

CITY OF HAINES CITY  
GENERAL EMPLOYEES' PENSION PLAN

ACTUARIAL VALUATION  
AS OF OCTOBER 1, 2016

CONTRIBUTIONS APPLICABLE TO THE PLAN/FISCAL  
YEAR ENDED SEPTEMBER 30, 2018

March 14, 2017

Board of Trustees  
City of Haines City  
P.O. Box 1507  
Haines City, FL 33845

Re: City of Haines City  
General Employees' Pension Plan

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Haines City General Employees' Pension Plan. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year. Please note that this valuation may not be applicable for any other purposes.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to the provisions of Chapter 112, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in this valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations.

In conducting the valuation, we have relied on personnel, plan design, asset and audit information supplied by the City of Haines City, financial reports prepared by the custodian bank, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.


The undersigned is familiar with the immediate and long-term aspects of pension valuations, and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Haines City, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Haines City General Employees' Pension Plan. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact me at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.

By:   
Patrick T. Donlan, EA, ASA, MAAA  
Enrolled Actuary #14-6595

PTD/tb

Enclosures

## TABLE OF CONTENTS

Section	Title	Page
I	Introduction	
	a. Summary of Report	5
	b. Changes Since Prior Valuation	7
	c. Comparative Summary of Principal Valuation Results	8
II	Valuation Information	
	a. Reconciliation of Unfunded Actuarial Accrued Liabilities	14
	b. Detailed Actuarial (Gain)/Loss Analysis	15
	c. Actuarial Assumptions and Methods	16
	d. Valuation Notes	18
III	Trust Fund	19
IV	Member Statistics	
	a. Statistical Data	24
	b. Age and Service Distribution	25
	c. Valuation Participant Reconciliation	26
V	Summary of Plan Provisions	27
VI	Governmental Accounting Standards Board Disclosure Information	30

## SUMMARY REPORT

The regular annual actuarial valuation of the City of Haines City General Employees' Pension Plan, performed as of October 1, 2016, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ended September 30, 2018.

The contribution requirements, compared with those developed in the October 1, 2015 valuation report, are as follows:

Valuation Date	10/1/2016	10/1/2015
Applicable Fiscal Year	<u>9/30/2018</u>	<u>9/30/2017</u>
Total Required Contribution	325,166	131,366
% of Total Annual Payroll		
Expected Member Contributions	0	0
% of Total Annual Payroll		
Balance From City	325,166	131,366
% of Total Annual Payroll		

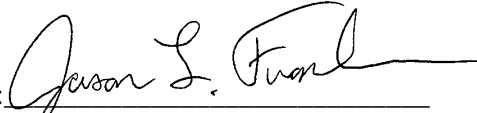
\* Please note the City has a prepaid contribution of \$40,214.89 (see Page 23) that is available to help offset the above stated requirement for fiscal 2017.

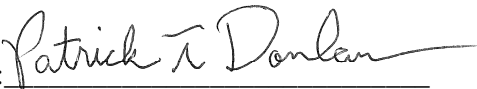
As can be seen, the Total Required Contribution has increased from the time of the last valuation report. This increase is partially attributable to net unfavorable actuarial experience over the past year. The primary components of unfavorable experience included a 6.07% investment return (Actuarial Asset Basis) that was less than the 7.5% assumption, a Member returning to work which increased their ultimate benefit, and some Members retiring under Early Retirement. These losses were partially offset by the effect of favorable retiree mortality. For a detailed analysis that displays the actuarial gain/loss by component, please refer to page 14 of the report.

The balance of this Report presents additional details of the actuarial valuation and the general operation of the Fund. The undersigned would be pleased to meet with the Board of Trustees in order to discuss the Report and any pending questions concerning its contents.

Respectfully submitted,

FOSTER & FOSTER, INC.

By:   
Jason Franken, EA, FSA, MAAA

By:   
Patrick T. Donlan, EA, ASA, MAAA

## PLAN CHANGES SINCE PRIOR VALUATION

There have been no plan changes since the prior valuation.

## ACTUARIAL ASSUMPTION/METHOD CHANGES SINCE PRIOR VALUATION

As approved by the Board at their March 9, 2016 meeting, the method of determining the annual funding requirements was changed from a percentage of payroll to a dollar amount. This change is effective for the City's fiscal year ending September 30, 2017.

As mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed from the RP-2000 Combined Healthy Tables projected to the valuation date to the mortality tables used by the Florida Retirement System for regular class employees for 2015. The impact of this change on the funding requirements can be seen in Comparative Summary of Principal Valuation Results that follows.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	New Assump <u>10/1/2016</u>	Old Assump <u>10/1/2016</u>	<u>10/1/2015</u>
<b>A. Participant Data</b>			
Actives	49	49	64
Service Retirees	58	58	53
Beneficiaries	3	3	2
Disability Retirees	2	2	2
Terminated Vested	<u>70</u>	<u>70</u>	<u>67</u>
<b>Total</b>	<b>182</b>	<b>182</b>	<b>188</b>
Total Annual Payroll	\$2,231,644	\$2,231,644	\$2,720,633
Payroll Under Assumed Ret. Age	2,231,644	2,231,644	2,720,633
Annual Rate of Payments to:			
Service Retirees	1,051,279	1,051,279	923,742
Beneficiaries	49,113	49,113	41,419
Disability Retirees	24,186	24,186	24,186
Terminated Vested	387,612	387,612	331,074
<b>B. Assets</b>			
Actuarial Value (AVA)	16,448,019	16,448,019	16,476,279
Market Value (MVA)	15,558,044	15,558,044	15,995,529
<b>C. Liabilities</b>			
<b>Present Value of Benefits</b>			
<b>Actives</b>			
Retirement Benefits	3,333,388	3,246,262	4,416,974
Disability Benefits	131,182	157,930	199,748
Death Benefits	54,458	33,477	42,367
Vested Benefits	202,924	197,142	312,045
Refund of Contributions	1,427	1,428	4,555
Service Retirees	11,372,205	10,943,034	9,574,972
DROP Retirees	0	0	0
Beneficiaries	294,210	289,867	271,409
Disability Retirees	255,913	282,117	282,456
Terminated Vested	<u>2,863,702</u>	<u>2,817,104</u>	<u>2,079,867</u>
<b>Total</b>	<b>18,509,409</b>	<b>17,968,361</b>	<b>17,184,393</b>



C. Liabilities - (Continued)	New Assump <u>10/1/2016</u>	Old Assump <u>10/1/2016</u>	<u>10/1/2015</u>
Present Value of Future Salaries	12,678,869	12,782,876	15,560,412
Present Value of Future Member Contributions	0	0	0
Normal Cost (Retirement)	0	0	0
Normal Cost (Disability)	0	0	0
Normal Cost (Death)	0	0	0
Normal Cost (Vesting)	0	0	0
Normal Cost (Refunds)	<u>0</u>	<u>0</u>	<u>0</u>
Total Normal Cost	0	0	0
Present Value of Future Normal Costs	0	0	0
Accrued Liability (Retirement)	3,333,388	3,246,262	4,416,974
Accrued Liability (Disability)	131,182	157,930	199,748
Accrued Liability (Death)	54,458	33,477	42,367
Accrued Liability (Vesting)	202,924	197,142	312,045
Accrued Liability (Refunds)	1,427	1,428	4,555
Accrued Liability (Inactives)	<u>14,786,030</u>	<u>14,332,122</u>	<u>12,208,704</u>
Total Actuarial Accrued Liability (AL)	18,509,409	17,968,361	17,184,393
Unfunded Actuarial Accrued Liability (UAAL)	2,061,390	1,520,342	708,114
Funded Ratio (AVA / AL)	88.9%	91.5%	95.9%

