

DESTIN FIRE CONTROL DISTRICT
FIREFIGHTERS' RETIREMENT TRUST FUND

SECTION 112.664, FLORIDA STATUTES
COMPLIANCE

With respect to the reporting standards for defined benefit retirement plans or systems contained in Section 112.664(1), F.S., the actuarial disclosures required under this section were prepared and completed by me or under my direct supervision and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, meet the requirements of Section 112.664(1), Florida Statutes, and Rule 60T-1.0035, Florida Administrative Code.

By:  Date: 5/10/2019
Drew D. Ballard, EA, MAAA
Enrolled Actuary #17-8193



When reviewing the following schedules, please note the following:

- 1) The purpose of producing this report is solely to satisfy the requirements set forth by Section 112.664, Florida Statutes, and is mandatory for every Florida public pension fund, excluding the Florida Retirement System (FRS).
- 2) None of the schedules shown have any impact on the funding requirements of the Plan. These schedules are for statutory compliance purposes only.
- 3) In the schedules that follow, the columns labeled “ACTUAL” represent the final recorded GASB 67/68 results. The columns labeled “HYPOTHETICAL” illustrate what the results would have been if different assumptions were used.
- 4) It is our opinion that the Plan’s actual assumptions utilized in the October 1, 2018 Actuarial Valuation Report, as adopted by the Board of Trustees, are reasonable individually and in the aggregate, and represent our best estimate of future Plan experience.
- 5) The “Number of Years Expected Benefit Payments Sustained” calculated in Section II: Asset Sustainability should not be interpreted as the number of years the Plan has left until it is insolvent. This calculation is required by 112.664, Florida Statutes, but the numeric result is irrelevant, since in its calculation we are to assume there will be no further contributions to the Fund. As long as the Actuarially Determined Contribution is made each year the Plan will never become insolvent.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY
FISCAL YEAR SEPTEMBER 30, 2018

	ACTUAL	HYPOTHETICAL	
	7.40% RP-2000 Generational	5.40% RP-2000 Generational	9.40% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	471,083	752,440	307,394
Interest	1,979,577	1,901,466	1,995,937
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	378,098	555,748	253,875
Changes of Assumptions	108,528	118,746	100,047
Benefit Payments, Including Refunds of Employee Contributions	(1,581,570)	(1,581,570)	(1,581,570)
Net Change in Total Pension Liability	1,355,716	1,746,830	1,075,683
Total Pension Liability - Beginning	26,714,062	34,610,457	21,493,255
Total Pension Liability - Ending (a)	<u>\$ 28,069,778</u>	<u>\$ 36,357,287</u>	<u>\$ 22,568,938</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	2,134,887	2,134,887	2,134,887
Contributions - State	266,748	266,748	266,748
Contributions - Employee	113,840	113,840	113,840
Net Investment Income	1,586,419	1,586,419	1,586,419
Benefit Payments, Including Refunds of Employee Contributions	(1,581,570)	(1,581,570)	(1,581,570)
Administrative Expenses	(29,796)	(29,796)	(29,796)
Net Change in Plan Fiduciary Net Position	2,490,528	2,490,528	2,490,528
Plan Fiduciary Net Position - Beginning	18,376,893	18,376,893	18,376,893
Plan Fiduciary Net Position - Ending (b)	<u>\$ 20,867,421</u>	<u>\$ 20,867,421</u>	<u>\$ 20,867,421</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 7,202,357</u>	<u>\$ 15,489,866</u>	<u>\$ 1,701,517</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.40% and RP-2000 Generational Mortality

