

March 29, 2017

VIA EMAIL

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

Re: City of Winter Haven Police Officers' 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

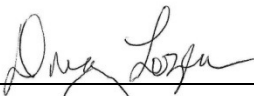
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Enclosures

cc via email: H. Lee Dehner, Board Attorney

CITY OF WINTER HAVEN
POLICE OFFICERS' 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	
	7.70% RP-2000 Generational	5.70% RP-2000 Generational	9.70% RP-2000 Generational
Total Pension Liability			
Service Cost	793,963	1,262,708	561,722
Interest	2,417,435	2,388,189	2,538,306
Change in Excess State Money	(28,857)	(28,857)	(28,857)
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(203,836)	(296,611)	(185,665)
Changes of Assumptions	1,200,550	16,811	(84,781)
Benefit Payments, Including Refunds of Employee Contributions	(2,133,049)	(2,133,049)	(2,133,049)
Net Change in Total Pension Liability	2,046,206	1,209,191	667,676
Total Pension Liability - Beginning	31,696,672	41,730,733	26,701,763
Total Pension Liability - Ending (a)	<u>\$ 33,742,878</u>	<u>\$ 42,939,924</u>	<u>\$ 27,369,439</u>
Plan Fiduciary Net Position			
Contributions - Employer	704,006	704,006	704,006
Contributions - State	369,988	369,988	369,988
Contributions - Employee	388,964	388,964	388,964
Net Investment Income	2,288,899	2,288,899	2,288,899
Benefit Payments, Including Refunds of Employee Contributions	(2,133,049)	(2,133,049)	(2,133,049)
Administrative Expenses	(55,025)	(55,025)	(55,025)
Net Change in Plan Fiduciary Net Position	1,563,783	1,563,783	1,563,783
Plan Fiduciary Net Position - Beginning	28,227,820	28,227,820	28,227,820
Plan Fiduciary Net Position - Ending (b)	<u>\$ 29,791,603</u>	<u>\$ 29,791,603</u>	<u>\$ 29,791,603</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 3,951,275</u>	<u>\$ 13,148,321</u>	<u>\$ (2,422,164)</u>

GASB 68: PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	ACTUAL	HYPOTHETICAL	
	7.70% RP-2000 Generational	5.70% RP-2000 Generational	9.70% RP-2000 Generational
Pension Expense	<u>\$ 1,115,642</u>	<u>\$ 1,617,539</u>	<u>\$ 472,678</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan 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
2016	29,725,881	-	2,137,229	-	2,206,610	29,795,262
2017	29,795,262	-	2,090,608	-	2,213,747	29,918,401
2018	29,918,401	-	2,167,732	-	2,220,259	29,970,928
2019	29,970,928	-	2,222,180	-	2,222,208	29,970,956
2020	29,970,956	-	2,260,459	-	2,220,736	29,931,233
2021	29,931,233	-	2,321,698	-	2,215,320	29,824,855
2022	29,824,855	-	2,469,110	-	2,201,453	29,557,198
2023	29,557,198	-	2,516,278	-	2,179,028	29,219,948
2024	29,219,948	-	2,591,801	-	2,150,152	28,778,299
2025	28,778,299	-	2,627,891	-	2,114,755	28,265,163
2026	28,265,163	-	2,700,917	-	2,072,432	27,636,678
2027	27,636,678	-	2,727,261	-	2,023,025	26,932,442
2028	26,932,442	-	2,719,179	-	1,969,110	26,182,373
2029	26,182,373	-	2,754,110	-	1,910,009	25,338,272
2030	25,338,272	-	2,742,400	-	1,845,465	24,441,337
2031	24,441,337	-	2,733,630	-	1,776,738	23,484,445
2032	23,484,445	-	2,707,447	-	1,704,066	22,481,064
2033	22,481,064	-	2,672,861	-	1,628,137	21,436,340
2034	21,436,340	-	2,632,678	-	1,549,240	20,352,902
2035	20,352,902	-	2,593,975	-	1,467,305	19,226,232
2036	19,226,232	-	2,544,350	-	1,382,462	18,064,344
2037	18,064,344	-	2,491,457	-	1,295,033	16,867,920
2038	16,867,920	-	2,433,745	-	1,205,131	15,639,306
2039	15,639,306	-	2,370,344	-	1,112,968	14,381,930
2040	14,381,930	-	2,306,000	-	1,018,628	13,094,558
2041	13,094,558	-	2,236,895	-	922,161	11,779,824
2042	11,779,824	-	2,165,593	-	823,671	10,437,902
2043	10,437,902	-	2,092,134	-	723,171	9,068,939
2044	9,068,939	-	2,017,075	-	620,651	7,672,515
2045	7,672,515	-	1,940,579	-	516,071	6,248,007
2046	6,248,007	-	1,863,277	-	409,360	4,794,090
2047	4,794,090	-	1,785,624	-	300,398	3,308,864
2048	3,308,864	-	1,708,121	-	189,020	1,789,763
2049	1,789,763	-	1,630,811	-	75,026	233,978
2050	233,978	-	1,553,897	-	-	-

