

February 27, 2017

VIA EMAIL

Ms. Lauren Boatwright  
Trustmark National Bank  
Attn: Trust Dept.  
107 Saint Francis Street  
Mobile, AL 36602

Re: City of Panama City Municipal Police Officers' Pension Trust Fund  
Senate Bill 534 (Section 112.664, Florida Statutes) Compliance

Dear Lauren:

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

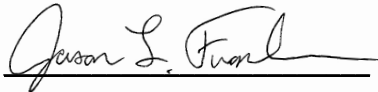
Our office will submit this information electronically to the Department of Management Services. However, it is important for you to be aware that this report must also be made available on the Plan or Plan Sponsor's website, if such website exists. A deadline for this website publication is not made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

Jason L. Franken, FSA, EA, MAAA  
Enrolled Actuary #14-6888

JLF/lke

Enclosures

cc via email: H. Lee Dehner, Board Attorney

CITY OF PANAMA CITY  
MUNICIPAL POLICE OFFICERS' PENSION 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: Jason L. Franken Date: 2/27/2017

Jason L. Franken, FSA, EA, MAAA  
Enrolled Actuary #14-6888



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	
	8.00% RP-2000 Generational	6.00% RP-2000 Generational	10.00% RP-2000 Generational
<b>Total Pension Liability</b>			
Service Cost	885,176	1,361,523	621,524
Interest	3,099,797	2,973,021	3,178,498
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(452,178)	(801,947)	(362,721)
Changes of Assumptions	-	(221,244)	(227,087)
Contributions - Buy Back	11,054	11,054	11,054
Benefit Payments, Including Refunds of Employee Contributions	(2,456,851)	(2,456,851)	(2,456,851)
Net Change in Total Pension Liability	1,086,998	865,556	764,417
Total Pension Liability - Beginning	39,090,709	49,417,250	32,391,884
Total Pension Liability - Ending (a)	<u>\$ 40,177,707</u>	<u>\$ 50,282,806</u>	<u>\$ 33,156,301</u>
<b>Plan Fiduciary Net Position</b>			
Contributions - Employer	1,372,342	1,372,342	1,372,342
Contributions - State	325,836	325,836	325,836
Contributions - Employee	334,052	334,052	334,052
Contributions - Buy Back	11,054	11,054	11,054
Net Investment Income	2,640,449	2,640,449	2,640,449
Benefit Payments, Including Refunds of Employee Contributions	(2,456,851)	(2,456,851)	(2,456,851)
Administrative Expenses	(46,785)	(46,785)	(46,785)
Net Change in Plan Fiduciary Net Position	2,180,097	2,180,097	2,180,097
Plan Fiduciary Net Position - Beginning	29,303,443	29,303,443	29,303,443
Plan Fiduciary Net Position - Ending (b)	<u>\$ 31,483,540</u>	<u>\$ 31,483,540</u>	<u>\$ 31,483,540</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 8,694,167</u>	<u>\$ 18,799,266</u>	<u>\$ 1,672,761</u>

**GASB 68: PENSION EXPENSE**  
FISCAL YEAR SEPTEMBER 30, 2016

	ACTUAL	HYPOTHETICAL	
	8.00% RP-2000 Generational	6.00% RP-2000 Generational	10.00% RP-2000 Generational
Pension Expense	<u>\$ 2,937,811</u>	<u>\$ 4,177,750</u>	<u>\$ 2,085,068</u>

