

CITY OF HAINES CITY
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: Patrick T. Donlan Date: 5/31/2017

Patrick T. Donlan, EA, ASA, MAAA
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	280,460	405,678	210,645
Interest	1,189,882	1,105,986	1,268,283
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(106,141)	(272,744)	(57,624)
Changes of Assumptions	556,035	447,766	154,225
Benefit Payments, Including Refunds of Employee Contributions	(1,073,479)	(1,073,479)	(1,073,479)
Net Change in Total Pension Liability	846,757	613,207	502,050
Total Pension Liability - Beginning	16,121,373	20,239,903	13,676,442
Total Pension Liability - Ending (a)	<u>\$ 16,968,130</u>	<u>\$ 20,853,110</u>	<u>\$ 14,178,492</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	130,025	130,025	130,025
Net Investment Income	560,035	560,035	560,035
Benefit Payments, Including Refunds of Employee Contributions	(1,073,479)	(1,073,479)	(1,073,479)
Administrative Expenses	(54,066)	(54,066)	(54,066)
Net Change in Plan Fiduciary Net Position	(437,485)	(437,485)	(437,485)
Plan Fiduciary Net Position - Beginning	16,035,744	16,035,744	16,035,744
Plan Fiduciary Net Position - Ending (b)	<u>\$ 15,598,259</u>	<u>\$ 15,598,259</u>	<u>\$ 15,598,259</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,369,871</u>	<u>\$ 5,254,851</u>	<u>\$ (1,419,767)</u>

GASB 68: PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	ACTUAL	HYPOTHETICAL	
	7.50%	5.50%	9.50%
Pension Expense	<u>\$ (3,049,068)</u>	<u>\$ (4,339,490)</u>	<u>\$ (2,424,410)</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	15,558,044	-	1,249,294	-	1,120,005	15,428,755
2017	15,428,755	-	1,320,077	-	1,107,654	15,216,332
2018	15,216,332	-	1,359,057	-	1,090,260	14,947,535
2019	14,947,535	-	1,410,780	-	1,068,161	14,604,916
2020	14,604,916	-	1,445,435	-	1,041,165	14,200,646
2021	14,200,646	-	1,552,345	-	1,006,836	13,655,137
2022	13,655,137	-	1,563,370	-	965,509	13,057,276
2023	13,057,276	-	1,624,124	-	918,391	12,351,543
2024	12,351,543	-	1,603,427	-	866,237	11,614,353
2025	11,614,353	-	1,595,413	-	811,248	10,830,188
2026	10,830,188	-	1,599,091	-	752,298	9,983,395
2027	9,983,395	-	1,585,870	-	689,285	9,086,810
2028	9,086,810	-	1,585,326	-	622,061	8,123,545
2029	8,123,545	-	1,555,531	-	550,933	7,118,947
2030	7,118,947	-	1,546,314	-	475,934	6,048,567
2031	6,048,567	-	1,557,002	-	395,255	4,886,820
2032	4,886,820	-	1,525,966	-	309,288	3,670,142
2033	3,670,142	-	1,516,602	-	218,388	2,371,928
2034	2,371,928	-	1,481,435	-	122,341	1,012,834
2035	1,012,834	-	1,446,044	-	-	-

Number of Years Expected Benefit Payments Sustained: 19.70

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	15,558,044	-	1,249,294	-	821,337	15,130,087
2017	15,130,087	-	1,320,077	-	795,853	14,605,863
2018	14,605,863	-	1,359,057	-	765,948	14,012,754
2019	14,012,754	-	1,410,780	-	731,905	13,333,879
2020	13,333,879	-	1,445,435	-	693,614	12,582,058
2021	12,582,058	-	1,552,345	-	649,324	11,679,037
2022	11,679,037	-	1,563,370	-	599,354	10,715,021
2023	10,715,021	-	1,624,124	-	544,663	9,635,560
2024	9,635,560	-	1,603,427	-	485,862	8,517,995
2025	8,517,995	-	1,595,413	-	424,616	7,347,198
2026	7,347,198	-	1,599,091	-	360,121	6,108,228
2027	6,108,228	-	1,585,870	-	292,341	4,814,699
2028	4,814,699	-	1,585,326	-	221,212	3,450,585
2029	3,450,585	-	1,555,531	-	147,005	2,042,059
2030	2,042,059	-	1,546,314	-	69,790	565,535
2031	565,535	-	1,557,002	-	-	-

