

February 21, 2017

VIA EMAIL

Linda Scott, Secretary  
Ocean City-Wright Fire Control District  
Firefighters' Pension Trust Fund  
2 Racetrack Rd. NE.  
Ft. Walton Beach, FL 32547

Re: Ocean City-Wright Fire Control District Firefighters' Pension Trust Fund  
Senate Bill 534 (Section 112.664, Florida Statutes) Compliance

Dear Linda:

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.

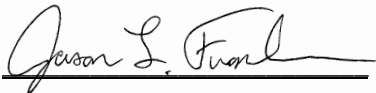
In addition to the enclosed report, the Plan or Plan Sponsor's website must provide a link to the Division of Retirement's Actuarial Summary Fact Sheet for the Plan, and also report the previous five years' assumed and actual rates of return, along with their respective asset allocations. The Board should 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 #14-6888

JLF/lke  
Enclosures

cc via email: H. Lee Dehner, Board Attorney

OCEAN CITY-WRIGHT FIRE CONTROL DISTRICT  
FIREFIGHTERS' PENSION 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: 2/21/2017

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.

**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
<b>Total Pension Liability</b>			
Service Cost	356,559	618,358	234,280
Interest	1,305,113	1,306,586	1,349,300
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(51,218)	(34,390)	(66,760)
Changes of Assumptions	362,326	(363,227)	(229,623)
Benefit Payments, Including Refunds of Employee Contributions	(751,402)	(751,402)	(751,402)
Net Change in Total Pension Liability	1,221,378	775,925	535,795
Total Pension Liability - Beginning	16,859,313	22,480,577	13,980,392
Total Pension Liability - Ending (a)	<u>\$ 18,080,691</u>	<u>\$ 23,256,502</u>	<u>\$ 14,516,187</u>
<b>Plan Fiduciary Net Position</b>			
Contributions - Employer	767,020	767,020	767,020
Contributions - State	296,666	296,666	296,666
Contributions - Employee	103,249	103,249	103,249
Net Investment Income	955,354	955,354	955,354
Benefit Payments, Including Refunds of Employee Contributions	(751,402)	(751,402)	(751,402)
Administrative Expenses	(26,287)	(26,287)	(26,287)
Net Change in Plan Fiduciary Net Position	1,344,600	1,344,600	1,344,600
Plan Fiduciary Net Position - Beginning	8,192,661	8,192,661	8,192,661
Plan Fiduciary Net Position - Ending (b)	<u>\$ 9,537,261</u>	<u>\$ 9,537,261</u>	<u>\$ 9,537,261</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 8,543,430</u>	<u>\$ 13,719,241</u>	<u>\$ 4,978,926</u>

**GASB 68: PENSION EXPENSE**  
**FISCAL YEAR SEPTEMBER 30, 2016**

	ACTUAL	HYPOTHETICAL	
	7.75%	5.75%	9.75%
Pension Expense	<u>\$ 567,820</u>	<u>\$ 911,707</u>	<u>\$ 380,288</u>

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

Table 1  
Plan Assumptions: 7.75% and 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	9,537,261	-	798,520	-	708,195	9,446,936
2017	9,446,936	-	1,002,294	-	693,299	9,137,941
2018	9,137,941	-	1,003,521	-	669,304	8,803,724
2019	8,803,724	-	1,143,391	-	637,982	8,298,315
2020	8,298,315	-	1,143,533	-	598,808	7,753,590
2021	7,753,590	-	1,200,638	-	554,379	7,107,331
2022	7,107,331	-	1,199,466	-	504,339	6,412,204
2023	6,412,204	-	1,203,575	-	450,307	5,658,936
2024	5,658,936	-	1,294,867	-	388,391	4,752,460
2025	4,752,460	-	1,310,161	-	317,547	3,759,846
2026	3,759,846	-	1,307,974	-	240,704	2,692,576
2027	2,692,576	-	1,345,938	-	156,520	1,503,158
2028	1,503,158	-	1,334,026	-	64,801	233,933
2029	233,933	-	1,354,008	-	-	-

