

April 20, 2018

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
Section 112.664, Florida Statutes Compliance

Dear David:

Please find enclosed the annual disclosures that satisfy the October 1, 2017 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: 4/20/2018
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, 2017 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.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY
FISCAL YEAR SEPTEMBER 30, 2017

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Generational	5.50% RP-2000 Generational	9.50% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	626,030	984,740	416,637
Interest	2,445,146	2,324,973	2,474,075
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(285,652)	(335,006)	(258,235)
Changes of Assumptions	687,125	1,066,880	449,208
Contributions - Buy Back	50,733	50,733	50,733
Benefit Payments, Including Refunds of Employee Contributions	(1,324,802)	(1,324,802)	(1,324,802)
Net Change in Total Pension Liability	2,198,580	2,767,518	1,807,616
Total Pension Liability - Beginning	31,586,643	40,111,969	25,620,894
Total Pension Liability - Ending (a)	<u>\$ 33,785,223</u>	<u>\$ 42,879,487</u>	<u>\$ 27,428,510</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	1,350,176	1,350,176	1,350,176
Contributions - Employer for Employee	180,352	180,352	180,352
Contributions - Employee	306,284	306,284	306,284
Contributions - Buy Back	50,733	50,733	50,733
Net Investment Income	2,657,025	2,657,025	2,657,025
Benefit Payments, Including Refunds of Employee Contributions	(1,324,802)	(1,324,802)	(1,324,802)
Administrative Expenses	(42,231)	(42,231)	(42,231)
Net Change in Plan Fiduciary Net Position	3,177,537	3,177,537	3,177,537
Plan Fiduciary Net Position - Beginning	22,995,296	22,995,296	22,995,296
Plan Fiduciary Net Position - Ending (b)	<u>\$ 26,172,833</u>	<u>\$ 26,172,833</u>	<u>\$ 26,172,833</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 7,612,390</u>	<u>\$ 16,706,654</u>	<u>\$ 1,255,677</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

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

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2017	26,138,394	-	2,120,763	-	1,880,851	25,898,482
2018	25,898,482	-	1,666,420	-	1,879,895	26,111,957
2019	26,111,957	-	1,792,403	-	1,891,182	26,210,736
2020	26,210,736	-	1,927,717	-	1,893,516	26,176,535
2021	26,176,535	-	2,020,925	-	1,887,455	26,043,065
2022	26,043,065	-	2,138,988	-	1,873,018	25,777,095
2023	25,777,095	-	2,226,130	-	1,849,802	25,400,767
2024	25,400,767	-	2,305,922	-	1,818,585	24,913,430
2025	24,913,430	-	2,393,705	-	1,778,743	24,298,468
2026	24,298,468	-	2,446,600	-	1,730,638	23,582,506
2027	23,582,506	-	2,498,008	-	1,675,013	22,759,511
2028	22,759,511	-	2,520,980	-	1,612,427	21,850,958
2029	21,850,958	-	2,533,749	-	1,543,806	20,861,015
2030	20,861,015	-	2,568,223	-	1,468,268	19,761,060
2031	19,761,060	-	2,562,672	-	1,385,979	18,584,367
2032	18,584,367	-	2,555,290	-	1,298,004	17,327,081
2033	17,327,081	-	2,530,319	-	1,204,644	16,001,406
2034	16,001,406	-	2,507,560	-	1,106,072	14,599,918
2035	14,599,918	-	2,488,813	-	1,001,663	13,112,768
2036	13,112,768	-	2,443,855	-	891,813	11,560,726
2037	11,560,726	-	2,385,361	-	777,603	9,952,968
2038	9,952,968	-	2,324,344	-	659,310	8,287,934
2039	8,287,934	-	2,270,822	-	536,439	6,553,551
2040	6,553,551	-	2,212,698	-	408,540	4,749,393
2041	4,749,393	-	2,132,311	-	276,243	2,893,325
2042	2,893,325	-	2,057,198	-	139,854	975,981
2043	975,981	-	1,985,239	-	-	-

*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 26.49

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.50% interest.

