-	5,069,879	54,465,677
2016	54,465,677	-	4,891,049	-	5,097,975	54,672,603
2017	54,672,603	-	5,115,547	-	5,107,253	54,664,309
2018	54,664,309	-	5,355,119	-	5,094,701	54,403,891
2019	54,403,891	-	5,478,964	-	5,063,112	53,988,039
2020	53,988,039	-	5,625,341	-	5,015,186	53,377,884
2021	53,377,884	-	5,744,817	-	4,949,537	52,582,604
2022	52,582,604	-	5,809,479	-	4,868,431	51,641,556
2023	51,641,556	-	5,836,062	-	4,774,905	50,580,399
2024	50,580,399	-	5,821,087	-	4,671,646	49,430,958
2025	49,430,958	-	5,810,339	-	4,559,527	48,180,146
2026	48,180,146	-	5,780,441	-	4,438,413	46,838,118
2027	46,838,118	-	5,739,077	-	4,308,921	45,407,962
2028	45,407,962	-	5,665,461	-	4,172,373	43,914,874
2029	43,914,874	-	5,622,488	-	4,028,156	42,320,542
2030	42,320,542	-	5,539,108	-	3,875,997	40,657,431
2031	40,657,431	-	5,447,136	-	3,717,519	38,927,814
2032	38,927,814	-	5,319,188	-	3,554,286	37,162,912
2033	37,162,912	-	5,187,755	-	3,387,765	35,362,922
2034	35,362,922	-	5,036,048	-	3,218,800	33,545,674
2035	33,545,674	-	4,879,432	-	3,048,384	31,714,626
2036	31,714,626	-	4,710,183	-	2,877,234	29,881,677
2037	29,881,677	-	4,533,401	-	2,706,268	28,054,544
2038	28,054,544	-	4,352,192	-	2,536,088	26,238,440
2039	26,238,440	-	4,159,897	-	2,367,532	24,446,075
2040	24,446,075	-	3,964,835	-	2,201,438	22,682,678
2041	22,682,678	-	3,767,072	-	2,038,316	20,953,922
2042	20,953,922	-	3,569,451	-	1,878,581	19,263,052
2043	19,263,052	-	3,370,717	-	1,722,614	17,614,949
2044	17,614,949	-	3,170,874	-	1,570,892	16,014,967
2045	16,014,967	-	2,972,325	-	1,423,823	14,466,465
2046	14,466,465	-	2,775,770	-	1,281,701	12,972,396
2047	12,972,396	-	2,581,395	-	1,144,806	11,535,807
2048	11,535,807	-	2,390,253	-	1,013,387	10,158,941
2049	10,158,941	-	2,204,141	-	887,573	8,842,373
2050	8,842,373	-	2,023,511	-	767,401	7,586,263
2051	7,586,263	-	1,849,323	-	652,837	6,389,777
2052	6,389,777	-	1,682,825	-	543,740	5,250,692
2053	5,250,692	-	1,524,830	-	439,851	4,165,713
2054	4,165,713	-	1,375,950	-	340,818	3,130,581
2055	3,130,581	-	1,236,880	-	246,190	2,139,891
2056	2,139,891	-	1,108,214	-	155,407	1,187,084
2057	1,187,084	-	989,825	-	67,833	265,092
2058	265,092	-	881,220	-	-	-

*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 44.30

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 9.80% interest.

It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent.

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2016

Valuation Date: 10/1/2014

	ACTUAL		HYPOTHETICAL	
	7.80% RP-2000 Static	7.80% RP-2000 Generational	5.80% RP-2000 Generational	9.80% RP-2000 Generational
Total Required Contribution	\$4,699,155	\$4,821,617	\$6,345,411	\$3,511,163
Expected Member Contribution	937,083	937,083	937,083	937,083
Expected Sponsor Contribution (Fixed \$)	\$3,762,072	\$3,884,534	\$5,408,328	\$2,574,080
Expected Sponsor Contribution (% of Payroll)	38.14%	39.38%	54.83%	26.10%

ASSETS

Actuarial Value ¹	50,642,882	50,642,882	50,642,882	50,642,882
Market Value ¹	54,770,698	54,770,698	54,770,698	54,770,698

LIABILITIES

Present Value of Benefits				
Active Members				
Retirement Benefits	33,065,777	33,796,728	46,781,106	25,487,108
Disability Benefits	1,370,597	1,405,066	1,913,375	1,073,829
Death Benefits	239,499	217,912	267,235	181,415
Vested Benefits	1,470,863	1,500,110	2,287,073	1,030,888
Refund of Contributions	1,248,011	1,248,187	1,309,596	1,193,014
Service Retirees	27,728,775	28,109,537	33,230,521	24,287,312
Beneficiaries	2,945,264	2,973,734	3,543,355	2,560,274
Terminated Vested	1,920,660	1,953,316	2,498,488	1,584,317
Disability Retirees	1,616,038	1,643,276	1,960,757	1,410,910
DROP Retirees ¹	6,909,946	6,990,279	8,225,364	6,097,378
Total:	78,515,430	79,838,145	102,016,870	64,906,445
Present Value of Future Salaries	56,754,172	56,776,693	62,415,225	52,196,908
Present Value of Future Member Contributions	5,391,646	5,393,786	5,929,446	4,958,706
Total Normal Cost (Entry Age Normal)	1,136,187	1,157,414	1,710,929	829,438
Present Value of Future Normal Costs (Entry Age Normal)	5,601,979	5,729,428	9,769,000	3,620,545
Total Actuarial Accrued Liability ¹	72,913,451	74,108,717	92,247,870	61,285,900
Unfunded Actuarial Accrued Liability (Entry Age Normal)	22,270,569	23,465,835	41,604,988	10,643,018

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2016

Valuation Date: 10/1/2014

	ACTUAL	HYPOTHETICAL		
	7.80% RP-2000 Static	7.80% RP-2000 Generational	5.80% RP-2000 Generational	9.80% RP-2000 Generational
<u>PENSION COST</u>				
Normal Cost (with interest)	1,180,498	1,202,553	1,760,546	870,080
Administrative Expenses (with interest)	43,496	43,496	43,077	43,914
Payment Required To Amortize UAAL (with interest)	3,475,161	3,575,568	4,541,788	2,597,169
Total Required Contribution	\$4,699,155	\$4,821,617	\$6,345,411	\$3,511,163

¹ The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2014.