

# **Destin Fire Control District**

## **Quarterly Meeting**

### **Retirement Trust Fund Board of Trustees**

**848 Airport Road  
Destin, Florida 32541**

**December 3, 2018  
5:00 p.m.**

**Destin Fire Control District**  
**Agenda**  
**Quarterly Meeting**  
**Destin Firefighters' Retirement Trust Fund**  
**848 Airport Road**  
**Destin, Florida 32541**

**December 3, 2018 at 5:00 pm**  
*The meeting is open to the public*

- 1. Meeting called to order by the Chairman**
- 2. Recognition and welcome to new Trustee**
  - a. Fourth Trustee - District appointed Jared O'Neal
- 3. Public Comments**
- 4. Reports**
  - a. Attorney Stu Kaufman with Klausner, Kaufman, Jensen & Levinson
    - 1) Legislative updates
    - 2) Review and changes to Operating Rules and Procedures
    - 3) Other
  - b. Tyler Grumbles with AndCo Consulting
    - 1) 09/30/2018 Investment Performance Review
    - 2) Other
  - c. Drew Ballard with Foster & Foster
    - 1) Actuarial Valuation 10/1/2018
    - 2) Actuarial Experience Study
    - 3) Other
- 5. Review of minutes**
  - a. Regular meeting – August 27, 2018
- 6. Review of Financial Statements**
  - a. September 30, 2018 (including detailed accounting report)
- 7. Old Business - none**
- 8. New Business**
  - a. Approval of invoices
  - b. Determine total expected annual rate of return
  - c. Application for Return of Contribution to Non-Vested Member – John Davis
  - d. Election of Officers (Chairman and Secretary)
  - e. Proposed 2019 Meeting Dates
- 9. Next Meeting** - Proposed date – March 4, 2019 at 5:00pm
- 10. Adjournment**

**OPERATING RULES AND PROCEDURES**  
**For The**  
**DESTIN FIRE CONTROL DISTRICT**  
**FIREFIGHTERS' RETIREMENT TRUST FUND**

Approved by the Board on:

~~March 6, 2017~~  
December 2018

# **DESTIN FIRE CONTROL DISTRICT FIREFIGHTERS' RETIREMENT TRUST FUND**

## **OPERATING RULES AND PROCEDURES**

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## **Rule 1 - Board of Trustees**

- 1.1 Definition of Functions** – The Board of Trustees shall act as the named fiduciary of the Fund as defined by Florida law. The Board shall have the exclusive authority to operate, maintain and interpret the provisions of the state laws and local resolutions establishing and executing the investment policy of the Fund. The Trustees shall be solely responsible for the selection and retention of professional advisors to the Fund including but not limited to investment managers, performance monitors, plan administrators, attorneys, accountants, actuaries and clerical staff.
- 1.2 Definition of Fiduciary** – A fiduciary shall be defined as a person responsible for the discharge of his duties with respect to the Pension Plan solely in the interest of the participants and beneficiaries for the exclusive purpose of providing benefits to participants and their beneficiaries and defraying the reasonable expenses of administering the Plan.
- 1.3 Summary** – Trustees shall be responsible for the investment and reinvestment of the assets of the Fund; for determining all claims for retirement benefits; for exercising the sole and exclusive administration of and the proper operation of the Plan; to perform such actuarial and accounting functions as are required by law; to prepare and distribute a Summary Plan Description as provided in §112.66, Florida Statutes to the Members of the Fund upon employment and every other year thereafter; and to fulfill all other such duties as may be required by law.
- 1.4 Establishment of Offices / Appointment of Plan Administrative Assistant** – The Board of Trustees shall elect a Chairman and Secretary every two years. The Officers shall be Trustees of the Board. The Chairman shall be responsible for the conduct of all meetings of the Board and shall have voting rights the same as any other Trustee of the Board. The Chairman shall perform such other duties as the Trustees may assign. The Trustees shall elect from among the Trustees or officers of the District with the consent of the Trustees, every two years, a Plan Administrative Assistant who shall be responsible for the keeping of minutes of the

transactions of the Board. The Board may delegate to the Plan Administrative Assistant any function which will assist the Board in carrying out its duties and responsibilities. The Secretary or other Trustee, together with the Chairman, shall execute all official contracts of the Board.

**1.5 Conflicts of Interest and Gifts –**

- A. Conflicts of interest in voting shall be governed by the provisions of §112.3143, Florida Statutes, the Code of Ethics for Public Officials. Notwithstanding any other provision of law, no Trustee shall vote or participate in a determination of any matter in which that Trustee shall receive a special private gain except in the case of employee Trustees voting on benefits applicable to all Members of the Plan.
- B. No Trustee (or his or her spouse or minor child) shall, at any time, solicit or accept any gift (including but not limited to, food, beverages and transportation), loan, reward, promise of future employment, favor service, compensation, payment or thing of value when the Trustee understands, knows or should have known that it was given to influence a vote or other action in which the Trustee was expected to participate in his official capacity. Gifts provided directly or indirectly by a state, regional or national organization which promotes the exchange of ideas between, or the professional development of, members of that organization or staff of a governmental agency that is a member of that organization, are permitted.

**1.6 Per Diem and Reimbursement –** All Trustees shall be entitled to receive a per diem allowance and reimbursement for reasonable expenses incurred in conducting the business of the Fund. The Board shall establish reasonable reimbursement rates in accordance with policies of the Destin Fire Control District (“District”).

**1.7 Election Procedures –** The Board of Trustees shall consist of five persons, two of whom shall be Firefighters, two of whom shall be legal residents of the District appointed by the Board of Commissioners of the District and the fifth Trustee shall



be a person selected by the other four Trustees and appointed as a ministerial act by the Board of Commissioners of the District.

- A. Firefighter Trustees – The Firefighter Trustees shall be elected from among the Members of the Fund in the Fire Department. Elections shall be by a majority vote. If no candidate receives a majority vote, a run-off election between the two top vote recipients shall be held at the earliest practical date. Elections shall be every two years, with one seat elected every two years in November preceding the expiration of the fourth year of the term. Trustees shall take office at the first meeting the following January. Employees shall be permitted to nominate themselves for office and elections may be conducted by mail-in ballot. The election shall be conducted by placement of a ballot box in the Fire Department Headquarters for a period of at least 72 hours beginning on a date to be selected by the Board. Ballots shall be counted by the Board and the winners certified by the Board. As an alternative, the Board may utilize an electronic survey method, with the election conducted by sending a ballot or survey form to each member of the plan, with results to be returned within five (5) days of the date the ballot or survey is sent. Ballots shall be counted by the Board and the winners certified by the Board.
- B. Resident Trustees - The two (2) resident Trustees shall be legal residents of the District and shall be appointed for four (4) year terms, one every two years, by the Board of Commissioners in November or December prior to the expiration of a Trustee's term.
- C. Fifth Trustee – The fifth Trustee of the Board shall be chosen for a four (4) year term every fourth year at the first meeting in January following the selection of the other Trustees. The fifth Trustee may or may not be a legal resident of the Destin Fire Control District and may or may not be an employee of the District. The name of the person selected by a majority of

the other Trustees shall be certified to the Board of Commissioners which shall, in accordance with state law, ratify the appointment of that person as a ministerial act.

**1.8 Succession of Persons to Vacant Positions** – Vacancies on the Board of Trustees of employee members shall be filled by special election to be conducted in the same manner as any other election. Vacancies among the resident Trustees shall be filled by the Board of Commissioners. The person selected to fill a vacancy shall fulfill only the remaining term of the vacant office. In the event of a vacancy in the fifth Trustee of the Board, the Board shall appoint a successor in the same manner as the initial selection.

**1.9 Education Requirements** – Each Trustee is required to attend a seminar or conference regarding Trustee duties and responsibilities and matters relating to the investment program of the Plan at least once each term. Trustees are encouraged to attend seminars or conferences more frequently in order to remain informed regarding pension issues. New Trustees are encouraged to attend within the first six months of their term. Additional rules and guidance can be found in the Education Policy adopted September 21, 2015, as amended from time to time.

**1.10 Disclosure of Financial Interests** – Trustees must file a statement of financial interests (Form 1) with the supervisor of elections of the county in which they permanently reside within 30 days from the date of appointment and no later than July 1 of each year thereafter.

Trustees must file a final statement (Form 1F) within 60 days after leaving their office as Trustee. The final statement shall cover the period between January 1 of the year in which the Trustee leaves office and the last day of office.

If a Trustee has not filed by July 1, the supervisor of elections is required to notify such Trustee of a grace period to file by September 1. If a statement is not filed by September 1, a fine of \$25.00 per day will be imposed up to a maximum of \$1,500.

Fines cannot be paid from the pension plan. The Trustee may also be subject to additional penalties provided for in §112.317, Florida Statutes.

## **Rule 2 – Meetings**

**2.1 Attendance at Board Meetings** – The Board shall set its own schedule of meetings. Special meetings may be called by the Chairman or by a majority of Trustees. The Board shall meet at least once each quarter.

In recognition of the importance of the work of the Board, regular attendance at Board meetings is expected of all Trustees. Trustees shall only be permitted to attend meetings of the Board by teleconferencing or telephone if extraordinary circumstances exist for the Trustee's absence, as determined by the Board, and only if a quorum (3) of the Trustees is physically present at the meeting. Trustees who are permitted to remotely attend meetings shall be permitted to participate and vote at such meetings. Any Trustee who fails to attend two consecutive meetings of the Board without an excuse acceptable to the other Trustees shall be deemed to have resigned from the Board. Employee Members of the Fund who are called into the active service of the District at the time of a Board meeting shall automatically be deemed excused.

**2.2 Agendas and Other Meeting Materials** – A published Notice of Meeting and Agenda shall be prepared for each regular and special meeting of the Board. The Notice of Meeting and Agenda shall set forth those items upon which the Board anticipates taking action or discussing. Each agenda item shall have attached to it backup material necessary for discussion or action by the Board. Each Notice of Meeting and Agenda shall inform members of the public that should they wish to appeal any decision made by the Board that they will need a record of the proceedings and that they may need to ensure a verbatim record is taken, which includes testimony and evidence upon which the appeal is based. In addition, the Notice of Meeting and Agenda shall also include a notice to members of the public offering to provide assistance to those who are disabled, should they need assistance

in order to attend the meeting. A copy of the Notice of Meeting and Agenda shall be posted in a location in the Destin Fire Station where notices of public meetings are customarily posted. The Board must provide and post reasonable notice of all meetings. All agendas and meeting materials are public records as defined in Chapter 119, Florida Statutes.

**2.3 Rules of Order** – In recognition of the importance of accomplishing the objectives of the Board in a most orderly fashion, the Board may establish rules of order for the conduct of its meetings. The Board shall not, however, be bound by strict observance of the rules of parliamentary procedure unless the Board deems it in its best interest to do so.

**2.4 Appearance Before the Board** – As a public body, the Board has a responsibility to accommodate members of the public and Members of the Fund who wish to appear before the Board. All appearances before the Board shall be scheduled through the Plan Administrative Assistant and time limits for presentations shall not exceed fifteen minutes, unless otherwise permitted by the Board. Appearances before the Board may be in person or through a representative. All communications with the Board shall either be in writing or by personal appearance at a Board meeting.

**2.5 Public Records –**

- A. The records of the Fund are public records as set forth in Chapter 119, Florida Statutes, except for medical records of the Fund. The Board shall maintain the confidentiality of medical records as required by law. All medical records of Members of the Fund shall be maintained separately from other records of the Board so as to ensure security of the privileged information to which the Board is privy.
- B. The Board shall appoint a Records Management Liaison Officer (RMLO) in accordance with Section 257.36, Florida Statutes. The RMLO shall be the official custodian of the records of the Board. The Board shall adopt the

Florida General Records Schedule GS1-SL, as amended from time to time, and shall maintain an active and continuing program for the economical and efficient management of Board records.

- 2.6 Government in the Sunshine** – All meetings of the Board shall be conducted in accordance with the provisions of §286.011, Florida Statutes, the Government in the Sunshine Act. No Trustee shall engage in communications with another Trustee outside of a public meeting on any matter which shall ultimately be the subject of Board action. All meetings of Trustees at which official business of the Board shall be discussed shall be publicly noticed and open to the public in accordance with the law. All meetings of the Board shall be held in a location where public access is reasonably available. Regular meetings of the Board shall be held in Okaloosa County, Florida.
- 2.7 Committee Meetings** – The Board, in the conduct of its business, may choose to establish committees consisting of a lesser number of Trustees. Committees shall be appointed by the Chairman. Committees consisting of two or more Trustees shall be conducted in accordance with the Government in the Sunshine Law. Committees consisting of one Trustee shall maintain records in accordance with the Public Records Act but need not conduct its business pursuant to a publicly noticed meeting. All reports of committees shall be reduced to writing and made a part of the official records of the Board.
- 2.8 Workshops** – The Board may from time to time wish to conduct workshop meetings for the purposes of developing policies or procedures of the Board or for the review of investment data of the Board. Workshops shall be conducted in a public forum the same as any other meeting and shall have a published agenda in advance of the workshop.
- 2.9 Minutes** – Complete minutes of all meetings of the Board or a Committee shall be promptly prepared following the meeting and all minutes shall be submitted to the Board for approval following their preparation. The minutes shall be a condensed

summary of the content of the meetings as appropriate. All minutes shall be open for public inspection.

### **Rule 3 – Rules of Procedures**

- 3.1 Legal Effect** – The Board of Trustees is authorized by law to establish rules or procedure for the operation of the Fund. No rule or regulation of the Fund may conflict with any lawful resolution, charter provision or state law.
- 3.2 Adoption Procedures** – All rules to be adopted by the Fund shall be in writing and shall be adopted by a majority vote of the Board. The Board shall review its rules and regulations on a periodic basis but not less than once a year. The rules and regulations of the Fund shall be reproduced and made available to each member of the Fund. A copy of said rules shall also be maintained at the offices of the Pension Fund and at each Fire Department station maintained by the District.

### **Rule 4 – Plan Administration/Office Personnel**

- 4.1 Board Employees/Independent Contractors** – The Board shall establish specific job descriptions for each classification of service provided to the Board. New employees and independent contractors of the Board shall not, by virtue of their employment by the Board, be civil servants of the Destin Fire Control District and shall serve at the pleasure of the Board.
- 4.2 Selection Standards** – The Board shall establish for each classification of service, standards of education, experience and skills necessary for the execution of the duties of the position. The Board may delegate the initial screening process for applicants to a committee of the Board. The final decision for the employment of any person as an employee or Independent Contractor shall be determined by the Board of Trustees acting as a whole.
- 4.3 Evaluation and Compensation** – All employees and Independent Contractors of the Board shall be evaluated periodically. Compensation shall be established by the

Board of Trustees. The Board's use of the Plan Administrative Assistant, as described by Section 1.4, shall be provided by the District at no expense to the Fund.

- 4.4 Decision Making Authority** – No employee or Independent Contractor of the Board shall have the authority to bind the Board of Trustees in any contract or endeavor without the express authority of the Board.

## **Rule 5 – Internal Procedures and Controls**

- 5.1 Mail** – A designee of the Board shall be responsible for opening, dating and transmitting mail. All mail received by the Board shall be dated, stamped and reviewed for any time limitations or response dates. The mail shall be placed in folders bearing the names of the recipient of the mail. Mail addressed to the Board in general and to no specific person shall be directed to a person designated by the Board. All official decisions of the Board shall be sent by mail. A “reading file” of all correspondence coming into and emanating from the Board shall be maintained on a monthly basis together with copies in any specific files as may be established. In all respects, the provisions of Chapter 119, Florida Statutes, the Public Records Act, shall be observed.

**5.2 Expense Payments from the Fund –**

- A. Payments to professionals performing services previously by the Board or for other expenses authorized by the Board shall routinely be made prior to Board approval as follows:
- 1) Statements received for services or expenses which are not pursuant to a written agreement shall be paid, but only if such statements do not exceed \$250.00.
  - 2) Statements received for services or expenses which are rendered pursuant to a written agreement shall be paid if deemed to be in accordance with the agreement.

All payments made pursuant to paragraphs (1) and (2) above shall be considered by the Board at the first meeting following such payment and approved and ratified, if appropriate.

B. Any other payments from the Fund not described in subsection A. above shall be approved by the Board prior to such payment.

C. Authorization for payments from the Fund shall be in writing and signed by at least two trustees of the Board.

**5.3 Processing of Payments for Early or Normal Retirement and Return of Contributions —**

A. Upon receipt of an application for early or normal retirement, the Board's Plan Administrative Assistant or other Board designee shall process the application as follows:

- 1) The application shall be reviewed for accuracy and completeness and for eligibility for benefits.
- 2) A copy of the application and any necessary records from the District shall be forwarded to the actuary for calculation of the benefit amounts payable for the normal form and all optional forms of benefits.
- 3) Upon receipt of the actuary's calculations, the calculations shall be presented to the Retiree and the Retiree shall make his election.
- 4) The application shall be approved by any Trustee and shall then be provided to the Custodian along with any necessary supporting documents in order to being payments.
- 5) Copies of the Retiree's election form and the actuary's calculations shall be provided to the Board of Trustees prior to the commencement of payments or at the next meeting immediately following the commencement of payments and the Board shall review and approve the retirement benefits.



B. Upon the termination of employment of a Member prior to his early or normal retirement date, the Board's Plan Administrative Assistant or other Board designee shall:

- 1) Determine whether the Member is vested or not vested and determine the amount of the Member's contributions.
- 2) Inform the Member of his right to leave his contributions in the plan or withdraw his contributions. If the Member desires to withdraw his contributions, provide the Member with the necessary forms, including the appropriate Return of contributions form, the Special Tax Notice Regarding Plan Payments and the Certification of Receipt of the Special Tax Notice and the Lump Sum Distribution Election Form;
- 3) Recommend that the Member study and complete the appropriate forms and seek tax and/or legal advice regarding his choice.
- 4) Direct the Member to return the completed forms to the Plan Administrative Assistant or Board designee;
- 5) Upon receipt of the properly completed forms, prepare and submit a payment request signed by any two Trustees and copies of any necessary documents to the Custodian to authorize the requested payment or rollover;
- 6) Provide copies of all documents to the Board of Trustees prior to payment or at the next meeting immediately following the payment, for the Board to approve the payment.

C. Pension payments should only be made as provided above. 1099-R reporting forms to Retirees must contain the proper information and codes to ensure the Retirees report the proper amounts on their personal income tax returns. In-line-of duty disability benefits shall be reported as "taxability undetermined" on 1099-R forms.

**5.4 Review of Custodial Statements —**

- A. Custodial reports should be monitored by the Board or its designee for disclosure of all asset inflows such as District and Member contributions, state excise tax payments, if applicable, miscellaneous citizen donations and investment income. All errors, including those involving the misclassifications of Plan revenues, e.g., recording Member contributions as District contributions, must be corrected.
- B. Custodial reports should also be monitored for all asset outflows. Asset outflows must be properly approved and verified on audit. Expenses shall be approved as provided in Rule 5.2 and Retirements and Returns of Contributions in accordance with Rule 5.3. Letters of authorization for the expenditure of funds must be issued by the Board and copies must be maintained in orderly files.

**5.5 Rollovers To and From the Fund** – The Fund will accept and transfer eligible cash rollover distributions to and from the Fund as permitted by local, State and Federal law. The Board may adopt appropriate forms to facilitate such rollovers.

**5.6 Deferred Retirement Option Plan Rules and Processing –**

- A. The Board of Trustees shall establish the procedure to begin participation for Members who are eligible to participate in the Deferred Retirement Option Plan (DROP), including the adoption of an Application/Agreement to be completed and executed by the Member prior to DROP participation. The Application/Agreement shall inform the Member of the ramifications of DROP participation and shall require the Member to acknowledge such ramifications and also acknowledge that the Member has had the opportunity to seek independent legal/financial advice prior to DROP participation.
- B. The Board of Trustees will have annual reports prepared and distributed as of each September 30th to provide each DROP member with all necessary

information regarding his or her DROP account for those members electing the net plan return investment option.

## **Rule 6 – Insurance**

- 6.1 Fiduciary Insurance** – The Trustees are authorized by law to purchase fiduciary insurance to insure members of the Board for errors and omissions at the expense of the Fund, but the Fund shall not pay to waive recourse against Trustees. A rider waiving recourse may be purchased and paid for by the District or by a Trustee.
- 6.2 Travel Coverage** – The Fund may purchase, at its expense, life and accidental death and dismemberment insurance for each Trustee who shall travel outside of Okaloosa County for the purpose of Board related business.

## **Rule 7 – Relations with District**

- 7.1 Authority of the Board** – The Board of Trustees is an independent entity established by state law and district resolution. The Board of Trustees shall not be considered a component part of or subordinate to the Destin Fire Control District. The Board shall have exclusive control of the operation of the Fund; however, no change to the pension plan resolution may be made except by action of the State Legislature or the Board of Commissioners.
- 7.2 Contractual Services** – In the selection of contractual services, the Board shall pay particular attention to the existence of conflicts of interest when contractors are to be employed by the Board for services similar to services which the contractor also provides to the District.
- 7.3 Use of the District Finance Department** – The Board shall be authorized to utilize the services of the District for the performance of banking functions of the Board. The District shall have not discretionary authority with regard to the utilization or direction of funds of the Board. The precise duties of the District shall be reduced to writing the same as any other contract for services entered into the Board.

- 7.4 Use of Independent Custodians** – The Board shall be authorized to use the services of any duly qualified custodian in lieu of the District Finance Department for the performance of banking functions of the Board. The custodian shall be duly licensed, insured and bonded and shall meet all of the depository requirements of Chapter 280, Florida Statutes.

## **Rule 8 – Resolution Changes**

- 8.1 Form of Resolution** – No resolution change affecting the Pension Fund shall be presented for a vote to the Board of Commissioners unless first reviewed and approved by a majority of the Trustees in accordance with the existing law governing the Fund. All proposed resolutions shall be reviewed by the General Counsel who shall pass on the form and correctness of the resolution. All proposed resolution changes carrying an economic benefit shall be reviewed by the actuary to determine the cost as required by law.
- 8.2 Collective Bargaining** – The Board of Trustees acknowledges that it is neither an employee organization nor an employer as defined by Chapter 447, Part II, Florida Statutes. Therefore, the Board shall not engage in collective bargaining on behalf of the District or on behalf of any employee organization. The Board shall make itself available as a resource to labor organizations and the District for all matters relating to pension and retirement, if any.
- 8.3 Appearance at Board of Commissioners Meetings** – The Board of Trustees shall, through one of its members, its designee or its General Counsel, be present at all Board of Commissioners meetings where a discussion of matters of interest to the Board shall occur. The Board shall, prior to said meeting, designate an official spokesperson on behalf of the Fund.
- 8.4 Actuarial Impact Studies** – No benefit change shall occur without an actuarial impact study as required by state law. Actuarial impact studies initiated by the Board of Trustees shall be at the expense of the Fund. Actuarial studies requested

by the District or the Union, if any, and authorized by the Board shall be paid for by the District or the Union, respectively.

## **Rule 9 – Judicial Proceedings**

- 9.1 Process** – All process issued by federal or state courts to the District concerning the Pension Fund or to the Destin Fire Control District Retirement Trust Fund shall immediately upon receipt, be forwarded to the General Counsel for the Fund who shall respond thereto.
- 9.2 Dissolution of Marriage** – Upon entering into a Dissolution of Marriage, a Plan Member shall notify the Plan Administrative Assistant of the Member's attorney's name, address and telephone number. The Plan Administrative Assistant shall then promptly provide that information to the General Counsel to the Fund.

## **Rule 10 – Investments**

- 10.1 Hiring Investment Managers** – In recognition of the importance of professional guidance in the investment of the assets of the Fund, all investments shall be performed by qualified, professional investment managers. The investment managers shall be selected at a regular or special meeting of the Board of Trustees by a majority vote of the Board. The Board may delegate the initial screening of investment managers to a committee of the Board but no final decision shall be made except at a meeting of the Board. All proposals for investment manager services shall be presented in writing to the Board and shall be made a part of the records of the Board.
- 10.2 Hiring Performance Monitors** – The Board shall engage at least one performance monitor who shall be responsible for reviewing the performance of the various investment managers of the Fund. The performance monitor shall report to the Board on such time schedules as the Board shall establish but not less than annually. The performance monitor shall advise the Board as to the relative performance of

each investment manager as compared to the various stock, bond and cash indices as are generally accepted in the investment market place as reflective of satisfactory investment performance. The performance monitor shall recommend in writing to the Board the retention or discharge of investment managers and the reasons supporting its recommendation. At the request of the Board, the performance monitor may perform evaluation and searches for investment managers and such other services as the Board shall request be performed.

**10.3 Performance Goals and Objectives** – The Board shall establish performance goals and objectives for each investment manager in each class of investment and shall establish expected rates of return. The investment policy shall comply with the minimum requirements set forth in Section 112.661, Florida Statutes. The performance goals and objectives shall be reduced to writing in an Investment Policy Statement and shall be referred to in the contract between the Board and the manager. The performance goals and objectives shall be reviewed on not less than an annual basis and shall be compared to the actual performance of an investment manager to determine compliance with the goals and objectives set by the Board. All Investment Policy Statements and amendments thereto shall immediately be provided to the District, the Department of Management Services and to the Board's actuary

**10.4 Investment Standards** – The Board shall establish written investment standards in the Investment Policy Statement. The standards shall set forth the distribution of the Fund between equities, fixed income, cash and cash equivalents, real estate and other forms of lawful investment. The standards shall set forth the relative percentages of the Fund to be distributed to each investment vehicle and shall establish permissible risk factors. Each investment manager shall subscribe to the Investment Policy Statement setting forth the written investment standards and performance goals and objectives of the Fund and the Investment Policy Statement shall be incorporated into each investment manager contract by reference.

**10.5 Decision Making Authority** – The Board of Trustees shall determine the retention or discharge of any investment manager or performance monitor. The Board shall also establish the amount of funds to be entrusted to any investment manager and shall determine when funds shall be withdrawn and investments terminated. The Trustees shall not, however, participate in the selection of individual stocks, bonds or cash funds as that shall be the responsibility of the investment manager within the context of the performance goals and objectives and investment standards established by the Board.

