

May 4, 2016

VIA EMAIL

Mr. Ray Strawn
Okaloosa Island Fire Department
104 Santa Rosa Boulevard
Fort Walton Beach, FL 32548

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

Dear Ray:

Please find enclosed the annual disclosures that satisfy the October 1, 2015 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.

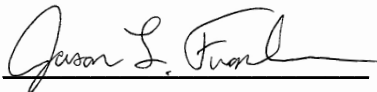
In addition to the enclosed report, the Plan or Plan Sponsor's website must provide a link to the Division of Retirement's Actuarial Summary Fact Sheet for the Plan, and also report the previous five years' assumed and actual rates of return, along with their respective asset allocations. The Board should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

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:



Jason L. Franken, FSA, EA, MAAA
Enrolled Actuary #14-6888

JLF/lke

Enclosures

cc via email: H. Lee Dehner, Board Attorney

OKALOOSA ISLAND FIRE 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: Jason L. Franken Date: 5/4/2016

Jason L. Franken, FSA, EA, MAAA
Enrolled Actuary #14-6888



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, 2015 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.

	ACTUAL	HYPOTHETICAL		
	7.75% RP-2000 Static 9/30/2015	7.75% RP-2000 Generational 9/30/2015	5.75% RP-2000 Generational 9/30/2015	9.75% RP-2000 Generational 9/30/2015
<u>GASB 67: Schedule of Changes in Net Pension Liability</u>				
<u>Total Pension Liability</u>				
Service Cost	292,647	313,815	533,458	191,723
Interest	1,067,883	1,122,344	1,129,861	1,085,425
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	(290,489)	(307,740)	(433,194)	(227,846)
Changes of Assumptions	-	-	-	-
Contributions - Buy Back	8,928	8,928	8,928	8,928
Benefit Payments, Including Refunds of Employee Contributions	(653,839)	(653,839)	(653,839)	(653,839)
Net Change in Total Pension Liability	425,130	483,508	585,214	404,391
Total Pension Liability - Beginning	13,813,411	14,494,958	19,443,216	11,267,764
Total Pension Liability - Ending (a)	<u>\$ 14,238,541</u>	<u>\$ 14,978,466</u>	<u>\$ 20,028,430</u>	<u>\$ 11,672,155</u>
<u>Plan Fiduciary Net Position</u>				
Contributions - Employer	708,789	708,789	708,789	708,789
Contributions - State	43,485	43,485	43,485	43,485
Contributions - Employee	85,999	85,999	85,999	85,999
Contributions - Buy Back	8,928	8,928	8,928	8,928
Net Investment Income	(112,066)	(112,066)	(112,066)	(112,066)
Benefit Payments, Including Refunds of Employee Contributions	(653,839)	(653,839)	(653,839)	(653,839)
Administrative Expenses	(19,947)	(19,947)	(19,947)	(19,947)
Net Change in Plan Fiduciary Net Position	61,349	61,349	61,349	61,349
Plan Fiduciary Net Position - Beginning	6,371,445	6,371,445	6,371,445	6,371,445
Plan Fiduciary Net Position - Ending (b)	<u>\$ 6,432,794</u>	<u>\$ 6,432,794</u>	<u>\$ 6,432,794</u>	<u>\$ 6,432,794</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 7,805,747</u>	<u>\$ 8,545,672</u>	<u>\$ 13,595,636</u>	<u>\$ 5,239,361</u>

GASB 68: Pension Expense for Fiscal Year Ending September 30, 2015

Pension Expense	<u>\$ 780,779</u>	<u>\$ 849,935</u>	<u>\$ 1,169,798</u>	<u>\$ 600,753</u>
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PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.75% and RP-2000 Static 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
2015	6,432,159	-	655,783	-	473,081	6,249,457
2016	6,249,457	-	663,710	-	458,614	6,044,361
2017	6,044,361	-	820,212	-	436,655	5,660,804
2018	5,660,804	-	828,561	-	406,606	5,238,849
2019	5,238,849	-	830,772	-	373,818	4,781,895
2020	4,781,895	-	838,830	-	338,092	4,281,157
2021	4,281,157	-	901,754	-	296,847	3,676,250
2022	3,676,250	-	914,821	-	249,460	3,010,889
2023	3,010,889	-	927,526	-	197,402	2,280,765
2024	2,280,765	-	944,351	-	140,166	1,476,580
2025	1,476,580	-	1,020,706	-	74,883	530,757
2026	530,757	-	1,032,891	-	-	-

Number of Years Expected Benefit Payments Sustained: 11.51

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.75% 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: 7.75% 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
2015	6,432,159	-	656,045	-	473,071	6,249,185
2016	6,249,185	-	664,605	-	458,558	6,043,138
2017	6,043,138	-	821,929	-	436,493	5,657,702
2018	5,657,702	-	831,004	-	406,271	5,232,969
2019	5,232,969	-	834,144	-	373,232	4,772,057
2020	4,772,057	-	843,260	-	337,158	4,265,955
2021	4,265,955	-	907,393	-	295,450	3,654,012
2022	3,654,012	-	921,852	-	247,464	2,979,624
2023	2,979,624	-	936,146	-	194,645	2,238,123
2024	2,238,123	-	954,807	-	136,456	1,419,772
2025	1,419,772	-	1,033,255	-	69,994	456,511
2026	456,511	-	1,047,779	-	-	-