*All DROP Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 34.15

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: 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
2016	29,725,881	-	2,137,229	-	1,633,464	29,222,116
2017	29,222,116	-	2,090,608	-	1,606,078	28,737,586
2018	28,737,586	-	2,167,732	-	1,576,262	28,146,116
2019	28,146,116	-	2,222,180	-	1,540,996	27,464,932
2020	27,464,932	-	2,260,459	-	1,501,078	26,705,551
2021	26,705,551	-	2,321,698	-	1,456,048	25,839,901
2022	25,839,901	-	2,469,110	-	1,402,505	24,773,296
2023	24,773,296	-	2,516,278	-	1,340,364	23,597,382
2024	23,597,382	-	2,591,801	-	1,271,184	22,276,765
2025	22,276,765	-	2,627,891	-	1,194,881	20,843,755
2026	20,843,755	-	2,700,917	-	1,111,118	19,253,956
2027	19,253,956	-	2,727,261	-	1,019,749	17,546,444
2028	17,546,444	-	2,719,179	-	922,651	15,749,916
2029	15,749,916	-	2,754,110	-	819,253	13,815,059
2030	13,815,059	-	2,742,400	-	709,300	11,781,959
2031	11,781,959	-	2,733,630	-	593,663	9,641,992
2032	9,641,992	-	2,707,447	-	472,431	7,406,976
2033	7,406,976	-	2,672,861	-	346,021	5,080,136
2034	5,080,136	-	2,632,678	-	214,536	2,661,994
2035	2,661,994	-	2,593,975	-	77,805	145,824
2036	145,824	-	2,544,350	-	-	-