D. Actuarial Present Value of Accrued Benefits	New Assump <u>10/1/2016</u>	Old Assump <u>10/1/2016</u>	<u>10/1/2015</u>
Vested Accrued Benefits			
Inactives	14,786,030	14,332,122	12,208,704
Actives	2,726,431	2,640,186	3,283,417
Member Contributions	<u>749,599</u>	<u>749,599</u>	<u>1,010,965</u>
Total	18,262,060	17,721,907	16,503,086
Non-vested Accrued Benefits	<u>247,349</u>	<u>246,454</u>	<u>681,307</u>
Total Present Value Accrued Benefits (PVAB)	18,509,409	17,968,361	17,184,393
Funded Ratio (MVA / PVAB)	84.1%	86.6%	93.1%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	541,048	0	
New Accrued Benefits	0	608,873	
Benefits Paid	0	(1,073,479)	
Interest	0	1,248,574	
Other	<u>0</u>	<u>0</u>	
Total	541,048	783,968	

	New Assump	Old Assump	
Valuation Date	10/1/2016	10/1/2016	10/1/2015
Applicable to Fiscal Year Ending	<u>9/30/2018</u>	<u>9/30/2018</u>	<u>9/30/2017</u>

E. Pension Cost

Normal Cost <sup>1</sup>	\$0	\$0	\$0
Administrative Expenses <sup>1</sup>	68,518	68,518	55,594
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 20 years (as of 10/1/2016) <sup>1</sup>	256,648	201,724	75,772
Total Required Contribution	325,166	270,242	131,366
Expected Member Contributions <sup>1</sup>	0	0	0
Expected City Contribution	325,166	270,242	131,366

F. Past Contributions

Plan Years Ending:	<u>9/30/2016</u>
Total Required Contribution	130,025
City Requirement	130,025

Actual Contributions Made:

Members (excluding buyback)	0
City	<u>130,025</u>
Total	130,025

G. Net Actuarial (Gain)/Loss 843,682

<sup>1</sup> Contributions displayed above have been adjusted to account for assumed interest.

H. Schedule Illustrating the Amortization of the Total Unfunded Actuarial Accrued Liability as of:

<u>Year</u>	<u>Projected Unfunded Actuarial Accrued Liability</u>
2016	2,061,390
2017	1,967,998
2018	1,867,601
2023	1,240,720
2027	487,575
2032	177,754
2036	0

I. (i) 3 Year Comparison of Actual and Assumed Salary Increases

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2016	9.30%	6.00%
Year Ended	9/30/2015	2.01%	6.00%
Year Ended	9/30/2014	0.20%	6.00%

(ii) 3 Year Comparison of Investment Return on Actuarial Value

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2016	6.07%	7.50%
Year Ended	9/30/2015	9.34%	7.50%
Year Ended	9/30/2014	10.42%	8.00%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2016	\$2,231,644
	10/1/2006	3,153,250
(b) Total Increase		-29.23%
(c) Number of Years		10.00
(d) Average Annual Rate		-3.40%

STATEMENT BY ENROLLED ACTUARY

This actuarial valuation was 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, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.



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Patrick T. Donlan, EA, ASA, MAAA  
Enrolled Actuary #14-6595

Please let us know when the report is approved by the Board and unless otherwise directed we will provide a copy of the report to the following office to comply with Chapter 112 Florida Statutes:

Mr. Keith Brinkman  
Bureau of Local  
Retirement Systems  
Post Office Box 9000  
Tallahassee, FL 32315-9000

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1) Unfunded Actuarial Accrued Liability as of October 1, 2015	\$708,114
(2) Sponsor Normal Cost developed as of October 1, 2015	0
(3) Expected administrative expenses for the year ended September 30, 2016	49,972
(4) Expected interest on (1), (2) and (3)	54,983
(5) Sponsor contributions to the System during the year ended September 30, 2016	130,025
(6) Expected interest on (5)	6,384
(7) Expected Unfunded Actuarial Accrued Liability as of September 30, 2016 (1)+(2)+(3)+(4)-(5)-(6)	676,660
(8) Change to UAAL due to Assumption Change	541,048
(9) Change to UAAL due to Actuarial (Gain)/Loss	843,682
(10) Unfunded Actuarial Accrued Liability as of October 1, 2016	2,061,390

<u>Type of Base</u>	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2016 Amount</u>	<u>Amortization Amount</u>
Fresh Start	10/1/2014	12	\$1,239,256	\$149,031
Actuarial Gain	10/1/2015	9	(562,596)	(82,043)
Assum Change	10/1/2016	20	541,048	49,370
Actuarial Loss	10/1/2016	10	<u>843,682</u>	<u>114,337</u>
			2,061,390	230,695
Maximum of 30 Year Amortization of UAAL or Total of Individual Amortization Amounts, no Less Than Administrative Expenses				230,695

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2015	\$708,114
(2) Expected UAAL as of October 1, 2016	676,660
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	229,054
Salary Increases	0
Active Decrements	382,478
Inactive Mortality	(47,556)
Other	<u>279,706</u>
Increase in UAAL due to (Gain)/Loss	843,682
Assumption Changes	<u>541,048</u>
(4) Actual UAAL as of October 1, 2016	\$2,061,390

## ACTUARIAL ASSUMPTIONS AND METHODS

### Mortality

#### *Healthy Lives:*

**Female:** RP2000 Generational, 100% Annuitant White Collar, Scale BB

**Male:** RP2000 Generational, 50% Annuitant White Collar / 50% Annuitant Blue Collar, Scale BB

#### *Disabled Lives:*

**Female:** 100% RP2000 Disabled Female set forward two years

**Male:** 100% RP2000 Disabled Male setback four years

The above assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumption used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2015 FRS valuation report. We feel this assumption sufficiently accommodates future mortality improvements.

Previously: RP2000 Combined Healthy Mortality Table projected to valuation year with scale AA. Disableds set forward 5 years.

### Interest Rate

7.5% per year compounded annually, net of investment-related expenses. This assumption is supported by the asset allocation.

### Retirement Age

Earlier of age 60 with the completion of 7 years of service and age 55 with the completion of 25 years of service. Members at or over the Normal Retirement Age on the valuation date are assumed to work one additional year. We feel this assumption is reasonable based on the plan provisions.

### Early Retirement

Commencing with the earliest Early Retirement Age (55 with 10 years of service), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year. We feel this assumption is reasonable based on the plan provisions.

### Disability Rate

See table below (1202). This assumption is consistent with other General Employee plans in the state.

### Termination Rate

See table below (1312). This assumption is consistent with other General Employee plans in the state.



ACTUARIAL ASSUMPTIONS AND METHODS  
(Continued)

<u>Salary Increases</u>	N/A
<u>Final Salary Load</u>	Individually determined based upon eligible accruals.
<u>Payroll Increases</u>	None.
<u>Administrative Expenses</u>	\$61,589 (average of actual administrative expenses from the two prior fiscal years).
<u>Funding Method</u>	Traditional Unit Credit Cost Method.
<u>Actuarial Asset Method</u>	All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a four-year period.

