

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 Police Officers' 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 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:  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	
	8.00% RP-2000 Generational	6.00% RP-2000 Generational	10.00% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	861,961	1,298,404	596,618
Interest	3,181,465	3,018,591	3,248,156
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(565,730)	(731,404)	(448,798)
Changes of Assumptions	-	-	-
Contributions - Buy Back	13,249	13,249	13,249
Benefit Payments, Including Refunds of Employee Contributions	(2,542,719)	(2,542,719)	(2,542,719)
Net Change in Total Pension Liability	948,226	1,056,121	866,506
Total Pension Liability - Beginning	40,177,707	50,282,806	33,156,301
Total Pension Liability - Ending (a)	<u>\$ 41,125,933</u>	<u>\$ 51,338,927</u>	<u>\$ 34,022,807</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	957,303	957,303	957,303
Contributions - State	336,697	336,697	336,697
Contributions - Employee	329,705	329,705	329,705
Contributions - Buy Back	13,249	13,249	13,249
Net Investment Income	2,827,366	2,827,366	2,827,366
Benefit Payments, Including Refunds of Employee Contributions	(2,542,719)	(2,542,719)	(2,542,719)
Administrative Expenses	(40,885)	(40,885)	(40,885)
Net Change in Plan Fiduciary Net Position	1,880,716	1,880,716	1,880,716
Plan Fiduciary Net Position - Beginning	31,483,540	31,483,540	31,483,540
Plan Fiduciary Net Position - Ending (b)	<u>\$ 33,364,256</u>	<u>\$ 33,364,256</u>	<u>\$ 33,364,256</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 7,761,677</u>	<u>\$ 17,974,671</u>	<u>\$ 658,551</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 8.00% 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	33,350,643	-	2,919,374	-	2,551,276	32,982,545
2018	32,982,545	-	2,844,632	-	2,524,818	32,662,731
2019	32,662,731	-	2,962,162	-	2,494,532	32,195,101
2020	32,195,101	-	3,045,147	-	2,453,802	31,603,756
2021	31,603,756	-	3,075,031	-	2,405,299	30,934,024
2022	30,934,024	-	3,187,070	-	2,347,239	30,094,193
2023	30,094,193	-	3,241,972	-	2,277,857	29,130,078
2024	29,130,078	-	3,271,666	-	2,199,540	28,057,952
2025	28,057,952	-	3,309,646	-	2,112,250	26,860,556
2026	26,860,556	-	3,372,934	-	2,013,927	25,501,549
2027	25,501,549	-	3,386,490	-	1,904,664	24,019,723
2028	24,019,723	-	3,386,404	-	1,786,122	22,419,441
2029	22,419,441	-	3,425,197	-	1,656,547	20,650,791
2030	20,650,791	-	3,426,982	-	1,514,984	18,738,793
2031	18,738,793	-	3,419,884	-	1,362,308	16,681,217
2032	16,681,217	-	3,404,831	-	1,198,304	14,474,690
2033	14,474,690	-	3,391,090	-	1,022,332	12,105,932
2034	12,105,932	-	3,369,533	-	833,693	9,570,092
2035	9,570,092	-	3,337,100	-	632,123	6,865,115
2036	6,865,115	-	3,301,892	-	417,134	3,980,357
2037	3,980,357	-	3,278,966	-	187,270	888,661
2038	888,661	-	3,231,431	-	-	-

*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 21.28

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 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	33,350,643	-	2,919,374	-	1,913,457	32,344,726
2018	32,344,726	-	2,844,632	-	1,855,345	31,355,439
2019	31,355,439	-	2,962,162	-	1,792,461	30,185,738
2020	30,185,738	-	3,045,147	-	1,719,790	28,860,381
2021	28,860,381	-	3,075,031	-	1,639,372	27,424,722
2022	27,424,722	-	3,187,070	-	1,549,871	25,787,523
2023	25,787,523	-	3,241,972	-	1,449,992	23,995,543
2024	23,995,543	-	3,271,666	-	1,341,583	22,065,460
2025	22,065,460	-	3,309,646	-	1,224,638	19,980,452
2026	19,980,452	-	3,372,934	-	1,097,639	17,705,157
2027	17,705,157	-	3,386,490	-	960,715	15,279,382
2028	15,279,382	-	3,386,404	-	815,171	12,708,149
2029	12,708,149	-	3,425,197	-	659,733	9,942,685
2030	9,942,685	-	3,426,982	-	493,752	7,009,455
2031	7,009,455	-	3,419,884	-	317,971	3,907,542
2032	3,907,542	-	3,404,831	-	132,308	635,019
2033	635,019	-	3,391,090	-	-	-

