



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

May 4, 2016

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, 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: 

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: 5/4/2016

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, 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	
	7.70% RP-2000 Static 9/30/2015	7.70% RP-2000 Generational 9/30/2015	5.70% RP-2000 Generational 9/30/2015	9.70% RP-2000 Generational 9/30/2015
<u>GASB 67: Schedule of Changes in Net Pension Liability</u>				
<u>Total Pension Liability</u>				
Service Cost	1,217,350	1,238,801	1,798,516	907,194
Interest	5,599,458	5,703,087	5,308,856	5,892,143
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	(701,805)	(828,527)	(884,865)	(788,063)
Changes of Assumptions	723,201	755,130	1,080,653	544,888
Benefit Payments, Including Refunds of Employee Contributions	(3,755,355)	(3,755,355)	(3,755,355)	(3,755,355)
Net Change in Total Pension Liability	3,082,849	3,113,136	3,547,805	2,800,807
Total Pension Liability - Beginning	72,448,250	73,755,380	91,611,170	61,094,387
Total Pension Liability - Ending (a)	<u>\$ 75,531,099</u>	<u>\$ 76,868,516</u>	<u>\$ 95,158,975</u>	<u>\$ 63,895,194</u>
<u>Plan Fiduciary Net Position</u>				
Contributions - Employer	3,673,712	3,673,712	3,673,712	3,673,712
Contributions - Employee	933,696	933,696	933,696	933,696
Net Investment Income	330,966	330,966	330,966	330,966
Benefit Payments, Including Refunds of Employee Contributions	(3,755,355)	(3,755,355)	(3,755,355)	(3,755,355)
Administrative Expenses	(60,012)	(60,012)	(60,012)	(60,012)
Net Change in Plan Fiduciary Net Position	1,123,007	1,123,007	1,123,007	1,123,007
Plan Fiduciary Net Position - Beginning	54,770,698	54,770,698	54,770,698	54,770,698
Plan Fiduciary Net Position - Ending (b)	<u>\$ 55,893,705</u>	<u>\$ 55,893,705</u>	<u>\$ 55,893,705</u>	<u>\$ 55,893,705</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 19,637,394</u>	<u>\$ 20,974,811</u>	<u>\$ 39,265,270</u>	<u>\$ 8,001,489</u>

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

Pension Expense	<u>\$ 2,382,399</u>	<u>\$ 2,486,340</u>	<u>\$ 3,534,963</u>	<u>\$ 1,531,312</u>
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PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.70% 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	55,893,670	-	7,287,014	-	4,023,263	52,629,919
2016	52,629,919	-	4,992,775	-	3,860,282	51,497,426
2017	51,497,426	-	5,239,471	-	3,763,582	50,021,537
2018	50,021,537	-	5,498,974	-	3,639,948	48,162,511
2019	48,162,511	-	5,638,407	-	3,491,435	46,015,539
2020	46,015,539	-	5,800,447	-	3,319,879	43,534,971
2021	43,534,971	-	5,935,803	-	3,123,664	40,722,832
2022	40,722,832	-	6,007,213	-	2,904,380	37,619,999
2023	37,619,999	-	6,038,172	-	2,664,270	34,246,097
2024	34,246,097	-	6,078,851	-	2,402,914	30,570,160
2025	30,570,160	-	6,041,310	-	2,121,312	26,650,162
2026	26,650,162	-	6,013,879	-	1,820,528	22,456,811
2027	22,456,811	-	5,971,591	-	1,499,268	17,984,488
2028	17,984,488	-	5,890,988	-	1,158,003	13,251,503
2029	13,251,503	-	5,842,472	-	795,431	8,204,462
2030	8,204,462	-	5,744,778	-	410,570	2,870,254
2031	2,870,254	-	5,642,044	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 16.51

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.70% 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: 7.70% 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	55,893,670	-	7,287,014	-	4,023,263	52,629,919
2016	52,629,919	-	4,992,868	-	3,860,278	51,497,329
2017	51,497,329	-	5,240,066	-	3,763,552	50,020,815
2018	50,020,815	-	5,500,561	-	3,639,831	48,160,085
2019	48,160,085	-	5,641,579	-	3,491,126	46,009,632
2020	46,009,632	-	5,806,012	-	3,319,210	43,522,830
2021	43,522,830	-	5,944,396	-	3,122,399	40,700,833
2022	40,700,833	-	6,019,761	-	2,902,203	37,583,275
2023	37,583,275	-	6,055,451	-	2,660,777	34,188,601
2024	34,188,601	-	6,102,000	-	2,397,595	30,484,196
2025	30,484,196	-	6,073,482	-	2,113,454	26,524,168
2026	26,524,168	-	6,055,620	-	1,809,220	22,277,768
2027	22,277,768	-	6,024,664	-	1,483,439	17,736,543
2028	17,736,543	-	5,956,815	-	1,136,376	12,916,104
2029	12,916,104	-	5,922,077	-	766,540	7,760,567
2030	7,760,567	-	5,839,281	-	372,751	2,294,037
2031	2,294,037	-	5,752,643	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 16.40

