Retirement Plan for the General Employees Of the City of Clermont, Florida

Actuarial Valuation
As of October 1, 2016

Determines the Contribution
For the 2016/17 Fiscal Year

Southern Actuarial Services

Table of Contents

January 22, 2017

Introduction

This report presents the results of the October 1, 2016 actuarial valuation for the Retirement Plan for the General Employees of the City of Clermont, Florida. The report is based on the participant data and asset information provided by the pension plan administrator and, except for a cursory review for reasonableness including a comparison to the data provided for the previous valuation, we have not attempted to verify the accuracy of this information.

The primary purpose of this report is to provide a summary of the funded status of the plan as of October 1, 2016 and to determine the minimum required contribution under Chapter 112, Florida Statutes, for the 2016/17 plan year. In addition, this report provides a projection of the long-term funding requirements of the plan, statistical information concerning the assets held in the trust, statistical information concerning the participant population, and a summary of any recent plan changes.

The liabilities and cost presented in this report are based on numerous assumptions concerning the cost of benefits to be provided in the future, long-term investment returns, and the future demographic experience of the current participants. Anyone referring to this report should remember that the cost developed herein is only an *estimate* of the true cost of providing post-employment pension benefits. No one can predict with certainty whether the true cost will be higher or lower than the cost presented in this report. The calculated cost is entirely dependent upon the assumptions that are described in Table IV-A. If any of the assumptions is changed, then the cost shown in this report will change accordingly. Likewise, if any of the assumptions is not completely realized, then the cost shown in this report will change in the future.

Certain assumptions play a bigger role than others in determining the cost of the post-employment pension benefits. In some cases, relatively small changes in a particular assumption can have a dramatic impact on the anticipated cost of benefits. Although a thorough analysis of the impact of such changes is beyond the scope of this report, Table I-B illustrates the impact that alternative long-term investment returns would have on the normal cost rate.

Minimum Required Contribution

Table I-A shows the development of the minimum required contribution for the 2016/17 plan year. The minimum required contribution is $8,767, which is $8,767 greater than the minimum required contribution that was developed in the prior valuation.

The normal cost rate is $8,193. Table I-C provides a breakdown of the sources of change in the normal cost rate. Significantly, the rate increased by $513 due to investment losses, increased by another $7,054 due to demographic experience, and increased by $626 due to the assumption change that is discussed below. The market value of assets earned 0.62% during the 2014/15 plan year and 8.29% during the 2015/16 plan year, whereas a 7.00% annual investment return was required to maintain a stable contribution rate.

Chapter 112, Florida Statutes, sets forth the rules concerning the minimum required contribution for public pension plans within the state. Essentially, the City must contribute an amount equal to the annual normal cost of the plan plus an adjustment as necessary to reflect interest on any delayed payment of the contribution beyond the valuation date. On this basis, the City's 2016/17 minimum required contribution will be equal to $8,767. Furthermore, if an actuarial valuation is not prepared as of October 1, 2017, then the $8,767 contribution amount will also apply for the 2017/18 plan year.

Based on the current assets, participant data, and actuarial assumptions and methods that are used to value the plan, the present-day value of the total long-term funding requirement is $408,134. As illustrated in Table I-A, current assets are sufficient to cover $358,184 of this amount and the 2016/17 employer contribution will cover $8,767 of this amount, leaving $41,183 to be covered by future employer contributions. Again, demographic and investment experience that differs from that assumed will either increase or decrease the future employer funding requirement.

Contents of the Report

Tables I-D through I-G provide a detailed breakdown of various liability amounts by type of benefit and by participant group. Tables II-A through II-F provide information concerning the assets of the trust fund. Tables III-A through III-D provide statistical information concerning the plan's participant population. In particular, Table III-D gives a 10-year projection of the cash that is expected to be required from the trust fund in order to pay benefits to the current group of participants. Finally, Tables IV-A and IV-B provide a summary of the actuarial assumptions and methods that are used to value the plan's benefits as of October 1, 2016, as well as a summary of the changes that have occurred since the previous valuation report was prepared.

Assumption Change

Pursuant to the requirements of State law, the mortality basis has been changed from a 2015 projection of the RP-2000 Mortality Table for annuitants to a full generational projection using Scale BB of the RP-2000 Combined Mortality Table. This change increased the minimum required contribution for the 2016/17 plan year by $670.

Certification

This actuarial valuation was prepared 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 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 change in plan costs or required contribution rates have been taken into account in the valuation.