<u>Age</u>	<u>% Becoming Disabled During the Year</u>	<u>% Terminating During the Year</u>
20	.051%	38.6%
30	.058	19.4
40	.121	7.3
50	.429	2.7
60	1.611	1.2

## VALUATION NOTES

Total Annual Payroll is the projected annual rate of pay as of the valuation date of all covered Members.

Present Value of Benefits is the single sum value on the valuation date of all future benefits to be paid to current Members, Retirees, Beneficiaries, Disability Retirees and Vested Terminations.

Normal (Current Year's) Cost is determined for each participant as the present value of the increase in the accrued benefit for the plan year (none because Plan is frozen).

Unit Credit Actuarial Cost Method (Level Percent of Compensation) is the method used to determine required contributions under the Plan. The use of this method involves the systematic funding of the Normal Cost (described above) and the Unfunded Accrued (Past Service) Liability. The actuarial accrued liability is the present value of accrued benefits.

Unfunded Actuarial Accrued Liability (UAAL) is the difference between the actuarial accrued liability (described above) and the actuarial value of assets. Under the Unit Credit Actuarial Cost Method, an actuarial gain or loss, based on actual versus expected UAAL, is determined in conjunction with each valuation of the plan.

Total Required Contribution is equal to the Normal Cost plus an amount sufficient to amortize the Unfunded Accrued Liability over no more than 30 years. The required amount is adjusted for interest according to the timing of contributions during the year.

STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2016

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	221,443.54	221,443.54
Total Cash and Equivalents	221,443.54	221,443.54
Receivables:		
City Contributions in Transit	4,039.72	4,039.72
Investment Income	6,378.44	6,378.44
Total Receivable	10,418.16	10,418.16
Investments:		
Stocks	6,694,749.49	7,891,058.52
Mutual Funds:		
Fixed Income	707,127.80	587,033.14
Equity	1,150,543.11	1,144,790.39
Pooled/Common/Commingled Funds:		
Fixed Income	4,485,131.96	5,744,581.38
Total Investments	13,037,552.36	15,367,463.43
Total Assets	13,269,414.06	15,599,325.13
<u>LIABILITIES</u>		
Payables:		
Benefit Payments	1,066.56	1,066.56
Prepaid City Contribution	40,214.89	40,214.89
Total Liabilities	41,281.45	41,281.45
NET POSITION RESTRICTED FOR PENSIONS	13,228,132.61	15,558,043.68

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2016  
Market Value Basis

ADDITIONS

Contributions:			
City		130,025.08	
Total Contributions			130,025.08
Investment Income:			
Net Realized Gain (Loss)	217,274.49		
Unrealized Gain (Loss)	235,727.84		
Net Increase in Fair Value of Investments		453,002.33	
Interest & Dividends		215,181.47	
Less Investment Expense <sup>1</sup>		(108,148.94)	
Net Investment Income			560,034.86
Total Additions			690,059.94
<u>DEDUCTIONS</u>			
Distributions to Members:			
Benefit Payments		1,056,660.09	
Refunds of Member Contributions		16,819.27	
Total Distributions			1,073,479.36
Administrative Expense			54,065.52
Total Deductions			1,127,544.88
Net Increase in Net Position			(437,484.94)
<b>NET POSITION RESTRICTED FOR PENSIONS</b>			
Beginning of the Year			15,995,528.62
End of the Year			15,558,043.68

<sup>1</sup>Investment related expenses include investment advisory, custodial and performance monitoring fees.

ACTUARIAL ASSET VALUATION

September 30, 2016

Actuarial Assets for funding purposes are developed by recognizing the total excess appreciation or shortfall for each Plan Year over a four year period. In the first year, 25% of the excess is recognized. In the second year 50%, in the third year 75%, and in the fourth year 100% of the excess or shortfall is recognized. The excess appreciation or shortfall is defined as the actual return on investments minus the actuarial assumed investment return. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Plan Year Ending	Gain/Loss	<u>Excess Appreciation/(Shortfall) Not Yet Recognized</u>			
		Amounts Not Yet Recognized by Valuation Year			
		2016	2017	2018	2019
09/30/2013	471,512	0	0	0	0
09/30/2014	470,675	117,668	0	0	0
09/30/2015	(1,111,953)	(555,976)	(277,989)	0	0
09/30/2016	(602,223)	(451,667)	(301,111)	(150,555)	0
Total		(889,975)	(579,100)	(150,555)	0

<u>Development of Excess Appreciation/(Shortfall)</u>	
Actual Net Return on Market Value	560,035
Expected Net Return on Market Value	1,162,258
2016 Current Year Excess Appreciation/(Shortfall)	(602,223)

<u>Development of Actuarial Value of Assets</u>	
Market Value of Assets, 10/01/2016	15,558,044
Excess (Appreciation)/Shortfall Not Yet Recognized	889,975
Actuarial Value of Assets, 10/01/2016	16,448,019
(A) 10/01/2015 Actuarial Assets:	16,476,279
(I) Net Investment Income:	
1. Interest and Dividends	215,181
2. Realized Gains (Losses)	217,274
3. Change in Actuarial Value	644,953
4. Investment Expenses	(108,149)
Total	969,260
(B) 10/01/2016 Actuarial Assets:	16,448,019
Actuarial Assets Rate of Return = 2I/(A+B-I):	6.1%
Market Value of Assets Rate of Return:	3.6%
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)	(229,054)
10/01/2016 Limited Actuarial Assets:	16,448,019

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
 SEPTEMBER 30, 2016  
 Actuarial Asset Basis

REVENUES

Contributions:		
City	130,025.08	
Total Contributions		130,025.08
Earnings from Investments:		
Interest & Dividends	215,181.47	
Net Realized Gain (Loss)	217,274.49	
Change in Actuarial Value	644,952.84	
Total Earnings and Investment Gains		1,077,408.80

EXPENDITURES

Distributions to Members:		
Benefit Payments	1,056,660.09	
Refunds of Member Contributions	16,819.27	
Total Distributions		1,073,479.36
Expenses:		
Investment related <sup>1</sup>	108,148.94	
Administrative	54,065.52	
Total Expenses		162,214.46
Change in Net Assets for the Year		(28,259.94)
Net Assets Beginning of the Year		16,476,278.62
Net Assets End of the Year <sup>2</sup>		16,448,018.68

<sup>1</sup>Investment related expenses include investment advisory, custodial and performance monitoring fees.

<sup>2</sup>Net Assets may be limited for actuarial consideration.