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.70% 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: 5.70% 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	55,893,670	-	7,287,014	-	2,978,259	51,584,915
2016	51,584,915	-	4,992,868	-	2,798,043	49,390,090
2017	49,390,090	-	5,240,066	-	2,665,893	46,815,917
2018	46,815,917	-	5,500,561	-	2,511,741	43,827,097
2019	43,827,097	-	5,641,579	-	2,337,360	40,522,878
2020	40,522,878	-	5,806,012	-	2,144,333	36,861,199
2021	36,861,199	-	5,944,396	-	1,931,673	32,848,476
2022	32,848,476	-	6,019,761	-	1,700,800	28,529,515
2023	28,529,515	-	6,055,451	-	1,453,602	23,927,666
2024	23,927,666	-	6,102,000	-	1,189,970	19,015,636
2025	19,015,636	-	6,073,482	-	910,797	13,852,951
2026	13,852,951	-	6,055,620	-	617,033	8,414,364
2027	8,414,364	-	6,024,664	-	307,916	2,697,616
2028	2,697,616	-	5,956,815	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 13.45

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.70% 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: 9.70% 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	55,893,670	-	7,287,014	-	5,068,266	53,674,922
2016	53,674,922	-	4,992,868	-	4,964,313	53,646,367
2017	53,646,367	-	5,240,066	-	4,949,554	53,355,855
2018	53,355,855	-	5,500,561	-	4,908,741	52,764,035
2019	52,764,035	-	5,641,579	-	4,844,495	51,966,951
2020	51,966,951	-	5,806,012	-	4,759,203	50,920,142
2021	50,920,142	-	5,944,396	-	4,650,951	49,626,697
2022	49,626,697	-	6,019,761	-	4,521,831	48,128,767
2023	48,128,767	-	6,055,451	-	4,374,801	46,448,117
2024	46,448,117	-	6,102,000	-	4,209,520	44,555,637
2025	44,555,637	-	6,073,482	-	4,027,333	42,509,488
2026	42,509,488	-	6,055,620	-	3,829,723	40,283,591
2027	40,283,591	-	6,024,664	-	3,615,312	37,874,239
2028	37,874,239	-	5,956,815	-	3,384,896	35,302,320
2029	35,302,320	-	5,922,077	-	3,137,104	32,517,347
2030	32,517,347	-	5,839,281	-	2,870,978	29,549,044
2031	29,549,044	-	5,752,643	-	2,587,254	26,383,655
2032	26,383,655	-	5,628,888	-	2,286,213	23,040,980
2033	23,040,980	-	5,499,589	-	1,968,245	19,509,636
2034	19,509,636	-	5,348,908	-	1,633,013	15,793,741
2035	15,793,741	-	5,190,780	-	1,280,240	11,883,201
2036	11,883,201	-	5,019,664	-	909,217	7,772,754
2037	7,772,754	-	4,840,610	-	519,188	3,451,332
2038	3,451,332	-	4,655,269	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 23.74

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 9.70% 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	
	7.70% RP-2000 Static	7.70% RP-2000 Generational	5.70% RP-2000 Generational	9.70% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$4,451,482	\$4,578,784	\$6,187,941	\$3,190,469
Total Required Contribution (% of Payroll)	44.9%	46.2%	62.4%	32.2%
Expected Member Contribution	942,387	942,387	942,387	942,387
Expected Sponsor Contribution (Fixed \$)	\$3,509,095	\$3,636,397	\$5,245,554	\$2,248,082
Expected Sponsor Contribution (% of Payroll)	35.4%	36.7%	52.9%	22.7%

ASSETS

Actuarial Value ¹	57,102,872	57,102,872	57,102,872	57,102,872
Market Value ¹	55,893,670	55,893,670	55,893,670	55,893,670

LIABILITIES

Present Value of Benefits				
Active Members				
Retirement Benefits	33,354,524	34,093,255	47,344,740	25,647,808
Disability Benefits	1,374,097	1,409,133	1,926,340	1,073,813
Death Benefits	237,153	215,670	265,058	179,186
Vested Benefits	1,513,422	1,543,966	2,361,808	1,058,826
Refund of Contributions	1,207,519	1,207,700	1,274,055	1,148,377
Service Retirees	29,354,467	29,762,016	35,079,920	25,781,662
DROP Retirees ¹	9,430,837	9,528,583	11,117,794	8,384,319
Beneficiaries	3,650,004	3,685,268	4,398,146	3,169,408
Disability Retirees	1,606,935	1,634,391	1,946,834	1,405,085
Terminated Vested	1,978,951	2,012,765	2,572,611	1,631,835
Total:	83,707,909	85,092,747	108,287,306	69,480,319
Present Value of Future Salaries	57,945,852	57,968,847	63,837,241	53,221,800
Present Value of Future Member Contributions	5,504,856	5,507,040	6,064,538	5,056,071
Total Normal Cost	1,155,883	1,178,614	1,760,074	836,535
Present Value of Future Normal Costs (Entry Age Normal)	5,872,099	6,011,195	10,313,917	3,772,905
Total Actuarial Accrued Liability ¹	77,835,810	79,081,552	97,973,389	65,707,414
Unfunded Actuarial Accrued Liability (UAAL)	20,732,938	21,978,680	40,870,517	8,604,542

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

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL		
	7.70% RP-2000 Static	7.70% RP-2000 Generational	5.70% RP-2000 Generational	9.70% RP-2000 Generational
<u>PENSION COST</u>				
Normal Cost (with interest)	1,200,384	1,223,991	1,810,236	877,107
Administrative Expenses (with interest)	62,322	62,322	61,722	62,923
Payment Required To Amortize UAAL (with interest)	3,188,776	3,292,471	4,315,983	2,250,439
Total Required Contribution	\$4,451,482	\$4,578,784	\$6,187,941	\$3,190,469

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