

CITY OF WINTER GARDEN
PENSION PLAN
FOR
FIREFIGHTERS AND POLICE OFFICERS

ACTUARIAL VALUATION REPORT
AS OF OCTOBER 1, 2016
(As Revised April 10, 2017)

CONTRIBUTIONS APPLICABLE TO THE CITY'S
PLAN/FISCAL YEAR ENDING SEPTEMBER 30, 2018

April 10, 2017

Ms. Susy Pita
Plan Administrator
City of Winter Garden
Pension Plan for Firefighters and Police Officers
21629 Stirling Pass
Leesburg, FL 34748

Re: City of Winter Garden
Pension Plan for Firefighters and Police Officers

Dear Susy:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Winter Garden Pension Plan for Firefighters and Police Officers. 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 Chapters 112, 175, and 185, 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, and asset information supplied by the Board of Trustees, 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 total pension liability, net pension liability, and certain sensitivity information shown in the GASB results are based on an actuarial valuation performed as of the prior valuation date.

Certain schedules should include a 10-year history of information. As provided for in GASB Statements No. 67 and No.68, this historical information is only presented for the years in which the information was measured. This conforms to the requirements of GASB Statements No. 67 and No. 68.


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 Winter Garden, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City Winter Garden Pension Plan for Firefighters and Police Officers. 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: 
Douglas H. Lozen, EA, MAAA
Enrolled Actuary #14-7778

DHL/lke

Enclosures

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SUMMARY OF REPORT

The REVISED regular annual actuarial valuation of the City of Winter Garden Pension Plan for Firefighters and Police Officers, performed as of October 1, 2016, has been completed, and the results are presented in this Report. The contribution amounts developed in this valuation are applicable to the plan/fiscal year ended September 30, 2018.

The contribution requirements, compared with amounts developed in the April 7, 2017, Actuarial Impact Statement (determined as of October 1, 2015), are as follows:

Valuation Date Applicable Plan/Fiscal Yr. End	10/1/2016 <u>9/30/2018</u>	10/1/2015 <u>9/30/2017</u>
Total Required Contribution % of Total Annual Payroll	20.59%	18.58%
Member Contributions % of Total Annual Payroll	3.50%	3.50%
City and State Required Contribution % of Total Annual Payroll	17.09%	15.08%
State Contribution ¹ % of Total Annual Payroll	277,807 3.90%	277,807 3.90%
Balance from City % of Total Annual Payroll	13.19%	11.18%

¹ Reflects Mutual Consent between the City and Membership, as required under Chapter 2015-39, Laws of Florida. For the fiscal years ending September 30, 2015, and September 30, 2016, Chapter 175 premium tax revenues in excess of \$46,100.85 are equally allocated between the Firefighters' portion of the Share Plan and a credit to the Unfunded Actuarial Accrued Liability (UAAL). Additionally, all Excess Chapter 185 premium tax revenues (amounts above \$231,706.59) for the fiscal year ending September 30, 2016 are allocated as a credit to the UAAL.

Beginning with the fiscal year ending September 30, 2017, Chapter 175 premium tax revenues in excess of \$46,100.85, and Chapter 185 premium tax revenues in excess of \$231,706.59 will be equally allocated between the Share Plan and a UAAL credit (if a UAAL exists). If a UAAL does not exist, then the City's portion of excess premium tax revenues will offset its annual funding requirements to the Plan.

Finally, there is a City prepaid contribution of \$50,868 that is available to help offset the above stated requirements for the fiscal year ending September 30, 2017.


During the last twelve months, experience has been more favorable than expected, relative to the Plan's actuarial assumptions. The primary sources of favorable experience included an 8.74% investment return (Actuarial Asset Basis, net of fees), exceeding the 7.50% assumption and average increases in pensionable compensation that were less than the assumption by more than 3%. These gains were partially offset by lower than expected inactive mortality experience.

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 to discuss the Report and answer any questions concerning its contents.

Respectfully submitted,

FOSTER & FOSTER, INC.

By: 
Douglas H. Lozen, EA, MAAA

By: 
Drew D. Ballard, EA, MAAA

CONTRIBUTION IMPACT OF ANNUAL CHANGES

(1) Contribution Determined as of October 1, 2015	11.39%
(2) Summary of Contribution Impact by component:	
Change in Available State Money	-0.2%
Investment Return (Actuarial Asset Basis)	-0.7%
Salary Increases	-1.0%
Payroll Change Effect on UAAL Amortization	0.0%
Change in Normal Cost Rate	0.0%
Change in Administrative Expenses	0.2%
Active Decrements	0.0%
Inactive Mortality	0.1%
State Monies Credit	-0.2%
Assumption Changes	3.8%
Other	<u>-0.2%</u>
Total Change in Contribution	1.80%
(3) Contribution Determined as of October 1, 2016	13.19%

CHANGES SINCE PRIOR VALUATION

Plan Changes

Ordinances 16-60 and 16-61, adopted and effective November 10, 2016 implemented the following changes:

1. A 3.0% benefit accrual rate for all years of Credited Service under Normal Retirement. Previously, the benefit accrual rate was 3.0% for the first 25 years of Credited Service, and 2.0% per year thereafter. The maximum benefit limitation of 95% of Average Final Compensation remains unchanged.
2. Establishment of a Share Plan.
3. Establishment of a DROP option upon satisfaction of Normal Retirement eligibility.
4. Compliance language pursuant to requirements under the Internal Revenue Code.
5. The use of State Monies per Collective Bargaining Agreements between Plan Members and the City.

Details of the impact on Plan funding and liabilities for the above changes are set forth in our March 29, 2017 Actuarial Impact Statement.

Actuarial Assumption/Method Changes

As a result of the Experience Study dated August 31, 2016, the Board has adopted changes to the following assumptions in conjunction with this valuation of the Plan:

- Salary Increases
- Mortality Rates
- Normal Retirement Rates
- Withdrawal Rates
- Investment Return

Details of the above assumption changes can be found in the Actuarial Assumptions and Methods section of this report.

