

CITY OF PLANT CITY
SAFETY EMPLOYEES' RETIREMENT SYSTEM

SECTION 112.664, FLORIDA STATUTES
COMPLIANCE

With respect to the reporting standards for defined benefit retirement plans or systems contained in Section 112.664(1), F.S., the actuarial disclosures required under this section were prepared and completed by me or under my direct supervision and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, meet the requirements of Section 112.664(1), Florida Statutes, and Rule 60T-1.0035, Florida Administrative Code.

By: Patrick T. Donlan Date: 4/5/2016

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Enrolled Actuary #14-6595



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, 2015 Actuarial Valuation Report, as adopted by the Board of Trustees, are reasonable individually and in the aggregate, and represent our best estimate of future Plan experience.
- 5) The “Number of Years Expected Benefit Payments Sustained” calculated in Section II: Asset Sustainability should not be interpreted as the number of years the Plan has left until it is insolvent. This calculation is required by 112.664, Florida Statutes, but the numeric result is irrelevant, since in its calculation we are to assume there will be no further contributions to the Fund. As long as the Actuarially Determined Contribution is made each year the Plan will never become insolvent.

	ACTUAL	HYPOTHETICAL		
	7.50% RP-2000 Static 9/30/2015	7.50% RP-2000 Generational 9/30/2015	5.50% RP-2000 Generational 9/30/2015	9.50% RP-2000 Generational 9/30/2015
<u>GASB 67: Schedule of Changes in Net Pension Liability</u>				
<u>Total Pension Liability</u>				
Service Cost	1,495,811	1,550,726	2,317,803	1,077,597
Interest	3,779,930	3,900,559	3,720,303	3,946,520
Change in Excess State Money	52,791	52,791	52,791	52,791
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	(231,630)	(309,547)	(451,813)	(211,860)
Changes of Assumptions	1,370,307	1,474,609	2,184,166	1,038,707
Contributions - Buy Back	126,105	126,105	126,105	126,105
Benefit Payments, Including Refunds of Employee Contributions	(3,311,295)	(3,311,295)	(3,311,295)	(3,311,295)
Net Change in Total Pension Liability	3,282,019	3,483,948	4,638,060	2,718,565
Total Pension Liability - Beginning	49,213,808	50,715,394	64,319,453	41,335,864
Total Pension Liability - Ending (a)	<u>\$ 52,495,827</u>	<u>\$ 54,199,342</u>	<u>\$ 68,957,513</u>	<u>\$ 44,054,429</u>
<u>Plan Fiduciary Net Position</u>				
Contributions - Employer	2,301,422	2,301,422	2,301,422	2,301,422
Contributions - State	517,964	517,964	517,964	517,964
Contributions - Employee	611,006	611,006	611,006	611,006
Contributions - Buy Back	126,105	126,105	126,105	126,105
Net Investment Income	(714,172)	(714,172)	(714,172)	(714,172)
Benefit Payments, Including Refunds of Employee Contributions	(3,311,295)	(3,311,295)	(3,311,295)	(3,311,295)
Administrative Expenses	(33,774)	(33,774)	(33,774)	(33,774)
Net Change in Plan Fiduciary Net Position	(502,744)	(502,744)	(502,744)	(502,744)
Plan Fiduciary Net Position - Beginning	32,420,945	32,420,945	32,420,945	32,420,945
Plan Fiduciary Net Position - Ending (b)	<u>\$ 31,918,201</u>	<u>\$ 31,918,201</u>	<u>\$ 31,918,201</u>	<u>\$ 31,918,201</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 20,577,626</u>	<u>\$ 22,281,141</u>	<u>\$ 37,039,312</u>	<u>\$ 12,136,228</u>
<u>GASB 68: Pension Expense for Fiscal Year Ending September 30, 2015</u>				
Pension Expense	<u>\$ 1,678,135</u>	<u>\$ 1,840,350</u>	<u>\$ 2,923,322</u>	<u>\$ 930,432</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.50% and RP-2000 Static Mortality