**10.6 Written Contracts** – Each investment manager shall enter into a written contract with the Board. Each contract shall include an acknowledgment by the investment manager that it is familiar with the resolutions of the District and the provisions of Chapters 112 and 175, Florida Statutes. The contracts shall also provide that the investment manager shall make no purchases which are prohibited by law and in the event such purchase is made, shall make the Fund whole for any loss incurred in the divestiture of said investment. The contract shall also provide that the laws of Florida shall govern and that venue for any legal action shall be in Okaloosa County, Florida. All written contracts shall set forth a specific duration, but in no event shall any contract be terminable on less than 30 days written notice. Each contract shall set forth with specificity the fees charged by the investment manager to the Fund. All investment manager contracts shall further set forth that the investment manager is registered as an investment advisor (if such registration is legally required) and is otherwise qualified by law to engage in the management of the assets which are the subject of the contract. All written contracts shall be reviewed by the General Counsel to the Fund who shall approve the form and correctness of each such contract. All written contracts shall be executed by the Chairman and Secretary of the Board.

**10.7 Reporting** – All investment managers and performance monitors of the Fund shall report on not less than an annual basis. The investment managers and monitors may,

however, be directed by the Trustees to report on a more frequent basis. All such reports shall be in writing and shall be presented in person by a representative of the investment manager or performance monitor who has authority to make discretionary decisions with regard to the Trust's account and to settle claims and disputes arising from the contract. All such investment managers and performance monitors shall make these presentations in person at a regular meeting of the Board and shall bear their own costs and expenses in traveling to Board meetings. The performance monitors shall attend at least an annual meeting of the Board when requested and shall report, in writing, the progress of each investment manager. The performance monitor shall also make written recommendations regarding retention of or change in investment managers or recommended changes in investment policy.

- 10.8 Presentations by Prospective Consultants and Professionals** – In recognition of the limited time resources of the Board, presentations of prospective investment managers, performance monitors, custodians or other prospective professional advisors shall only be by written invitation of the Board. The Board shall maintain records of such prospective managers, monitors, custodians and other professionals to be reviewed by the Board in the event the Board wishes to consider adding or making a change in its current manager, monitor, custodian or other professional. In the event the Board elects to consider retaining a new manager, monitor, custodian or other professional, prospective applicants, including those applicants who had previously provided information to the Board, may be contacted and provided with a Request for Proposal. The Board or a committee appointed by the Board may conduct the initial screening of applicants by reviewing the proposals received in response to the Requests for Proposals. The Board may then schedule personal presentations by a "short-list" of qualified applicants.
- The Board may also decide to retain managers, monitors, custodians and other professionals by utilizing any other method which the Board deems to be prudent under the circumstances.



**10.9 Divestiture** – No divestiture of any asset of the Fund shall be made for any reason other than fulfillment of the fiduciary obligations of the Fund, or Compliance with State Law.

**10.10 Proxy Voting** – The Trustees shall be responsible for exercising all proxies on equities held by the Fund. The Trustees shall comply on a voluntary basis with the standards of the Employee Retirement Income Security Act of 1974 in the voting of proxies. The Board shall, by contract or other written agreement, give all investment managers proxy voting responsibility and the Trustees shall monitor the voting of the managers.

The Trustees (along with the United States Department of Labor) do not consider the following practices by investment management firms with proxy voting responsibility to be consistent with their fiduciary responsibility:

- A. Declining to vote proxies;
- B. Voting proxies exclusively for management without analysis of the underlying issues;
- C. Permitting negligent or inaccurate record-keeping regarding proxy voting;
- D. Accepting directions from other parties;
- E. Permitting the absence of policies or procedures to assure the proper exercise of this fiduciary responsibility.

Any significant proxy items and the vote by an investment manager shall be reported in writing to the Trustees. Records of all proxy votes shall be maintained and made available to the Trustees or any agents acting in their behalf. All such records shall be maintained in accordance with the Florida Public Records Act.

It shall be the primary responsibility of investment managers acting on behalf of the Board to vote all proxies to enhance the value of the Fund assets. All tender offers shall be treated in the same manner with regard to record-keeping and asset enhancement.

**10.11 Declaration of Expected Annual Rate of Return** – For each actuarial valuation, the Board shall seek the advice of its investment professionals and the actuary and then the Board shall determine the total expected annual rate of investment return for the current year, for each of the next several years and for the long term thereafter. This determination must be filed promptly with the Department of Management Services, with the District and with the Board's actuary.

**10.12 Investment Reports to the District** – The Board shall prepare annual fiscal year end reports for submission to the District, District Board of Fire Commissioners, which shall include the investments in the portfolio by class or type, book value, income earned and market value as of the end of the fiscal year.

#### **Rule 11 – Actuarial Services**

**11.1 Selection** – The Board of Trustees shall retain at all times the services of an enrolled actuary. An enrolled actuary shall mean an actuary who is enrolled under Subtitle C of Title III of the Employment Retirement Income Security Act of 1974 and who is a member of the Society of Actuaries or the American Academy of Actuaries. Competitive bidding shall not be required in the selection of actuaries.

**11.2 Conflicts of Interest** – In order to avoid conflicts of interest in the delivery of actuarial services, the Board shall not retain actuaries who are employed by the District, unless the Board is determined to be the client by a separate engagement letter or contract.

**11.3 Reporting** – The actuary shall report to the Board on not less than a bi-annual basis so that the Board may establish the adequacy of employer and employee contribution rates. Valuations shall be done at least every three years. No proposed change in retirement benefits shall be made without an actuarial determination of the cost impact of the change. All actuarial reports shall be in accordance with the provisions of Section 112.63, Florida Statutes.

- 11.4 Setting Contribution Rates** – Pursuant to the resolutions of the District, the Board is solely responsible for establishing the contribution rates of the District. The District contribution rate shall be established following an analysis of the adequacy of employee contributions, contribution from the State of Florida Insurance Rebate Program and investment earnings of the Fund. The amount of the District contribution shall be certified in writing to the Board of Commissioners in accordance with the provisions of the District resolution.
- 11.5 Credited Service** – For purposes of actuarial calculations involving credited service, fractional parts of years shall be defined as completed months.
- 11.6 Actuarial Studies for Individual Plan Members** – Each vested Plan Member shall be entitled, at the Fund's expense, to receive two actuarial studies to estimate his or her retirement benefits. Any additional studies shall be provided only at the Member's expense. Benefit calculations for terminated vested persons shall be performed by the actuary immediately upon termination.

**Rule 12 – Accounting Services/Administrative Budget**

- 12.1 Audits** – The Fund shall cause to be made not less than on an annual basis an independent audit of the assets and liabilities of the Fund. Financial reporting should be made in accordance with generally accepted accounting standards. If the Fund has less than \$100,000 in assets, the Board may substitute a certified statement of accounting for the independent audit.
- A. All postings from the custodial statements to the Plan's working trial balance should be in accordance with the Board's general and/or specific authorizations.
  - B. All transactions recorded in the custodial statements should be analyzed, summarized and accurately posted to the correct trial balance accounts in the correct time period.

- C. All adjustments, deductions or write-offs of account balances should be calculated, summarized and recorded in the correct period.
- D. All postings to the working trial balance should be supported by and reference to adequate, authorized documentation.

**12.2 Conflicts of Interest** – In order to avoid conflicts of interest, the Board shall not retain auditors who are employed by the District unless the Board shall be determined to be the client by separate engagement letter or contract.

**12.3 Review of Internal Controls** – The policies and procedures provided for in these Operating Rules and Procedures shall be reviewed by the independent certified public accountant as part of the financial audit to determine the effectiveness of such controls to prevent losses of funds which might arise from fraud, error, misrepresentation by third parties, or imprudent actions by the Board or employees of the District.

**12.4 Detailed Accounting Report** – The Board of Trustees shall provide a detailed accounting report of its expenses for each fiscal year to the District and the Department of Management Services and make the report available to each member of the plan, and post the report on the Board's website, if the Board has a website. The report must include all administrative expenses that, for purposes of this subsection, are expenses relating to any legal counsel, actuary, Plan Administrative Assistant, and all other consultants, and all travel and other expenses paid to or on behalf of the members of the Board of Trustees, or anyone else on behalf of the plan.

**12.5 Administrative Budget** – The Board of Trustees shall adopt and operate under an administrative expense budget for each fiscal year, provide a copy of the budget to the District, and make available a copy of the budget to plan members before the beginning the fiscal year. If the Board of Trustees amends the administrative expense budget, the Board must provide a copy of the amended budget to the District and make available a copy of the amended budget to plan members.

### **Rule 13 – Legal Services**

- 13.1 Selection** – The Board shall select and appoint a General Counsel who shall be licensed to practice law in the State of Florida. The General Counsel shall have demonstrated competence in the area of public employee retirement systems in the State of Florida and shall have been practicing law for not less than ten years. Competitive bidding is not required in the selection of legal services.
- 13.2 Conflicts of Interest** – In recognition of the requirement that attorneys be independent in their judgment as set forth in the Code of Professional Responsibility, no attorney may serve as General Counsel who is also performing legal services on the part of the District or who otherwise engages in any legal services which the Board deems to be in conflict with its interests.
- 13.3 Privileged Communications** – In all dealings between its General Counsel and the Board, the Board shall be deemed the client rather than any individual Trustee of the Board. All communications between the Board and its General Counsel shall be privileged communications except where otherwise governed by the Government in the Sunshine Law.
- 13.4 Authority to Direct** – The attorney shall take direction from the Board of Trustees as may be given at the various meetings of the Fund. In between meetings of the Board, direction to the attorneys shall be given by the Chairman or other person directed by the Board. All files of the General Counsel to the Fund shall be open for inspection by any Trustee.

### **Rule 14 – Claims Procedures**

#### **14.1 Claims of Affected Persons –**

- A. The Board of Trustees shall grant an initial hearing upon receipt of a written request (“Claim”), on matters which affect the substantial rights of any person (“Claimant”), including Members, Retirees, Beneficiaries, or any person affected by a decision of the Board of Trustees.

- B. The Board shall review the Claim at an initial hearing and enter an order ~~within one hundred eighty (180) days~~ within a reasonable time from the date of receipt of the Claim and, in the case of disability claims, receipt by the Board of a written medical release authorization in a form approved by the General Counsel and a completed set of interrogatories prepared by the General Counsel and provided to the Claimant. ~~The Board may extend the time for entering the order at an initial hearing for an additional ninety (90) days if it determines such time is necessary for full discovery and adequate review.~~ General Counsel and the Claimant may stipulate to further may extend the time for entering the order at an initial hearing when necessary. ~~extensions of time.~~
- C. It shall be the function of the General Counsel, throughout the claims procedure, to assist the Board in the discovery and presentation of evidence in order to assure that the Board receives all relevant information prior to the Board's decision.
- D. The Claimant shall have the right to be represented by counsel at any or all times throughout the claims procedure.

#### **14.2 Initial Hearing –**

- A. At the initial hearing, the only evidence to be considered by the Board shall be documentary evidence contained in the pension file, including, but not limited to, correspondence, medical records and reports of treating physicians and/or examining physicians and evidence received pursuant to paragraph B.
- B. Other than questions from the Trustees, there will be no taking of additional evidence at the initial hearing, except that the Claimant will be afforded fifteen (15) minutes to make a presentation, which shall be limited to comments and/or arguments as to the evidence or information already contained in the pension file, including the report of the examining physician.

- C. Upon completion of the review of the Claim at the initial hearing, the Board shall enter an order setting forth its findings and conclusions on the Claim. The written order shall be provided to the Claimant. The order shall include:
- 1) The specific findings and conclusions of the Board, including specific references to pertinent provisions of the System on which such conclusions are based;
  - 2) A description of any additional material or information that the Board may deem necessary for the Claimant to perfect his Claim, together with the reasons why such material or information is necessary; and
  - 3) An explanation of the right to a full hearing on the Claim and the time limit in which a full hearing must be requested in writing.
- D. The decision of the Board at the initial hearing shall not be final until after the time has expired to request a full hearing or, if a full hearing is requested, until the Board makes a decision at the conclusion of the full hearing.

#### **14.3 Full Hearing –**

- A. Any Claimant may request a full hearing on the issues presented to the Board at an initial hearing and upon which the Board has entered an order as provided in subsection 2.C. above.
- B. A full hearing must be requested by the Claimant within ~~ninety (90)~~ thirty (30) days of the receipt of the Board's order. The order will be deemed received three (3) days following the date it is mailed to Claimant at the address provided to the Board by Claimant.
- C. Upon receipt of the request for a full hearing and considering the amount of discovery which might be conducted, the Board shall establish a date for the full hearing and cause notice to be given to the Claimant. ~~The full hearing shall be held within ninety (90) days from the receipt of the request from the Claimant.~~ The full hearing may be postponed, if necessary and with the consent of the Claimant, to permit full discovery of the facts.

- D. Copies of all documents to be offered into evidence at the full hearing, including depositions, and a complete witness list with names and addresses of witnesses expected to be called, shall be furnished to the Board and the General Counsel by the Claimant at least twenty (20) days prior to the full hearing. Documents not furnished to the Board within the prescribed time limit may be excluded from evidence at the full hearing if a reasonable explanation is not provided for the delay in providing the documents.
- E. A Claimant or the General Counsel may obtain discovery by deposition and/or interrogatories prior to the full hearing. Written notice of any depositions and/or interrogatories shall be given to the General Counsel and the Claimant.
- F. The costs of any discovery, except discovery requested by the Board or the General Counsel, the appearance of witnesses at the hearing, and the making of a verbatim record of the proceedings shall be the responsibility of the Claimant.
- G. The Claimant shall be responsible for the appearance of any witnesses which he wishes to have testify at the hearing. The Board shall, however, have the power to subpoena and require the attendance of witnesses and the production of documents for discovery prior to and at the proceedings provided for herein. The Claimant may request in writing the issuance of subpoenas by the Board. A reasonable fee may be charged for the issuance of any subpoenas not to exceed the fees set forth in Florida Statutes.
- H. Testimony at the full hearing may be submitted in the form of a deposition. Since it will give the Board more time for review and consideration, the Board prefers that testimony be submitted by deposition. Depositions timely submitted will be part of the record before the Board at the full hearing and will not be read in totality at the full hearing; provided however, that this does not preclude the Claimant or the General Counsel from reading parts of depositions in an opening or closing statement.



- I. Irrelevant and unduly repetitious evidence shall be excluded.
- J. Any person who knowingly gives false testimony is guilty of a misdemeanor of the first degree, punishable as provided in Sections 775.082 or 775.083, Florida Statutes.
- K. The file maintained by the Board, including but not limited to various medical reports therein, is part of the record before the Board at the full hearing.
- L. All proceedings of the Board shall be conducted in public.
- M. In cases concerning an application for pension benefits, including applications for disability retirement benefits, the burden of proof, except as otherwise provided by law, shall be on the Claimant seeking to show entitlement to such benefits.
- N. In cases concerning termination of pension benefits including re-examination of Retirees receiving disability retirement benefits, the burden of proof shall be on the Board.
- O. Except as to those records which are exempted from the provisions of Chapter 119, Florida Statutes, Florida's Public Record Law, records maintained by the Board are open for inspection and/or copying during normal business hours at a reasonable cost for the copying.
- P. Should a Claimant requesting an initial or full hearing decide to appeal any decision made by the Board, with respect to any matter considered at such hearing, the Claimant requesting an initial or full hearing will need a record of the proceedings and may need to assure that a verbatim record of the proceeding is made. The Claimant requesting an initial or full hearing will be responsible for obtaining a court reporter or otherwise making a record of the proceedings before the Board.
- Q. The decisions of the Board after the requested full hearing shall be final and finding.

- R. ~~Within fifteen (15) days~~ After making a decision at the full hearing, the Board shall enter a final order setting forth its findings and conclusions and a copy of the order shall be provided to the Claimant.
- S. Judicial review of decisions of the Board shall be sought by the filing of a timely petition for writ of certiorari with the Clerk of the Circuit, in the appropriate county.

**14.4 Conduct of the Full Hearing –**

- A. The Chairman shall preside over the hearing and shall rule on all evidentiary, procedural, and other legal questions that arise during the hearing. The Chairman's rulings shall stand unless overruled by a majority of the Trustees present. The Chairman shall open the full hearing by explaining the procedures to be following.
- B. The Claimant shall have the right to be represented by counsel or be self-represented. The General Counsel shall advise the Board.
- C. The Claimant shall be allowed to make an opening statement not to exceed ten (10) minutes.
- D. Testimony of witnesses shall be under oath or affirmation. Depositions or affidavits shall be admissible.
- E. The Chairman, any Trustee, the General Counsel, the Claimant or the Claimant's counsel, upon recognition by the Chairman, may direct questions to any witness during the proceedings.
- F. Either the claimant or the General Counsel shall have the right to present evidence relevant to the issues, to cross examine witnesses, to impeach witnesses and to respond to the evidence presented.
- G. The Claimant shall be permitted a closing argument not to exceed fifteen (15) minutes.
- H. The Board shall deliberate and make a decision following closing argument and thereafter enter an order as provided herein.

#### **14.5 Disability Claims – Additional Procedures –**

- A. All applications for disability pensions shall be in writing. Forms for such applications may be provided by the Board.
- B. Upon receipt of the application for disability, the General Counsel will provide the Claimant with a set of interrogatories or questions to be answered under oath and a medical release authorization. Both documents will be completed by the Claimant and returned to the General Counsel.
- C. Upon receipt of the properly completed interrogatories and medical release authorization, the General Counsel will request medical records from all relevant treating physicians; personnel records from the employer, copies of relevant workers' compensation records, and copies of other records deemed to be relevant to the Claim. The Board shall pay, from the Fund, the cost of any medical examinations required by the Board and for copies of medical records.
- D. The General Counsel will, if authorized by the Board, upon receipt of the medical records from the treating physicians, schedule an independent medical examination (IME) or examinations with an appropriate independent examining physician or physicians who will be asked to render an opinion about Claimant's physical condition as it relates to the claimed disability.
- E. Upon receipt of the IME report or reports from the examining physician or physicians, the General Counsel will provide all records of treating physicians, relevant workers' compensation claims records, the independent medical evaluation, and all other relevant documents to the Board for inclusion in the pension file and the Board shall then schedule the initial hearing.

#### **Rule 15 – Confidentiality**

- 15.1 Extent of Confidentiality Permitted** – §§119.071(4)(d)2.b. and 119.071(4)(a), Florida Statutes, provide that the social security numbers, home addresses, telephone

numbers, dates of birth and photographs of Firefighters certified in compliance with §633.408, Florida Statutes; the home addresses, telephone numbers, photographs, dates of birth and places of employment of the spouses and children of such Firefighters and the names and locations of schools and day care facilities attended by the children of such Firefighters are exempt from the public records provisions of Section 119.07(1), Florida Statutes.

**15.2 Requirement for Maintenance of Confidentiality** – The Board will maintain the information specified in 15.1 as confidential if it receives from a Member or the District, a written request to maintain confidentiality.

**15.3 Confidentiality of Medical Records –**

- A. §112.08(7), Florida Statutes is an exemption of medical records and medical claims records from the public records requirements of §119.07(1), Florida Statutes and such records are thus confidential.
- B. This exemption provides that the Board shall not furnish such records to any person except the employee or his legal representative without written authorization from the employee or, unless otherwise prohibited by law, it receives a subpoena issued in a civil or criminal action from a court of competent jurisdiction where the party seeking the records gave proper notice to the employee or his legal representative.
- C. Since, under Government in the Sunshine, trustees can only discuss issues involving medical records of an employee in a public meeting, such an authorization should be signed by an employee prior to discussion by the Board. Upon consideration of the medical records at a public Board meeting, such records then become subject to disclosure in the same manner as any other public record.

## **Rule 16 – Interest Calculations**

- 16.1 Interest Calculation** – To the extent permitted by law, the interest calculation for the purchase of Credited Service, if not otherwise provided for in the resolution, shall be the greater of the actual interest earned on plan investments or the actuarially assumed rate of investment return.

## **Rule 17 – Disability Review Procedure**

- 17.1 Procedure** – The Board shall periodically review the status of disability Retirees who may be eligible to return to employment with the Destin Fire Control District as a firefighter in accordance with the following:

- A. A disability affidavit on a form adopted by the Board shall be filed with the Board at least once each year. Failure to file the affidavit shall result in a suspension of disability benefits.
- B. Upon receipt of the affidavit, the Board shall determine whether the disability Retiree continues to be entitled to receive disability benefits pursuant to the terms of the pension plan.
- C. If the Board determines that the disability Retiree is still disabled, the disability benefits shall continue to be paid.
- D. If, after review of the affidavit, the Board is unable to determine whether the disability Retiree continues to be disabled, the Board shall make further inquiry as necessary.
- E. Such inquiry may include job availability and medical ability to perform duty. If the Board determines that a firefighter position appropriate for assignment may be available, and the disability Retiree may be able to perform duty in such position, an independent medical examination or examinations shall be performed at the Board's expense by a physician or physicians selected by the Board. A job description and physical or

psychological requirements necessary to perform the position shall be provided to the independent medical examiner(s).

- F. After receipt of the report or reports of the independent medical examiner(s), other medical evidence and determination of job availability, the Board shall determine whether disability benefits shall continue.

## **Rule 18 – Surveillance**

- 18.1 Surveillance** – Any Trustee who has reason to believe that a disability Retiree may be recovered from his disability and again able to perform useful and efficient service as a Firefighter and who further reasonably believes that surveillance of the Retiree, including the production of video tapes of the Retiree, will help to establish the fact of the recovery, may authorize the Board's General Counsel to arrange for such surveillance. Surveillance of disability applicants may also be authorized by any Trustee who reasonably believes that such surveillance will assist the Board in determining an applicant's ability to perform useful and efficient service as a firefighter. The cost of any surveillance by any Trustee shall not exceed \$3,000.00.

## **Rule 19 – Insurance Premium Deductions**

### **19.1 Insurance Premium Deduction Authorization**

- A. As permitted by Florida Statute 175.061(7), upon the retiree's written request, the Board of Trustees hereby authorizes the Plan Administrative Assistant or Board designee to withhold from a retiree's monthly retirement payment those funds that are necessary to pay premiums for certain insurance policies.
- B. Any retiree requesting such deduction under this policy shall be required, as a pre-requisite, to be receiving the payment of his monthly retirement benefits via direct deposit.
- C. In order to participate in premium payments under this policy, the retiree shall be required to complete and submit all such forms as may be required

to effectuate this benefit by the Board of Trustees, pension office, Plan Administrative Assistant, plan custodian, and insurance carriers.

- D. Requests to begin such deductions shall be effective as soon as reasonably possible. Once elected, benefits deductions shall continue until such time as the retiree deceases or submits a termination request form to the Plan Administrative Assistant or Board designee. Request for termination of deductions under this policy must be on a form obtained from the Plan Administrative Assistant or Board designee and shall be effective as soon as reasonably possible.
- E. A retiree requesting a deduction under this policy shall be required to have such deduction be made in an amount to cover the total premium for all eligible insurance benefits. Partial premium payments may not be made through the use of pension funds and individual premiums may not be paid by separate means.
- F. Any insurance premiums paid in accordance with this policy shall be paid on a regularly recurring schedule.
- G. Premium payments made under this policy may only be made in equal monthly installments for each benefit year or the remainder of any benefit year as the case may be.

**19.2 Tax-free Payment of Insurance Premiums** – While participating in premium deductions under this policy, retired firefighters, as defined in Rule 19.3 below, may designate that a portion of their premiums for eligible health insurance or other qualified health insurance premiums as specified by the Pension Protection Act of 2006 (PPA) be paid on a tax free basis up to \$3,000.00 annually (or the then current IRS allowable limits).

- A. The pension plan custodian must make the premium payment payable directly to the provider of the qualified health insurance.
- B. Retirees cannot receive any such tax free amounts as reimbursements.

- C. This eligibility does not extend to joint annuitants, survivor annuitants, or beneficiaries.
- D. Tax free payments may not be made on a lump sum basis but rather must be paid in level monthly installments during the benefit year or remainder thereof.
- E. All qualified insurance premiums will accumulate as they are paid during the taxable year until the maximum tax free benefit is achieved. After that, monthly group insurance benefit premiums will continue to be deducted on an after tax basis.
- F. Participants shall be required to sign an agreement and certify that they are eligible retired firefighters and that they are not having tax free deductions for qualified health insurance premiums taken from any other retirement benefit plan.
- G. Once a retiree requests to participate in the tax free provisions of this policy, such election shall remain in effect continuously until revoked in writing and in compliance with all requirements of this policy.
- H. A retiree may only use the tax free provisions of this policy to defray the actual costs of purchasing qualified insurance products. Tax free pension annuity deductions for qualified health insurance premiums may not be made in excess of the actual monthly insurance premiums due.

**19.3 Retirees Who Are Eligible for the Tax-free Payment of Qualified Insurance Premiums** – In order to be eligible for coverage under the pre-tax policy, the retiree must be a retired "public safety officer" as defined by 42U.S.C. 3796b(9)(A) and must meet all of the following conditions:

- A. Must have been a Firefighter at the time of separation from employment.
- B. Must have retired from District service as a Normal Retirement or Disability Retirement. Persons receiving terminated vested benefits are not eligible.
- C. Must be receiving a monthly retirement benefit from the Pension Fund.



DESTIN FIRE CONTROL DISTRICT  
FIREFIGHTERS' RETIREMENT TRUST FUND

ACTUARIAL VALUATION  
AS OCTOBER 1, 2018

CONTRIBUTIONS APPLICABLE TO THE  
PLAN/FISCAL YEAR ENDING SEPTEMBER 30, 2019

GASB 67/68 DISCLOSURE INFORMATION  
AS OF SEPTEMBER 30, 2018



**FOSTER & FOSTER**  
ACTUARIES AND CONSULTANTS



November 28, 2018

Board of Trustees  
Destin Fire Control District  
Firefighters' Retirement Trust Fund  
848 Airport Road  
Destin, FL 32541

Re: Destin Fire Control District Firefighters' Retirement Trust Fund

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the Destin Fire Control District Firefighters' Retirement Trust Fund. Included are the related results for GASB Statements No. 67 and No. 68. The funding valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year. The calculation of the liability for GASB results was performed for the purpose of satisfying the requirements of GASB Statements No. 67 and No. 68. Use of the results for other purposes may not be applicable and may produce significantly different results.