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>
A. Participant Data			
Number Included			
Actives	114	114	117
Service Retirees	33	33	29
Beneficiaries	2	2	2
Disability Retirees	8	8	8
Terminated Vested	<u>46</u>	<u>46</u>	<u>38</u>
 Total	 203	 203	 194
 Total Annual Payroll	 \$7,254,422	 \$7,319,246	 \$7,538,210
Payroll Under Assumed Ret. Age	7,128,363	7,319,246	7,538,210
 Annual Rate of Payments to:			
Service Retirees	1,163,922	1,163,922	964,490
Beneficiaries	44,733	44,733	44,733
Disability Retirees	228,149	228,149	228,149
Terminated Vested	154,743	154,743	102,797
 B. Assets			
Actuarial Value	34,348,197	34,348,197	31,325,370
Market Value	33,986,108	33,986,108	31,056,478
 C. Liabilities			
Present Value of Benefits			
Actives			
Retirement Benefits	25,225,707	22,356,937	23,124,707
Disability Benefits	1,508,311	1,536,345	1,523,849
Death Benefits	608,083	236,031	235,956
Vested Benefits	2,289,052	2,904,137	2,912,094
Refund of Contributions	49,994	51,875	50,982
Service Retirees	12,883,404	12,083,582	10,044,053
Beneficiaries	359,728	328,465	345,204
Disability Retirees	2,642,903	2,547,778	2,581,010
Terminated Vested	1,137,360	1,068,118	783,004
Share Plan	<u>174,881</u>	<u>174,881</u>	<u>81,876</u>
 Total	 46,879,423	 43,288,149	 41,682,735

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	68,126,942	63,186,754	63,917,991
Present Value of Future Member Contributions	2,384,443	2,211,536	2,237,130
Normal Cost (Retirement)	956,912	899,564	939,089
Normal Cost (Disability)	116,612	124,674	122,494
Normal Cost (Death)	28,877	11,944	12,534
Normal Cost (Vesting)	148,349	190,702	188,292
Normal Cost (Refunds)	<u>13,067</u>	<u>12,857</u>	<u>11,897</u>
Total Normal Cost	1,263,817	1,239,741	1,274,306
Present Value of Future Normal Costs	11,226,101	9,969,129	10,186,819
Accrued Liability (Retirement)	16,348,986	14,961,525	15,525,426
Accrued Liability (Disability)	613,907	588,069	563,012
Accrued Liability (Death)	342,883	139,941	137,125
Accrued Liability (Vesting)	1,138,499	1,415,548	1,423,180
Accrued Liability (Refunds)	10,771	11,113	12,026
Accrued Liability (Inactives)	17,023,395	16,027,943	13,753,271
Share Plan	<u>174,881</u>	<u>174,881</u>	<u>81,876</u>
Total Actuarial Accrued Liability	35,653,322	33,319,020	31,495,916
Unfunded Actuarial Accrued Liability (UAAL)	1,305,125	(1,029,177)	170,546
Funded Ratio (AVA / AL)	96.3%	103.1%	99.5%
D. Actuarial Present Value of Accrued Benefits			
Vested Accrued Benefits			
Inactives	17,023,395	16,027,943	13,753,271
Actives	8,560,637	8,376,990	9,191,774
Member Contributions	1,242,191	1,242,191	1,141,901
Share Plan	<u>174,881</u>	<u>174,881</u>	<u>81,876</u>
Total	27,001,104	25,822,005	24,168,822
Non-vested Accrued Benefits	<u>1,223,579</u>	<u>1,744,505</u>	<u>1,873,394</u>
Total Present Value Accrued Benefits	28,224,683	27,566,510	26,042,216
Funded Ratio (MVA / PVAB)	120.4%	123.3%	119.3%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	658,173	0	
New Accrued Benefits	0	1,124,562	
Benefits Paid	0	(1,497,286)	
Interest	0	1,897,018	
Other	<u>0</u>	<u>0</u>	
Total	658,173	1,524,294	

	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 (with interest)			
% of Total Annual Payroll ¹	18.37	17.57	17.54
Administrative Expenses (with interest)			
% of Total Annual Payroll ¹	0.76	0.74	0.59
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 29 years (as of 10/1/2016, with interest)			
% of Total Annual Payroll ¹	1.46	(0.74)	0.45
Total Required Contribution			
% of Total Annual Payroll ¹	20.59	17.57	18.58
Expected Member Contributions			
% of Total Annual Payroll ¹	3.50	3.50	3.50
Expected City & State Contribution			
% of Total Annual Payroll ¹	17.09	14.07	15.08

F. Past Contributions

Plan Years Ending:	<u>9/30/2016</u>
City and State Requirement	1,312,403
Actual Contributions Made:	
Members (excluding buyback)	261,733
City	1,034,596
State	<u>277,807</u> ²
Total	1,574,136

G. Net Actuarial (Gain)/Loss (832,690)

¹ Contributions developed as of 10/1/2016 are expressed as a percentage of total annual payroll at 10/1/2016 of \$7,128,363.

² Reflects Mutual Consent under Chapter 2015-39, Laws of Florida.

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2016	1,305,125
2017	1,292,938
2018	1,279,867
2025	1,377,821
2032	460,526
2038	63,073
2045	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2016	2.94%	6.05%
Year Ended	9/30/2015	1.47%	6.22%
Year Ended	9/30/2014	6.55%	6.28%

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2016	8.74%	7.50%
Year Ended	9/30/2015	7.80%	7.50%
Year Ended	9/30/2014	9.08%	7.50%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2016	\$7,254,422
	10/1/2006	4,318,899
(b) Total Increase		67.97%
(c) Number of Years		10.00
(d) Average Annual Rate		5.32%

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.



Douglas H. Lozen, EA, MAAA
Enrolled Actuary #14-7778

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

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

Ms. Sarah Carr
Municipal Police and Fire
Pension Trust Funds
Division of Retirement
Post Office Box 3010
Tallahassee, FL 32315-3010

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1) Unfunded Actuarial Accrued Liability as of October 1, 2015	\$170,546
(2) Sponsor Normal Cost developed as of October 1, 2015	1,010,469
(3) Expected administrative expenses for the year ended September 30, 2016	43,046
(4) Expected interest on (1), (2) and (3)	90,190
(5) Sponsor contributions to the System during the year ended September 30, 2016	1,312,403
(6) Expected interest on (5)	42,112
(7) Expected Unfunded Actuarial Accrued Liability as of September 30, 2016 (1)+(2)+(3)+(4)-(5)-(6)	(40,264)
(8) State Monies Credit (applicable excess over \$277,807)	(156,223)
(9) Change to UAAL due to Assumption Changes	2,334,302
(10) Change to UAAL due to Actuarial (Gain)/Loss	(832,690)
(11) Unfunded Accrued Liability as of October 1, 2016	1,305,125

