



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

May 23, 2018

VIA EMAIL

Susy Pita, Plan Administrator
Police Officers' Pension Trust Fund Board
City of Auburndale
21629 Stirling Pass
Leesburg, FL 34748

Re: City of Auburndale Municipal Police Officers' Pension Trust Fund
Section 112.664, Florida Statutes Compliance

Dear Susy:

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 AUBURNDALE
MUNICIPAL POLICE OFFICERS' PENSION TRUST FUND

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: 5/23/2018

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	409,945	625,543	279,071
Interest	1,036,613	994,717	1,046,160
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	106,873	145,163	79,109
Changes of Assumptions	154,118	246,828	95,171
Benefit Payments, Including Refunds of Employee Contributions	(485,995)	(485,995)	(485,995)
Net Change in Total Pension Liability	1,221,554	1,526,256	1,013,516
Total Pension Liability - Beginning	13,208,700	16,916,875	10,693,769
Total Pension Liability - Ending (a)	<u>\$ 14,430,254</u>	<u>\$ 18,443,131</u>	<u>\$ 11,707,285</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	458,328	458,328	458,328
Contributions - State	130,498	130,498	130,498
Contributions - Employee	97,557	97,557	97,557
Net Investment Income	1,353,752	1,353,752	1,353,752
Benefit Payments, Including Refunds of Employee Contributions	(485,995)	(485,995)	(485,995)
Administrative Expenses	(52,821)	(52,821)	(52,821)
Net Change in Plan Fiduciary Net Position	1,501,319	1,501,319	1,501,319
Plan Fiduciary Net Position - Beginning	10,460,258	10,460,258	10,460,258
Plan Fiduciary Net Position - Ending (b)	<u>\$ 11,961,577</u>	<u>\$ 11,961,577</u>	<u>\$ 11,961,577</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 2,468,677</u>	<u>\$ 6,481,554</u>	<u>\$ (254,292)</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	11,961,577	-	1,003,420	-	859,490	11,817,647
2018	11,817,647	-	781,296	-	857,025	11,893,376
2019	11,893,376	-	811,035	-	861,589	11,943,930
2020	11,943,930	-	863,550	-	863,412	11,943,792
2021	11,943,792	-	872,887	-	863,051	11,933,956
2022	11,933,956	-	876,524	-	862,177	11,919,609
2023	11,919,609	-	908,799	-	859,891	11,870,701
2024	11,870,701	-	978,625	-	853,604	11,745,680
2025	11,745,680	-	1,009,166	-	843,082	11,579,596
2026	11,579,596	-	1,034,766	-	829,666	11,374,496
2027	11,374,496	-	1,073,373	-	812,836	11,113,959
2028	11,113,959	-	1,097,466	-	792,392	10,808,885
2029	10,808,885	-	1,106,624	-	769,168	10,471,429
2030	10,471,429	-	1,109,164	-	743,764	10,106,029
2031	10,106,029	-	1,104,177	-	716,546	9,718,398
2032	9,718,398	-	1,100,720	-	687,603	9,305,281
2033	9,305,281	-	1,096,274	-	656,786	8,865,793
2034	8,865,793	-	1,086,227	-	624,201	8,403,767
2035	8,403,767	-	1,077,176	-	589,888	7,916,479
2036	7,916,479	-	1,064,030	-	553,835	7,406,284
2037	7,406,284	-	1,048,386	-	516,157	6,874,055
2038	6,874,055	-	1,032,271	-	476,844	6,318,628
2039	6,318,628	-	1,016,412	-	435,782	5,737,998
2040	5,737,998	-	999,849	-	392,856	5,131,005
2041	5,131,005	-	983,013	-	347,962	4,495,954
2042	4,495,954	-	965,267	-	300,999	3,831,686
2043	3,831,686	-	946,880	-	251,868	3,136,674
2044	3,136,674	-	927,946	-	200,453	2,409,181
2045	2,409,181	-	908,484	-	146,620	1,647,317
2046	1,647,317	-	888,494	-	90,230	849,053
2047	849,053	-	867,959	-	-	-

*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 30.98

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	11,961,577	-	1,003,420	-	630,293	11,588,450
2018	11,588,450	-	781,296	-	615,879	11,423,033
2019	11,423,033	-	811,035	-	605,963	11,217,961
2020	11,217,961	-	863,550	-	593,240	10,947,651
2021	10,947,651	-	872,887	-	578,116	10,652,880
2022	10,652,880	-	876,524	-	561,804	10,338,160
2023	10,338,160	-	908,799	-	543,607	9,972,968
2024	9,972,968	-	978,625	-	521,601	9,515,944
2025	9,515,944	-	1,009,166	-	495,625	9,002,403
2026	9,002,403	-	1,034,766	-	466,676	8,434,313
2027	8,434,313	-	1,073,373	-	434,369	7,795,309
2028	7,795,309	-	1,097,466	-	398,562	7,096,405
2029	7,096,405	-	1,106,624	-	359,870	6,349,651
2030	6,349,651	-	1,109,164	-	318,729	5,559,216
2031	5,559,216	-	1,104,177	-	275,392	4,730,431
2032	4,730,431	-	1,100,720	-	229,904	3,859,615
2033	3,859,615	-	1,096,274	-	182,131	2,945,472
2034	2,945,472	-	1,086,227	-	132,130	1,991,375
2035	1,991,375	-	1,077,176	-	79,903	994,102
2036	994,102	-	1,064,030	-	-	-