The valuations have been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflect laws and regulations issued to date pursuant to the provisions of Chapters 112 and 175, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in the valuations, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations. Due to the limited scope of the valuation, we did not perform an analysis of the potential range of such future measurements.

In conducting the valuations, we have relied on personnel, plan design, and asset information supplied by the Destin, financial reports prepared by the custodian bank, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on an actuarial valuation performed as of October 1, 2017. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ending September 30, 2018 using generally accepted actuarial principles. It is our opinion that the assumptions used for this purpose are internally consistent, reasonable, and comply with the requirements under GASB No. 67 and No. 68.


The undersigned is familiar with the immediate and long-term aspects of pension valuations, and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the Destin, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Fire Control District Firefighters' Retirement Trust Fund. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact me at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.

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

DDB/lke

Enclosures

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## SUMMARY OF REPORT

The regular annual actuarial valuation of the Destin Fire Control District Firefighters' Retirement Trust Fund, performed as of October 1, 2018, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ending September 30, 2019.

The contribution requirements, compared with those set forth in the October 1, 2017 actuarial valuation report, are as follows:

Valuation Date Applicable to Fiscal Year Ending	10/1/2018 <u>9/30/2019</u>	10/1/2017 <u>9/30/2018</u>
Minimum Required Contribution % of Projected Annual Payroll	68.6%	79.3%
Member Contributions (Est.) % of Projected Annual Payroll	6.8%	6.8%
District And State Required Contribution % of Projected Annual Payroll	61.8%	72.5%
State Contribution (Est.) <sup>1</sup> % of Projected Annual Payroll	\$262,471 14.9%	\$262,471 14.9%
District Required Contribution <sup>2</sup> % of Projected Annual Payroll	46.9%	57.6%

<sup>1</sup> Represents the amount received in calendar 2018. As per a Mutual Consent Agreement between the Membership and the District, all State Monies received each year will be available to offset the District's required contribution.

<sup>2</sup> The required contribution from the combination of District and State sources for the year ending September 30, 2019, is 61.8% of the actual payroll realized in that year. As a budgeting tool, the District may contribute 46.9% of each Member's Salary and then make a one-time adjustment to account for the actual State Monies received.

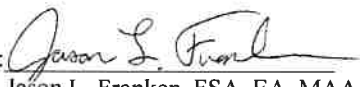
Please note that the District contributed more than what was required in 2018. The excess contribution reduced the plan's unfunded liability by approximately \$1.19 million and reduced the September 30, 2019 contribution requirement by 6.9% of payroll. As requested, a development of the District's excess contribution can be found on page 26.

Plan experience was favorable overall on the basis of the plan's actuarial assumptions. Sources of favorable experience included an average salary increase of 1.31% which fell short of the 5.15% assumption, fewer retirements than expected, and more turnover than expected. There were no significant sources of unfavorable experience.

The balance of this Report presents additional details of the actuarial valuation and the general operation of the Fund. The undersigned would be pleased to meet with the Board of Trustees in order to discuss the Report and any pending questions concerning its contents.

Respectfully submitted,

FOSTER & FOSTER, INC.

By:   
Jason L. Franken, FSA, EA, MAAA

By:   
Drew D. Ballard, EA, MAAA

## CHANGES SINCE PRIOR VALUATION

### Plan Changes

There have been no changes in benefits since the prior valuation.

### Actuarial Assumption/Method Changes

There have been no changes of actuarial assumptions or methods since the prior valuation.

## CONTRIBUTION IMPACT OF ANNUAL CHANGES

(1) Contribution Determined as of October 1, 2017	57.0%
(2) Summary of Contribution Impact by component:	
Change in State Contribution Percentage	0.6%
Change in Normal Cost Rate	-1.1%
Change in Administrative Expense Percentage	-0.1%
Payroll Change Effect on UAAL Amortization	-1.2%
Investment Return (Actuarial Asset Basis)	0.2%
Salary Increases	-1.0%
Active Decrements	-0.9%
Inactive Mortality	0.3%
Sponsor Contributions More Than Required	-6.9%
Assumption Change	0.0%
Other	0.0%
Total Change in Contribution	-10.1%
(3) Contribution Determined as of October 1, 2018	46.9%



# COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/1/2018</u>	<u>10/1/2017</u>
A. Participant Data		
Actives	29	28
Service Retirees	13	10
DROP Retirees	2	4
Beneficiaries	1	1
Disability Retirees	1	1
Terminated Vested	<u>8</u>	<u>8</u>
Total	54	52
Total Annual Payroll	\$1,759,597	\$1,709,674
Payroll Under Assumed Ret. Age	1,759,597	1,709,674
Annual Rate of Payments to:		
Service Retirees	900,662	720,019
DROP Retirees	127,432	255,881
Beneficiaries	58,904	57,749
Disability Retirees	14,297	14,297
Terminated Vested	155,943	155,026
B. Assets		
Actuarial Value (AVA) <sup>1</sup>	20,578,226	18,308,131
Market Value (MVA) <sup>1</sup>	20,867,421	18,376,893
C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	11,726,180	11,311,015
Disability Benefits	54,161	53,429
Death Benefits	29,523	30,454
Vested Benefits	462,455	527,433
Refund of Contributions	34,405	26,027
Service Retirees	13,198,318	10,631,399
DROP Retirees <sup>1</sup>	2,405,537	4,801,104
Beneficiaries	382,160	411,376
Disability Retirees	175,685	176,373
Terminated Vested	1,414,945	1,443,461
Share Plan Balances <sup>1</sup>	<u>0</u>	<u>0</u>
Total	29,883,369	29,412,071

C. Liabilities - (Continued)	<u>10/1/2018</u>	<u>10/1/2017</u>
Present Value of Future Salaries	10,137,151	9,879,644
Present Value of Future Member Contributions	689,326	671,816
Normal Cost (Retirement)	395,100	395,765
Normal Cost (Disability)	6,102	5,693
Normal Cost (Death)	2,634	2,466
Normal Cost (Vesting)	47,180	52,203
Normal Cost (Refunds)	<u>4,257</u>	<u>3,192</u>
Total Normal Cost	455,273	459,319
Present Value of Future Normal Costs	2,197,207	2,307,119
Accrued Liability (Retirement)	9,849,333	9,334,722
Accrued Liability (Disability)	17,929	19,016
Accrued Liability (Death)	16,235	17,454
Accrued Liability (Vesting)	222,278	268,291
Accrued Liability (Refunds)	3,742	1,756
Accrued Liability (Inactives) <sup>1</sup>	17,576,645	17,463,713
Share Plan Balances <sup>1</sup>	<u>0</u>	<u>0</u>
Total Actuarial Accrued Liability (EAN AL)	27,686,162	27,104,952
Unfunded Actuarial Accrued Liability (UAAL)	7,107,936	8,796,821
Funded Ratio (AVA / EAN AL)	74.3%	67.5%

D. Actuarial Present Value of

Accrued Benefits	<u>10/1/2018</u>	<u>10/1/2017</u>
------------------	------------------	------------------

Vested Accrued Benefits

Inactives + Share Plan Balances <sup>1</sup>	17,576,645	17,463,713
Actives	6,567,407	5,815,951
Member Contributions	<u>1,168,914</u>	<u>1,116,110</u>
Total	25,312,966	24,395,774

Non-vested Accrued Benefits

Total Present Value	<u>1,189,926</u>	<u>1,327,562</u>
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Accrued Benefits (PVAB)	26,502,892	25,723,336
-------------------------	------------	------------

Funded Ratio (MVA / PVAB)	78.7%	71.4%
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Increase (Decrease) in Present Value of  
Accrued Benefits Attributable to:

Plan Amendments	0
Assumption Changes	0
New Accrued Benefits	491,185
Benefits Paid	(1,581,570)
Interest	1,869,941
Other	<u>0</u>
Total	779,556

Valuation Date	10/1/2018	10/1/2017
Applicable to Fiscal Year Ending	<u>9/30/2019</u>	<u>9/30/2018</u>

#### E. Pension Cost

Normal Cost (with interest) % of Total Annual Payroll <sup>2</sup>	26.8	27.9
Administrative Expenses (with interest) % of Total Annual Payroll <sup>2</sup>	1.8	1.9
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 25 years (as of 10/1/2018, with interest) % of Total Annual Payroll <sup>2</sup>	40.0	49.5
Minimum Required Contribution % of Total Annual Payroll <sup>2</sup>	68.6	79.3
Expected Member Contributions % of Total Annual Payroll <sup>2</sup>	6.8	6.8
Expected District and State Contribution % of Total Annual Payroll <sup>2</sup>	61.8	72.5

#### F. Past Contributions

Plan Years Ending:	<u>9/30/2018</u>
Total Required Contribution	1,327,574
District and State Requirement	1,213,734
Actual Contributions Made:	
Members (excluding buyback)	113,840
District	2,134,887
State	<u>266,748</u>
Total	2,515,475

#### G. Net Actuarial (Gain)/Loss (266,439)

<sup>1</sup> The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2018 and 9/30/2017.

<sup>2</sup> Contributions developed as of 10/1/2018 are expressed as a percentage of total annual payroll at 10/1/2018 of \$1,759,597.

H. Schedule Illustrating the Amortization of the Total Unfunded Actuarial Accrued Liability as of:

<u>Year</u>	<u>Projected Unfunded Actuarial Accrued Liability</u>
2018	7,107,936
2019	6,911,224
2020	6,699,762
2026	5,053,015
2032	2,511,587
2037	(86,091)
2043	0

I. (i) 5 Year Comparison of Actual and Assumed Salary Increases

	<u>Actual</u>	<u>Assumed</u>
Year Ended 9/30/2018	1.31%	5.15%
Year Ended 9/30/2017	5.30%	4.61%
Year Ended 9/30/2016	-1.94%	4.63%
Year Ended 9/30/2015	0.70%	7.50%
Year Ended 9/30/2014	0.04%	7.50%

(ii) 5 Year Comparison of Investment Return on Market Value and Actuarial Value

	<u>Market Value</u>	<u>Actuarial Value</u>	<u>Assumed</u>
Year Ended 9/30/2018	8.67%	7.28%	7.50%
Year Ended 9/30/2017	11.67%	7.03%	7.50%
Year Ended 9/30/2016	10.74%	7.75%	8.00%
Year Ended 9/30/2015	-5.49%	6.87%	8.00%
Year Ended 9/30/2014	12.26%	9.72%	8.00%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2018	\$1,759,597
	10/1/2008	2,510,751
(b) Total Increase		-29.92%
(c) Number of Years		10.00
(d) Average Annual Rate		-3.49%

## STATEMENT BY ENROLLED ACTUARY

This actuarial valuation was 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, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.



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

Please let us know when the report is approved by the Board and unless otherwise directed we will provide copies of the report to the following offices to comply with Chapter 112 Florida Statutes:

Mr. Keith Brinkman  
Bureau of Local  
Retirement Systems  
Post Office Box 9000  
Tallahassee, FL 32315-9000

Mr. Steve Bardin  
Municipal Police and Fire  
Pension Trust Funds  
Division of Retirement  
Post Office Box 3010  
Tallahassee, FL 32315-3010

# RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2017	\$8,796,821
(2)	Sponsor Normal Cost developed as of October 1, 2017	343,061
(3)	Expected administrative expenses for the year ended September 30, 2018	32,011
(4)	Expected interest on (1), (2) and (3)	686,692
(5)	Sponsor contributions to the System during the year ended September 30, 2018	2,401,635
(6)	Expected interest on (5)	82,575
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2018 (1)+(2)+(3)+(4)-(5)-(6)	7,374,375
(8)	Change to UAAL due to Assumption Change	0
(9)	Change to UAAL due to Actuarial (Gain)/Loss	(266,439)
(10)	Unfunded Actuarial Accrued Liability as of October 1, 2018	7,107,936

Type of Base	Date Established	Years Remaining	10/1/2018 Amount	Amortization Amount
Benefit Improv.	10/1/2002	14	382,931	41,961
Benefit Improv.	10/1/2005	17	726,749	71,661
Actuarial Loss	10/1/2006	18	800,781	76,748
Method Change	10/1/2006	18	416,036	39,873
Actuarial Loss	10/1/2007	19	161,097	15,047
Benefit Improv.	10/1/2007	19	1,447,489	135,203
Benefit Improv.	10/1/2007	19	2,348,465	219,360
Actuarial Loss	10/1/2008	19	1,913,671	178,747
Method Change	10/1/2008	19	(116,312)	(10,864)
Actuarial Gain	10/1/2009	19	(690,863)	(64,530)
Assump Change	10/1/2009	19	241,927	22,597
Actuarial Loss	10/1/2010	19	396,596	37,044
Method Change	10/1/2010	19	(25,766)	(2,407)
Actuarial Gain	10/1/2011	19	(161,743)	(15,108)
Actuarial Gain	10/1/2012	19	(105,256)	(9,831)
Benefit Improv.	10/1/2012	19	514,594	48,066
Actuarial Gain	10/1/2013	20	(293,008)	(26,737)
Actuarial Gain	10/1/2014	21	(1,432,170)	(127,935)
Actuarial Gain	10/1/2015	22	(211,346)	(18,517)

Type of <u>Base</u>	Date <u>Established</u>	Years <u>Remaining</u>	10/1/2018 <u>Amount</u>	Amortization <u>Amount</u>
Assump Change	10/1/2015	22	(20,381)	(1,786)
Assump Change	10/1/2016	23	1,397,641	120,308
Actuarial Gain	10/1/2016	23	(685,066)	(58,970)
Actuarial Loss	10/1/2017	24	368,309	31,195
Actuarial Gain	10/1/2018	25	<u>(266,439)</u>	<u>(22,235)</u>
			7,107,936	678,890



## DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2017	\$8,796,821
(2) Expected UAAL as of October 1, 2018	7,374,375
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	41,028
Salary Increases	(200,768)
Active Decrements	(175,787)
Inactive Mortality	56,526
Other	<u>12,562</u>
Increase in UAAL due to (Gain)/Loss	(266,439)
Assumption Changes	<u>0</u>
(4) Actual UAAL as of October 1, 2018	\$7,107,936

## ACTUARIAL ASSUMPTIONS AND METHODS

### Mortality Rate

#### *Healthy Active Lives:*

**Female:** RP2000 Generational, 100% Combined Healthy White Collar, Scale BB

**Male:** RP2000 Generational, 10% Combined Healthy White Collar / 90% Combined Healthy Blue Collar, Scale BB

#### *Healthy Inactive Lives:*

**Female:** RP2000 Generational, 100% Annuitant White Collar, Scale BB

**Male:** RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB

#### *Disabled Lives:*

**Female:** 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale

**Male:** 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale

The above assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2016 FRS valuation report for special risk employees. We feel this assumption sufficiently accommodates future mortality improvements.

### Interest Rate

7.50% per year compounded annually, net of investment related expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.

### Payroll Growth

None.

### Administrative Expenses

\$29,796 annually, based on actual expenses incurred in the prior fiscal year.

### Salary Increases

Credited Service	Salary Increase
0	10.0%
1	9.0%
2	8.0%
3	7.5%
4	7.0%
5	6.5%
6	6.0%
7	5.5%
8	5.0%
9	4.5%
10+	4.0%

This assumption is based on the results of an experience study dated August 28, 2015.

### Retirement Age

Earlier of: 1) Age 55 and 10 years of Credited Service or 2) 20 Years of Credited Service regardless of age (Age 52 with 25 years of Credited Service for Members hired on or after October 1, 2012). Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year. This assumption is reasonable based on plan provisions.

### Early Retirement

Commencing with the earliest Early Retirement Age (50), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year. This assumption is reasonable based on plan provisions.

### Disability Rate

See table on following page (1201). It is assumed that 75% of disablements are service related. This assumption is based on assumptions used for other plans containing municipal firefighters.

### Termination Rate

See table on following page (1302). This assumption is based on assumptions used for other plans containing municipal firefighters.

### Funding Method

Entry Age Normal Actuarial Cost Method

### Actuarial Asset Method

All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.

<u>Age</u>	<u>% Becoming Disabled During the Year</u>	<u>% Terminating During the Year</u>
20	0.03%	6.0%
30	0.04%	5.0%
40	0.07%	2.6%
50	0.18%	0.8%

## GLOSSARY

Total Annual Payroll is the projected annual rate of pay for the fiscal year following the valuation date of all covered Members.

Present Value of Benefits is the single sum value on the valuation date of all future benefits to be paid to current Members, Retirees, Beneficiaries, Disability Retirees and Vested Terminations.

Normal (Current Year's) Cost is determined for each participant as the present value of future benefits, determined as of the member's entry age, amortized as a level percentage of compensation over the anticipated number of years of participation, determined as of the entry age.

Individual Entry Age Normal Actuarial Cost Method (Level Percent of Compensation) is the method used to determine required contributions under the Plan. The use of this method involves the systematic funding of the Normal Cost (described above) and the Unfunded Accrued (Past Service) Liability. The actuarial accrued liability for active participants is the difference between the present value of future benefits and the present value of future Normal Costs. The actuarial accrued liability for inactive participants is the present value of future benefits.

Unfunded Actuarial Accrued Liability (UAAL) is the difference between the actuarial accrued liability (described above) and the actuarial value of assets. Under the Entry Age Normal Actuarial Cost Method, an actuarial gain or loss, based on actual versus expected UAAL, is determined in conjunction with each valuation of the plan.

Total Required Contribution is equal to the Normal Cost plus an amount sufficient to amortize the Unfunded Accrued Liability over no more than 30 years. The required amount is adjusted for interest according to the timing of contributions during the year.

STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2018

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	903,951.52	903,951.52
Total Cash and Equivalents	903,951.52	903,951.52
Receivables:		
Investment Income	14,114.86	14,114.86
Total Receivable	14,114.86	14,114.86
Investments:		
Mutual Funds:		
Fixed Income	5,542,507.45	5,395,567.37
Equity	10,204,890.78	12,632,407.72
Pooled/Common/Commingled Funds:		
Real Estate	1,872,881.72	1,930,333.06
Total Investments	17,620,279.95	19,958,308.15
Total Assets	18,538,346.33	20,876,374.53
<u>LIABILITIES</u>		
Payables:		
Investment Expenses	7,589.79	7,589.79
Administrative Expenses	1,364.16	1,364.16
Total Liabilities	8,953.95	8,953.95
NET POSITION RESTRICTED FOR PENSIONS	18,529,392.38	20,867,420.58

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2018  
Market Value Basis

ADDITIONS

Contributions:

Member	113,839.89
District	2,134,886.70
State	266,748.38

Total Contributions	2,515,474.97
---------------------	--------------

Investment Income:

Net Realized Gain (Loss)	30,927.49	
Unrealized Gain (Loss)	959,122.42	
Net Increase in Fair Value of Investments		990,049.91
Interest & Dividends		643,546.80
Less Investment Expense <sup>1</sup>		(47,177.77)

Net Investment Income	1,586,418.94
-----------------------	--------------

Total Additions	4,101,893.91
-----------------	--------------

DEDUCTIONS

Distributions to Members:

Benefit Payments	876,448.43
Lump Sum DROP Distributions	701,367.10
Refunds of Member Contributions	3,754.78

Total Distributions	1,581,570.31
---------------------	--------------

Administrative Expense	29,796.33
------------------------	-----------

Total Deductions	1,611,366.64
------------------	--------------

Net Increase in Net Position	2,490,527.27
------------------------------	--------------

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year	18,376,893.31
-----------------------	---------------

End of the Year	20,867,420.58
-----------------	---------------

<sup>1</sup>Investment related expenses include investment advisory, custodial and performance monitoring fees.

ACTUARIAL ASSET VALUATION  
September 30, 2018

Actuarial Assets for funding purposes are developed by recognizing the total actuarial investment gain or loss for each Plan Year over a five year period. In the first year, 20% of the gain or loss is recognized. In the second year 40%, in the third year 60%, in the fourth year 80%, and in the fifth year 100% of the gain or loss is recognized. The actuarial investment gain or loss is defined as the actual return on investments minus the actuarial assumed investment return. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Plan Year Ending	Gain/(Loss)	<u>Gains/Losses Not Yet Recognized</u>				
		Amounts Not Yet Recognized by Valuation Year				
		2018	2019	2020	2021	2022
09/30/2014	519,012	0	0	0	0	0
09/30/2015	(1,940,329)	(388,065)	0	0	0	0
09/30/2016	359,088	143,634	71,816	0	0	0
09/30/2017	657,046	394,228	262,819	131,410	0	0
09/30/2018	174,248	139,398	104,548	69,698	34,848	0
Total		289,195	439,183	201,108	34,848	0

<u>Development of Investment Gain/Loss</u>	
Market Value of Assets, 09/30/2017	18,376,893
Contributions Less Benefit Payments & Admin Expenses	904,108
Expected Investment Earnings	1,412,171
Actual Net Investment Earnings	1,586,419
2018 Actuarial Investment Gain/(Loss)	<u>174,248</u>

\*Expected Investment Earnings =  $0.075 * (18,376,893 + 0.5 * 904,108)$

<u>Development of Actuarial Value of Assets</u>	
(1) Market Value of Assets, 09/30/2018	20,867,421
(2) Gains/(Losses) Not Yet Recognized	<u>289,195</u>
(3) Actuarial Value of Assets, 09/30/2018, (1) - (2)	<u>20,578,226</u>

(A) 09/30/2017 Actuarial Assets: 18,308,131

(I) Net Investment Income:	
1. Interest and Dividends	643,547
2. Realized Gains (Losses)	30,927
3. Change in Actuarial Value	738,689
4. Investment Expenses	<u>(47,178)</u>
Total	<u>1,365,986</u>

(B) 09/30/2018 Actuarial Assets: 20,578,226

Actuarial Assets Rate of Return =  $2I/(A+B-I)$ : 7.28%  
Market Value of Assets Rate of Return: 8.67%

Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis) (41,028)

10/01/2018 Limited Actuarial Assets: 20,578,226



CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
SEPTEMBER 30, 2018  
Actuarial Asset Basis

REVENUES

Contributions:		
Member	113,839.89	
District	2,134,886.70	
State	266,748.38	
Total Contributions		2,515,474.97
Earnings from Investments:		
Interest & Dividends	643,546.80	
Net Realized Gain (Loss)	30,927.49	
Change in Actuarial Value	738,689.42	
Total Earnings and Investment Gains		1,413,163.71

EXPENDITURES

Distributions to Members:		
Benefit Payments	876,448.43	
Lump Sum DROP Distributions	701,367.10	
Refunds of Member Contributions	3,754.78	
Total Distributions		1,581,570.31
Expenses:		
Investment related <sup>1</sup>	47,177.77	
Administrative	29,796.33	
Total Expenses		76,974.10
Change in Net Assets for the Year		2,270,094.27
Net Assets Beginning of the Year		18,308,131.31
Net Assets End of the Year <sup>2</sup>		20,578,225.58

<sup>1</sup>Investment related expenses include investment advisory, custodial and performance monitoring fees.

<sup>2</sup>Net Assets may be limited for actuarial consideration.

RECONCILIATION OF DISTRICT'S SHORTFALL/(PREPAID) CONTRIBUTION  
FOR THE FISCAL YEAR ENDED (FYE) SEPTEMBER 30, 2018

(1) Total Required Contribution Rate	79.3%
(2) Pensionable Payroll Derived from Member Contributions	\$1,674,116.03
(3) Total Required Contribution (1) x (2)	1,327,574.01
(4) Less Actual Member Contributions	(113,839.89)
(5) Less Allowable State Contribution	<u>(266,748.38)</u>
(6) Equals Required District Contribution for Fiscal 2018	946,985.74
(7) Less 2017 Prepaid Contribution	0.00
(8) Less Actual District Contributions	<u>(2,134,886.70)</u>
(9) Equals District's Shortfall/(Prepaid) Contribution <sup>1</sup> as of September 30, 2018	(\$1,187,900.96)

<sup>1</sup> Please note that the District elected to apply the entire contribution towards the September 30, 2018 contribution requirement. As requested, this exhibit develops the amount of the excess contribution. The excess contribution reduces the unfunded liability and does not generate a prepaid contribution to be used in the future.

DEFERRED RETIREMENT OPTION PLAN ACTIVITY  
October 1, 2017 to September 30, 2018

Beginning of the Year Balance	746,524.05
Plus Additions	187,634.70
Investment Return Earned	31,775.02
Less Distributions	(701,367.10)
End of the Year Balance	264,566.67

# STATISTICAL DATA

	<u>10/1/2015</u>	<u>10/1/2016</u>	<u>10/1/2017</u>	<u>10/1/2018</u>
<u>Actives - Hired Before 10/1/12</u>				
Number	23	21	20	19
Average Current Age	40.8	41.9	42.5	43.3
Average Age at Employment	26.8	26.8	27.0	26.8
Average Past Service	14.0	15.1	15.5	16.5
Average Annual Salary	\$64,902	\$63,454	\$67,579	\$68,159

## Actives - Hired On/After 10/1/12

Number	2	4	8	10
Average Current Age	32.8	31.8	30.2	30.4
Average Age at Employment	31.7	30.4	28.9	28.6
Average Past Service	1.1	1.4	1.3	1.8
Average Annual Salary	\$43,227	\$43,626	\$44,762	\$46,457

## Service Retirees

Number	9	10	10	13
Average Current Age	55.3	56.8	57.8	56.3
Average Annual Benefit	\$71,101	\$70,483	\$72,002	\$69,282

## DROP Retirees

Number	4	3	4	2
Average Current Age	49.4	46.8	48.7	48.0
Average Annual Benefit	\$53,866	\$56,223	\$63,970	\$63,716

## Beneficiaries

Number	0	1	1	1
Average Current Age	N/A	52.4	53.4	54.4
Average Annual Benefit	N/A	\$56,617	\$57,749	\$58,904

## Disability Retirees

Number	1	1	1	1
Average Current Age	51.9	52.9	53.9	54.9
Average Annual Benefit	\$14,297	\$14,297	\$14,297	\$14,297

## Terminated Vested

Number	6	7	8	8
Average Current Age <sup>1</sup>	37.7	38.1	39.1	40.8
Average Annual Benefit <sup>2</sup>	\$23,820	\$22,161	\$22,147	\$22,278

<sup>1</sup> Effective 10/1/2018, the Average Current Age excludes participants awaiting a refund of contributions.