<u>Type of Base</u>	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2016 Amount</u>	<u>Amortization Amount</u>
Method Change	10/1/2010	14	\$1,534,268	\$166,037
Benefit Change	10/1/2010	14	5,582	604
Reconciliation Base	10/1/2011	5	(484,211)	(110,850)
Actuarial Loss	10/1/2011	5	493,379	112,948
Benefit Change	10/1/2011	15	(57,564)	(5,986)
Actuarial Loss	10/1/2012	6	290,614	57,288
Actuarial Loss	10/1/2013	7	86,589	15,112
Actuarial Gain	10/1/2014	8	(126,818)	(19,995)
Actuarial Gain	10/1/2015	9	(641,221)	(92,744)
Benefit Change	10/1/2015	29	141,485	11,011
Reserve Credit	10/1/2015	19	(1,094,216)	(100,570)
Reconciliation Base	10/1/2016	20	(188,151)	(16,883)
State Monies Credit	10/1/2016	20	(156,223)	(14,018)
Assumption Changes	10/1/2016	20	2,334,302	209,456
Actuarial Gain	10/1/2016	10	<u>(832,690)</u>	<u>(111,823)</u>
			1,305,125	99,587
Minimum thirty-year amortization amount under Chapter 112, Florida Statutes				100,540

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2015	\$170,546
(2) Expected UAAL as of October 1, 2016	(40,264)
 (3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	(389,158)
Salary Increases	(512,352)
Active Decrements	(2,118)
Inactive Mortality	37,270
New Entrants	19,044
Other	<u>14,624</u>
Increase in UAAL due to (Gain)/Loss	(832,690)
State Monies Credit	(156,223)
Assumption Changes	<u>2,334,302</u>
(4) Actual UAAL as of October 1, 2016	\$1,305,125

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rates

Healthy Lives:

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

Male: RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB.

Disabled Lives:

Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale.

Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.

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

Previously, the RP 2000 Combined Healthy – Sex Distinct with disabled lives set forward 5 years was utilized.

Interest Rate

7.25% (previously 7.50%) per year compounded annually, net of investment- related expenses. This assumption is supported by the Plan’s investment policy and long-term expected returns by asset class.

Administrative Expenses

\$52,086, based on actual Administrative Expenses incurred during the prior fiscal year.

Normal Retirement Rates

<u>Service</u>	<u>Age</u>	<u>Probability of Retirement</u>
6-24	55	40%
	56-63	10%
	64+	100%
25-27	All	0%
28+	All	100%

The above rates were adopted by the Board as the result of an Experience Study dated August 31, 2016.

Early Retirement Rates

<u>Age</u>	<u>Rates</u>
50	2.4%
51	2.2%
52	2.0%
53	1.8%
54	1.6%

The above rates were reviewed and maintained by the Board of Trustees in conjunction with the August 31, 2016 Experience Study.

Termination Rates

<u>Credited Service</u>	<u>Rates</u>
First Year	9.0%
1	8.0%
2	8.0%
3	9.0%
4	9.0%
5-9	4.0%
10-14	4.0%
15+	2.0%

The above rates were adopted by the Board of Trustees in conjunction with the August 31, 2016 Experience Study.

Salary Increases

<u>Credited Service</u>	<u>Rates</u>
First Year	12.0%
1-4	5.0%
5-14	4.5%
15+	4.0%

The above rates were adopted by the Board of Trustees in conjunction with the August 31, 2016 Experience Study.

Terminal Leave Pay

<u>Present Value of Retirement Liability</u>	<u>Hired prior to 7/1/2001</u>	<u>Percentage Increase to Liability</u>	
		<u>Hired 7/1/2001 – 7/1/2006</u>	<u>Hired after 7/1/2006</u>
Normal	5.0%	3.75%	2.5%
Early	2.5%	1.875%	1.25%
Vesting	2.5%	1.875%	1.25%
Death	2.5%	1.875%	1.25%
Disability	2.5%	1.875%	1.25%

The assumed rates are based on data provided by the City. Also, no liability increases are utilized for Members hired after June 30, 2011.

Disability Rates

<u>Age</u>	<u>Probability of Disability</u>
20	0.14%
25	0.15%
30	0.18%
35	0.23%
40	0.30%
45	0.51%
50	1.00%

The above rates were adopted by the Board as the result of a prior Experience Study.

Additionally, it is assumed that 75% of disablements and active Member deaths are service related.

Cost of Living Adjustments

None.

Payroll Increases

None.

Funding Method

Entry Age Normal Actuarial Cost Method

Actuarial Value of Assets

The Actuarial Value of Assets utilizes a five-year smoothing methodology. The annual difference between expected and actual investment earnings (Market Value, net of investment-related expenses), is phased-in over a five-year period.

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 future benefits, determined as of the Member's entry age, amortized as a level percentage of compensation over the anticipated number of years of participation, determined as of the entry age.

Individual Entry Age Normal 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 for active participants is the difference between the present value of future benefits and the present value of future Normal Costs. The actuarial accrued liability for inactive participants is the present value of future benefits.

Unfunded Actuarial Accrued Liability (UAAL) is the difference between the actuarial accrued liability (described above) and the actuarial value of assets. Under the Entry Age Normal 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.

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1998	99,825.42	_____%
1999	109,431.71	9.6%
2000	116,285.25	6.3%
2001	143,255.06	23.2%
2002	154,813.02	8.1%
2003	167,494.78	8.2%
2004	212,965.87	27.1%
2005	235,167.58	10.4%
2006	292,419.90	24.3%
2007	315,397.91	7.9%
2008	375,416.07	19.0%
2009	479,938.23	27.8%
2010	394,816.89	-17.7%
2011	385,389.67	-2.4%
2012	407,306.15	5.7%
2013	436,384.06	7.1%
2014	449,044.38	2.9%
2015	464,800.33	3.5%
2016	527,034.80	13.4%

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2016

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	1,474,501.38	1,474,501.38
Total Cash and Equivalents	1,474,501.38	1,474,501.38
Receivables:		
Member Contributions	143.27	143.27
Investment Income	70,894.43	70,894.43
Total Receivable	71,037.70	71,037.70
Investments:		
U. S. Bonds and Bills	3,934,678.42	4,052,436.65
Federal Agency Guaranteed Securities	1,621,664.22	1,620,606.76
Corporate Bonds	1,711,736.24	1,725,290.45
Stocks	10,379,642.78	11,059,844.90
Mutual Funds:		
Fixed Income	1,830,462.74	1,576,270.27
Equity	6,895,316.86	8,880,513.09
Pooled/Common/Commingled Funds:		
Real Estate	3,076,299.00	3,587,332.00
Total Investments	29,449,800.26	32,502,294.12
Total Assets	30,995,339.34	34,047,833.20
<u>LIABILITIES</u>		
Payables:		
Investment Expenses	8,829.64	8,829.64
Administrative Expenses	1,527.85	1,527.85
Prepaid Member Contribution	499.50	499.50
Prepaid City Contribution	50,868.39	50,868.39
Total Liabilities	61,725.38	61,725.38
NET POSITION RESTRICTED FOR PENSIONS	30,933,613.96	33,986,107.82