For the firm,

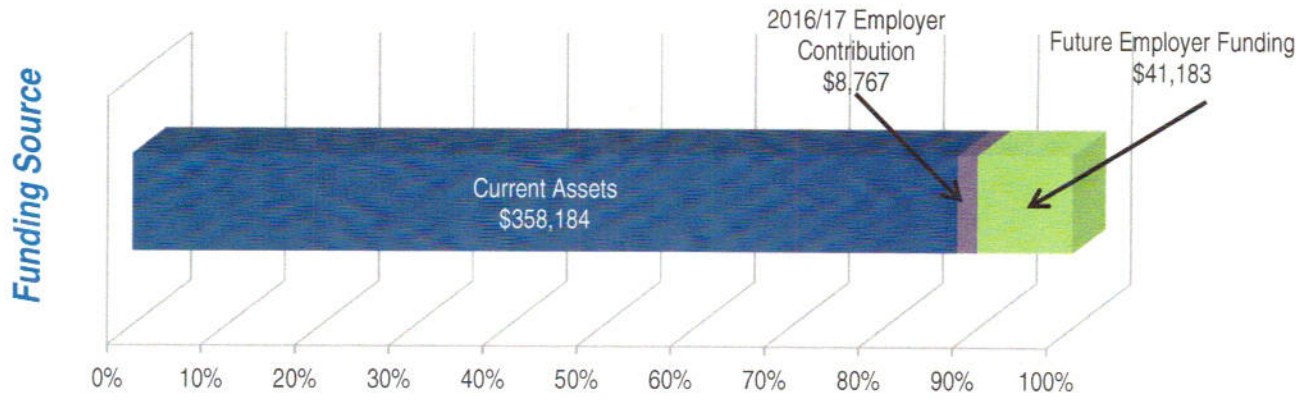
Charles T. Carr
Consulting Actuary
Southern Actuarial Services Company, Inc.

Enrolled Actuary No. 14-04927

The individual above is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Minimum Required Contribution