It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent. Furthermore, State and local laws mandate that the Actuarially Determined Contribution be made each year.

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 2
Hypothetical Assumptions: 5.50% and RP-2000 Generational Mortality

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2017	26,138,394	-	2,120,763	-	1,379,291	25,396,922
2018	25,396,922	-	1,666,420	-	1,351,004	25,081,506
2019	25,081,506	-	1,792,403	-	1,330,192	24,619,295
2020	24,619,295	-	1,927,717	-	1,301,049	23,992,627
2021	23,992,627	-	2,020,925	-	1,264,019	23,235,721
2022	23,235,721	-	2,138,988	-	1,219,142	22,315,875
2023	22,315,875	-	2,226,130	-	1,166,155	21,255,900
2024	21,255,900	-	2,305,922	-	1,105,662	20,055,640
2025	20,055,640	-	2,393,705	-	1,037,233	18,699,168
2026	18,699,168	-	2,446,600	-	961,173	17,213,741
2027	17,213,741	-	2,498,008	-	878,061	15,593,794
2028	15,593,794	-	2,520,980	-	788,332	13,861,146
2029	13,861,146	-	2,533,749	-	692,685	12,020,082
2030	12,020,082	-	2,568,223	-	590,478	10,042,337
2031	10,042,337	-	2,562,672	-	481,855	7,961,520
2032	7,961,520	-	2,555,290	-	367,613	5,773,843
2033	5,773,843	-	2,530,319	-	247,978	3,491,502
2034	3,491,502	-	2,507,560	-	123,075	1,107,017
2035	1,107,017	-	2,488,813	-	-	-

*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 18.44

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.50% interest.

It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent. Furthermore, State and local laws mandate that the Actuarially Determined Contribution be made each year.

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3
Hypothetical Assumptions: 9.50% and RP-2000 Generational Mortality

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2017	26,138,394	-	2,120,763	-	2,382,411	26,400,042
2018	26,400,042	-	1,666,420	-	2,428,849	27,162,471
2019	27,162,471	-	1,792,403	-	2,495,296	27,865,364
2020	27,865,364	-	1,927,717	-	2,555,643	28,493,290
2021	28,493,290	-	2,020,925	-	2,610,869	29,083,234
2022	29,083,234	-	2,138,988	-	2,661,305	29,605,551
2023	29,605,551	-	2,226,130	-	2,706,786	30,086,207
2024	30,086,207	-	2,305,922	-	2,748,658	30,528,943
2025	30,528,943	-	2,393,705	-	2,786,549	30,921,787
2026	30,921,787	-	2,446,600	-	2,821,356	31,296,543
2027	31,296,543	-	2,498,008	-	2,854,516	31,653,051
2028	31,653,051	-	2,520,980	-	2,887,293	32,019,364
2029	32,019,364	-	2,533,749	-	2,921,487	32,407,102
2030	32,407,102	-	2,568,223	-	2,956,684	32,795,563
2031	32,795,563	-	2,562,672	-	2,993,852	33,226,743
2032	33,226,743	-	2,555,290	-	3,035,164	33,706,617
2033	33,706,617	-	2,530,319	-	3,081,938	34,258,236
2034	34,258,236	-	2,507,560	-	3,135,423	34,886,099
2035	34,886,099	-	2,488,813	-	3,195,961	35,593,247
2036	35,593,247	-	2,443,855	-	3,265,275	36,414,667
2037	36,414,667	-	2,385,361	-	3,346,089	37,375,395
2038	37,375,395	-	2,324,344	-	3,440,256	38,491,307
2039	38,491,307	-	2,270,822	-	3,548,810	39,769,295
2040	39,769,295	-	2,212,698	-	3,672,980	41,229,577
2041	41,229,577	-	2,132,311	-	3,815,525	42,912,791
2042	42,912,791	-	2,057,198	-	3,978,998	44,834,591
2043	44,834,591	-	1,985,239	-	4,164,987	47,014,339
2044	47,014,339	-	1,909,694	-	4,375,652	49,480,297
2045	49,480,297	-	1,846,949	-	4,612,898	52,246,246
2046	52,246,246	-	1,761,418	-	4,879,726	55,364,554
2047	55,364,554	-	1,669,714	-	5,180,321	58,875,161
2048	58,875,161	-	1,576,822	-	5,518,241	62,816,580
2049	62,816,580	-	1,488,919	-	5,896,851	67,224,512
2050	67,224,512	-	1,396,211	-	6,320,009	72,148,310
2051	72,148,310	-	1,309,779	-	6,791,875	77,630,406
2052	77,630,406	-	1,218,971	-	7,316,987	83,728,422
2053	83,728,422	-	1,130,067	-	7,900,522	90,498,877
2054	90,498,877	-	1,045,537	-	8,547,730	98,001,070
2055	98,001,070	-	960,172	-	9,264,493	106,305,391
2056	106,305,391	-	879,109	-	10,057,254	115,483,536
2057	115,483,536	-	800,158	-	10,932,928	125,616,306
2058	125,616,306	-	725,071	-	11,899,108	136,790,343
2059	136,790,343	-	653,866	-	12,964,024	149,100,501
2060	149,100,501	-	586,735	-	14,136,678	162,650,444
2061	162,650,444	-	524,123	-	15,426,896	177,553,217
2062	177,553,217	-	466,314	-	16,845,406	193,932,309
2063	193,932,309	-	413,445	-	18,403,931	211,922,795
2064	211,922,795	-	365,452	-	20,115,307	231,672,650
2065	231,672,650	-	322,191	-	21,993,598	253,344,057
2066	253,344,057	-	283,525	-	24,054,218	277,114,750