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

Table 1  
Plan Assumptions: 8.00% and 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	31,473,540	-	2,745,251	-	2,408,073	31,136,362
2017	31,136,362	-	2,689,989	-	2,383,309	30,829,682
2018	30,829,682	-	2,827,527	-	2,353,273	30,355,428
2019	30,355,428	-	2,923,658	-	2,311,488	29,743,258
2020	29,743,258	-	2,993,144	-	2,259,735	29,009,849
2021	29,009,849	-	3,013,863	-	2,200,233	28,196,219
2022	28,196,219	-	3,135,375	-	2,130,283	27,191,127
2023	27,191,127	-	3,182,756	-	2,047,980	26,056,351
2024	26,056,351	-	3,207,588	-	1,956,205	24,804,968
2025	24,804,968	-	3,241,435	-	1,854,740	23,418,273
2026	23,418,273	-	3,285,150	-	1,742,056	21,875,179
2027	21,875,179	-	3,298,357	-	1,618,080	20,194,902
2028	20,194,902	-	3,291,774	-	1,483,921	18,387,049
2029	18,387,049	-	3,324,589	-	1,337,980	16,400,440
2030	16,400,440	-	3,322,487	-	1,179,136	14,257,089
2031	14,257,089	-	3,309,408	-	1,008,191	11,955,872
2032	11,955,872	-	3,287,751	-	824,960	9,493,081
2033	9,493,081	-	3,271,842	-	628,573	6,849,812
2034	6,849,812	-	3,247,433	-	418,088	4,020,467
2035	4,020,467	-	3,210,785	-	193,206	1,002,888
2036	1,002,888	-	3,175,836	-	-	-

\*All DROP Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 20.32

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 8.00% 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: 6.00% and 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	31,473,540	-	2,745,251	-	1,806,055	30,534,344
2017	30,534,344	-	2,689,989	-	1,751,361	29,595,716
2018	29,595,716	-	2,827,527	-	1,690,917	28,459,106
2019	28,459,106	-	2,923,658	-	1,619,837	27,155,285
2020	27,155,285	-	2,993,144	-	1,539,523	25,701,664
2021	25,701,664	-	3,013,863	-	1,451,684	24,139,485
2022	24,139,485	-	3,135,375	-	1,354,308	22,358,418
2023	22,358,418	-	3,182,756	-	1,246,022	20,421,684
2024	20,421,684	-	3,207,588	-	1,129,073	18,343,169
2025	18,343,169	-	3,241,435	-	1,003,347	16,105,081
2026	16,105,081	-	3,285,150	-	867,750	13,687,681
2027	13,687,681	-	3,298,357	-	722,310	11,111,634
2028	11,111,634	-	3,291,774	-	567,945	8,387,805
2029	8,387,805	-	3,324,589	-	403,531	5,466,747
2030	5,466,747	-	3,322,487	-	228,330	2,372,590
2031	2,372,590	-	3,309,408	-	-	-