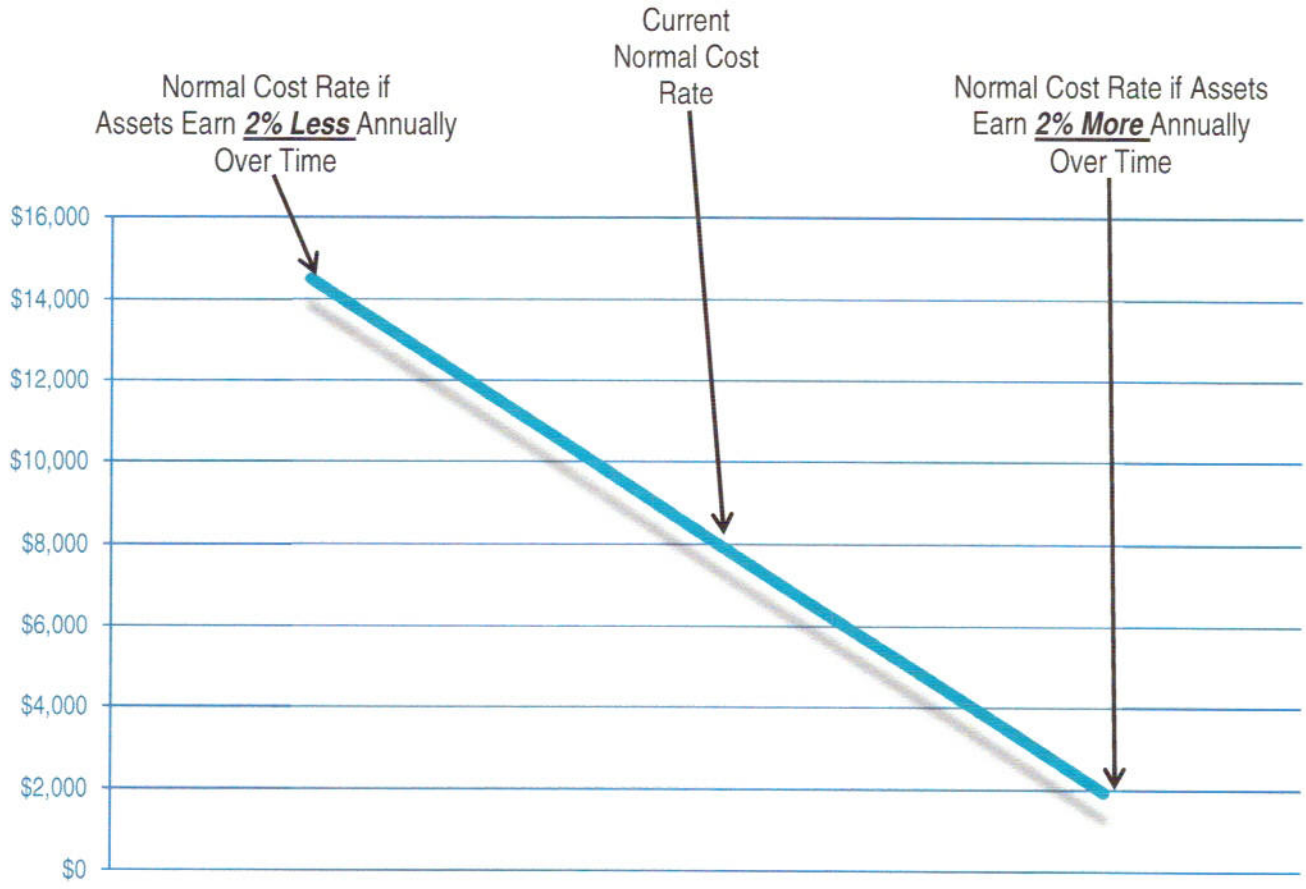
Table I-A



	For the 2016/17 Plan Year
Present Value of Future Benefits	$388,699
Present Value of Future Administrative Expenses	$19,435
Actuarial Value of Assets	($358,184)
Present Value of Future Employee Contributions	$0
Present Value of Future Normal Costs	$49,950
Present Value of Future Life	*÷ 42.6774*
Normal Cost Rate	*= $1,170*
Expected Lives	*x 7.0000*
Normal Cost	$8,193
Adjustment to Reflect an End-of-Year Employer Contribution	$574
Minimum Required Contribution	**$8,767**

Sensitivity Analysis

Table I-B



The line above illustrates the sensitivity of the normal cost rate to changes in the long-term investment return.

Gain and Loss Analysis

Table I-C

Previous normal cost rate	$0
Increase (decrease) due to investment gains and losses	$513
Increase (decrease) due to demographic experience	$7,054
Increase (decrease) due to plan amendments	$0
Increase (decrease) due to actuarial assumption changes	$626
Increase (decrease) due to actuarial method changes	$0
Current normal cost rate	$8,193

Present Value of Future Benefits

Table I-D

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$0	$0	$0
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$0**	**$0**	**$0**
Deferred Vested Participants			
Retirement benefits	$0	$0	$0
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$0**	**$0**	**$0**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$273,122	$273,122	$293,168
Disability retirements	$0	$0	$0
Beneficiaries receiving	$88,568	$88,568	$95,531
DROP participants	$0	$0	$0
Sub-total	**$361,690**	**$361,690**	**$388,699**
Grand Total	**$361,690**	**$361,690**	**$388,699**
Present Value of Future Payroll	$0	$0	$0
Present Value of Future Employee Contribs.	$0	$0	$0
Present Value of Future Employer Contribs.	$21,591	$21,591	$49,950

Present Value of Accrued Benefits

Table I-E

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$0	$0	$0
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$0**	**$0**	**$0**
Deferred Vested Participants			
Retirement benefits	$0	$0	$0
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$0**	**$0**	**$0**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$273,122	$273,122	$293,168
Disability retirements	$0	$0	$0
Beneficiaries receiving	$88,568	$88,568	$95,531
DROP participants	$0	$0	$0
Sub-total	**$361,690**	**$361,690**	**$388,699**
Grand Total	**$361,690**	**$361,690**	**$388,699**
Funded Percentage	99.03%	99.03%	92.15%

Present Value of Vested Benefits

Table I-F

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$0	$0	$0
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$0**	**$0**	**$0**
Deferred Vested Participants			
Retirement benefits	$0	$0	$0
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$0**	**$0**	**$0**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$273,122	$273,122	$293,168
Disability retirements	$0	$0	$0
Beneficiaries receiving	$88,568	$88,568	$95,531
DROP participants	$0	$0	$0
Sub-total	**$361,690**	**$361,690**	**$388,699**
Grand Total	**$361,690**	**$361,690**	**$388,699**

Entry Age Normal Accrued Liability

Table I-G

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$0	$0	$0
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$0**	**$0**	**$0**
Deferred Vested Participants			
Retirement benefits	$0	$0	$0
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$0**	**$0**	**$0**
Due a Refund of Contributions	**$0**	**$0**	**$0**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$273,122	$273,122	$293,168
Disability retirements	$0	$0	$0
Beneficiaries receiving	$88,568	$88,568	$95,531
DROP participants	$0	$0	$0
Sub-total	**$361,690**	**$361,690**	**$388,699**
Grand Total	**$361,690**	**$361,690**	**$388,699**