Number of Years Expected Benefit Payments Sustained: 13.17

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 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	9,537,261	-	798,520	-	525,435	9,264,176
2017	9,264,176	-	1,002,294	-	503,874	8,765,756
2018	8,765,756	-	1,003,521	-	475,180	8,237,415
2019	8,237,415	-	1,143,391	-	440,779	7,534,803
2020	7,534,803	-	1,143,533	-	400,375	6,791,645
2021	6,791,645	-	1,200,638	-	356,001	5,947,008
2022	5,947,008	-	1,199,466	-	307,468	5,055,010
2023	5,055,010	-	1,203,575	-	256,060	4,107,495
2024	4,107,495	-	1,294,867	-	198,954	3,011,582
2025	3,011,582	-	1,310,161	-	135,499	1,836,920
2026	1,836,920	-	1,307,974	-	68,019	596,965
2027	596,965	-	1,345,938	-	-	-

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 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 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	9,537,261	-	798,520	-	890,955	9,629,696
2017	9,629,696	-	1,002,294	-	890,034	9,517,436
2018	9,517,436	-	1,003,521	-	879,028	9,392,943
2019	9,392,943	-	1,143,391	-	860,072	9,109,624
2020	9,109,624	-	1,143,533	-	832,441	8,798,532
2021	8,798,532	-	1,200,638	-	799,326	8,397,220
2022	8,397,220	-	1,199,466	-	760,255	7,958,009
2023	7,958,009	-	1,203,575	-	717,232	7,471,666
2024	7,471,666	-	1,294,867	-	665,363	6,842,162
2025	6,842,162	-	1,310,161	-	603,240	6,135,241
2026	6,135,241	-	1,307,974	-	534,422	5,361,689
2027	5,361,689	-	1,345,938	-	457,150	4,472,901
2028	4,472,901	-	1,334,026	-	371,074	3,509,949
2029	3,509,949	-	1,354,008	-	276,212	2,432,153
2030	2,432,153	-	1,375,520	-	170,078	1,226,711
2031	1,226,711	-	1,371,907	-	-	-

Number of Years Expected Benefit Payments Sustained: 15.89

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
Total Required Contribution (Fixed \$)	\$1,051,780	\$1,456,886	\$741,584
Total Required Contribution (% of Payroll)	49.9%	69.1%	35.2%
Expected Member Contribution	105,423	105,423	105,423
Expected State Money	296,666	296,666	296,666
Expected Sponsor Contribution (Fixed \$)	\$649,691	\$1,054,797	\$339,495
Expected Sponsor Contribution (% of Payroll)	30.8%	50.0%	16.1%

**ASSETS**

Actuarial Value <sup>1</sup>	9,599,383	9,599,383	9,599,383
Market Value <sup>1</sup>	9,537,261	9,537,261	9,537,261

**LIABILITIES**

Present Value of Benefits			
Active Members			
Retirement Benefits	10,302,033	14,730,888	7,560,283
Disability Benefits	96,435	131,143	73,658
Death Benefits	129,854	175,877	98,164
Vested Benefits	1,002,254	1,678,459	629,167
Refund of Contributions	36,607	39,059	34,431
Service Retirees	9,087,919	11,184,519	7,620,429
DROP Retirees <sup>1</sup>	0	0	0
Beneficiaries	0	0	0
Disability Retirees	0	0	0
Terminated Vested	195,948	257,823	155,977
Excess State Monies Reserve	0	0	0
Total:	20,851,050	28,197,768	16,172,109
Present Value of Future Salaries	14,947,029	16,621,001	13,587,960
Present Value of Future Member Contributions	747,351	831,050	679,398
Total Normal Cost	338,750	563,563	210,892
Present Value of Future Normal Costs (Entry Age Normal)	2,412,170	4,440,730	1,373,416
Total Actuarial Accrued Liability <sup>1</sup>	18,438,880	23,757,038	14,798,693
Unfunded Actuarial Accrued Liability (UAAL)	8,839,497	14,157,655	5,199,310



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
<b><u>PENSION COST</u></b>			
Normal Cost (with interest)	351,877	579,765	221,173
Administrative Expenses (with interest)	27,306	27,043	27,568
Payment Required To Amortize UAAL (with interest)	<u>672,597</u>	<u>850,078</u>	<u>492,843</u>
Total Required Contribution	\$1,051,780	\$1,456,886	\$741,584

<sup>1</sup> The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2016.