

May 29, 2018

VIA EMAIL

Thomas Sejnowski  
Lieutenant, PFT, EMT  
Holly Hill Fire Department  
1020 Daytona Avenue  
Holly Hill, FL 32117

Re: City of Holly Hill Firefighters' Pension Plan  
Section 112.664, Florida Statutes Compliance

Dear Thomas:

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: Pedro Herrera, Board Attorney  
cc via email: Jessica A. De la Torre Vila, Legal Assistant

CITY OF HOLLY HILL  
FIREFIGHTERS' PENSION PLAN

SECTION 112.664, FLORIDA STATUTES  
COMPLIANCE

With respect to the reporting standards for defined benefit retirement plans or systems contained in Section 112.664(1), F.S., the actuarial disclosures required under this section were prepared and completed by me or under my direct supervision and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, meet the requirements of Section 112.664(1), Florida Statutes, and Rule 60T-1.0035, Florida Administrative Code.

By: Patrick T. Donlan Date: 5/29/2018

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	
	7.40% RP-2000 Generational	5.40% RP-2000 Generational	9.40% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	170,029	257,718	116,722
Interest	402,775	376,177	413,267
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	69,117	76,782	63,536
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(323,535)	(323,535)	(323,535)
Net Change in Total Pension Liability	318,386	387,142	269,990
Total Pension Liability - Beginning	5,434,644	6,870,292	4,441,498
Total Pension Liability - Ending (a)	<u>\$ 5,753,030</u>	<u>\$ 7,257,434</u>	<u>\$ 4,711,488</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	214,936	214,936	214,936
Contributions - State	43,415	43,415	43,415
Contributions - Employee	45,607	45,607	45,607
Net Investment Income	420,410	420,410	420,410
Benefit Payments, Including Refunds of Employee Contributions	(323,535)	(323,535)	(323,535)
Administrative Expenses	(26,803)	(26,803)	(26,803)
Net Change in Plan Fiduciary Net Position	374,030	374,030	374,030
Plan Fiduciary Net Position - Beginning	4,041,548	4,041,548	4,041,548
Plan Fiduciary Net Position - Ending (b)	<u>\$ 4,415,578</u>	<u>\$ 4,415,578</u>	<u>\$ 4,415,578</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,337,452</u>	<u>\$ 2,841,856</u>	<u>\$ 295,910</u>

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

Table 1  
Plan Assumptions: 7.40% 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	4,415,578	-	419,985	-	311,213	4,306,806
2018	4,306,806	-	376,781	-	304,763	4,234,788
2019	4,234,788	-	375,786	-	299,470	4,158,472
2020	4,158,472	-	376,912	-	293,781	4,075,341
2021	4,075,341	-	382,941	-	287,406	3,979,806
2022	3,979,806	-	386,205	-	280,216	3,873,817
2023	3,873,817	-	392,701	-	272,133	3,753,249
2024	3,753,249	-	397,463	-	263,034	3,618,820
2025	3,618,820	-	396,549	-	253,120	3,475,391
2026	3,475,391	-	394,812	-	242,571	3,323,150
2027	3,323,150	-	388,255	-	231,548	3,166,443
2028	3,166,443	-	380,328	-	220,245	3,006,360
2029	3,006,360	-	386,434	-	208,173	2,828,099
2030	2,828,099	-	403,218	-	194,360	2,619,241
2031	2,619,241	-	422,645	-	178,186	2,374,782
2032	2,374,782	-	416,932	-	160,307	2,118,157
2033	2,118,157	-	411,035	-	141,535	1,848,657
2034	1,848,657	-	399,012	-	122,037	1,571,682
2035	1,571,682	-	404,442	-	101,340	1,268,580
2036	1,268,580	-	398,524	-	79,130	949,186
2037	949,186	-	396,519	-	55,569	608,236
2038	608,236	-	388,490	-	30,635	250,381
2039	250,381	-	380,648	-	-	-

\*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 22.66

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.40% 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: 5.40% 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	4,415,578	-	419,985	-	227,102	4,222,695
2018	4,222,695	-	376,781	-	217,852	4,063,766
2019	4,063,766	-	375,786	-	209,297	3,897,277
2020	3,897,277	-	376,912	-	200,276	3,720,641
2021	3,720,641	-	382,941	-	190,575	3,528,275
2022	3,528,275	-	386,205	-	180,099	3,322,169
2023	3,322,169	-	392,701	-	168,794	3,098,262
2024	3,098,262	-	397,463	-	156,575	2,857,374
2025	2,857,374	-	396,549	-	143,591	2,604,416
2026	2,604,416	-	394,812	-	129,979	2,339,583
2027	2,339,583	-	388,255	-	115,855	2,067,183
2028	2,067,183	-	380,328	-	101,359	1,788,214
2029	1,788,214	-	386,434	-	86,130	1,487,910
2030	1,487,910	-	403,218	-	69,460	1,154,152
2031	1,154,152	-	422,645	-	50,913	782,420
2032	782,420	-	416,932	-	30,994	396,482
2033	396,482	-	411,035	-	-	-