Actuarial Value of Assets

Table II-A

Market Value of Assets as of October 1, 2016	$358,184
Minus advance employer contributions	$0
Actuarial Value of Assets as of October 1, 2016	**$358,184**

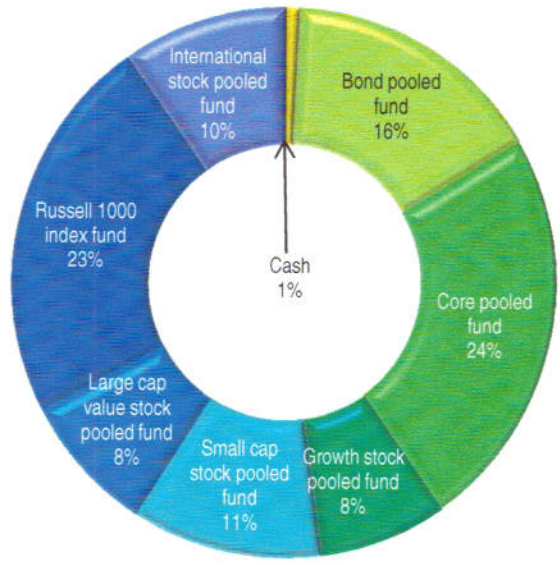
Historical Actuarial Value of Assets

October 1, 2007	$822,401
October 1, 2008	$646,405
October 1, 2009	$573,379
October 1, 2010	$546,940
October 1, 2011	$488,225
October 1, 2012	$499,902
October 1, 2013	$487,714
October 1, 2014	$458,926
October 1, 2015	$391,547
October 1, 2016	$358,184

Market Value of Assets

Table II-B

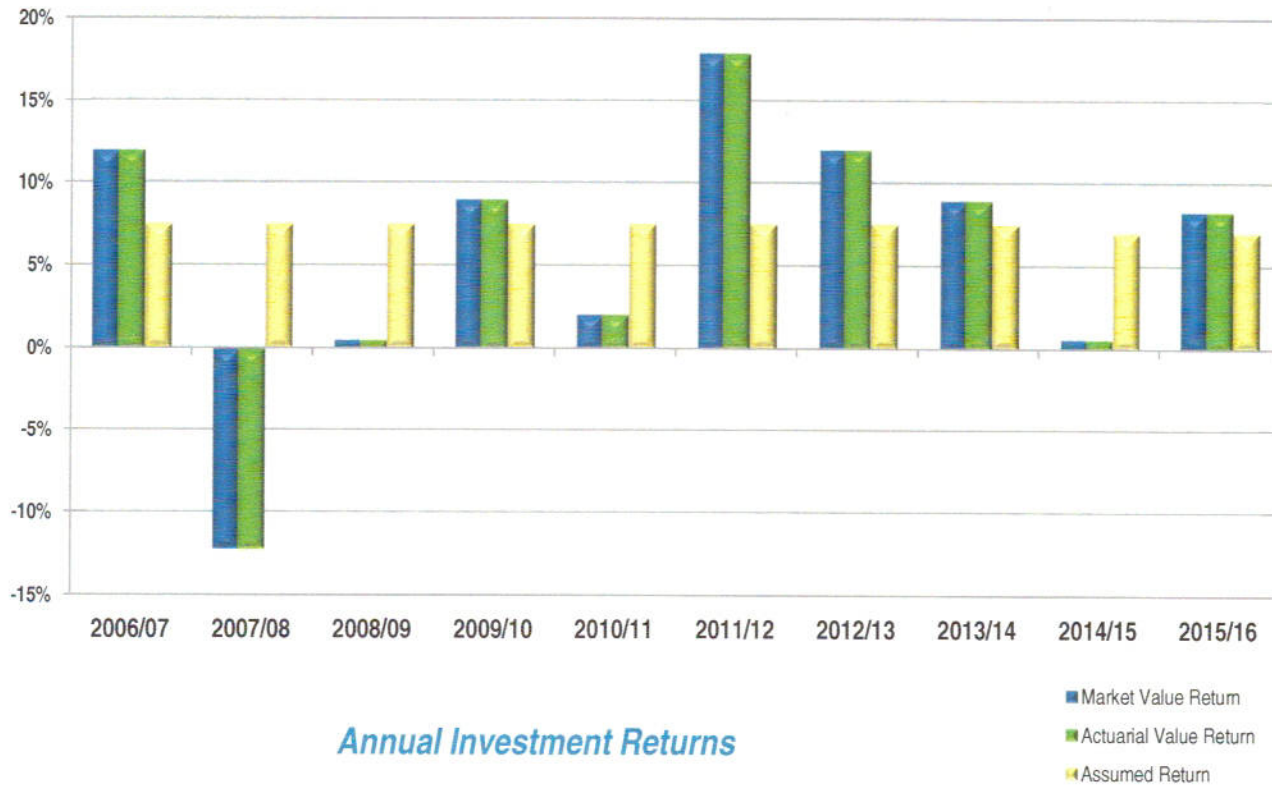
	As of October 1, 2016
Market Value of Assets	**$358,184**
Cash	$2,865
Bond pooled fund	$55,877
Core pooled fund	$85,248
Growth stock pooled fund	$27,222
Small cap stock pooled fund	$40,475
Large cap value stock pooled fund	$29,371
Russell 1000 index fund	$82,024
International stock pooled fund	$35,102