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

ADDITIONS

Contributions:

Member	261,732.91	
City	1,034,596.15	
State	527,034.80	

Total Contributions 1,823,363.86

Investment Income:

Net Realized Gain (Loss)	681,939.89	
Unrealized Gain (Loss)	893,890.45	
Net Increase in Fair Value of Investments	1,575,830.34	
Interest & Dividends	1,217,698.64	
Less Investment Expense ¹	(137,890.79)	

Net Investment Income 2,655,638.19

Total Additions 4,479,002.05

DEDUCTIONS

Distributions to Members:

Benefit Payments	1,343,177.91	
Lump Sum PLOP Distributions	137,674.05	
Refunds of Member Contributions	16,434.08	

Total Distributions 1,497,286.04

Administrative Expense 52,086.34

Total Deductions 1,549,372.38

Net Increase in Net Position 2,929,629.67

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year 31,056,478.15

End of the Year 33,986,107.82

¹Investment related expenses include investment advisory, custodial and performance monitoring fees.

DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS AS OF SEPTEMBER 30

	2016	2017	2018	2019	2020
A. Preliminary Actuarial Value Prior Year	31,325,370				
B. Market Value Beginning of Year	31,056,478				
C. Market Value End of Year	33,986,108				
D. Non-investment net cash flow	273,991				
E. Investment Return					
1. Actual market return net of investment expenses: C - B - D	2,655,639				
2. Expected return of 7.50%: (B + D/2) * 0.075	2,339,511				
3. Excess/(shortfall): E1 - E2	316,128				
F. Phased-in recognition of Investment Return					
1. Current year: 20% of E3	63,226				
2. 20% from first prior year	(351,789)	63,226			
3. 20% from second prior year	87,463	(351,789)	63,226		
4. 20% from third prior year	265,454	87,463	(351,789)	63,226	
5. 20% from fourth prior year	344,971	265,456	87,461	(351,790)	63,224
6. Total phased in investment return	409,325	64,356	(201,102)	(288,564)	63,224
G. Actuarial Value (AV) End of Year					
1. Preliminary AV end of year: A + D + E2 + F6	34,348,197				
2. Upper corridor limit: 120% * C	40,783,329				
3. Lower corridor limit: 80% * C	27,188,886				
4. Actuarial value end of year	34,348,197				
H. Difference between MV and AV:	(362,089)				
I. Net Investment Income:					
1. Interest and Dividends	1,217,699				
2. Realized Gains (Losses)	681,940				
2. Change in Actuarial Value	987,088				
3. Investment Expenses	(137,891)				
	<u>2,748,836</u>				
Actuarial Assets Rate of Return = 2I/(A+G-I):	8.74%				
Market Value of Assets Rate of Return:	8.61%				
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)	389,158				

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

REVENUES

Contributions:		
Member	261,732.91	
City	1,034,596.15	
State	527,034.80	
 Total Contributions		 1,823,363.86
Earnings from Investments:		
Interest & Dividends	1,217,698.64	
Net Realized Gain (Loss)	681,939.89	
Change in Actuarial Value	987,087.78	
 Total Earnings and Investment Gains		 2,886,726.31
EXPENDITURES		
Distributions to Members:		
Benefit Payments	1,343,177.91	
Lump Sum PLOP Distributions	137,674.05	
Refunds of Member Contributions	16,434.08	
 Total Distributions		 1,497,286.04
Expenses:		
Investment related ¹	137,890.79	
Administrative	52,086.34	
 Total Expenses		 189,977.13
 Change in Net Assets for the Year		 3,022,827.00
 Net Assets Beginning of the Year		 31,325,369.69
 Net Assets End of the Year ²		 34,348,196.69

¹Investment related expenses include investment advisory, custodial and performance monitoring fees.

²Net Assets may be limited for actuarial consideration.

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

(1)	Total Required Contribution Rate	21.05%
(2)	Pensionable Payroll Derived from Member Contributions	\$7,478,083.14
(3)	Total Required Contribution (1) x (2)	1,574,136.50
(4)	Less Actual Member Contributions	(261,732.91)
(5)	Less Allowable State Contribution	<u>(277,807.44)</u>
(6)	Equals Required City Contribution for Fiscal 2016	1,034,596.15
(7)	Less 2015 Prepaid Contribution	(50,450.51)
(8)	Less Actual City Contributions	<u>(1,035,014.03)</u>
(9)	Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2016	(\$50,868.39)

STATISTICAL DATA

	<u>10/1/2013</u>	<u>10/1/2014</u>	<u>10/1/2015</u>	<u>10/1/2016</u>
<u>Actives</u>				
Number	112	116	117	114
Average Current Age	37.3	37.6	38.4	38.0
Average Age at Employment	29.7	29.5	29.7	29.3
Average Past Service	7.6	8.1	8.7	8.7
Average Annual Salary	\$61,816	\$63,937	\$64,429	\$63,635
<u>Service Retirees</u>				
Number		28	29	33
Average Current Age		64.5	64.8	64.5
Average Annual Benefit		\$34,565	\$33,258	\$35,270
<u>Beneficiaries</u>				
Number		1	2	2
Average Current Age		51.7	59.9	60.9
Average Annual Benefit		\$11,633	\$22,367	\$22,367
<u>Disability Retirees</u>				
Number		8	8	8
Average Current Age		53.2	54.2	55.2
Average Annual Benefit		\$28,519	\$28,519	\$28,519
<u>Terminated Vested ¹</u>				
Number		10	8	11
Average Current Age		47.3	44.3	43.8
Average Annual Benefit		\$10,712	\$12,850	\$14,068

¹ Statistics only include Members entitled to a deferred benefit.

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	4	1	0	0	0	0	0	0	0	0	0	5
25 - 29	5	1	3	3	0	5	0	0	0	0	0	17
30 - 34	0	3	1	2	2	6	8	0	0	0	0	22
35 - 39	1	0	0	1	2	8	12	1	0	0	0	25
40 - 44	0	0	0	0	1	5	8	1	1	0	0	16
45 - 49	0	0	1	1	0	4	6	2	3	1	0	18
50 - 54	0	0	1	0	1	3	0	0	0	1	0	6
55 - 59	0	0	0	0	1	2	0	1	0	0	0	4
60 - 64	0	0	0	0	0	0	1	0	0	0	0	1
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	10	5	6	7	7	33	35	5	4	2	0	114

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2015	117
b. Terminations	
i. Vested (partial or full) with deferred benefits ¹	(9)
ii. Non-vested or full lump sum distribution received	(2)
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	<u>(4)</u>
f. Continuing participants	102
g. New entrants	<u>12</u>
h. Total active life participants in valuation	114

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>	<u>Vested Deferred</u>	<u>Total</u>
a. Number prior valuation	29	2	8	38	77
Retired	4	0	0	0	4
Vested Deferred	0	0	0	10	10
Death, With Survivor	0	0	0	0	0
Death, No Survivor	0	0	0	0	0
Disabled	0	0	0	0	0
Refund of Contributions	0	0	0	(2)	(2)
Rehires	0	0	0	0	0
Expired Annuities	0	0	0	0	0
Data Corrections	0	0	0	0	0
b. Number current valuation	33	2	8	46	89

¹ Includes non-vested Members awaiting a refund of Member Contributions.

