

DESTIN FIRE CONTROL DISTRICT
FIREFIGHTERS' RETIREMENT TRUST FUND

SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2019 VALUATION DATE



February 21, 2020

VIA E-MAIL

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

Re: Destin Fire Control District Firefighters' Retirement Trust Fund
Senate Bill 534 (Section 112.664, Florida Statutes) Compliance

Dear Kathryn:

Please find enclosed the annual disclosures that satisfy the October 1, 2019 financial reporting requirements made under Section 112.664.

Our office will submit this information electronically to the Department of Management Services. However, it is important for you to be aware that this report must also be made available on the Plan or Plan Sponsor's website, if such website exists. A deadline for this website publication is not made clear in the law.

In addition to the enclosed report, the Plan or Plan Sponsor's website must provide a link to the Division of Retirement's Actuarial Summary Fact Sheet for the Plan, and also report the previous five years' assumed and actual rates of return, along with their respective asset allocations. The Board should contact its Investment Consultant for this information.

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.

If there are any questions, concerns, or comments about any of the items contained in this report, please feel free to contact me.

Respectfully submitted,

Foster & Foster, Inc.

By: 

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

Enclosures

cc via email: Stu Kaufman, Board Attorney

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, 2019 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, 2019

	ACTUAL	HYPOTHETICAL	
	7.40% RP-2000 Generational	5.40% RP-2000 Generational	9.40% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	402,100	642,958	262,296
Interest	2,060,739	1,964,304	2,087,487
Changes of Benefit Terms	(926)	(1,110)	(794)
Differences Between Expected and Actual Experience	(224,866)	(181,113)	(251,093)
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,246,259)	(1,246,259)	(1,246,259)
Net Change in Total Pension Liability	990,788	1,178,780	851,637
Total Pension Liability - Beginning	28,069,778	36,357,287	22,568,938
Total Pension Liability - Ending (a)	<u>\$ 29,060,566</u>	<u>\$ 37,536,067</u>	<u>\$ 23,420,575</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	1,017,878	1,017,878	1,017,878
Contributions - State	292,293	292,293	292,293
Contributions - Employee	114,324	114,324	114,324
Net Investment Income	1,134,359	1,134,359	1,134,359
Benefit Payments, Including Refunds of Employee Contributions	(1,246,259)	(1,246,259)	(1,246,259)
Administrative Expenses	(49,247)	(49,247)	(49,247)
Net Change in Plan Fiduciary Net Position	1,263,348	1,263,348	1,263,348
Plan Fiduciary Net Position - Beginning	20,867,421	20,867,421	20,867,421
Plan Fiduciary Net Position - Ending (b)	<u>\$ 22,130,769</u>	<u>\$ 22,130,769</u>	<u>\$ 22,130,769</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 6,929,797</u>	<u>\$ 15,405,298</u>	<u>\$ 1,289,806</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
2019	22,130,769	-	1,582,231	-	1,579,134	22,127,672
2020	22,127,672	-	1,552,525	-	1,580,004	22,155,151
2021	22,155,151	-	1,782,036	-	1,573,546	21,946,661
2022	21,946,661	-	1,931,358	-	1,552,593	21,567,896
2023	21,567,896	-	2,006,416	-	1,521,787	21,083,267
2024	21,083,267	-	2,048,505	-	1,484,367	20,519,129
2025	20,519,129	-	2,136,821	-	1,439,353	19,821,661
2026	19,821,661	-	2,116,004	-	1,388,511	19,094,168
2027	19,094,168	-	2,179,485	-	1,332,327	18,247,010
2028	18,247,010	-	2,231,508	-	1,267,713	17,283,215
2029	17,283,215	-	2,259,031	-	1,195,374	16,219,558
2030	16,219,558	-	2,292,026	-	1,115,442	15,042,974
2031	15,042,974	-	2,310,549	-	1,027,690	13,760,115
2032	13,760,115	-	2,329,258	-	932,066	12,362,923
2033	12,362,923	-	2,349,974	-	827,907	10,840,856
2034	10,840,856	-	2,370,285	-	714,523	9,185,094
2035	9,185,094	-	2,384,892	-	591,456	7,391,658
2036	7,391,658	-	2,400,272	-	458,173	5,449,559
2037	5,449,559	-	2,412,480	-	314,006	3,351,085
2038	3,351,085	-	2,414,185	-	158,655	1,095,555
2039	1,095,555	-	2,420,868	-	-	-

*All DROP Balances paid in 2019.

Number of Years Expected Benefit Payments Sustained: 20.45

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
2019	22,130,769	-	1,582,231	-	1,152,341	21,700,879
2020	21,700,879	-	1,552,525	-	1,129,929	21,278,283
2021	21,278,283	-	1,782,036	-	1,100,912	20,597,159
2022	20,597,159	-	1,931,358	-	1,060,100	19,725,901
2023	19,725,901	-	2,006,416	-	1,011,025	18,730,510
2024	18,730,510	-	2,048,505	-	956,138	17,638,143
2025	17,638,143	-	2,136,821	-	894,766	16,396,088
2026	16,396,088	-	2,116,004	-	828,257	15,108,341
2027	15,108,341	-	2,179,485	-	757,004	13,685,860
2028	13,685,860	-	2,231,508	-	678,786	12,133,138
2029	12,133,138	-	2,259,031	-	594,196	10,468,303
2030	10,468,303	-	2,292,026	-	503,404	8,679,681
2031	8,679,681	-	2,310,549	-	406,318	6,775,450
2032	6,775,450	-	2,329,258	-	302,984	4,749,176
2033	4,749,176	-	2,349,974	-	193,006	2,592,208
2034	2,592,208	-	2,370,285	-	75,982	297,905
2035	297,905	-	2,384,892	-	-	-

*All DROP Balances paid in 2019.

