

CITY OF HAINES CITY
MUNICIPAL FIREFIGHTERS' RETIREMENT TRUST FUND

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: Patrick T. Donlan Date: 5/31/2017

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Enrolled Actuary #17-6595



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	
	7.50% RP-2000 Generational	5.50% RP-2000 Generational	9.50% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	109,002	171,887	81,254
Interest	520,966	511,523	548,096
Change in Excess State Money	65,351	65,351	65,351
Differences Between Expected and Actual Experience	(17,885)	(66,948)	2,943
Changes of Assumptions	247,330	24,704	(9,600)
Benefit Payments, Including Refunds of Employee Contributions	(557,414)	(557,414)	(557,414)
Net Change in Total Pension Liability	367,350	149,103	130,630
Total Pension Liability - Beginning	7,438,163	9,729,478	6,289,124
Total Pension Liability - Ending (a)	<u>\$ 7,805,513</u>	<u>\$ 9,878,581</u>	<u>\$ 6,419,754</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	374,247	374,247	374,247
Contributions - State	105,382	105,382	105,382
Contributions - Employee	108,784	108,784	108,784
Net Investment Income	472,199	472,199	472,199
Benefit Payments, Including Refunds of Employee Contributions	(557,414)	(557,414)	(557,414)
Administrative Expenses	(39,180)	(39,180)	(39,180)
Net Change in Plan Fiduciary Net Position	464,018	464,018	464,018
Plan Fiduciary Net Position - Beginning	5,054,095	5,054,095	5,054,095
Plan Fiduciary Net Position - Ending (b)	<u>\$ 5,518,113</u>	<u>\$ 5,518,113</u>	<u>\$ 5,518,113</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 2,287,400</u>	<u>\$ 4,360,468</u>	<u>\$ 901,641</u>

GASB 68: PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	ACTUAL	HYPOTHETICAL	
	7.50%	5.50%	9.50%
Pension Expense	<u>\$ 290,963</u>	<u>\$ 415,775</u>	<u>\$ 220,256</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.50% 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	5,493,039	-	548,757	-	391,400	5,335,682
2017	5,335,682	-	543,931	-	379,779	5,171,530
2018	5,171,530	-	536,738	-	367,737	5,002,529
2019	5,002,529	-	530,736	-	355,287	4,827,080
2020	4,827,080	-	525,784	-	342,314	4,643,610
2021	4,643,610	-	543,878	-	327,875	4,427,607
2022	4,427,607	-	541,092	-	311,780	4,198,295
2023	4,198,295	-	540,248	-	294,613	3,952,660
2024	3,952,660	-	539,237	-	276,228	3,689,651
2025	3,689,651	-	553,324	-	255,974	3,392,301
2026	3,392,301	-	557,550	-	233,514	3,068,265
2027	3,068,265	-	573,997	-	208,595	2,702,863
2028	2,702,863	-	569,109	-	181,373	2,315,127
2029	2,315,127	-	564,051	-	152,483	1,903,559
2030	1,903,559	-	558,198	-	121,835	1,467,196
2031	1,467,196	-	550,294	-	89,404	1,006,306
2032	1,006,306	-	552,550	-	54,752	508,508
2033	508,508	-	544,726	-	-	-

Number of Years Expected Benefit Payments Sustained: 17.93

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.50% 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: 5.50% 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	5,493,039	-	548,757	-	287,026	5,231,308
2017	5,231,308	-	543,931	-	272,764	4,960,141
2018	4,960,141	-	536,738	-	258,047	4,681,450
2019	4,681,450	-	530,736	-	242,885	4,393,599
2020	4,393,599	-	525,784	-	227,189	4,095,004
2021	4,095,004	-	543,878	-	210,269	3,761,395
2022	3,761,395	-	541,092	-	191,997	3,412,300
2023	3,412,300	-	540,248	-	172,820	3,044,872
2024	3,044,872	-	539,237	-	152,639	2,658,274
2025	2,658,274	-	553,324	-	130,989	2,235,939
2026	2,235,939	-	557,550	-	107,644	1,786,033
2027	1,786,033	-	573,997	-	82,447	1,294,483
2028	1,294,483	-	569,109	-	55,546	780,920
2029	780,920	-	564,051	-	27,439	244,308
2030	244,308	-	558,198	-	-	-