\*All DROP Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 15.72

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 6.00% 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: 10.00% and 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	31,473,540	-	2,745,251	-	3,010,091	31,738,380
2017	31,738,380	-	2,689,989	-	3,039,339	32,087,730
2018	32,087,730	-	2,827,527	-	3,067,397	32,327,600
2019	32,327,600	-	2,923,658	-	3,086,577	32,490,519
2020	32,490,519	-	2,993,144	-	3,099,395	32,596,770
2021	32,596,770	-	3,013,863	-	3,108,984	32,691,891
2022	32,691,891	-	3,135,375	-	3,112,420	32,668,936
2023	32,668,936	-	3,182,756	-	3,107,756	32,593,936
2024	32,593,936	-	3,207,588	-	3,099,014	32,485,362
2025	32,485,362	-	3,241,435	-	3,086,464	32,330,391
2026	32,330,391	-	3,285,150	-	3,068,782	32,114,023
2027	32,114,023	-	3,298,357	-	3,046,484	31,862,150
2028	31,862,150	-	3,291,774	-	3,021,626	31,592,002
2029	31,592,002	-	3,324,589	-	2,992,971	31,260,384
2030	31,260,384	-	3,322,487	-	2,959,914	30,897,811
2031	30,897,811	-	3,309,408	-	2,924,311	30,512,714
2032	30,512,714	-	3,287,751	-	2,886,884	30,111,847
2033	30,111,847	-	3,271,842	-	2,847,593	29,687,598
2034	29,687,598	-	3,247,433	-	2,806,388	29,246,553
2035	29,246,553	-	3,210,785	-	2,764,116	28,799,884
2036	28,799,884	-	3,175,836	-	2,721,197	28,345,245
2037	28,345,245	-	3,152,387	-	2,676,905	27,869,763
2038	27,869,763	-	3,102,548	-	2,631,849	27,399,064
2039	27,399,064	-	3,042,092	-	2,587,802	26,944,774
2040	26,944,774	-	2,973,338	-	2,545,811	26,517,247
2041	26,517,247	-	2,919,917	-	2,505,729	26,103,059
2042	26,103,059	-	2,844,278	-	2,468,092	25,726,873
2043	25,726,873	-	2,763,373	-	2,434,519	25,398,019
2044	25,398,019	-	2,682,323	-	2,405,686	25,121,382
2045	25,121,382	-	2,599,215	-	2,382,177	24,904,344
2046	24,904,344	-	2,510,413	-	2,364,914	24,758,845
2047	24,758,845	-	2,422,619	-	2,354,754	24,690,980
2048	24,690,980	-	2,332,151	-	2,352,490	24,711,319
2049	24,711,319	-	2,238,235	-	2,359,220	24,832,304
2050	24,832,304	-	2,142,633	-	2,376,099	25,065,770
2051	25,065,770	-	2,044,044	-	2,404,375	25,426,101
2052	25,426,101	-	1,943,086	-	2,445,456	25,928,471
2053	25,928,471	-	1,840,148	-	2,500,840	26,589,163
2054	26,589,163	-	1,735,567	-	2,572,138	27,425,734
2055	27,425,734	-	1,629,984	-	2,661,074	28,456,824
2056	28,456,824	-	1,524,060	-	2,769,479	29,702,243
2057	29,702,243	-	1,418,516	-	2,899,299	31,183,026
2058	31,183,026	-	1,314,035	-	3,052,601	32,921,592
2059	32,921,592	-	1,211,239	-	3,231,597	34,941,950
2060	34,941,950	-	1,111,096	-	3,438,640	37,269,494
2061	37,269,494	-	1,014,528	-	3,676,223	39,931,189
2062	39,931,189	-	921,801	-	3,947,029	42,956,417
2063	42,956,417	-	833,253	-	4,253,979	46,377,143
2064	46,377,143	-	749,378	-	4,600,245	50,228,010
2065	50,228,010	-	670,676	-	4,989,267	54,546,601
2066	54,546,601	-	597,393	-	5,424,790	59,373,998
2067	59,373,998	-	529,667	-	5,910,916	64,755,247
2068	64,755,247	-	467,746	-	6,452,137	70,739,638

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

Table 3  
Hypothetical Assumptions: 10.00% and 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
2069	70,739,638	-	411,817	-	7,053,373	77,381,194
2070	77,381,194	-	361,874	-	7,720,026	84,739,346
2071	84,739,346	-	317,388	-	8,458,065	92,880,023
2072	92,880,023	-	277,904	-	9,274,107	101,876,226
2073	101,876,226	-	243,019	-	10,175,472	111,808,679
2074	111,808,679	-	212,335	-	11,170,251	122,766,595
2075	122,766,595	-	185,420	-	12,267,389	134,848,564
2076	134,848,564	-	161,761	-	13,476,768	148,163,571
2077	148,163,571	-	140,967	-	14,809,309	162,831,913
2078	162,831,913	-	122,589	-	16,277,062	178,986,386
2079	178,986,386	-	106,339	-	17,893,322	196,773,369
2080	196,773,369	-	91,908	-	19,672,742	216,354,203
2081	216,354,203	-	79,059	-	21,631,467	237,906,611
2082	237,906,611	-	67,629	-	23,787,280	261,626,262
2083	261,626,262	-	57,441	-	26,159,754	287,728,575
2084	287,728,575	-	48,412	-	28,770,437	316,450,600
2085	316,450,600	-	40,461	-	31,643,037	348,053,176
2086	348,053,176	-	33,448	-	34,803,645	382,823,373
2087	382,823,373	-	27,301	-	38,280,972	421,077,044
2088	421,077,044	-	21,963	-	42,106,606	463,161,687
2089	463,161,687	-	17,383	-	46,315,300	509,459,604
2090	509,459,604	-	13,532	-	50,945,284	560,391,356
2091	560,391,356	-	10,365	-	56,038,617	616,419,608
2092	616,419,608	-	7,796	-	61,641,571	678,053,383
2093	678,053,383	-	5,750	-	67,805,051	745,852,684
2094	745,852,684	-	4,162	-	74,585,060	820,433,582
2095	820,433,582	-	2,948	-	82,043,211	902,473,845
2096	902,473,845	-	2,044	-	90,247,282	992,719,083
2097	992,719,083	-	1,387	-	99,271,839	1,091,989,535
2098	1,091,989,535	-	921	-	109,198,907	1,201,187,521
2099	1,201,187,521	-	600	-	120,118,722	1,321,305,643
2100	1,321,305,643	-	385	-	132,130,545	1,453,435,803
2101	1,453,435,803	-	244	-	145,343,568	1,598,779,127
2102	1,598,779,127	-	152	-	159,877,905	1,758,656,880
2103	1,758,656,880	-	94	-	175,865,683	1,934,522,469
2104	1,934,522,469	-	57	-	193,452,244	2,127,974,656
2105	2,127,974,656	-	35	-	212,797,464	2,340,772,085
2106	2,340,772,085	-	21	-	234,077,207	2,574,849,271
2107	2,574,849,271	-	12	-	257,484,927	2,832,334,186
2108	2,832,334,186	-	7	-	283,233,418	3,115,567,597
2109	3,115,567,597	-	4	-	311,556,760	3,427,124,353
2110	3,427,124,353	-	2	-	342,712,435	3,769,836,786
2111	3,769,836,786	-	1	-	376,983,679	4,146,820,464
2112	4,146,820,464	-	1	-	414,682,046	4,561,502,509
2113	4,561,502,509	-	-	-	456,150,251	5,017,652,760

