



May 7, 2018

VIA EMAIL

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

Re: City of Panama City Municipal Firefighters' Pension Trust Fund  
Section 112.664, Florida Statutes Compliance

Dear Lauren:

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:

Drew D. Ballard, EA, MAAA  
Enrolled Actuary #17-8193

DDB/lke


Enclosures

cc via email: Paul Daragjati, Board Attorney

CITY OF PANAMA CITY  
MUNICIPAL FIREFIGHTERS' 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:  Date: 5/7/2018

Drew D. Ballard, EA, MAAA  
Enrolled Actuary #17-8193



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	
	7.90% RP-2000 Generational	5.90% RP-2000 Generational	9.90% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	932,890	1,502,703	604,083
Interest	3,844,945	3,686,896	3,896,393
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(656,507)	(874,943)	(523,870)
Changes of Assumptions	(212,715)	(70,269)	(275,927)
Benefit Payments, Including Refunds of Employee Contributions	(3,709,120)	(3,709,120)	(3,709,120)
Net Change in Total Pension Liability	199,493	535,267	(8,441)
Total Pension Liability - Beginning	48,989,788	61,806,431	40,220,706
Total Pension Liability - Ending (a)	<u>\$ 49,189,281</u>	<u>\$ 62,341,698</u>	<u>\$ 40,212,265</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	1,730,909	1,730,909	1,730,909
Contributions - State	305,820	305,820	305,820
Contributions - Employee	248,753	248,753	248,753
Net Investment Income	3,139,126	3,139,126	3,139,126
Benefit Payments, Including Refunds of Employee Contributions	(3,709,120)	(3,709,120)	(3,709,120)
Administrative Expenses	(38,203)	(38,203)	(38,203)
Net Change in Plan Fiduciary Net Position	1,677,285	1,677,285	1,677,285
Plan Fiduciary Net Position - Beginning	33,336,156	33,336,156	33,336,156
Plan Fiduciary Net Position - Ending (b)	<u>\$ 35,013,441</u>	<u>\$ 35,013,441</u>	<u>\$ 35,013,441</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 14,175,840</u>	<u>\$ 27,328,257</u>	<u>\$ 5,198,824</u>

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

Table 1  
Plan Assumptions: 7.90% 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	34,977,152	-	3,570,723	-	2,622,151	34,028,580
2018	34,028,580	-	3,257,847	-	2,559,573	33,330,306
2019	33,330,306	-	3,384,428	-	2,499,409	32,445,287
2020	32,445,287	-	3,462,817	-	2,426,396	31,408,866
2021	31,408,866	-	3,509,671	-	2,342,668	30,241,863
2022	30,241,863	-	3,510,457	-	2,250,444	28,981,850
2023	28,981,850	-	3,653,994	-	2,145,233	27,473,089
2024	27,473,089	-	3,701,620	-	2,024,160	25,795,629
2025	25,795,629	-	3,740,039	-	1,890,123	23,945,713
2026	23,945,713	-	3,784,931	-	1,742,207	21,902,989
2027	21,902,989	-	3,837,883	-	1,578,740	19,643,846
2028	19,643,846	-	3,844,801	-	1,399,994	17,199,039
2029	17,199,039	-	3,875,291	-	1,205,650	14,529,398
2030	14,529,398	-	3,941,579	-	992,130	11,579,949
2031	11,579,949	-	3,947,255	-	758,899	8,391,593
2032	8,391,593	-	3,931,711	-	507,633	4,967,515
2033	4,967,515	-	3,901,971	-	238,306	1,303,850
2034	1,303,850	-	3,857,407	-	-	-

\*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 17.34

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.90% 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: 5.90% 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	34,977,152	-	3,570,723	-	1,958,316	33,364,745
2018	33,364,745	-	3,257,847	-	1,872,413	31,979,311
2019	31,979,311	-	3,384,428	-	1,786,939	30,381,822
2020	30,381,822	-	3,462,817	-	1,690,374	28,609,379
2021	28,609,379	-	3,509,671	-	1,584,418	26,684,126
2022	26,684,126	-	3,510,457	-	1,470,805	24,644,474
2023	24,644,474	-	3,653,994	-	1,346,231	22,336,711
2024	22,336,711	-	3,701,620	-	1,208,668	19,843,759
2025	19,843,759	-	3,740,039	-	1,060,451	17,164,171
2026	17,164,171	-	3,784,931	-	901,031	14,280,271
2027	14,280,271	-	3,837,883	-	729,318	11,171,706
2028	11,171,706	-	3,844,801	-	545,709	7,872,614
2029	7,872,614	-	3,875,291	-	350,163	4,347,486
2030	4,347,486	-	3,941,579	-	140,225	546,132
2031	546,132	-	3,947,255	-	-	-