RECONCILIATION OF CITY'S SHORTFALL/(PREPAID) CONTRIBUTION  
FOR THE FISCAL YEAR ENDED (FYE) SEPTEMBER 30, 2016

(1) Required City Contribution for Fiscal 2016	130,025.08
(2) Less 2015 Prepaid Contribution	(40,214.89)
(3) Less Actual City Contributions	<u>(130,025.08)</u>
(4) Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2016	(40,214.89)

STATISTICAL DATA <sup>1</sup>

	<u>10/1/2013</u>	<u>10/1/2014</u>	<u>10/1/2015</u>	<u>10/1/2016</u>
<u>Actives</u>				
Number	128	116	64	49
Average Current Age	45.9	46.1	51.2	51.2
Average Age at Employment	38.8	38.7	41.0	40.3
Average Past Service	7.1	7.4	10.2	10.9
Average Annual Salary	\$37,956	\$36,930	\$42,510	\$45,544
<u>Service Retirees</u>				
Number		51	53	58
Average Current Age		68.2	68.8	68.0
Average Annual Benefit		\$17,388	\$17,429	\$18,126
<u>Beneficiaries</u>				
Number		3	2	3
Average Current Age		73.0	71.1	76.5
Average Annual Benefit		\$14,394	\$20,710	\$16,371
<u>Disability Retirees</u>				
Number		1	2	2
Average Current Age		53.5	53.6	54.6
Average Annual Benefit		\$11,963	\$12,093	\$12,093
<u>Terminated Vested</u>				
Number		62	67	70
Average Current Age		52.2	53.7	53.0
Average Annual Benefit <sup>2</sup>		\$9,413	\$9,459	\$10,476

<sup>1</sup> Prior to 10/1/2015, averages were salary weighted.

<sup>2</sup> The Average Annual Benefit excludes participants awaiting a refund of contributions.



## AGE AND SERVICE DISTRIBUTION

### PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	0	0	0	0	0	0	0	0	0	0	0	0
25 - 29	0	0	0	0	0	0	0	0	0	0	0	0
30 - 34	0	0	0	0	0	2	1	0	0	0	0	3
35 - 39	0	1	1	0	0	1	3	1	0	0	0	7
40 - 44	0	0	0	0	0	1	0	0	0	0	0	1
45 - 49	0	0	0	0	0	1	2	1	0	0	0	4
50 - 54	0	0	0	0	1	4	3	2	1	0	0	11
55 - 59	0	0	0	0	0	7	5	2	2	0	0	16
60 - 64	0	0	0	0	1	4	0	0	0	0	0	5
65+	0	0	0	0	0	1	0	1	0	0	0	2
<b>Total</b>	0	1	1	0	2	21	14	7	3	0	0	49

## VALUATION PARTICIPANT RECONCILIATION

### 1. Active lives

a. Number in prior valuation 10/1/2015	64
b. Terminations	
i. Vested (partial or full) with deferred benefits	(4)
ii. Non-vested or full lump sum distribution received	(3)
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	<u>(8)</u>
f. Continuing participants	49
g. New entrants	<u>0</u>
h. Total active life participants in valuation	49

### 2. Non-Active lives (including beneficiaries receiving benefits)

	Service Retirees, Vested Receiving <u>Benefits</u>	Receiving Death <u>Benefits</u>	Receiving Disability <u>Benefits</u>	Vested <u>Deferred</u>	<u>Total</u>
a. Number prior valuation	53	2	2	67	124
Retired	8	0	0	0	8
Vested Deferred	0	0	0	4	4
Death, With Survivor	(1)	1	0	0	0
Death, No Survivor	(2)	0	0	0	(2)
Disabled	0	0	0	0	0
Refund of Contributions	0	0	0	0	0
Rehires	0	0	0	0	0
Special <sup>1</sup>	0	0	0	(1)	(1)
Data Corrections	0	0	0	0	0
b. Number current valuation	58	3	2	70	133

<sup>1</sup> Anthony Jackson was a vested terminated and active Member last year and a Retiree this year.

SUMMARY OF PLAN PROVISIONS  
(Through Ordinance No. 15-1489)

<u>Eligibility</u>	Full time (30 hours per week) City employees not classified as sworn Police Officers or Firefighters hired prior to March 14, 2015 who did not opt out.
<u>Compensation</u>	Total pay, including up to 300 hours of overtime per year. Lump sum payments of accrued unused sick, vacation, paid time off or other leave will be limited to the amount accrued as of July 1, 2011.
<u>Average Final Compensation</u>	1/12 <sup>th</sup> of the average of the annual Compensation received for the 5 consecutive years out of the ten years immediately preceding retirement or termination which gives the highest average. Frozen at midnight on March 13, 2015.
<u>Credited Service</u>	Total years and completed months of service as a General Employee with the City completed prior to March 14, 2015. Service completed after March 13, 2015 will count towards meeting the eligibility requirements for Normal or Early Retirement and for meeting the Vesting requirements.
<u>Normal Retirement</u>	
Date	Age 60 and 5 years of Credited Service for employees hired before August 1, 1999. Age 60 and 7 years for employees hired after August 1, 1999.
Benefit Amount	3.0% of Average Final Compensation <u>times</u> Credited Service.
Form of Benefit	Life Annuity (options available).
<u>Early Retirement</u>	
Eligibility	Age 55 and 10 years of Credited Service.
Benefit	Accrued benefit, reduced 2% for each year up to 5 and 4% for each year between 5 and 10 that Early Retirement precedes Normal Retirement. Participants who have attained age 55 and 25 years of service may retire without any reduction.
Form of Benefit	Life Annuity (options available).

Disability Benefit

Eligibility	Total and permanent (as determined by the Board). Member must have at least 10 years of Credited Service to be eligible.
Benefit	Benefit accrued to date of disability.
Form of Benefit	Monthly income payable until normal retirement, death, or recovery and a deferred annuity payable at Normal Retirement Date.

Death Benefit

Greater of A. or B. as follows:

A. Single Sum Death Benefit

Benefit	Lump Sum Benefit equal to a refund of member contributions with interest.
---------	---

B. Survivor Annuity Death Benefit

Eligibility	Age 55 with 10 years of service.
Form of Benefit	Monthly annuity payable to spouse.
Amount	If death occurs between Early Retirement Date and Normal Retirement Date, the benefit is an annuity to the spouse for an amount no less than would have been received had the participant elected a joint and 50% survivorship benefit option and retired the day before death.

C. Alternative Survivor Benefit

Eligibility	7 years of service.
Form of Benefit	Monthly annuity payable to Beneficiary for exactly 10 years beginning on the date the Member would be eligible for Normal Retirement, or a reduced benefit if taken earlier.
Amount	The benefit the Member had accrued as of the date of death.

Termination

Vesting Schedule	If employed on or before 8/1/99, 20% after 3 years, plus 20% per year thereafter to 100% after 7 years of Credited Service. If employed after 8/1/99, 100% after completion of 7 years of Credited Service.
Benefit	Member will receive the vested portion of his (her) accrued benefit at Normal Retirement Date.

Minimum Benefit

Refund of member contributions with interest.

Contributions

Members

5.0% of Compensation (prior to freeze).

City

Balance required to fund the Normal Cost and amortize any Unfunded Actuarial Accrued Liability over a period not to exceed 30 years.

STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2016

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Short Term Investments	221,444
Total Cash and Equivalents	221,444
Receivables:	
City Contributions in Transit	4,040
Investment Income	6,378
Total Receivable	10,418
Investments:	
Stocks	7,891,059
Mutual Funds:	
Fixed Income	587,033
Equity	1,144,790
Pooled/Common/Commingled Funds:	
Fixed Income	5,744,581
Total Investments	15,367,463
Total Assets	15,599,325
<u>LIABILITIES</u>	
Payables:	
Benefit Payments	1,066
Total Liabilities	1,066
NET POSITION RESTRICTED FOR PENSIONS	15,598,259

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2016  
Market Value Basis

ADDITIONS

## Contributions:

City	130,025	
Total Contributions		130,025
Investment Income:		
Net Increase in Fair Value of Investments	453,002	
Interest & Dividends	215,182	
Less Investment Expense <sup>1</sup>	(108,149)	
Net Investment Income		560,035
Total Additions		690,060

DEDUCTIONS

## Distributions to Members:

Benefit Payments	1,056,660	
Refunds of Member Contributions	16,819	
Total Distributions		1,073,479
Administrative Expense		54,066
Total Deductions		1,127,545
Net Increase in Net Position		(437,485)

## NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		16,035,744
End of the Year		15,598,259

<sup>1</sup>Investment related expenses include investment advisory, custodial and performance monitoring fees.