*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 16.19

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 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	33,350,643	-	2,919,374	-	3,189,096	33,620,365
2018	33,620,365	-	2,844,632	-	3,219,805	33,995,538
2019	33,995,538	-	2,962,162	-	3,251,446	34,284,822
2020	34,284,822	-	3,045,147	-	3,276,225	34,515,900
2021	34,515,900	-	3,075,031	-	3,297,838	34,738,707
2022	34,738,707	-	3,187,070	-	3,314,517	34,866,154
2023	34,866,154	-	3,241,972	-	3,324,517	34,948,699
2024	34,948,699	-	3,271,666	-	3,331,287	35,008,320
2025	35,008,320	-	3,309,646	-	3,335,350	35,034,024
2026	35,034,024	-	3,372,934	-	3,334,756	34,995,846
2027	34,995,846	-	3,386,490	-	3,330,260	34,939,616
2028	34,939,616	-	3,386,404	-	3,324,641	34,877,853
2029	34,877,853	-	3,425,197	-	3,316,525	34,769,181
2030	34,769,181	-	3,426,982	-	3,305,569	34,647,768
2031	34,647,768	-	3,419,884	-	3,293,783	34,521,667
2032	34,521,667	-	3,404,831	-	3,281,925	34,398,761
2033	34,398,761	-	3,391,090	-	3,270,322	34,277,993
2034	34,277,993	-	3,369,533	-	3,259,323	34,167,783
2035	34,167,783	-	3,337,100	-	3,249,923	34,080,606
2036	34,080,606	-	3,301,892	-	3,242,966	34,021,680
2037	34,021,680	-	3,278,966	-	3,238,220	33,980,934
2038	33,980,934	-	3,231,431	-	3,236,522	33,986,025
2039	33,986,025	-	3,174,951	-	3,239,855	34,050,929
2040	34,050,929	-	3,113,984	-	3,249,394	34,186,339
2041	34,186,339	-	3,061,886	-	3,265,540	34,389,993
2042	34,389,993	-	2,990,455	-	3,289,477	34,689,015
2043	34,689,015	-	2,913,224	-	3,323,240	35,099,031
2044	35,099,031	-	2,832,188	-	3,368,294	35,635,137
2045	35,635,137	-	2,749,689	-	3,426,029	36,311,477
2046	36,311,477	-	2,662,420	-	3,498,027	37,147,084
2047	37,147,084	-	2,575,338	-	3,585,942	38,157,688
2048	38,157,688	-	2,484,602	-	3,691,539	39,364,625
2049	39,364,625	-	2,389,531	-	3,816,986	40,792,080
2050	40,792,080	-	2,289,978	-	3,964,709	42,466,811
2051	42,466,811	-	2,187,278	-	4,137,317	44,416,850
2052	44,416,850	-	2,084,084	-	4,337,481	46,670,247
2053	46,670,247	-	1,976,958	-	4,568,177	49,261,466
2054	49,261,466	-	1,867,971	-	4,832,748	52,226,243
2055	52,226,243	-	1,757,698	-	5,134,739	55,603,284
2056	55,603,284	-	1,646,808	-	5,477,988	59,434,464
2057	59,434,464	-	1,536,007	-	5,866,646	63,765,103
2058	63,765,103	-	1,425,995	-	6,305,211	68,644,319
2059	68,644,319	-	1,317,420	-	6,798,561	74,125,460
2060	74,125,460	-	1,211,260	-	7,351,983	80,266,183
2061	80,266,183	-	1,108,476	-	7,971,195	87,128,902
2062	87,128,902	-	1,009,391	-	8,662,421	94,781,932
2063	94,781,932	-	914,404	-	9,432,473	103,300,001
2064	103,300,001	-	824,074	-	10,288,796	112,764,723
2065	112,764,723	-	738,963	-	11,239,524	123,265,284
2066	123,265,284	-	659,387	-	12,293,559	134,899,456

