

September 26, 2017

VIA EMAIL

David W. Wright, CPA  
Director of Finance  
City of Bartow  
P.O. Box 1069  
Bartow, FL 33831

Re: City of Bartow General Employees' Retirement Plan  
Senate Bill 534 (Section 112.664, Florida Statutes) Compliance

Dear David:

Please find enclosed the annual disclosures that satisfy the October 1, 2016 financial reporting requirements made under Section 112.664.

Our office will submit this information electronically to the Department of Management Services. However, it is important for you to be aware that this report must also be made available on the Plan or Plan Sponsor's website, if such website exists. A deadline for this website publication is not made clear in the law.

In addition to the enclosed report, the Plan or Plan Sponsor's website must provide a link to the Division of Retirement's Actuarial Summary Fact Sheet for the Plan, and also report the previous five years' assumed and actual rates of return, along with their respective asset allocations. The Board should contact its Investment Consultant for this information.

If there are any questions, concerns, or comments about any of the items contained in this report, please feel free to contact me.

Respectfully submitted,

Foster & Foster, Inc.

By: 

Patrick T. Donlan, EA, ASA, MAAA  
Enrolled Actuary #17-6595

PTD/lke  
Enclosures

cc via email: H. Lee Dehner, Board Attorney

CITY OF BARTOW  
GENERAL EMPLOYEES' RETIREMENT 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: 9/26/2017  
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	
	7.75% RP-2000 Generational	5.75% RP-2000 Generational	9.75% RP-2000 Generational
<b>Total Pension Liability</b>			
Service Cost	594,932	964,466	407,674
Interest	2,285,926	2,214,658	2,380,318
Change in Funding Standard Account	(33,336)	(33,336)	(33,336)
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual			
Experience	107,208	183,737	(37,353)
Changes of Assumptions	794,635	294,724	(38,643)
Benefit Payments, Including Refunds of			
Employee Contributions	(2,127,216)	(2,127,216)	(2,127,216)
Net Change in Total Pension Liability	1,622,149	1,497,033	551,444
Total Pension Liability - Beginning	29,964,494	38,614,936	25,069,450
Total Pension Liability - Ending (a)	<u>\$ 31,586,643</u>	<u>\$ 40,111,969</u>	<u>\$ 25,620,894</u>
<b>Plan Fiduciary Net Position</b>			
Contributions - Employer	1,305,948	1,305,948	1,305,948
Contributions - Employee	301,356	301,356	301,356
Net Investment Income	2,102,235	2,102,235	2,102,235
Benefit Payments, Including Refunds of			
Employee Contributions	(2,127,216)	(2,127,216)	(2,127,216)
Administrative Expenses	(56,745)	(56,745)	(56,745)
Net Change in Plan Fiduciary Net Position	1,525,578	1,525,578	1,525,578
Plan Fiduciary Net Position - Beginning	21,469,718	21,469,718	21,469,718
Plan Fiduciary Net Position - Ending (b)	<u>\$ 22,995,296</u>	<u>\$ 22,995,296</u>	<u>\$ 22,995,296</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 8,591,347</u>	<u>\$ 17,116,673</u>	<u>\$ 2,625,598</u>

**GASB 68: PENSION EXPENSE**  
FISCAL YEAR SEPTEMBER 30, 2016

	ACTUAL	HYPOTHETICAL	
	7.75%	5.75%	9.75%
Pension Expense	<u>\$ 969,014</u>	<u>\$ 1,496,283</u>	<u>\$ 606,286</u>

