



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

September 19, 2017

VIA EMAIL

Ms. Danie Pelkey
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 Danie:

Please find enclosed the annual disclosures that satisfy the October 1, 2016 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 #17-6888

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: 9/19/2017
Jason L. Franken, FSA, EA, MAAA
Enrolled Actuary #17-6888



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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, 2016 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.

GASB 67: SCHEDULE OF CHANGES IN NET PENSION LIABILITY

FISCAL YEAR SEPTEMBER 30, 2016

	ACTUAL	HYPOTHETICAL	
	7.75% RP-2000 Generational	5.75% RP-2000 Generational	9.75% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	312,345	560,496	208,843
Interest	1,102,924	1,165,486	1,127,235
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(291,603)	(467,458)	(227,927)
Changes of Assumptions	658,466	(65,168)	(133,841)
Benefit Payments, Including Refunds of Employee Contributions	(639,223)	(639,223)	(639,223)
Net Change in Total Pension Liability	1,142,909	554,133	335,087
Total Pension Liability - Beginning	14,238,541	20,028,430	11,672,155
Total Pension Liability - Ending (a)	\$ 15,381,450	\$ 20,582,563	\$ 12,007,242
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	775,574	775,574	775,574
Contributions - State	45,330	45,330	45,330
Contributions - Employee	91,087	91,087	91,087
Net Investment Income	288,447	288,447	288,447
Benefit Payments, Including Refunds of Employee Contributions	(639,223)	(639,223)	(639,223)
Administrative Expenses	(23,642)	(23,642)	(23,642)
Net Change in Plan Fiduciary Net Position	537,573	537,573	537,573
Plan Fiduciary Net Position - Beginning	6,432,794	6,432,794	6,432,794
Plan Fiduciary Net Position - Ending (b)	\$ 6,970,367	\$ 6,970,367	\$ 6,970,367
Net Pension Liability - Ending (a) - (b)	\$ 8,411,083	\$ 13,612,196	\$ 5,036,875

GASB 68: PENSION EXPENSE

FISCAL YEAR SEPTEMBER 30, 2016

	ACTUAL	HYPOTHETICAL	
	7.75%	5.75%	9.75%
Pension Expense	\$ 840,870	\$ 1,200,291	\$ 687,513

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan 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
2016	6,970,367	-	668,090	-	514,315	6,816,592
2017	6,816,592	-	835,603	-	495,906	6,476,895
2018	6,476,895	-	843,624	-	469,269	6,102,540
2019	6,102,540	-	843,914	-	440,245	5,698,871
2020	5,698,871	-	851,885	-	408,652	5,255,638
2021	5,255,638	-	918,774	-	371,709	4,708,573
2022	4,708,573	-	932,828	-	328,767	4,104,512
2023	4,104,512	-	946,625	-	281,418	3,439,305
2024	3,439,305	-	965,755	-	229,123	2,702,673
2025	2,702,673	-	1,049,937	-	168,772	1,821,508
2026	1,821,508	-	1,064,041	-	99,935	857,402
2027	857,402	-	1,063,981	-	-	-

Number of Years Expected Benefit Payments Sustained: 11.81

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: 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
2016	6,970,367	-	668,090	-	381,589	6,683,866
2017	6,683,866	-	835,603	-	360,299	6,208,562
2018	6,208,562	-	843,624	-	332,738	5,697,676
2019	5,697,676	-	843,914	-	303,354	5,157,116
2020	5,157,116	-	851,885	-	272,042	4,577,273
2021	4,577,273	-	918,774	-	236,778	3,895,277
2022	3,895,277	-	932,828	-	197,160	3,159,609
2023	3,159,609	-	946,625	-	154,462	2,367,446
2024	2,367,446	-	965,755	-	108,363	1,510,054
2025	1,510,054	-	1,049,937	-	56,642	516,759
2026	516,759	-	1,064,041	-	-	-

Number of Years Expected Benefit Payments Sustained: 10.49

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 3
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
2016	6,970,367	-	668,090	-	647,041	6,949,318
2017	6,949,318	-	835,603	-	636,823	6,750,538
2018	6,750,538	-	843,624	-	617,051	6,523,965
2019	6,523,965	-	843,914	-	594,946	6,274,997
2020	6,274,997	-	851,885	-	570,283	5,993,395
2021	5,993,395	-	918,774	-	539,566	5,614,187
2022	5,614,187	-	932,828	-	501,908	5,183,267
2023	5,183,267	-	946,625	-	459,221	4,695,863
2024	4,695,863	-	965,755	-	410,766	4,140,874
2025	4,140,874	-	1,049,937	-	352,551	3,443,488
2026	3,443,488	-	1,064,041	-	283,868	2,663,315
2027	2,663,315	-	1,063,981	-	207,804	1,807,138
2028	1,807,138	-	1,075,808	-	123,750	855,080
2029	855,080	-	1,088,152	-	-	-

Number of Years Expected Benefit Payments Sustained: 13.79

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, 2018

Valuation Date: 10/1/2016

	ACTUAL	HYPOTHETICAL	
	7.75% RP-2000 Generational	5.75% RP-2000 Generational	9.75% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost (with interest)	337,959	566,631	209,925
Administrative Expenses (with interest)	24,558	24,322	24,795
Payment Required To Amortize UAAL (with interest)	609,832	755,904	467,737
Total Required Contribution	\$972,349	\$1,346,857	\$702,457