**NOTES TO THE FINANCIAL STATEMENTS**  
(For the Year Ended September 30, 2016)

Plan Description

*Plan Administration*

The City of Haines City General Employees' Retirement Plan is a single-employer defined benefit pension plan administered by a Board of Trustees which acts as the administrator of the plan. The Board consists of five Trustees, two of whom shall be legal residents of the City who are appointed by the City Commission, two of whom are Members of the plan who are elected by a majority of the General Employees who are Members of the plan and a fifth Trustee who is appointed by the City Commission as recommended by a majority of the other four Trustees.

Eligibility for Plan Membership: Full time (30 hours per week) City employees not classified as sworn Police Officers or Firefighters hired prior to March 14, 2015 who did not opt out.

*Plan Membership as of October 1, 2015:*

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	57
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	67
Active Plan Members	64
	188
	188

*Benefits Provided*

All benefits frozen as of March 14, 2015.

The Plan provides retirement, termination, disability and death benefits.

Normal Retirement:

Date: Age 60 and 5 years of Credited Service for employees hired before August 1, 1999. Age 60 and 7 years for employees hired after August 1, 1999.

Benefit Amount: 3.0% of Average Final Compensation times Credited Service.

Early Retirement:

Eligibility: Age 55 and 10 years of Credited Service.

Benefit: Accrued benefit, reduced 2% for each year up to 5 and 4% for each year between 5 and 10 that Early Retirement precedes Normal Retirement. Participants who have attained age 55 and 25 years of service may retire without any reduction.

Disability Benefit:

Eligibility: Total and permanent (as determined by the Board). Member must have at least 10 years of Credited Service to be eligible.

Benefit: Benefit accrued to date of disability.

Death Benefit:

A. Single Sum Death Benefit: Lump Sum Benefit equal to a refund of member contributions with interest.

B. Survivor Annuity Death Benefit Eligibility: Age 55 with 10 years of service. If death occurs between Early Retirement Date and Normal Retirement Date, the benefit is an annuity to the spouse for an amount no less than would have been received had the participant elected a joint and 50% survivorship benefit option and retired the day before death.

C. Alternative Survivor Benefit: Eligibility 7 years of service. The benefit the Member had accrued as of the date of death.

Termination:

Vesting Schedule: If employed on or before 8/1/99, 20% after 3 years, plus 20% per year thereafter to 100% after 7 years of Credited Service. If employed after 8/1/99, 100% after completion of 7 years of Credited Service.

Benefit: Member will receive the vested portion of his (her) accrued benefit at Normal Retirement Date.

Minimum Benefit: Refund of member contributions with interest.

*Contributions*

Members: 5.0% of Compensation (prior to freeze).

City: Balance required to fund the Normal Cost and amortize any Unfunded Actuarial Accrued Liability over a period not to exceed 30 years.



## GASB 67

### Investments

#### *Investment Policy:*

The following was the Board's adopted asset allocation policy as of September 30, 2016:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	50%
International Equity	10%
Broad Market Fixed Income	35%
Global Fixed Income	5%
<u>Total</u>	<u>100%</u>

#### *Concentrations:*

The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan's Fiduciary Net Position.

#### *Rate of Return:*

For the year ended September 30, 2016, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was 3.59 percent.

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NET PENSION LIABILITY OF THE SPONSOR

The components of the Net Pension Liability of the Sponsor on September 30, 2016 were as follows:

Total Pension Liability	\$ 16,968,130
Plan Fiduciary Net Position	\$ (15,598,259)
Sponsor's Net Pension Liability	<u>\$ 1,369,871</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	91.93%

*Actuarial Assumptions:*

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2015 updated to September 30, 2016 using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	N/A
Discount Rate	7.50%
Investment Rate of Return	7.50%

*Mortality Rate Healthy Lives:*

Mortality Table - RP2000 Fully Generational with Scale BB, with collar and annuitant adjustments as follows:

Males – 50% Annuitant White Collar, 50% Annuitant Blue Collar.

Females – 100% Annuitant White Collar.

*Mortality Rate Disabled Lives:*

Mortality Table - RP2000 without projection, with the following adjustments:

Males – 100% Disabled Male with four year setback

Females – 100% Disabled Female with two year set forward.

The date of the most recent experience study for which significant assumptions are based upon is not available.

The Long-Term Expected Rate of Return on Pension Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Pension Plan investment expenses and inflation) are developed for each major asset class.

For 2016 the inflation rate assumption of the investment advisor was 2.50%.

These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2016 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return
Domestic Equity	7.5%
International Equity	8.5%
Broad Market Fixed Income	2.5%
Global Fixed Income	3.5%

## GASB 67

**Discount Rate:**

The Discount Rate used to measure the Total Pension Liability was 7.50 percent.

The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

	1% Decrease	Current Discount Rate	1% Increase
	6.50%	7.50%	8.50%
	<u>          </u>	<u>          </u>	<u>          </u>
Sponsor's Net Pension Liability	\$ 3,144,167	\$ 1,369,871	\$ (134,300)

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
Last 10 Fiscal Years

	09/30/2016	09/30/2015	09/30/2014
Total Pension Liability			
Service Cost	280,460	323,073	797,644
Interest	1,189,882	1,233,630	1,451,733
Changes of benefit terms	-	(3,433,675)	-
Differences between Expected and Actual Experience	(106,141)	(662,677)	-
Changes of assumptions	556,035	734,705	-
Benefit Payments, including Refunds of Employee Contributions	(1,073,479)	(1,209,317)	(925,509)
Net Change in Total Pension Liability	846,757	(3,014,261)	1,323,868
Total Pension Liability - Beginning	16,121,373	19,135,634	17,811,766
Total Pension Liability - Ending (a)	<u>\$ 16,968,130</u>	<u>\$ 16,121,373</u>	<u>\$ 19,135,634</u>
Plan Fiduciary Net Position			
Contributions - Employer	130,025	512,763	890,882
Contributions - Employee	-	103,161	222,721
Net Investment Income	560,035	106,107	1,659,033
Benefit Payments, including Refunds of Employee Contributions	(1,073,479)	(1,209,317)	(925,509)
Administrative Expense	(54,066)	(69,112)	(30,831)
Net Change in Plan Fiduciary Net Position	(437,485)	(556,398)	1,816,296
Plan Fiduciary Net Position - Beginning	16,035,744	16,592,142	14,775,846
Plan Fiduciary Net Position - Ending (b)	<u>\$ 15,598,259</u>	<u>\$ 16,035,744</u>	<u>\$ 16,592,142</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,369,871</u>	<u>\$ 85,629</u>	<u>\$ 2,543,492</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	91.93%	99.47%	86.71%
Covered Employee Payroll <sup>1</sup>	\$ 2,549,511	\$ 3,690,825	\$ 4,454,410
Net Pension Liability as a percentage of Covered Employee Payroll	53.73%	2.32%	57.10%

**Notes to Schedule:**

<sup>1</sup> For measurement date 09/30/2015, the Covered Employee Payroll does not include the gross earnings for the time after the closing/freezing of the plan for the employees that rolled over their contributions.