*All DROP Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 20.06

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 3
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
2016	29,725,881	-	2,137,229	-	2,779,755	30,368,407
2017	30,368,407	-	2,090,608	-	2,844,341	31,122,140
2018	31,122,140	-	2,167,732	-	2,913,713	31,868,121
2019	31,868,121	-	2,222,180	-	2,983,432	32,629,373
2020	32,629,373	-	2,260,459	-	3,055,417	33,424,331
2021	33,424,331	-	2,321,698	-	3,129,558	34,232,191
2022	34,232,191	-	2,469,110	-	3,200,771	34,963,852
2023	34,963,852	-	2,516,278	-	3,269,454	35,717,028
2024	35,717,028	-	2,591,801	-	3,338,849	36,464,076
2025	36,464,076	-	2,627,891	-	3,409,563	37,245,748
2026	37,245,748	-	2,700,917	-	3,481,843	38,026,674
2027	38,026,674	-	2,727,261	-	3,556,315	38,855,728
2028	38,855,728	-	2,719,179	-	3,637,125	39,773,674
2029	39,773,674	-	2,754,110	-	3,724,472	40,744,036
2030	40,744,036	-	2,742,400	-	3,819,165	41,820,801
2031	41,820,801	-	2,733,630	-	3,924,037	43,011,208
2032	43,011,208	-	2,707,447	-	4,040,776	44,344,537
2033	44,344,537	-	2,672,861	-	4,171,786	45,843,462
2034	45,843,462	-	2,632,678	-	4,319,131	47,529,915
2035	47,529,915	-	2,593,975	-	4,484,594	49,420,534
2036	49,420,534	-	2,544,350	-	4,670,391	51,546,575
2037	51,546,575	-	2,491,457	-	4,879,182	53,934,300
2038	53,934,300	-	2,433,745	-	5,113,590	56,614,145
2039	56,614,145	-	2,370,344	-	5,376,610	59,620,411
2040	59,620,411	-	2,306,000	-	5,671,339	62,985,750
2041	62,985,750	-	2,236,895	-	6,001,128	66,749,983
2042	66,749,983	-	2,165,593	-	6,369,717	70,954,107
2043	70,954,107	-	2,092,134	-	6,781,080	75,643,053
2044	75,643,053	-	2,017,075	-	7,239,548	80,865,526
2045	80,865,526	-	1,940,579	-	7,749,838	86,674,785
2046	86,674,785	-	1,863,277	-	8,317,085	93,128,593
2047	93,128,593	-	1,785,624	-	8,946,871	100,289,840
2048	100,289,840	-	1,708,121	-	9,645,271	108,226,990
2049	108,226,990	-	1,630,811	-	10,418,924	117,015,103
2050	117,015,103	-	1,553,897	-	11,275,101	126,736,307
2051	126,736,307	-	1,477,717	-	12,221,753	137,480,343
2052	137,480,343	-	1,402,129	-	13,267,590	149,345,804
2053	149,345,804	-	1,327,296	-	14,422,169	162,440,677
2054	162,440,677	-	1,253,340	-	15,695,959	176,883,296
2055	176,883,296	-	1,180,350	-	17,100,433	192,803,379
2056	192,803,379	-	1,108,167	-	18,648,182	210,343,394
2057	210,343,394	-	1,036,570	-	20,353,036	229,659,860
2058	229,659,860	-	965,559	-	22,230,177	250,924,478
2059	250,924,478	-	895,472	-	24,296,244	274,325,250
2060	274,325,250	-	826,781	-	26,569,450	300,067,919
2061	300,067,919	-	759,841	-	29,069,736	328,377,814
2062	328,377,814	-	694,971	-	31,818,942	359,501,785
2063	359,501,785	-	632,496	-	34,840,997	393,710,286
2064	393,710,286	-	573,085	-	38,162,103	431,299,304
2065	431,299,304	-	517,467	-	41,810,935	472,592,772

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3
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
2066	472,592,772	-	465,882	-	45,818,904	517,945,794
2067	517,945,794	-	418,625	-	50,220,439	567,747,608
2068	567,747,608	-	375,988	-	55,053,283	622,424,903
2069	622,424,903	-	337,705	-	60,358,837	682,446,035
2070	682,446,035	-	303,412	-	66,182,550	748,325,173
2071	748,325,173	-	272,568	-	72,574,322	820,626,927
2072	820,626,927	-	244,811	-	79,588,939	899,971,055
2073	899,971,055	-	219,941	-	87,286,525	987,037,639
2074	987,037,639	-	197,575	-	95,733,069	1,082,573,133
2075	1,082,573,133	-	177,294	-	105,000,995	1,187,396,834
2076	1,187,396,834	-	158,798	-	115,169,791	1,302,407,827
2077	1,302,407,827	-	141,805	-	126,326,682	1,428,592,704
2078	1,428,592,704	-	126,239	-	138,567,370	1,567,033,835
2079	1,567,033,835	-	111,949	-	151,996,852	1,718,918,738
2080	1,718,918,738	-	98,788	-	166,730,326	1,885,550,276
2081	1,885,550,276	-	86,712	-	182,894,171	2,068,357,735
2082	2,068,357,735	-	75,657	-	200,627,031	2,268,909,109
2083	2,268,909,109	-	65,578	-	220,081,003	2,488,924,534
2084	2,488,924,534	-	56,435	-	241,422,943	2,730,291,042
2085	2,730,291,042	-	48,144	-	264,835,896	2,995,078,794
2086	2,995,078,794	-	40,645	-	290,520,672	3,285,558,821
2087	3,285,558,821	-	33,876	-	318,697,563	3,604,222,508
2088	3,604,222,508	-	27,818	-	349,608,234	3,953,802,924
2089	3,953,802,924	-	22,582	-	383,517,788	4,337,298,130
2090	4,337,298,130	-	18,136	-	420,717,039	4,757,997,033
2091	4,757,997,033	-	14,405	-	461,525,014	5,219,507,642
2092	5,219,507,642	-	11,318	-	506,291,692	5,725,788,016
2093	5,725,788,016	-	8,761	-	555,401,013	6,281,180,268
2094	6,281,180,268	-	6,673	-	609,274,162	6,890,447,757
2095	6,890,447,757	-	4,970	-	668,373,191	7,558,815,978
2096	7,558,815,978	-	3,618	-	733,204,974	8,292,017,334
2097	8,292,017,334	-	2,554	-	804,325,558	9,096,340,338
2098	9,096,340,338	-	1,770	-	882,344,927	9,978,683,495
2099	9,978,683,495	-	1,204	-	967,932,241	10,946,614,532
2100	10,946,614,532	-	803	-	1,061,821,571	12,008,435,300
2101	12,008,435,300	-	524	-	1,164,818,199	13,173,252,975
2102	13,173,252,975	-	337	-	1,277,805,522	14,451,058,160
2103	14,451,058,160	-	212	-	1,401,752,631	15,852,810,579
2104	15,852,810,579	-	132	-	1,537,722,620	17,390,533,067
2105	17,390,533,067	-	81	-	1,686,881,704	19,077,414,690
2106	19,077,414,690	-	49	-	1,850,509,223	20,927,923,864
2107	20,927,923,864	-	30	-	2,030,008,613	22,957,932,447
2108	22,957,932,447	-	18	-	2,226,919,446	25,184,851,875
2109	25,184,851,875	-	11	-	2,442,930,631	27,627,782,495
2110	27,627,782,495	-	6	-	2,679,894,902	30,307,677,391
2111	30,307,677,391	-	3	-	2,939,844,707	33,247,522,095
2112	33,247,522,095	-	1	-	3,225,009,643	36,472,531,737
2113	36,472,531,737	-	-	-	3,537,835,578	40,010,367,315

