

August 30, 2017

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  
Senate Bill 534 (Section 112.664, Florida Statutes) Compliance

Dear Thomas:

Please find enclosed the annual disclosures that satisfy the October 1, 2016 financial reporting requirements made under Section 112.664.

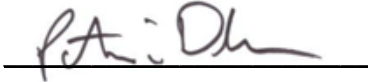
Our office will submit this information electronically to the Department of Management Services. However, it is important for you to be aware that this report must also be made available on the Plan or Plan Sponsor's website, if such website exists. A deadline for this website publication is not made 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 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: 8/30/2017

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, 2016 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.

## GASB 67: SCHEDULE OF CHANGES IN NET PENSION LIABILITY

FISCAL YEAR SEPTEMBER 30, 2016

	ACTUAL	HYPOTHETICAL	
	7.40% RP-2000 Generational	5.40% RP-2000 Generational	9.40% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	169,795	264,261	122,016
Interest	378,039	366,542	402,466
Change in Excess State Money	(18,139)	(18,139)	(18,139)
Share Plan Allocation	-	-	-
Changes of Benefit Terms	(131,917)	(188,902)	(102,893)
Differences Between Expected and Actual Experience	15,721	20,855	6,537
Changes of Assumptions	162,997	(18,870)	(41,360)
Benefit Payments, Including Refunds of Employee Contributions	(325,259)	(325,259)	(325,259)
Net Change in Total Pension Liability	251,237	100,488	43,368
Total Pension Liability - Beginning	5,183,407	6,769,804	4,398,130
Total Pension Liability - Ending (a)	<u>\$ 5,434,644</u>	<u>\$ 6,870,292</u>	<u>\$ 4,441,498</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	203,657	203,657	203,657
Contributions - State	51,535	51,535	51,535
Contributions - Employee	51,275	51,275	51,275
Net Investment Income	358,369	358,369	358,369
Benefit Payments, Including Refunds of Employee Contributions	(325,259)	(325,259)	(325,259)
Administrative Expenses	(40,976)	(40,976)	(40,976)
Net Change in Plan Fiduciary Net Position	298,601	298,601	298,601
Plan Fiduciary Net Position - Beginning	3,742,947	3,742,947	3,742,947
Plan Fiduciary Net Position - Ending (b)	<u>\$ 4,041,548</u>	<u>\$ 4,041,548</u>	<u>\$ 4,041,548</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,393,096</u>	<u>\$ 2,828,744</u>	<u>\$ 399,950</u>

## GASB 68: PENSION EXPENSE

FISCAL YEAR SEPTEMBER 30, 2016

	ACTUAL	HYPOTHETICAL	
	7.40% RP-2000 Generational	5.40% RP-2000 Generational	9.40% RP-2000 Generational
Pension Expense	<u>\$ 178,067</u>	<u>\$ 209,049</u>	<u>\$ 97,276</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
2016	4,038,666	-	337,521	-	286,373	3,987,518
2017	3,987,518	-	385,291	-	280,821	3,883,048
2018	3,883,048	-	380,704	-	273,260	3,775,604
2019	3,775,604	-	379,522	-	265,352	3,661,434
2020	3,661,434	-	379,334	-	256,911	3,539,011
2021	3,539,011	-	383,579	-	247,694	3,403,126
2022	3,403,126	-	385,277	-	237,576	3,255,425
2023	3,255,425	-	389,331	-	226,496	3,092,590
2024	3,092,590	-	394,790	-	214,244	2,912,044
2025	2,912,044	-	391,394	-	201,010	2,721,660
2026	2,721,660	-	389,188	-	187,003	2,519,475
2027	2,519,475	-	378,515	-	172,436	2,313,396
2028	2,313,396	-	370,294	-	157,490	2,100,592
2029	2,100,592	-	375,110	-	141,565	1,867,047
2030	1,867,047	-	388,508	-	123,787	1,602,326
2031	1,602,326	-	404,041	-	103,623	1,301,908
2032	1,301,908	-	398,097	-	81,612	985,423
2033	985,423	-	392,017	-	58,417	651,823
2034	651,823	-	380,030	-	34,174	305,967
2035	305,967	-	382,163	-	-	-

\*All DROP Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 19.80

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
2016	4,038,666	-	337,521	-	208,975	3,910,120
2017	3,910,120	-	385,291	-	200,744	3,725,573
2018	3,725,573	-	380,704	-	190,902	3,535,771
2019	3,535,771	-	379,522	-	180,685	3,336,934
2020	3,336,934	-	379,334	-	169,952	3,127,552
2021	3,127,552	-	383,579	-	158,531	2,902,504
2022	2,902,504	-	385,277	-	146,333	2,663,560
2023	2,663,560	-	389,331	-	133,320	2,407,549
2024	2,407,549	-	394,790	-	119,348	2,132,107
2025	2,132,107	-	391,394	-	104,566	1,845,279
2026	1,845,279	-	389,188	-	89,137	1,545,228
2027	1,545,228	-	378,515	-	73,222	1,239,935
2028	1,239,935	-	370,294	-	56,959	926,600
2029	926,600	-	375,110	-	39,908	591,398
2030	591,398	-	388,508	-	21,446	224,336
2031	224,336	-	404,041	-	-	-

