

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: 5/8/2017

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Enrolled Actuary #17-6888



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	
	7.50% RP-2000 Generational	5.50% RP-2000 Generational	9.50% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	412,422	672,913	276,958
Interest	1,854,384	1,854,513	1,883,487
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(240,493)	(313,386)	(277,422)
Changes of Assumptions	1,634,737	1,964,419	741,228
Benefit Payments, Including Refunds of Employee Contributions	(977,835)	(977,835)	(977,835)
Net Change in Total Pension Liability	2,683,215	3,200,624	1,646,416
Total Pension Liability - Beginning	23,256,299	30,724,561	19,046,829
Total Pension Liability - Ending (a)	<u>\$ 25,939,514</u>	<u>\$ 33,925,185</u>	<u>\$ 20,693,245</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	836,684	836,684	836,684
Contributions - State	293,567	293,567	293,567
Contributions - Employee	107,918	107,918	107,918
Net Investment Income	1,482,436	1,482,436	1,482,436
Benefit Payments, Including Refunds of Employee Contributions	(977,835)	(977,835)	(977,835)
Administrative Expenses	(25,310)	(25,310)	(25,310)
Net Change in Plan Fiduciary Net Position	1,717,460	1,717,460	1,717,460
Plan Fiduciary Net Position - Beginning	13,924,319	13,924,319	13,924,319
Plan Fiduciary Net Position - Ending (b)	<u>\$ 15,641,779</u>	<u>\$ 15,641,779</u>	<u>\$ 15,641,779</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 10,297,735</u>	<u>\$ 18,283,406</u>	<u>\$ 5,051,466</u>

GASB 68: PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	ACTUAL	HYPOTHETICAL	
	8.00%	6.00%	10.00%
Pension Expense	<u>\$ 989,531</u>	<u>\$ 1,225,251</u>	<u>\$ 692,060</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.50% 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
2016	15,601,817	-	1,484,083	-	1,114,483	15,232,217
2017	15,232,217	-	1,217,094	-	1,096,775	15,111,898
2018	15,111,898	-	1,289,858	-	1,085,023	14,907,063
2019	14,907,063	-	1,350,418	-	1,067,389	14,624,034
2020	14,624,034	-	1,511,856	-	1,040,108	14,152,286
2021	14,152,286	-	1,674,909	-	998,612	13,475,989
2022	13,475,989	-	1,824,393	-	942,284	12,593,880
2023	12,593,880	-	1,875,619	-	874,205	11,592,466
2024	11,592,466	-	1,910,457	-	797,793	10,479,802
2025	10,479,802	-	1,991,063	-	711,320	9,200,059
2026	9,200,059	-	1,957,211	-	616,609	7,859,457
2027	7,859,457	-	1,990,547	-	514,814	6,383,724
2028	6,383,724	-	2,029,960	-	402,656	4,756,420
2029	4,756,420	-	2,060,189	-	279,474	2,975,705
2030	2,975,705	-	2,084,890	-	144,995	1,035,810
2031	1,035,810	-	2,100,630	-	-	-

*All DROP Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 15.49

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. 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: 5.50% 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
2016	15,601,817	-	1,484,083	-	817,288	14,935,022
2017	14,935,022	-	1,217,094	-	787,956	14,505,884
2018	14,505,884	-	1,289,858	-	762,353	13,978,379
2019	13,978,379	-	1,350,418	-	731,674	13,359,635
2020	13,359,635	-	1,511,856	-	693,204	12,540,983
2021	12,540,983	-	1,674,909	-	643,694	11,509,768
2022	11,509,768	-	1,824,393	-	582,866	10,268,241
2023	10,268,241	-	1,875,619	-	513,174	8,905,796
2024	8,905,796	-	1,910,457	-	437,281	7,432,620
2025	7,432,620	-	1,991,063	-	354,040	5,795,597
2026	5,795,597	-	1,957,211	-	264,935	4,103,321
2027	4,103,321	-	1,990,547	-	170,943	2,283,717
2028	2,283,717	-	2,029,960	-	69,781	323,538
2029	323,538	-	2,060,189	-	-	-