<sup>2</sup> The Average Annual Benefit excludes participants awaiting a refund of contributions.

# AGE AND SERVICE DISTRIBUTION

## PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	0	2	0	0	1	0	0	0	0	0	0	3
25 - 29	2	1	0	0	0	0	0	0	0	0	0	3
30 - 34	0	0	1	0	0	1	0	0	0	0	0	2
35 - 39	1	0	0	0	0	1	1	3	0	0	0	6
40 - 44	0	1	0	0	0	0	2	3	1	0	0	7
45 - 49	0	0	0	0	1	0	0	3	1	0	0	5
50 - 54	0	0	0	0	0	0	2	0	0	0	0	2
55 - 59	0	0	0	0	0	0	0	0	1	0	0	1
60 - 64	0	0	0	0	0	0	0	0	0	0	0	0
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	3	4	1	0	2	2	5	9	3	0	0	29

## VALUATION PARTICIPANT RECONCILIATION

### 1. Active lives

a. Number in prior valuation 10/1/2017	28
b. Terminations	
i. Vested (partial or full) with deferred benefits	(2)
ii. Non-vested or full lump sum distribution received	0
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	0
f. DROP	<u>0</u>
g. Continuing participants	26
h. New entrants	<u>3</u>
i. Total active life participants in valuation	29

### 2. Non-Active lives (including beneficiaries receiving benefits)

	Service Retirees, Vested Receiving <u>Benefits</u>	DROP <u>Benefits</u>	Receiving Death <u>Benefits</u>	Receiving Disability <u>Benefits</u>	Vested Deferred	<u>Total</u>
a. Number prior valuation	10	4	1	1	8	24
Retired	3	(2)	0	0	(1)	0
DROP	0	0	0	0	0	0
Vested Deferred	0	0	0	0	2	2
Death, With Survivor	0	0	0	0	0	0
Death, No Survivor	0	0	0	0	0	0
Disabled	0	0	0	0	0	0
Refund of Contributions	0	0	0	0	(1)	(1)
Rehires	0	0	0	0	0	0
Expired Annuities	0	0	0	0	0	0
Data Corrections	0	0	0	0	0	0
b. Number current valuation	13	2	1	1	8	25

SUMMARY OF CURRENT PLAN  
(Through Resolution No. 16-09)

<u>Eligibility</u>	Full-time employees who are classified as full-time certified firefighters participate in the System as a condition of employment.
<u>Credited Service</u>	Total years and fractional parts of years of employment with the District as a Firefighter.
<u>Salary</u>	Base pay, plus state supplemental education pay, plus EMT and Paramedic educational differential pay.
<u>Average Final Compensation</u>	Average Salary for the best 5 years during the 10 years immediately preceding retirement or termination.
<u>Member Contributions</u>	6.8% of Salary.
<u>District and State Contributions</u>	Remaining amount required in order to pay current costs and amortize any unfunded past service cost as provided in Part VII of Chapter 112, F.S.
<u>Normal Retirement</u>	
Date	Earlier of: 1) Age 55 and 10 years of Credited Service or 2) 20 Years of Credited Service regardless of age.  Members hired on or after October 1, 2012 become eligible following the earlier of 1) Age 55 with 10 years of Credited Service or 2) Age 52 with 25 years of Credited Service.
Benefit	3.5% of Average Final Compensation <u>times</u> Credited Service (2.5% if hired on or after October 1, 2012)
Form of Benefit	Ten Year Certain and Life Annuity (options available).
<u>Early Retirement</u>	
Eligibility	Age 50 and 10 Years of Credited Service.
Benefit	Accrued benefit, reduced 3% for each year prior to Normal Retirement.

#### Cost-of-Living Adjustment

Service retirees on and after 10/1/02 (hired before 10/1/12) receive annual 2% increases beginning the October 1 following one full year of retirement. Members hired on and after 10/1/12 are not eligible for the cost-of-living adjustment.

#### Vesting

##### Schedule

100% after 7 years of contributing service if hired before 10/1/12. Members hired on and after 10/1/12 are 100% vested after 10 years.

##### Benefit Amount

Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date.

#### Disability

##### Eligibility

##### Service Incurred

Covered from Date of Employment.

##### Non-Service Incurred

10 years of Credited Service.

##### Exclusions

Disability resulting from use of drugs, illegal participation in riots, service in military, etc.

##### Benefit

Benefit accrued to date of disability but not less than 42% of Average Final Compensation (if Service Incurred).

##### Duration

Payable for life and ten years certain or until recovery (as determined by the Board). Options available.

#### Death Benefits

##### Pre-Retirement

##### Vested

Monthly accrued benefit payable to designated beneficiary for 10 years.

##### Non-Vested

Refund of accumulated contributions without interest.

##### Post-Retirement

Benefits payable to beneficiary in accordance with option selected at retirement.



Board of Trustees

Two District appointees, two Members of the Department elected by the membership, and a fifth Member elected by other 4 and appointed by the District.

Deferred Retirement Option Plan

Eligibility

Satisfaction of Normal Retirement requirements.

Participation

Not to exceed 60 months.

Rate of Return

At Member's election:

(1) Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter, or

(2) 6.5% per annum compounded monthly.

Members may elect to change form of return one time.

Form of Distribution

Cash lump sum (options available) at termination of employment.

Share Plan

Funded Status

Not currently funded.

STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2018

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Short Term Investments	903,952
Total Cash and Equivalents	903,952
Receivables:	
Investment Income	14,115
Total Receivable	14,115
Investments:	
Mutual Funds:	
Fixed Income	5,395,567
Equity	12,632,408
Pooled/Common/Commingled Funds:	
Real Estate	1,930,333
Total Investments	19,958,308
Total Assets	20,876,375
<u>LIABILITIES</u>	
Payables:	
Investment Expenses	7,590
Administrative Expenses	1,364
Total Liabilities	8,954
NET POSITION RESTRICTED FOR PENSIONS	20,867,421

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2018  
Market Value Basis

ADDITIONS

## Contributions:

Member	113,840
District	2,134,887
State	266,748

Total Contributions	2,515,475
---------------------	-----------

## Investment Income:

Net Increase in Fair Value of Investments	990,050
Interest & Dividends	643,547
Less Investment Expense <sup>1</sup>	(47,178)

Net Investment Income	1,586,419
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Total Additions	4,101,894
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DEDUCTIONS

## Distributions to Members:

Benefit Payments	876,448
Lump Sum DROP Distributions	701,367
Refunds of Member Contributions	3,755

Total Distributions	1,581,570
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Administrative Expense	29,796
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Total Deductions	1,611,366
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Net Increase in Net Position	2,490,528
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## NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year	18,376,893
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End of the Year	20,867,421
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<sup>1</sup>Investment related expenses include investment advisory, custodial and performance monitoring fees.

## NOTES TO THE FINANCIAL STATEMENTS

(For the Year Ended September 30, 2018)

## Plan Description

*Plan Administration*

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of: Two District appointees, two Members of the Department elected by the membership, and a fifth Member elected by other four and appointed by the District.

*Plan Membership as of October 1, 2017:*

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	16
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	8
Active Plan Members	28
	<u>52</u>

*Benefits Provided*

The Plan provides retirement, termination, disability and death benefits.

Normal Retirement:

Date: Earlier of: 1) Age 55 and 10 years of Credited Service or 2) 20 Years of Credited Service regardless of age.

Benefit: 3.5% of Average Final Compensation times Credited Service (2.5% if hired on or after October 1, 2012).

Early Retirement:

Eligibility: Age 50 and 10 Years of Credited Service.

Benefit: Accrued benefit, reduced 3% for each year prior to Normal Retirement.

Cost-of-Living Adjustment:

Service retirees on and after 10/1/02 (hired before 10/1/12) receive annual 2% increases beginning the October 1 following one full year of retirement. Members hired on and after 10/1/12 are not eligible for the cost-of-living

Vesting:

Schedule: 100% after 7 years of contributing service if hired before 10/1/12, Members hired on and after 10/1/12 are 100% vested after 10 years.

Benefit Amount: Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date.

Disability:

Eligibility: Service Incurred: Covered from Date of Employment.

Non-Service Incurred: 10 years of Credited Service.

Benefit: Benefit accrued to date of disability but not less than 42% of Average Final Compensation (if Service Incurred).

Pre-Retirement Death Benefits:

Vested: Monthly accrued benefit payable to designated beneficiary for 10 years.

Non-Vested: Refund of accumulated contributions without interest.

Share Plan:

Funded Status: Not currently funded.

*Contributions*

Member Contributions: 6.8% of Salary.

District and State Contributions: Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes.

**Investments***Investment Policy:*

The following was the Board's adopted asset allocation policy as of September 30, 2018:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	50.00%
International Equity	10.00%
Broad Market Fixed Income	25.00%
Global Fixed Income	5.00%
Real Estate	10.00%
<u>Total</u>	<u>100.00%</u>

*Concentrations:*

The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan's Fiduciary Net Position.

*Rate of Return:*

For the year ended September 30, 2018, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was 8.67 percent.

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deferred Retirement Option Program

Eligibility: Satisfaction of Normal Retirement requirements.

Participation: Not to exceed 60 months.

Rate of Return: At Member's election:

- (1) Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter, or
- (2) 6.5% per annum compounded monthly.

Members may elect to change form of return one time.

The DROP balance as September 30, 2018 is \$264,567.

## NET PENSION LIABILITY OF THE SPONSOR

The components of the Net Pension Liability of the Sponsor on September 30, 2018 were as follows:

Total Pension Liability	\$ 27,961,250
Plan Fiduciary Net Position	<u>\$ (20,867,421)</u>
Sponsor's Net Pension Liability	<u>\$ 7,093,829</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	74.63%

*Actuarial Assumptions:*

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2017 updated to September 30, 2018 using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	Service based
Discount Rate	7.50%
Investment Rate of Return	7.50%

*Mortality Rate Healthy Lives (Inactive):*

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.

Male: RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB.

*Mortality Rate Healthy Lives (Active):*

Female: RP2000 Generational, 100% Combined Healthy White Collar, Scale BB.

Male: RP2000 Generational, 10% Combined Healthy White Collar / 90% Combined Healthy Blue Collar, Scale BB.

*Mortality Rate Disabled Lives:*

Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale.

Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.

The most recent actuarial experience study used to review the other significant assumptions was dated August 28, 2015.

The Long-Term Expected Rate of Return on Pension Plan investments can be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Pension Plan investment expenses and inflation) are developed for each major asset class.

For 2018 the inflation rate assumption of the investment advisor was 2.50%.

These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2018 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return
Domestic Equity	7.50%
International Equity	8.50%
Broad Market Fixed Income	2.50%
Global Fixed Income	3.50%
Real Estate	4.50%

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.50 percent.

The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

	1% Decrease	Current	1% Increase
	6.50%	Discount Rate	8.50%
	7.50%		
Sponsor's Net Pension Liability	\$ 10,783,888	\$ 7,093,829	\$ 4,085,234

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
Last 10 Fiscal Years

	09/30/2018	09/30/2017	09/30/2016
Total Pension Liability			
Service Cost	471,083	430,846	412,422
Interest	1,979,577	1,948,687	1,854,384
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	378,098	(829,240)	(240,493)
Changes of assumptions	-	-	1,634,737
Benefit Payments, including Refunds of Employee Contributions	(1,581,570)	(775,745)	(977,835)
Net Change in Total Pension Liability	1,247,188	774,548	2,683,215
Total Pension Liability - Beginning	26,714,062	25,939,514	23,256,299
Total Pension Liability - Ending (a)	<u>\$ 27,961,250</u>	<u>\$ 26,714,062</u>	<u>\$ 25,939,514</u>
Plan Fiduciary Net Position			
Contributions - Employer	2,134,887	1,275,999	836,684
Contributions - State	266,748	291,353	293,567
Contributions - Employee	113,840	112,630	107,918
Net Investment Income	1,586,419	1,862,888	1,482,436
Benefit Payments, including Refunds of Employee Contributions	(1,581,570)	(775,745)	(977,835)
Administrative Expense	(29,796)	(32,011)	(25,310)
Net Change in Plan Fiduciary Net Position	2,490,528	2,735,114	1,717,460
Plan Fiduciary Net Position - Beginning	18,376,893	15,641,779	13,924,319
Plan Fiduciary Net Position - Ending (b)	<u>\$ 20,867,421</u>	<u>\$ 18,376,893</u>	<u>\$ 15,641,779</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 7,093,829</u>	<u>\$ 8,337,169</u>	<u>\$ 10,297,735</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	74.63%	68.79%	60.30%
Covered Employee Payroll	\$ 1,674,116	\$ 1,656,321	\$ 1,587,030
Net Pension Liability as a percentage of Covered Employee Payroll	423.74%	503.35%	648.87%

**Notes to Schedule:***Changes of assumptions:*

For measurement date 09/30/2016, amounts reported as changes of assumptions resulted from the following changes:

- The investment return assumption was reduced from 8.00% to 7.50%.
- As mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed from the RP-2000 Combined Healthy Tables to the mortality tables used by the Florida Retirement System for special risk employees.



## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

	09/30/2015	09/30/2014	09/30/2013
Total Pension Liability			
Service Cost	540,120	702,391	650,362
Interest	1,893,391	1,756,834	1,616,439
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	(1,748,273)	-	-
Changes of assumptions	(256,184)	-	-
Benefit Payments, including Refunds of Employee Contributions	(600,036)	(579,955)	(547,818)
Net Change in Total Pension Liability	(170,982)	1,879,270	1,718,983
Total Pension Liability - Beginning	23,427,281	21,548,011	19,829,028
Total Pension Liability - Ending (a)	<u>\$ 23,256,299</u>	<u>\$ 23,427,281</u>	<u>\$ 21,548,011</u>
Plan Fiduciary Net Position			
Contributions - Employer	687,531	697,413	882,319
Contributions - State	371,910	326,318	342,803
Contributions - Employee	104,560	126,109	141,681
Net Investment Income	(784,838)	1,510,241	1,092,797
Benefit Payments, including Refunds of Employee Contributions	(600,036)	(579,955)	(547,818)
Administrative Expense	(32,924)	(14,883)	(18,656)
Net Change in Plan Fiduciary Net Position	(253,797)	2,065,243	1,893,126
Plan Fiduciary Net Position - Beginning	14,178,116	12,112,873	10,219,747
Plan Fiduciary Net Position - Ending (b)	<u>\$ 13,924,319</u>	<u>\$ 14,178,116</u>	<u>\$ 12,112,873</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 9,331,980</u>	<u>\$ 9,249,165</u>	<u>\$ 9,435,138</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	59.87%	60.52%	56.21%
Covered Employee Payroll	\$ 1,537,650	\$ 1,854,542	\$ 2,083,542
Net Pension Liability as a percentage of Covered Employee Payroll	606.90%	498.73%	452.84%

**Notes to Schedule:***Changes of assumptions:*

For measurement date 09/30/2015, amounts reported as changes of assumptions were in conjunction with the August 28, 2015 experience study, the Board adopted the following assumption changes:

- Salary Increases change from 7.5% per year to a table based on service that grades down from 10% to 4%.
- Mortality Rates change from the RP 2000 table with no-projection for healthy lives to the RP-2000 table projected with scale BB through 2015 (disabled lives are set forward 5 years).

## SCHEDULE OF CONTRIBUTIONS

### Last 10 Fiscal Years

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Total Contributions as a percentage of Covered Employee Payroll
09/30/2018	\$ 1,213,734	\$ 2,401,635	\$ (1,187,901)	\$ 1,674,116	143.46%
09/30/2017	\$ 1,323,401	\$ 1,567,352	\$ (243,951)	\$ 1,656,321	94.63%
09/30/2016	\$ 1,090,290	\$ 1,130,251	\$ (39,961)	\$ 1,587,030	71.22%
09/30/2015	\$ 1,059,441	\$ 1,059,441	\$ -	\$ 1,537,650	68.90%
09/30/2014	\$ 1,023,707	\$ 1,023,731	\$ (24)	\$ 1,854,542	55.20%
09/30/2013	\$ 1,225,122	\$ 1,225,122	\$ -	\$ 2,083,542	58.80%

#### Notes to Schedule

Valuation Date: 10/01/2017

Actuarially determined contribution rates are calculated as of October 1, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Mortality:

*Healthy Lives (Inactive):*

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.

Male: RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB.

*Healthy Lives (Active):*

Female: RP2000 Generational, 100% Combined Healthy White Collar, Scale BB.

Male: RP2000 Generational, 10% Combined Healthy White Collar / 90% Combined Healthy Blue Collar, Scale BB.

*Disabled Lives:*

Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale.

Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.

The above assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumption used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2016 FRS valuation report. Prior assumption was the July 1, 2015 FRS special risk mortality rates. We feel this assumption sufficiently accommodates future mortality improvements.

Interest Rate:

7.5% per year compounded annually, net of investment related expenses. This assumption is supported by the Plan's target asset allocation and expected long-term rate of return by asset class.

Retirement Age:

Earlier of: 1) Age 55 and 10 years of Credited Service or 2) 20 Years of Credited Service regardless of age (Age 52 with 25 years of Credited Service for Members hired on or after October 1, 2012). Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year. This assumption is reasonable based on plan provisions.

**Early Retirement:** Commencing with the earliest Early Retirement Age (50), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year. This assumption is reasonable based on plan provisions.

**Disability Rates:** See table below (1201). It is assumed that 75% of disablements are service related. This assumption is based on assumptions used for other plans containing municipal firefighters.

**Termination Rates:** See table below (1302). This assumption is based on assumptions used for other plans containing municipal firefighters.

**Salary Increases:**

Credited Service	Salary Increase
0	10.0%
1	9.0%
2	8.0%
3	7.5%
4	7.0%
5	6.5%
6	6.0%
7	5.5%
8	5.0%
9	4.5%
10+	4.0%

This assumption is based on the results of an experience study dated August 28, 2015.

**Payroll Increase:** None.

**Funding Method:** Entry Age Normal Actuarial Cost Method.

**Actuarial Asset Method:** All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.

**Termination and Disability Rate Tables:**

Age	% Becoming Disabled During the Year	% Terminating During the Year
20	0.03%	6.0%
30	0.04%	5.0%
40	0.07%	2.6%
50	0.18%	0.8%

SCHEDULE OF INVESTMENT RETURNS  
Last 10 Fiscal Years

Fiscal Year Ended	Annual Money-Weighted Rate of Return Net of Investment Expense
09/30/2018	8.67%
09/30/2017	11.67%
09/30/2016	10.74%
09/30/2015	-5.49%
09/30/2014	12.26%
09/30/2013	10.08%

## NOTES TO THE FINANCIAL STATEMENTS

(For the Year Ended September 30, 2019)

### General Information about the Pension Plan

#### *Plan Description*

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of: Two District appointees, two Members of the Department elected by the membership, and a fifth Member elected by other four and appointed by the District.

Full-time employees who are classified as full-time certified firefighters participate in the System as a condition of employment.

#### *Plan Membership as of October 1, 2017:*

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	16
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	8
Active Plan Members	28
	<u>52</u>

#### *Benefits Provided*

The Plan provides retirement, termination, disability and death benefits.

##### Normal Retirement:

Date: Earlier of: 1) Age 55 and 10 years of Credited Service or 2) 20 Years of Credited Service regardless of age.

Benefit: 3.5% of Average Final Compensation times Credited Service (2.5% if hired on or after October 1, 2012).

##### Early Retirement:

Eligibility: Age 50 and 10 Years of Credited Service.

Benefit: Accrued benefit, reduced 3% for each year prior to Normal Retirement.

##### Cost-of-Living Adjustment:

Service retirees on and after 10/1/02 (hired before 10/1/12) receive annual 2% increases beginning the October 1 following one full year of retirement. Members hired on and after 10/1/12 are not eligible for the cost-of-living adjustment.

##### Vesting:

Schedule: 100% after 7 years of contributing service if hired before 10/1/12, Members hired on and after 10/1/12 are 100% vested after 10 years.

Benefit Amount: Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date.

##### Disability:

Eligibility: Service Incurred: Covered from Date of Employment.

Non-Service Incurred: 10 years of Credited Service.

Benefit: Benefit accrued to date of disability but not less than 42% of Average Final Compensation (if Service Incurred).

##### Pre-Retirement Death Benefits:

Vested: Monthly accrued benefit payable to designated beneficiary for 10 years.

Non-Vested: Refund of accumulated contributions without interest.

##### Share Plan:

Funded Status: Not currently funded.

#### *Contributions*

Member Contributions: 6.8% of Salary.

District and State Contributions: Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes.

### Net Pension Liability

The measurement date is September 30, 2018.

The measurement period for the pension expense was October 1, 2017 to September 30, 2018.

The reporting period is October 1, 2018 through September 30, 2019.

The Sponsor's Net Pension Liability was measured as of September 30, 2018.

The Total Pension Liability used to calculate the Net Pension Liability was determined as of that date.

#### *Actuarial Assumptions:*

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2017 updated to September 30, 2018 using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	Service based
Discount Rate	7.50%
Investment Rate of Return	7.50%

#### *Mortality Rate Healthy Lives (Inactive):*

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.

Male: RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB.

#### *Mortality Rate Healthy Lives (Active):*

Female: RP2000 Generational, 100% Combined Healthy White Collar, Scale BB.

Male: RP2000 Generational, 10% Combined Healthy White Collar / 90% Combined Healthy Blue Collar, Scale BB.

#### *Mortality Rate Disabled Lives:*

Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale.

Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.

The most recent actuarial experience study used to review the other significant assumptions was dated August 28, 2015.

The Long-Term Expected Rate of Return on Pension Plan investments can be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, Net of Pension Plan investment expenses and inflation) are developed for each major asset class.

For 2018 the inflation rate assumption of the investment advisor was 2.50%.

These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	50.00%	7.50%
International Equity	10.00%	8.50%
Broad Market Fixed Income	25.00%	2.50%
Global Fixed Income	5.00%	3.50%
Real Estate	10.00%	4.50%
Total	100.00%	

**Discount Rate:**

The Discount Rate used to measure the Total Pension Liability was 7.50 percent.

The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate.

Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current Plan Members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

## CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Reporting period ending at September 30, 2018	\$ 26,714,062	\$ 18,376,893	\$ 8,337,169
Changes for a Year:			
Service Cost	471,083	-	471,083
Interest	1,979,577	-	1,979,577
Differences between Expected and Actual Experience	378,098	-	378,098
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - Employer	-	2,134,887	(2,134,887)
Contributions - State	-	266,748	(266,748)
Contributions - Employee	-	113,840	(113,840)
Net Investment Income	-	1,586,419	(1,586,419)
Benefit Payments, including Refunds of Employee Contributions	(1,581,570)	(1,581,570)	-
Administrative Expense	-	(29,796)	29,796
Net Changes	1,247,188	2,490,528	(1,243,340)
Reporting period ending at September 30, 2019	\$ 27,961,250	\$ 20,867,421	\$ 7,093,829

*Sensitivity of the Net Pension Liability to changes in the Discount Rate.*

	Current Discount		
	1% Decrease	Rate	1% Increase
	6.50%	7.50%	8.50%
Sponsor's Net Pension Liability	\$ 10,783,888	\$ 7,093,829	\$ 4,085,234

*Pension Plan Fiduciary Net Position.*

Detailed information about the pension Plan's Fiduciary Net Position is available in a separately issued Plan financial report.



**FINAL PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED  
INFLOWS OF RESOURCES RELATED TO PENSIONS  
FISCAL YEAR SEPTEMBER 30, 2018**

For the year ended September 30, 2018, the Sponsor has recognized a Pension Expense of \$814,245.

On September 30, 2018, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	-	1,179,244
Changes of assumptions	817,368	64,046
Net difference between Projected and Actual Earnings on Pension Plan investments	-	68,760
Employer and State contributions subsequent to the measurement date	2,401,635	-
Total	<u>\$ 3,219,003</u>	<u>\$ 1,312,050</u>

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer and State contributions subsequent to the measurement date has been recognized as a reduction of the Net Pension Liability in the year ended September 30, 2018.

Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in Pension Expense as follows:

Year ended September 30:	
2019	\$ (278,826)
2020	\$ 326,090
2021	\$ (410,537)
2022	\$ (131,409)
2023	\$ -
Thereafter	\$ -

**PRELIMINARY PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND  
DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS  
FISCAL YEAR SEPTEMBER 30, 2019**

For the year ended September 30, 2019, the Sponsor will recognize a Pension Expense of \$735,294.

On September 30, 2019, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	283,575	474,743
Changes of assumptions	408,684	-
Net difference between Projected and Actual Earnings on Pension Plan investments	-	289,197
Employer and State contributions subsequent to the measurement date	TBD	-
Total	<u>TBD</u>	<u>\$ 763,940</u>

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer and State contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended September 30, 2019.

Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in Pension Expense as follows:

Year ended September 30:	
2020	\$ 385,765
2021	\$ (350,862)
2022	\$ (71,734)
2023	\$ (34,850)
2024	\$ -
Thereafter	\$ -

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
Last 10 Fiscal Years

Reporting Period Ending Measurement Date	09/30/2019 09/30/2018	09/30/2018 09/30/2017	09/30/2017 09/30/2016
Total Pension Liability			
Service Cost	471,083	430,846	412,422
Interest	1,979,577	1,948,687	1,854,384
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	378,098	(829,240)	(240,493)
Changes of assumptions	-	-	1,634,737
Benefit Payments, including Refunds of Employee Contributions	(1,581,570)	(775,745)	(977,835)
Net Change in Total Pension Liability	1,247,188	774,548	2,683,215
Total Pension Liability - Beginning	26,714,062	25,939,514	23,256,299
Total Pension Liability - Ending (a)	<u>\$ 27,961,250</u>	<u>\$ 26,714,062</u>	<u>\$ 25,939,514</u>
Plan Fiduciary Net Position			
Contributions - Employer	2,134,887	1,275,999	836,684
Contributions - State	266,748	291,353	293,567
Contributions - Employee	113,840	112,630	107,918
Net Investment Income	1,586,419	1,862,888	1,482,436
Benefit Payments, including Refunds of Employee Contributions	(1,581,570)	(775,745)	(977,835)
Administrative Expense	(29,796)	(32,011)	(25,310)
Net Change in Plan Fiduciary Net Position	2,490,528	2,735,114	1,717,460
Plan Fiduciary Net Position - Beginning	18,376,893	15,641,779	13,924,319
Plan Fiduciary Net Position - Ending (b)	<u>\$ 20,867,421</u>	<u>\$ 18,376,893</u>	<u>\$ 15,641,779</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 7,093,829</u>	<u>\$ 8,337,169</u>	<u>\$ 10,297,735</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	74.63%	68.79%	60.30%
Covered Employee Payroll	\$ 1,674,116	\$ 1,656,321	\$ 1,587,030
Net Pension Liability as a percentage of Covered Employee Payroll	423.74%	503.35%	648.87%

**Notes to Schedule:***Changes of assumptions:*

For measurement date 09/30/2016, amounts reported as changes of assumptions resulted from the following changes:

- The investment return assumption was reduced from 8.00% to 7.50%.
- As mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed from the RP-2000 Combined Healthy Tables to the mortality tables used by the Florida Retirement System for special risk employees.

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
Last 10 Fiscal Years

Reporting Period Ending Measurement Date	09/30/2016 09/30/2015	09/30/2015 09/30/2014	09/30/2014 09/30/2013
Total Pension Liability			
Service Cost	540,120	702,391	650,362
Interest	1,893,391	1,756,834	1,616,439
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	(1,748,273)	-	-
Changes of assumptions	(256,184)	-	-
Benefit Payments, including Refunds of Employee Contributions	(600,036)	(579,955)	(547,818)
Net Change in Total Pension Liability	(170,982)	1,879,270	1,718,983
Total Pension Liability - Beginning	23,427,281	21,548,011	19,829,028
Total Pension Liability - Ending (a)	<u>\$ 23,256,299</u>	<u>\$ 23,427,281</u>	<u>\$ 21,548,011</u>
Plan Fiduciary Net Position			
Contributions - Employer	687,531	697,413	882,319
Contributions - State	371,910	326,318	342,803
Contributions - Employee	104,560	126,109	141,681
Net Investment Income	(784,838)	1,510,241	1,092,797
Benefit Payments, including Refunds of Employee Contributions	(600,036)	(579,955)	(547,818)
Administrative Expense	(32,924)	(14,883)	(18,656)
Net Change in Plan Fiduciary Net Position	(253,797)	2,065,243	1,893,126
Plan Fiduciary Net Position - Beginning	14,178,116	12,112,873	10,219,747
Plan Fiduciary Net Position - Ending (b)	<u>\$ 13,924,319</u>	<u>\$ 14,178,116</u>	<u>\$ 12,112,873</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 9,331,980</u>	<u>\$ 9,249,165</u>	<u>\$ 9,435,138</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	59.87%	60.52%	56.21%
Covered Employee Payroll	\$ 1,537,650	\$ 1,854,542	\$ 2,083,542
Net Pension Liability as a percentage of Covered Employee Payroll	606.90%	498.73%	452.84%

**Notes to Schedule:***Changes of assumptions:*

For measurement date 09/30/2015, amounts reported as changes of assumptions were in conjunction with the August 28, 2015 experience study, the Board adopted the following assumption changes:

- Salary Increases change from 7.5% per year to a table based on service that grades down from 10% to 4%.
- Mortality Rates change from the RP 2000 table with no-projection for healthy lives to the RP-2000 table projected with scale BB through 2015 (disabled lives are set forward 5 years).

# SCHEDULE OF CONTRIBUTIONS

## Last 10 Fiscal Years

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Total Contributions as a percentage of Covered Employee Payroll
09/30/2018	\$ 1,213,734	2,401,635	\$ (1,187,901)	\$ 1,674,116	143.46%
09/30/2017	\$ 1,323,401	\$ 1,567,352	\$ (243,951)	\$ 1,656,321	94.63%
09/30/2016	\$ 1,090,290	\$ 1,130,251	\$ (39,961)	\$ 1,587,030	71.22%
09/30/2015	\$ 1,059,441	\$ 1,059,441	\$ -	\$ 1,537,650	68.90%
09/30/2014	\$ 1,023,707	\$ 1,023,731	\$ (24)	\$ 1,854,542	55.20%
09/30/2013	\$ 1,225,122	\$ 1,225,122	\$ -	\$ 2,083,542	58.80%

### Notes to Schedule

Valuation Date: 10/01/2017

Actuarially determined contribution rates are calculated as of October 1, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

#### Mortality:

##### *Healthy Lives (Inactive):*

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.

Male: RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB.

##### *Healthy Lives (Active):*

Female: RP2000 Generational, 100% Combined Healthy White Collar, Scale BB.

Male: RP2000 Generational, 10% Combined Healthy White Collar / 90%

##### *Disabled Lives:*

Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale.

Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.

The above assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumption used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2016 FRS valuation report. Prior assumption was the July 1, 2015 FRS special risk mortality rates. We feel this assumption sufficiently accommodates future mortality improvements.

#### Interest Rate:

7.5% per year compounded annually, net of investment related expenses. This assumption is supported by the Plan's target asset allocation and expected long-term rate of return by asset class.

#### Retirement Age:

Earlier of: 1) Age 55 and 10 years of Credited Service or 2) 20 Years of Credited Service regardless of age (Age 52 with 25 years of Credited Service for Members hired on or after October 1, 2012). Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year. This assumption is reasonable based on plan provisions.

**Early Retirement:** Commencing with the earliest Early Retirement Age (50), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year. This assumption is reasonable based on plan provisions.

**Disability Rates:** See table below (1201). It is assumed that 75% of disablements are service related. This assumption is based on assumptions used for other plans containing municipal firefighters.

**Termination Rates:** See table below (1302). This assumption is based on assumptions used for other plans containing municipal firefighters.

**Salary Increases:**

Credited Service	Salary Increase
0	10.00%
1	9.00%
2	8.00%
3	7.50%
4	7.00%
5	6.50%
6	6.00%
7	5.50%
8	5.00%
9	4.50%
10+	4.00%

This assumption is based on the results of an experience study dated August 28, 2015.

**Payroll Increase:** None.

**Funding Method:** Entry Age Normal Actuarial Cost Method.

**Actuarial Asset Method:** All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.

**Termination and Disability Rate Tables:**

Age	% Becoming Disabled During the Year	% Terminating During the Year
20	0.03%	6.0%
30	0.04%	5.0%
40	0.07%	2.6%
50	0.18%	0.8%

EXPENSE DEVELOPMENT AND AMORTIZATION SCHEDULES

**The following information is not required to be disclosed but is provided for informational purposes.**

FINAL COMPONENTS OF PENSION EXPENSE  
FISCAL YEAR SEPTEMBER 30, 2018

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 10,297,735	\$ 1,677,473	\$ 3,957,602	\$ -
Employer and State Contributions made after 09/30/2017	-	-	2,401,635	-
Total Pension Liability Factors:				
Service Cost	430,846	-	-	430,846
Interest	1,948,687	-	-	1,948,687
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(829,240)	829,240	-	-
Current year amortization of experience difference	-	(704,501)	-	(704,501)
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	(64,046)	(408,684)	344,638
Benefit Payments, including Refunds of Employee Contributions	(775,745)	-	-	-
Net change	<u>774,548</u>	<u>60,693</u>	<u>1,992,951</u>	<u>2,019,670</u>
Plan Fiduciary Net Position:				
Contributions - Employer	1,275,999	-	(1,275,999)	-
Contributions - State	291,353	-	(291,353)	-
Contributions - Employee	112,630	-	-	(112,630)
Projected Net Investment Income	1,205,842	-	-	(1,205,842)
Difference between projected and actual earnings on Pension Plan investments	657,046	657,046	-	-
Current year amortization	-	(307,030)	(388,066)	81,036
Benefit Payments, including Refunds of Employee Contributions	(775,745)	-	-	-
Administrative Expenses	(32,011)	-	-	32,011
Net change	<u>2,735,114</u>	<u>350,016</u>	<u>(1,955,418)</u>	<u>(1,205,425)</u>
Ending Balance	<u>\$ 8,337,169</u>	<u>\$ 2,088,182</u>	<u>\$ 3,995,135</u>	<u>\$ 814,245</u>



**PRELIMINARY COMPONENTS OF PENSION EXPENSE**  
**FISCAL YEAR SEPTEMBER 30, 2019**

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 8,337,169	\$ 2,088,182	\$ 3,995,135	\$ -
Employer and State Contributions made after 09/30/2018	-	-	TBD*	-
Total Pension Liability Factors:				
Service Cost	471,083	-	-	471,083
Interest	1,979,577	-	-	1,979,577
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	378,098	-	378,098	-
Current year amortization of experience difference	-	(704,501)	(94,523)	(609,978)
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	(64,046)	(408,684)	344,638
Benefit Payments, including Refunds of Employee Contributions	(1,581,570)	-	-	-
Net change	<u>1,247,188</u>	<u>(768,547)</u>	<u>(125,109)</u>	<u>2,185,320</u>
Plan Fiduciary Net Position:				
Contributions - Employer	2,134,887	-	(2,134,887)	-
Contributions - State	266,748	-	(266,748)	-
Contributions - Employee	113,840	-	-	(113,840)
Projected Net Investment Income	1,412,171	-	-	(1,412,171)
Difference between projected and actual earnings on Pension Plan investments	174,248	174,248	-	-
Current year amortization	-	(341,877)	(388,066)	46,189
Benefit Payments, including Refunds of Employee Contributions	(1,581,570)	-	-	-
Administrative Expenses	(29,796)	-	-	29,796
Net change	<u>2,490,528</u>	<u>(167,629)</u>	<u>(2,789,701)</u>	<u>(1,450,026)</u>
Ending Balance	<u>\$ 7,093,829</u>	<u>\$ 1,152,006</u>	<u>TBD</u>	<u>\$ 735,294</u>

\* Employer and State Contributions subsequent to the measurement date made after September 30, 2018 but made on or before September 30, 2019 need to be added.

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# AMORTIZATION SCHEDULE - INVESTMENTS

Increase (Decrease) in Pension Expense Arising from the Recognition of the of Differences Between Projected and Actual Earnings on Pension Plan Investments

Plan Year	Differences Between	Recognition												
Ending	Projected and Actual	Period (Years)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	
	Earnings													
2014	\$ (519,011)	5	\$ (103,802)	\$ (103,802)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ 1,940,329	5	\$ 388,066	\$ 388,066	\$ 388,066	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ (359,090)	5	\$ (71,818)	\$ (71,818)	\$ (71,818)	\$ (71,818)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ (657,046)	5	\$ (131,410)	\$ (131,409)	\$ (131,409)	\$ (131,409)	\$ (131,409)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	\$ (174,248)	5	\$ -	\$ (34,848)	\$ (34,850)	\$ (34,850)	\$ (34,850)	\$ (34,850)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 81,036	\$ 46,189	\$ 149,989	\$ (238,077)	\$ (166,259)	\$ (34,850)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

AMORTIZATION SCHEDULE - CHANGES OF ASSUMPTIONS

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Changes of Assumptions													
Plan Year Ending	Changes of Assumptions	Recognition Period (Years)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
2015	\$ (256,184)	4	\$ (64,046)	\$ (64,046)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 1,634,737	4	\$ 408,684	\$ 408,684	\$ 408,684	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 344,638	\$ 344,638	\$ 408,684	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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# AMORTIZATION SCHEDULE - EXPERIENCE

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Differences between Expected and Actual Experience

Plan Year Ending	Differences Between Expected and Actual Experience	Recognition Period (Years)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
2015	\$ (1,748,273)	4	\$ (437,068)	\$ (437,068)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ (240,493)	4	\$ (60,123)	\$ (60,123)	\$ (60,123)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ (829,240)	4	\$ (207,310)	\$ (207,310)	\$ (207,310)	\$ (207,310)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	\$ 378,098	4	\$ -	\$ 94,523	\$ 94,525	\$ 94,525	\$ 94,525	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ (704,501)	\$ (609,978)	\$ (172,908)	\$ (112,785)	\$ 94,525	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

DESTIN FIRE CONTROL DISTRICT  
FIREFIGHTERS' RETIREMENT TRUST FUND

ACTUARIAL EXPERIENCE STUDY  
November 30, 2018



November 30, 2018

Board of Trustees  
Destin Fire Control District  
Firefighters' Retirement Trust Fund  
848 Airport Road  
Destin, FL 32541

*Re: Actuarial Experience Study*

Dear Board:

As requested, we have performed an experience study determined as of October 1, 2018. In the course of the analysis, we compiled plan experience from October 1, 1994 through September 30, 2018. While we cannot verify the accuracy of all of the information provided, the supplied information used for performance of the annual actuarial valuations was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe it has produced appropriate results.

The purpose of this study is to review the current actuarial assumptions and methods to determine which changes, if any, are necessary to achieve the objective of developing costs that are stable, predictable, and represent our best estimate of anticipated experience.

It is important to remember that the ultimate cost of your retirement plan is independent of any actuarial assumptions or methods used throughout the valuation process. This cost will be the sum of the benefits paid from the fund and the administrative expenses incurred, less any net investment gains received.

The specific assumptions and methods investigated throughout the remainder of this study are as follows:

- Contribution Requirement Development Method
- UAAL Amortization Method
- Investment Return
- Salary Increases
- Retirement Rates
- Withdrawal Rates
- Disability Rates

The balance of this Report presents details of the experience analysis. In addition, the report also contains the corresponding actuarial impact on the District's funding requirements and Unfunded Actuarial Accrued Liability (UAAL) for any proposed changes.


To the best of our knowledge, this report is complete and accurate in all aspects.

The undersigned is familiar with the immediate and long-term aspects of pension valuations and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

Respectfully submitted,

FOSTER & FOSTER INC.

By:   
Drew D. Ballard, EA, MAAA

By:   
Jason L. Franken, FSA, EA, MAAA

## ACTUARIAL STANDARDS OF PRACTICE

### **Background**

The Actuarial Standards Board has provided coordinated guidance through a series of Actuarial Standards of Practice (ASOP) for measuring pension obligations and determining pension plan costs or contributions. The ASOPs that apply specifically to valuing pensions are as follows:

- ASOP No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*, which ties together the standards shown below, provides guidance on actuarial cost methods, and addresses overall considerations for measuring pension obligations and determining plan costs or contributions
- ASOP No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*
- ASOP No. 35, *Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations*
- ASOP No. 44, *Selection and Use of Asset Valuation Methods for Pension Valuations*

Please note that the contents displayed throughout the remainder of this report are in compliance and consistent with the above mentioned Actuarial Standards of Practice. When applicable, further details of the ASOP associated with the reviewed actuarial assumption will be provided in the experience analysis, which is the basis for the remainder of the report.

### **Additional Required Communications**

Please keep in mind that future actuarial measurements may differ significantly from current measurements due to such factors as the following:

- Plan experience differing from that anticipated by the economic or demographic assumptions
- Changes in demographic assumptions
- Increases or decreases expected as part of the natural operation of the methodology used
- Changes in plan provisions or applicable law

The data used for purposes of this report was compiled from previous actuarial valuations, unless otherwise indicated.



## **Contribution Requirement Development Method**

### Percentage-of-Payroll versus Dollar-Funding

Historically, the Plan has been funded each year utilizing the percentage-of-payroll method in which the District's minimum required contribution is determined annually in conjunction with the actuarial valuation. Due to the nature of this experience study and reviewing all of the methods used in the actuarial valuation process, we felt it would be beneficial for discussion purposes to remind the Board that the State no longer requires (as of 2012) that Plans fund the pension plan using a percentage-of-payroll method.

The State allows Boards to adopt either the percentage-of-payroll method or a dollar-funding method. It is important to point out that the long-term actuarial impact of changing from the percentage-of-payroll method to the dollar-funding method is negligible. One of the factors that may come into play when making the decision on how to develop the minimum required contribution is which is preferred by the District/administration for budgeting purposes.

#### *Why make a change?*

- The dollar-funding method eliminates confusion by providing the District with a precise amount to budget for the applicable year. The current approach requires the District to predict payroll for the applicable year and multiply by a percentage to get a budgeted amount.
- The dollar-funding method produces less over or under funding on an annual basis. Using the percentage-of-payroll method, the minimum required contribution dollar amounts are not known until the last payroll period of the fiscal year.

#### *Why keep things the same?*

- The percentage-of-payroll method is already in place and the District/administration has grown accustomed to it.
- If payroll changes significantly from the projected amount in the actuarial valuation, the actual dollar contribution could be higher or lower than previously expected.

For informational purposes, we have determined the minimum District/State required contribution using the state-approved methodology when applying the dollar-funding method. As shown in the October 1, 2018 actuarial valuation, the District/State required contribution for the fiscal year ending September 30, 2019 is 61.8% of payroll. If the dollar-funding method was used, the fixed dollar requirement would be \$1,083,467, less allowable state contributions received.

Please keep in mind the method used to develop contribution requirements is completely up to the Board's preference.

### Applicable Fiscal Year for Contribution Requirements

Currently, the actuarial valuation is performed such that the minimum required contribution developed in conjunction with the October 1<sup>st</sup> valuation is applicable for the fiscal year beginning on the valuation date. For example, the October 1, 2018 valuation sets forth the contribution requirements for the fiscal year beginning on October 1, 2018 and ending on September 30, 2019.

Foster & Foster is the actuary for over 200 public plans across the State of Florida and your plan is one of the few that don't employ the "projection methodology" such that the contribution requirements developed in the actuarial valuation are applicable for the fiscal year that begins one year following the valuation date. For example, using the projection methodology, the October 1, 2018 valuation would set forth the contribution requirements for the fiscal year beginning on October 1, 2019 and ending on September 30, 2020. As you can imagine, the projection methodology is advantageous to plan sponsors as it allows them plenty of time in advance to budget the contribution requirements for the following fiscal year.

If the Board elects to continue using the percentage-of-payroll method, the contribution requirements set forth in the October 1, 2018 valuation could be applied to both fiscal 2019 and fiscal 2020. Thus, the October 1, 2019 valuation would set forth the contribution requirements for the fiscal year beginning on October 1, 2020 and ending on September 30, 2021.

If the Board elects to change to the dollar-funding method, the Board would have a number of options. The Board could elect to fund the plan using the percentage-of-payroll method for fiscal 2019 and begin using the dollar-funding method for fiscal 2020 based on the results of the October 1, 2018 actuarial valuation. The Board could also elect to adopt the dollar-funding method, effective immediately, and use the dollar-funding method for fiscal 2019 and thereafter. Finally, the Board could elect to adopt the dollar-funding method and projection method in conjunction with the October 1, 2019 valuation, meaning that the percentage-of-payroll method would be used for fiscal 2019 and the dollar-funding method would be used for fiscal 2020 and thereafter.

Again, the method used is completely up to the Board's preference but we would encourage the Board seek input from the District/administration since any decisions would impact the District's budgeting process.

### UAAL Amortization Method

The plan's Unfunded Actuarial Accrued Liability (UAAL) is currently being funded in such a manner that each new layer of UAAL from any source (actuarial gains/losses, assumption changes, benefit changes) is created with a 25-year amortization period.

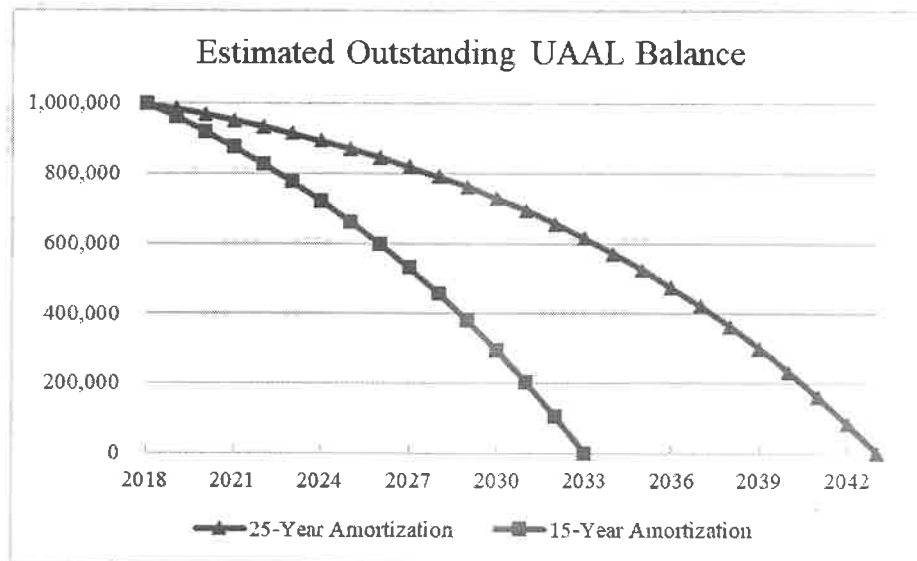
We believe that this amortization method results in a significant amount of interest payments on the UAAL that could be reduced if the plan were using shorter amortization periods. Below is an excerpt from the actuarial valuation which illustrates the current existing UAAL layers and their respective amortization payments.

Type of <u>Base</u>	Date <u>Established</u>	Years <u>Remaining</u>	10/1/2018 <u>Amount</u>	Amortization <u>Amount</u>
Benefit Improv.	10/1/2002	14	382,931	41,961
Benefit Improv.	10/1/2005	17	726,749	71,661
Actuarial Loss	10/1/2006	18	800,781	76,748
Method Change	10/1/2006	18	416,036	39,873
Actuarial Loss	10/1/2007	19	161,097	15,047
Benefit Improv.	10/1/2007	19	1,447,489	135,203
Benefit Improv.	10/1/2007	19	2,348,465	219,360
Actuarial Loss	10/1/2008	19	1,913,671	178,747
Method Change	10/1/2008	19	(116,312)	(10,864)
Actuarial Gain	10/1/2009	19	(690,863)	(64,530)
Assump Change	10/1/2009	19	241,927	22,597
Actuarial Loss	10/1/2010	19	396,596	37,044
Method Change	10/1/2010	19	(25,766)	(2,407)
Actuarial Gain	10/1/2011	19	(161,743)	(15,108)
Actuarial Gain	10/1/2012	19	(105,256)	(9,831)
Benefit Improv.	10/1/2012	19	514,594	48,066
Actuarial Gain	10/1/2013	20	(293,008)	(26,737)
Actuarial Gain	10/1/2014	21	(1,432,170)	(127,935)
Actuarial Gain	10/1/2015	22	(211,346)	(18,517)
Assump Change	10/1/2015	22	(20,381)	(1,786)
Assump Change	10/1/2016	23	1,397,641	120,308
Actuarial Gain	10/1/2016	23	(685,066)	(58,970)
Actuarial Loss	10/1/2017	24	368,309	31,195
Actuarial Gain	10/1/2018	25	<u>(266,439)</u>	<u>(22,235)</u>
			7,107,936	678,890

Further, based on guidance from the “Actuarial Funding Policies and Practices for Public Pension Plans” as developed by the Conference of Consulting Actuaries Public Plans Community (CCA PPC), we believe that the current amortization methodology should be amended in a manner that will avoid the possibility of deferring too much cost to the future. The report published by the CCA PPC concluded that amortizing experience gains and losses over a period of less than 15 years contributes to volatility in the District’s contribution requirements and that the ideal amortization period would be 15-20 years. Additionally, the report states that benefit changes should be amortized over a period no greater than 15 years. This would avoid deferring too much cost to future generations of taxpayers.

We recommend amortizing all future layers of UAAL over a 15-year period instead of the current 25-year structure. We believe this will achieve the goal of maintaining stable and predictable funding, without deferring too much cost to the future.

Below, we have included a graph which illustrates the amortization of \$1 million of UAAL under the current 25-year structure compared to the proposed 15-year structure.



As you can see, the estimated UAAL balance under the current structure in 2033 would be slightly higher than \$600,000, meaning that only around 40% of the original UAAL will be paid off in the first 15 years and the rest will be deferred to the following 15 years. We have determined that for \$1 million in UAAL, the proposed 15-year amortization method would yield a savings of approximately \$500,000 (50% of the original UAAL) in interest payments.

The balance of this report was determined assuming that the above recommended change to the UAAL amortization method will be approved. Therefore, the increase or decrease in the UAAL resulting from each of the proposed assumption changes discussed throughout the remainder of this report were amortized as a level dollar over a 15-year period.

Please note that there is no initial funding impact associated with this change as it does not affect any existing layers of UAAL.

## **Economic Assumptions**

ASOP No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*, provides guidance to actuaries in selecting (including giving advice on selecting) economic assumptions – primarily investment return, discount rate, and salary scale – for measuring obligations under defined benefit pension plans.

Throughout the remainder of this section, we have used the standards set forth in ASOP No. 27 as a guideline for reviewing and if applicable, selecting proposed changes to the following economic actuarial assumptions:

- Investment Return
- Salary Increases

Please keep in mind that ASOP No. 27 states that “the best an actuary can do is to use professional judgment to estimate possible future economic outcomes based on past experience and future expectations, and to select assumptions based upon that application of professional judgment.”

### Investment Return

The assumed rate of investment return is currently 7.50% per year compounded annually, net of investment related expenses. We believe that the decision to modify the investment return assumption shall be made based upon input from your investment consultant, reflecting any significant changes to the asset allocation, and their judgment of capital market returns. Keep in mind, however, that this assumption should reflect the best estimate of investment returns expected to be realized until the last participant in the plan dies, which could be 70-80 years from now.