Number of Years Expected Benefit Payments Sustained: 11.44

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.75% 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: 5.75% 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
2015	6,432,159	-	656,045	-	350,988	6,127,102
2016	6,127,102	-	664,605	-	333,201	5,795,698
2017	5,795,698	-	821,929	-	309,622	5,283,391
2018	5,283,391	-	831,004	-	279,904	4,732,291
2019	4,732,291	-	834,144	-	248,125	4,146,272
2020	4,146,272	-	843,260	-	214,167	3,517,179
2021	3,517,179	-	907,393	-	176,150	2,785,936
2022	2,785,936	-	921,852	-	133,688	1,997,772
2023	1,997,772	-	936,146	-	87,958	1,149,584
2024	1,149,584	-	954,807	-	38,650	233,427
2025	233,427	-	1,033,255	-	-	-

Number of Years Expected Benefit Payments Sustained: 10.23

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.75% 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 4
Hypothetical Assumptions: 9.75% 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
2015	6,432,159	-	656,045	-	595,153	6,371,267
2016	6,371,267	-	664,605	-	588,799	6,295,461
2017	6,295,461	-	821,929	-	573,738	6,047,270
2018	6,047,270	-	831,004	-	549,097	5,765,363
2019	5,765,363	-	834,144	-	521,458	5,452,677
2020	5,452,677	-	843,260	-	490,527	5,099,944
2021	5,099,944	-	907,393	-	453,009	4,645,560
2022	4,645,560	-	921,852	-	408,002	4,131,710
2023	4,131,710	-	936,146	-	357,205	3,552,769
2024	3,552,769	-	954,807	-	299,848	2,897,810
2025	2,897,810	-	1,033,255	-	232,165	2,096,720
2026	2,096,720	-	1,047,779	-	153,351	1,202,292
2027	1,202,292	-	1,055,778	-	65,754	212,268
2028	212,268	-	1,068,831	-	-	-

Number of Years Expected Benefit Payments Sustained: 13.20

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 9.75% 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, 2017

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL		
	7.75% RP-2000 Static	7.75% RP-2000 Generational	5.75% RP-2000 Generational	9.75% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$884,093	\$949,302	\$1,307,834	\$691,515
Total Required Contribution (% of Payroll)	76.9%	82.6%	113.8%	60.2%
Expected Member Contribution	91,921	91,921	91,921	91,921
Expected State Money	43,485	43,485	43,485	43,485
Expected Sponsor Contribution (Fixed \$)	\$748,687	\$813,896	\$1,172,428	\$556,109
Expected Sponsor Contribution (% of Payroll)	65.1%	70.8%	102.0%	48.4%

ASSETS

Actuarial Value	6,546,079	6,546,079	6,546,079	6,546,079
Market Value	6,432,159	6,432,159	6,432,159	6,432,159

LIABILITIES

Present Value of Benefits

Active Members

Retirement Benefits	7,314,069	7,875,376	12,612,618	5,234,831
Disability Benefits	82,155	86,498	124,145	63,057
Death Benefits	38,938	26,405	37,006	19,370
Vested Benefits	561,916	594,485	1,039,614	354,370
Refund of Contributions	58,761	58,774	61,051	56,694
Service Retirees	8,618,103	8,961,545	11,405,661	7,312,843
Beneficiaries	0	0	0	0
Disability Retirees	138,327	142,462	169,561	122,211
Terminated Vested	62	62	62	62
Excess State Monies Reserve	0	0	0	0
Total:	16,812,331	17,745,607	25,449,718	13,163,438
Present Value of Future Salaries	10,562,072	10,578,742	12,062,897	9,399,029
Present Value of Future Member Contributions	844,966	846,299	965,032	751,922
Total Normal Cost	306,852	329,524	553,890	203,622
Present Value of Future Normal Costs (Entry Age Normal)	2,736,367	2,956,899	5,724,244	1,607,775
Total Actuarial Accrued Liability	14,075,964	14,788,708	19,725,474	11,555,663
Unfunded Actuarial Accrued Liability (UAAL)	7,529,885	8,242,629	13,179,395	5,009,584

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2017

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL		
	7.75% RP-2000 Static	7.75% RP-2000 Generational	5.75% RP-2000 Generational	9.75% RP-2000 Generational
<u>PENSION COST</u>				
Normal Cost (with interest)	318,743	342,293	569,814	213,549
Administrative Expenses (with interest)	20,720	20,720	20,520	20,919
Payment Required To Amortize UAAL (with interest)	544,630	586,289	717,500	457,047
Total Required Contribution	\$884,093	\$949,302	\$1,307,834	\$691,515