*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 19.93

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	11,961,577	-	1,003,420	-	1,088,687	12,046,844
2018	12,046,844	-	781,296	-	1,107,339	12,372,887
2019	12,372,887	-	811,035	-	1,136,900	12,698,752
2020	12,698,752	-	863,550	-	1,165,363	13,000,565
2021	13,000,565	-	872,887	-	1,193,592	13,321,270
2022	13,321,270	-	876,524	-	1,223,886	13,668,632
2023	13,668,632	-	908,799	-	1,255,352	14,015,185
2024	14,015,185	-	978,625	-	1,284,958	14,321,518
2025	14,321,518	-	1,009,166	-	1,312,609	14,624,961
2026	14,624,961	-	1,034,766	-	1,340,220	14,930,415
2027	14,930,415	-	1,073,373	-	1,367,404	15,224,446
2028	15,224,446	-	1,097,466	-	1,394,193	15,521,173
2029	15,521,173	-	1,106,624	-	1,421,947	15,836,496
2030	15,836,496	-	1,109,164	-	1,451,782	16,179,114
2031	16,179,114	-	1,104,177	-	1,484,567	16,559,504
2032	16,559,504	-	1,100,720	-	1,520,869	16,979,653
2033	16,979,653	-	1,096,274	-	1,560,994	17,444,373
2034	17,444,373	-	1,086,227	-	1,605,620	17,963,766
2035	17,963,766	-	1,077,176	-	1,655,392	18,541,982
2036	18,541,982	-	1,064,030	-	1,710,947	19,188,899
2037	19,188,899	-	1,048,386	-	1,773,147	19,913,660
2038	19,913,660	-	1,032,271	-	1,842,765	20,724,154
2039	20,724,154	-	1,016,412	-	1,920,515	21,628,257
2040	21,628,257	-	999,849	-	2,007,192	22,635,600
2041	22,635,600	-	983,013	-	2,103,689	23,756,276
2042	23,756,276	-	965,267	-	2,210,996	25,002,005
2043	25,002,005	-	946,880	-	2,330,214	26,385,339
2044	26,385,339	-	927,946	-	2,462,530	27,919,923
2045	27,919,923	-	908,484	-	2,609,240	29,620,679
2046	29,620,679	-	888,494	-	2,771,761	31,503,946
2047	31,503,946	-	867,959	-	2,951,647	33,587,634
2048	33,587,634	-	846,777	-	3,150,603	35,891,460
2049	35,891,460	-	824,897	-	3,370,506	38,437,069
2050	38,437,069	-	802,269	-	3,613,414	41,248,214
2051	41,248,214	-	778,826	-	3,881,586	44,350,974
2052	44,350,974	-	754,544	-	4,177,502	47,773,932
2053	47,773,932	-	729,294	-	4,503,882	51,548,520
2054	51,548,520	-	702,980	-	4,863,718	55,709,258
2055	55,709,258	-	675,561	-	5,260,290	60,293,987
2056	60,293,987	-	647,062	-	5,697,193	65,344,118
2057	65,344,118	-	617,600	-	6,178,355	70,904,873
2058	70,904,873	-	587,230	-	6,708,070	77,025,713
2059	77,025,713	-	555,924	-	7,291,036	83,760,825
2060	83,760,825	-	523,892	-	7,932,394	91,169,327
2061	91,169,327	-	491,354	-	8,637,747	99,315,720
2062	99,315,720	-	458,535	-	9,413,213	108,270,398
2063	108,270,398	-	425,897	-	10,265,458	118,109,959
2064	118,109,959	-	393,781	-	11,201,742	128,917,920
2065	128,917,920	-	362,299	-	12,229,993	140,785,614
2066	140,785,614	-	331,623	-	13,358,881	153,812,872