\*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 14.14

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.90% 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: 9.90% 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	34,977,152	-	3,570,723	-	3,285,987	34,692,416
2018	34,692,416	-	3,257,847	-	3,273,286	34,707,855
2019	34,707,855	-	3,384,428	-	3,268,548	34,591,975
2020	34,591,975	-	3,462,817	-	3,253,196	34,382,354
2021	34,382,354	-	3,509,671	-	3,230,124	34,102,807
2022	34,102,807	-	3,510,457	-	3,202,410	33,794,760
2023	33,794,760	-	3,653,994	-	3,164,809	33,305,575
2024	33,305,575	-	3,701,620	-	3,114,022	32,717,977
2025	32,717,977	-	3,740,039	-	3,053,948	32,031,886
2026	32,031,886	-	3,784,931	-	2,983,803	31,230,758
2027	31,230,758	-	3,837,883	-	2,901,870	30,294,745
2028	30,294,745	-	3,844,801	-	2,808,862	29,258,806
2029	29,258,806	-	3,875,291	-	2,704,795	28,088,310
2030	28,088,310	-	3,941,579	-	2,585,635	26,732,366
2031	26,732,366	-	3,947,255	-	2,451,115	25,236,226
2032	25,236,226	-	3,931,711	-	2,303,767	23,608,282
2033	23,608,282	-	3,901,971	-	2,144,072	21,850,383
2034	21,850,383	-	3,857,407	-	1,972,246	19,965,222
2035	19,965,222	-	3,835,040	-	1,786,722	17,916,904
2036	17,916,904	-	3,825,677	-	1,584,402	15,675,629
2037	15,675,629	-	3,781,767	-	1,364,690	13,258,552
2038	13,258,552	-	3,753,455	-	1,126,801	10,631,898
2039	10,631,898	-	3,686,070	-	870,097	7,815,925
2040	7,815,925	-	3,620,604	-	594,557	4,789,878
2041	4,789,878	-	3,561,465	-	297,905	1,526,318
2042	1,526,318	-	3,509,513	-	-	-

\*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 25.43

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 9.90% 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

	ACTUAL	HYPOTHETICAL	
	7.90% RP-2000 Generational	5.90% RP-2000 Generational	9.90% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$2,524,806	\$3,873,755	\$1,443,549
Total Required Contribution (% of Payroll)	67.2%	103.1%	38.3%
Expected Member Contribution	292,895	290,078	295,713
Expected State Money	305,820	305,820	305,820
Expected Sponsor Contribution (Fixed \$)	\$1,926,091	\$3,277,857	\$842,016
Expected Sponsor Contribution (% of Payroll)	51.6%	87.5%	22.7%
<b><u>ASSETS</u></b>			
Actuarial Value <sup>1</sup>	35,532,865	35,532,865	35,532,865
Market Value <sup>1</sup>	34,977,152	34,977,152	34,977,152
<b><u>LIABILITIES</u></b>			
Present Value of Benefits			
Active Members			
Retirement Benefits	18,360,427	29,034,783	12,367,087
Disability Benefits	325,023	447,961	245,249
Death Benefits	210,269	297,450	157,771
Vested Benefits	467,260	854,676	268,061
Refund of Contributions	182,233	195,188	170,711
Service Retirees	31,177,719	37,942,882	26,353,489
DROP Retirees <sup>1</sup>	2,138,647	2,592,237	1,826,789
Beneficiaries	2,776,149	3,297,853	2,394,240
Disability Retirees	164,374	189,799	144,701
Terminated Vested	424,008	588,877	319,401
Share Plan Balances <sup>1</sup>	0	0	0
Excess State Monies Reserve	6,303	6,303	6,303
Total:	56,232,412	75,448,009	44,253,802
Present Value of Future Salaries	30,562,090	34,538,233	27,388,980
Present Value of Future Member Contributions	2,292,157	2,590,367	2,054,174
Total Normal Cost	792,789	1,309,687	501,811
Present Value of Future Normal Costs (Entry Age Normal)	6,645,393	12,591,432	3,718,026
Total Actuarial Accrued Liability <sup>1</sup>	49,587,019	62,856,577	40,535,776
Unfunded Actuarial Accrued Liability (UAAL)	14,054,154	27,323,712	5,002,911



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

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL	
	7.90% RP-2000 Generational	5.90% RP-2000 Generational	9.90% RP-2000 Generational
<b><u>PENSION COST</u></b>			
Normal Cost <sup>2</sup>	872,726	1,427,874	557,723
Administrative Expenses <sup>2</sup>	42,055	41,650	42,460
Payment Required To Amortize UAAL <sup>2</sup>	1,610,025	2,404,231	843,366
Total Required Contribution	\$2,524,806	\$3,873,755	\$1,443,549

<sup>1</sup> The asset values and liabilities include accumulated DROP and Share Plan 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.