*All DROP Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 13.16

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. 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: 9.50% 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
2016	15,601,817	-	1,484,083	-	1,411,679	15,529,413
2017	15,529,413	-	1,217,094	-	1,417,482	15,729,801
2018	15,729,801	-	1,289,858	-	1,433,063	15,873,006
2019	15,873,006	-	1,350,418	-	1,443,791	15,966,379
2020	15,966,379	-	1,511,856	-	1,444,993	15,899,516
2021	15,899,516	-	1,674,909	-	1,430,896	15,655,503
2022	15,655,503	-	1,824,393	-	1,400,614	15,231,724
2023	15,231,724	-	1,875,619	-	1,357,922	14,714,027
2024	14,714,027	-	1,910,457	-	1,307,086	14,110,656
2025	14,110,656	-	1,991,063	-	1,245,937	13,365,530
2026	13,365,530	-	1,957,211	-	1,176,758	12,585,077
2027	12,585,077	-	1,990,547	-	1,101,031	11,695,561
2028	11,695,561	-	2,029,960	-	1,014,655	10,680,256
2029	10,680,256	-	2,060,189	-	916,765	9,536,832
2030	9,536,832	-	2,084,890	-	806,967	8,258,909
2031	8,258,909	-	2,100,630	-	684,816	6,843,095
2032	6,843,095	-	2,112,900	-	549,731	5,279,926
2033	5,279,926	-	2,130,444	-	400,397	3,549,879
2034	3,549,879	-	2,146,418	-	235,284	1,638,745
2035	1,638,745	-	2,156,059	-	-	-

*All DROP Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 19.76

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 9.50% interest.

It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent. 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, 2017**

Valuation Date: 10/1/2016

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Generational	5.50% RP-2000 Generational	9.50% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$1,308,484	\$1,965,405	\$787,930
Total Required Contribution (% of Payroll)	86.7%	130.3%	52.3%
Expected Member Contribution	102,479	102,479	102,479
Expected State Money	293,568	293,568	293,568
Expected Sponsor Contribution (Fixed \$)	\$912,437	\$1,569,358	\$391,883
Expected Sponsor Contribution (% of Payroll)	60.4%	104.0%	26.0%

ASSETS

Actuarial Value ¹	16,222,499	16,222,499	16,222,499
Market Value ¹	15,601,817	15,601,817	15,601,817

LIABILITIES

Present Value of Benefits

Active Members			
Retirement Benefits	10,798,928	15,328,267	8,008,652
Disability Benefits	45,593	60,891	35,615
Death Benefits	64,655	82,483	51,842
Vested Benefits	533,030	773,802	386,028
Refund of Contributions	12,810	13,905	11,849
Service Retirees	10,535,592	13,390,943	8,586,789
DROP Retirees ¹	3,308,136	4,251,638	2,720,407
Beneficiaries	437,458	476,916	403,039
Disability Retirees	177,037	227,069	145,118
Terminated Vested	1,336,131	1,833,467	1,016,736
Excess State Monies Reserve	0	0	0
Total:	27,249,370	36,439,381	21,366,075
Present Value of Future Salaries	7,918,292	8,628,845	7,341,353
Present Value of Future Member Contributions	538,444	586,761	499,212
Total Normal Cost	417,478	673,835	268,764
Present Value of Future Normal Costs (Entry Age Normal)	2,040,995	3,522,309	1,239,010
Total Actuarial Accrued Liability ¹	25,208,375	32,917,072	20,127,065
Unfunded Actuarial Accrued Liability (UAAL)	8,985,876	16,694,573	3,904,566

**ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2017**

Valuation Date: 10/1/2016

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Generational	5.50% RP-2000 Generational	9.50% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost (with interest)	433,133	692,365	281,530
Administrative Expenses (with interest)	26,259	26,006	26,512
Payment Required To Amortize UAAL (with interest)	849,092	1,247,034	479,888
Total Required Contribution	\$1,308,484	\$1,965,405	\$787,930

' The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2016.