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1  
Plan Assumptions: 7.75% 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	22,995,296	-	1,976,198	-	1,705,558	22,724,656
2017	22,724,656	-	1,524,998	-	1,702,067	22,901,725
2018	22,901,725	-	1,655,290	-	1,710,741	22,957,176
2019	22,957,176	-	1,751,301	-	1,711,318	22,917,193
2020	22,917,193	-	1,856,664	-	1,704,137	22,764,666
2021	22,764,666	-	1,939,130	-	1,689,120	22,514,656
2022	22,514,656	-	2,035,844	-	1,665,997	22,144,809
2023	22,144,809	-	2,097,537	-	1,634,943	21,682,215
2024	21,682,215	-	2,159,952	-	1,596,674	21,118,937
2025	21,118,937	-	2,230,859	-	1,550,272	20,438,350
2026	20,438,350	-	2,260,978	-	1,496,359	19,673,731
2027	19,673,731	-	2,298,634	-	1,435,642	18,810,739
2028	18,810,739	-	2,310,391	-	1,368,305	17,868,653
2029	17,868,653	-	2,319,333	-	1,294,946	16,844,266
2030	16,844,266	-	2,360,960	-	1,213,943	15,697,249
2031	15,697,249	-	2,346,812	-	1,125,598	14,476,035
2032	14,476,035	-	2,335,575	-	1,031,389	13,171,849
2033	13,171,849	-	2,306,029	-	931,460	11,797,280
2034	11,797,280	-	2,280,871	-	825,905	10,342,314
2035	10,342,314	-	2,259,055	-	713,991	8,797,250
2036	8,797,250	-	2,213,555	-	596,012	7,179,707
2037	7,179,707	-	2,155,027	-	472,920	5,497,600
2038	5,497,600	-	2,094,424	-	344,905	3,748,081
2039	3,748,081	-	2,043,883	-	211,276	1,915,474
2040	1,915,474	-	1,986,958	-	-	-

\*All DROP Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 24.96

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.75% 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: 5.75% 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	22,995,296	-	1,976,198	-	1,265,414	22,284,512
2017	22,284,512	-	1,524,998	-	1,237,516	21,997,030
2018	21,997,030	-	1,655,290	-	1,217,240	21,558,980
2019	21,558,980	-	1,751,301	-	1,189,291	20,996,970
2020	20,996,970	-	1,856,664	-	1,153,947	20,294,253
2021	20,294,253	-	1,939,130	-	1,111,170	19,466,293
2022	19,466,293	-	2,035,844	-	1,060,781	18,491,230
2023	18,491,230	-	2,097,537	-	1,002,942	17,396,635
2024	17,396,635	-	2,159,952	-	938,208	16,174,891
2025	16,174,891	-	2,230,859	-	865,919	14,809,951
2026	14,809,951	-	2,260,978	-	786,569	13,335,542
2027	13,335,542	-	2,298,634	-	700,708	11,737,616
2028	11,737,616	-	2,310,391	-	608,489	10,035,714
2029	10,035,714	-	2,319,333	-	510,373	8,226,754
2030	8,226,754	-	2,360,960	-	405,161	6,270,955
2031	6,270,955	-	2,346,812	-	293,109	4,217,252
2032	4,217,252	-	2,335,575	-	175,344	2,057,021
2033	2,057,021	-	2,306,029	-	-	-