Number of Years Expected Benefit Payments Sustained: 16.12

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
2019	22,130,769	-	1,582,231	-	2,005,927	22,554,465
2020	22,554,465	-	1,552,525	-	2,047,151	23,049,091
2021	23,049,091	-	1,782,036	-	2,082,859	23,349,914
2022	23,349,914	-	1,931,358	-	2,104,118	23,522,674
2023	23,522,674	-	2,006,416	-	2,116,830	23,633,088
2024	23,633,088	-	2,048,505	-	2,125,231	23,709,814
2025	23,709,814	-	2,136,821	-	2,128,292	23,701,285
2026	23,701,285	-	2,116,004	-	2,128,469	23,713,750
2027	23,713,750	-	2,179,485	-	2,126,657	23,660,922
2028	23,660,922	-	2,231,508	-	2,119,246	23,548,660
2029	23,548,660	-	2,259,031	-	2,107,400	23,397,029
2030	23,397,029	-	2,292,026	-	2,091,596	23,196,599
2031	23,196,599	-	2,310,549	-	2,071,885	22,957,935
2032	22,957,935	-	2,329,258	-	2,048,571	22,677,248
2033	22,677,248	-	2,349,974	-	2,021,213	22,348,487
2034	22,348,487	-	2,370,285	-	1,989,354	21,967,556
2035	21,967,556	-	2,384,892	-	1,952,860	21,535,524
2036	21,535,524	-	2,400,272	-	1,911,526	21,046,778
2037	21,046,778	-	2,412,480	-	1,865,011	20,499,309
2038	20,499,309	-	2,414,185	-	1,813,468	19,898,592
2039	19,898,592	-	2,420,868	-	1,756,687	19,234,411
2040	19,234,411	-	2,423,658	-	1,694,123	18,504,876
2041	18,504,876	-	2,422,835	-	1,625,585	17,707,626
2042	17,707,626	-	2,417,740	-	1,550,883	16,840,769
2043	16,840,769	-	2,407,448	-	1,469,882	15,903,203
2044	15,903,203	-	2,391,763	-	1,382,488	14,893,928
2045	14,893,928	-	2,369,330	-	1,288,671	13,813,269
2046	13,813,269	-	2,339,955	-	1,188,469	12,661,783
2047	12,661,783	-	2,304,687	-	1,081,887	11,438,983
2048	11,438,983	-	2,261,690	-	968,965	10,146,258
2049	10,146,258	-	2,212,488	-	849,761	8,783,531
2050	8,783,531	-	2,155,698	-	724,334	7,352,167
2051	7,352,167	-	2,092,087	-	592,776	5,852,856
2052	5,852,856	-	2,022,595	-	455,106	4,285,367
2053	4,285,367	-	1,948,079	-	311,265	2,648,553
2054	2,648,553	-	1,869,659	-	161,090	939,984
2055	939,984	-	1,788,295	-	-	-

*All DROP Balances paid in 2019.

Number of Years Expected Benefit Payments Sustained: 36.53

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, 2021

Valuation Date: 10/1/2019

	ACTUAL	HYPOTHETICAL	
	7.40% RP-2000 Generational	5.40% RP-2000 Generational	9.40% RP-2000 Generational
Minimum Required Contribution (Fixed \$)	\$1,232,759	\$1,994,630	\$603,450
Minimum Required Contribution (% of Payroll)	71.7%	116.1%	35.1%
Expected Member Contribution	121,173	120,004	122,341
Expected State Money	291,635	291,635	291,635
Expected Sponsor Contribution (Fixed \$)	\$819,951	\$1,582,991	\$189,474
Expected Sponsor Contribution (% of Payroll)	47.1%	91.5%	10.5%
<u>ASSETS</u>			
Actuarial Value ¹	22,023,268	22,023,268	22,023,268
Market Value ¹	22,130,769	22,130,769	22,130,769
<u>LIABILITIES</u>			
Present Value of Benefits			
Active Members			
Retirement Benefits	11,710,976	16,472,523	8,806,210
Disability Benefits	48,849	68,235	36,750
Death Benefits	29,471	39,481	22,736
Vested Benefits	432,133	658,009	302,292
Refund of Contributions	39,513	43,138	36,340
Service Retirees	14,309,819	18,196,772	11,671,416
DROP Retirees ¹	2,547,232	3,279,719	2,070,460
Beneficiaries	350,608	372,938	330,451
Disability Retirees	176,895	226,709	145,043
Terminated Vested	1,553,714	2,054,901	1,222,242
Share Plan Balances ¹	0	0	0
Total:	31,199,210	41,412,425	24,643,940
Present Value of Future Salaries	10,603,342	11,999,149	9,527,269
Present Value of Future Member Contributions	721,027	815,942	647,854
Total Normal Cost	411,740	661,500	266,420
Present Value of Future Normal Costs (Entry Age Normal)	2,206,948	3,921,149	1,308,258
Total Actuarial Accrued Liability ¹	28,992,262	37,491,276	23,335,682
Unfunded Actuarial Accrued Liability (UAAL)	6,968,994	15,468,008	1,312,414

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2021

Valuation Date: 10/1/2019

	ACTUAL	HYPOTHETICAL	
	7.40% RP-2000 Generational	5.40% RP-2000 Generational	9.40% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost ²	447,213	711,562	292,164
Administrative Expenses ²	42,927	42,513	43,341
Payment Required To Amortize UAAL ²	742,619	1,240,555	267,945
Minimum Required Contribution	\$1,232,759	\$1,994,630	\$603,450

¹ The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2019.

² Contributions developed as of 10/1/2019 displayed above have been adjusted to account for assumed salary increase and interest components.