\*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 16.96

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.40% 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: 9.40% 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	4,415,578	-	419,985	-	395,325	4,390,918
2018	4,390,918	-	376,781	-	395,038	4,409,175
2019	4,409,175	-	375,786	-	396,801	4,430,190
2020	4,430,190	-	376,912	-	398,723	4,452,001
2021	4,452,001	-	382,941	-	400,490	4,469,550
2022	4,469,550	-	386,205	-	401,986	4,485,331
2023	4,485,331	-	392,701	-	403,164	4,495,794
2024	4,495,794	-	397,463	-	403,924	4,502,255
2025	4,502,255	-	396,549	-	404,574	4,510,280
2026	4,510,280	-	394,812	-	405,410	4,520,878
2027	4,520,878	-	388,255	-	406,715	4,539,338
2028	4,539,338	-	380,328	-	408,822	4,567,832
2029	4,567,832	-	386,434	-	411,214	4,592,612
2030	4,592,612	-	403,218	-	412,754	4,602,148
2031	4,602,148	-	422,645	-	412,738	4,592,241
2032	4,592,241	-	416,932	-	412,075	4,587,384
2033	4,587,384	-	411,035	-	411,895	4,588,244
2034	4,588,244	-	399,012	-	412,541	4,601,773
2035	4,601,773	-	404,442	-	413,558	4,610,889
2036	4,610,889	-	398,524	-	414,693	4,627,058
2037	4,627,058	-	396,519	-	416,307	4,646,846
2038	4,646,846	-	388,490	-	418,544	4,676,900
2039	4,676,900	-	380,648	-	421,738	4,717,990
2040	4,717,990	-	372,814	-	425,969	4,771,145
2041	4,771,145	-	361,937	-	431,477	4,840,685
2042	4,840,685	-	354,429	-	438,366	4,924,622
2043	4,924,622	-	346,656	-	446,622	5,024,588
2044	5,024,588	-	338,582	-	456,398	5,142,404
2045	5,142,404	-	329,537	-	467,898	5,280,765
2046	5,280,765	-	320,512	-	481,328	5,441,581
2047	5,441,581	-	309,092	-	496,981	5,629,470
2048	5,629,470	-	299,582	-	515,090	5,844,978
2049	5,844,978	-	287,391	-	535,921	6,093,508
2050	6,093,508	-	277,215	-	559,761	6,376,054
2051	6,376,054	-	264,543	-	586,916	6,698,427
2052	6,698,427	-	252,008	-	617,808	7,064,227
2053	7,064,227	-	240,890	-	652,716	7,476,053
2054	7,476,053	-	229,245	-	691,974	7,938,782
2055	7,938,782	-	216,768	-	736,057	8,458,071
2056	8,458,071	-	204,868	-	785,430	9,038,633
2057	9,038,633	-	192,700	-	840,575	9,686,508
2058	9,686,508	-	180,349	-	902,055	10,408,214
2059	10,408,214	-	167,890	-	970,481	11,210,805
2060	11,210,805	-	155,414	-	1,046,511	12,101,902
2061	12,101,902	-	143,021	-	1,130,857	13,089,738
2062	13,089,738	-	130,804	-	1,224,288	14,183,222
2063	14,183,222	-	118,937	-	1,327,633	15,391,918
2064	15,391,918	-	107,521	-	1,441,787	16,726,184
2065	16,726,184	-	96,675	-	1,567,718	18,197,227
2066	18,197,227	-	86,610	-	1,706,469	19,817,086