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2018	20,867,421	-	1,572,112	-	1,486,021	20,781,330
2019	20,781,330	-	1,372,690	-	1,487,029	20,895,669
2020	20,895,669	-	1,536,845	-	1,489,416	20,848,240
2021	20,848,240	-	1,758,762	-	1,477,696	20,567,174
2022	20,567,174	-	1,896,016	-	1,451,818	20,122,976
2023	20,122,976	-	1,967,929	-	1,416,287	19,571,334
2024	19,571,334	-	2,009,011	-	1,373,945	18,936,268
2025	18,936,268	-	2,090,921	-	1,323,920	18,169,267
2026	18,169,267	-	2,068,014	-	1,268,009	17,369,262
2027	17,369,262	-	2,128,303	-	1,206,578	16,447,537
2028	16,447,537	-	2,160,853	-	1,137,166	15,423,850
2029	15,423,850	-	2,196,922	-	1,060,079	14,287,007
2030	14,287,007	-	2,227,888	-	974,807	13,033,926
2031	13,033,926	-	2,245,000	-	881,446	11,670,372
2032	11,670,372	-	2,262,530	-	779,894	10,187,736
2033	10,187,736	-	2,281,867	-	669,463	8,575,332
2034	8,575,332	-	2,300,763	-	549,446	6,824,015
2035	6,824,015	-	2,314,212	-	419,351	4,929,154
2036	4,929,154	-	2,328,596	-	278,599	2,879,157
2037	2,879,157	-	2,339,717	-	126,488	665,928
2038	665,928	-	2,340,152	-	-	-

*All DROP Balances paid in 2018.

Number of Years Expected Benefit Payments Sustained: 20.28

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.40% interest.

It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent. Furthermore, State and local laws mandate that the Actuarially Determined Contribution be made each year.

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 2
Hypothetical Assumptions: 5.40% and RP-2000 Generational Mortality

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2018	20,867,421	-	1,572,112	-	1,084,394	20,379,703
2019	20,379,703	-	1,372,690	-	1,063,441	20,070,454
2020	20,070,454	-	1,536,845	-	1,042,310	19,575,919
2021	19,575,919	-	1,758,762	-	1,009,613	18,826,770
2022	18,826,770	-	1,896,016	-	965,453	17,896,207
2023	17,896,207	-	1,967,929	-	913,261	16,841,539
2024	16,841,539	-	2,009,011	-	855,200	15,687,728
2025	15,687,728	-	2,090,921	-	790,682	14,387,489
2026	14,387,489	-	2,068,014	-	721,088	13,040,563
2027	13,040,563	-	2,128,303	-	646,726	11,558,986
2028	11,558,986	-	2,160,853	-	565,842	9,963,975
2029	9,963,975	-	2,196,922	-	478,738	8,245,791
2030	8,245,791	-	2,227,888	-	385,120	6,403,023
2031	6,403,023	-	2,245,000	-	285,148	4,443,171
2032	4,443,171	-	2,262,530	-	178,843	2,359,484
2033	2,359,484	-	2,281,867	-	65,802	143,419
2034	143,419	-	2,300,763	-	-	-

*All DROP Balances paid in 2018.

Number of Years Expected Benefit Payments Sustained: 16.06

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.40% interest.

It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent. Furthermore, State and local laws mandate that the Actuarially Determined Contribution be made each year.

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3
Hypothetical Assumptions: 9.40% and RP-2000 Generational Mortality

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2018	20,867,421	-	1,572,112	-	1,887,648	21,182,957
2019	21,182,957	-	1,372,690	-	1,926,682	21,736,949
2020	21,736,949	-	1,536,845	-	1,971,041	22,171,145
2021	22,171,145	-	1,758,762	-	2,001,426	22,413,809
2022	22,413,809	-	1,896,016	-	2,017,785	22,535,578
2023	22,535,578	-	1,967,929	-	2,025,852	22,593,501
2024	22,593,501	-	2,009,011	-	2,029,366	22,613,856
2025	22,613,856	-	2,090,921	-	2,027,429	22,550,364
2026	22,550,364	-	2,068,014	-	2,022,538	22,504,888
2027	22,504,888	-	2,128,303	-	2,015,429	22,392,014
2028	22,392,014	-	2,160,853	-	2,003,289	22,234,450
2029	22,234,450	-	2,196,922	-	1,986,783	22,024,311
2030	22,024,311	-	2,227,888	-	1,965,574	21,761,997
2031	21,761,997	-	2,245,000	-	1,940,113	21,457,110
2032	21,457,110	-	2,262,530	-	1,910,629	21,105,209
2033	21,105,209	-	2,281,867	-	1,876,642	20,699,984
2034	20,699,984	-	2,300,763	-	1,837,663	20,236,884
2035	20,236,884	-	2,314,212	-	1,793,499	19,716,171
2036	19,716,171	-	2,328,596	-	1,743,876	19,131,451
2037	19,131,451	-	2,339,717	-	1,688,390	18,480,124
2038	18,480,124	-	2,340,152	-	1,627,145	17,767,117
2039	17,767,117	-	2,345,534	-	1,559,869	16,981,452
2040	16,981,452	-	2,346,801	-	1,485,957	16,120,608
2041	16,120,608	-	2,345,502	-	1,405,099	15,180,205
2042	15,180,205	-	2,339,000	-	1,317,006	14,158,211
2043	14,158,211	-	2,328,011	-	1,221,455	13,051,655
2044	13,051,655	-	2,311,946	-	1,118,194	11,857,903
2045	11,857,903	-	2,288,513	-	1,007,083	10,576,473
2046	10,576,473	-	2,259,510	-	887,991	9,204,954
2047	9,204,954	-	2,223,580	-	760,757	7,742,131
2048	7,742,131	-	2,179,858	-	625,307	6,187,580
2049	6,187,580	-	2,129,605	-	481,541	4,539,516
2050	4,539,516	-	2,072,186	-	329,322	2,796,652
2051	2,796,652	-	2,008,070	-	168,506	957,088
2052	957,088	-	1,938,344	-	-	-