*Changes of benefit terms:*

For measurement date 09/30/2015, amounts reported as changes of benefit terms were resulted from Ordinance No. 15-1489 adopted on March 5, 2015 and made the following change to the Plan:

Freeze the Plan benefits as of March 13, 2015. The benefits accrued by all participants will be frozen at the end of the day on March 13, 2015. The Members will have the choice at that point to either 1.) receive a refund of their accumulated contributions and forfeit any future benefits or 2.) leave their accumulated contributions in the Fund and begin to draw a lifetime benefit at their otherwise Normal or Early Retirement Date. Service with the City after March 13, 2015 will be used to determine vesting and eligibility for retirement, but will not be used in calculating the benefits.

The impact of this change on the funding requirements was outlined in the July 30, 2015 Actuarial Impact Statement. accommodates expected future mortality improvements.

## GASB 67

*Changes of assumptions:*

For measurement date 09/30/2016, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System.

The inflation assumption rate was lowered from 3.00% to 2.50%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

For measurement date 09/30/2015, amounts reported as changes of assumptions were resulted from lowering the investment rate of return from 8.00% to 7.50%

**SCHEDULE OF CONTRIBUTIONS**  
Last 10 Fiscal Years

	09/30/2016	09/30/2015	09/30/2014
Actuarially Determined Contribution	130,025	472,548	890,882
Contributions in relation to the Actuarially Determined Contributions	130,025	512,763	890,882
Contribution Deficiency (Excess)	\$ -	\$ (40,215)	\$ -
Covered Employee Payroll <sup>1</sup>	\$ 2,549,511	\$ 3,690,825	\$ 4,454,410
Contributions as a percentage of Covered Employee Payroll	5.10%	13.89%	20.00%

<sup>1</sup> For measurement date 09/30/2015, the Covered Employee Payroll does not include the gross earnings for the time after the closing/freezing of the plan for the employees that rolled over their contributions.

Notes to Schedule

Valuation Date: 10/01/2014 (AIS 07/30/2015)  
Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method: Entry Age Normal Actuarial Cost Method.  
 Amortization Method: Level Percentage of Pay, Closed.  
 Remaining Amortization Period: 14 Years (as of 10/01/2014).  
 Mortality: RP2000 Combined Healthy Mortality Table projected to valuation date with scale AA. Disableds set forward 5 years.  
 Interest Rate: 8.0% per year compounded annually, net of investment-related expenses.  
 Retirement Age: Earlier of age 60 with the completion of 7 years of service and age 55 with the completion of 25 years of service. Members at or over the Normal Retirement Age on the valuation date are assumed to work one additional year.  
 Early Retirement: Commencing with the earliest Early Retirement Age (55 with 10 years of service), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.  
 Disability Rates: See table below (1202).  
 Termination Rates: See table below (1312).  
 Salary Increases: 6% per year until the assumed retirement age.  
 Payroll Increases: 3% per year for amortizing UAAL. None for required contribution projection.  
 Final Salary Load: Individually determined based upon current accruals.  
 Actuarial Asset Method: All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a four-year period.

Termination and Disability Rate Table:	% Becoming Disabled During the Year	% Terminating During the Year
	Age	Year
	20	0.051%
	30	38.60%
	40	0.058%
	50	19.40%
	60	0.121%
		7.30%
		0.429%
		2.70%
		1.611%
		1.20%

SCHEDULE OF INVESTMENT RETURNS  
Last 10 Fiscal Years

	<u>09/30/2016</u>	<u>09/30/2015</u>	<u>09/30/2014</u>
Annual Money-Weighted Rate of Return			
Net of Investment Expense	3.59%	0.65%	11.18%

**NOTES TO THE FINANCIAL STATEMENTS**  
(For the Year Ended September 30, 2017)

General Information about the Pension Plan

*Plan Description*

The City of Haines City General Employees' Retirement Plan is a single-employer defined benefit pension plan administered by a Board of Trustees which acts as the administrator of the plan. The Board consists of five Trustees, two of whom shall be legal residents of the City who are appointed by the City Commission, two of whom are Members of the plan who are elected by a majority of the General Employees who are Members of the plan and a fifth Trustee who is appointed by the City Commission as recommended by a majority of the other four Trustees.

Eligibility for Plan Membership: Full time (30 hours per week) City employees not classified as sworn Police Officers or Firefighters hired prior to March 14, 2015 who did not opt out.

*Plan Membership as of October 1, 2015:*

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	57
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	67
Active Plan Members	64
	188

*Benefits Provided*

All benefits frozen as of March 14, 2015.

The Plan provides retirement, termination, disability and death benefits.

Normal Retirement:

Date: Age 60 and 5 years of Credited Service for employees hired before August 1, 1999. Age 60 and 7 years for employees hired after August 1, 1999.

Benefit Amount: 3.0% of Average Final Compensation times Credited Service.

Early Retirement:

Eligibility: Age 55 and 10 years of Credited Service.

Benefit: Accrued benefit, reduced 2% for each year up to 5 and 4% for each year between 5 and 10 that Early Retirement precedes Normal Retirement. Participants who have attained age 55 and 25 years of service may retire without any reduction.

Disability Benefit:

Eligibility: Total and permanent (as determined by the Board). Member must have at least 10 years of Credited Service to be eligible.

Benefit: Benefit accrued to date of disability.

Death Benefit:

A. Single Sum Death Benefit: Lump Sum Benefit equal to a refund of member contributions with interest.

B. Survivor Annuity Death Benefit Eligibility: Age 55 with 10 years of service. If death occurs between Early Retirement Date and Normal Retirement Date, the benefit is an annuity to the spouse for an amount no less than would have been received had the participant elected a joint and 50% survivorship benefit option and retired the day before death.

C. Alternative Survivor Benefit: Eligibility 7 years of service. The benefit the Member had accrued as of the date of death.

Termination:

Vesting Schedule: If employed on or before 8/1/99, 20% after 3 years, plus 20% per year thereafter to 100% after 7 years of Credited Service. If employed after 8/1/99, 100% after completion of 7 years of Credited Service.

Benefit: Member will receive the vested portion of his (her) accrued benefit at Normal Retirement Date.

Minimum Benefit: Refund of member contributions with interest.

*Contributions*

Members: 5.0% of Compensation (prior to freeze).

City: Balance required to fund the Normal Cost and amortize any Unfunded Actuarial Accrued Liability over a period not to exceed 30 years.



Net Pension Liability

The measurement date is September 30, 2016.

The measurement period for the pension expense was October 1, 2015 to September 30, 2016.

The reporting period is October 1, 2016 through September 30, 2017.

The Sponsor's Net Pension Liability was measured as of September 30, 2016.

The Total Pension Liability used to calculate the Net Pension Liability was determined as of that date.

