

February 1, 2016

VIA EMAIL

Sgt. Matthew Holt
Police Officers' Pension Fund
Ft. Walton Beach Police
7 Hollywood Boulevard, Northeast
Fort Walton Beach, FL 32548

Re: City of Fort Walton Beach Police Officers' Retirement Fund
Senate Bill 534 (Section 112.664, Florida Statutes) Compliance

Dear Sgt Holt:

Please find enclosed the annual disclosures that satisfy the October 1, 2015 financial reporting requirements made under Section 112.664.

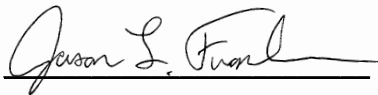
Our office will submit this information electronically to the Department of Management Services by the February 1, 2016 deadline. However, it is important for you to be aware that this report must also be made available on the Plan or Plan Sponsor's website, if such website exists. A deadline for this 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

JFL/lke
Enclosures

cc via email: H. Lee Dehner, Board Attorney
cc via email: Carol Godwin, Budget and Grants Analyst

CITY OF FORT WALTON BEACH
POLICE OFFICERS' RETIREMENT 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: 2/1/2016

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	
	8.00% RP-2000 Static 9/30/2015	8.00% RP-2000 Generational 9/30/2015	6.00% RP-2000 Generational 9/30/2015	10.00% RP-2000 Generational 9/30/2015
<u>GASB 67: Schedule of Changes in Net Pension Liability</u>				
<u>Total Pension Liability</u>				
Service Cost	336,234	356,135	581,096	230,751
Interest	1,953,123	2,074,696	1,980,743	2,103,942
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	(659,966)	(752,868)	(939,518)	(630,238)
Changes of Assumptions	-	-	-	-
Contributions - Buy Back	-	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,655,069)	(1,655,069)	(1,655,069)	(1,655,069)
Net Change in Total Pension Liability	(25,678)	22,894	(32,748)	49,386
Total Pension Liability - Beginning	25,008,402	26,508,163	33,361,880	21,739,269
Total Pension Liability - Ending (a)	<u>\$ 24,982,724</u>	<u>\$ 26,531,057</u>	<u>\$ 33,329,132</u>	<u>\$ 21,788,655</u>
<u>Plan Fiduciary Net Position</u>				
Contributions - Employer	597,269	597,269	597,269	597,269
Contributions - State	175,025	175,025	175,025	175,025
Contributions - Employee	101,886	101,886	101,886	101,886
Net Investment Income	(538,198)	(538,198)	(538,198)	(538,198)
Benefit Payments, Including Refunds of Employee Contributions	(1,655,069)	(1,655,069)	(1,655,069)	(1,655,069)
Administrative Expenses	(25,084)	(25,084)	(25,084)	(25,084)
Net Change in Plan Fiduciary Net Position	(1,344,171)	(1,344,171)	(1,344,171)	(1,344,171)
Plan Fiduciary Net Position - Beginning	20,463,452	20,463,452	20,463,452	20,463,452
Plan Fiduciary Net Position - Ending (b)	<u>\$ 19,119,281</u>	<u>\$ 19,119,281</u>	<u>\$ 19,119,281</u>	<u>\$ 19,119,281</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 5,863,443</u>	<u>\$ 7,411,776</u>	<u>\$ 14,209,851</u>	<u>\$ 2,669,374</u>

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

Pension Expense	<u>\$ 411,492</u>	<u>\$ 540,987</u>	<u>\$ 1,049,114</u>	<u>\$ 142,666</u>
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PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 8.00% 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	19,119,281	-	1,713,967	-	1,460,984	18,866,298
2016	18,866,298	-	1,765,434	-	1,438,686	18,539,550
2017	18,539,550	-	1,788,079	-	1,411,641	18,163,112
2018	18,163,112	-	1,863,238	-	1,378,519	17,678,393
2019	17,678,393	-	1,885,681	-	1,338,844	17,131,556
2020	17,131,556	-	1,916,777	-	1,293,853	16,508,632
2021	16,508,632	-	1,955,956	-	1,242,452	15,795,128
2022	15,795,128	-	1,972,274	-	1,184,719	15,007,573
2023	15,007,573	-	1,981,840	-	1,121,332	14,147,065
2024	14,147,065	-	2,017,128	-	1,051,080	13,181,017
2025	13,181,017	-	2,021,100	-	973,637	12,133,554
2026	12,133,554	-	2,029,314	-	889,512	10,993,752
2027	10,993,752	-	2,090,971	-	795,861	9,698,642
2028	9,698,642	-	2,066,848	-	693,217	8,325,011
2029	8,325,011	-	2,075,048	-	582,999	6,832,962
2030	6,832,962	-	2,073,742	-	463,687	5,222,907
2031	5,222,907	-	2,046,546	-	335,971	3,512,332
2032	3,512,332	-	2,011,265	-	200,536	1,701,603
2033	1,701,603	-	1,987,352	-	-	-

