



June 23, 2015

VIA EMAIL

Captain Stephen Aldrich  
City of Holly Hill Police Officers'  
Retirement Trust Fund  
City of Holly Hill  
1065 Ridgewood Avenue  
Holly Hill, Florida 32117

Re: City of Holly Hill Police Officers' Retirement Trust Fund  
Senate Bill 534 (Section 112.664, Florida Statutes) Compliance

Dear Stephen:

Please find enclosed the annual disclosures that satisfy the October 1, 2014 financial reporting requirements made under Section 112.664.

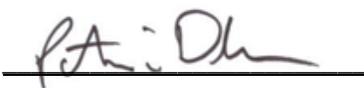
Our office will submit this information electronically to the Department of Management Services by the June 28, 2015 deadline. However, it is important for you to be aware that this report must also be made available on the Plan or Plan Sponsor's website, if such website exists. A deadline for this website 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: Ken Harrison, Board Attorney

CITY OF HOLLY HILL  
POLICE OFFICERS' RETIREMENT 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: 6/23/2015

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



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, 2014 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 AND RELATED RATIOS

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Static 9/30/2014	7.50% RP-2000 Generational 9/30/2014	5.50% RP-2000 Generational 9/30/2014
<u>Total Pension Liability</u>			
Service Cost	249,756	260,114	394,960
Interest	810,040	842,987	796,050
Change in Excess State Money	-	-	-
Change in Funding Standard Account	-	-	-
Share Plan Allocation	-	-	-
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	-	-	-
Changes of Assumptions	-	-	-
Contributions - Buy Back	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,040,177)	(1,040,177)	(1,040,177)
Net Change in Total Pension Liability	19,619	62,924	150,833
Total Pension Liability - Beginning	11,070,864	11,499,807	14,598,761
Total Pension Liability - Ending (a)	<u>11,090,483</u>	<u>\$ 11,562,731</u>	<u>\$ 14,749,594</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	636,738	636,738	636,738
Contributions - State	95,509	95,509	95,509
Contributions - Employee	67,173	67,173	67,173
Contributions - Buy Back	-	-	-
Net Investment Income	600,411	600,411	600,411
Benefit Payments, Including Refunds of Employee Contributions	(1,040,177)	(1,040,177)	(1,040,177)
Administrative Expense	(21,956)	(21,956)	(21,956)
Other	-	-	-
Net Change in Plan Fiduciary Net Position	337,698	337,698	337,698
Plan Fiduciary Net Position - Beginning	8,419,236	8,419,236	8,419,236
Plan Fiduciary Net Position - Ending (b)	<u>\$ 8,756,934</u>	<u>\$ 8,756,934</u>	<u>\$ 8,756,934</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 2,333,549</u>	<u>\$ 2,805,797</u>	<u>\$ 5,992,660</u>

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

Table 1  
Plan Assumptions: 7.50% and RP-2000 Static Mortality

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2014	8,756,934	-	636,833	-	632,889	8,752,990
2015	8,752,990	-	703,571	-	630,090	8,679,509
2016	8,679,509	-	737,376	-	623,312	8,565,445
2017	8,565,445	-	737,956	-	614,735	8,442,224
2018	8,442,224	-	738,130	-	605,487	8,309,581
2019	8,309,581	-	742,947	-	595,358	8,161,992
2020	8,161,992	-	782,178	-	582,818	7,962,632
2021	7,962,632	-	806,279	-	566,962	7,723,315
2022	7,723,315	-	836,760	-	547,870	7,434,425
2023	7,434,425	-	863,605	-	525,197	7,096,017
2024	7,096,017	-	871,112	-	499,535	6,724,440
2025	6,724,440	-	882,507	-	471,239	6,313,172
2026	6,313,172	-	901,955	-	439,665	5,850,882
2027	5,850,882	-	908,337	-	404,754	5,347,299
2028	5,347,299	-	906,645	-	367,048	4,807,702
2029	4,807,702	-	899,099	-	326,861	4,235,464
2030	4,235,464	-	889,362	-	284,309	3,630,411
2031	3,630,411	-	881,099	-	239,240	2,988,552
2032	2,988,552	-	869,185	-	191,547	2,310,914
2033	2,310,914	-	854,896	-	141,260	1,597,278
2034	1,597,278	-	841,122	-	88,254	844,410
2035	844,410	-	823,897	-	32,435	52,948
2036	52,948	-	804,353	-	-	-