PENSION PLAN FOR FIREFIGHTERS AND POLICE OFFICERS
SUMMARY OF PLAN PROVISIONS

(Through Ordinance 16-61)

<u>Eligibility</u>	Full-time employees who are classified as Police Officers or Firefighters participate as a condition of employment.
<u>Credited Service</u>	Total years and fractional parts of years of employment with the City as a Police Officer or Firefighter.
<u>Salary</u>	Gross Compensation, excluding extra duty detail work performed for a second party.
<u>Average Final Compensation</u>	Average Salary for the 5 best years of the 10 years immediately preceding retirement or termination.
<u>Member Contributions</u>	3.5% of Salary.
<u>City and State Contributions</u>	Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Part VII, Chapter 112, F.S.
<u>Normal Retirement</u>	
Date	Earlier of: 1) age 55 with 6 years of Credited Service, or 2) the completion of 25 years of Credited Service, regardless of age.
Benefit	3.0% of Average Final Compensation for each year of Credited Service.
Maximum Benefit	95% of Average Final Compensation.
Form of Benefit	Ten Year Certain and Life Annuity (options available).
<u>Early Retirement</u>	
Eligibility	Age 50 with 6 years of Credited Service.
Benefit	Accrued benefit, reduced 3% per year that the benefit commencement date precedes age 55.

Vesting

Schedule	100% after 6 years of Credited Service.
Benefit Amount	Member will receive the vested portion of his (her) accrued benefit payable at the Early (reduced) or Normal Retirement Date.

Disability

Eligibility	
Service Incurred	Covered from Date of Employment.
Non-Service Incurred	10 years of Credited Service.
Exclusions	Disability resulting from use of drugs, illegal participation in riots, service in military, etc.
Benefit	Benefit accrued to date of disability but not less than 42% of Average Final Compensation (25% for Non-Service Incurred). The maximum benefit is 95% of Average Final Compensation.
Duration	Payable for life (with 120 payments guaranteed) or until recovery (as determined by the Board). Optional forms of payment are available.

Death Benefits

10 or more years of Credited Service	Monthly accrued benefit payable to designated beneficiary for 10 years at otherwise Early (reduced) or Normal (unreduced) Retirement Date.
Less than 10 years of Credited Service	Refund of accumulated contributions.
Post-Retirement	Benefits payable to beneficiary in accordance with option selected at retirement.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2016

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Short Term Investments	1,474,501
Total Cash and Equivalents	1,474,501
Receivables:	
Investment Income	70,895
Total Receivable	70,895
Investments:	
U. S. Bonds and Bills	4,052,437
Federal Agency Guaranteed Securities	1,620,607
Corporate Bonds	1,725,290
Stocks	11,059,845
Mutual Funds:	
Fixed Income	1,576,270
Equity	8,880,513
Pooled/Common/Commingled Funds:	
Real Estate	3,587,332
Total Investments	32,502,294
Total Assets	34,047,690
<u>LIABILITIES</u>	
Payables:	
Investment Expenses	8,830
Administrative Expenses	1,528
Total Liabilities	10,358
NET POSITION RESTRICTED FOR PENSIONS	34,037,332

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

ADDITIONS

Contributions:

Member	262,084	
City	1,035,014	
State	527,035	
 Total Contributions		 1,824,133
 Investment Income:		
Net Increase in Fair Value of Investments	1,575,830	
Interest & Dividends	1,217,699	
Less Investment Expense ¹	(137,891)	
 Net Investment Income		 2,655,638
 Total Additions		 4,479,771

DEDUCTIONS

Distributions to Members:

Benefit Payments	1,343,178	
Lump Sum PLOP Distributions	137,674	
Refunds of Member Contributions	16,434	
 Total Distributions		 1,497,286
 Administrative Expense		 52,087
 Total Deductions		 1,549,373
 Net Increase in Net Position		 2,930,398
 NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		31,106,934
 End of the Year		 34,037,332

¹Investment 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 Winter Garden Pension Plan for Firefighters and Police Officers 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 5 Trustees, 2 of whom are legal residents of the City who are appointed by the City Commission, 1 of whom is a Firefighter member and 1 of whom is a Police Officer member who are elected by a majority of the Firefighters and Police Officers who are members of the plan and a fifth Trustee who is chosen by a majority of the first 4 Trustees.

Plan Membership as of October 1, 2015:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	39
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	38
Active Plan Members	117
	194
	194

Benefits Provided

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

Normal Retirement:

Date: Earlier of: 1) age 55 with 6 years of Credited Service, or 2) the completion of 25 years of Credited Service, regardless of age.

Benefit: 3.0% of Average Final Compensation for each year of Credited Service.

Maximum Benefit: 95% of Average Final Compensation.

Early Retirement:

Eligibility: Age 50 with 6 years of Credited Service.

Accrued benefit, reduced 3% per year that the benefit commencement date precedes age 55.

Vesting:

Schedule: 100% after 6 years of Credited Service.

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

Disability:

Eligibility: Service Incurred: Covered from Date of Employment.

Non-Service Incurred: 10 years of Credited Service.

Benefit accrued to date of disability but not less than 42% of Average Final Compensation (25% for Non-Service Incurred).

The maximum benefit is 95% of Average Final Compensation.

Death Benefits:

10 or more years of Credited Service: Monthly accrued benefit payable to designated beneficiary for 10 years at otherwise Early (reduced) or Normal (unreduced) Retirement Date.

Less than 10 years of Credited Service: Refund of accumulated contributions.

Contributions

Member Contributions: 3.5% of Salary.

City and State Contributions: Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Part VII in Chapter 112, Florida Statutes.