In determining the investment return assumption, one determines the average rate of return the Fund expects to achieve based on the target allocation along with the corresponding capital market assumptions. Foster & Foster is an actuarial firm, and we do not have the required expertise to produce our own capital market assumptions. For purposes of illustrating this concept, we have included information disclosed in the GASB 67 report provided by your investment consultant, shown on the following page. Please keep in mind this return is net of investment related expenses, as well as the 2.50% inflation projected by the investment advisor, suggesting an expected return of approximately 8.36%. This would suggest that the current assumption of 7.50% seems in line with long-term expectations.

The average assumed rate of return for our Florida public pension clients (based on the 10/1/2017 valuation) was 7.6% and the Florida Retirement System announced in 2017 that their investment return assumption was being lowered to 7.50%. This is consistent with a national trend of lowering investment return assumptions.

## Target Asset Allocation vs. Capital Market Assumptions

September 30, 2018

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>	<u>Expected Investment Return</u>
Domestic Equity	50%	7.5%	3.75%
International Equity	10%	8.5%	0.85%
Broad Market Fixed Income	25%	2.5%	0.63%
Global Fixed Income	5%	3.5%	0.18%
Real Estate	10%	4.5%	0.45%
<b>Total</b>	<b>100.00%</b>		<b>5.86%</b>

Actual plan returns over the past 24 years have averaged 6.0% per year, as illustrated on the following page.

As previously mentioned, we believe that the decision to modify the investment return assumption shall be made based upon input from your investment consultant. However, the Board requested that we determine the impact on the District funding requirements if the investment return assumption was decreased from the current 7.50% assumption to 7.40% per year. The results of this analysis, determined as of October 1, 2017, were presented in our letter dated July 19, 2018. We have updated the results to reflect the impact based on the results of the October 1, 2018 actuarial valuation which is illustrated below.

As you can see, the District's funding requirement increases due to lowering the expected level of future investment earnings.

<u>Investment Rate</u>	<u>District/State Requirement (%)</u>	<u>Change</u>	<u>District/State Requirement (\$)</u>	<u>Change</u>	<u>UAAL</u>	<u>Funded Ratio</u>
7.50% (Current)	61.8%		\$1,083,467		\$7,107,936	74.3%
7.40%	64.3%	2.5%	\$1,125,941	\$42,474	\$7,443,260	73.4%

### Investment Return History (Net-of-Fees)

October 1, 1994 through September 30, 2018

Year Ending	Investment Return	Return
9/30/2018	8.67%	7.5%
9/30/2017	11.67%	7.5%
9/30/2016	10.74%	8.0%
9/30/2015	-5.49%	8.0%
9/30/2014	12.26%	8.0%
9/30/2013	10.08%	8.0%
9/30/2012	18.83%	8.0%
9/30/2011	-3.34%	8.0%
9/30/2010	9.59%	8.0%
9/30/2009	7.52%	8.0%
9/30/2008	-13.47%	8.0%
9/30/2007	11.37%	8.0%
9/30/2006	8.10%	8.0%
9/30/2005	9.72%	8.0%
9/30/2004	8.61%	8.0%
9/30/2003	11.79%	8.0%
9/30/2002	-9.46%	8.0%
9/30/2001	-8.80%	8.0%
9/30/2000	6.64%	8.0%
9/30/1999	7.40%	8.0%
9/30/1998	9.80%	8.0%
9/30/1997	14.50%	8.0%
9/30/1996	6.80%	8.0%
9/30/1995	8.50%	8.0%

Averages		
5 Years	7.4%	
10 Years	7.8%	
24 Years	6.0%	

### Salary Increases

The salary increase assumption is used to project a participant's salary from the valuation date until the assumed retirement age and plays an important role in measuring individual pension costs and obligations. Salary increase assumptions are typically represented as a flat salary scale assumption or a service-based assumption. A flat salary scale assumption assumes that a participant will get the same rate of salary increase for all years of service, whereas a service-based table may assume different rates based on the participant's longevity with the plan.

Salary growth is comprised of three basic components:

- Merit increases
- Longevity increases
- Inflation increases

It is important to point out that there are several factors that affect individual salary increases including promotions, step increases, cost of living adjustments, etc. Currently, the valuation utilizes a service-based table of assumed salary increases as approved by the Board following an analysis dated August 2015. As illustrated below, we have analyzed the actual plan experience from October 1, 2008 through September 30, 2018 using actual salary increases based on completed service at the time of each annual valuation.

#### **Individual Salary Increase Experience** October 1, 2008 through September 30, 2018

Service	Exposed	Prior Year Salaries	Actual Salaries	Expected Salaries	Actual Increase	Expected Increase	Proposed Increase
0	21	832,523	881,052	915,775	5.8%	10.0%	6.5%
1	12	525,237	559,847	572,509	6.6%	9.0%	6.5%
2	15	724,956	754,141	782,952	4.0%	8.0%	6.0%
3	16	849,250	873,922	912,944	2.9%	7.5%	6.0%
4	17	920,922	920,904	985,387	0.0%	7.0%	5.5%
5	18	976,372	979,278	1,039,836	0.3%	6.5%	5.5%
6	17	943,919	979,620	1,000,554	3.8%	6.0%	5.0%
7	19	1,110,999	1,122,623	1,172,104	1.0%	5.5%	5.0%
8	19	1,129,587	1,162,912	1,186,067	3.0%	5.0%	4.5%
9	21	1,285,444	1,303,193	1,343,289	1.4%	4.5%	4.5%
10+	119	8,265,438	8,401,302	8,596,055	1.6%	4.0%	4.0%
<b>Total</b>	<b>294</b>	<b>17,564,647</b>	<b>17,938,794</b>	<b>18,507,472</b>	<b>2.1%</b>	<b>5.4%</b>	<b>4.7%</b>

As you can see, the average salary increase over the past ten fiscal years was lower than the current assumption in the aggregate and for all service points. The proposed assumption incorporates this experience by lowering the assumption in the earlier years of employment. We do not recommend utilizing a salary increase assumption below 4% per year so no change was made to the current assumption following completion of ten years of service. The effect of adopting the proposed salary increase table is shown on the following page.



<u>Salary Scale</u>	<u>District/State Requirement (%)</u>	<u>Change</u>	<u>District/State Requirement (\$)</u>	<u>Change</u>	<u>UAAL</u>	<u>Funded Ratio</u>
Current	61.8%		\$1,083,467		\$7,107,936	74.3%
Proposed	61.6%	(0.2%)	\$1,071,122	(\$12,345)	\$7,147,374	74.2%

Reviewing the above experience, you can see that the assumed rates of salary increase were decreased at most service points. The change shown above has the result of projecting smaller expected benefits at retirement for those members who have completed less than nine years of service as of October 1, 2018 and therefore decreases plan liabilities and ultimately the District's contribution requirement.

### **Demographic Assumptions**

ASOP No. 35, Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations, provides guidance to actuaries in selecting (including giving advice on selecting) demographic and other noneconomic assumptions for measuring obligations under defined benefit pension plans.

Over the following pages, the following applicable assumptions will be reviewed:

- Retirement Rates
- Withdrawal Rates
- Disability Rates

Please note we did not evaluate the mortality assumption because Chapter 2015-157, Laws of Florida required that beginning with the October 1, 2016 valuation, all public plans must use the mortality table used by the Florida Retirement System (FRS) actuary in one of their previous two actuarial valuations. In conjunction with the October 1, 2016 actuarial valuation we incorporated the mortality assumption used in the July 1, 2015 FRS valuation. An additional change to active mortality rates was adopted with the July 1, 2016 FRS valuation, which was incorporated with your October 1, 2017 valuation. The July 1, 2017 FRS valuation uses the same mortality assumptions as in 2016. Accordingly, no change to the mortality assumption is applicable at this time.

Generally, demographic assumptions are based on actual plan experience with additional considerations for current trends. ASOP No. 35 states "the actuary should use professional judgment to estimate possible future outcomes based on past experience and future expectations, and select assumptions based upon application of that professional judgment." ASOP No. 35 also states that "a reasonable assumption is one that is expected to approximately model the contingency being measured and is not anticipated to produce significant cumulative actuarial gains or losses...the actuary should not give undue weight to past experience when selecting demographic assumptions."

Demographic trends generally remain consistent over time, absent significant changes in plan provisions. Therefore, the best true indicator of future experience is past experience. For each assumption, this analysis compares actual experience for the studied time period to the current assumptions used for purpose of the annual valuation.

Note that actuarial assumptions reflect average experience over long periods of time. A change in actuarial assumptions generally results when experience over a period of years indicates a consistent pattern. Proposed changes to the demographic assumptions better reflect actual plan experience over the studied time period. The proposed changes also meet the objective of developing costs that are stable, predictable, and represent our best estimate of anticipated future experience.

### Retirement Rates

A retirement rate is the associated probability at a specific point in time that a participant will retire, given that they have attained the eligibility requirements for retirement. The associated cost due to retirement experience is determined by the age at which participants actually retire.

The current provisions for Normal Retirement for Tier 1 members are the earlier of 1) Age 55 and 10 years of service or 2) 20 years of service, regardless of age. Members who have attained age 50 with 10 years of service are eligible for Early Retirement.

The valuation currently assumes that 5% of members eligible for Early Retirement will retire each year. It also assumes that once a Member reaches eligibility for Normal Retirement, they will retire immediately with 100% probability. There is one exception, and that is that if they are employed on the valuation date, it is assumed that they will work one additional year before retiring. Below is a table of the approximate age and service of each of the members who retired or entered DROP during the last 10 years. Please note we did not include any of the members who elected to retire during the Early Retirement incentive as this experience would not be indicative on long-term expectations.

<u>Name</u>	<u>Attained Age at Retirement</u>	<u>Full Years of Service at Retirement</u>		<u>Retirement Type</u>
Member A	55	20		Normal (+0)
Member B	41	20		Normal (+0)
Member C	50	23		Normal (+3)
Member D	40	20		Normal (+0)
Member E	51	27		Normal (+7)

As you can see, there is limited retirement experience for your plan. However, reviewing the available experience as illustrated above, it is apparent that some members elect to retire beyond first normal retirement eligibility. Based on this observation, it appears that the current assumption (100% at first normal retirement eligibility) is fairly conservative.

We propose amending the retirement assumption to assume that 80% of members will retire when they first reach normal retirement eligibility. Further, we propose to maintain the 80% assumption for one year beyond normal retirement eligibility and utilize a 100% assumption once a member has remained employed for two years beyond normal retirement eligibility. Also, we recommend to remove the

assumption that Members eligible for Normal Retirement on the valuation date will work one additional year.

Finally, given the lack of Early Retirement experience observed during the period, we do not propose any changes to the Early Retirement assumption at this time. The funding impact of the proposed changes to the retirement assumptions is illustrated below.

<u>Retirement</u>	<u>District/State Requirement (%)</u>	<u>Change</u>	<u>District/State Requirement (\$)</u>	<u>Change</u>	<u>UAAL</u>	<u>Funded Ratio</u>
Current	61.8%		\$1,083,467		\$7,107,936	74.3%
Proposed	65.8%	4.0%	\$1,021,853	(\$61,614)	\$6,984,166	74.7%

As you can see, the impact on the contribution requirements is unique in the fact that the percentage-of-payroll requirement increases, and the dollar-funding requirement decreases. This relationship is due to the fact that the proposed assumptions do not include a one-year deferral for those members who are eligible for normal retirement as of the valuation date.

Currently, there are two (2) members who have continued employment at least two years beyond their first eligibility for retirement and therefore would be subject to the 100% assumed rate of retirement as of the valuation date. This means that they are assumed to retire on October 1, 2018, meaning that their accrued benefit as of the valuation date is assumed to commence immediately. From an actuarial valuation perspective, this means that those members (even though they are active as of the valuation date) will no longer have a Normal Cost (the cost of accruing benefits for an additional year) and their payroll will not be included in the valuation results (since they are assumed to retire immediately).

Since the valuation payroll is smaller under the proposed retirement assumptions, the UAAL payment is larger when expressed as a percentage of payroll, even though it has decreased on a dollar-funding basis. The actual District's cash requirement will depend on the actual payroll realized during the applicable year unless the dollar-funding methodology is adopted, which would result in a decrease when compared to the current assumptions.

#### Withdrawal Rates

The withdrawal rate, or termination rate, is the probability that a participant will separate employment from a cause other than disability, death, or retirement. Currently, the valuation uses an age-based table for termination rates. In our experience, we believe there is a more consistent pattern when analyzing withdrawal experience for public plans based on service accrued as of the valuation date.

Overall, the actual incidence of withdrawal was higher than expected. Since October 1, 2008, there were 14 non-retirement terminations while between 9-10 were expected. Please note that nine (9) out of the 14 terminations occurred during fiscal 2014, meaning that only five (5) terminations occurred during the other nine years that were studied. We feel like 2014 was an anomaly with such high turnover in that year so we did not consider all 2014 turnover experience when developing the proposed rates in order to produce assumptions that are reasonable over the long-term. We propose changing to use service-based termination rates to better align with actual plan experience and long-term expectations. The experience, along with the current and proposed assumptions, is displayed in the table on the following page.

**Withdrawal Experience**  
October 1, 2008 through September 30, 2018

Service	Exposed	Actual Terminations	Expected Terminations	Actual Termination Rate	Expected Termination Rate	Proposed Termination Rate
0	13	2	0.6	15.4%	4.6%	10.0%
1	9	0	0.5	0.0%	5.6%	5.0%
2	10	0	0.5	0.0%	5.0%	5.0%
3	12	0	0.5	0.0%	4.2%	4.5%
4	11	0	0.4	0.0%	3.6%	4.5%
5	11	0	0.4	0.0%	3.6%	4.0%
6	15	3	0.6	20.0%	4.0%	4.0%
7	17	0	0.6	0.0%	3.5%	3.5%
8	21	1	0.7	4.8%	3.3%	3.5%
9	20	1	0.7	5.0%	3.5%	3.0%
10	22	1	0.7	4.5%	3.2%	3.0%
11	19	3	0.6	15.8%	3.2%	2.5%
12	18	0	0.5	0.0%	2.8%	2.5%
13	16	0	0.5	0.0%	3.1%	2.5%
14	17	0	0.5	0.0%	2.9%	2.5%
15	17	2	0.4	11.8%	2.4%	2.0%
16	14	0	0.3	0.0%	2.1%	2.0%
17	12	0	0.2	0.0%	1.7%	2.0%
18	9	1	0.2	11.1%	2.2%	2.0%
19	0	0	0.0	N/A	N/A	2.0%
20+	0	0	0.0	N/A	N/A	2.0%
<b>Total</b>	<b>283</b>	<b>14</b>	<b>9.4</b>	<b>4.9%</b>	<b>3.3%</b>	<b>3.4%</b>

As you can see, the proposed termination rates begin at 10% in the first year of employment and then reduce to 5% in the second year of employment before gradually reducing to a 2% assumption once a member has completed 15 years of service. At most service points prior to completion of ten years of service, the proposed termination rate is slightly higher than the current assumption. Following the completion of ten years of service, the proposed termination rate is slightly lower than the current assumption. As shown below, the aggregate impact on the funding results is a slight increase in the contribution requirements and UAAL.

Withdrawal	District/State Requirement (%)	Change	District/State Requirement (\$)	Change	UAAL	Funded Ratio
Current	61.8%		\$1,083,467		\$7,107,936	74.3%
Proposed	62.0%	0.2%	\$1,084,356	\$889	\$7,112,668	74.3%

### Disability Rates

The disability rate assumption is the probability that a member will become disabled while an active member in the plan. Currently, the valuation uses an age-based assumption for predicting the occurrence of future disabilities.

Over the studied time period, there was only one disability retirement granted, while there was 0.2 expected. Based on the limited experience for the plan, we do not believe any change to the standard table that is currently used is warranted at this time.

### **Conclusion**

As stated throughout the content of this report, we have recommended a number of changes to the actuarial assumptions and methods (as well as presented a few methods surrounding the contribution policy for the Board to consider) used for purposes of completing the annual valuations. It is our belief that these changes reflect sound actuarial principles, are our best estimate of anticipated future experience, and will assist in achieving the objective of developing costs that are stable and predictable.

Below we have provided a summary of the impact on the District's funding requirements and the plan's UAAL for each of the proposed changes, if made independently of one another. Additionally, we have included a few combination scenarios utilizing various investment return assumptions.

### **Summary of Results**

<u>Description</u>	<u>Change in City/State Funding (% of payroll)</u>	<u>Change in City/State Funding (Dollar Amount)</u>	<u>UAAL Increase/(Decrease)</u>	<u>Funded Ratio</u>
7.40% Interest Rate	2.5%	\$42,474	335,324	73.4%
Salary Scale	(0.2%)	(\$12,345)	39,438	74.2%
Retirement Rates	4.0%	(\$61,614)	(123,770)	74.7%
Withdrawal Rates	0.2%	\$889	4,732	74.3%
Combination (7.50%)	4.1%	(\$68,284)	(79,593)	74.5%
Combination (7.40%)	6.7%	(\$27,915)	251,782	73.7%

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**DESTIN FIRE CONTROL DISTRICT**  
Regular Meeting of the Retirement Board of Trustees  
**Main Station**  
848 Airport Road  
Destin, Florida 32541

August 27, 2018

**Minutes**

Trustees present: T.J. Buchanan, Trey Ward, Mark Dutram, and John Harvey

Trustees absent: Patrick McDowell

Present: Division Chief Kathryn Wagner, Marie Wilbur

The meeting was called to order by Acting Chairman T.J. Buchanan at 5:00 p.m.

**Public Comments:**

Robert Wagner of 3811 Misty Way, spoke to the transfer of \$750,000 by the District to the Retirement Fund and asked that the Board consider the financial impact to the District when considering the reduction of the actuarial earnings assumption rate.

Deborah Thurmon of Destin questioned audience member Mr. Wagner. It was asked that she wait until after the meeting for further discussion on that topic as this section for was comments only.

**Reports:**

- a. Attorney Paul Daragjati of Klausner, Kaufman, Jensen, & Levinson – Attorney Daragjati noted that at the last meeting the PTSD bill was reviewed by Attorney Kaufman. Attorney Daragjati spoke to the release of 175 funds by the Florida Department of Revenue's Division of Retirement and also noted that in regard to fire insurance, insurance companies occasionally amend returns which affect the upcoming year.
- b. Tyler Grumbles of AndCo Consulting – Mr. Grumbles presented the Investment Performance Review for the period ending June 30, 2018. He recommended that the Board increase real estate exposure by \$300,000. Following discussion, Trustee Dutram made a motion to increase real estate exposure by \$300,000, which was seconded by Trustee Ward. With no further discussion, the motion passed unanimously.

Mr. Grumbles distributed and reviewed a handout on Introduction to Bank Loans. He recommended moving funds into the Pacific Life Fund. Following discussion, Trustee Dutram made a motion to move floating rate securities of approximately \$500,000 into the Pacific Life Fund, which was seconded by Trustee Ward. With no further discussion, the motion passed unanimously.

- c. Drew Ballard of Foster & Foster – Mr. Ballard reviewed the July 19, 2018 correspondence to the Board, an analysis of the Impact of Lowering the Investment Return Assumption from 7.5% to 7.4%. After reviewing the study, the Board felt that they would prefer a study that reflected an updated salary experience. Mr. Ballard stated the fee would be \$6,500. Trustee Buchanan made a motion to table further discussion of the actuarial earnings assumption, which was seconded by Trustee Harvey. The motion passed unanimously. Trustee Harvey made a motion to request an actuarial experience study from Foster & Foster, which was seconded by Trustee Buchanan. With no further discussion, the motion passed unanimously.

**Review of Minutes:**

The minutes of the regular meeting of June 4, 2018 were presented. Trustee Dutram made a motion, seconded by Trustee Buchanan, to approve the minutes as presented. With no discussion, the motion passed unanimously.

**Review of Financial Statements:**

The Financial Statements for June 30, 2018 were presented. Trustee Ward made a motion, seconded by Trustee Dutram, to approve the Financial Statements as presented. With no discussion, the motion passed unanimously.

**Old Business:**

Actuarial Earnings Assumption – tabled by motion under Reports, Item C.

**New Business:**

- a. Approval of Invoices – Trustee Harvey asked if more extensive backup documentation can be given for invoices that are presented. A motion was made by Trustee Dutram, seconded by Trustee Buchanan, to approve invoices as presented. With no further discussion, the motion passed unanimously.
- b. Budget for Administrative Expenses for the fiscal year ending 9/30/2019 – Division Chief Wagner noted that the Actuarial Consultant Line for the Proposed Budget will need to be changed from \$20,000 to \$26,500 in consideration of the fee of \$6,500 for the actuarial experience study that was requested from Foster & Foster at this meeting. A motion was made by Trustee Dutram to accept the Budget for Administrative Expenses for the fiscal year ending September 30, 2019 as amended, seconded by Trustee Buchanan. With no further discussion, the motion passed unanimously.

**Next Meeting:**

Acting Chairman Buchanan announced that the next meeting is scheduled for December 3, 2018 at 5:00 p.m.

**Adjournment:**

With no additional business to be discussed, Trustee Dutram made a motion to adjourn, seconded by Trustee Ward. The motion passed unanimously and the meeting was adjourned at 6:14 p.m.



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# Destin Fire Control District Firefighters' Retirement Fund

## Balance Sheet

As of September 30, 2018

	9/30/2018	6/30/2018	\$ Change	% Change
<b>ASSETS</b>				
<b>Current Assets</b>				
Checking/Savings				
Salem Trust	\$ 903,951.52	\$ 276,333.79	\$ 627,617.73	227.12%
Total Checking/Savings	903,951.52	276,333.79	627,617.73	227.12%
Accounts Receivable				
Accounts Receivable	657.80	-	657.80	0.00%
Total Accounts Receivable	657.80	-	657.80	0.00%
<b>Other Current Assets</b>				
Investments	16,413,622.73	15,410,967.94	1,002,654.79	6.51%
Investments - Cash	14,114.86	11,686.42	2,428.44	20.78%
Investments - Real Estate	1,700,000.00	1,400,000.00	300,000.00	21.43%
Asset appreciation - FMB of Inv.	2,510,909.91	1,848,132.38	662,777.53	35.86%
Transfer account	(666,224.50)	(11,422.20)	(654,802.30)	5732.72%
Total Other Current Assets	19,972,423.00	18,659,364.54	1,313,058.46	7.04%
<b>Total Current Assets</b>	20,877,032.32	18,935,698.33	1,941,333.99	10.25%
<b>TOTAL ASSETS</b>	<b>20,877,032.32</b>	<b>18,935,698.33</b>	<b>1,941,333.99</b>	<b>10.25%</b>
<b>LIABILITIES</b>				
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts Payable				
Accounts payable	8,953.95	8,813.85	140.10	1.59%
Total Accounts Payable	8,953.95	8,813.85	140.10	1.59%
Total Current Liabilities	8,953.95	8,813.85	140.10	1.59%
<b>Total Liabilities</b>	8,953.95	8,813.85	140.10	1.59%
<b>Equity</b>				
Net Assets Available	18,381,701.38	18,381,701.38	-	0.00%
Net Revenue over expenditures	2,486,376.99	545,183.10	1,941,193.89	356.06%
Net Assets held in trust	20,868,078.37	18,926,884.48	1,941,193.89	10.26%
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$ 20,877,032.32</b>	<b>\$ 18,935,698.33</b>	<b>\$ 1,941,333.99</b>	<b>10.25%</b>

Unaudited - for management purposes only

**Destin Fire Control District Firefighters' Retirement Fund**  
**Statement of Revenue and Expenditures**  
October 1, 2017 through September 30, 2018

	10/01/2017 - 9/30/2018	Budget	Budget Remaining (Over)	% Remaining (Over)
<b>REVENUE</b>				
State trust funds	\$ 262,470.60			
Interest and dividend income	549,832.39			
Net income on investments	42,938.14			
Reclaim of Foreign Tax Withheld	240.52			
Gain (Loss) on sale of investments	5,081.57			
Unrealized gain (loss)	1,018,013.33			
District contributions	2,134,886.70			
Employee contributions	113,839.89			
<b>TOTAL REVENUE</b>	<b>\$ 4,127,303.14</b>			
<b>EXPENDITURES</b>				
<b>Administrative Expenses - Consultants</b>				
Actuarial consultant	17,442.00	20,000.00	2,558.00	12.79%
Financial monitor	19,000.00	19,000.00	-	0.00%
Bank fee	10,687.01	10,800.00	112.99	1.05%
Legal consultant	8,503.83	10,000.00	1,496.17	14.96%
<b>Administrative Expenses - Other</b>				
Dues and subscriptions	600.00	600.00	-	0.00%
Fiduciary insurance	3,123.00	3,500.00	377.00	10.77%
IME Physician Fees	-	2,000.00	2,000.00	100.00%
Meetings	-	7,500.00	7,500.00	100.00%
<b>Total Administrative Expenses</b>	<b>59,355.84</b>	<b>73,400.00</b>	<b>14,044.16</b>	<b>19.13%</b>
<b>Benefit Expenses</b>				
Retiree benefit	876,448.43			
Retiree benefit - DROP plan	701,367.10			
Refund of employee contributions	3,754.78			
<b>Total Benefit Expenses</b>	<b>1,581,570.31</b>			
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,640,926.15</b>			
<b>NET REVENUE OVER EXPENDITURES</b>	<b>\$ 2,486,376.99</b>			