Number of Years Expected Benefit Payments Sustained: 15.36

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	15,558,044	-	1,249,294	-	1,418,673	15,727,423
2017	15,727,423	-	1,320,077	-	1,431,402	15,838,748
2018	15,838,748	-	1,359,057	-	1,440,126	15,919,817
2019	15,919,817	-	1,410,780	-	1,445,371	15,954,408
2020	15,954,408	-	1,445,435	-	1,447,011	15,955,984
2021	15,955,984	-	1,552,345	-	1,442,082	15,845,721
2022	15,845,721	-	1,563,370	-	1,431,083	15,713,434
2023	15,713,434	-	1,624,124	-	1,415,630	15,504,940
2024	15,504,940	-	1,603,427	-	1,396,807	15,298,320
2025	15,298,320	-	1,595,413	-	1,377,558	15,080,465
2026	15,080,465	-	1,599,091	-	1,356,687	14,838,061
2027	14,838,061	-	1,585,870	-	1,334,287	14,586,478
2028	14,586,478	-	1,585,326	-	1,310,412	14,311,564
2029	14,311,564	-	1,555,531	-	1,285,711	14,041,744
2030	14,041,744	-	1,546,314	-	1,260,516	13,755,946
2031	13,755,946	-	1,557,002	-	1,232,857	13,431,801
2032	13,431,801	-	1,525,966	-	1,203,538	13,109,373
2033	13,109,373	-	1,516,602	-	1,173,352	12,766,123
2034	12,766,123	-	1,481,435	-	1,142,414	12,427,102
2035	12,427,102	-	1,446,044	-	1,111,888	12,092,946
2036	12,092,946	-	1,402,937	-	1,082,190	11,772,199
2037	11,772,199	-	1,374,703	-	1,053,061	11,450,557
2038	11,450,557	-	1,341,302	-	1,024,091	11,133,346
2039	11,133,346	-	1,300,340	-	995,902	10,828,908
2040	10,828,908	-	1,261,114	-	968,843	10,536,637
2041	10,536,637	-	1,209,582	-	943,525	10,270,580
2042	10,270,580	-	1,155,325	-	920,827	10,036,082
2043	10,036,082	-	1,107,243	-	900,834	9,829,673
2044	9,829,673	-	1,050,447	-	883,923	9,663,149
2045	9,663,149	-	999,654	-	870,516	9,534,011
2046	9,534,011	-	940,715	-	861,047	9,454,343
2047	9,454,343	-	881,186	-	856,306	9,429,463
2048	9,429,463	-	821,457	-	856,780	9,464,786
2049	9,464,786	-	762,068	-	862,956	9,565,674
2050	9,565,674	-	703,143	-	875,340	9,737,871
2051	9,737,871	-	645,358	-	894,443	9,986,956
2052	9,986,956	-	589,412	-	920,764	10,318,308
2053	10,318,308	-	535,758	-	954,791	10,737,341
2054	10,737,341	-	484,745	-	997,022	11,249,618
2055	11,249,618	-	436,557	-	1,047,977	11,861,038
2056	11,861,038	-	391,234	-	1,108,215	12,578,019
2057	12,578,019	-	349,167	-	1,178,326	13,407,178
2058	13,407,178	-	310,570	-	1,258,930	14,355,538
2059	14,355,538	-	275,579	-	1,350,686	15,430,645
2060	15,430,645	-	244,216	-	1,454,311	16,640,740
2061	16,640,740	-	216,378	-	1,570,592	17,994,954
2062	17,994,954	-	191,857	-	1,700,407	19,503,504
2063	19,503,504	-	170,281	-	1,844,745	21,177,968
2064	21,177,968	-	151,286	-	2,004,721	23,031,403
2065	23,031,403	-	134,545	-	2,181,592	25,078,450
2066	25,078,450	-	119,811	-	2,376,762	27,335,401
2067	27,335,401	-	106,759	-	2,591,792	29,820,434