Investments

Investment Policy:

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

Asset Class	Target Allocation
Domestic Equity	50%
International Equity	10%
Broad Market Fixed Income	25%
Global Fixed Income	5%
Real Estate	10%
Total	100%

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 8.61 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	\$ 35,194,410
Plan Fiduciary Net Position	\$ (34,037,332)
Sponsor's Net Pension Liability	<u>\$ 1,157,078</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	<u>96.71%</u>

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	Service based
Discount Rate	7.25%
Investment Rate of Return	7.25%

Mortality Rate Healthy Lives:

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

Male: RP2000 Generational, 10% Annuitant White Collar /90% Annuitant Blue Collar, Scale BB.

Mortality Rate Disabled Lives:

Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale.

Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.

The significant assumptions are based upon the most recent experience study dated August 31, 2016.

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:

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	7.5%
International Equity	8.5%
Broad Market Fixed Income	2.5%
Global Fixed Income	3.5%
Real Estate	4.5%

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Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.25 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
	6.25%	7.25%	8.25%
Sponsor's Net Pension Liability	\$ 6,359,242	\$ 1,157,078	\$ (3,112,058)

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	1,285,416	1,247,782	1,170,789
Interest	2,406,315	2,207,981	2,055,663
Change in Excess State Money	(1,201,957)	186,993	171,237
Changes of benefit terms	142,867	-	-
Differences between Expected and Actual Experience	(608,444)	368,676	-
Changes of assumptions	2,060,985	-	-
Benefit Payments, including Refunds of Employee Contributions	(1,497,286)	(1,223,698)	(1,321,368)
Net Change in Total Pension Liability	2,587,896	2,787,734	2,076,321
Total Pension Liability - Beginning	32,606,514	29,818,780	27,742,459
Total Pension Liability - Ending (a)	<u>\$ 35,194,410</u>	<u>\$ 32,606,514</u>	<u>\$ 29,818,780</u>
Plan Fiduciary Net Position			
Contributions - Employer	1,035,014	1,043,187	992,159
Contributions - State	527,035	464,800	449,044
Contributions - Employee	262,084	242,212	247,075
Net Investment Income	2,655,638	515,399	2,495,803
Benefit Payments, including Refunds of Employee Contributions	(1,497,286)	(1,223,698)	(1,321,368)
Administrative Expense	(52,087)	(43,046)	(35,402)
Net Change in Plan Fiduciary Net Position	2,930,398	998,854	2,827,311
Plan Fiduciary Net Position - Beginning	31,106,934	30,108,080	27,280,769
Plan Fiduciary Net Position - Ending (b)	<u>\$ 34,037,332</u>	<u>\$ 31,106,934</u>	<u>\$ 30,108,080</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,157,078</u>	<u>\$ 1,499,580</u>	<u>\$ (289,300)</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	96.71%	95.40%	100.97%
Covered Employee Payroll	\$ 7,478,083	\$ 6,920,183	\$ 7,059,293
Net Pension Liability as a percentage of Covered Employee Payroll	15.47%	21.67%	-4.10%

Notes to Schedule:

Changes of benefit terms

For measurement date 09/30/2016, amounts reported as changes of benefit terms resulted from Ordinances 16-60 and 16-61, adopted and effective November 10, 2016 implemented the following changes:

1. A 3.0% benefit accrual rate for all years of Credited Service. Previously, the benefit accrual rate was 3.0% for the first 25 years of Credited Service, and 2.0% per year thereafter. The maximum benefit limitation of 95% of Average Final Compensation remains unchanged.
2. Establishment of a Share Plan. □
3. Establishment of a DROP option upon satisfaction of Normal Retirement eligibility.
4. Compliance language pursuant to requirements under the Internal Revenue Code. □
5. The use of State Monies per Collective Bargaining Agreements between Plan Members and the City.

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Changes of assumptions:

For measurement date 09/30/2016, amounts reported as changes of assumptions was a result of the Experience Study dated August 31, 2016, the Board has adopted changes to the following assumptions in conjunction with this valuation of the Plan:

- Salary Increases
- Mortality Rates
- Normal Retirement Rates
- Withdrawal Rates
- Investment Return

Details of the above assumption changes can be found in the Actuarial Assumptions and Methods section of the 10/01/2016 Valuation Report.

Additionally, 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.

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	09/30/2016	09/30/2015	09/30/2014
Actuarially Determined Contribution	1,312,404	1,270,544	1,269,966
Contributions in relation to the Actuarially Determined Contributions	1,312,821	1,320,994	1,269,966
Contribution Deficiency (Excess)	\$ (417)	\$ (50,450)	\$ -
Covered Employee Payroll	\$ 7,478,083	\$ 6,920,183	\$ 7,059,293
Contributions as a percentage of Covered Employee Payroll	17.56%	19.09%	17.99%

Notes to Schedule

Valuation Date: 10/01/2014

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 Dollar, Closed.
 Remaining Amortization Period: 17 Years (as of 10/01/2014).
 Mortality: RP 2000 Table with no projection. Disabled lives set forward 5 years. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.
 Interest Rate: 7.5% per year compounded annually, net of investment related expenses.
 Cost-of-Living Adjustments: None.
 Payroll Increases: None.

Normal Retirement Rates:	<u>Eligibility Date</u>	<u>Probability of Retirement</u>
		First eligible
	After first eligible, until age 66	20%
	Age 67 and later	100%

Early Retirement Rates:	<u>Age</u>	<u>Rates</u>
		50
	51	2.2%
	52	2.0%
	53	1.8%
	54	1.6%

Salary Increases:	<u>Age</u>	<u>Rates</u>
		20
	25	10.2%
	30	7.8%
	35	6.4%
	40	5.4%
	45	4.4%
	50	3.4%

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Terminal Leave Pay:

Present Value of Retirement Liability	Percentage Increase to Liability		
	Hired prior to 07/01/2001	Hired 07/01/2001 - 07/01/2006	Hired after 07/01/2006
Normal	5.00%	3.75%	2.50%
Early	2.50%	1.88%	1.25%
Vesting	2.50%	1.88%	1.25%
Death	2.50%	1.88%	1.25%
Disability	2.50%	1.88%	1.25%

No liability increases are utilized for Members hired after June 30, 2011.

Termination Rates:

<u>Age</u>	<u>Rates</u>
20	12.0%
25	10.8%
30	9.4%
35	6.6%
40	4.4%
45	3.4%
50	2.4%

Disability Rates:

<u>Age</u>	<u>Probability of Disability</u>
20	0.14%
25	0.15%
30	0.18%
35	0.23%
40	0.30%
45	0.51%
50	1.00%

It is assumed that 75% of disablements and active Member deaths are service related.

Asset Valuation Method:

The Actuarial Value of Assets utilizes a five-year smoothing methodology. The annual difference between expected and actual investment earnings (Market Value, net of investment-related expenses), is phased-in over a five-year period.