Unaudited - for management purposes only

# Destin Fire Control District Firefighters' Retirement Fund

## Balance Sheet

as of September 30, 2018 vs September 30, 2017

	9/30/2018	9/30/2017	\$ Change	% Change
<b>ASSETS</b>				
<b>Current Assets</b>				
Checking/Savings				
Salem Trust	\$ 903,951.52	\$ 234,845.11	\$ 669,106.41	284.91%
Total Checking/Savings	903,951.52	234,845.11	669,106.41	284.91%
Accounts Receivable				
Accounts Receivable	657.80	4,935.58	(4,277.78)	0.00%
Total Accounts Receivable	657.80	4,935.58	(4,277.78)	0.00%
<b>Other Current Assets</b>				
Investments	16,413,622.73	15,273,619.27	1,140,003.46	7.46%
Investments - Cash	14,114.86	11,781.24	2,333.62	19.81%
Investments - Real Estate	1,700,000.00	1,400,000.00	300,000.00	21.43%
Asset appreciation - FMB of Inv	2,510,909.91	1,475,804.36	1,035,105.55	70.14%
Transfer account	(666,224.50)	(11,581.17)	(654,643.33)	5652.65%
Total Other Current Assets	19,972,423.00	18,149,623.70	1,822,799.30	10.04%
Total Current Assets	20,877,032.32	18,389,404.39	2,487,627.93	13.53%
<b>TOTAL ASSETS</b>	<b>20,877,032.32</b>	<b>18,389,404.39</b>	<b>2,487,627.93</b>	<b>13.53%</b>
<b>LIABILITIES</b>				
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts Payable				
Accounts payable	8,953.95	7,703.01	1,250.94	16.24%
Total Accounts Payable	8,953.95	7,703.01	1,250.94	16.24%
Total Current Liabilities	8,953.95	7,703.01	1,250.94	16.24%
Total Liabilities	8,953.95	7,703.01	1,250.94	16.24%
<b>Equity</b>				
Net Assets Available	18,381,701.38	15,911,626.69	2,470,074.69	15.52%
Net Revenue over expenditures	2,486,376.99	2,470,074.69	16,302.30	0.66%
Net Assets held in trust	20,868,078.37	18,381,701.38	2,486,376.99	13.53%
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$ 20,877,032.32</b>	<b>\$ 18,389,404.39</b>	<b>\$ 2,487,627.93</b>	<b>13.53%</b>

**Destin Fire Control District Firefighters' Retirement Fund**  
**Statement of Revenue and Expenditures**  
**Fiscal Year September 30, 2018 vs September 30, 2017**

	Fiscal year 09/30/2018	Fiscal year 09/30/2017	\$ Change	% Change
<b>REVENUE</b>				
State trust funds	\$ 262,470.60	\$ 265,392.15	\$ (2,921.55)	-1.10%
Interest and dividend income	\$ 549,832.39	398,050.46	\$ 151,781.93	38.13%
Net income on investments	\$ 42,938.14	39,071.35	\$ 3,866.79	9.90%
Reclaim of Foreign Tax Withheld	\$ 240.52	-	\$ 240.52	100.00%
Gain (Loss) on sale of investments	\$ 5,081.57	35,940.40	\$ (30,858.83)	-85.86%
Unrealized gain (loss)	\$ 1,018,013.33	1,417,248.10	\$ (399,234.77)	-28.17%
District contributions	\$ 2,134,886.70	1,038,048.46	\$ 1,096,838.24	105.66%
Employee contributions	113,839.89	112,629.85	\$ 1,210.04	1.07%
<b>TOTAL REVENUE</b>	<b>\$ 4,127,303.14</b>	<b>\$ 3,306,380.77</b>	<b>\$ 820,922.37</b>	<b>24.83%</b>
<b>EXPENDITURES</b>				
<b>Administrative Expenses - Consultants</b>				
Actuarial consultant	17,442.00	20,380.00	(2,938.00)	-14.42%
Financial monitor	19,000.00	19,000.00	-	0.00%
Bank fee	10,687.01	9,423.34	1,263.67	13.41%
Legal consultant	8,503.83	8,035.21	468.62	5.83%
<b>Administrative Expenses - Other</b>				
Dues and subscriptions	600.00	600.00	-	0.00%
Fiduciary insurance	3,123.00	3,123.00	-	0.00%
IME Physician Fees	-	-	-	0.00%
Meetings	-	-	-	0.00%
<b>Total Administrative Expenses</b>	<b>59,355.84</b>	<b>60,561.55</b>	<b>(1,205.71)</b>	<b>-1.99%</b>
<b>Benefit Expenses</b>				
Retiree benefit	876,448.43	775,744.53	100,703.90	12.98%
Retiree benefit - DROP plan	701,367.10	-	701,367.10	100.00%
Refund of employee contribution	3,754.78	-	3,754.78	100.00%
<b>Total Benefit Expenses</b>	<b>1,581,570.31</b>	<b>775,744.53</b>	<b>805,825.78</b>	<b>103.88%</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,640,926.15</b>	<b>\$ 836,306.08</b>	<b>\$ 804,620.07</b>	<b>96.21%</b>
<b>NET REVENUE OVER EXPENDITURES</b>	<b>\$ 2,486,376.99</b>	<b>\$ 2,470,074.69</b>	<b>\$ 16,302.30</b>	<b>0.66%</b>

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## Approval of Invoices

<b>Date</b>	<b>Payee</b>	<b>Description</b>	<b>Amount</b>
08/31/2018	Klausner, Kaufman, Jensen & Levinson	Legal services for the month of August 2018	\$1,364.16
09/28/2018	AndCo Consulting, LLC	Consulting services and performance evaluation for July, August, and September 2018	\$4,750.00
10/03/2018	Salem Trust Company	Fee Invoice for Period of 7/1/2018 to 9/30/2018	\$2,839.79
10/31/2018	Klausner, Kaufman, Jensen & Levinson	Legal Services for the month of October 2018	\$552.50
11/20/2018	Mark Dutram	Reimbursement for travel, lodging and per diem to Annual Trustee's Conference 11/14/18-11/16/18	\$965.81

SEP 10 2018

**Klausner, Kaufman, Jensen & Levinson**

A Partnership of Professional Associations  
 Attorneys At Law  
 7080 N.W. 4th Street  
 Plantation, Florida 33317

Tel. (954) 916-1202  
 Fax (954) 916-1232

www.klausnerkaufman.com  
 Tax I.D.: 45-4083636

DESTIN FIRE CONTROL DISTRICT FIREFIGHTERS' RETIREMENT  
 TRUST FUND  
 Attn: KATHRYN WAGNER  
 848 AIRPORT ROAD  
 DESTIN, FL 32541

August 31, 2018  
 Bill # 22275

CLIENT: DESTIN FIRE CONTROL DISTRICT FIREFIGHTERS' RETIREM : 170025  
 MATTER: DESTIN FIRE CONTROL DISTRICT FIREFIGHTERS' : 170025  
 RETIREMENT TRUST

**Professional Fees**

Date	Attorney	Description	Hours	Amount
08/13/18	CW	RED'D AND READ EMAIL FROM PLAN ADMIN AND ATTACHMENT "IMPACT OF LOWERING INVESTMENT RETURN ASSUMPTION TO 7.40% "	0.20	85.00
08/20/18	CW	REC'D AND READ EMAIL FROM ADMIN DIVISION CHIEF REF UPCOMING MEETING.	0.10	42.50
08/22/18	CW	RECEIPT AND REVIEW OF EMAIL AND ATTACHMENTS FROM PLAN ADMIN REF UPCOMING MEETING.	0.20	85.00
08/24/18	CW	MEETING PREP	0.10	42.50
08/27/18	PAD	TRAVEL TIME	1.20	255.00
08/27/18	PAD	PREP FOR MEETING	0.30	127.50
08/27/18	PAD	ATTEND MEETING	1.30	552.50
<b>Total for Services</b>			<b>3.40</b>	<b>\$1,190.00</b>

**Costs**

Date	Description	Amount
08/27/18	TRAVEL EXPENSES AIRFARE	34.77
08/27/18	TRAVEL EXPENSES CAR RENTAL	61.45
08/27/18	TRAVEL EXPENSES HOTEL	51.87
08/27/18	TRAVEL EXPENSES MEALS	26.07
<b>Total Costs</b>		<b>\$174.16</b>

Continued ...



Client: DESTIN FIRE CONTROL DISTRICT FIREFIGHTERS' RETIREMENT August 31, 2018  
Matter: 170025 - DESTIN FIRE CONTROL DISTRICT FIREFIGHTERS' Page 2

**CURRENT BILL TOTAL AMOUNT DUE**

**\$ 1,364.16**

## Kathryn Wagner

---

**From:** Kathryn Wagner  
**Sent:** Friday, July 20, 2018 9:00 AM  
**To:** 'patrickmcdowell@arborwealth.net'; Dutram, Mark S (mark.s.dutram@lpl.com); 'John Thomas Harvey III'; Trey Ward; TJ Buchanan (tbuchanan@destinfire.com)  
**Cc:** 'paul@robertdklausner.com'; Cassandra Ward (cassandra@robertdklausner.com); 'Yolanda Vega'  
**Subject:** FW: Investment Return Assumption  
**Attachments:** 7.16.2018, Impact of Lowering the Investment Return Assumption to 7.40%.pdf

**Please do not use the "reply all" button when responding to this email.**

Good morning Trustees,

Attached please find a copy of the actuarial study which was request from Foster & Foster for an official analysis on the effect of lowering the investment return assumption rate.

This study will be presented at the next Board of Trustees meeting on August 27, 2018.

If you have any questions, please let me know.

Thanks,  
Kathryn

**Kathryn L. Wagner**  
Administrative Division Chief  
**DESTIN FIRE CONTROL DISTRICT**

---

**From:** Jason Franken <Jason.Franken@foster-foster.com>  
**Sent:** Thursday, July 19, 2018 3:04 PM  
**To:** Kathryn Wagner <KWagner@destinfire.com>  
**Cc:** Drew Ballard <Drew.Ballard@foster-foster.com>; Maria Wyatt <Maria.Wyatt@foster-foster.com>  
**Subject:** Investment Return Assumption

Kathryn,  
I hope all is well. Attached is a study outlining the effect of lowering the investment return assumption from 7.5% to 7.4%. Please take a look at it and let me know if you have any questions.

Regards,

**Jason L. Franken, FSA, EA, MAAA**



184 Shuman Blvd.

Suite 305  
Naperville, IL 60563

630.620.0200 Phone  
239.481.0634 Fax  
[www.foster-foster.com](http://www.foster-foster.com)

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## Kathryn Wagner

---

**From:** Kathryn Wagner  
**Sent:** Monday, August 20, 2018 2:12 PM  
**To:** TJ Buchanan (tbuchanan@destinfire.com)  
**Cc:** 'paul@robertdklausner.com'; 'Yolanda Vega'; Cassandra Ward (cassandra@robertdklausner.com)  
**Subject:** Agenda for 8/27/2018 meeting  
**Attachments:** Pension Board agenda August 27, 2018.docx; Pension Board agenda August 27, 2018.pdf

Good afternoon TJ,

Chairman Patrick McDowell has passed along word that he will be unable to attend the next meeting on August 27<sup>th</sup> due to being out of town on his honeymoon. As such, I thought it best to send the agenda for your approval as you are the only other officer of the Board of Trustees. We will need you to lead the meeting, as you have before, in his absence.

Attached please find a copy of the agenda. Please let me know if you have any additions/deletions/changes to make or if this is ready to post.

I will be sending the meeting material in the next few days.

Thank you,  
Kathryn

**Kathryn L. Wagner**  
Administrative Division Chief  
**DESTIN FIRE CONTROL DISTRICT**  
848 Airport Road  
Destin, FL 32541  
(850) 837-8413  
(850) 837-6715 fax

## Kathryn Wagner

---

**From:** Kathryn Wagner  
**Sent:** Wednesday, August 22, 2018 12:58 PM  
**To:** 'patrickmcdowell@arborwealth.net'; Dutram, Mark S (mark.s.dutram@lpl.com); 'John Thomas Harvey III'; Trey Ward; TJ Buchanan (tbuchanan@destinfire.com)  
**Cc:** 'paul@robertdklausner.com'; 'Yolanda Vega'; Cassandra Ward (cassandra@robertdklausner.com)  
**Subject:** Destin Firefighters' Retirement Trust meeting material for 8/27/2018 meeting  
**Attachments:** 2018-08-27 Quarterly Retirement Board Meeting.pdf; 2018-06-30 Destin Fire Control District (Performance Report).pdf

**Please do not use the "reply all" button when responding to this email.**

Good afternoon Trustees,

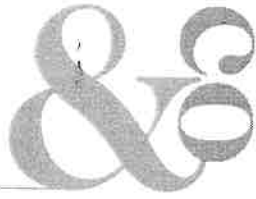
Attached please find two PDFs of the information which will be presented at our next meeting on Monday, August 27, 2018 at 5pm. Chairman Patrick McDowell will be unable to make the meeting as he will be out of the country on his honeymoon, so Trustee Buchanan will lead the meeting as he is the only other appointed officer of the Board.

I would also like to inform everyone that Chairman Patrick McDowell has notified the District that he will be moving out of Destin by the end of September. Unfortunately this means he will not meet the residency requirement of his appointment as Trustee. Chief Sasser has been made aware of this matter and has begun the search for a new Trustee. As of now, Chairman McDowell still serves as a trustee until he moves from Destin. I will keep the Trust informed of the progress of this search.

Should you have any questions, please let me know.

Sincerely,  
Kathryn

**Kathryn L. Wagner**  
Administrative Division Chief  
**DESTIN FIRE CONTROL DISTRICT**  
848 Airport Road  
Destin, FL 32541  
(850) 837-8413  
(850) 837-6715 fax



AndCo  
4901 Vineland Road, Ste 600  
Orlando, FL 32811

Date	Invoice #
9/28/2018	2617

Bill To:

Destin Fire Control District  
Firefighters' Retirement  
Trust Fund  
848 Airport Road  
Destin, FL 32541

Description	Amount
Consulting services and performance evaluation billed quarterly (July, 2018)	1,583.33
Consulting services and performance evaluation billed quarterly (August, 2018)	1,583.33
Consulting services and performance evaluation billed quarterly (September, 2018)	1,583.34
It is our pleasure to provide 100% independent consulting advice ALWAYS putting clients first!	
Balance Due	\$4,750.00

October 3, 2018

Destin Fire Control District  
Kathryn Wagner  
848 Airport Road  
Destin, FL 32541

Fee A/C #3040001495  
Destin Fire

**Fee Invoice for Period**      **July 1, 2018**      to      **September 30, 2018**

**Total Market Value for Fund:** \$18,931,926.61

**Detail of Calculation:**

Market Value	Basis Point Rate	Annual Fee	Quarterly Fee
\$18,931,926.61	0.0006	\$11,359.16	\$2,839.79
		Minimum Fee	\$0.00

<b>TOTAL</b>	<b>\$2,839.79</b>
--------------	-------------------

**If you have any questions, please contact Mark Rhein at 877-382-5268**

# Klausner, Kaufman, Jensen & Levinson

NOV 08 2018

A Partnership of Professional Associations  
Attorneys At Law  
7080 N.W. 4th Street  
Plantation, Florida 33317

Tel. (954) 916-1202  
Fax (954) 916-1232

www.klausnerkaufman.com  
Tax I.D.: 45-4083636

DESTIN FIRE CONTROL DISTRICT FIREFIGHTERS' RETIREMENT  
TRUST FUND  
Attn: KATHRYN WAGNER  
848 AIRPORT ROAD  
DESTIN, FL 32541

October 31, 2018  
Bill # 22596

CLIENT: DESTIN FIRE CONTROL DISTRICT FIREFIGHTERS' RETIREM : 170025  
MATTER: DESTIN FIRE CONTROL DISTRICT FIREFIGHTERS' : 170025  
RETIREMENT TRUST

## Professional Fees

Date	Attorney	Description	Hours	Amount
10/02/18	CW	REVIEW OF OPERATING RULES AND PROCEDURES. MADE EDITS TO PROCEDURE POLICY	0.20	85.00
10/03/18	CW	DRAFTED OPERATING RULES AND PROCEDURES	0.30	127.50
10/04/18	CW	DRAFTED OPERATING RULES AND PROCEDURES	0.30	127.50
10/10/18	CW	REVIEW OF PLAN DOC/MUNICODE FOR SHARE PLAN LANGUAGE	0.20	85.00
10/19/18	CW	DRAFTED AND SENT EMAILS TO PLAN ADMIN RE RMLO. REC'D AND REVIEWED EMAIL FROM PLAN ADMIN	0.30	127.50
Total for Services			1.30	\$552.50

CURRENT BILL TOTAL AMOUNT DUE \$ 552.50



## Kathryn Wagner

---

**From:** Kathryn Wagner  
**Sent:** Friday, October 19, 2018 11:31 AM  
**To:** 'Cassandra Ward'  
**Subject:** RE: Records Management Liaison Officer (RMLO) Designation

Good morning Cassandra,

Yes, per FS 257.36 a Records Management Liaison Officer has been designated for many years and annual we file our compliance statement with the State.

I am the current Records Management Liaison Officer for the Retirement Trust.

Thanks,  
Kathryn

**Kathryn L. Wagner**  
Administrative Division Chief  
**DESTIN FIRE CONTROL DISTRICT**

---

**From:** Cassandra Ward <cassandra@robertdklausner.com>  
**Sent:** Friday, October 19, 2018 10:41 AM  
**To:** Kathryn Wagner <KWagner@destinfire.com>  
**Subject:** Records Management Liaison Officer (RMLO) Designation

Good Morning,

Has a Records Management Liaison Officer (RMLO) Designation Form been filed with the state for the Destin Fire Control District Firefighters' Retirement Trust Fund? If so, who is listed as the designated contact? If not, our office can prepare the paperwork.

Thank you for your assistance,

Cassandra M. Harvey, Esq.

Klausner, Kaufman, Jensen & Levinson  
7080 N.W. 4<sup>th</sup> Street  
Plantation, FL 33317  
ph. (954) 916-1202  
fax. (954) 916-1232

Website: [www.klausnerkaufman.com](http://www.klausnerkaufman.com)



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Disclaimer: Florida has a very broad public records law. As a result, any written communication created or received by the Destin Fire Control District will be made available to the public and media, upon request, unless otherwise exempt. Under Florida law, e-mail addresses are public records. If you do not want your e-mail address released in response to a public records request, do not send electronic mail to this office. Instead, contact our office by phone or in writing.

# Destin Firefighters' Retirement Trust fund

## Travel Expense Voucher

<b>Traveler's Name:</b>	<u>Mark Dutram</u>	
<b>Traveler's Address:</b>	<u>4251 Commons Dr. W., Ste 5103</u>	<b>Date Submitted</b>
	<u>Destin, FL 32541</u>	<u>11/20/2018</u>
<b>Destination:</b>	<u>Orlando, FL</u>	
<b>Description of event:</b>	<u>Reimbursement for use of personal vehicle to travel to Orlando for the 48th</u>	
	<u>Annual Police Officers' and Firefighters' Pension Trustees' Conference</u>	
	<u>Nov. 14 - 16 at the Grand Orlando Resort, Kissimmee, Florida</u>	
<b>Date of Departure:</b>	<u>11/13/2018</u>	<b>Time of Departure:</b>
<b>Date of Return:</b>	<u>11/16/2018</u>	<b>Time of Return:</b>

Description	Qty	Rate	Total
Number days Per Diem	4	\$ 40.00	\$ 160.00
Lodging Grand Orlando Resort	1	\$ 337.11	\$ 337.11
Trans. Common Carrier	0	\$ -	\$ -
Rental car	0	\$ -	\$ -
Tolls/Parking	0	\$ -	\$ -
Registration Fees	0	\$ -	\$ -
Other	0	\$ -	\$ -

Beginning Mileage	Ending Mileage			
Personal vehicle mileage	860	IRS rate	\$ 0.545	\$ 468.70

<b>TOTAL REIMBURSEMENT</b>	<b>\$ 965.81</b>
----------------------------	------------------

Trustee approving reimbursement (signature): \_\_\_\_\_  
 printed name: \_\_\_\_\_

Trustee approving reimbursement (signature): \_\_\_\_\_  
 printed name: \_\_\_\_\_

# GRAND ORLANDO RESORT

## AT CELEBRATION

**Mark Dutram**  
**4251 Commons Dr. W. Suite 5103**  
**Destin, FL 32541**  
**United States**

**INVOICE**

Guest Name :  
 Company Name :  
 Group Name : 48th Annual Police Officers & Firefighte

Room No. : 4812  
 Arrival : 11-13-18  
 Departure : 11-16-18  
 Page No. : 1 of 2  
 Folio No. :  
 Conf. No. : 102829988  
 Cashier No. : 12973  
 Custom Ref. :

Date	Description	Charges	Credits
11-13-18	Room	99.00	
11-13-18	Room Tax - 7.5% State Tax	7.43	
11-13-18	Room Tax - 6% County Tax	5.94	
11-14-18	Room	99.00	
11-14-18	Room Tax - 7.5% State Tax	7.43	
11-14-18	Room Tax - 6% County Tax	5.94	
11-15-18	Room	99.00	
11-15-18	Room Tax - 7.5% State Tax	7.43	
11-15-18	Room Tax - 6% County Tax	5.94	
11-16-18	Visa		337.11
	XXXXXXXXXXXX2594 XX/XX		

**Total Charges** 337.11

**Total Credits** 337.11

**Balance** 0.00

**Guest Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

I agree that I am personally liable for payment of this account, and if this person, company or association indicated does not settle within a reasonable period, my liability for payment should be joint and several with such person, company or association.

GRAND ORLANDO RESORT  
AT CELEBRATION

Mark Dutram  
4251 Commons Dr. W. Suite 5103  
Destin, FL 32541  
United States

INVOICE

Guest Name :  
Company Name :  
Group Name : 48th Annual Police Officers & Firefighte

Room No. : 4812  
Arrival : 11-13-18  
Departure : 11-16-18  
Page No. : 2 of 2  
Folio No. :  
Conf. No. : 102829988  
Cashier No. : 12973  
Custom Ref. :

Merchant ID  
Transaction ID 89418055  
Approval Code 906130  
Approval 337.11  
Amount

Credit Card # XXXXXXXXXXXXX2594  
Credit Card Expiry XX/XX  
Capture Method Manual  
Transaction 337.11  
Amount

Guest Signature: \_\_\_\_\_ Date: \_\_\_\_\_

I agree that I am personally liable for payment of this account, and if this person, company or association indicated does not settle within a reasonable period, my liability for payment should be joint and several with such person, company or association.

## Kathryn Wagner

---

**From:** Dutram, Mark S <mark.s.dutram@lpl.com>  
**Sent:** Monday, November 19, 2018 5:48 PM  
**To:** Kathryn Wagner  
**Subject:** RE: 48th Pension Conference

Kathryn,

I did drive and the trip is 860 miles round trip. I did not know that you reimbursed for miles as well?

Mark Dutram, CPWA®, CFP®  
Vice President  
Wealth Advisor  
LPL Located at First City Bank  
135 Perry Ave. S.E.  
Ft Walton Beach, FL 32548  
850.244.5151 Ext. 1125  
850.865.7006 Cell  
[www.LPLFCB.com](http://www.LPLFCB.com)

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**From:** Kathryn Wagner [mailto:KWagner@destinfire.com]  
**Sent:** Monday, November 19, 2018 12:09 PM  
**To:** Dutram, Mark S <mark.s.dutram@lpl.com>  
**Subject:** RE: 48th Pension Conference

Oh.... Travel and per diem are also reimbursable.  
If you drove could you please provide the mileage, or if you flew the airline ticket information?

Thanks,  
Kathryn

**Kathryn L. Wagner**  
Administrative Division Chief  
**DESTIN FIRE CONTROL DISTRICT**

## YOUR TRIP TO:

2900 Parkway Blvd

**6 HR 25 MIN | 427 MI** **Est. fuel cost: \$31.40**Print a full health report of your car with HUM  
vehicle diagnostics (800) 906-25011. Start out going **west** on Commons Dr toward Henderson Beach Rd.

Then 0.09 miles

0.09 total miles

2. Turn **left** onto Henderson Beach Rd.*If you reach Diamond Cv you've gone about 0.3 miles too far.*

Then 0.25 miles

0.34 total miles

3. Turn **left** onto Emerald Coast Pkwy/US-98 E/FL-30.*Hertz Rent A Car is on the corner.*

Then 1.29 miles

1.63 total miles

4. Turn **left** onto Danny Wuerffel Way/FL-293. Continue to follow FL-293 (Portions toll) (Electronic toll collection only).*FL-293 is just past Danny Wuerffel Way.**If you reach Crystal Beach Dr you've gone about 0.2 miles too far.*

Then 12.53 miles

14.16 total miles

5. Take the **FL-285** ramp toward **Mossy Head/Niceville**.

Then 0.33 miles

14.50 total miles

6. Merge onto FL-285 toward **Mossy Head**.

Then 15.10 miles

29.60 total miles

7. Merge onto I-10 E/FL-8 E toward **Tallahassee**.

Then 226.54 miles

256.14 total miles

8. Merge onto I-75 S via EXIT 296A toward **Tampa**.

Then 107.57 miles

363.71 total miles

9. Keep **left** to take Florida's Turnpike/FL-91 S via EXIT 328 toward **Orlando** (Portions toll).

Then 40.02 miles

403.72 total miles

10. Merge onto FL-429 S via EXIT 267A toward **Tampa** (Portions toll).

Then 16.96 miles

420.69 total miles



11. Take the **US-192** exit, EXIT 6, toward **Kissimmee**.

Then 0.33 miles

421.02 total miles



12. Turn **left** onto W Irlo Bronson Memorial Hwy/US-192 E/County Hwy-545.

Continue to follow W Irlo Bronson Memorial Hwy/US-192 E.