Historical Market Value of Assets	
October 1, 2007	$822,401
October 1, 2008	$646,405
October 1, 2009	$573,379
October 1, 2010	$546,940
October 1, 2011	$488,225
October 1, 2012	$499,902
October 1, 2013	$487,714
October 1, 2014	$458,926
October 1, 2015	$391,547
October 1, 2016	$358,184

Investment Return

Table II-C



Annual Investment Returns

Plan Year	Market Value Return	Actuarial Value Return	Assumed Return
2006/07	11.96%	11.96%	7.50%
2007/08	-12.23%	-12.23%	7.50%
2008/09	0.51%	0.51%	7.50%
2009/10	8.97%	8.97%	7.50%
2010/11	2.08%	2.08%	7.50%
2011/12	17.90%	17.90%	7.50%
2012/13	12.02%	12.02%	7.50%
2013/14	8.95%	8.95%	7.50%
2014/15	0.62%	0.62%	7.00%
2015/16	8.29%	8.29%	7.00%
10yr. Avg.	5.59%	5.59%	7.40%

Asset Reconciliation

Table II-D

	Market Value	Actuarial Value
As of October 1, 2013	**$458,926**	**$458,926**
Increases Due To:		
Employer Contributions	$0	$0
Total Contributions	$0	$0
Interest and Dividends	$0	
Realized Gains (Losses)	$0	
Unrealized Gains (Losses)	$32,442	
Total Investment Income	$32,442	$32,442
Other Income	$0	
Total Income	**$32,442**	**$32,442**
Decreases Due To:		
Monthly Benefit Payments	($124,919)	($124,919)
Total Benefit Payments	($124,919)	($124,919)
Investment Expenses	$0	
Administrative Expenses	($8,265)	($8,265)
Advance Employer Contribution		$0
Total Expenses	**($133,184)**	**($133,184)**
As of October 1, 2016	**$358,184**	**$358,184**

Historical Trust Fund Detail

Table II-E

Income

Plan Year	Employer Contribs.	Interest / Dividends	Realized Gains / Losses	Unrealized Gains / Losses	Other Income
2006/07	$18,998	$0	$0	$91,254	$0
2007/08	$0	$0	$0	-$95,689	$0
2008/09	$0	$0	$0	$3,091	$0
2009/10	$3,051	$0	$0	$48,093	$0
2010/11	$3,051	$0	$0	$10,637	$0
2011/12	$0	$0	$0	$81,168	$0
2012/13	$0	$0	$0	$56,009	$0
2013/14	$0	$0	$0	$40,560	$0
2014/15	$0	$0	$0	$2,613	$0
2015/16	$0	$0	$0	$29,829	$0

Expenses

Plan Year	Monthly Benefit Payments	Admin. Expenses	Invest. Expenses
2006/07	$79,539	$2,589	$0
2007/08	$75,537	$4,770	$0
2008/09	$73,988	$2,129	$0
2009/10	$73,214	$4,369	$0
2010/11	$70,296	$2,107	$0
2011/12	$66,212	$3,279	$0
2012/13	$66,212	$1,985	$0
2013/14	$66,212	$3,136	$0
2014/15	$63,484	$6,508	$0
2015/16	$61,435	$1,757	$0

Other Actuarial Adjustments

Plan Year	Advance Employer Contribs.
2006/07	$0
2007/08	$0
2008/09	$0
2009/10	$0
2010/11	$0
2011/12	$0
2012/13	$0
2013/14	$0
2014/15	$0
2015/16	$0

Note: Information was not available to separate the investment expenses from the investment income nor was information available to separate the investment income by source.