*Actuarial Assumptions:*

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2015 updated to September 30, 2016 using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	N/A
Discount Rate	7.50%
Investment Rate of Return	7.50%

*Mortality Rate Healthy Lives:*

Mortality Table - RP2000 Fully Generational with Scale BB, with collar and annuitant adjustments as follows:

Males – 50% Annuitant White Collar, 50% Annuitant Blue Collar.

Females – 100% Annuitant White Collar.

*Mortality Rate Disabled Lives:*

Mortality Table - RP2000 without projection, with the following adjustments:

Males – 100% Disabled Male with four year setback

Females – 100% Disabled Female with two year set forward.

The date of the most recent experience study for which significant assumptions are based upon is not available.

The Long-Term Expected Rate of Return on Pension Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, Net of Pension Plan investment expenses and inflation) are developed for each major asset class.

For 2016 the inflation rate assumption of the investment advisor was 2.50%.

These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	50%	7.5%
International Equity	10%	8.5%
Broad Market Fixed Income	35%	2.5%
Global Fixed Income	5%	3.5%
Total	100%	

## GASB 68

### Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.50 percent.

The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

## CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability
	(a)	(b)	(a)-(b)
Reporting Period Ending September 30, 2016	\$ 16,121,373	\$ 16,035,744	\$ 85,629
Changes for a Year:			
Service Cost	280,460	-	280,460
Interest	1,189,882	-	1,189,882
Differences between Expected and Actual Experience	(106,141)	-	(106,141)
Changes of assumptions	556,035	-	556,035
Changes of benefit terms	-	-	-
Contributions - Employer	-	130,025	(130,025)
Contributions - Employee	-	-	-
Net Investment Income	-	560,035	(560,035)
Benefit Payments, including Refunds of Employee Contributions	(1,073,479)	(1,073,479)	-
Administrative Expense	-	(54,066)	54,066
Net Changes	846,757	(437,485)	1,284,242
Reporting Period Ending September 30, 2017	\$ 16,968,130	\$ 15,598,259	\$ 1,369,871

*Sensitivity of the Net Pension Liability to changes in the Discount Rate.*

	Current Discount		
	1% Decrease	Rate	1% Increase
	6.50%	7.50%	8.50%
Sponsor's Net Pension Liability	\$ 3,144,167	\$ 1,369,871	\$ (134,300)

*Pension Plan Fiduciary Net Position.*

Detailed information about the pension Plan's Fiduciary Net Position is available in a separately issued Plan financial report.

**FINAL PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED  
INFLOWS OF RESOURCES RELATED TO PENSIONS  
FISCAL YEAR SEPTEMBER 30, 2016**

For the year ended September 30, 2016, the Sponsor recognized a Pension Expense of -\$3,049,068.

On September 30, 2016, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	-	497,007
Changes of assumptions	551,028	-
Net difference between Projected and Actual Earnings on Pension Plan investments	673,407	-
Employer Contributions subsequent to the measurement date	130,025	-
<b>Total</b>	<b>\$ 1,354,460</b>	<b>\$ 497,007</b>

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer Contributions subsequent to the measurement date has been recognized as a reduction of the Net Pension Liability in the year ended September 30, 2016. Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in Pension Expense as follows:

Year ended September 30:	
2017	\$ 162,825
2018	\$ 162,825
2019	\$ 162,825
2020	\$ 238,953
2021	\$ -
Thereafter	\$ -

**PRELIMINARY PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND  
DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS  
FISCAL YEAR SEPTEMBER 30, 2017**

For the year ended September 30, 2017, the Sponsor will recognize a Pension Expense of \$867,953.

On September 30, 2017, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	-	384,409
Changes of assumptions	645,370	-
Net difference between Projected and Actual Earnings on Pension Plan investments	1,012,781	-
Employer Contributions subsequent to the measurement date	TBD	-
<b>Total</b>	<b>TBD</b>	<b>\$ 384,409</b>

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer Contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended September 30, 2017.

Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in Pension Expense as follows:

Year ended September 30:		
2018	\$	508,820
2019	\$	283,873
2020	\$	360,001
2021	\$	121,048
2022	\$	-
Thereafter	\$	-

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
Last 10 Fiscal Years

Reporting Period Ending Measurement Date	09/30/2017 09/30/2016	09/30/2016 09/30/2015	09/30/2015 09/30/2014
Total Pension Liability			
Service Cost	280,460	323,073	797,644
Interest	1,189,882	1,233,630	1,451,733
Changes of benefit terms	-	(3,433,675)	-
Differences between Expected and Actual Experience	(106,141)	(662,677)	-
Changes of assumptions	556,035	734,705	-
Benefit Payments, including Refunds of Employee Contributions	(1,073,479)	(1,209,317)	(925,509)
Net Change in Total Pension Liability	846,757	(3,014,261)	1,323,868
Total Pension Liability - Beginning	16,121,373	19,135,634	17,811,766
Total Pension Liability - Ending (a)	<u>\$ 16,968,130</u>	<u>\$ 16,121,373</u>	<u>\$ 19,135,634</u>
Plan Fiduciary Net Position			
Contributions - Employer	130,025	512,763	890,882
Contributions - Employee	-	103,161	222,721
Net Investment Income	560,035	106,107	1,659,033
Benefit Payments, including Refunds of Employee Contributions	(1,073,479)	(1,209,317)	(925,509)
Administrative Expense	(54,066)	(69,112)	(30,831)
Net Change in Plan Fiduciary Net Position	(437,485)	(556,398)	1,816,296
Plan Fiduciary Net Position - Beginning	16,035,744	16,592,142	14,775,846
Plan Fiduciary Net Position - Ending (b)	<u>\$ 15,598,259</u>	<u>\$ 16,035,744</u>	<u>\$ 16,592,142</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,369,871</u>	<u>\$ 85,629</u>	<u>\$ 2,543,492</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	91.93%	99.47%	86.71%
Covered Employee Payroll <sup>1</sup>	\$ 2,549,511	\$ 3,690,825	\$ 4,454,410
Net Pension Liability as a percentage of Covered Employee Payroll	53.73%	2.32%	57.10%

**Notes to Schedule:**

<sup>1</sup> For measurement date 09/30/2015, the Covered Employee Payroll does not include the gross earnings for the time after the closing/freezing of the plan for the employees that rolled over their contributions.

*Changes of benefit terms:*

For measurement date 09/30/2015, amounts reported as changes of benefit terms were resulted from Ordinance No. 15-1489 adopted on March 5, 2015 and made the following change to the Plan:

Freeze the Plan benefits as of March 13, 2015. The benefits accrued by all participants will be frozen at the end of the day on March 13, 2015. The Members will have the choice at that point to either 1.) receive a refund of their accumulated contributions and forfeit any future benefits or 2.) leave their accumulated contributions in the Fund and begin to draw a lifetime benefit at their otherwise Normal or Early Retirement Date. Service with the City after March 13, 2015 will be used to determine vesting and eligibility for retirement, but will not be used in calculating the benefits.

The impact of this change on the funding requirements was outlined in the July 30, 2015 Actuarial Impact Statement. accommodates expected future mortality improvements.

## GASB 68

*Changes of assumptions:*

For measurement date 09/30/2016, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System.

