

May 4, 2016

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, 2015 financial reporting requirements made under Section 112.664.

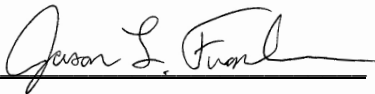
Our office will submit this information electronically to the Department of Management Services. However, it is important for you to be aware that this report must also be made available on the Plan or Plan Sponsor's website, if such website exists. A deadline for this website publication is not made 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

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: 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	324,974	339,441	563,094	213,501
Interest	1,235,278	1,280,561	1,246,475	1,265,888
Changes of Benefit Terms	(358,128)	(357,809)	(348,925)	(365,660)
Differences Between Expected and Actual Experience	(466,348)	(500,131)	(595,030)	(420,275)
Changes of Assumptions	-	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(574,097)	(574,097)	(574,097)	(574,097)
Net Change in Total Pension Liability	161,679	187,965	291,517	119,357
Total Pension Liability - Beginning	16,697,634	17,267,148	22,189,060	13,861,035
Total Pension Liability - Ending (a)	<u>\$ 16,859,313</u>	<u>\$ 17,455,113</u>	<u>\$ 22,480,577</u>	<u>\$ 13,980,392</u>
<u>Plan Fiduciary Net Position</u>				
Contributions - Employer	751,628	751,628	751,628	751,628
Contributions - State	293,054	293,054	293,054	293,054
Contributions - Employee	98,883	98,883	98,883	98,883
Net Investment Income	(511,711)	(511,711)	(511,711)	(511,711)
Benefit Payments, Including Refunds of Employee Contributions	(574,097)	(574,097)	(574,097)	(574,097)
Administrative Expenses	(31,115)	(31,115)	(31,115)	(31,115)
Net Change in Plan Fiduciary Net Position	26,642	26,642	26,642	26,642
Plan Fiduciary Net Position - Beginning	8,166,019	8,166,019	8,166,019	8,166,019
Plan Fiduciary Net Position - Ending (b)	<u>\$ 8,192,661</u>	<u>\$ 8,192,661</u>	<u>\$ 8,192,661</u>	<u>\$ 8,192,661</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 8,666,652</u>	<u>\$ 9,262,452</u>	<u>\$ 14,287,916</u>	<u>\$ 5,787,731</u>

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

Pension Expense	<u>\$ 828,549</u>	<u>\$ 884,123</u>	<u>\$ 1,194,579</u>	<u>\$ 628,711</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	8,192,661	-	595,721	-	611,847	8,208,787
2016	8,208,787	-	870,668	-	602,443	7,940,562
2017	7,940,562	-	936,880	-	579,089	7,582,771
2018	7,582,771	-	1,005,776	-	548,691	7,125,686
2019	7,125,686	-	1,141,076	-	508,024	6,492,634
2020	6,492,634	-	1,139,640	-	459,018	5,812,012
2021	5,812,012	-	1,192,771	-	404,211	5,023,452
2022	5,023,452	-	1,190,502	-	343,186	4,176,136
2023	4,176,136	-	1,193,303	-	277,410	3,260,243
2024	3,260,243	-	1,272,495	-	203,360	2,191,108
2025	2,191,108	-	1,283,096	-	120,091	1,028,103
2026	1,028,103	-	1,266,230	-	-	-

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: 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	8,192,661	-	595,714	-	611,847	8,208,794
2016	8,208,794	-	871,000	-	602,430	7,940,224
2017	7,940,224	-	937,515	-	579,039	7,581,748
2018	7,581,748	-	1,006,845	-	548,570	7,123,473
2019	7,123,473	-	1,142,573	-	507,794	6,488,694
2020	6,488,694	-	1,141,937	-	458,624	5,805,381
2021	5,805,381	-	1,195,652	-	403,586	5,013,315
2022	5,013,315	-	1,194,085	-	342,261	4,161,491
2023	4,161,491	-	1,197,781	-	276,102	3,239,812
2024	3,239,812	-	1,278,114	-	201,559	2,163,257
2025	2,163,257	-	1,290,060	-	117,663	990,860
2026	990,860	-	1,278,908	-	-	-