Other Reconciliations

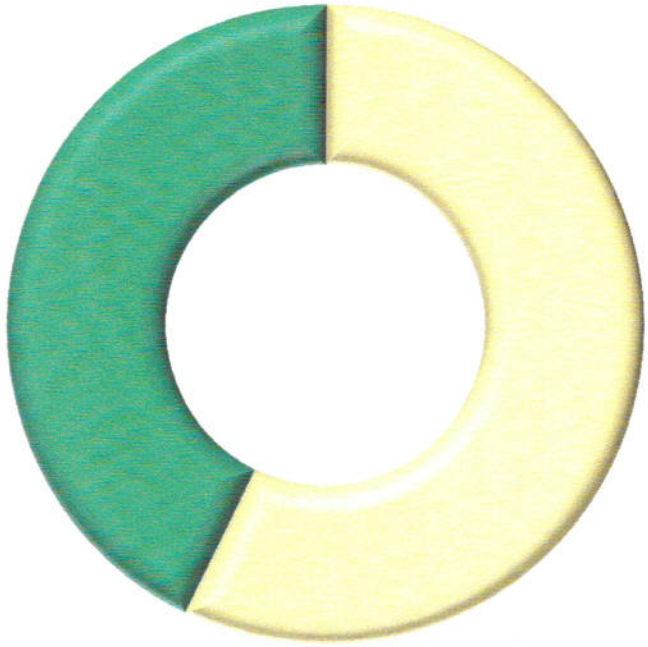
Table II-F

Advance Employer Contribution

Advance Employer Contribution as of October 1, 2014	$0
Additional Employer Contribution	$0
Minimum Required Contribution	$0
Net Increase in Advance Employer Contribution	$0
Advance Employer Contribution as of October 1, 2015	$0
Additional Employer Contribution	$0
Minimum Required Contribution	$0
Net Increase in Advance Employer Contribution	$0
Advance Employer Contribution as of October 1, 2016	$0

Summary of Participant Data

Table III-A



Participant Distribution by Status

As of October 1, 2016

Actively Employed Participants	
Active Participants	0
DROP Participants	0
Inactive Participants	
Deferred Vested Participants	0
Due a Refund of Contributions	0
Deferred Beneficiaries	0
Participants Receiving a Benefit	
Service Retirements	4
Disability Retirements	0
Beneficiaries Receiving	3
Total Participants	**7**

Number of Participants Included in Prior Valuations

	Active	*DROP*	*Inactive*	*Retired*	*Total*
October 1, 2007	0	0	0	12	12
October 1, 2008	N/A	N/A	N/A	N/A	N/A
October 1, 2009	0	0	0	10	10
October 1, 2010	N/A	N/A	N/A	N/A	N/A
October 1, 2011	0	0	0	9	9
October 1, 2012	N/A	N/A	N/A	N/A	N/A
October 1, 2013	N/A	N/A	N/A	N/A	N/A
October 1, 2014	0	0	0	8	8
October 1, 2015	N/A	N/A	N/A	N/A	N/A
October 1, 2016	0	0	0	7	7

