

February 2, 2016

VIA EMAIL

Mr. Robert Anderson, Secretary
Firefighters' Retirement Fund
Post Office Box 1748
Fort Walton Beach, FL 32549-1748

Re: City of Fort Walton Beach Municipal Firefighters' Pension Trust Fund
Senate Bill 534 (Section 112.664, Florida Statutes) Compliance

Dear Robert:

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

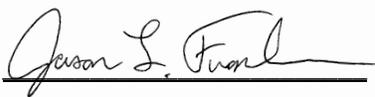
Our office will submit this information electronically to the Department of Management Services by the February 1, 2016 deadline. However, it is important for you to be aware that this report must also be made available on the Plan or Plan Sponsor's website, if such website exists. A deadline for this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

	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	478,365	503,675	806,195	329,103
Interest	1,554,072	1,645,578	1,614,627	1,528,243
Changes of Benefit Terms	804,097	875,048	1,406,801	(481,826)
Differences Between Expected and Actual Experience	(224,382)	(251,341)	(348,672)	(197,501)
Changes of Assumptions	-	-	-	-
Contributions - Buy Back	72,413	72,413	72,413	72,413
Benefit Payments, Including Refunds of Employee Contributions	(1,140,432)	(1,140,432)	(1,140,432)	(1,140,432)
Net Change in Total Pension Liability	1,544,133	1,704,941	2,410,932	110,000
Total Pension Liability - Beginning	19,195,485	20,243,045	25,749,489	16,487,191
Total Pension Liability - Ending (a)	<u>\$ 20,739,618</u>	<u>\$ 21,947,986</u>	<u>\$ 28,160,421</u>	<u>\$ 16,597,191</u>
<u>Plan Fiduciary Net Position</u>				
Contributions - Employer	672,369	672,369	672,369	672,369
Contributions - State	205,007	205,007	205,007	205,007
Contributions - Employee	150,357	150,357	150,357	150,357
Contributions - Buy Back	72,413	72,413	72,413	72,413
Net Investment Income	15,563	15,563	15,563	15,563
Benefit Payments, Including Refunds of Employee Contributions	(1,140,432)	(1,140,432)	(1,140,432)	(1,140,432)
Administrative Expenses	(47,088)	(47,088)	(47,088)	(47,088)
Net Change in Plan Fiduciary Net Position	(71,811)	(71,811)	(71,811)	(71,811)
Plan Fiduciary Net Position - Beginning	13,662,319	13,662,319	13,662,319	13,662,319
Plan Fiduciary Net Position - Ending (b)	<u>\$ 13,590,508</u>	<u>\$ 13,590,508</u>	<u>\$ 13,590,508</u>	<u>\$ 13,590,508</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 7,149,110</u>	<u>\$ 8,357,478</u>	<u>\$ 14,569,913</u>	<u>\$ 3,006,683</u>

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

Pension Expense	<u>\$ 576,196</u>	<u>\$ 675,262</u>	<u>\$ 1,090,708</u>	<u>\$ 326,381</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	13,590,508	-	1,332,583	-	1,033,937	13,291,862
2016	13,291,862	-	1,354,282	-	1,009,178	12,946,758
2017	12,946,758	-	1,362,617	-	981,236	12,565,377
2018	12,565,377	-	1,370,150	-	950,424	12,145,651
2019	12,145,651	-	1,423,914	-	914,696	11,636,433
2020	11,636,433	-	1,467,539	-	872,213	11,041,107
2021	11,041,107	-	1,472,770	-	824,378	10,392,715
2022	10,392,715	-	1,475,710	-	772,389	9,689,394
2023	9,689,394	-	1,553,356	-	713,017	8,849,055
2024	8,849,055	-	1,648,373	-	641,989	7,842,671
2025	7,842,671	-	1,686,345	-	559,960	6,716,286
2026	6,716,286	-	1,721,754	-	468,433	5,462,965
2027	5,462,965	-	1,716,619	-	368,372	4,114,718
2028	4,114,718	-	1,687,903	-	261,661	2,688,476
2029	2,688,476	-	1,667,537	-	148,377	1,169,316
2030	1,169,316	-	1,649,805	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 15.71

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	13,590,508	-	1,334,007	-	1,033,880	13,290,381
2016	13,290,381	-	1,359,311	-	1,008,858	12,939,928
2017	12,939,928	-	1,371,749	-	980,324	12,548,503
2018	12,548,503	-	1,383,876	-	948,525	12,113,152
2019	12,113,152	-	1,442,799	-	911,340	11,581,693
2020	11,581,693	-	1,492,066	-	866,853	10,956,480
2021	10,956,480	-	1,503,276	-	816,387	10,269,591
2022	10,269,591	-	1,512,478	-	761,068	9,518,181
2023	9,518,181	-	1,597,072	-	697,572	8,618,681
2024	8,618,681	-	1,700,330	-	621,481	7,539,832
2025	7,539,832	-	1,748,996	-	533,227	6,324,063
2026	6,324,063	-	1,793,270	-	434,194	4,964,987
2027	4,964,987	-	1,796,374	-	325,344	3,493,957
2028	3,493,957	-	1,775,521	-	208,496	1,926,932
2029	1,926,932	-	1,763,642	-	83,609	246,899
2030	246,899	-	1,754,346	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 15.14