\*All DROP Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 17.89

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.75% 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: 9.75% 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	22,995,296	-	1,976,198	-	2,145,702	23,164,800
2017	23,164,800	-	1,524,998	-	2,184,224	23,824,026
2018	23,824,026	-	1,655,290	-	2,242,147	24,410,883
2019	24,410,883	-	1,751,301	-	2,294,685	24,954,267
2020	24,954,267	-	1,856,664	-	2,342,529	25,440,132
2021	25,440,132	-	1,939,130	-	2,385,880	25,886,882
2022	25,886,882	-	2,035,844	-	2,424,724	26,275,762
2023	26,275,762	-	2,097,537	-	2,459,632	26,637,857
2024	26,637,857	-	2,159,952	-	2,491,893	26,969,798
2025	26,969,798	-	2,230,859	-	2,520,801	27,259,740
2026	27,259,740	-	2,260,978	-	2,547,602	27,546,364
2027	27,546,364	-	2,298,634	-	2,573,712	27,821,442
2028	27,821,442	-	2,310,391	-	2,599,959	28,111,010
2029	28,111,010	-	2,319,333	-	2,627,756	28,419,433
2030	28,419,433	-	2,360,960	-	2,655,798	28,714,271
2031	28,714,271	-	2,346,812	-	2,685,234	29,052,693
2032	29,052,693	-	2,335,575	-	2,718,778	29,435,896
2033	29,435,896	-	2,306,029	-	2,757,581	29,887,448
2034	29,887,448	-	2,280,871	-	2,802,834	30,409,411
2035	30,409,411	-	2,259,055	-	2,854,789	31,005,145
2036	31,005,145	-	2,213,555	-	2,915,091	31,706,681
2037	31,706,681	-	2,155,027	-	2,986,344	32,537,998
2038	32,537,998	-	2,094,424	-	3,070,352	33,513,926
2039	33,513,926	-	2,043,883	-	3,167,968	34,638,011
2040	34,638,011	-	1,986,958	-	3,280,342	35,931,395
2041	35,931,395	-	1,910,542	-	3,410,172	37,431,025
2042	37,431,025	-	1,839,025	-	3,559,872	39,151,872
2043	39,151,872	-	1,771,173	-	3,730,963	41,111,662
2044	41,111,662	-	1,699,186	-	3,925,552	43,338,028
2045	43,338,028	-	1,641,974	-	4,145,411	45,841,465
2046	45,841,465	-	1,562,395	-	4,393,376	48,672,446
2047	48,672,446	-	1,477,878	-	4,673,517	51,868,085
2048	51,868,085	-	1,394,531	-	4,989,155	55,462,709
2049	55,462,709	-	1,314,957	-	5,343,510	59,491,262
2050	59,491,262	-	1,230,430	-	5,740,415	64,001,247
2051	64,001,247	-	1,150,819	-	6,184,019	69,034,447
2052	69,034,447	-	1,075,676	-	6,678,419	74,637,190
2053	74,637,190	-	995,218	-	7,228,609	80,870,581
2054	80,870,581	-	918,852	-	7,840,088	87,791,817
2055	87,791,817	-	842,318	-	8,518,639	95,468,138
2056	95,468,138	-	769,521	-	9,270,629	103,969,246
2057	103,969,246	-	699,661	-	10,102,893	113,372,478
2058	113,372,478	-	632,729	-	11,022,971	123,762,720
2059	123,762,720	-	569,364	-	12,039,109	135,232,465
2060	135,232,465	-	509,952	-	13,160,305	147,882,818
2061	147,882,818	-	454,674	-	14,396,409	161,824,553
2062	161,824,553	-	403,753	-	15,758,211	177,179,011
2063	177,179,011	-	357,302	-	17,257,535	194,079,244
2064	194,079,244	-	315,219	-	18,907,359	212,671,384
2065	212,671,384	-	277,393	-	20,721,937	233,115,928

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3  
Hypothetical Assumptions: 9.75% and RP-2000 Generational Mortality

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2066	233,115,928	-	243,691	-	22,716,923	255,589,160
2067	255,589,160	-	213,844	-	24,909,518	280,284,834
2068	280,284,834	-	187,603	-	27,318,626	307,415,857
2069	307,415,857	-	164,554	-	29,965,024	337,216,327
2070	337,216,327	-	144,307	-	32,871,557	369,943,577
2071	369,943,577	-	126,524	-	36,063,331	405,880,384
2072	405,880,384	-	110,891	-	39,567,932	445,337,425
2073	445,337,425	-	97,094	-	43,415,666	488,655,997
2074	488,655,997	-	84,826	-	47,639,824	536,210,995
2075	536,210,995	-	73,918	-	52,276,969	588,414,046
2076	588,414,046	-	64,178	-	57,367,241	645,717,109
2077	645,717,109	-	55,430	-	62,954,716	708,616,395
2078	708,616,395	-	47,548	-	69,087,781	777,656,628
2079	777,656,628	-	40,467	-	75,819,548	853,435,709
2080	853,435,709	-	34,141	-	83,208,317	936,609,885
2081	936,609,885	-	28,594	-	91,318,070	1,027,899,361
2082	1,027,899,361	-	23,783	-	100,219,028	1,128,094,606
2083	1,128,094,606	-	19,621	-	109,988,268	1,238,063,253
2084	1,238,063,253	-	16,050	-	120,710,385	1,358,757,588
2085	1,358,757,588	-	13,002	-	132,478,231	1,491,222,817
2086	1,491,222,817	-	10,411	-	145,393,717	1,636,606,123
2087	1,636,606,123	-	8,223	-	159,568,696	1,796,166,596
2088	1,796,166,596	-	6,416	-	175,125,930	1,971,286,110
2089	1,971,286,110	-	4,939	-	192,200,155	2,163,481,326
2090	2,163,481,326	-	3,755	-	210,939,246	2,374,416,817
2091	2,374,416,817	-	2,817	-	231,505,502	2,605,919,502
2092	2,605,919,502	-	2,080	-	254,077,050	2,859,994,472
2093	2,859,994,472	-	1,508	-	278,849,388	3,138,842,352
2094	3,138,842,352	-	1,072	-	306,037,077	3,444,878,357
2095	3,444,878,357	-	746	-	335,875,603	3,780,753,214
2096	3,780,753,214	-	506	-	368,623,414	4,149,376,122
2097	4,149,376,122	-	338	-	404,564,155	4,553,939,939
2098	4,553,939,939	-	221	-	444,009,133	4,997,948,851
2099	4,997,948,851	-	143	-	487,300,006	5,485,248,714
2100	5,485,248,714	-	91	-	534,811,745	6,020,060,368
2101	6,020,060,368	-	57	-	586,955,883	6,607,016,194
2102	6,607,016,194	-	35	-	644,184,077	7,251,200,236
2103	7,251,200,236	-	21	-	706,992,022	7,958,192,237
2104	7,958,192,237	-	13	-	775,923,742	8,734,115,966
2105	8,734,115,966	-	8	-	851,576,306	9,585,692,264
2106	9,585,692,264	-	5	-	934,604,995	10,520,297,254
2107	10,520,297,254	-	3	-	1,025,728,982	11,546,026,233
2108	11,546,026,233	-	2	-	1,125,737,558	12,671,763,789
2109	12,671,763,789	-	1	-	1,235,496,969	13,907,260,757
2110	13,907,260,757	-	-	-	1,355,957,924	15,263,218,681