Number of Years Expected Benefit Payments Sustained: 18.86

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 8.00% 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: 8.00% 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	19,119,281	-	1,715,853	-	1,460,908	18,864,336
2016	18,864,336	-	1,772,045	-	1,438,265	18,530,556
2017	18,530,556	-	1,800,066	-	1,410,442	18,140,932
2018	18,140,932	-	1,881,555	-	1,376,012	17,635,389
2019	17,635,389	-	1,911,495	-	1,334,371	17,058,265
2020	17,058,265	-	1,950,555	-	1,286,639	16,394,349
2021	16,394,349	-	1,998,558	-	1,231,606	15,627,397
2022	15,627,397	-	2,024,330	-	1,169,219	14,772,286
2023	14,772,286	-	2,044,004	-	1,100,023	13,828,305
2024	13,828,305	-	2,090,295	-	1,022,653	12,760,663
2025	12,760,663	-	2,105,821	-	936,620	11,591,462
2026	11,591,462	-	2,128,333	-	842,184	10,305,313
2027	10,305,313	-	2,204,107	-	736,261	8,837,467
2028	8,837,467	-	2,195,634	-	619,172	7,261,005
2029	7,261,005	-	2,219,069	-	492,118	5,534,054
2030	5,534,054	-	2,233,804	-	353,372	3,653,622
2031	3,653,622	-	2,223,122	-	203,365	1,633,865
2032	1,633,865	-	2,203,884	-	-	-

Number of Years Expected Benefit Payments Sustained: 17.74

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 8.00% 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: 6.00% 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	19,119,281	-	1,715,853	-	1,095,681	18,499,109
2016	18,499,109	-	1,772,045	-	1,056,785	17,783,849
2017	17,783,849	-	1,800,066	-	1,013,029	16,996,812
2018	16,996,812	-	1,881,555	-	963,362	16,078,619
2019	16,078,619	-	1,911,495	-	907,372	15,074,496
2020	15,074,496	-	1,950,555	-	845,953	13,969,894
2021	13,969,894	-	1,998,558	-	778,237	12,749,573
2022	12,749,573	-	2,024,330	-	704,244	11,429,487
2023	11,429,487	-	2,044,004	-	624,449	10,009,932
2024	10,009,932	-	2,090,295	-	537,887	8,457,524
2025	8,457,524	-	2,105,821	-	444,277	6,795,980
2026	6,795,980	-	2,128,333	-	343,909	5,011,556
2027	5,011,556	-	2,204,107	-	234,570	3,042,019
2028	3,042,019	-	2,195,634	-	116,652	963,037
2029	963,037	-	2,219,069	-	-	-