Number of Years Expected Benefit Payments Sustained: 22.07

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.**

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

Table 2  
Hypothetical Assumptions: 7.50% and RP-2000 Generational Mortality

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2014	8,756,934	-	637,204	-	632,875	8,752,605
2015	8,752,605	-	704,930	-	630,011	8,677,686
2016	8,677,686	-	739,898	-	623,080	8,560,868
2017	8,560,868	-	741,759	-	614,249	8,433,358
2018	8,433,358	-	743,362	-	604,626	8,294,622
2019	8,294,622	-	749,727	-	593,982	8,138,877
2020	8,138,877	-	790,801	-	580,761	7,928,837
2021	7,928,837	-	816,796	-	564,033	7,676,074
2022	7,676,074	-	849,463	-	543,851	7,370,462
2023	7,370,462	-	878,656	-	519,835	7,011,641
2024	7,011,641	-	888,677	-	492,548	6,615,512
2025	6,615,512	-	903,799	-	462,271	6,173,984
2026	6,173,984	-	927,049	-	428,284	5,675,219
2027	5,675,219	-	936,746	-	390,513	5,128,986
2028	5,128,986	-	938,415	-	349,483	4,540,054
2029	4,540,054	-	934,455	-	305,462	3,911,061
2030	3,911,061	-	928,992	-	258,492	3,240,561
2031	3,240,561	-	924,913	-	208,358	2,524,006
2032	2,524,006	-	917,676	-	154,888	1,761,218
2033	1,761,218	-	908,157	-	98,035	951,096
2034	951,096	-	899,219	-	37,611	89,488
2035	89,488	-	887,217	-	-	-

Number of Years Expected Benefit Payments Sustained: 21.10

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.**

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

Table 3  
Hypothetical Assumptions: 5.50% and RP-2000 Generational Mortality

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2014	8,756,934	-	637,204	-	464,108	8,583,838
2015	8,583,838	-	704,930	-	452,726	8,331,634
2016	8,331,634	-	739,898	-	437,893	8,029,629
2017	8,029,629	-	741,759	-	421,231	7,709,101
2018	7,709,101	-	743,362	-	403,558	7,369,297
2019	7,369,297	-	749,727	-	384,694	7,004,264
2020	7,004,264	-	790,801	-	363,487	6,576,950
2021	6,576,950	-	816,796	-	339,270	6,099,424
2022	6,099,424	-	849,463	-	312,108	5,562,069
2023	5,562,069	-	878,656	-	281,751	4,965,164
2024	4,965,164	-	888,677	-	248,645	4,325,132
2025	4,325,132	-	903,799	-	213,028	3,634,361
2026	3,634,361	-	927,049	-	174,396	2,881,708
2027	2,881,708	-	936,746	-	132,733	2,077,695
2028	2,077,695	-	938,415	-	88,467	1,227,747
2029	1,227,747	-	934,455	-	41,829	335,121
2030	335,121	-	928,992	-	-	-

Number of Years Expected Benefit Payments Sustained: 16.36

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.**

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2016

Valuation Date: 10/1/2014

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Static	7.50% RP-2000 Generational	5.50% RP-2000 Generational
Total Required Contribution	\$641,027	\$685,313	\$966,711
Expected Member Contribution	76,516	76,516	75,778
Expected State Money	95,509	95,509	95,509
Expected Sponsor Contribution (Fixed \$)	\$469,002	\$513,288	\$795,424
Expected Sponsor Contribution (% of Payroll)	40.6%	44.4%	68.8%

**ASSETS**

Actuarial Value <sup>1</sup>	8,362,160	8,362,160	8,362,160
Market Value <sup>1</sup>	8,756,934	8,756,934	8,756,934

**LIABILITIES**

Present Value of Benefits			
Active Members			
Retirement Benefits	3,673,581	3,857,958	5,603,049
Disability Benefits	32,633	34,298	47,653
Death Benefits	27,341	20,892	27,487
Vested Benefits	539,256	560,242	856,254
Refund of Contributions	82,581	80,182	89,154
Service Retirees	7,205,876	7,486,059	9,235,148
DROP Retirees <sup>1</sup>	0	0	0
Beneficiaries	129,257	133,431	154,689
Terminated Vested	392,916	408,589	586,015
Disability Retirees	151,829	164,620	185,990
Excess State Monies Reserve	0	0	0
Total:	12,235,270	12,746,271	16,785,439
Present Value of Future Salaries	6,375,583	6,381,296	6,938,461
Present Value of Future Member Contributions	406,595	406,960	442,492
Total Normal Cost (Entry Age Normal)	208,377	216,949	334,657
Present Value of Future Normal Costs (Entry Age Normal)	1,227,711	1,280,681	2,146,919
Total Actuarial Accrued Liability <sup>1</sup>	11,007,559	11,465,590	14,638,520
Unfunded Actuarial Accrued Liability (Entry Age Normal)	2,645,399	3,103,430	6,276,360

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2016

Valuation Date: 10/1/2014

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Static	7.50% RP-2000 Generational	5.50% RP-2000 Generational
<b><u>PENSION COST</u></b>			
Normal Cost (with interest)	229,163	238,590	364,492
Administrative Expenses (with interest)	24,146	24,146	23,913
Payment Required To Amortize UAAL (with interest)	387,718	422,577	578,306
Total Required Contribution	\$641,027	\$685,313	\$966,711

<sup>1</sup> The asset values and liabilities for DROP Members include accumulated DROP Balances as of 09/30/14.