



FOSTER & FOSTER

ACTUARIES AND CONSULTANTS

April 8, 2016

VIA EMAIL

William Kimmy, Chairman
City of Holly Hill
Firefighters' Pension Board
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 William:

Please find enclosed the annual disclosures that satisfy the October 1, 2015 financial reporting requirements made under Section 112.664.

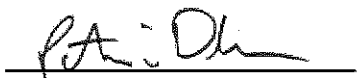
Our office will submit this information electronically to the Department of Management Services. However, it is important for you to be aware that this report must also be made available on the Plan or Plan Sponsor's website, if such website exists. A deadline for this website publication is not made 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 #14-6595

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: PA: Dh Date: 4/8/2016

Patrick T. Donlan, EA, ASA, MAAA
Enrolled Actuary #14-6595



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ACTUARIES AND CONSULTANTS

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, 2015 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.

	ACTUAL	HYPOTHETICAL		
	7.50% RP-2000 Static 9/30/2015	7.50% RP-2000 Generational 9/30/2015	5.50% RP-2000 Generational 9/30/2015	9.50% RP-2000 Generational 9/30/2015
<u>GASB 67: Schedule of Changes in Net Pension Liability</u>				
<u>Total Pension Liability</u>				
Service Cost	176,408	182,362	274,323	126,959
Interest	373,007	386,189	362,257	395,517
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	(45,225)	(49,871)	(61,147)	(42,924)
Changes of Assumptions	-	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(271,874)	(271,874)	(271,874)	(271,874)
Net Change in Total Pension Liability	232,316	246,806	303,559	207,678
Total Pension Liability - Beginning	4,951,091	5,120,897	6,466,245	4,190,452
Total Pension Liability - Ending (a)	<u>\$ 5,183,407</u>	<u>\$ 5,367,703</u>	<u>\$ 6,769,804</u>	<u>\$ 4,398,130</u>
<u>Plan Fiduciary Net Position</u>				
Contributions - Employer	176,497	176,497	176,497	176,497
Contributions - State	55,151	55,151	55,151	55,151
Contributions - Employee	54,681	54,681	54,681	54,681
Net Investment Income	(20,243)	(20,243)	(20,243)	(20,243)
Benefit Payments, Including Refunds of Employee Contributions	(271,874)	(271,874)	(271,874)	(271,874)
Administrative Expenses	(29,063)	(29,063)	(29,063)	(29,063)
Net Change in Plan Fiduciary Net Position	(34,851)	(34,851)	(34,851)	(34,851)
Plan Fiduciary Net Position - Beginning	3,777,798	3,777,798	3,777,798	3,777,798
Plan Fiduciary Net Position - Ending (b)	<u>\$ 3,742,947</u>	<u>\$ 3,742,947</u>	<u>\$ 3,742,947</u>	<u>\$ 3,742,947</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,440,460</u>	<u>\$ 1,624,756</u>	<u>\$ 3,026,857</u>	<u>\$ 655,183</u>

GASB 68: Pension Expense for Fiscal Year Ending September 30, 2015

Pension Expense	<u>\$ 290,309</u>	<u>\$ 308,285</u>	<u>\$ 433,823</u>	<u>\$ 203,618</u>
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PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.50% and RP-2000 Static 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
2015	3,742,947	-	285,264	-	270,024	3,727,707
2016	3,727,707	-	346,834	-	266,572	3,647,445
2017	3,647,445	-	391,396	-	258,881	3,514,930
2018	3,514,930	-	383,658	-	249,233	3,380,505
2019	3,380,505	-	384,707	-	239,111	3,234,909
2020	3,234,909	-	381,048	-	228,329	3,082,190
2021	3,082,190	-	392,692	-	216,438	2,905,936
2022	2,905,936	-	390,485	-	203,302	2,718,753
2023	2,718,753	-	386,161	-	189,425	2,522,017
2024	2,522,017	-	397,231	-	174,255	2,299,041
2025	2,299,041	-	392,076	-	157,725	2,064,690
2026	2,064,690	-	384,873	-	140,419	1,820,236
2027	1,820,236	-	372,446	-	122,551	1,570,341
2028	1,570,341	-	362,175	-	104,194	1,312,360
2029	1,312,360	-	366,472	-	84,684	1,030,572
2030	1,030,572	-	378,834	-	63,087	714,825
2031	714,825	-	387,284	-	39,089	366,630
2032	366,630	-	380,556	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 17.96

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: 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
2015	3,742,947	-	285,516	-	270,014	3,727,445
2016	3,727,445	-	347,761	-	266,517	3,646,201
2017	3,646,201	-	393,031	-	258,726	3,511,896
2018	3,511,896	-	385,919	-	248,920	3,374,897
2019	3,374,897	-	387,607	-	238,582	3,225,872
2020	3,225,872	-	384,547	-	227,520	3,068,845
2021	3,068,845	-	396,840	-	215,282	2,887,287
2022	2,887,287	-	395,241	-	201,725	2,693,771
2023	2,693,771	-	391,523	-	187,351	2,489,599
2024	2,489,599	-	403,198	-	171,600	2,258,001
2025	2,258,001	-	398,743	-	154,397	2,013,655
2026	2,013,655	-	392,781	-	136,295	1,757,169
2027	1,757,169	-	381,599	-	117,478	1,493,048
2028	1,493,048	-	372,101	-	98,025	1,218,972
2029	1,218,972	-	377,471	-	77,268	918,769
2030	918,769	-	390,940	-	54,247	582,076
2031	582,076	-	400,895	-	28,622	209,803
2032	209,803	-	395,475	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 17.53

