

January 25, 2018

VIA EMAIL

Mr. Geoffrey Freeman, Chairman  
City of Milton  
Firefighters' Retirement Trust Fund  
5321 Stewart Street  
Milton, FL 32570

Re: City of Milton Municipal Firefighters' Pension Trust Fund  
Section 112.664, Florida Statutes Compliance

Dear Geoffrey:

Please find enclosed the annual disclosures that satisfy the October 1, 2017 financial reporting requirements made under Section 112.664.

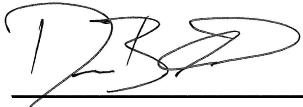
Our office will submit this information electronically to the Department of Management Service. However, it is important for you to be aware that this report must also be made available on the Plan or Plan Sponsor's website, if such website exists. A deadline for this website publication is not made 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:   
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Drew D. Ballard, EA, MAAA  
Enrolled Actuary #17-8193

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Enclosures

cc via email: Michael J. Stebbins, Board Attorney

CITY OF MILTON  
MUNICIPAL 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:  Date: 1/25/2018  
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	
	7.75% RP-2000 Generational	5.75% RP-2000 Generational	9.75% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	138,442	221,354	91,100
Interest	617,110	590,130	623,109
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	220,939	328,943	147,789
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(420,388)	(420,388)	(420,388)
Net Change in Total Pension Liability	556,103	720,039	441,610
Total Pension Liability - Beginning	8,034,933	10,252,435	6,510,429
Total Pension Liability - Ending (a)	<u>\$ 8,591,036</u>	<u>\$ 10,972,474</u>	<u>\$ 6,952,039</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	388,046	388,046	388,046
Contributions - State	77,460	77,460	77,460
Contributions - Employee	54,714	54,714	54,714
Net Investment Income	527,323	527,323	527,323
Benefit Payments, Including Refunds of Employee Contributions	(420,388)	(420,388)	(420,388)
Administrative Expenses	(17,120)	(17,120)	(17,120)
Net Change in Plan Fiduciary Net Position	610,035	610,035	610,035
Plan Fiduciary Net Position - Beginning	3,859,068	3,859,068	3,859,068
Plan Fiduciary Net Position - Ending (b)	<u>\$ 4,469,103</u>	<u>\$ 4,469,103</u>	<u>\$ 4,469,103</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 4,121,933</u>	<u>\$ 6,503,371</u>	<u>\$ 2,482,936</u>

## 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
2017	4,450,086	-	433,274	-	328,092	4,344,904
2018	4,344,904	-	481,765	-	318,062	4,181,201
2019	4,181,201	-	554,649	-	302,550	3,929,102
2020	3,929,102	-	549,621	-	283,208	3,662,689
2021	3,662,689	-	592,255	-	260,909	3,331,343
2022	3,331,343	-	586,968	-	235,434	2,979,809
2023	2,979,809	-	581,224	-	208,413	2,606,998
2024	2,606,998	-	574,434	-	179,783	2,212,347
2025	2,212,347	-	568,200	-	149,439	1,793,586
2026	1,793,586	-	607,992	-	115,443	1,301,037
2027	1,301,037	-	659,606	-	75,271	716,702
2028	716,702	-	668,456	-	29,642	77,888
2029	77,888	-	653,180	-	-	-

Number of Years Expected Benefit Payments Sustained: 12.12

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
2017	4,450,086	-	433,274	-	243,423	4,260,235
2018	4,260,235	-	481,765	-	231,113	4,009,583
2019	4,009,583	-	554,649	-	214,605	3,669,539
2020	3,669,539	-	549,621	-	195,197	3,315,115
2021	3,315,115	-	592,255	-	173,592	2,896,452
2022	2,896,452	-	586,968	-	149,671	2,459,155
2023	2,459,155	-	581,224	-	124,691	2,002,622
2024	2,002,622	-	574,434	-	98,636	1,526,824
2025	1,526,824	-	568,200	-	71,457	1,030,081
2026	1,030,081	-	607,992	-	41,750	463,839
2027	463,839	-	659,606	-	-	-

Number of Years Expected Benefit Payments Sustained: 10.70

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
2017	4,450,086	-	433,274	-	412,761	4,429,573
2018	4,429,573	-	481,765	-	408,397	4,356,205
2019	4,356,205	-	554,649	-	397,691	4,199,247
2020	4,199,247	-	549,621	-	382,633	4,032,259
2021	4,032,259	-	592,255	-	364,273	3,804,277
2022	3,804,277	-	586,968	-	342,302	3,559,611
2023	3,559,611	-	581,224	-	318,727	3,297,114
2024	3,297,114	-	574,434	-	293,465	3,016,145
2025	3,016,145	-	568,200	-	266,374	2,714,319
2026	2,714,319	-	607,992	-	235,006	2,341,333
2027	2,341,333	-	659,606	-	196,124	1,877,851
2028	1,877,851	-	668,456	-	150,503	1,359,898
2029	1,359,898	-	653,180	-	100,748	807,466
2030	807,466	-	664,409	-	46,338	189,395
2031	189,395	-	649,554	-	-	-

Number of Years Expected Benefit Payments Sustained: 14.29

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, 2019

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL	
	7.75% RP-2000 Generational	5.75% RP-2000 Generational	9.75% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$525,411	\$707,232	\$382,690
Total Required Contribution (% of Payroll)	58.9%	79.3%	42.9%
Expected Member Contribution	57,997	57,997	57,997
Expected State Money	77,460	77,460	77,460
Expected Sponsor Contribution (Fixed \$)	\$389,954	\$571,775	\$247,233
Expected Sponsor Contribution (% of Payroll)	43.7%	64.1%	27.7%

**ASSETS**

Actuarial Value <sup>1</sup>	4,445,925	4,445,925	4,445,925
Market Value <sup>1</sup>	4,450,086	4,450,086	4,450,086

**LIABILITIES**

Present Value of Benefits			
Active Members			
Retirement Benefits	4,152,382	5,949,266	3,033,629
Disability Benefits	36,583	49,165	28,194
Death Benefits	23,893	31,517	18,457
Vested Benefits	757,357	1,178,084	507,817
Refund of Contributions	39,542	41,142	38,097
Service Retirees	4,089,097	4,898,165	3,498,857
DROP Retirees <sup>1</sup>	0	0	0
Beneficiaries	217,490	251,981	190,747
Disability Retirees	67,226	74,898	60,935
Terminated Vested	238,517	301,380	194,274
Excess State Monies Reserve	472	472	472
Total:	9,622,559	12,776,070	7,571,479
Present Value of Future Salaries	5,673,858	6,225,620	5,212,544
Present Value of Future Member Contributions	368,801	404,665	338,815
Total Normal Cost	140,846	230,675	89,540
Present Value of Future Normal Costs (Entry Age Normal)	833,743	1,519,725	477,904
Total Actuarial Accrued Liability <sup>1</sup>	8,788,816	11,256,345	7,093,575
Unfunded Actuarial Accrued Liability (UAAL)	4,342,891	6,810,420	2,647,650



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

Valuation Date: 10/1/2017

	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)	146,304	237,307	93,905
Administrative Expenses (with interest)	17,783	17,612	17,955
Payment Required To Amortize UAAL (with interest)	361,324	452,313	270,830
Total Required Contribution	\$525,411	\$707,232	\$382,690

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