\*All DROP Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 999.99

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 9.75% 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	
	7.75% RP-2000 Generational	5.75% RP-2000 Generational	9.75% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$1,746,113	\$2,636,165	\$1,015,292
Total Required Contribution (% of Payroll)	21.9%	33.1%	12.7%
Expected Member Contribution	330,958	327,772	334,144
Expected Sponsor Contribution (Fixed \$)	\$1,415,155	\$2,308,393	\$681,148
Expected Sponsor Contribution (% of Payroll)	17.8%	29.0%	8.6%

**ASSETS**

Actuarial Value <sup>1</sup>	23,389,771	23,389,771	23,389,771
Market Value <sup>1</sup>	22,995,296	22,995,296	22,995,296

**LIABILITIES**

Present Value of Benefits			
Active Members			
Retirement Benefits	19,832,650	27,905,468	14,703,159
Disability Benefits	845,000	1,110,162	663,850
Death Benefits	320,255	426,843	245,904
Vested Benefits	645,307	1,179,742	377,857
Refund of Contributions	70,727	73,266	68,374
Service Retirees	9,647,341	11,427,488	8,324,330
DROP Retirees <sup>1</sup>	2,408,022	2,784,209	2,132,496
Beneficiaries	61,127	68,240	55,811
Disability Retirees	384,861	475,651	321,565
Terminated Vested	1,393,401	1,899,646	1,071,917
Total:	35,608,691	47,350,715	27,965,263
Present Value of Future Salaries	51,593,633	57,167,976	47,080,280
Present Value of Future Member Contributions	2,063,745	2,286,719	1,883,211
Total Normal Cost	595,274	948,488	389,517
Present Value of Future Normal Costs (Entry Age Normal)	3,766,326	6,727,672	2,220,391
Total Actuarial Accrued Liability <sup>1</sup>	31,842,365	40,623,043	25,744,872
Unfunded Actuarial Accrued Liability (UAAL)	8,452,594	17,233,272	2,355,101

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

Valuation Date: 10/1/2016

	ACTUAL	HYPOTHETICAL	
	7.75% RP-2000 Generational	5.75% RP-2000 Generational	9.75% RP-2000 Generational
<b><u>PENSION COST</u></b>			
Normal Cost <sup>2</sup>	647,712	1,022,105	427,910
Administrative Expenses <sup>2</sup>	61,744	61,149	62,338
Payment Required To Amortize UAAL <sup>2</sup>	1,036,657	1,552,911	525,044
Total Required Contribution	\$1,746,113	\$2,636,165	\$1,015,292

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

<sup>2</sup> Contributions developed as of 10/1/2016 displayed above have been adjusted to account for assumed salary increase and interest components.