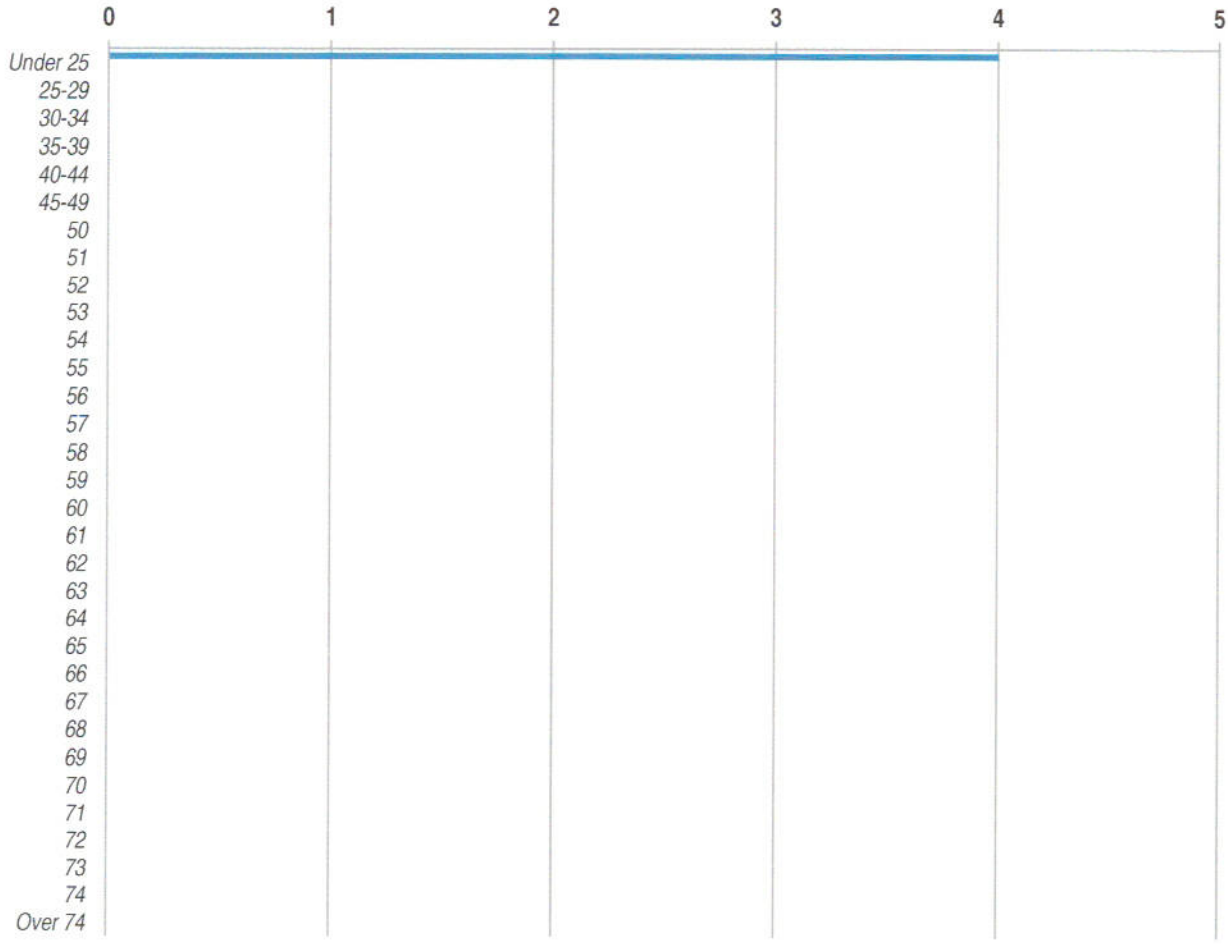
Data Reconciliation

Table III-B

	Active	DROP	Deferred Vested	Due a Refund	Def. Benef.	Service Retiree	Disabled Retiree	Benef. Rec'v.	Total
October 1, 2014	0	0	0	0	0	5	0	3	**8**
Change in Status									
Re-employed									
Terminated									
Retired									
Participation Ended									
Transferred Out									
Cashed Out									
Died						(1)			**(1)**
Participation Began									
Newly Hired									
Transferred In									
New Beneficiary									
Other Adjustment									
October 1, 2016	0	0	0	0	0	4	0	3	**7**

