

DESTIN FIRE CONTROL DISTRICT
FIREFIGHTERS' 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: Jason L. Franken Date: 10/19/2016
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, 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		
	8.00% RP-2000 Static 9/30/2015	8.00% RP-2000 Generational 9/30/2015	6.00% RP-2000 Generational 9/30/2015	10.00% RP-2000 Generational 9/30/2015
<u>GASB 67: Schedule of Changes in Net Pension Liability</u>				
<u>Total Pension Liability</u>				
Service Cost	540,120	563,352	887,862	370,601
Interest	1,893,391	1,967,609	1,948,516	1,937,631
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual				
Experience	(1,748,273)	(1,846,517)	(2,507,448)	(1,420,115)
Changes of Assumptions	(256,184)	(689,327)	(891,753)	(546,976)
Benefit Payments, Including Refunds of				
Employee Contributions	(600,036)	(600,036)	(600,036)	(600,036)
Net Change in Total Pension Liability	(170,982)	(604,919)	(1,162,859)	(258,895)
Total Pension Liability - Beginning	23,427,281	24,331,777	31,887,420	19,305,724
Total Pension Liability - Ending (a)	<u>\$ 23,256,299</u>	<u>\$ 23,726,858</u>	<u>\$ 30,724,561</u>	<u>\$ 19,046,829</u>
<u>Plan Fiduciary Net Position</u>				
Contributions - Employer	687,531	687,531	687,531	687,531
Contributions - State	371,910	371,910	371,910	371,910
Contributions - Employee	104,560	104,560	104,560	104,560
Net Investment Income	(784,838)	(784,838)	(784,838)	(784,838)
Benefit Payments, Including Refunds of				
Employee Contributions	(600,036)	(600,036)	(600,036)	(600,036)
Administrative Expenses	(32,924)	(32,924)	(32,924)	(32,924)
Net Change in Plan Fiduciary Net				
Position	(253,797)	(253,797)	(253,797)	(253,797)
Plan Fiduciary Net Position - Beginning	14,178,116	14,178,116	14,178,116	14,178,116
Plan Fiduciary Net Position - Ending (b)	<u>\$ 13,924,319</u>	<u>\$ 13,924,319</u>	<u>\$ 13,924,319</u>	<u>\$ 13,924,319</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 9,331,980</u>	<u>\$ 9,802,539</u>	<u>\$ 16,800,242</u>	<u>\$ 5,122,510</u>

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

Pension Expense	<u>\$ 1,252,967</u>	<u>\$ 1,349,738</u>	<u>\$ 1,964,606</u>	<u>\$ 860,115</u>
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PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 8.00% 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	13,924,319	-	1,490,781	-	1,054,314	13,487,852
2016	13,487,852	-	1,145,557	-	1,033,206	13,375,501
2017	13,375,501	-	1,204,907	-	1,021,844	13,192,438
2018	13,192,438	-	1,274,833	-	1,004,402	12,922,007
2019	12,922,007	-	1,332,645	-	980,455	12,569,817
2020	12,569,817	-	1,485,566	-	946,163	12,030,414
2021	12,030,414	-	1,643,306	-	896,701	11,283,809
2022	11,283,809	-	1,784,074	-	831,342	10,331,077
2023	10,331,077	-	1,833,240	-	753,157	9,250,994
2024	9,250,994	-	1,867,641	-	665,374	8,048,727
2025	8,048,727	-	1,941,950	-	566,220	6,672,997
2026	6,672,997	-	1,964,398	-	455,264	5,163,863
2027	5,163,863	-	2,015,168	-	332,502	3,481,197
2028	3,481,197	-	2,046,914	-	196,619	1,630,902
2029	1,630,902	-	2,085,338	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 14.78

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: 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
2015	13,924,319	-	1,490,793	-	1,054,314	13,487,840
2016	13,487,840	-	1,145,786	-	1,033,196	13,375,250
2017	13,375,250	-	1,205,261	-	1,021,810	13,191,799
2018	13,191,799	-	1,275,364	-	1,004,329	12,920,764
2019	12,920,764	-	1,333,662	-	980,315	12,567,417
2020	12,567,417	-	1,487,037	-	945,912	12,026,292
2021	12,026,292	-	1,645,185	-	896,296	11,277,403
2022	11,277,403	-	1,786,773	-	830,721	10,321,351
2023	10,321,351	-	1,836,452	-	752,250	9,237,149
2024	9,237,149	-	1,871,408	-	664,116	8,029,857
2025	8,029,857	-	1,946,575	-	564,526	6,647,808
2026	6,647,808	-	1,972,949	-	452,907	5,127,766
2027	5,127,766	-	2,025,635	-	329,196	3,431,327
2028	3,431,327	-	2,059,663	-	192,120	1,563,784
2029	1,563,784	-	2,100,910	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 14.74