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2015	31,918,201	-	3,580,016	-	2,259,614	30,597,799
2016	30,597,799	-	2,799,560	-	2,189,851	29,988,090
2017	29,988,090	-	2,882,109	-	2,141,028	29,247,009
2018	29,247,009	-	3,133,166	-	2,076,032	28,189,875
2019	28,189,875	-	3,163,522	-	1,995,609	27,021,962
2020	27,021,962	-	3,319,316	-	1,902,173	25,604,819
2021	25,604,819	-	3,508,065	-	1,788,809	23,885,563
2022	23,885,563	-	3,613,250	-	1,655,920	21,928,233
2023	21,928,233	-	3,790,906	-	1,502,459	19,639,786
2024	19,639,786	-	3,906,505	-	1,326,490	17,059,771
2025	17,059,771	-	3,996,718	-	1,129,606	14,192,659
2026	14,192,659	-	4,094,733	-	910,897	11,008,823
2027	11,008,823	-	4,148,030	-	670,111	7,530,904
2028	7,530,904	-	4,183,962	-	407,919	3,754,861
2029	3,754,861	-	4,180,916	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 14.90

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: 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
2015	31,918,201	-	3,580,463	-	2,259,598	30,597,336
2016	30,597,336	-	2,802,336	-	2,189,713	29,984,713
2017	29,984,713	-	2,887,443	-	2,140,574	29,237,844
2018	29,237,844	-	3,141,911	-	2,075,017	28,170,950
2019	28,170,950	-	3,175,619	-	1,993,736	26,989,067
2020	26,989,067	-	3,334,904	-	1,899,121	25,553,284
2021	25,553,284	-	3,528,055	-	1,784,194	23,809,423
2022	23,809,423	-	3,637,524	-	1,649,300	21,821,199
2023	21,821,199	-	3,820,293	-	1,493,329	19,494,235
2024	19,494,235	-	3,941,773	-	1,314,251	16,866,713
2025	16,866,713	-	4,038,022	-	1,113,578	13,942,269
2026	13,942,269	-	4,144,618	-	890,247	10,687,898
2027	10,687,898	-	4,206,673	-	643,842	7,125,067
2028	7,125,067	-	4,253,824	-	374,862	3,246,105
2029	3,246,105	-	4,260,280	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 14.76

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 3
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
2015	31,918,201	-	3,580,463	-	1,657,038	29,994,776
2016	29,994,776	-	2,802,336	-	1,572,648	28,765,088
2017	28,765,088	-	2,887,443	-	1,502,675	27,380,320
2018	27,380,320	-	3,141,911	-	1,419,515	25,657,924
2019	25,657,924	-	3,175,619	-	1,323,856	23,806,161
2020	23,806,161	-	3,334,904	-	1,217,629	21,688,886
2021	21,688,886	-	3,528,055	-	1,095,867	19,256,698
2022	19,256,698	-	3,637,524	-	959,086	16,578,260
2023	16,578,260	-	3,820,293	-	806,746	13,564,713
2024	13,564,713	-	3,941,773	-	637,660	10,260,600
2025	10,260,600	-	4,038,022	-	453,287	6,675,865
2026	6,675,865	-	4,144,618	-	253,196	2,784,443
2027	2,784,443	-	4,206,673	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 12.66

