

June 24, 2015

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, 2014 financial reporting requirements made under Section 112.664.

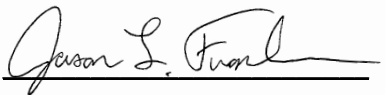
Our office will submit this information electronically to the Department of Management Services by the June 28, 2015 deadline. However, it is important for you to be aware that this report must also be made available on the Plan or Plan Sponsor's website, if such website exists. A deadline for this website 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: 6/24/2015

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, 2014 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 AND RELATED RATIOS

	ACTUAL	HYPOTHETICAL		
	7.75% RP-2000 Static 9/30/2014	7.75% RP-2000 Generational 9/30/2014	5.75% RP-2000 Generational 9/30/2014	9.75% RP-2000 Generational 9/30/2014
<u>Total Pension Liability</u>				
Service Cost	334,644	349,255	579,647	219,817
Interest	1,188,991	1,229,954	1,197,427	1,216,570
Change in Excess State Money	85,747	85,747	85,747	85,747
Change in Funding Standard Account	-	-	-	-
Share Plan Allocation	-	-	-	-
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	-	-	-	-
Changes of Assumptions	-	-	-	-
Contributions - Buy Back	-	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(543,077)	(543,077)	(543,077)	(543,077)
Net Change in Total Pension Liability	1,066,305	1,121,879	1,319,744	979,057
Total Pension Liability - Beginning	15,631,329	16,145,269	20,869,316	12,881,978
Total Pension Liability - Ending (a)	<u>16,697,634</u>	<u>\$ 17,267,148</u>	<u>\$ 22,189,060</u>	<u>\$ 13,861,035</u>
<u>Plan Fiduciary Net Position</u>				
Contributions - Employer	675,794	675,794	675,794	675,794
Contributions - State	271,575	271,575	271,575	271,575
Contributions - Employee	98,300	98,300	98,300	98,300
Contributions - Buy Back	-	-	-	-
Net Investment Income	886,217	886,217	886,217	886,217
Benefit Payments, Including Refunds of Employee Contributions	(543,077)	(543,077)	(543,077)	(543,077)
Administrative Expense	(16,744)	(16,744)	(16,744)	(16,744)
Other	-	-	-	-
Net Change in Plan Fiduciary Net Position	1,372,065	1,372,065	1,372,065	1,372,065
Plan Fiduciary Net Position - Beginning	6,793,954	6,793,954	6,793,954	6,793,954
Plan Fiduciary Net Position - Ending (b)	<u>\$ 8,166,019</u>	<u>\$ 8,166,019</u>	<u>\$ 8,166,019</u>	<u>\$ 8,166,019</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 8,531,615</u>	<u>\$ 9,101,129</u>	<u>\$ 14,023,041</u>	<u>\$ 5,695,016</u>

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

Table 1  
Plan Assumptions: 7.75% and RP-2000 Static Mortality

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2014	8,166,018	-	597,358	-	609,719	8,178,379
2015	8,178,379	-	724,186	-	605,762	8,059,955
2016	8,059,955	-	842,544	-	591,998	7,809,409
2017	7,809,409	-	904,271	-	570,189	7,475,327
2018	7,475,327	-	979,015	-	541,401	7,037,713
2019	7,037,713	-	1,109,080	-	502,446	6,431,079
2020	6,431,079	-	1,111,431	-	455,341	5,774,989
2021	5,774,989	-	1,156,146	-	402,761	5,021,604
2022	5,021,604	-	1,157,707	-	344,313	4,208,210
2023	4,208,210	-	1,159,590	-	281,202	3,329,822
2024	3,329,822	-	1,213,992	-	211,019	2,326,849
2025	2,326,849	-	1,228,200	-	132,738	1,231,387
2026	1,231,387	-	1,218,103	-	48,231	61,515
2027	61,515	-	1,255,175	-	-	-

Number of Years Expected Benefit Payments Sustained: 13.05

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.**

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

Table 2  
Hypothetical Assumptions: 7.75% and RP-2000 Generational Mortality

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2014	8,166,018	-	597,436	-	609,716	8,178,298
2015	8,178,298	-	724,453	-	605,746	8,059,591
2016	8,059,591	-	843,038	-	591,951	7,808,504
2017	7,808,504	-	905,061	-	570,088	7,473,531
2018	7,473,531	-	980,270	-	541,213	7,034,474
2019	7,034,474	-	1,110,775	-	502,129	6,425,828
2020	6,425,828	-	1,113,590	-	454,850	5,767,088
2021	5,767,088	-	1,159,249	-	402,028	5,009,867
2022	5,009,867	-	1,161,525	-	343,256	4,191,598
2023	4,191,598	-	1,164,297	-	279,732	3,307,033
2024	3,307,033	-	1,219,865	-	209,025	2,296,193
2025	2,296,193	-	1,237,368	-	130,007	1,188,832
2026	1,188,832	-	1,230,922	-	-	-