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	8.61%	1.72%	9.20%

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

General Information about the Pension Plan

Plan Description

The City of Winter Garden Pension Plan for Firefighters and Police Officers 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 5 Trustees, 2 of whom are legal residents of the City who are appointed by the City Commission, 1 of whom is a Firefighter member and 1 of whom is a Police Officer member who are elected by a majority of the Firefighters and Police Officers who are members of the plan and a fifth Trustee Full-time employees who are classified as Police Officers or Firefighters participate as a condition of employment.

Plan Membership as of October 1, 2015:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	39
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	38
Active Plan Members	117
	194
	194

Benefits Provided

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

Normal Retirement:

Date: Earlier of: 1) age 55 with 6 years of Credited Service, or 2) the completion of 25 years of Credited Service, regardless of age.

Benefit: 3.0% of Average Final Compensation for each year of Credited Service.

Maximum Benefit: 95% of Average Final Compensation.

Early Retirement:

Eligibility: Age 50 with 6 years of Credited Service.

Accrued benefit, reduced 3% per year that the benefit commencement date precedes age 55.

Vesting:

Schedule: 100% after 6 years of Credited Service.

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

Disability:

Eligibility: Service Incurred: Covered from Date of Employment.

Non-Service Incurred: 10 years of Credited Service.

Benefit accrued to date of disability but not less than 42% of Average Final Compensation (25% for Non-Service Incurred). The maximum benefit is 95% of Average Final Compensation.

Death Benefits:

10 or more years of Credited Service: Monthly accrued benefit payable to designated beneficiary for 10 years at otherwise Early (reduced) or Normal (unreduced) Retirement Date.

Less than 10 years of Credited Service: Refund of accumulated contributions.

Contributions

Member Contributions: 3.5% of Salary.

City and State Contributions: Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Part VII in Chapter 112, Florida Statutes.

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, 2015 through September 30, 2016.

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	Service based
Discount Rate	7.25%
Investment Rate of Return	7.25%

Mortality Rate Healthy Lives:

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

Male: RP2000 Generational, 10% Annuitant White Collar /90% Annuitant Blue Collar, Scale BB.

Mortality Rate Disabled Lives:

Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale.

Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.

The significant assumptions are based upon the most recent experience study dated August 31, 2016.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	50%	7.5%
International Equity	10%	8.5%
Broad Market Fixed Income	25%	2.5%
Global Fixed Income	5%	3.5%
Real Estate	10%	4.5%
<u>Total</u>	<u>100%</u>	

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.25 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 Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balance at September 30, 2015	\$ 32,606,514	\$ 31,106,934	\$ 1,499,580
Changes for a Year:			
Service Cost	1,285,416	-	1,285,416
Interest	2,406,315	-	2,406,315
Change in Excess State Money	(1,201,957)	-	(1,201,957)
Differences between Expected and Actual Experience	(608,444)	-	(608,444)
Changes of assumptions	2,060,985	-	2,060,985
Changes of benefit terms	142,867	-	142,867
Contributions - Employer	-	1,035,014	(1,035,014)
Contributions - State	-	527,035	(527,035)
Contributions - Employee	-	262,084	(262,084)
Contributions - Buy Back	-	-	-
Net Investment Income	-	2,655,638	(2,655,638)
Benefit Payments, including Refunds of Employee Contributions	(1,497,286)	(1,497,286)	-
Administrative Expense	-	(52,087)	52,087
Net Changes	2,587,896	2,930,398	(342,502)
Balance at September 30, 2016	\$ 35,194,410	\$ 34,037,332	\$ 1,157,078

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

	Current Discount		
	1% Decrease	Rate	1% Increase
	6.25%	7.25%	8.25%
Sponsor's Net Pension Liability	\$ 6,359,242	\$ 1,157,078	\$ (3,112,058)

Pension Plan Fiduciary Net Position.

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

**PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED
INFLOWS OF RESOURCES RELATED TO PENSIONS**

For the year ended September 30, 2016, the Sponsor will recognize a Pension Expense of \$637,979.

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	245,784	521,524
Changes of assumptions	1,766,558	-
Net difference between Projected and Actual Earnings on Pension Plan investments	806,649	-
Total	\$ 2,818,991	\$ 521,524

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		\$	558,657
2018		\$	558,657
2019		\$	558,655
2020		\$	206,488
2021		\$	207,505
Thereafter		\$	207,505

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	1,285,416	1,247,782	1,170,789
Interest	2,406,315	2,207,981	2,055,663
Change in Excess State Money	(1,201,957)	186,993	171,237
Changes of benefit terms	142,867	-	-
Differences between Expected and Actual Experience	(608,444)	368,676	-
Changes of assumptions	2,060,985	-	-
Benefit Payments, including Refunds of Employee Contributions	(1,497,286)	(1,223,698)	(1,321,368)
Net Change in Total Pension Liability	2,587,896	2,787,734	2,076,321
Total Pension Liability - Beginning	32,606,514	29,818,780	27,742,459
Total Pension Liability - Ending (a)	<u>\$ 35,194,410</u>	<u>\$ 32,606,514</u>	<u>\$ 29,818,780</u>
Plan Fiduciary Net Position			
Contributions - Employer	1,035,014	1,043,187	992,159
Contributions - State	527,035	464,800	449,044
Contributions - Employee	262,084	242,212	247,075
Net Investment Income	2,655,638	515,399	2,495,803
Benefit Payments, including Refunds of Employee Contributions	(1,497,286)	(1,223,698)	(1,321,368)
Administrative Expense	(52,087)	(43,046)	(35,402)
Net Change in Plan Fiduciary Net Position	2,930,398	998,854	2,827,311
Plan Fiduciary Net Position - Beginning	31,106,934	30,108,080	27,280,769
Plan Fiduciary Net Position - Ending (b)	<u>\$ 34,037,332</u>	<u>\$ 31,106,934</u>	<u>\$ 30,108,080</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,157,078</u>	<u>\$ 1,499,580</u>	<u>\$ (289,300)</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	96.71%	95.40%	100.97%
Covered Employee Payroll	\$ 7,478,083	\$ 6,920,183	\$ 7,059,293
Net Pension Liability as a percentage of Covered Employee Payroll	15.47%	21.67%	-4.10%

Notes to Schedule:

Changes of benefit terms

For measurement date 09/30/2016, amounts reported as changes of benefit terms resulted from Ordinances 16-60 and 16-61, adopted and effective November 10, 2016 implemented the following changes:

1. A 3.0% benefit accrual rate for all years of Credited Service. Previously, the benefit accrual rate was 3.0% for the first 25 years of Credited Service, and 2.0% per year thereafter. The maximum benefit limitation of 95% of Average Final Compensation remains unchanged.
2. Establishment of a Share Plan. □
3. Establishment of a DROP option upon satisfaction of Normal Retirement eligibility.
4. Compliance language pursuant to requirements under the Internal Revenue Code. □
5. The use of State Monies per Collective Bargaining Agreements between Plan Members and the City.