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3
Hypothetical Assumptions: 10.00% 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
2067	134,899,456	-	585,575	-	13,460,667	147,774,548
2068	147,774,548	-	517,867	-	14,751,561	162,008,242
2069	162,008,242	-	456,496	-	16,177,999	177,729,745
2070	177,729,745	-	401,478	-	17,752,901	195,081,168
2071	195,081,168	-	352,283	-	19,490,503	214,219,388
2072	214,219,388	-	308,459	-	21,406,516	235,317,445
2073	235,317,445	-	269,614	-	23,518,264	258,566,095
2074	258,566,095	-	235,360	-	25,844,842	284,175,577
2075	284,175,577	-	205,278	-	28,407,294	312,377,593
2076	312,377,593	-	178,866	-	31,228,816	343,427,543
2077	343,427,543	-	155,752	-	34,334,967	377,606,758
2078	377,606,758	-	135,463	-	37,753,903	415,225,198
2079	415,225,198	-	117,697	-	41,516,635	456,624,136
2080	456,624,136	-	102,102	-	45,657,309	502,179,343
2081	502,179,343	-	88,405	-	50,213,514	552,304,452
2082	552,304,452	-	76,376	-	55,226,626	607,454,702
2083	607,454,702	-	65,762	-	60,742,182	668,131,122
2084	668,131,122	-	56,378	-	66,810,293	734,885,037
2085	734,885,037	-	48,078	-	73,486,100	808,323,059
2086	808,323,059	-	40,695	-	80,830,271	889,112,635
2087	889,112,635	-	34,107	-	88,909,558	977,988,086
2088	977,988,086	-	28,261	-	97,797,396	1,075,757,221
2089	1,075,757,221	-	23,100	-	107,574,567	1,183,308,688
2090	1,183,308,688	-	18,612	-	118,329,938	1,301,620,014
2091	1,301,620,014	-	14,789	-	130,161,262	1,431,766,487
2092	1,431,766,487	-	11,577	-	143,176,070	1,574,930,980
2093	1,574,930,980	-	8,905	-	157,492,653	1,732,414,728
2094	1,732,414,728	-	6,712	-	173,241,137	1,905,649,153
2095	1,905,649,153	-	4,958	-	190,564,667	2,096,208,862
2096	2,096,208,862	-	3,586	-	209,620,707	2,305,825,983
2097	2,305,825,983	-	2,534	-	230,582,472	2,536,405,921
2098	2,536,405,921	-	1,749	-	253,640,505	2,790,044,677
2099	2,790,044,677	-	1,175	-	279,004,409	3,069,047,911
2100	3,069,047,911	-	775	-	306,904,752	3,375,951,888
2101	3,375,951,888	-	499	-	337,595,164	3,713,546,553
2102	3,713,546,553	-	315	-	371,354,640	4,084,900,878
2103	4,084,900,878	-	194	-	408,490,078	4,493,390,762
2104	4,493,390,762	-	118	-	449,339,070	4,942,729,714
2105	4,942,729,714	-	72	-	494,272,968	5,437,002,610
2106	5,437,002,610	-	43	-	543,700,259	5,980,702,826
2107	5,980,702,826	-	26	-	598,070,281	6,578,773,081
2108	6,578,773,081	-	15	-	657,877,307	7,236,650,373
2109	7,236,650,373	-	9	-	723,665,037	7,960,315,401
2110	7,960,315,401	-	5	-	796,031,540	8,756,346,936
2111	8,756,346,936	-	3	-	875,634,693	9,631,981,626
2112	9,631,981,626	-	2	-	963,198,163	10,595,179,787

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3
Hypothetical Assumptions: 10.00% 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
2113	10,595,179,787	-	1	-	1,059,517,979	11,654,697,765
2114	11,654,697,765	-	-	-	1,165,469,777	12,820,167,542

*All DROP Balances paid in 2017.

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, 2019

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL	
	8.00% RP-2000 Generational	6.00% RP-2000 Generational	10.00% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$1,696,994	\$2,737,032	\$828,685
Total Required Contribution (% of Payroll)	38.2%	61.6%	18.6%
Expected Member Contribution	375,511	371,900	379,121
Expected State Money	336,697	336,697	336,697
Expected Sponsor Contribution (Fixed \$)	\$984,786	\$2,028,435	\$112,867
Expected Sponsor Contribution (% of Payroll)	22.5%	45.9%	2.9%
ASSETS			
Actuarial Value ¹	34,154,971	34,154,971	34,154,971
Market Value ¹	33,350,643	33,350,643	33,350,643
LIABILITIES			
Present Value of Benefits			
Active Members			
Retirement Benefits	16,644,766	23,860,168	12,224,192
Disability Benefits	146,890	196,571	113,894
Death Benefits	121,961	166,597	91,266
Vested Benefits	589,161	960,743	381,742
Refund of Contributions	332,274	351,921	314,645
Service Retirees	24,913,246	30,363,237	21,038,772
DROP Retirees ¹	1,451,506	1,776,919	1,228,478
Beneficiaries	1,809,711	2,108,606	1,582,437
Disability Retirees	208,173	246,621	179,738
Terminated Vested	627,547	912,098	453,344
Share Plan Balances ¹	0	0	0
Total:	46,845,235	60,943,481	37,608,508
Present Value of Future Salaries	28,023,064	30,949,987	25,617,531
Present Value of Future Member Contributions	2,278,275	2,516,234	2,082,705
Total Normal Cost	870,810	1,319,121	598,498
Present Value of Future Normal Costs (Entry Age Normal)	5,492,891	9,265,914	3,428,792
Total Actuarial Accrued Liability ¹	41,352,344	51,677,567	34,179,716
Unfunded Actuarial Accrued Liability (UAAL)	7,197,373	17,522,596	24,745

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

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL	
	8.00% RP-2000 Generational	6.00% RP-2000 Generational	10.00% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost ²	959,981	1,440,216	666,128
Administrative Expenses ²	45,072	44,638	45,505
Payment Required To Amortize UAAL ²	691,941	1,252,178	117,052
Total Required Contribution	\$1,696,994	\$2,737,032	\$828,685

¹ The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2017.

² Contributions developed as of 10/1/2017 displayed above have been adjusted to account for assumed salary increase and interest components.