Then 5.40 miles

426.42 total miles



13. Turn **left** onto Parkway Blvd.

*If you reach Arabian Nights Blvd you've gone about 0.1 miles too far.*

Then 0.27 miles

426.69 total miles



14. Make a **U-turn** at Safari Trl onto Parkway Blvd.

*If you reach Wild Orchid Way you've gone about 0.2 miles too far.*

Then 0.10 miles

426.79 total miles



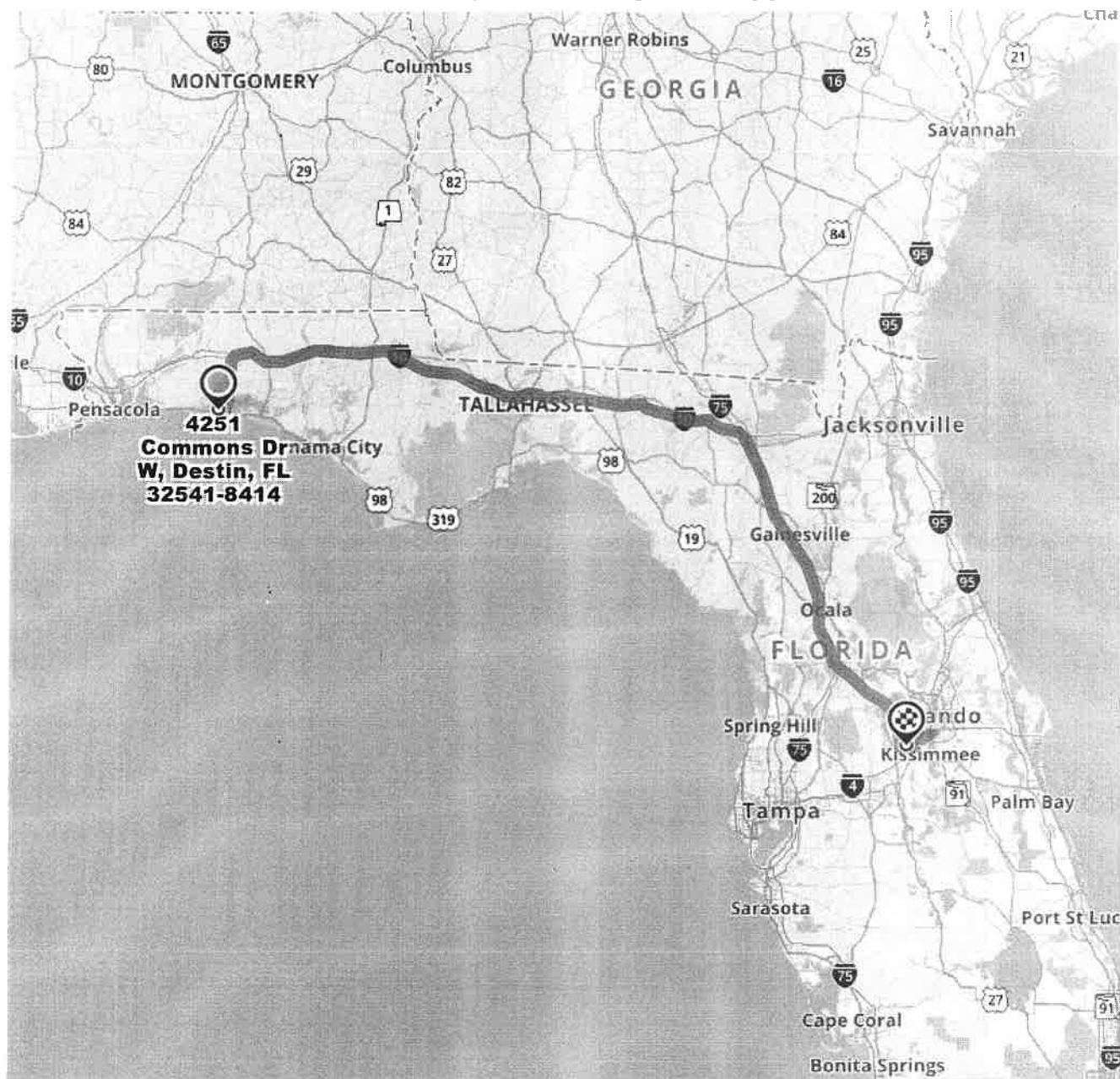
15. 2900 Parkway Blvd, Kissimmee, FL 34747-4503, 2900 PARKWAY BLVD is on the **right**.

*Your destination is just past Parkway Blvd.*

*If you reach W Irlo Bronson Memorial Hwy you've gone about 0.1 miles too far.*

Use of directions and maps is subject to our [Terms of Use](#). We don't guarantee accuracy, route conditions or usability. You assume all risk of use.





Book a hotel tonight and save with some great deals!  
(1-877-577-5766)



Car trouble mid-trip? MapQuest Roadside Assistance is here:  
(1-888-461-3625)

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**DESTIN FIRE CONTROL DISTRICT  
FIREFIGHTERS' RETIREMENT TRUST FUND  
AUTHORIZATION FOR PAYMENT FROM FUND**

TO:

SUBJECT: Authorization from Board of Trustees for Payment from Fund

Name of Payee:

John E. Davis

Social Security Number:

Address for Payment Purposes:

Amount of Payment:

\$ 1,446.70

\_\_\_\_ Retirement benefit, payable monthly for life, first payment to be made \_\_\_\_\_, 20\_\_\_\_ and subsequent payments the first day of each month thereafter. (Upon death of the payee, please notify the Board of Trustees for further instruction concerning survivor benefits, if any.)

\_\_\_\_ Retirement benefit, payable monthly for life, first payment to be made \_\_\_\_\_, 20\_\_\_\_ and subsequent payments the first day of each month thereafter, until \_\_\_\_\_, 20\_\_\_\_, upon which date all remaining monthly payments shall be reduced to \$\_\_\_\_\_.

\_\_\_\_ Disability benefit, payable until terminated by further written notice from Board. (Upon death of the payee, please notify the Board of Trustees for further instruction concerning survivor benefits, if any.)

\_\_\_\_ Death Benefit, payable to Beneficiary of Member, first payment to be made \_\_\_\_\_, 20\_\_\_\_ and subsequent payments on the first day of each month, with the last payment on \_\_\_\_\_, 20\_\_\_\_. (Upon the death of the payee, please notify the Board for further instructions.)

☒ Lump sum amount of \$ 1,446.70 (Member Contributions, PLOP, DROP, etc)  
(If Refund of Member Contributions, includes \$ 1,446.70 pretax and \$ 0 after tax)

The foregoing authorization and direction for payment has been made pursuant to directions and authority of the Board of Trustees.

BOARD OF TRUSTEES

By: \_\_\_\_\_

Name: \_\_\_\_\_

Date of Issuance: \_\_\_\_\_

(1 copy for Disbursing Agent, 1 copy for Board)

By: \_\_\_\_\_

Name: \_\_\_\_\_

**DESTIN FIRE CONTROL DISTRICT  
FIREFIGHTERS' RETIREMENT TRUST FUND**

**RETURN OF CONTRIBUTIONS TO NON-VESTED MEMBER  
AND WAIVER OF RIGHTS AND BENEFITS**

I, John E. Davis, the undersigned member of the Destin Fire Control District Firefighters' Retirement Trust Fund, hereby request return of my accumulated employee contributions in the amount of \$ 1446.70.

I understand that by accepting a return of my accumulated employee contributions, I waive, release and relinquish all my rights and benefits under the Destin Fire Control District Firefighters' Retirement Trust Fund. I also understand that if I return to service with the District after accepting a return of my accumulated employee contributions, I may be forever barred from restoring periods of prior credited service that I may otherwise be entitled to if I were not withdrawing my accumulated employee contributions, except to the extent provided for in the Plan which is in effect at the time of my re-employment.

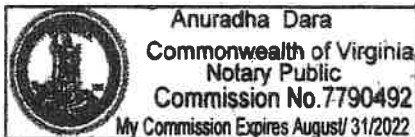
I have had a full and complete opportunity to consider the consequences of this return of my accumulated employee contributions and waiver, release and relinquishment of all my rights and benefits under the Destin Fire Control District Firefighters' Retirement Trust Fund. I make this decision freely and voluntarily. I hereby waive, release and relinquish forever all rights, benefits, claims and causes of action of every kind and description from the Destin Fire Control District Firefighters' Retirement Trust Fund; its Board of Trustees; agents; servants and employees, except for the return of my employee contributions.

I further certify that I am over the age of 18 years and otherwise competent to enter into binding agreements and that I have received the Special Tax Notice Regarding Plan Payments.

John E. Davis  
Member's Signature

STATE OF Virginia  
COUNTY OF Fairfax

The foregoing instrument was acknowledged before me this 08 day of November, 20 18, by John E. Davis, who is personally known to me or who produced a FL DL as identification and who did not take an oath.



D. Anuradha  
Notary Public

**THIS IS AN IMPORTANT LEGAL DOCUMENT. BEFORE YOU SIGN, BE SURE YOU UNDERSTAND YOUR RIGHTS!**

**DESTIN FIRE CONTROL DISTRICT  
FIREFIGHTERS' RETIREMENT TRUST FUND**

**CERTIFICATION OF RECEIPT**

I, John E. Davis, hereby make application under the provisions of the Destin Fire Control District Firefighters' Retirement Trust Fund, for a lump sum distribution of my pension contributions.

I hereby acknowledge that I have received the SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS and the LUMP SUM DISTRIBUTION ELECTION FORM on this 8 day of November, 2018.

The SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS gives information regarding my options for a lump sum distribution from the Pension Plan.

I understand that in accordance with Federal law, my lump sum distribution may not be distributed more than 180 days after receipt of the notice. I further have been informed and understand that I have at least 30 days to consider the options set forth in the above described Special Tax Notice, but that I may waive the 30 day period if I feel I have had the opportunity to make an informed decision.

John E. Davis  
Signature

11/08/2018  
Date

Address: \_\_\_\_\_  
\_\_\_\_\_

**IT IS RECOMMENDED THAT YOU CONSULT YOUR TAX ADVISOR CONCERNING THIS MATTER.**

**NO DISTRIBUTION WILL BE MADE UNTIL THIS FORM AND THE LUMP SUM DISTRIBUTION ELECTION FORM ARE RECEIVED BY THE BOARD OF TRUSTEES AT:**

**Destin Fire Control District Firefighters' Retirement Trust Fund  
848 Airport Road  
Destin, Florida 32541**

**DESTIN FIRE CONTROL DISTRICT  
FIREFIGHTERS' RETIREMENT TRUST FUND**

**LUMP SUM DISTRIBUTION ELECTION FORM**

To be completed by Plan Member or Beneficiary (Transferor) with regard to the distribution to be received from the Destin Fire Control District Firefighters' Retirement Trust Fund, (the "System"):

Taxable Amount \$ 1446.70  
Total Amount \$ 1446.70

Non-taxable Amount \$ \_\_\_\_\_

**I. Please initial option A, B or C below:**

- ☒ A. The System is directed to make full payment to me, less any applicable withholding described in the Special Tax Notice received with this election form.
- ☐ B. The System is directed to mail \_\_\_\_\_ % of the taxable portion of my distribution to \_\_\_\_\_ (Name of First Trustee or Plan) and \_\_\_\_\_ % of the taxable portion of my distribution to \_\_\_\_\_ (Name of Second Trustee or Plan) for deposit in accordance with the rollover provisions. Any non-taxable portion will be:
- \_\_\_\_\_ paid directly to me.
- \_\_\_\_\_ rolled over to the First/Second Trustee or Plan (to traditional IRA, Roth IRA or 401(a) plan) \*
- ☐ C. The System is directed to mail \$ \_\_\_\_\_ of my distribution to \_\_\_\_\_ (Name of Trustee or Plan) for deposit in accordance with the rollover provisions. The remainder of the taxable portion less any applicable withholding described in the Special Tax Notice received with this election form, plus the non-taxable portion, will be paid directly to me. \*

\*For tax years prior to 1-1-20, you will be taxed on rollovers to a Roth IRA. To be eligible to rollover to a Roth IRA, your adjusted gross income cannot exceed \$100,000 and you must not be married filing separately.

**NOTE: A surviving spouse may elect any option the deceased member could have made. A non-spouse beneficiary may only rollover to a regular IRA or Roth IRA and cannot rollover the payment himself.**

John E. Davis  
Signature of Member or Beneficiary

John E. Davis  
Printed Name of Member or Beneficiary

\_\_\_\_\_  
Social Security Number

11/08/2018  
Date

The Agreement of Receiving Trustee or Plan below must be completed if Option B or C is selected.

**II. Acknowledgment where election completed prior to 30 days after receipt of Special Tax Notice:**

I acknowledge that I have had the opportunity to make an informed decision regarding my options, that I have been given the chance to consider the decision whether to elect a direct rollover for at least 30 days after my receipt of the special tax notice and that I have been provided with information clearly indicating that I have at least 30 days to make the decision, and I hereby waive the 30 day waiting period and elect an immediate distribution in accordance with my selection in I. above.

John E. Davis  
Signature of Member or Beneficiary

11/08/2018  
Date

\* NOT ROLLING OVER PLAN \*

To be completed by the Authorized representative of the receiving Plan or IRA:

x John E. Jones

### AGREEMENT OF RECEIVING TRUSTEE OR PLAN

In accordance with the above authorization of the Transferor, we agree to deposit the forthcoming rollover amount from the Destin Fire Control District Firefighters' Retirement Trust Fund into the following plan or account:

Type of Plan or Account receiving rollover (check one):

- \* ☐ 401(a) [401(k), profit-sharing plan, defined benefit plan, money purchase plan, other "eligible employer plan"]
- ☐ 403(a) [annuity plan]
- ☐ 403(b) [tax-sheltered annuity]
- ☐ 457(b) [eligible deferred compensation plan maintained by government employer]
- ☐ 408(a) [Traditional IRA (not Simple IRA or a Coverdell Education Savings Account)]
- ☐ 408A [Roth IRA]

- \* If rollover includes after-tax contributions to a 401(a) eligible employer plan, the receiving 401(a) plan hereby agrees to accept such rollovers and agrees to separately account for such amounts rolled over including separate accounting for the after-tax employee contributions and earnings on these contributions.

**NOTE: A surviving spouse may elect any option the deceased member could have made. A non-spouse beneficiary may only rollover to a regular IRA or Roth IRA and cannot rollover the payment himself.**

\_\_\_\_\_  
Plan or Account

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Typed Name and Title of Authorized Representative

\_\_\_\_\_  
Mailing Address

\_\_\_\_\_  
Date

\_\_\_\_\_  
City

\_\_\_\_\_  
State

\_\_\_\_\_  
Zip Code

Return to:

**City of Destin Fire Control District Firefighters' Retirement Trust Fund  
848 Airport Road  
Destin, Florida 32541**

"Pursuant to Section 119.071(5)(a)2., Florida Statutes, your social security number is requested for the purpose of determining eligibility for retirement benefits as a plan member, retiree or beneficiary; the processing of retirement benefits; verification of retirement benefits; income reporting; or other notice or disclosures related to retirement benefits. Your social security number will be used solely for one or more of these purposes."

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**DESTIN FIRE CONTROL DISTRICT  
FIREFIGHTERS' RETIREMENT TRUST FUND  
AUTHORIZATION FOR PAYMENT FROM FUND**

TO:

SUBJECT: Authorization from Board of Trustees for Payment from Fund

Name of Payee: Micah Amey

Social Security Number: \_\_\_\_\_

Address for Payment Purposes: \_\_\_\_\_  
\_\_\_\_\_

Amount of Payment: \$ 4,151.23

\_\_\_\_ Retirement benefit, payable monthly for life, first payment to be made \_\_\_\_\_, 20\_\_\_\_ and subsequent payments the first day of each month thereafter. (Upon death of the payee, please notify the Board of Trustees for further instruction concerning survivor benefits, if any.)

\_\_\_\_ Retirement benefit, payable monthly for life, first payment to be made \_\_\_\_\_, 20\_\_\_\_ and subsequent payments the first day of each month thereafter, until \_\_\_\_\_, 20\_\_\_\_, upon which date all remaining monthly payments shall be reduced to \$ \_\_\_\_\_.

\_\_\_\_ Disability benefit, payable until terminated by further written notice from Board. (Upon death of the payee, please notify the Board of Trustees for further instruction concerning survivor benefits, if any.)

\_\_\_\_ Death Benefit, payable to Beneficiary of Member, first payment to be made \_\_\_\_\_, 20\_\_\_\_ and subsequent payments on the first day of each month, with the last payment on \_\_\_\_\_, 20\_\_\_\_. (Upon the death of the payee, please notify the Board for further instructions.)

☒ Lump sum amount of \$ 4,151.23 (~~Member Contributions~~, PLOP, DROP, etc)  
(If Refund of Member Contributions, includes \$ 4,151.23 pretax and \$ 0 after tax)

The foregoing authorization and direction for payment has been made pursuant to directions and authority of the Board of Trustees.

BOARD OF TRUSTEES

By: \_\_\_\_\_

Name: \_\_\_\_\_

Date of Issuance: \_\_\_\_\_

(1 copy for Disbursing Agent, 1 copy for Board)

By: \_\_\_\_\_

Name: \_\_\_\_\_

**DESTIN FIRE CONTROL DISTRICT  
FIREFIGHTERS' RETIREMENT TRUST FUND**


**RETURN OF CONTRIBUTIONS TO NON-VESTED MEMBER  
AND WAIVER OF RIGHTS AND BENEFITS**

I, MICAH D. AMEY, the undersigned member of the Destin Fire Control District Firefighters' Retirement Trust Fund, hereby request return of my accumulated employee contributions in the amount of \$ 4,151.23.

I understand that by accepting a return of my accumulated employee contributions, I waive, release and relinquish all my rights and benefits under the Destin Fire Control District Firefighters' Retirement Trust Fund. I also understand that if I return to service with the District after accepting a return of my accumulated employee contributions, I may be forever barred from restoring periods of prior credited service that I may otherwise be entitled to if I were not withdrawing my accumulated employee contributions, except to the extent provided for in the Plan which is in effect at the time of my re-employment.

I have had a full and complete opportunity to consider the consequences of this return of my accumulated employee contributions and waiver, release and relinquishment of all my rights and benefits under the Destin Fire Control District Firefighters' Retirement Trust Fund. I make this decision freely and voluntarily. I hereby waive, release and relinquish forever all rights, benefits, claims and causes of action of every kind and description from the Destin Fire Control District Firefighters' Retirement Trust Fund; its Board of Trustees; agents; servants and employees, except for the return of my employee contributions.


I further certify that I am over the age of 18 years and otherwise competent to enter into binding agreements and that I have received the Special Tax Notice Regarding Plan Payments.

  
Member's Signature

STATE OF FL  
COUNTY OF Chalusa

The foregoing instrument was acknowledged before me this 28th day of November, 2018, by \_\_\_\_\_, who is personally known to me or who produced a \_\_\_\_\_ as identification and who did not take an oath.



  
Notary Public

**THIS IS AN IMPORTANT LEGAL DOCUMENT. BEFORE YOU SIGN, BE SURE YOU UNDERSTAND YOUR RIGHTS!**

**DESTIN FIRE CONTROL DISTRICT  
FIREFIGHTERS' RETIREMENT TRUST FUND**

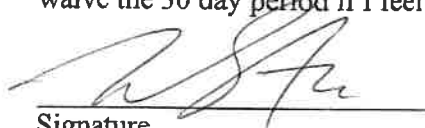
**CERTIFICATION OF RECEIPT**

I, MECAH D AMEY, hereby make application under the provisions of the Destin Fire Control District Firefighters' Retirement Trust Fund, for a lump sum distribution of my pension contributions.

I hereby acknowledge that I have received the SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS and the LUMP SUM DISTRIBUTION ELECTION FORM on this 15 day of NOVEMBER, 2018.

The SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS gives information regarding my options for a lump sum distribution from the Pension Plan.

I understand that in accordance with Federal law, my lump sum distribution may not be distributed more than 180 days after receipt of the notice. I further have been informed and understand that I have at least 30 days to consider the options set forth in the above described Special Tax Notice, but that I may waive the 30 day period if I feel I have had the opportunity to make an informed decision.

Signature 

Date 11/15/18

Address: \_\_\_\_\_

**IT IS RECOMMENDED THAT YOU CONSULT YOUR TAX ADVISOR CONCERNING THIS MATTER.**

**NO DISTRIBUTION WILL BE MADE UNTIL THIS FORM AND THE LUMP SUM DISTRIBUTION ELECTION FORM ARE RECEIVED BY THE BOARD OF TRUSTEES AT:**

**Destin Fire Control District Firefighters' Retirement Trust Fund  
848 Airport Road  
Destin, Florida 32541**

**DESTIN FIRE CONTROL DISTRICT  
FIREFIGHTERS' RETIREMENT TRUST FUND**

**LUMP SUM DISTRIBUTION ELECTION FORM**

To be completed by Plan Member or Beneficiary (Transferor) with regard to the distribution to be received from the Destin Fire Control District Firefighters' Retirement Trust Fund, (the "System"):

Taxable Amount \$ 4151.23  
Total Amount \$ 4151.23

Non-taxable Amount \$ \_\_\_\_\_

I. Please initial option A, B or C below:

☒ A. The System is directed to make full payment to me, less any applicable withholding described in the Special Tax Notice received with this election form.

☐ B. The System is directed to mail \_\_\_\_\_% of the taxable portion of my distribution to \_\_\_\_\_ (Name of First Trustee or Plan) and \_\_\_\_\_% of the taxable portion of my distribution to \_\_\_\_\_ (Name of Second Trustee or Plan) for deposit in accordance with the rollover provisions. Any non-taxable portion will be:

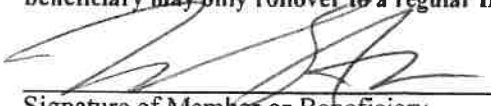
\_\_\_\_\_ paid directly to me.

\_\_\_\_\_ rolled over to the First/Second Trustee or Plan (to traditional IRA, Roth IRA or 401(a) plan) \*

☐ C. The System is directed to mail \$ \_\_\_\_\_ of my distribution to \_\_\_\_\_ (Name of Trustee or Plan) for deposit in accordance with the rollover provisions. The remainder of the taxable portion less any applicable withholding described in the Special Tax Notice received with this election form, plus the non-taxable portion, will be paid directly to me. \*

\*For tax years prior to 1-1-20, you will be taxed on rollovers to a Roth IRA. To be eligible to rollover to a Roth IRA, your adjusted gross income cannot exceed \$100,000 and you must not be married filing separately.

**NOTE: A surviving spouse may elect any option the deceased member could have made. A non-spouse beneficiary may only rollover to a regular IRA or Roth IRA and cannot rollover the payment himself.**

  
Signature of Member or Beneficiary

\_\_\_\_\_  
Social Security Number

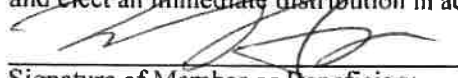
MICAH AMEY  
Printed Name of Member or Beneficiary

11/28/18  
Date

The Agreement of Receiving Trustee or Plan below must be completed if Option B or C is selected.

II. Acknowledgment where election completed prior to 30 days after receipt of Special Tax Notice:

I acknowledge that I have had the opportunity to make an informed decision regarding my options, that I have been given the chance to consider the decision whether to elect a direct rollover for at least 30 days after my receipt of the special tax notice and that I have been provided with information clearly indicating that I have at least 30 days to make the decision, and I hereby waive the 30 day waiting period and elect an immediate distribution in accordance with my selection in I. above.

  
Signature of Member or Beneficiary

11/28/18  
Date

To be completed by the Authorized representative of the receiving Plan or IRA:

N/A

### AGREEMENT OF RECEIVING TRUSTEE OR PLAN

In accordance with the above authorization of the Transferor, we agree to deposit the forthcoming rollover amount from the Destin Fire Control District Firefighters' Retirement Trust Fund into the following plan or account:

Type of Plan or Account receiving rollover (check one):

- \* ☐ 401(a) [401(k), profit-sharing plan, defined benefit plan, money purchase plan, other "eligible employer plan"]
- ☐ 403(a) [annuity plan]
- ☐ 403(b) [tax-sheltered annuity]
- ☐ 457(b) [eligible deferred compensation plan maintained by government employer]
- ☐ 408(a) [Traditional IRA (not Simple IRA or a Coverdell Education Savings Account)]
- ☐ 408A [Roth IRA]

- \* If rollover includes after-tax contributions to a 401(a) eligible employer plan, the receiving 401(a) plan hereby agrees to accept such rollovers and agrees to separately account for such amounts rolled over including separate accounting for the after-tax employee contributions and earnings on these contributions.

**NOTE: A surviving spouse may elect any option the deceased member could have made. A non-spouse beneficiary may only rollover to a regular IRA or Roth IRA and cannot rollover the payment himself.**

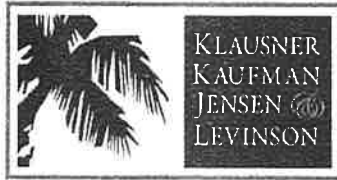
_____	_____
Plan or Account	Authorized Signature
	_____
	Typed Name and Title of Authorized Representative
_____	_____
Mailing Address	11/28/18
	Date
_____	_____
City	State Zip Code

Return to:

**City of Destin Fire Control District Firefighters' Retirement Trust Fund  
848 Airport Road  
Destin, Florida 32541**

"Pursuant to Section 119.071(5)(a)2., Florida Statutes, your social security number is requested for the purpose of determining eligibility for retirement benefits as a plan member, retiree or beneficiary; the processing of retirement benefits; verification of retirement benefits; income reporting; or other notice or disclosures related to retirement benefits. Your social security number will be used solely for one or more of these purposes."

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A PARTNERSHIP OF PROFESSIONAL ASSOCIATIONS  
ATTORNEYS AT LAW

Writer's e-mail: [tina@robertdklausner.com](mailto:tina@robertdklausner.com)

# MEMORANDUM (REVISED)

**TO:** Destin Fire Control District Firefighters' Retirement Trust Fund  
**FROM:** Lorna Maltbey  
**RE:** Proposed 2019 Meeting Dates  
**DATE:** September 26, 2018

Listed below are the proposed 2019 meeting dates based on the previous year's schedules. Should they meet with the Board's approval, please let us know and we will put them on our calendar. Should there be any discrepancies with any of the date and/or times, please do not hesitate to contact Lorna at the office, via phone at 954-916-1202 or e-mail at [Lorna@robertdklausner.com](mailto:Lorna@robertdklausner.com), and we will do the best we can to comply with your requests.

## ALL MEETINGS WILL BE HELD AT 5:00PM

March 4, 2019  
June 3, 2019  
August 26, 2019  
December 2, 2019

Thank you,

7080 NORTHWEST 4TH STREET, PLANTATION, FLORIDA 33317

PHONE: (954) 916-1202 • FAX: (954) 916-1232  
[www.robertdklausner.com](http://www.robertdklausner.com)



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