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Changes of assumptions:

For measurement date 09/30/2016, amounts reported as changes of assumptions was a result of the Experience Study dated August 31, 2016, the Board has adopted changes to the following assumptions in conjunction with this valuation of the Plan:

- Salary Increases
- Mortality Rates
- Normal Retirement Rates
- Withdrawal Rates
- Investment Return

Details of the above assumption changes can be found in the Actuarial Assumptions and Methods section of the 10/01/2016 Valuation Report.

Additionally, 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.

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	<u>09/30/2016</u>	<u>09/30/2015</u>	<u>09/30/2014</u>
Actuarially Determined Contribution	1,312,404	1,270,544	1,269,966
Contributions in relation to the			
Actuarially Determined Contributions	1,312,821	1,320,994	1,269,966
Contribution Deficiency (Excess)	<u>\$ (417)</u>	<u>\$ (50,450)</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 7,478,083	\$ 6,920,183	\$ 7,059,293
Contributions as a percentage of			
Covered Employee Payroll	17.56%	19.09%	17.99%

Notes to Schedule

Valuation Date: 10/01/2014

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 Dollar, Closed.
 Remaining Amortization Period: 17 Years (as of 10/01/2014).
 Mortality: RP 2000 Table with no projection. Disabled lives set forward 5 years. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.
 Interest Rate: 7.5% per year compounded annually, net of investment related expenses.
 Cost-of-Living Adjustments: None.
 Payroll Increases: None.

Normal Retirement Rates:	<u>Eligibility Date</u>	<u>Probability of Retirement</u>
	First eligible	80%
	After first eligible, until age 66	20%
	Age 67 and later	100%

Early Retirement Rates:	<u>Age</u>	<u>Rates</u>
	50	2.4%
	51	2.2%
	52	2.0%
	53	1.8%
	54	1.6%

Salary Increases:	<u>Age</u>	<u>Rates</u>
	20	12.0%
	25	10.2%
	30	7.8%
	35	6.4%
	40	5.4%
	45	4.4%
	50	3.4%

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Terminal Leave Pay:

Present Value of Retirement Liability	Percentage Increase to Liability		
	Hired prior to 07/01/2001	Hired 07/01/2001 - 07/01/2006	Hired after 07/01/2006
Normal	5.00%	3.75%	2.50%
Early	2.50%	1.88%	1.25%
Vesting	2.50%	1.88%	1.25%
Death	2.50%	1.88%	1.25%
Disability	2.50%	1.88%	1.25%

No liability increases are utilized for Members hired after June 30, 2011.

Termination Rates:

<u>Age</u>	<u>Rates</u>
20	12.0%
25	10.8%
30	9.4%
35	6.6%
40	4.4%
45	3.4%
50	2.4%

Disability Rates:

<u>Age</u>	<u>Probability of Disability</u>
20	0.14%
25	0.15%
30	0.18%
35	0.23%
40	0.30%
45	0.51%
50	1.00%

It is assumed that 75% of disablements and active Member deaths are service related.

Asset Valuation Method:

The Actuarial Value of Assets utilizes a five-year smoothing methodology. The annual difference between expected and actual investment earnings (Market Value, net of investment-related expenses), is phased-in over a five-year period.

COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Balance at September 30, 2015	\$ 1,499,580	\$ -	\$ 1,715,899	\$ -
Total Pension Liability Factors:				
Service Cost	1,285,416	-	-	1,285,416
Interest	2,406,315	-	-	2,406,315
Change in Excess State Money	(1,201,957)	-	-	(1,201,957)
Changes in benefit terms	142,867	-	-	142,867
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(608,444)	608,444	-	-
Current year amortization of experience difference	-	(86,920)	(61,446)	(25,474)
Change in assumptions about future economic or demographic factors or other inputs	2,060,985	-	2,060,985	-
Current year amortization of change in assumptions	-	-	(294,427)	294,427
Benefit Payments	(1,497,286)	-	-	(1,497,286)
Net change	<u>2,587,896</u>	<u>521,524</u>	<u>1,705,112</u>	<u>1,404,308</u>
Plan Fiduciary Net Position:				
Contributions - Employer	1,035,014	-	-	-
Contributions - State	527,035	-	-	-
Contributions - Employee	262,084	-	-	(262,084)
Net Investment Income	2,343,324	-	-	(2,343,324)
Difference between projected and actual earnings on Pension Plan investments	312,314	312,314	-	-
Current year amortization	-	(62,462)	(352,168)	289,706
Benefit Payments	(1,497,286)	-	-	1,497,286
Administrative Expenses	(52,087)	-	-	52,087
Net change	<u>2,930,398</u>	<u>249,852</u>	<u>(352,168)</u>	<u>(766,329)</u>
Balance at September 30, 2016	<u>\$ 1,157,078</u>	<u>\$ 771,376</u>	<u>\$ 3,068,843</u>	<u>\$ 637,979</u>

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)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
2015	\$ 1,760,837	5	\$ 352,168	\$ 352,168	\$ 352,167	\$ 352,167	\$ 352,167	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ (312,314)	5	\$ -	\$ (62,462)	\$ (62,463)	\$ (62,463)	\$ (62,463)	\$ (62,463)	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 352,168	\$ 289,706	\$ 289,704	\$ 289,704	\$ 289,704	\$ (62,463)	\$ -	\$ -	\$ -	\$ -	\$ -

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
2015	\$ -	6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 2,060,985	7	\$ -	\$ 294,427	\$ 294,427	\$ 294,427	\$ 294,426	\$ 294,426	\$ 294,426	\$ 294,426	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ -	\$ 294,427	\$ 294,427	\$ 294,427	\$ 294,426	\$ 294,426	\$ 294,426	\$ 294,426	\$ -	\$ -	\$ -

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
2015	\$ 368,676	6	\$ 61,446	\$ 61,446	\$ 61,446	\$ 61,446	\$ 61,446	\$ 61,446	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ (608,444)	7	\$ -	\$ (86,920)	\$ (86,920)	\$ (86,920)	\$ (86,921)	\$ (86,921)	\$ (86,921)	\$ (86,921)	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 61,446	\$ (25,474)	\$ (25,474)	\$ (25,474)	\$ (25,475)	\$ (25,475)	\$ (86,921)	\$ (86,921)	\$ -	\$ -	\$ -