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 3
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
2015	3,742,947	-	285,516	-	198,010	3,655,441
2016	3,655,441	-	347,761	-	191,486	3,499,166
2017	3,499,166	-	393,031	-	181,646	3,287,781
2018	3,287,781	-	385,919	-	170,215	3,072,077
2019	3,072,077	-	387,607	-	158,305	2,842,775
2020	2,842,775	-	384,547	-	145,778	2,604,006
2021	2,604,006	-	396,840	-	132,307	2,339,473
2022	2,339,473	-	395,241	-	117,802	2,062,034
2023	2,062,034	-	391,523	-	102,645	1,773,156
2024	1,773,156	-	403,198	-	86,436	1,456,394
2025	1,456,394	-	398,743	-	69,136	1,126,787
2026	1,126,787	-	392,781	-	51,172	785,178
2027	785,178	-	381,599	-	32,691	436,270
2028	436,270	-	372,101	-	13,762	77,931
2029	77,931	-	377,471	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 14.21

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 4
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
2015	3,742,947	-	285,516	-	342,018	3,799,449
2016	3,799,449	-	347,761	-	344,429	3,796,117
2017	3,796,117	-	393,031	-	341,962	3,745,048
2018	3,745,048	-	385,919	-	337,448	3,696,577
2019	3,696,577	-	387,607	-	332,763	3,641,733
2020	3,641,733	-	384,547	-	327,699	3,584,885
2021	3,584,885	-	396,840	-	321,714	3,509,759
2022	3,509,759	-	395,241	-	314,653	3,429,171
2023	3,429,171	-	391,523	-	307,174	3,344,822
2024	3,344,822	-	403,198	-	298,606	3,240,230
2025	3,240,230	-	398,743	-	288,882	3,130,369
2026	3,130,369	-	392,781	-	278,728	3,016,316
2027	3,016,316	-	381,599	-	268,424	2,903,141
2028	2,903,141	-	372,101	-	258,124	2,789,164
2029	2,789,164	-	377,471	-	247,041	2,658,734
2030	2,658,734	-	390,940	-	234,010	2,501,804
2031	2,501,804	-	400,895	-	218,629	2,319,538
2032	2,319,538	-	395,475	-	201,571	2,125,634
2033	2,125,634	-	390,060	-	183,407	1,918,981
2034	1,918,981	-	378,592	-	164,320	1,704,709
2035	1,704,709	-	379,595	-	143,917	1,469,031
2036	1,469,031	-	369,332	-	122,015	1,221,714
2037	1,221,714	-	365,867	-	98,684	954,531
2038	954,531	-	356,726	-	73,736	671,541
2039	671,541	-	349,059	-	47,216	369,698
2040	369,698	-	341,155	-	18,916	47,459
2041	47,459	-	330,759	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 26.14

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.

SECTION III - FUNDING

Section 112.664, F.S. Requirements

**ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2017**

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL		
	7.50% RP-2000 Static	7.50% RP-2000 Generational	5.50% RP-2000 Generational	9.50% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$339,420	\$361,807	\$537,483	\$225,934
Total Required Contribution (% of Payroll)	44.2%	47.2%	70.0%	29.4%
Expected Member Contribution	63,744	63,744	63,130	64,358
Expected State Money	55,151	55,151	55,151	55,151
Expected Sponsor Contribution (Fixed \$)	\$220,525	\$242,912	\$419,202	\$106,425
Expected Sponsor Contribution (% of Payroll)	28.7%	31.7%	54.6%	13.8%

ASSETS

Actuarial Value ¹	3,869,732	3,869,732	3,869,732	3,869,732
Market Value ¹	3,742,947	3,742,947	3,742,947	3,742,947

LIABILITIES

Present Value of Benefits

Active Members

Retirement Benefits	2,991,247	3,096,157	4,322,888	2,325,428
Disability Benefits	51,199	53,313	73,893	40,266
Death Benefits	23,663	18,769	26,422	14,037
Vested Benefits	409,233	426,814	695,534	274,691
Refund of Contributions	14,182	14,119	14,442	13,815
Service Retirees	2,623,523	2,721,428	3,263,855	2,329,397
DROP Retirees ¹	6,244	6,244	6,244	6,244
Beneficiaries	0	0	0	0
Disability Retirees	0	0	0	0
Terminated Vested	0	0	0	0
Excess State Monies Reserve	0	0	0	0
Total:	6,119,291	6,336,844	8,403,278	5,003,878

Present Value of Future Salaries	4,034,073	4,036,820	4,413,252	3,724,383
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Present Value of Future
Member Contributions

	322,726	322,946	353,060	297,951
Total Normal Cost	172,625	178,624	271,166	122,727

Present Value of Future

Normal Costs (Entry Age Normal)	891,751	927,023	1,570,270	577,491
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Total Actuarial Accrued Liability ¹	5,227,540	5,409,821	6,833,008	4,426,387
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Unfunded Actuarial Accrued Liability (UAAL)	1,357,808	1,540,089	2,963,276	556,655
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**ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2017**

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL		
	7.50% RP-2000 Static	7.50% RP-2000 Generational	5.50% RP-2000 Generational	9.50% RP-2000 Generational
<u>PENSION COST</u>				
Normal Cost ²	189,844	196,442	295,340	136,270
Administrative Expenses ²	31,962	31,962	31,654	32,270
Payment Required To Amortize UAAL ²	<u>117,614</u>	<u>133,403</u>	<u>210,489</u>	<u>57,394</u>
Total Required Contribution	\$339,420	\$361,807	\$537,483	\$225,934

¹ The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2015.

² Contributions developed as of 10/1/2015 displayed above have been adjusted to account for assumed salary increase and interest components.