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 4
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
2015	31,918,201	-	3,580,463	-	2,862,157	31,199,895
2016	31,199,895	-	2,802,336	-	2,830,879	31,228,438
2017	31,228,438	-	2,887,443	-	2,829,548	31,170,543
2018	31,170,543	-	3,141,911	-	2,811,961	30,840,593
2019	30,840,593	-	3,175,619	-	2,779,014	30,443,988
2020	30,443,988	-	3,334,904	-	2,733,771	29,842,855
2021	29,842,855	-	3,528,055	-	2,667,489	28,982,289
2022	28,982,289	-	3,637,524	-	2,580,535	27,925,300
2023	27,925,300	-	3,820,293	-	2,471,440	26,576,447
2024	26,576,447	-	3,941,773	-	2,337,528	24,972,202
2025	24,972,202	-	4,038,022	-	2,180,553	23,114,733
2026	23,114,733	-	4,144,618	-	1,999,030	20,969,145
2027	20,969,145	-	4,206,673	-	1,792,252	18,554,724
2028	18,554,724	-	4,253,824	-	1,560,642	15,861,542
2029	15,861,542	-	4,260,280	-	1,304,483	12,905,745
2030	12,905,745	-	4,237,397	-	1,024,769	9,693,117
2031	9,693,117	-	4,216,326	-	720,571	6,197,362
2032	6,197,362	-	4,193,360	-	389,565	2,393,567
2033	2,393,567	-	4,149,782	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 18.58

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, 2017

Valuation Date: 10/1/2015

	ACTUAL		HYPOTHETICAL	
	7.50% RP-2000 Static	7.50% RP-2000 Generational	5.50% RP-2000 Generational	9.50% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$3,410,337	\$3,588,020	\$5,038,569	\$2,464,954
Total Required Contribution (% of Payroll)	50.5%	53.1%	74.6%	36.5%
Expected Member Contribution	701,005	701,005	694,248	707,761
Expected State Money	517,964	517,964	517,964	517,964
Expected Sponsor Contribution (Fixed \$)	\$2,191,368	\$2,369,051	\$3,826,357	\$1,239,229
Expected Sponsor Contribution (% of Payroll)	32.5%	35.1%	56.6%	18.5%

ASSETS

Actuarial Value ¹	33,714,650	33,714,650	33,714,650	33,714,650
Market Value ¹	31,918,201	31,918,201	31,918,201	31,918,201

LIABILITIES

Present Value of Benefits				
Active Members				
Retirement Benefits	27,480,500	28,613,891	42,374,189	20,242,509
Disability Benefits	569,965	596,219	826,943	448,400
Death Benefits	165,539	121,466	155,655	96,435
Vested Benefits	3,403,471	3,528,406	5,345,938	2,441,514
Refund of Contributions	270,951	271,082	285,554	258,116
Service Retirees	24,015,225	24,733,724	30,319,684	20,802,583
DROP Retirees ¹	5,841,726	5,921,141	7,301,868	4,995,527
Beneficiaries	634,343	658,541	744,540	590,089
Disability Retirees	0	0	0	0
Terminated Vested	1,359,387	1,402,571	1,790,126	1,141,023
Excess State Monies Reserve	0	0	0	0
Total:	63,741,107	65,847,041	89,144,497	51,016,196
Present Value of Future Salaries	47,164,925	47,212,759	52,158,246	43,117,869
Present Value of Future Member Contributions	4,716,493	4,721,276	5,215,825	4,311,787
Total Normal Cost	1,636,823	1,701,328	2,573,984	1,166,184
Present Value of Future Normal Costs (Entry Age Normal)	11,417,381	11,896,602	20,305,325	7,277,003
Total Actuarial Accrued Liability ¹	52,323,726	53,950,439	68,839,172	43,739,193
Unfunded Actuarial Accrued Liability (UAAL)	18,609,076	20,235,789	35,124,522	10,024,543

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

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL		
	7.50% RP-2000 Static	7.50% RP-2000 Generational	5.50% RP-2000 Generational	9.50% RP-2000 Generational
<u>PENSION COST</u>				
Normal Cost (with interest)	1,796,700	1,867,505	2,798,165	1,292,429
Administrative Expenses (with interest)	37,073	37,073	36,716	37,430
Payment Required To Amortize UAAL (with interest)	1,576,564	1,683,442	2,203,688	1,135,095
Total Required Contribution	\$3,410,337	\$3,588,020	\$5,038,569	\$2,464,954

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