

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:  Date: 1/8/2018  
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, 2017 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, 2017

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Generational	5.50% RP-2000 Generational	9.50% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	331,319	557,731	205,778
Interest	1,192,561	1,196,886	1,159,093
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual			
Experience	34,366	80,318	7,414
Changes of Assumptions	295,819	436,924	208,456
Benefit Payments, Including Refunds of			
Employee Contributions	(649,774)	(649,774)	(649,774)
Net Change in Total Pension Liability	1,204,291	1,622,085	930,967
Total Pension Liability - Beginning	15,381,450	20,582,563	12,007,242
Total Pension Liability - Ending (a)	<u>\$ 16,585,741</u>	<u>\$ 22,204,648</u>	<u>\$ 12,938,209</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	782,613	782,613	782,613
Contributions - State	36,660	36,660	36,660
Contributions - Employee	95,126	95,126	95,126
Net Investment Income	836,918	836,918	836,918
Benefit Payments, Including Refunds of			
Employee Contributions	(649,774)	(649,774)	(649,774)
Administrative Expenses	(17,166)	(17,166)	(17,166)
Net Change in Plan Fiduciary Net Position	1,084,377	1,084,377	1,084,377
Plan Fiduciary Net Position - Beginning	6,970,367	6,970,367	6,970,367
Plan Fiduciary Net Position - Ending (b)	<u>\$ 8,054,744</u>	<u>\$ 8,054,744</u>	<u>\$ 8,054,744</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 8,530,997</u>	<u>\$ 14,149,904</u>	<u>\$ 4,883,465</u>

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1  
Plan Assumptions: 7.50% 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
2017	8,054,744	-	843,926	-	572,459	7,783,277
2018	7,783,277	-	849,526	-	551,889	7,485,640
2019	7,485,640	-	853,701	-	529,409	7,161,348
2020	7,161,348	-	862,251	-	504,767	6,803,864
2021	6,803,864	-	934,061	-	475,263	6,345,066
2022	6,345,066	-	948,243	-	440,321	5,837,144
2023	5,837,144	-	961,883	-	401,715	5,276,976
2024	5,276,976	-	980,776	-	358,994	4,655,194
2025	4,655,194	-	1,071,145	-	308,972	3,893,021
2026	3,893,021	-	1,085,658	-	251,264	3,058,627
2027	3,058,627	-	1,091,751	-	188,456	2,155,332
2028	2,155,332	-	1,104,892	-	120,216	1,170,656
2029	1,170,656	-	1,118,259	-	45,864	98,261
2030	98,261	-	1,133,627	-	-	-

Number of Years Expected Benefit Payments Sustained: 13.09

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.50% 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: 5.50% 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
2017	8,054,744	-	843,926	-	419,803	7,630,621
2018	7,630,621	-	849,526	-	396,322	7,177,417
2019	7,177,417	-	853,701	-	371,281	6,694,997
2020	6,694,997	-	862,251	-	344,513	6,177,259
2021	6,177,259	-	934,061	-	314,063	5,557,261
2022	5,557,261	-	948,243	-	279,573	4,888,591
2023	4,888,591	-	961,883	-	242,421	4,169,129
2024	4,169,129	-	980,776	-	202,331	3,390,684
2025	3,390,684	-	1,071,145	-	157,031	2,476,570
2026	2,476,570	-	1,085,658	-	106,356	1,497,268
2027	1,497,268	-	1,091,751	-	52,327	457,844
2028	457,844	-	1,104,892	-	-	-

Number of Years Expected Benefit Payments Sustained: 11.41

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.50% 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: 9.50% 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
2017	8,054,744	-	843,926	-	725,114	7,935,932
2018	7,935,932	-	849,526	-	713,561	7,799,967
2019	7,799,967	-	853,701	-	700,446	7,646,712
2020	7,646,712	-	862,251	-	685,481	7,469,942
2021	7,469,942	-	934,061	-	665,277	7,201,158
2022	7,201,158	-	948,243	-	639,068	6,891,983
2023	6,891,983	-	961,883	-	609,049	6,539,149
2024	6,539,149	-	980,776	-	574,632	6,133,005
2025	6,133,005	-	1,071,145	-	531,756	5,593,616
2026	5,593,616	-	1,085,658	-	479,825	4,987,783
2027	4,987,783	-	1,091,751	-	421,981	4,318,013
2028	4,318,013	-	1,104,892	-	357,729	3,570,850
2029	3,570,850	-	1,118,259	-	286,113	2,738,704
2030	2,738,704	-	1,133,627	-	206,330	1,811,407
2031	1,811,407	-	1,143,221	-	117,781	785,967
2032	785,967	-	1,190,465	-	-	-

Number of Years Expected Benefit Payments Sustained: 15.66

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 9.50% 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, 2019

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Generational	5.50% RP-2000 Generational	9.50% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$1,080,342	\$1,501,818	\$774,873
Total Required Contribution (% of Payroll)	90.5%	125.8%	64.9%
Expected Member Contribution	99,106	98,150	100,061
Expected State Money	36,660	36,660	36,660
Expected Sponsor Contribution (Fixed \$)	\$944,576	\$1,367,008	\$638,152
Expected Sponsor Contribution (% of Payroll)	79.2%	114.5%	53.6%

**ASSETS**

Actuarial Value <sup>1</sup>	7,891,318	7,891,318	7,891,318
Market Value <sup>1</sup>	8,054,744	8,054,744	8,054,744

**LIABILITIES**

Present Value of Benefits			
Active Members			
Retirement Benefits	9,007,319	14,860,601	5,851,066
Disability Benefits	88,783	126,690	64,836
Death Benefits	48,786	70,716	34,472
Vested Benefits	610,608	1,058,092	368,321
Refund of Contributions	37,685	39,539	36,028
Service Retirees	10,536,367	13,532,518	8,542,665
Beneficiaries	0	0	0
Disability Retirees	145,013	173,332	124,000
Terminated Vested	0	0	0
Share Plan Balances <sup>1</sup>	0	0	0
Total:	20,474,561	29,861,488	15,021,388
Present Value of Future Salaries	12,497,384	14,368,181	11,016,047
Present Value of Future Member Contributions	999,791	1,149,454	881,284
Total Normal Cost	345,688	586,773	211,573
Present Value of Future Normal Costs (Entry Age Normal)	3,732,986	7,418,668	1,974,644
Total Actuarial Accrued Liability <sup>1</sup>	16,741,575	22,442,820	13,046,744
Unfunded Actuarial Accrued Liability (UAAL)	8,850,257	14,551,502	5,155,426

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2019

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Generational	5.50% RP-2000 Generational	9.50% RP-2000 Generational
<b><u>PENSION COST</u></b>			
Normal Cost <sup>2</sup>	380,170	639,084	234,920
Administrative Expenses <sup>2</sup>	18,878	18,696	19,060
Payment Required To Amortize UAAL <sup>2</sup>	681,294	844,038	520,893
Total Required Contribution	\$1,080,342	\$1,501,818	\$774,873

<sup>1</sup> The asset values and liabilities include accumulated Share Plan Balances as of 9/30/2017.

<sup>2</sup> Contributions developed as of 10/1/2017 displayed above have been adjusted to account for assumed salary increase and interest components.