*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 9.70% 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, 2018

Valuation Date: 10/1/2016

	ACTUAL	HYPOTHETICAL	
	7.70% RP-2000 Generational	5.70% RP-2000 Generational	9.70% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$1,540,727	\$2,441,964	\$810,461
Total Required Contribution (% of Payroll)	33.01%	52.33%	17.37%
Expected Member Contribution	382,693	382,693	382,693
Expected State Money	369,988	369,988	369,988
Expected Sponsor Contribution (Fixed \$)	\$788,046	\$1,689,283	\$57,780
Expected Sponsor Contribution (% of Payroll)	16.88%	36.20%	1.24%

ASSETS

Actuarial Value ¹	30,614,928	30,614,928	30,614,928
Market Value ¹	29,725,881	29,725,881	29,725,881

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	16,777,993	24,987,362	11,871,916
Disability Benefits	245,349	339,709	184,347
Death Benefits	757,447	1,105,096	548,864
Vested Benefits	1,689,473	2,590,884	1,159,475
Refund of Contributions	381,073	400,185	363,850
Service Retirees	16,251,890	19,609,138	13,832,007
DROP Retirees ¹	1,150,229	1,428,261	965,974
Beneficiaries	1,842,042	2,167,581	1,596,675
Disability Retirees	620,332	725,572	540,233
Terminated Vested	1,317,037	1,805,241	1,003,504
Excess State Monies Reserve	0	0	0
Total:	41,032,865	55,159,029	32,066,845
Present Value of Future Salaries	34,397,405	38,552,143	31,065,869
Present Value of Future Member Contributions	2,820,587	3,161,276	2,547,401
Total Normal Cost	831,846	1,302,132	558,447
Present Value of Future Normal Costs (Entry Age Normal)	5,503,849	9,817,642	3,276,348
Total Actuarial Accrued Liability ¹	35,529,016	45,341,387	28,790,497
Unfunded Actuarial Accrued Liability (UAAL)	4,914,088	14,726,459	(1,824,431)

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

Valuation Date: 10/1/2016

	ACTUAL	HYPOTHETICAL	
	7.70% RP-2000 Generational	5.70% RP-2000 Generational	9.70% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost (with interest)	863,872	1,339,243	585,532
Administrative Expenses (with interest)	57,143	56,593	57,694
Payment Required To Amortize UAAL (with interest)	619,712	1,046,128	167,235
Total Required Contribution	\$1,540,727	\$2,441,964	\$810,461

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