The inflation assumption rate was lowered from 3.00% to 2.50%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

For measurement date 09/30/2015, amounts reported as changes of assumptions were resulted from lowering the investment rate of return from 8.00% to 7.50%

**SCHEDULE OF CONTRIBUTIONS**  
Last 10 Fiscal Years

	09/30/2016	09/30/2015	09/30/2014
Actuarially Determined Contribution	130,025	472,548	890,882
Contributions in relation to the Actuarially Determined Contributions	130,025	512,763	890,882
Contribution Deficiency (Excess)	\$ -	\$ (40,215)	\$ -
Covered Employee Payroll <sup>1</sup>	\$ 2,549,511	\$ 3,690,825	\$ 4,454,410
Contributions as a percentage of Covered Employee Payroll	5.10%	13.89%	20.00%

<sup>1</sup> For measurement date 09/30/2015, the Covered Employee Payroll does not include the gross earnings for the time after the closing/freezing of the plan for the employees that rolled over their contributions.

Notes to Schedule

Valuation Date: 10/01/2014 (AIS 07/30/2015)  
Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method: Entry Age Normal Actuarial Cost Method.  
 Amortization Method: Level Percentage of Pay, Closed.  
 Remaining Amortization Period: 14 Years (as of 10/01/2014).  
 Mortality: RP2000 Combined Healthy Mortality Table projected to valuation date with scale AA. Disableds set forward 5 years.  
 Interest Rate: 8.0% per year compounded annually, net of investment-related expenses.  
 Retirement Age: Earlier of age 60 with the completion of 7 years of service and age 55 with the completion of 25 years of service. Members at or over the Normal Retirement Age on the valuation date are assumed to work one additional year.  
 Early Retirement: Commencing with the earliest Early Retirement Age (55 with 10 years of service), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.  
 Disability Rates: See table below (1202).  
 Termination Rates: See table below (1312).  
 Salary Increases: 6% per year until the assumed retirement age.  
 Payroll Increases: 3% per year for amortizing UAAL. None for required contribution projection.  
 Final Salary Load: Individually determined based upon current accruals.  
 Actuarial Asset Method: All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a four-year period.

Termination and Disability Rate Table:

Age	% Becoming Disabled During the Year	% Terminating During the Year
20	0.05%	38.60%
30	0.06%	19.40%
40	0.12%	7.30%
50	0.43%	2.70%
60	1.61%	1.20%



FINAL COMPONENTS OF PENSION EXPENSE  
FISCAL YEAR SEPTEMBER 30, 2016

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 2,543,492	\$ 376,540	\$ 512,763	\$ -
Employer Contributions made after 09/30/2015	-	-	130,025	-
Total Pension Liability Factors:				
Service Cost	323,073	-	-	323,073
Interest	1,233,630	-	-	1,233,630
Changes in benefit terms	(3,433,675)	-	-	(3,433,675)
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(662,677)	662,677	-	-
Current year amortization of experience difference	-	(165,670)	-	(165,670)
Change in assumptions about future economic or demographic factors or other inputs	734,705	-	734,705	-
Current year amortization of change in assumptions	-	-	(183,677)	183,677
Benefit Payments	(1,209,317)	-	-	(1,209,317)
Net change	<u>(3,014,261)</u>	<u>497,007</u>	<u>681,053</u>	<u>(3,068,282)</u>
Plan Fiduciary Net Position:				
Contributions - Employer	512,763	-	(512,763)	-
Contributions - Employee	103,161	-	-	(103,161)
Net Investment Income	1,300,871	-	-	(1,300,871)
Difference between projected and actual earnings on Pension Plan investments	(1,194,764)	-	1,194,764	-
Current year amortization	-	(94,135)	(238,952)	144,817
Benefit Payments	(1,209,317)	-	-	1,209,317
Administrative Expenses	(69,112)	-	-	69,112
Net change	<u>(556,398)</u>	<u>(94,135)</u>	<u>443,049</u>	<u>19,214</u>
Ending Balance	<u>\$ 85,629</u>	<u>\$ 779,412</u>	<u>\$ 1,636,865</u>	<u>\$ (3,049,068)</u>

**PRELIMINARY COMPONENTS OF PENSION EXPENSE**  
**FISCAL YEAR SEPTEMBER 30, 2017**

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 85,629	\$ 779,412	\$ 1,636,865	\$ -
Employer Contributions made after 09/30/2016	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	280,460	-	-	280,460
Interest	1,189,882	-	-	1,189,882
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(106,141)	106,141	-	-
Current year amortization of experience difference	-	(218,739)	-	(218,739)
Change in assumptions about future economic or demographic factors or other inputs	556,035	-	556,035	-
Current year amortization of change in assumptions	-	-	(461,693)	461,693
Benefit Payments	(1,073,479)	-	-	(1,073,479)
Net change	<u>846,757</u>	<u>(112,598)</u>	<u>94,342</u>	<u>639,817</u>
Plan Fiduciary Net Position:				
Contributions - Employer	130,025	-	(130,025)	-
Contributions - Employee	-	-	-	-
Net Investment Income	1,165,274	-	-	(1,165,274)
Difference between projected and actual earnings on Pension Plan investments	(605,239)	-	605,239	-
Current year amortization	-	(94,135)	(360,000)	265,865
Benefit Payments	(1,073,479)	-	-	1,073,479
Administrative Expenses	(54,066)	-	-	54,066
Net change	<u>(437,485)</u>	<u>(94,135)</u>	<u>115,214</u>	<u>228,136</u>
Ending Balance	<u>\$ 1,369,871</u>	<u>\$ 572,679</u>	<u>TBD</u>	<u>\$ 867,953</u>

\* Employer Contributions subsequent to the measurement date made after September 30, 2016 but made on or before September 30, 2017 need to be added.

AMORTIZATION SCHEDULE - INVESTMENTS

Increase (Decrease) in Pension Expense Arising from the Recognition of the of Differences Between Projected and Actual Earnings on Pension Plan Investments

Plan Year Ending	Differences Between Projected and Actual Earnings	Recognition Period (Years)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2014	\$ (470,675)	5	\$ (94,135)	\$ (94,135)	\$ (94,135)	\$ (94,135)	\$ (94,135)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ 1,194,764	5	\$ -	\$ 238,952	\$ 238,953	\$ 238,953	\$ 238,953	\$ 238,953	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 605,239	5	\$ -	\$ -	\$ 121,047	\$ 121,048	\$ 121,048	\$ 121,048	\$ 121,048	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ (94,135)	\$ 144,817	\$ 265,865	\$ 265,866	\$ 265,866	\$ 360,001	\$ 121,048	\$ -	\$ -	\$ -	\$ -

AMORTIZATION SCHEDULE - CHANGES OF ASSUMPTIONS

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Changes of Assumptions

Plan Year Ending	Changes of Assumptions	Recognition Period (Years)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
2014	\$ -	4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ 734,705	4	\$ 183,677	\$ 183,676	\$ 183,676	\$ 183,676	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 556,035	2	\$ -	\$ 278,017	\$ 278,018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 183,677	\$ 461,693	\$ 461,694	\$ 183,676	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

AMORTIZATION SCHEDULE - EXPERIENCE

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Differences between Expected and Actual Experience

Plan Year Ending	Differences Between Expected and Actual Experience	Recognition Period (Years)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
2014	\$ -	4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ (662,677)	4	\$ (165,670)	\$ (165,669)	\$ (165,669)	\$ (165,669)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ (106,141)	2	\$ -	\$ (53,070)	\$ (53,071)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ (165,670)	\$ (218,739)	\$ (218,740)	\$ (165,669)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -