

OKALOOSA ISLAND
FIRE DISTRICT
FIREFIGHTERS' RETIREMENT TRUST FUND

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2011
(Revised October 10, 2012)

CONTRIBUTIONS APPLICABLE TO THE DISTRICT'S
PLAN/FISCAL YEAR ENDED SEPTEMBER 30, 2013



October 10, 2012

Board of Trustees
Okaloosa Island Fire District
Firefighters' Retirement Trust Fund
105 Santa Rosa Blvd.
Ft. Walton Beach, FL 32548

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the Okaloosa Island Fire District Firefighters' Retirement Trust Fund. The 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 valuation has 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 reflects 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 this valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the Board of Trustees, financial reports prepared by the custodian bank, Salem Trust, 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 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.

Board of Trustees
October 10, 2012
Page Two

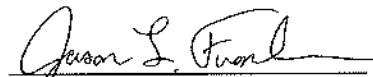
To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the Okaloosa Island Fire District, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Okaloosa Island Fire 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:



Jason L. Franken, F.S.A.

Enrolled Actuary #11-6888

JLF/lke

Enclosures

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SECTION I

INTRODUCTION AND SUMMARY

INTRODUCTORY DISCUSSION

The revised annual actuarial valuation of the Okaloosa Island Fire District Firefighters' Retirement Trust Fund, performed as of October 1, 2011, has been completed, and the results are presented in this Report. The results of this valuation are applicable to the plan/fiscal year ended September 30, 2013.

The contribution requirements, compared with those developed in the October 1, 2010, actuarial valuation (as revised September 11, 2012), are as follows:

Valuation Date	10/1/2010	10/1/2011
Applicable Fiscal Year End	<u>9/30/2012</u>	<u>9/30/2013</u>
Total Required Contribution % of Total Annual Payroll	74.2%	82.6%
Member Contributions (Est.) % of Total Annual Payroll	8.0%	8.0%
Required District and State Cont.* % of Total Annual Payroll	66.2%	74.6%
State Contributions % of Total Annual Payroll	52,025 5.1%	52,025 5.1%
Balance from District % of Total Annual Payroll	61.1%	69.5%

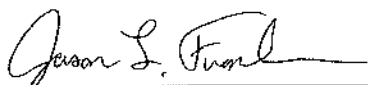
*** As requested by the Division of Retirement, the required contribution from the combination of District and State sources for the year ending September 30, 2013, is 74.6% of the actual payroll realized in that year. As a budgeting tool, the District may contribute 69.5% of each Member's Salary and then make a one-time adjustment to account for the actual State Monies received. Additionally, please note the District has a prepaid contribution of \$127,376 that may be utilized for the fiscal year ending September 30, 2012.**

During the past 12 months, the actuarial experience was less favorable than expected. The principal components of unfavorable experience included a 0.4% investment return (Actuarial Asset basis) that was significantly less than the 7.75% assumption and no employee non-retirement turnover. These losses were partially offset by average increases in pensionable earnings that fell below the assumed rate by almost 2%.

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 answer any pending questions concerning its contents.

Respectfully submitted,

FOSTER & FOSTER, INC.

By: 
Jason L. Franken, FSA, MAAA

By: 
Drew D. Ballard, B.S.

Plan Changes Since Prior Valuation

There have been no changes in Plan provisions since the prior valuation.

Actuarial Assumption/Method Changes Since Prior Valuation

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

Comparative Summary of Principal Valuation Results

	10/1/2011 9/30/2013	10/1/2010 9/30/2012
A. Participant Data		
Number Included		
Actives	18	19
Service Retirees	10	9
Beneficiaries	0	0
Terminated Vested	0	0
Disability Retirees	1	1
Total	<u>29</u>	<u>29</u>
Total Annual Payroll	\$1,012,090	\$1,072,093
Payroll Under Assumed Ret. Age	1,012,090	1,072,093
Annual Rate of Payments to:		
Service Retirees	583,515	466,234
Beneficiaries	0	0
Terminated Vested	0	0
Disability Retirees	12,939	12,939
B. Assets		
Actuarial Value	4,108,396	3,592,929
Market Value	4,032,959	3,543,478
C. Liabilities		
Present Value of Benefits		
Active Members		
Retirement Benefits	5,998,879	6,984,870
Disability Benefits	110,914	109,515
Death Benefits	45,453	45,716
Vested Benefits	857,099	815,652
Refund of Contributions	98,520	103,513
Service Retirees	7,810,871	5,958,990
Beneficiaries	0	0
Terminated Vested	0	0
Disability Retirees	146,339	148,099
Excess State Monies Reserve	0	0
Total	<u>15,068,075</u>	<u>14,166,355</u>

	10/1/2011 9/30/2013	10/1/2010 9/30/2012
C. Liabilities - (Continued)		
Present Value of Future Salaries	10,596,436	9,846,603
Present Value of Future Member Contributions	847,715	787,728
EAN Normal Cost (Retirement)	218,920	216,597
EAN Normal Cost (Disability)	4,266	4,138
EAN Normal Cost (Death)	1,593	1,511
EAN Normal Cost (Vesting)	37,734	36,480
EAN Normal Cost (Refunds)	5,510	6,133
Total Normal Cost (Entry Age Method)	268,023	264,859
Present Value of Future Normal Costs (Entry Age)	2,606,328	2,524,715
Accrued Liability (Retirement)	3,947,461	5,006,381
Accrued Liability (Disability)	64,565	63,886
Accrued Liability (Death)	28,525	29,365
Accrued Liability (Vesting)	429,880	402,899
Accrued Liability (Refunds)	34,106	32,020
Accrued Liability (Inactives)	7,957,210	6,107,089
Excess State Monies Reserve	0	0
Total Actuarial Accrued Liability	12,461,747	11,641,640
Unfunded Actuarial Accrued Liability (UAAL)	8,353,351	8,048,711
D. Actuarial Present Value of Accrued Benefits		
Vested Accrued Benefits		
Inactives	7,957,210	6,107,089
Actives	1,798,708	2,496,247
Member Contributions	440,264	433,594
Total	10,196,182	9,036,930
Non-vested Accrued Benefits	129,535	133,333
Total Present Value Accrued Benefits	10,325,717	9,170,263
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	942,523	
Benefits Paid	(479,196)	
Interest	692,127	
Other	0	
Total:	1,155,454	

Valuation Date	10/1/2011	10/1/2010
Applicable to Fiscal Year Ending	<u>9/30/2013</u>	<u>9/30/2012</u>

E. Pension Cost

Normal Cost (with interest) % of Total Annual Payroll*	27.5	25.7
Administrative Expenses (with int.) % of Total Annual Payroll*	2.5	1.5
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 30 years (as of 10/1/11) % of Total Annual Payroll*	52.6	47.0
Total Required Contribution % of Total Annual Payroll*	82.6	74.2
Expected Member Contributions % of Total Annual Payroll*	8.0	8.0
Expected District & State Contrib. % of Total Annual Payroll*	74.6	66.2

F. Past Contributions

Plan Years Ending:	<u>9/30/2011</u>
Total Required Contribution District and State Requirement	\$ 1,004,286 916,862
Actual Contributions Made:	
Members	87,424
District	864,837
State	<u>52,025</u>
Total	<u>1,004,286</u>

G. Net Actuarial Gain (Loss) (441,307)

* Contributions developed as of 10/1/11 are expressed as a percentage of total annual payroll at 10/1/11 of \$1,012,090.

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2011	\$8,353,351
2012	8,448,818
2013	8,532,365
2018	8,709,917
2023	8,276,644
2033	4,098,138
2041	0

I. (i) 3 Year Comparison of Actual and Assumed Increases in Pensionable Earnings

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2011	5.2%	7.0%
Year Ended	9/30/2010	8.3%	6.5%
Year Ended	9/30/2009	15.1%	6.5%

(ii) 3 Year Comparison of Investment Return on Actuarial Value


		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2011	0.4%	7.75%
Year Ended	9/30/2010	2.8%	8.0%
Year Ended	9/30/2009	1.9%	8.0%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2011	\$1,012,090
	10/1/2001	586,873
(b) Total Increase		72.5%
(c) Number of Years		10.00
(d) Average Annual Rate		5.6%

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.



Jason L. Franken, FSA, MAAA
Enrolled Actuary #11-6888

A copy of this Report is to be furnished to the Division of Retirement within 60 days of receipt from the actuary at the following address:

Patricia Shoemaker
Municipal Police and Fire
Pension Trust Funds
Division of Retirement
Post Office Box 3010
Tallahassee, FL 32315-3010

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

SECTION II
VALUATION RESULTS

ACTUARIAL ASSUMPTIONS AND FUNDING METHODS

Assumptions

<u>Mortality Rate</u>	RP-2000 Mortality Table (Combined Healthy) with no projection.
<u>Disability Table</u>	RP-2000 Mortality Table (Combined Healthy) with no projection. Set forward 5 years.
<u>Interest Rate</u>	7.75% per year compounded annually, net of investment related expenses.
<u>Retirement Age</u>	Age 55 and 10 years of Credited Service, or age 52 and 25 years of Credited Service. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year.
<u>Early Retirement</u>	Commencing with the earliest Early Retirement Age (50), Members are assumed to retire with an immediate subsidized benefit at the rate of 2% per year.
<u>Disability Rate</u>	See table below (1201).
<u>Termination Rate</u>	See table below (1304A).
<u>Salary Increases</u>	7.0% per year until the assumed retirement age; see Table below.
<u>Administrative Expenses</u>	\$24,687 annually.
<u>Payroll Increase</u>	3.5% per year.

	<u>% Becoming Disabled During the Year</u>	<u>% Terminating During the Year</u>	<u>Current Salary as a % of Salary at Age 57</u>
20	0.03%	9.3%	8.2%
30	0.04%	7.9%	16.1%
40	0.07%	4.3%	31.7%
50	0.18%	1.1%	62.3%

Funding Method

Entry Age Normal Actuarial Cost Method

VALUATION NOTES

Total Annual Payroll is the annual rate of pay for the fiscal year preceding 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.

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.

Entry Age Normal Cost Method - Under this method, the normal cost is the sum of the individual normal costs for all active participants. For an active participant, the normal cost is the participant's normal cost accrual rate, multiplied by the participant's current compensation.

(a) The normal cost accrual rate equals

(i) the present value of future benefits for the participant, determined as of the participant's entry age, divided by

(ii) the present value of the compensation expected to be paid to the participant for each year of the participant's anticipated future service, determined as of the participant's entry age .

(b) In calculating the present value of future compensation, the salary scale is applied both retrospectively and prospectively to estimate compensation in years prior to and subsequent to the valuation year based on the compensation used for the valuation.

(c) The accrued liability is the sum of the individual accrued liabilities for all participants and beneficiaries. A participant's accrued liability equals the present value, at the participant's attained age, of future benefits less the present value at the participant's attained age of the individual normal costs payable in the future. A beneficiary's accrued liability equals the present value, at the beneficiary's attained age, of future benefits. The unfunded accrued liability equals the total accrued liability less the actuarial value of assets.

(d) Under this method, the entry age used for each active participant is the participant's age at the time he or she would have commenced participation if the plan had always been in existence under current terms, or the age as of which he or she first earns service credits for purposes of benefit accrual under the current terms of the plan.

Reconciliation of Unfunded Actuarial Accrued Liabilities

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2010	\$8,048,711
(2)	District and State Normal Cost Applicable for the year *	194,341
(3)	Interest on (1) and (2)	638,837
(4)	Sponsor Contributions to the System during the year ending September 30, 2011	916,862
(5)	Interest on (4)	52,983
(6)	Expected Unfunded Accrued Liability as of October 1, 2011	7,912,044
(7)	Change to UAAL due to Actuarial (Gain)/Loss	441,307
(8)	Unfunded Accrued Liability as of October 1, 2011	8,353,351

	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2011 Amount</u>	<u>Amortization Amount</u>
Benefit Improv.	10/1/1999	18	175,734	13,450
Benefit Improv.	10/1/2001	20	290,466	20,724
Benefit Improv.	10/1/2002	21	860,227	59,476
Method Change	10/1/2006	25	864,828	53,775
Actuarial Loss	10/1/2006	25	840,588	52,268
Actuarial Loss	10/1/2007	26	276,746	16,825
Actuarial Loss	10/1/2008	27	567,473	33,780
Assum Change	10/1/2008	27	198,680	11,827
Method Change	10/1/2008	27	(97,674)	(5,814)
Benefit Improv.	10/1/2008	27	1,954,618	116,351
Actuarial Loss	10/1/2009	28	935,440	54,587
Benefit Improv.	10/1/2009	28	272,568	15,906
Actuarial Loss	10/1/2010	29	326,457	18,697
Assum Changes	10/1/2010	29	445,893	25,537
Actuarial Loss	10/1/2011	30	441,307	24,832
			<u>\$8,353,351</u>	<u>\$512,221</u>

* Includes \$15,249 for administrative expenses.

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1998	4,098.53	____%
1999	20,782.77	407.1%
2000	8,815.32	-57.6%
2001	11,419.94	29.5%
2002	14,476.74	26.8%
2003	18,698.15	29.2%
2004	16,018.82	-14.3%
2005	19,156.56	19.6%
2006	28,570.91	49.1%
2007	43,058.82	50.7%
2008	54,556.78	26.7%
2009	38,584.60	-29.3%
2010	53,131.49	37.7%
2011	52,025.28	-2.1%

EXCESS STATE MONIES RESERVE

	Regular Distribution			Special Distribution		
	Actual State Contribution	Applicable "Frozen" Amount	Excess State Monies Reserve	Actual State Contribution	Applicable "Frozen" Amount	Excess State Monies Reserve
1998	\$4,098.53	\$4,098.53	0.00	N/A	N/A	N/A
1999	20,782.77	4,098.53	16,684.24	0.00	0.00	0.00
2000	8,815.32	20,431.53	0.00	0.00	0.00	0.00
2001	11,419.94	20,431.53	0.00	0.00	0.00	0.00
2002	14,476.74	20,431.53	0.00	0.00	0.00	0.00
2003	18,698.15	20,431.53	0.00	0.00	0.00	0.00
2004	16,018.82	20,431.53	0.00	0.00	0.00	0.00
2005	19,156.56	20,431.53	0.00	0.00	0.00	0.00
2006	28,570.91	20,431.53	8,139.38	0.00	0.00	0.00
2007	43,058.82	113,574.53	0.00	0.00	0.00	0.00
2008	50,306.76	109,324.51	0.00	4,250.02	4,250.02	0.00
2009	26,273.65	275,197.58	0.00	12,310.95	12,310.95	0.00
2010	53,131.49	287,508.53	0.00	0.00	0.00	0.00
2011	52,025.28	287,508.53	<u>0.00</u>	0.00	0.00	0.00
			24,823.62			0.00
Accumulated Regular Excess			24,823.62			
Accumulated Special Excess			<u>0.00</u>			
Total Excess State Monies			24,823.62			
Less Amounts Used to Help						
Fund 3.0% B.R. & Supplement:			(24,823.62)			
Equals Current Reserve:			0.00			

SECTION III

TRUST FUND

Okaloosa Island Fire District
Firefighters' Retirement Trust Fund

BALANCE SHEET
September 30, 2011

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Money Market	76,788.25	76,788.25
Cash	(9,234.37)	(9,234.37)
Total Cash and Equivalents	67,553.88	67,553.88
Receivable:		
Member Contributions in Transit	3,346.96	3,346.96
Accrued Income	20,476.39	20,476.39
Total Receivable	23,823.35	23,823.35
Investments:		
U S Govt/Govt Sponsored/Agency	572,236.14	609,131.76
Corporate Bonds/CMOs/REMICs	687,606.90	678,794.60
Corporate Stocks/REITs	1,349,123.12	1,404,791.72
Foreign/ADR Securities	808,285.74	765,803.41
Municipal Obligations	20,150.60	20,102.40
Mutual Funds:		
Fixed Income	402,248.62	405,712.50
Equity	172,280.72	184,621.20
Total Investments	4,011,931.84	4,068,957.59
TOTAL ASSETS	4,103,309.07	4,160,334.82
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Prepaid District Contribution	127,376.21	127,376.21
Total Liabilities	127,376.21	127,376.21
Net Assets:		
Active and Retired Members' Equity	3,975,932.86	4,032,958.61
Total Net Assets	3,975,932.86	4,032,958.61
TOTAL LIABILITIES AND NET ASSETS	4,103,309.07	4,160,334.82

Okaloosa Island Fire District
Firefighters' Retirement Trust Fund

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
September 30, 2011
Market Value Basis

REVENUES

Contributions:		
Member	87,424.25	
District	864,836.54	
State	52,025.28	
Total Contributions		1,004,286.07
Earnings from Investments		
Interest & Dividends	124,428.91	
Net Realized Gain (Loss)	172,885.34	
Unrealized Gain (Loss)	(264,365.51)	
Total Earnings and Investment Gains		32,948.74

EXPENDITURES

Expenses:		
Investment Related*	43,871.89	
Administrative	24,686.82	
Total Expenses		68,558.71
Distributions to Members:		
Benefit Payments	479,195.63	
Termination Payments	0.00	
Total Distributions		479,195.63
Change in Net Assets for the Year		489,480.47
Net Assets Beginning of the Year		3,543,478.14
Net Assets End of the Year		4,032,958.61

*Investment Related expenses include investment advisory, custodial and performance monitoring fees.

Okaloosa Island Fire District
Firefighters' Retirement Trust Fund

ACTUARIAL ASSET VALUATION
September 30, 2011

Actuarial Assets for funding purposes are developed by increasing the Actuarial Assets used in the most recent actuarial valuation of the Fund by the average annual market value rate of return (net of investment related expenses) for the past four years, but are limited to 120% of Market Value, if less.

Details of the derivation are set forth as follows:

Plan Year End	Rate of Return*	
9/30/08	-10.73%	
9/30/09	4.43%	
9/30/10	9.25%	
9/30/11	-0.27%	
Annualized Rate of Return for prior four (4) years:	0.39%	
(A) 10/01/10 Actuarial Assets:		\$3,592,928.62
(I) Net Investment Income:		
1. Interest and Dividends		124,428.91
2. Realized Gains (Losses)		172,885.34
3. Change in Actuarial Value		(238,378.34)
4. Investment Related Expenses		(43,871.89)
Total		<u>15,064.02</u>
(B) 10/01/11 Actuarial Assets:		\$4,108,396.26
Actuarial Asset Rate of Return = $2I/(A+B-I)$:	0.39%	
10/01/11 Limited Actuarial Assets:		\$4,108,396.26
(Lesser of Actuarial Assets or 120% of Market Value)		

*Market Value Basis, net of investment related expenses

Okaloosa Island Fire District
Firefighters' Retirement Trust Fund

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
September 30, 2011
Actuarial Asset Basis

REVENUES

Contributions:		
Member	87,424.25	
District	864,836.54	
State	52,025.28	
Total Contributions		1,004,286.07
Earnings from Investments		
Interest & Dividends	124,428.91	
Net Realized Gain (Loss)	172,885.34	
Change in Actuarial Value	(238,378.34)	
Total Earnings and Investment Gains		58,935.91

EXPENDITURES

Expenses:		
Investment Related*	43,871.89	
Administrative	24,686.82	
Total Expenses		68,558.71
Distributions to Members:		
Benefit Payments	479,195.63	
Termination Payments	0.00	
Total Distributions		479,195.63
Change in Net Assets for the Year		515,467.64
Net Assets Beginning of the Year		3,592,928.62
Net Assets End of the Year**		4,108,396.26

*Investment Related expenses include investment advisory, custodial and performance monitoring fees.

**Net Assets may be limited for actuarial consideration

Okaloosa Island Fire District Firefighters' Retirement Trust Fund
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Reconciliation of District's Prepaid Contribution for the
Fiscal Year Ended (FYE) September 30, 2011

(1) District and State Required Contribution Rate (from the October 1, 2009 Actuarial Valuation Report)	83.9%
(2) Pensionable Payroll Derived from Member Contributions	\$1,092,803.13
(3) Required District and State Contribution (Item 1 times Item 2)	916,861.82
(4) Less Allowable State Contribution	<u>(52,025.28)</u>
(5) Equals Required District Contribution	864,836.54
(6) Less Prepaid District Contribution Balance as of October 1, 2010	(492,212.75)
(7) Less Actual District Contributions	<u>(500,000.00)</u>
(8) Equals District's Prepaid Contribution as of September 30, 2011	\$127,376.21

SECTION IV
MEMBER STATISTICS

ELIGIBILITY FOR RETIREMENT

Members are eligible for Normal Retirement based upon the following criteria:

- 1) Attained Age 55 with 10 Years of Credited Service
- or 2) Attained Age 52 with 25 Years of Credited Service

Members are eligible for Early Retirement based upon the following criteria:

- 1) Attained Age 50 with 10 Years of Credited Service

As of the date of this valuation, the following list of Members are eligible for:

<u>Normal Retirement</u>	<u>Early Retirement</u>
None	None

STATISTICAL DATA

(Averages are salary weighted)