\*All DROP Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 15.56

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
2016	4,038,666	-	337,521	-	363,771	4,064,916
2017	4,064,916	-	385,291	-	363,993	4,043,618
2018	4,043,618	-	380,704	-	362,207	4,025,121
2019	4,025,121	-	379,522	-	360,524	4,006,123
2020	4,006,123	-	379,334	-	358,747	3,985,536
2021	3,985,536	-	383,579	-	356,612	3,958,569
2022	3,958,569	-	385,277	-	353,997	3,927,289
2023	3,927,289	-	389,331	-	350,867	3,888,825
2024	3,888,825	-	394,790	-	346,994	3,841,029
2025	3,841,029	-	391,394	-	342,661	3,792,296
2026	3,792,296	-	389,188	-	338,184	3,741,292
2027	3,741,292	-	378,515	-	333,891	3,696,668
2028	3,696,668	-	370,294	-	330,083	3,656,457
2029	3,656,457	-	375,110	-	326,077	3,607,424
2030	3,607,424	-	388,508	-	320,838	3,539,754
2031	3,539,754	-	404,041	-	313,747	3,449,460
2032	3,449,460	-	398,097	-	305,539	3,356,902
2033	3,356,902	-	392,017	-	297,124	3,262,009
2034	3,262,009	-	380,030	-	288,767	3,170,746
2035	3,170,746	-	382,163	-	280,088	3,068,671
2036	3,068,671	-	374,466	-	270,855	2,965,060
2037	2,965,060	-	370,788	-	261,289	2,855,561
2038	2,855,561	-	362,303	-	251,394	2,744,652
2039	2,744,652	-	354,299	-	241,345	2,631,698
2040	2,631,698	-	346,033	-	231,116	2,516,781
2041	2,516,781	-	335,157	-	220,825	2,402,449
2042	2,402,449	-	327,275	-	210,448	2,285,622
2043	2,285,622	-	319,114	-	199,850	2,166,358
2044	2,166,358	-	310,648	-	189,037	2,044,747
2045	2,044,747	-	301,348	-	178,043	1,921,442
2046	1,921,442	-	292,030	-	166,890	1,796,302
2047	1,796,302	-	280,567	-	155,666	1,671,401
2048	1,671,401	-	270,761	-	144,386	1,545,026
2049	1,545,026	-	258,530	-	133,082	1,419,578
2050	1,419,578	-	248,120	-	121,779	1,293,237
2051	1,293,237	-	235,499	-	110,496	1,168,234
2052	1,168,234	-	223,301	-	99,319	1,044,252
2053	1,044,252	-	212,153	-	88,188	920,287
2054	920,287	-	200,694	-	77,074	796,667
2055	796,667	-	188,547	-	66,025	674,145
2056	674,145	-	176,844	-	55,058	552,359
2057	552,359	-	164,972	-	44,168	431,555
2058	431,555	-	153,068	-	33,372	311,859
2059	311,859	-	141,272	-	22,675	193,262
2060	193,262	-	129,694	-	12,071	75,639
2061	75,639	-	118,439	-	-	-

\*All DROP Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 45.64

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, 2018**

Valuation Date: 10/1/2016

	<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 \$)	\$356,100	\$531,932	\$217,438
Total Required Contribution (% of Payroll)	46.8%	70.0%	28.6%
Expected Member Contribution	55,183	54,650	55,715
Expected State Money	51,535	51,535	51,535
Expected Sponsor Contribution (Fixed \$)	\$249,382	\$425,747	\$110,188
Expected Sponsor Contribution (% of Payroll)	32.8%	56.0%	14.5%

**ASSETS**

Actuarial Value <sup>1</sup>	4,088,144	4,088,144	4,088,144
Market Value <sup>1</sup>	4,038,666	4,038,666	4,038,666

**LIABILITIES**

Present Value of Benefits			
Active Members			
Retirement Benefits	3,036,050	4,496,697	2,159,369
Disability Benefits	81,214	111,463	61,445
Death Benefits	100,449	146,058	72,898
Vested Benefits	242,292	397,033	154,959
Refund of Contributions	16,261	16,592	15,949
Service Retirees	3,331,722	4,029,747	2,835,213
DROP Retirees <sup>1</sup>	6,244	6,244	6,244
Beneficiaries	0	0	0
Disability Retirees	0	0	0
Terminated Vested	0	0	0
Excess State Monies Reserve	0	0	0
Total:	6,814,232	9,203,834	5,306,077
Present Value of Future Salaries	5,683,843	6,348,694	5,139,980
Present Value of Future Member Contributions	397,869	444,409	359,799
Total Normal Cost	166,235	253,577	113,050
Present Value of Future Normal Costs (Entry Age Normal)	1,256,533	2,186,077	757,436
Total Actuarial Accrued Liability <sup>1</sup>	5,557,699	7,017,757	4,548,641
Unfunded Actuarial Accrued Liability (UAAL)	1,469,555	2,929,613	460,497



ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2018

Valuation Date: 10/1/2016

	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>	182,229	275,294	125,122
Administrative Expenses <sup>2</sup>	44,918	44,485	45,352
Payment Required To Amortize UAAL <sup>2</sup>	128,953	212,153	46,964
Total Required Contribution	\$356,100	\$531,932	\$217,438

<sup>1</sup> The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2016.

<sup>2</sup> Contributions developed as of 10/1/2016 displayed above have been adjusted to account for assumed salary increase and interest components.