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	153,812,872	-	301,777	-	14,597,888	168,108,983
2068	168,108,983	-	272,766	-	15,957,397	183,793,614
2069	183,793,614	-	245,070	-	17,448,753	200,997,297
2070	200,997,297	-	218,838	-	19,084,348	219,862,807
2071	219,862,807	-	193,978	-	20,877,753	240,546,582
2072	240,546,582	-	170,523	-	22,843,825	263,219,884
2073	263,219,884	-	148,490	-	24,998,836	288,070,230
2074	288,070,230	-	128,106	-	27,360,587	315,302,711
2075	315,302,711	-	109,395	-	29,948,561	345,141,877
2076	345,141,877	-	92,262	-	32,784,096	377,833,711
2077	377,833,711	-	76,794	-	35,890,555	413,647,472
2078	413,647,472	-	63,185	-	39,293,509	452,877,796
2079	452,877,796	-	51,342	-	43,020,952	495,847,406
2080	495,847,406	-	41,146	-	47,103,549	542,909,809
2081	542,909,809	-	32,559	-	51,574,885	594,452,135
2082	594,452,135	-	25,411	-	56,471,746	650,898,470
2083	650,898,470	-	19,609	-	61,834,423	712,713,284
2084	712,713,284	-	14,942	-	67,707,052	780,405,394
2085	780,405,394	-	11,221	-	74,137,979	854,532,152
2086	854,532,152	-	8,308	-	81,180,160	935,704,004
2087	935,704,004	-	6,076	-	88,891,592	1,024,589,520
2088	1,024,589,520	-	4,381	-	97,335,796	1,121,920,935
2089	1,121,920,935	-	3,115	-	106,582,341	1,228,500,161
2090	1,228,500,161	-	2,191	-	116,707,411	1,345,205,381
2091	1,345,205,381	-	1,519	-	127,794,439	1,472,998,301
2092	1,472,998,301	-	1,038	-	139,934,789	1,612,932,052
2093	1,612,932,052	-	699	-	153,228,512	1,766,159,865
2094	1,766,159,865	-	464	-	167,785,165	1,933,944,566
2095	1,933,944,566	-	301	-	183,724,719	2,117,668,984
2096	2,117,668,984	-	193	-	201,178,544	2,318,847,335
2097	2,318,847,335	-	121	-	220,290,491	2,539,137,705
2098	2,539,137,705	-	76	-	241,218,078	2,780,355,707
2099	2,780,355,707	-	46	-	264,133,790	3,044,489,451
2100	3,044,489,451	-	28	-	289,226,497	3,333,715,920
2101	3,333,715,920	-	16	-	316,703,012	3,650,418,916
2102	3,650,418,916	-	9	-	346,789,797	3,997,208,704
2103	3,997,208,704	-	5	-	379,734,827	4,376,943,526
2104	4,376,943,526	-	3	-	415,809,635	4,792,753,158
2105	4,792,753,158	-	2	-	455,311,550	5,248,064,706
2106	5,248,064,706	-	1	-	498,566,147	5,746,630,852
2107	5,746,630,852	-	1	-	545,929,931	6,292,560,782
2108	6,292,560,782	-	-	-	597,793,274	6,890,354,056

*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 \$)	\$717,036	\$1,115,084	\$400,788
Total Required Contribution (% of Payroll)	38.1%	59.2%	21.2%
Expected Member Contribution	105,419	105,419	105,419
Expected State Money	130,498	130,498	130,498
Expected Sponsor Contribution (Fixed \$)	\$481,119	\$879,167	\$164,871
Expected Sponsor Contribution (% of Payroll)	25.6%	46.7%	8.7%
ASSETS			
Actuarial Value ¹	11,781,527	11,781,527	11,781,527
Market Value ¹	11,961,577	11,961,577	11,961,577
LIABILITIES			
Present Value of Benefits			
Active Members			
Retirement Benefits	8,223,294	11,728,981	6,054,322
Disability Benefits	70,956	93,797	55,521
Death Benefits	34,425	44,184	27,287
Vested Benefits	1,048,906	1,608,206	718,932
Refund of Contributions	59,179	62,443	56,231
Service Retirees	4,264,556	5,189,960	3,610,020
DROP Retirees ¹	2,033,871	2,518,236	1,715,876
Beneficiaries	25,591	25,810	25,379
Disability Retirees	627,816	791,799	518,099
Terminated Vested	768,755	1,047,665	589,134
Share Plan Balances ¹	0	0	0
Total:	17,157,349	23,111,081	13,370,801
Present Value of Future Salaries	12,536,497	13,767,357	11,509,911
Present Value of Future Member Contributions	702,044	770,972	644,555
Total Normal Cost	432,874	661,812	293,260
Present Value of Future Normal Costs (Entry Age Normal)	2,853,139	4,820,347	1,765,241
Total Actuarial Accrued Liability ¹	14,304,210	18,290,734	11,605,560
Unfunded Actuarial Accrued Liability (UAAL)	2,522,683	6,509,207	(175,967)

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 (with interest)	449,107	680,012	307,190
Administrative Expenses (with interest)	54,802	54,274	55,330
Payment Required To Amortize UAAL (with interest)	213,127	380,798	38,268
Total Required Contribution	\$717,036	\$1,115,084	\$400,788

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