	<u>10/1/2008</u>	<u>10/1/2009</u>	<u>10/1/2010</u>	<u>10/1/2011</u>
<u>Active Members</u>				
Number	16	18	19	18
Average Current Age	40.3	36.2	36.3	35.7
Average Age at Employment	24.4	25.0	25.2	25.9
Average Past Service	16.0	11.2	11.2	9.8
Average Annual Salary	\$54,474	\$53,158	\$56,426	\$56,227

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	0	0	0	0	0	0	0	0	0	0	0
25 - 29	0	0	4	0	1	2	0	0	0	0	0	7
30 - 34	0	1	1	0	1	2	0	0	0	0	0	5
35 - 39	0	0	0	0	0	0	0	0	0	0	0	0
40 - 44	0	0	0	0	0	1	2	0	0	0	0	3
45 - 49	0	0	0	0	0	0	1	0	2	0	0	3
50 - 54	0	0	0	0	0	0	0	0	0	0	0	0
55 - 59	0	0	0	0	0	0	0	0	0	0	0	0
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	0	1	5	0	2	5	3	0	2	0	0	18

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/10	19
b. Terminations	
i. Vested (partial or full) with deferred benefits *	0
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	1
f. DROP Retired	0
g. Voluntary withdrawal	0
h. Continuing participants	18
i. New entrants	0
j. Total active life participants in valuation	18

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

	<u>Service Retirees, Vested Receiving Benefits</u>	<u>DROP Retirees</u>	<u>Receiving Death Benefits</u>	<u>Receiving Disability Benefits</u>	<u>Vested Deferred</u>	<u>Total</u>
a. Number prior valuation	9	0	0	1	0	10
b. In	1	0	0	0	0	1
c. Out	0	0	0	0	0	0
d. Number current valuation	10	0	0	1	0	11

SECTION V

SUMMARY OF RETIREMENT PLAN PROVISIONS

FIREFIGHTERS' RETIREMENT TRUST FUND
(Through Resolution No. 01-10)

<u>Eligibility</u>	Full-time employees who are classified as full-time certified firefighters shall 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>	W-2 compensation (excluding lump sum payments of unused sick and vacation pay) plus tax exempt, tax sheltered, and tax deferred items of income.
<u>Average Final Compensation</u>	Average Salary for the best 3 years during the 5 years immediately preceding retirement or termination.
<u>Member Contributions</u>	8.0% 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) Age 52 and 25 years of Credited Service.
Benefit	3.5% of Average Final Compensation <u>times</u> Credited Service.
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.

Supplemental Monthly Benefit

Normal and Early service retirees receive \$250 (reduced for Early) for life.

Cost-of-Living Increase

Normal or Early Retirees who retire after 3/18/2009 and their Beneficiaries or Joint Annuitants receive annual 3% benefit increases beginning the first 10/1 following 5 years of retirement and continuing for their life.

Vesting

Schedule

100% after 10 years of Credited Service.

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.

SECTION VI

GOVERNMENTAL ACCOUNTING STANDARDS BOARD DISCLOSURE INFORMATION

**DISCLOSURE INFORMATION PER STATEMENT NO. 25 OF THE
GOVERNMENTAL ACCOUNTING STANDARDS BOARD**

The schedule provided below has been prepared in accordance with the requirements of paragraph 37 of Statement No. 25 of the Governmental Accounting Standards Board.

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
10/01/11	4,108,396	12,461,747	8,353,351	32.97%	1,012,090	825.36%
10/01/10	3,592,929	11,641,640	8,048,711	30.86%	1,072,093	750.75%
10/01/09	2,944,135	9,992,246	7,048,111	29.46%	1,202,184	586.28%
10/01/08	2,790,791	6,711,910	3,921,119	41.58%	871,576	449.89%
10/01/07	2,561,972	5,707,434	3,145,462	44.89%	735,534	427.64%
10/01/06	1,813,997	4,689,359	2,875,362	38.68%	663,012	433.68%
10/01/05	1,688,656	2,990,809	1,302,153	56.46%	579,869	224.56%

The schedule provided below has been prepared in accordance with the requirements of paragraph 38 of Statement No. 25 of the Governmental Accounting Standards Board.

SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER AND OTHER CONTRIBUTING ENTITIES

Year Ended September 30	Annual Required Contribution	District Contribution	State Contribution	Percentage Contributed
2011	916,862	864,837	52,025	100.00%
2010	800,694	747,563	53,131	100.00%
2009	298,513	259,928	38,585	100.00%
2008	267,228	212,671	54,557	100.00%
2007	268,901	297,994 **	43,059	126.83%
2006	250,656	231,624	20,432 *	100.56%
2005	301,623	282,466	19,157	100.00%

* Frozen, per Chapter 175, Florida Statutes, as amended.

** Does not include the \$450,000 deposited to help fund Resolution #01-07.

DISCLOSURE INFORMATION PER STATEMENT NO. 27 OF THE
GOVERNMENTAL ACCOUNTING STANDARDS BOARD

ANNUAL PENSION COSTS AND RELATED INFORMATION

Contribution rates as of 9/30/11

District	78.9%
Plan Members	8.0%

Annual Pension Cost	868,058
Contributions made	864,837
Actuarial valuation date	10/1/2009
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of pay, closed
Remaining amortization period	30 Years (as of 10/1/2011)
Asset valuation method	4 Year Smooth (Market)
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increase*	6.5%
* Includes inflation at	3.0%
Post Retirement COLA	3% (Following 5 years of Retirement)

THREE YEAR TREND INFORMATION

<u>Year Ending</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC * Contributed</u>	<u>Net Pension Obligation</u>
9/30/2011	868,058	100%	(86,867)
9/30/2010	752,750	99%	(90,088)
9/30/2009	258,153	101%	(95,276)

* Annual Pension Cost from District sources.

DISCLOSURE INFORMATION PER STATEMENT NO. 27 OF THE
GOVERNMENTAL ACCOUNTING STANDARDS BOARD

DEVELOPMENT OF NET PENSION OBLIGATION (NPO)

This municipal Defined Benefit Plan has been subject to the minimum funding standards since the adoption of the "Florida Protection of Public Employee Retirement Benefits Act" (Part VII of Chapter 112, Florida Statutes) in 1980. Accordingly, the sponsor has funded the actuarially determined required contribution for all years from October 1, 1987, through the transition date, October 1, 1997. Thus, the NPO on October 1, 1997, is 0.

The recent development of the Net Pension Obligation is as follows:

	<u>9/30/08</u>	<u>9/30/09</u>	<u>9/30/10</u>	<u>9/30/11</u>
Actuarially Determined				
Contribution (A)	259,928	747,563	864,837	
Interest on NPO	(7,480)	(7,622)	(7,207)	
Adjustment to (A)	5,705	12,809	10,428	
	-----	-----	-----	
Annual Pension Cost	258,153	752,750	868,058	
Contributions Made	259,928	747,563	864,837	
	-----	-----	-----	
Increase in NPO	(1,775)	5,187	3,221	
NPO Beginning of Year	(93,501)	(95,276)	(90,088)	
	-----	-----	-----	
NPO End of Year	(93,501)	(95,276)	(90,088)	(86,867)

SECTION VII

SENATE BILL 1128 COMPLIANCE

Senate Bill 1128 Compliance

Senate Bill 1128 amended Section 112.63 of the Florida Statutes to require that each plan report the plan's accrued vested, nonvested, and total benefits, as adopted by the Financial Accounting Standards Board, using the Florida Retirement System's assumed rate of return, which is currently 7.75%. The bill states that this is to promote comparability of actuarial data between local law plans.

While these calculations are required for compliance purposes, it is the view of Foster & Foster that utilizing this information to compare local law plans is extremely dangerous. There are many other assumptions inherent in the actuarial valuation, and they may differ widely from one plan to another. Additionally, benefit levels, funding policies, asset allocation, and the age of the plan itself all must be considered when comparing defined benefit plans.

Present Value of Accrued Benefits at 7.75% Interest

Vested Accrued Benefits	
Inactives	\$7,957,210
Actives	1,798,708
Member Contributions	<u>440,264</u>
Total	10,196,182
 Non-Vested Accrued Benefits	 129,535
 Total Present Value of Accrued Benefits	 10,325,717

Drew Ballard

From: Jason Franken
Sent: Thursday, September 27, 2012 12:10 PM
To: Ferrell Jenne
Subject: Revised 10/1/2011 Valuations

Follow Up Flag: Follow up
Flag Status: Flagged

Ferrell,

I think I sent you an e-mail about a couple of these but probably not all. Please task a revised 10/1/2011 actuarial valuation for the following plans:

- Okaloosa Island Fire
- Ocean City-Wright Fire
- Milton Fire

All three should be completed based on the assumptions used in the revised 10/1/2010 valuations. All three had to be revised to gain state acceptance.

Thanks,
Jason