Number of Years Expected Benefit Payments Sustained: 14.43

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 6.00% 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: 10.00% 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	19,119,281	-	1,715,853	-	1,826,135	19,229,563
2016	19,229,563	-	1,772,045	-	1,834,354	19,291,872
2017	19,291,872	-	1,800,066	-	1,839,184	19,330,990
2018	19,330,990	-	1,881,555	-	1,839,021	19,288,456
2019	19,288,456	-	1,911,495	-	1,833,271	19,210,232
2020	19,210,232	-	1,950,555	-	1,823,495	19,083,172
2021	19,083,172	-	1,998,558	-	1,808,389	18,893,003
2022	18,893,003	-	2,024,330	-	1,788,084	18,656,757
2023	18,656,757	-	2,044,004	-	1,763,476	18,376,229
2024	18,376,229	-	2,090,295	-	1,733,108	18,019,042
2025	18,019,042	-	2,105,821	-	1,696,613	17,609,834
2026	17,609,834	-	2,128,333	-	1,654,567	17,136,068
2027	17,136,068	-	2,204,107	-	1,603,401	16,535,362
2028	16,535,362	-	2,195,634	-	1,543,755	15,883,483
2029	15,883,483	-	2,219,069	-	1,477,395	15,141,809
2030	15,141,809	-	2,233,804	-	1,402,491	14,310,496
2031	14,310,496	-	2,223,122	-	1,319,894	13,407,268
2032	13,407,268	-	2,203,884	-	1,230,533	12,433,917
2033	12,433,917	-	2,195,966	-	1,133,593	11,371,544
2034	11,371,544	-	2,159,072	-	1,029,201	10,241,673
2035	10,241,673	-	2,130,731	-	917,631	9,028,573
2036	9,028,573	-	2,088,703	-	798,422	7,738,292
2037	7,738,292	-	2,041,248	-	671,767	6,368,811
2038	6,368,811	-	1,990,499	-	537,356	4,915,668
2039	4,915,668	-	1,926,101	-	395,262	3,384,829
2040	3,384,829	-	1,857,327	-	245,617	1,773,119
2041	1,773,119	-	1,788,141	-	-	-

Number of Years Expected Benefit Payments Sustained: 26.99

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 10.00% 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	
	8.00% RP-2000 Static	8.00% RP-2000 Generational	6.00% RP-2000 Generational	10.00% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$779,948	\$930,956	\$1,576,950	\$396,300
Total Required Contribution (% of Payroll)	35.7%	42.6%	72.2%	18.2%
Expected Member Contribution	104,801	104,801	104,801	104,801
Expected State Money	175,025	175,025	175,025	175,025
Expected Sponsor Contribution (Fixed \$)	\$500,122	\$651,130	\$1,297,124	\$116,474
Expected Sponsor Contribution (% of Payroll)	22.9%	29.8%	59.4%	5.4%

ASSETS

Actuarial Value	20,672,779	20,672,779	20,672,779	20,672,779
Market Value	19,119,281	19,119,281	19,119,281	19,119,281

LIABILITIES

Present Value of Benefits				
Active Members				
Retirement Benefits	6,395,537	6,891,588	11,055,556	4,560,556
Disability Benefits	672,319	704,488	1,012,567	512,968
Death Benefits	111,109	82,007	118,124	59,923
Vested Benefits	889,531	942,737	1,636,285	571,239
Refund of Contributions	105,339	105,366	112,251	99,221
Service Retirees	16,585,626	17,585,543	21,263,389	14,900,953
Beneficiaries	1,049,374	1,108,773	1,284,094	974,011
Disability Retirees	858,490	907,806	1,047,235	799,209
Terminated Vested	736,085	768,794	1,029,988	593,418
Excess State Monies Reserve / Share Plan	51,532	51,532	51,532	51,532
Total:	27,454,942	29,148,634	38,611,021	23,123,030
Present Value of Future Salaries	18,942,157	18,974,099	21,563,699	16,931,895
Present Value of Future Member Contributions	943,095	944,692	1,074,172	842,582
Total Normal Cost	334,320	355,388	591,964	224,423
Present Value of Future Normal Costs (Entry Age Normal)	2,695,919	2,880,364	5,509,764	1,606,068
Total Actuarial Accrued Liability	24,759,023	26,268,270	33,101,257	21,516,962
Unfunded Actuarial Accrued Liability (UAAL)	4,086,244	5,595,491	12,428,478	844,183

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2017

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL		
	8.00% RP-2000 Static	8.00% RP-2000 Generational	6.00% RP-2000 Generational	10.00% RP-2000 Generational
<u>PENSION COST</u>				
Normal Cost (with interest)	347,693	369,604	609,723	235,644
Administrative Expenses (with interest)	26,087	26,087	25,837	26,338
Payment Required To Amortize UAAL (with interest)	406,168	535,265	941,390	134,318
Total Required Contribution	\$779,948	\$930,956	\$1,576,950	\$396,300