Inactive Participant Data

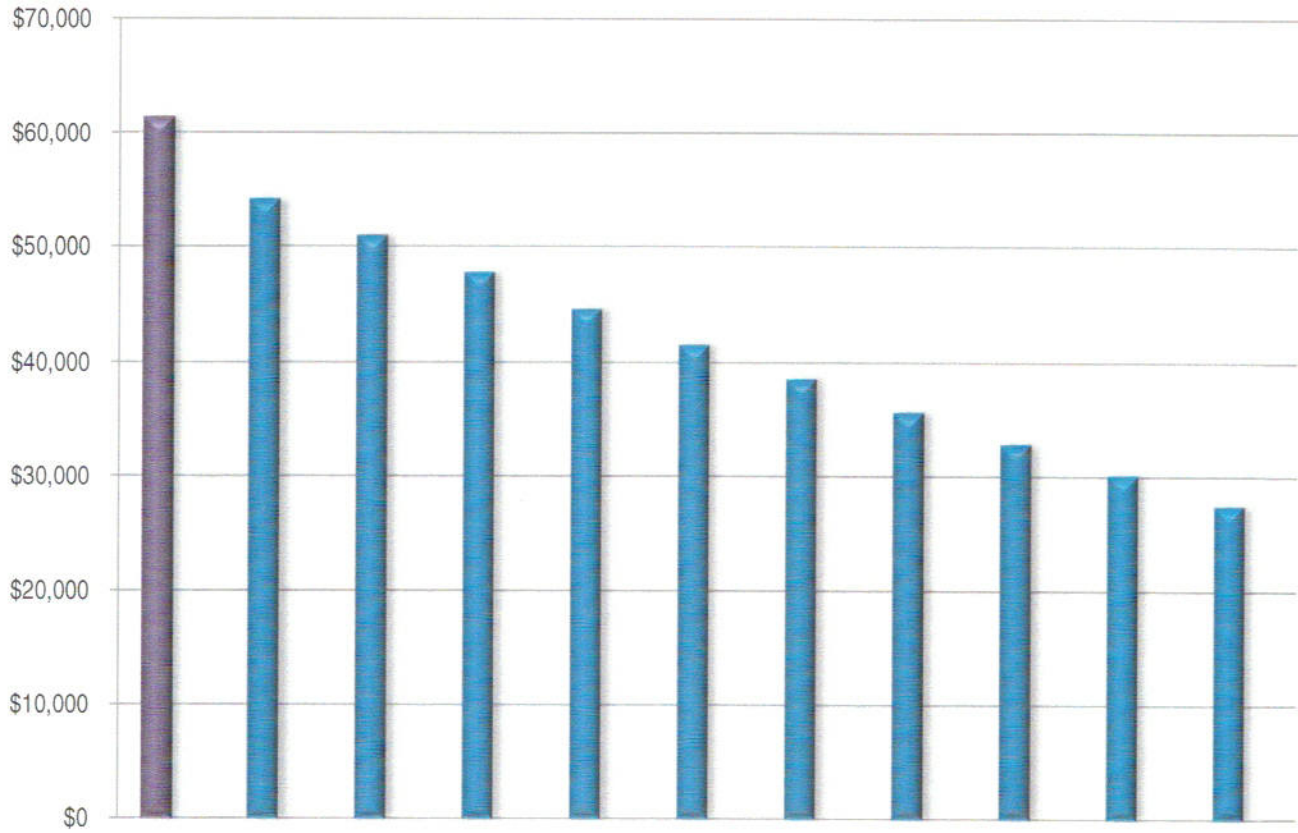
Table III-C



	Average Monthly Benefit
Service Retirements	*$789.52*
Disability Retirements	*Not applicable*
Beneficiaries Receiving	*$540.03*
DROP Participants	*Not applicable*
Deferred Vested Participants	*Not applicable*
Deferred Beneficiaries	*Not applicable*

Projected Benefit Payments

Table III-D



Actual	
For the period October 1, 2015 through September 30, 2016	$61,435
Projected	
For the period October 1, 2016 through September 30, 2017	$54,182
For the period October 1, 2017 through September 30, 2018	$51,013
For the period October 1, 2018 through September 30, 2019	$47,854
For the period October 1, 2019 through September 30, 2020	$44,719
For the period October 1, 2020 through September 30, 2021	$41,636
For the period October 1, 2021 through September 30, 2022	$38,641
For the period October 1, 2022 through September 30, 2023	$35,736
For the period October 1, 2023 through September 30, 2024	$32,921
For the period October 1, 2024 through September 30, 2025	$30,181
For the period October 1, 2025 through September 30, 2026	$27,515

Summary of Actuarial Methods and Assumptions — Table IV-A

NOTE: The following assumptions and methods have been selected and approved by the Board of Trustees based in part on the advice of the plan's enrolled actuary in accordance with the authority granted to the Board under the pension ordinances and State law.

1. Actuarial Cost Method

Aggregate cost method. Under this actuarial cost method, a funding cost is developed for the plan as a level dollar amount per individual. The level dollar amount is calculated as the excess of the total future benefit liability over accumulated assets and future employee contributions, with this excess spread over the life expectancy for current retired participants and their beneficiaries. The normal cost is equal to the level dollar amount multiplied by the total life expectancy for retired participants and their beneficiaries solely during the year immediately following the valuation date. The actuarial accrued liability is equal to the accumulated assets. Therefore, under the aggregate cost method, no unfunded accrued liability is developed.

2. Asset Method

The actuarial value of assets is equal to the market value of assets.

3. Interest (or Discount) Rate

7.00% per annum

4. Decrements

- Post-retirement mortality: Sex-distinct rates set forth in the RP-2000 Combined Mortality Table, with full generational improvements in mortality using Scale BB

5. Expenses

The total projected benefit liability has been loaded by 5.00% to account for anticipated administrative expenses. In addition, the interest rate set forth in item 3. above is assumed to be net of investment expenses and commissions.

Changes in Actuarial Methods and Assumptions

Table IV-B

Since the completion of the previous valuation, the mortality basis was changed from a 2015 projection of the RP-2000 Mortality Table for annuitants to a full generational projection using Scale BB of the RP-2000 Combined Mortality Table as required by State law.