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
2068	29,820,434	-	95,064	-	2,828,426	32,553,796
2069	32,553,796	-	84,506	-	3,088,597	35,557,887
2070	35,557,887	-	74,868	-	3,374,443	38,857,462
2071	38,857,462	-	66,061	-	3,688,321	42,479,722
2072	42,479,722	-	57,928	-	4,032,822	46,454,616
2073	46,454,616	-	50,383	-	4,410,795	50,815,028
2074	50,815,028	-	43,462	-	4,825,363	55,596,929
2075	55,596,929	-	37,163	-	5,279,943	60,839,709
2076	60,839,709	-	31,467	-	5,778,278	66,586,520
2077	66,586,520	-	26,365	-	6,324,467	72,884,622
2078	72,884,622	-	21,847	-	6,923,001	79,785,776
2079	79,785,776	-	17,881	-	7,578,799	87,346,694
2080	87,346,694	-	14,440	-	8,297,250	95,629,504
2081	95,629,504	-	11,516	-	9,084,256	104,702,244
2082	104,702,244	-	9,045	-	9,946,284	114,639,483
2083	114,639,483	-	7,021	-	10,890,417	125,522,879
2084	125,522,879	-	5,384	-	11,924,418	137,441,913
2085	137,441,913	-	4,073	-	13,056,788	150,494,628
2086	150,494,628	-	3,038	-	14,296,845	164,788,435
2087	164,788,435	-	2,232	-	15,654,795	180,440,998
2088	180,440,998	-	1,612	-	17,141,818	197,581,204
2089	197,581,204	-	1,137	-	18,770,160	216,350,227
2090	216,350,227	-	787	-	20,553,234	236,902,674
2091	236,902,674	-	531	-	22,505,729	259,407,872
2092	259,407,872	-	352	-	24,643,731	284,051,251
2093	284,051,251	-	229	-	26,984,858	311,035,880
2094	311,035,880	-	147	-	29,548,402	340,584,135
2095	340,584,135	-	92	-	32,355,488	372,939,531
2096	372,939,531	-	57	-	35,429,253	408,368,727
2097	408,368,727	-	34	-	38,795,027	447,163,720
2098	447,163,720	-	21	-	42,480,552	489,644,251
2099	489,644,251	-	12	-	46,516,203	536,160,442
2100	536,160,442	-	7	-	50,935,242	587,095,677
2101	587,095,677	-	4	-	55,774,089	642,869,762
2102	642,869,762	-	2	-	61,072,627	703,942,387
2103	703,942,387	-	1	-	66,874,527	770,816,913
2104	770,816,913	-	1	-	73,227,607	844,044,519

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 9.50% 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 \$)	\$325,166	\$609,201	\$25,910
Total Required Contribution (% of Payroll)	14.6%	27.3%	1.2%
Expected Member Contribution	0	0	0
Expected Sponsor Contribution (Fixed \$)	\$325,166	\$609,201	\$25,910
Expected Sponsor Contribution (% of Payroll)	14.6%	27.3%	1.2%

ASSETS

Actuarial Value	16,448,019	16,448,019	16,448,019
Market Value	15,558,044	15,558,044	15,558,044

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	3,333,388	4,368,530	2,625,846
Disability Benefits	131,182	162,653	108,480
Death Benefits	54,458	64,066	46,943
Vested Benefits	202,924	340,334	127,726
Refund of Contributions	1,427	1,455	1,400
Service Retirees	11,372,205	13,630,972	9,716,663
DROP Retirees	0	0	0
Beneficiaries	294,210	315,958	274,985
Disability Retirees	255,913	309,184	217,646
Terminated Vested	2,863,702	3,802,504	2,242,002
Total:	18,509,409	22,995,656	15,361,691
Present Value of Future Salaries	12,678,869	13,852,387	11,709,948
Present Value of Future Member Contributions	0	0	0
Total Normal Cost	0	0	0
Present Value of Future Normal Costs (Entry Age Normal)	0	0	0
Total Actuarial Accrued Liability	18,509,409	22,995,656	15,361,691
Unfunded Actuarial Accrued Liability (UAAL)	2,061,390	6,547,637	(1,086,328)

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 ¹	0	0	0
Administrative Expenses ¹	68,518	66,670	70,365
Payment Required To Amortize UAAL ¹	256,648	542,531	(44,455)
Total Required Contribution	\$325,166	\$609,201	\$25,910

¹ Contributions developed as of 10/1/2016 displayed above have been adjusted to account for an assumed interest component.