Number of Years Expected Benefit Payments Sustained: 11.77

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	8,192,661	-	595,714	-	453,951	8,050,898
2016	8,050,898	-	871,000	-	437,885	7,617,783
2017	7,617,783	-	937,515	-	411,069	7,091,337
2018	7,091,337	-	1,006,845	-	378,805	6,463,297
2019	6,463,297	-	1,142,573	-	338,791	5,659,515
2020	5,659,515	-	1,141,937	-	292,591	4,810,169
2021	4,810,169	-	1,195,652	-	242,210	3,856,727
2022	3,856,727	-	1,194,085	-	187,432	2,850,074
2023	2,850,074	-	1,197,781	-	129,443	1,781,736
2024	1,781,736	-	1,278,114	-	65,704	569,326
2025	569,326	-	1,290,060	-	-	-

Number of Years Expected Benefit Payments Sustained: 10.44

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 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	8,192,661	-	595,714	-	769,743	8,366,690
2016	8,366,690	-	871,000	-	773,291	8,268,981
2017	8,268,981	-	937,515	-	760,522	8,091,988
2018	8,091,988	-	1,006,845	-	739,885	7,825,028
2019	7,825,028	-	1,142,573	-	707,240	7,389,695
2020	7,389,695	-	1,141,937	-	664,826	6,912,584
2021	6,912,584	-	1,195,652	-	615,689	6,332,621
2022	6,332,621	-	1,194,085	-	559,219	5,697,755
2023	5,697,755	-	1,197,781	-	497,139	4,997,113
2024	4,997,113	-	1,278,114	-	424,910	4,143,909
2025	4,143,909	-	1,290,060	-	341,141	3,194,990
2026	3,194,990	-	1,278,908	-	249,165	2,165,247
2027	2,165,247	-	1,322,960	-	146,617	988,904
2028	988,904	-	1,308,516	-	-	-

Number of Years Expected Benefit Payments Sustained: 13.76

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 \$)	\$946,717	\$999,853	\$1,378,179	\$716,194
Total Required Contribution (% of Payroll)	45.0%	47.6%	65.6%	34.1%
Expected Member Contribution	105,063	105,063	105,063	105,063
Expected State Money	293,054	293,054	293,054	293,054
Expected Sponsor Contribution (Fixed \$)	\$548,600	\$601,736	\$980,062	\$318,077
Expected Sponsor Contribution (% of Payroll)	26.1%	28.7%	46.7%	15.2%

ASSETS

Actuarial Value ¹	8,644,667	8,644,667	8,644,667	8,644,667
Market Value ¹	8,192,661	8,192,661	8,192,661	8,192,661

LIABILITIES

Present Value of Benefits

Active Members

Retirement Benefits	10,896,464	11,376,300	16,158,949	8,399,552
Disability Benefits	102,535	107,499	150,776	80,096
Death Benefits	56,039	39,078	52,683	29,697
Vested Benefits	1,045,299	1,104,064	1,848,497	691,622
Refund of Contributions	27,149	27,153	28,553	25,885
Service Retirees	6,383,220	6,547,405	7,958,743	5,535,055
DROP Retirees ¹	0	0	0	0
Beneficiaries	0	0	0	0
Disability Retirees	0	0	0	0
Terminated Vested	775,878	804,348	1,037,635	642,873
Excess State Monies Reserve	0	0	0	0
Total:	19,286,584	20,005,847	27,235,836	15,404,780
Present Value of Future Salaries	14,666,485	14,685,023	16,379,816	13,313,033
Present Value of Future Member Contributions	733,324	734,251	818,991	665,652
Total Normal Cost	323,920	339,522	574,159	206,761
Present Value of Future Normal Costs (Entry Age Normal)	2,305,464	2,426,794	4,547,813	1,348,610
Total Actuarial Accrued Liability ¹	16,981,120	17,579,053	22,688,023	14,056,170
Unfunded Actuarial Accrued Liability (UAAL)	8,336,453	8,934,386	14,043,356	5,411,503

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)	336,472	352,678	590,666	216,841
Administrative Expenses (with interest)	32,321	32,321	32,010	32,632
Payment Required To Amortize UAAL (with interest)	<u>577,924</u>	<u>614,854</u>	<u>755,503</u>	<u>466,721</u>
Total Required Contribution	\$946,717	\$999,853	\$1,378,179	\$716,194

¹ The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2015.