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3
Hypothetical Assumptions: 9.50% and RP-2000 Generational Mortality

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2067	277,114,750	-	249,165	-	26,314,066	303,179,651
2068	303,179,651	-	218,838	-	28,791,672	331,752,485
2069	331,752,485	-	192,095	-	31,507,362	363,067,752
2070	363,067,752	-	168,528	-	34,483,431	397,382,655
2071	397,382,655	-	147,752	-	37,744,334	434,979,237
2072	434,979,237	-	129,418	-	41,316,880	476,166,699
2073	476,166,699	-	113,182	-	45,230,460	521,283,977
2074	521,283,977	-	98,702	-	49,517,289	570,702,564
2075	570,702,564	-	85,790	-	54,212,669	624,829,443
2076	624,829,443	-	74,241	-	59,355,271	684,110,473
2077	684,110,473	-	63,868	-	64,987,461	749,034,066
2078	749,034,066	-	54,535	-	71,155,646	820,135,177
2079	820,135,177	-	46,174	-	77,910,649	897,999,652
2080	897,999,652	-	38,735	-	85,308,127	983,269,044
2081	983,269,044	-	32,249	-	93,409,027	1,076,645,822
2082	1,076,645,822	-	26,668	-	102,280,086	1,178,899,240
2083	1,178,899,240	-	21,889	-	111,994,388	1,290,871,739
2084	1,290,871,739	-	17,831	-	122,631,968	1,413,485,876
2085	1,413,485,876	-	14,404	-	134,280,474	1,547,751,946
2086	1,547,751,946	-	11,530	-	147,035,887	1,694,776,303
2087	1,694,776,303	-	9,141	-	161,003,315	1,855,770,477
2088	1,855,770,477	-	7,177	-	176,297,854	2,032,061,154
2089	2,032,061,154	-	5,572	-	193,045,545	2,225,101,127
2090	2,225,101,127	-	4,288	-	211,384,403	2,436,481,242
2091	2,436,481,242	-	3,264	-	231,465,563	2,667,943,541
2092	2,667,943,541	-	2,455	-	253,454,520	2,921,395,606
2093	2,921,395,606	-	1,819	-	277,532,496	3,198,926,283
2094	3,198,926,283	-	1,326	-	303,897,934	3,502,822,891
2095	3,502,822,891	-	950	-	332,768,130	3,835,590,071
2096	3,835,590,071	-	670	-	364,381,025	4,199,970,426
2097	4,199,970,426	-	465	-	398,997,168	4,598,967,129
2098	4,598,967,129	-	317	-	436,901,862	5,035,868,674
2099	5,035,868,674	-	213	-	478,407,514	5,514,275,975
2100	5,514,275,975	-	141	-	523,856,211	6,038,132,045
2101	6,038,132,045	-	92	-	573,622,540	6,611,754,493
2102	6,611,754,493	-	59	-	628,116,674	7,239,871,108
2103	7,239,871,108	-	37	-	687,787,754	7,927,658,825
2104	7,927,658,825	-	23	-	753,127,587	8,680,786,389
2105	8,680,786,389	-	14	-	824,674,706	9,505,461,081
2106	9,505,461,081	-	9	-	903,018,802	10,408,479,874
2107	10,408,479,874	-	5	-	988,805,588	11,397,285,457
2108	11,397,285,457	-	3	-	1,082,742,118	12,480,027,572
2109	12,480,027,572	-	2	-	1,185,602,619	13,665,630,189
2110	13,665,630,189	-	1	-	1,298,234,868	14,963,865,056
2111	14,963,865,056	-	1	-	1,421,567,180	16,385,432,235
2112	16,385,432,235	-	-	-	1,556,616,062	17,942,048,297