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	13,590,508	-	1,334,007	-	775,410	13,031,911
2016	13,031,911	-	1,359,311	-	741,135	12,413,735
2017	12,413,735	-	1,371,749	-	703,672	11,745,658
2018	11,745,658	-	1,383,876	-	663,223	11,025,005
2019	11,025,005	-	1,442,799	-	618,216	10,200,422
2020	10,200,422	-	1,492,066	-	567,263	9,275,619
2021	9,275,619	-	1,503,276	-	511,439	8,283,782
2022	8,283,782	-	1,512,478	-	451,653	7,222,957
2023	7,222,957	-	1,597,072	-	385,465	6,011,350
2024	6,011,350	-	1,700,330	-	309,671	4,620,691
2025	4,620,691	-	1,748,996	-	224,772	3,096,467
2026	3,096,467	-	1,793,270	-	131,990	1,435,187
2027	1,435,187	-	1,796,374	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 12.80

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	13,590,508	-	1,334,007	-	1,292,350	13,548,851
2016	13,548,851	-	1,359,311	-	1,286,920	13,476,460
2017	13,476,460	-	1,371,749	-	1,279,059	13,383,770
2018	13,383,770	-	1,383,876	-	1,269,183	13,269,077
2019	13,269,077	-	1,442,799	-	1,254,768	13,081,046
2020	13,081,046	-	1,492,066	-	1,233,501	12,822,481
2021	12,822,481	-	1,503,276	-	1,207,084	12,526,289
2022	12,526,289	-	1,512,478	-	1,177,005	12,190,816
2023	12,190,816	-	1,597,072	-	1,139,228	11,732,972
2024	11,732,972	-	1,700,330	-	1,088,281	11,120,923
2025	11,120,923	-	1,748,996	-	1,024,643	10,396,570
2026	10,396,570	-	1,793,270	-	949,994	9,553,294
2027	9,553,294	-	1,796,374	-	865,511	8,622,431
2028	8,622,431	-	1,775,521	-	773,467	7,620,377
2029	7,620,377	-	1,763,642	-	673,856	6,530,591
2030	6,530,591	-	1,754,346	-	565,342	5,341,587
2031	5,341,587	-	1,768,022	-	445,758	4,019,323
2032	4,019,323	-	1,753,054	-	314,280	2,580,549
2033	2,580,549	-	1,766,373	-	169,736	983,912
2034	983,912	-	1,745,554	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 19.56

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 \$)	\$1,015,817	\$1,116,182	\$1,626,307	\$721,864
Total Required Contribution (% of Payroll)	49.5%	54.3%	79.1%	35.1%
Expected Member Contribution	164,472	164,472	164,472	164,472
Expected State Money	205,007	205,007	205,007	205,007
Expected Sponsor Contribution (Fixed \$)	\$646,338	\$746,703	\$1,256,828	\$352,385
Expected Sponsor Contribution (% of Payroll)	31.5%	36.3%	61.1%	17.1%

ASSETS

Actuarial Value ¹	14,314,458	14,314,458	14,314,458	14,314,458
Market Value ¹	13,590,508	13,590,508	13,590,508	13,590,508

LIABILITIES

Present Value of Benefits

Active Members

Retirement Benefits	8,780,785	9,330,539	14,552,761	6,313,021
Disability Benefits	421,702	439,571	612,102	328,984
Death Benefits	128,445	97,814	137,777	72,874
Vested Benefits	872,871	907,190	1,458,321	590,651
Refund of Contributions	100,530	100,556	106,095	95,590
Service Retirees	11,904,363	12,620,569	15,215,753	10,732,610
DROP Retirees ¹	968,578	1,022,626	1,278,692	843,365
Beneficiaries	1,288,767	1,326,583	1,639,200	1,112,692
Disability Retirees	0	0	0	0
Terminated Vested	103,508	108,545	153,183	79,482
Excess State Monies Reserve	0	0	0	0
Total:	24,569,549	25,953,993	35,153,884	20,169,269

Present Value of Future Salaries	16,522,095	16,540,034	18,362,066	15,042,307
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Present Value of Future Member Contributions	1,321,768	1,323,203	1,468,965	1,203,385
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Total Normal Cost	446,250	470,581	758,639	305,005
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Present Value of Future Normal Costs (Entry Age Normal)	3,425,338	3,626,873	6,553,290	2,114,642
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Total Actuarial Accrued Liability ¹	21,144,211	22,327,120	28,600,594	18,054,627
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Unfunded Actuarial Accrued Liability (UAAL)	6,829,753	8,012,662	14,286,136	3,740,169
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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)	464,100	489,404	781,398	320,255
Administrative Expenses (with interest)	48,972	48,972	48,501	49,442
Payment Required To Amortize UAAL (with interest)	502,745	577,806	796,408	352,167
Total Required Contribution	\$1,015,817	\$1,116,182	\$1,626,307	\$721,864

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