\*All DROP Balances paid in 2016.

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 10.00% 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

	ACTUAL	HYPOTHETICAL	
	8.00% RP-2000 Generational	6.00% RP-2000 Generational	10.00% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$1,641,448	\$2,657,855	\$793,845
Total Required Contribution (% of Payroll)	37.6%	60.9%	18.1%
Expected Member Contribution	369,487	365,934	373,039
Expected State Money	325,836	325,836	325,836
Expected Sponsor Contribution (Fixed \$)	\$946,125	\$1,966,085	\$94,970
Expected Sponsor Contribution (% of Payroll)	21.6%	45.0%	2.1%

**ASSETS**

Actuarial Value <sup>1</sup>	33,069,386	33,069,386	33,069,386
Market Value <sup>1</sup>	31,473,540	31,473,540	31,473,540

**LIABILITIES**

Present Value of Benefits			
Active Members			
Retirement Benefits	15,364,356	22,250,010	11,171,314
Disability Benefits	145,287	195,059	112,361
Death Benefits	262,069	360,025	195,094
Vested Benefits	571,213	930,669	370,382
Refund of Contributions	322,153	342,314	304,131
Service Retirees	24,063,081	29,333,759	20,317,841
DROP Retirees <sup>1</sup>	2,082,644	2,590,026	1,739,724
Beneficiaries	1,816,032	2,126,253	1,581,879
Disability Retirees	210,196	249,601	181,175
Terminated Vested	560,186	829,317	395,701
Excess State Monies Reserve	0	0	0
Total:	45,397,217	59,207,033	36,369,602
Present Value of Future Salaries	27,994,289	30,947,394	25,571,644
Present Value of Future Member Contributions	2,275,936	2,516,023	2,078,975
Total Normal Cost	852,086	1,290,332	585,794
Present Value of Future Normal Costs (Entry Age Normal)	5,496,167	9,278,147	3,426,745
Total Actuarial Accrued Liability <sup>1</sup>	39,901,050	49,928,886	32,942,857
Unfunded Actuarial Accrued Liability (UAAL)	6,831,664	16,859,500	(126,529)

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

Valuation Date: 10/1/2016

	ACTUAL	HYPOTHETICAL	
	8.00% RP-2000 Generational	6.00% RP-2000 Generational	10.00% RP-2000 Generational
<b><u>PENSION COST</u></b>			
Normal Cost <sup>2</sup>	940,669	1,410,778	652,911
Administrative Expenses <sup>2</sup>	51,649	51,152	52,145
Payment Required To Amortize UAAL <sup>2</sup>	649,130	1,195,925	88,789
Total Required Contribution	\$1,641,448	\$2,657,855	\$793,845

<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.