*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 999.99

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 9.50% interest.

It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent. Furthermore, State and local laws mandate that the Actuarially Determined Contribution be made each year.

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2019

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Generational	5.50% RP-2000 Generational	9.50% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$1,922,571	\$2,916,183	\$1,107,178
Total Required Contribution (% of Payroll)	22.5%	34.1%	12.9%
Expected Member Contribution	353,746	350,336	357,155
Expected Sponsor Contribution (Fixed \$)	\$1,568,825	\$2,565,847	\$750,023
Expected Sponsor Contribution (% of Payroll)	18.5%	30.1%	8.9%

ASSETS

Actuarial Value ¹	25,507,111	25,507,111	25,507,111
Market Value ¹	26,138,394	26,138,394	26,138,394

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	22,739,738	32,051,208	16,841,825
Disability Benefits	928,788	1,224,503	727,851
Death Benefits	307,759	404,164	239,571
Vested Benefits	625,731	1,205,208	342,736
Refund of Contributions	79,444	82,271	76,819
Service Retirees	10,828,200	12,856,258	9,325,577
DROP Retirees ¹	2,244,925	2,612,702	1,978,659
Beneficiaries	99,731	113,290	88,964
Disability Retirees	391,737	485,006	326,750
Terminated Vested	1,555,288	2,094,713	1,208,944
Total:	39,801,341	53,129,323	31,157,696
Present Value of Future Salaries	56,547,157	62,773,348	51,517,895
Present Value of Future Member Contributions	2,261,886	2,510,934	2,060,716
Total Normal Cost	696,311	1,103,728	458,117
Present Value of Future Normal Costs (Entry Age Normal)	4,529,981	8,058,661	2,684,594
Total Actuarial Accrued Liability ¹	35,271,360	45,070,662	28,473,102
Unfunded Actuarial Accrued Liability (UAAL)	9,764,249	19,563,551	2,965,991

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2019

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Generational	5.50% RP-2000 Generational	9.50% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost ²	757,388	1,188,970	503,104
Administrative Expenses ²	45,935	45,493	46,378
Payment Required To Amortize UAAL ²	1,119,248	1,681,720	557,696
Total Required Contribution	\$1,922,571	\$2,916,183	\$1,107,178

¹ The asset values and liabilities include accumulated DROP Balances as of 9/30/2017.

² Contributions developed as of 10/1/2017 displayed above have been adjusted to account for assumed salary increase and interest components.