

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:



Date: 1/8/2018

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	
	7.50% RP-2000 Generational	5.50% RP-2000 Generational	9.50% RP-2000 Generational
Total Pension Liability			
Service Cost	430,846	690,935	279,904
Interest	1,948,687	1,882,554	1,955,601
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(829,240)	(1,112,472)	(659,750)
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(775,745)	(775,745)	(775,745)
Net Change in Total Pension Liability	774,548	685,272	800,010
Total Pension Liability - Beginning	25,939,514	33,925,185	20,693,245
Total Pension Liability - Ending (a)	<u>\$ 26,714,062</u>	<u>\$ 34,610,457</u>	<u>\$ 21,493,255</u>
Plan Fiduciary Net Position			
Contributions - Employer	1,275,999	1,275,999	1,275,999
Contributions - State	291,353	291,353	291,353
Contributions - Employee	112,630	112,630	112,630
Net Investment Income	1,862,888	1,862,888	1,862,888
Benefit Payments, Including Refunds of Employee Contributions	(775,745)	(775,745)	(775,745)
Administrative Expenses	(32,011)	(32,011)	(32,011)
Net Change in Plan Fiduciary Net Position	2,735,114	2,735,114	2,735,114
Plan Fiduciary Net Position - Beginning	15,641,779	15,641,779	15,641,779
Plan Fiduciary Net Position - Ending (b)	<u>\$ 18,376,893</u>	<u>\$ 18,376,893</u>	<u>\$ 18,376,893</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 8,337,169</u>	<u>\$ 16,233,564</u>	<u>\$ 3,116,362</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
2017	18,376,893	-	1,839,418	-	1,309,289	17,846,764
2018	17,846,764	-	1,306,035	-	1,289,531	17,830,260
2019	17,830,260	-	1,370,602	-	1,285,872	17,745,530
2020	17,745,530	-	1,546,372	-	1,272,926	17,472,084
2021	17,472,084	-	1,714,994	-	1,246,094	17,003,184
2022	17,003,184	-	1,879,878	-	1,204,743	16,328,049
2023	16,328,049	-	1,932,170	-	1,152,147	15,548,026
2024	15,548,026	-	1,967,525	-	1,092,320	14,672,821
2025	14,672,821	-	2,056,331	-	1,023,349	13,639,839
2026	13,639,839	-	2,024,902	-	947,054	12,561,991
2027	12,561,991	-	2,074,170	-	864,368	11,352,189
2028	11,352,189	-	2,103,148	-	772,546	10,021,587
2029	10,021,587	-	2,137,457	-	671,464	8,555,594
2030	8,555,594	-	2,164,474	-	560,502	6,951,622
2031	6,951,622	-	2,181,521	-	439,565	5,209,666
2032	5,209,666	-	2,194,756	-	308,422	3,323,332
2033	3,323,332	-	2,213,825	-	166,231	1,275,738
2034	1,275,738	-	2,231,582	-	-	-

*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 17.57

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
2017	18,376,893	-	1,839,418	-	960,145	17,497,620
2018	17,497,620	-	1,306,035	-	926,453	17,118,038
2019	17,118,038	-	1,370,602	-	903,801	16,651,237
2020	16,651,237	-	1,546,372	-	873,293	15,978,158
2021	15,978,158	-	1,714,994	-	831,636	15,094,800
2022	15,094,800	-	1,879,878	-	778,517	13,993,439
2023	13,993,439	-	1,932,170	-	716,504	12,777,773
2024	12,777,773	-	1,967,525	-	648,671	11,458,919
2025	11,458,919	-	2,056,331	-	573,691	9,976,279
2026	9,976,279	-	2,024,902	-	493,011	8,444,388
2027	8,444,388	-	2,074,170	-	407,402	6,777,620
2028	6,777,620	-	2,103,148	-	314,933	4,989,405
2029	4,989,405	-	2,137,457	-	215,637	3,067,585
2030	3,067,585	-	2,164,474	-	109,194	1,012,305
2031	1,012,305	-	2,181,521	-	-	-