Number of Years Expected Benefit Payments Sustained: 14.44

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.50% 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: 9.50% 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	5,493,039	-	548,757	-	495,773	5,440,055
2017	5,440,055	-	543,931	-	490,969	5,387,093
2018	5,387,093	-	536,738	-	486,279	5,336,634
2019	5,336,634	-	530,736	-	481,770	5,287,668
2020	5,287,668	-	525,784	-	477,354	5,239,238
2021	5,239,238	-	543,878	-	471,893	5,167,253
2022	5,167,253	-	541,092	-	465,187	5,091,348
2023	5,091,348	-	540,248	-	458,016	5,009,116
2024	5,009,116	-	539,237	-	450,252	4,920,131
2025	4,920,131	-	553,324	-	441,130	4,807,937
2026	4,807,937	-	557,550	-	430,270	4,680,657
2027	4,680,657	-	573,997	-	417,398	4,524,058
2028	4,524,058	-	569,109	-	402,753	4,357,702
2029	4,357,702	-	564,051	-	387,189	4,180,840
2030	4,180,840	-	558,198	-	370,665	3,993,307
2031	3,993,307	-	550,294	-	353,225	3,796,238
2032	3,796,238	-	552,550	-	334,396	3,578,084
2033	3,578,084	-	544,726	-	314,043	3,347,401
2034	3,347,401	-	539,548	-	292,375	3,100,228
2035	3,100,228	-	527,648	-	269,458	2,842,038
2036	2,842,038	-	526,298	-	244,994	2,560,734
2037	2,560,734	-	520,857	-	218,529	2,258,406
2038	2,258,406	-	540,576	-	188,871	1,906,701
2039	1,906,701	-	546,260	-	155,189	1,515,630
2040	1,515,630	-	550,418	-	117,840	1,083,052
2041	1,083,052	-	535,931	-	77,433	624,554
2042	624,554	-	524,014	-	34,442	134,982
2043	134,982	-	509,499	-	-	-

Number of Years Expected Benefit Payments Sustained: 27.26

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 9.50% 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	
	7.50% RP-2000 Generational	5.50% RP-2000 Generational	9.50% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$483,885	\$636,638	\$359,830
Total Required Contribution (% of Payroll)	40.1%	52.8%	29.9%
Expected Member Contribution	108,457	108,457	108,457
Expected State Money	40,031	40,031	40,031
Expected Sponsor Contribution (Fixed \$)	\$335,397	\$488,150	\$211,342
Expected Sponsor Contribution (% of Payroll)	27.8%	40.5%	17.6%

ASSETS

Actuarial Value	5,601,647	5,601,647	5,601,647
Market Value	5,493,039	5,493,039	5,493,039

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	1,104,270	1,676,213	764,775
Disability Benefits	50,808	69,127	38,754
Death Benefits	22,384	31,028	16,678
Vested Benefits	510,948	931,520	294,567
Refund of Contributions	188,042	199,831	177,573
Service Retirees	5,638,906	6,907,596	4,739,591
Beneficiaries	0	0	0
Disability Retirees	306,351	355,238	268,799
Terminated Vested	364,648	551,563	253,850
Excess State Monies Reserve	387,591	387,591	387,591
Total:	8,573,948	11,109,707	6,942,178
Present Value of Future Salaries	7,023,640	7,660,363	6,492,788
Present Value of Future Member Contributions	632,128	689,433	584,351
Total Normal Cost	150,287	220,423	109,998
Present Value of Future Normal Costs (Entry Age Normal)	787,934	1,284,615	523,062
Total Actuarial Accrued Liability	7,786,014	9,825,092	6,419,116
Unfunded Actuarial Accrued Liability (UAAL)	2,184,367	4,223,445	817,469

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

Valuation Date: 10/1/2016

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Generational	5.50% RP-2000 Generational	9.50% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost (with interest)	155,923	226,485	115,223
Administrative Expenses (with interest)	40,670	40,278	41,062
Payment Required To Amortize UAAL (with interest)	287,292	369,875	203,545
Total Required Contribution	\$483,885	\$636,638	\$359,830