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 3
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
2015	13,924,319	-	1,490,793	-	790,735	13,224,261
2016	13,224,261	-	1,145,786	-	759,082	12,837,557
2017	12,837,557	-	1,205,261	-	734,096	12,366,392
2018	12,366,392	-	1,275,364	-	703,723	11,794,751
2019	11,794,751	-	1,333,662	-	667,675	11,128,764
2020	11,128,764	-	1,487,037	-	623,115	10,264,842
2021	10,264,842	-	1,645,185	-	566,535	9,186,192
2022	9,186,192	-	1,786,773	-	497,568	7,896,987
2023	7,896,987	-	1,836,452	-	418,726	6,479,261
2024	6,479,261	-	1,871,408	-	332,613	4,940,466
2025	4,940,466	-	1,946,575	-	238,031	3,231,922
2026	3,231,922	-	1,972,949	-	134,727	1,393,700
2027	1,393,700	-	2,025,635	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 12.69

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 4
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
2015	13,924,319	-	1,490,793	-	1,317,892	13,751,418
2016	13,751,418	-	1,145,786	-	1,317,853	13,923,485
2017	13,923,485	-	1,205,261	-	1,332,085	14,050,309
2018	14,050,309	-	1,275,364	-	1,341,263	14,116,208
2019	14,116,208	-	1,333,662	-	1,344,938	14,127,484
2020	14,127,484	-	1,487,037	-	1,338,397	13,978,844
2021	13,978,844	-	1,645,185	-	1,315,625	13,649,284
2022	13,649,284	-	1,786,773	-	1,275,590	13,138,101
2023	13,138,101	-	1,836,452	-	1,221,988	12,523,637
2024	12,523,637	-	1,871,408	-	1,158,793	11,811,022
2025	11,811,022	-	1,946,575	-	1,083,773	10,948,220
2026	10,948,220	-	1,972,949	-	996,175	9,971,446
2027	9,971,446	-	2,025,635	-	895,863	8,841,674
2028	8,841,674	-	2,059,663	-	781,184	7,563,195
2029	7,563,195	-	2,100,910	-	651,274	6,113,559
2030	6,113,559	-	2,132,899	-	504,711	4,485,371
2031	4,485,371	-	2,157,454	-	340,664	2,668,581
2032	2,668,581	-	2,178,950	-	157,911	647,542
2033	647,542	-	2,201,275	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 18.29

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, 2016**

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL		
	8.00% RP-2000 Static	8.00% RP-2000 Generational	6.00% RP-2000 Generational	10.00% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$1,191,203	\$1,270,837	\$2,328,868	\$685,799
Total Required Contribution (% of Payroll)	75.5%	80.5%	147.5%	43.5%
Expected Member Contribution	107,385	107,385	107,385	107,385
Expected State Money	371,910	371,910	371,910	371,910
Expected Sponsor Contribution (Fixed \$)	\$711,908	\$791,542	\$1,849,573	\$206,504
Expected Sponsor Contribution (% of Payroll)	45.2%	50.2%	117.2%	13.2%

ASSETS

Actuarial Value ¹	14,866,493	14,866,493	14,866,493	14,866,493
Market Value ¹	13,924,319	13,924,319	13,924,319	13,924,319

LIABILITIES

Present Value of Benefits

Active Members

Retirement Benefits	10,243,565	10,532,019	14,854,891	7,827,207
Disability Benefits	44,832	46,048	61,215	36,033
Death Benefits	23,199	18,521	23,471	14,883
Vested Benefits	582,428	594,541	857,929	431,108
Refund of Contributions	8,213	8,216	8,689	7,798
Service Retirees	9,040,535	9,164,053	11,519,390	7,531,271
DROP Retirees ¹	3,843,615	3,884,671	4,869,292	3,244,362
Beneficiaries	0	0	0	0
Disability Retirees	173,239	175,053	221,773	144,457
Terminated Vested	1,117,790	1,138,309	1,567,761	860,175
Excess State Monies Reserve	0	0	0	0
Total:	25,077,416	25,561,431	33,984,411	20,097,294

Present Value of Future Salaries	8,041,948	8,046,178	8,638,820	7,543,122
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Present Value of Future Member Contributions	546,852	547,140	587,440	512,932
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Total Normal Cost	403,227	414,392	661,679	268,838
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Present Value of Future Normal Costs (Entry Age Normal)	2,006,483	2,067,401	3,514,019	1,267,891
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Total Actuarial Accrued Liability ¹	23,070,933	23,494,030	30,470,392	18,829,403
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Unfunded Actuarial Accrued Liability (UAAL)	8,204,440	8,627,537	15,603,899	3,962,910
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**ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2016**

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL		
	8.00% RP-2000 Static	8.00% RP-2000 Generational	6.00% RP-2000 Generational	10.00% RP-2000 Generational
<u>PENSION COST</u>				
Normal Cost (with interest)	419,356	430,968	681,529	282,280
Administrative Expenses (with interest)	34,241	34,241	33,912	34,570
Payment Required To Amortize UAAL (with interest)	737,606	805,628	1,613,427	368,949
Total Required Contribution	\$1,191,203	\$1,270,837	\$2,328,868	\$685,799

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