*All DROP Balances paid in 2018.

Number of Years Expected Benefit Payments Sustained: 34.49

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 9.40% interest.

It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent. Furthermore, State and local laws mandate that the Actuarially Determined Contribution be made each year.

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2020

Valuation Date: 10/1/2018

	ACTUAL	HYPOTHETICAL	
	7.40% RP-2000 Generational	5.40% RP-2000 Generational	9.40% RP-2000 Generational
Minimum Required Contribution (Fixed \$)	\$1,218,784	\$1,952,724	\$615,670
Minimum Required Contribution (% of Payroll)	75.3%	120.6%	38.0%
Expected Member Contribution	114,148	113,047	115,249
Expected State Money	262,471	262,471	262,471
Expected Sponsor Contribution (Fixed \$)	\$842,165	\$1,577,206	\$237,950
Expected Sponsor Contribution (% of Payroll)	52.3%	97.6%	15.0%
<u>ASSETS</u>			
Actuarial Value ¹	20,578,226	20,578,226	20,578,226
Market Value ¹	20,867,421	20,867,421	20,867,421
<u>LIABILITIES</u>			
Present Value of Benefits			
Active Members			
Retirement Benefits	11,817,407	16,722,348	8,833,350
Disability Benefits	55,028	78,096	40,871
Death Benefits	30,157	40,350	23,287
Vested Benefits	496,668	756,671	347,808
Refund of Contributions	34,082	36,919	31,577
Service Retirees	13,343,889	16,952,932	10,885,460
DROP Retirees ¹	2,433,984	3,174,809	1,969,106
Beneficiaries	383,471	411,340	358,604
Disability Retirees	177,628	227,945	145,526
Terminated Vested	1,434,676	1,935,684	1,106,587
Share Plan Balances ¹	0	0	0
Total:	30,206,990	40,337,094	23,742,176
Present Value of Future Salaries	10,571,564	11,916,403	9,532,052
Present Value of Future Member Contributions	718,866	810,315	648,180
Total Normal Cost	392,193	631,784	253,207
Present Value of Future Normal Costs (Entry Age Normal)	2,269,046	4,046,358	1,341,848
Total Actuarial Accrued Liability ¹	27,937,944	36,290,736	22,400,328
Unfunded Actuarial Accrued Liability (UAAL)	7,359,718	15,712,510	1,822,102

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2020

Valuation Date: 10/1/2018

	ACTUAL	HYPOTHETICAL	
	7.40% RP-2000 Generational	5.40% RP-2000 Generational	9.40% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost ²	425,616	679,013	277,435
Administrative Expenses ²	32,335	32,023	32,647
Payment Required To Amortize UAAL ²	760,833	1,241,688	305,588
Minimum Required Contribution	\$1,218,784	\$1,952,724	\$615,670

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

² Contributions developed as of 10/1/2018 displayed above have been adjusted to account for assumed salary increase and interest components.