*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 14.46

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
2017	18,376,893	-	1,839,418	-	1,658,432	18,195,907
2018	18,195,907	-	1,306,035	-	1,666,575	18,556,447
2019	18,556,447	-	1,370,602	-	1,697,759	18,883,604
2020	18,883,604	-	1,546,372	-	1,720,490	19,057,722
2021	19,057,722	-	1,714,994	-	1,729,021	19,071,749
2022	19,071,749	-	1,879,878	-	1,722,522	18,914,393
2023	18,914,393	-	1,932,170	-	1,705,089	18,687,312
2024	18,687,312	-	1,967,525	-	1,681,837	18,401,624
2025	18,401,624	-	2,056,331	-	1,650,479	17,995,772
2026	17,995,772	-	2,024,902	-	1,613,415	17,584,285
2027	17,584,285	-	2,074,170	-	1,571,984	17,082,099
2028	17,082,099	-	2,103,148	-	1,522,900	16,501,851
2029	16,501,851	-	2,137,457	-	1,466,147	15,830,541
2030	15,830,541	-	2,164,474	-	1,401,089	15,067,156
2031	15,067,156	-	2,181,521	-	1,327,758	14,213,393
2032	14,213,393	-	2,194,756	-	1,246,021	13,264,658
2033	13,264,658	-	2,213,825	-	1,154,986	12,205,819
2034	12,205,819	-	2,231,582	-	1,053,553	11,027,790
2035	11,027,790	-	2,242,988	-	941,098	9,725,900
2036	9,725,900	-	2,256,256	-	816,788	8,286,432
2037	8,286,432	-	2,265,661	-	679,592	6,700,363
2038	6,700,363	-	2,264,839	-	528,955	4,964,479
2039	4,964,479	-	2,268,480	-	363,873	3,059,872
2040	3,059,872	-	2,268,104	-	182,953	974,721
2041	974,721	-	2,264,702	-	-	-

*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 24.43

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, 2018**

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Generational	5.50% RP-2000 Generational	9.50% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$1,356,068	\$2,063,996	\$792,310
Total Required Contribution (% of Payroll)	79.3%	120.7%	46.4%
Expected Member Contribution	116,258	116,258	116,258
Expected State Money	265,392	265,392	265,392
Expected Sponsor Contribution (Fixed \$)	\$974,418	\$1,682,346	\$410,660
Expected Sponsor Contribution (% of Payroll)	57.0%	98.4%	24.1%

ASSETS

Actuarial Value ¹	18,308,131	18,308,131	18,308,131
Market Value ¹	18,376,893	18,376,893	18,376,893

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	11,311,015	16,124,821	8,370,972
Disability Benefits	53,429	73,480	40,780
Death Benefits	30,454	39,472	24,190
Vested Benefits	527,433	784,652	376,270
Refund of Contributions	26,027	28,519	23,845
Service Retirees	10,631,399	13,452,784	8,692,489
DROP Retirees ¹	4,801,104	6,092,054	3,976,765
Beneficiaries	411,376	444,856	381,837
Disability Retirees	176,373	225,942	144,683
Terminated Vested	1,443,461	1,942,576	1,119,703
Total:	29,412,071	39,209,156	23,151,534
Present Value of Future Salaries	9,879,644	10,985,299	9,011,172
Present Value of Future Member Contributions	671,816	747,000	612,760
Total Normal Cost	459,319	738,355	296,961
Present Value of Future Normal Costs (Entry Age Normal)	2,307,119	4,027,856	1,390,381
Total Actuarial Accrued Liability ¹	27,104,952	35,181,300	21,761,153
Unfunded Actuarial Accrued Liability (UAAL)	8,796,821	16,873,169	3,453,022

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

Valuation Date: 10/1/2017

	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)	476,543	758,660	311,067
Administrative Expenses (with interest)	33,211	32,891	33,532
Payment Required To Amortize UAAL (with interest)	846,314	1,272,445	447,711
Total Required Contribution	\$1,356,068	\$2,063,996	\$792,310

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