Number of Years Expected Benefit Payments Sustained: 12.97

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.**

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

Table 3  
Hypothetical Assumptions: 5.75% and RP-2000 Generational Mortality

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2014	8,166,018	-	597,436	-	452,370	8,020,952
2015	8,020,952	-	724,453	-	440,377	7,736,876
2016	7,736,876	-	843,038	-	420,633	7,314,471
2017	7,314,471	-	905,061	-	394,562	6,803,972
2018	6,803,972	-	980,270	-	363,046	6,186,748
2019	6,186,748	-	1,110,775	-	323,803	5,399,776
2020	5,399,776	-	1,113,590	-	278,471	4,564,657
2021	4,564,657	-	1,159,249	-	229,139	3,634,547
2022	3,634,547	-	1,161,525	-	175,593	2,648,615
2023	2,648,615	-	1,164,297	-	118,822	1,603,140
2024	1,603,140	-	1,219,865	-	57,109	440,384
2025	440,384	-	1,237,368	-	-	-

Number of Years Expected Benefit Payments Sustained: 11.36

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.**

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

Table 4  
Hypothetical Assumptions: 9.75% and RP-2000 Generational Mortality

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2014	8,166,018	-	597,436	-	767,062	8,335,644
2015	8,335,644	-	724,453	-	777,408	8,388,599
2016	8,388,599	-	843,038	-	776,790	8,322,351
2017	8,322,351	-	905,061	-	767,307	8,184,597
2018	8,184,597	-	980,270	-	750,210	7,954,537
2019	7,954,537	-	1,110,775	-	721,417	7,565,179
2020	7,565,179	-	1,113,590	-	683,317	7,134,906
2021	7,134,906	-	1,159,249	-	639,140	6,614,797
2022	6,614,797	-	1,161,525	-	588,318	6,041,590
2023	6,041,590	-	1,164,297	-	532,296	5,409,589
2024	5,409,589	-	1,219,865	-	467,967	4,657,691
2025	4,657,691	-	1,237,368	-	393,803	3,814,126
2026	3,814,126	-	1,230,922	-	311,870	2,895,074
2027	2,895,074	-	1,271,348	-	220,292	1,844,018
2028	1,844,018	-	1,259,024	-	118,414	703,408
2029	703,408	-	1,277,462	-	-	-

Number of Years Expected Benefit Payments Sustained: 15.55

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.**



ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2016

Valuation Date: 10/1/2014

	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	\$894,856	\$940,815	\$1,268,846	\$700,174
Expected Member Contribution	95,817	95,817	95,817	95,817
Expected State Money	185,828	185,828	185,828	185,828
Expected Sponsor Contribution (Fixed \$)	\$613,211	\$659,170	\$987,201	\$418,529
Expected Sponsor Contribution (% of Payroll)	32.0%	34.4%	51.5%	21.9%

**ASSETS**

Actuarial Value	7,501,952	7,501,952	7,501,952	7,501,952
Market Value	8,166,018	8,166,018	8,166,018	8,166,018

**LIABILITIES**

Present Value of Benefits				
Active Members				
Retirement Benefits	9,778,750	10,206,760	14,625,439	7,465,364
Disability Benefits	97,809	102,446	143,590	76,335
Death Benefits	53,613	38,017	51,257	28,860
Vested Benefits	1,010,585	1,066,063	1,777,362	671,077
Refund of Contributions	18,973	18,976	19,722	18,290
Service Retirees	6,467,272	6,621,532	8,072,842	5,585,877
Beneficiaries	0	0	0	0
Terminated Vested	719,317	745,961	980,202	585,594
Disability Retirees	0	0	0	0
DROP Retirees	0	0	0	0
Excess State Monies Reserve	438,359	438,359	438,359	438,359
Total:	18,584,678	19,238,114	26,108,773	14,869,756
Present Value of Future Salaries	13,778,804	13,795,892	15,375,240	12,513,822
Present Value of Future Member Contributions	688,940	689,795	768,762	625,691
Total Normal Cost (Entry Age Normal)	297,165	311,282	527,460	189,203
Present Value of Future Normal Costs (Entry Age Normal)	2,156,944	2,268,935	4,253,487	1,259,234
Total Actuarial Accrued Liability	16,427,734	16,969,179	21,855,286	13,610,522
Unfunded Actuarial Accrued Liability (Entry Age Normal)	8,925,782	9,467,227	14,353,334	6,108,570

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2016

Valuation Date: 10/1/2014

	ACTUAL	HYPOTHETICAL		
	7.75% RP-2000 Static	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)	308,680	323,344	542,624	198,427
Administrative Expenses (with interest)	17,393	17,393	17,225	17,560
Payment Required To Amortize UAAL (with interest)	<u>568,783</u>	<u>600,078</u>	<u>708,997</u>	<u>484,187</u>
Total Required Contribution	\$894,856	\$940,815	\$1,268,846	\$700,174