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

Table 3  
Hypothetical Assumptions: 9.40% 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	19,817,086	-	77,397	-	1,859,168	21,598,857
2068	21,598,857	-	69,044	-	2,027,047	23,556,860
2069	23,556,860	-	61,525	-	2,211,453	25,706,788
2070	25,706,788	-	54,806	-	2,413,862	28,065,844
2071	28,065,844	-	48,777	-	2,635,897	30,652,964
2072	30,652,964	-	43,394	-	2,879,339	33,488,909
2073	33,488,909	-	38,547	-	3,146,146	36,596,508
2074	36,596,508	-	34,139	-	3,438,467	40,000,836
2075	40,000,836	-	30,100	-	3,758,664	43,729,400
2076	43,729,400	-	26,349	-	4,109,325	47,812,376
2077	47,812,376	-	22,843	-	4,493,290	52,282,823
2078	52,282,823	-	19,574	-	4,913,665	57,176,914
2079	57,176,914	-	16,543	-	5,373,852	62,534,223
2080	62,534,223	-	13,763	-	5,877,570	68,398,030
2081	68,398,030	-	11,244	-	6,428,886	74,815,672
2082	74,815,672	-	9,011	-	7,032,250	81,838,911
2083	81,838,911	-	7,100	-	7,692,524	89,524,335
2084	89,524,335	-	5,478	-	8,415,030	97,933,887
2085	97,933,887	-	4,135	-	9,205,591	107,135,343
2086	107,135,343	-	3,057	-	10,070,579	117,202,865
2087	117,202,865	-	2,218	-	11,016,965	128,217,612
2088	128,217,612	-	1,575	-	12,052,382	140,268,419
2089	140,268,419	-	1,099	-	13,185,180	153,452,500
2090	153,452,500	-	753	-	14,424,500	167,876,247
2091	167,876,247	-	508	-	15,780,343	183,656,082
2092	183,656,082	-	339	-	17,263,656	200,919,399
2093	200,919,399	-	223	-	18,886,413	219,805,589
2094	219,805,589	-	145	-	20,661,719	240,467,163
2095	240,467,163	-	94	-	22,603,909	263,070,978
2096	263,070,978	-	61	-	24,728,669	287,799,586
2097	287,799,586	-	39	-	27,053,159	314,852,706
2098	314,852,706	-	25	-	29,596,153	344,448,834
2099	344,448,834	-	15	-	32,378,190	376,827,009
2100	376,827,009	-	10	-	35,421,738	412,248,737
2101	412,248,737	-	6	-	38,751,381	451,000,112
2102	451,000,112	-	4	-	42,394,010	493,394,118
2103	493,394,118	-	2	-	46,379,047	539,773,163
2104	539,773,163	-	1	-	50,738,677	590,511,839
2105	590,511,839	-	1	-	55,508,113	646,019,951
2106	646,019,951	-	-	-	60,725,875	706,745,826

\*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 9.40% 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

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>	
	7.40% RP-2000 Generational	5.40% RP-2000 Generational	9.40% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$327,311	\$500,954	\$187,934
Total Required Contribution (% of Payroll)	46.8%	71.6%	26.9%
Expected Member Contribution	50,815	50,325	51,305
Expected State Money	43,415	43,415	43,415
Expected Sponsor Contribution (Fixed \$)	\$233,081	\$407,214	\$93,214
Expected Sponsor Contribution (% of Payroll)	33.6%	58.4%	13.7%

**ASSETS**

Actuarial Value <sup>1</sup>	4,334,053	4,334,053	4,334,053
Market Value <sup>1</sup>	4,415,578	4,415,578	4,415,578

**LIABILITIES**

Present Value of Benefits			
Active Members			
Retirement Benefits	2,612,898	3,976,792	1,800,983
Disability Benefits	83,590	113,933	63,609
Death Benefits	46,692	67,119	34,207
Vested Benefits	253,454	410,241	164,007
Refund of Contributions	11,812	11,984	11,650
Service Retirees	3,276,202	3,953,533	2,792,590
DROP Retirees <sup>1</sup>	727,740	909,161	605,909
Beneficiaries	0	0	0
Disability Retirees	0	0	0
Terminated Vested	0	0	0
Share Plan Balances <sup>1</sup>	0	0	0
Excess State Monies Reserve	0	0	0
Total:	7,012,388	9,442,763	5,472,955
Present Value of Future Salaries	5,554,264	6,182,633	5,036,995
Present Value of Future Member Contributions	388,798	432,784	352,590
Total Normal Cost	155,607	236,047	106,357
Present Value of Future Normal Costs (Entry Age Normal)	1,223,395	2,124,852	737,580
Total Actuarial Accrued Liability <sup>1</sup>	5,788,993	7,317,911	4,735,375
Unfunded Actuarial Accrued Liability (UAAL)	1,454,940	2,983,858	401,322

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

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL	
	7.40% RP-2000 Generational	5.40% RP-2000 Generational	9.40% RP-2000 Generational
<b><u>PENSION COST</u></b>			
Normal Cost <sup>2</sup>	170,240	255,753	117,480
Administrative Expenses <sup>2</sup>	29,323	29,041	29,606
Payment Required To Amortize UAAL <sup>2</sup>	127,748	216,160	40,848
Total Required Contribution	\$327,311	\$500,954	\$187,934

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

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