

February 1, 2016

VIA EMAIL

Carol Godwin, Budget and Grants Analyst  
City of Fort Walton Beach  
General Retirement Fund  
107 Miracle Strip Parkway, SW  
Fort Walton Beach, FL 32548

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

Dear Carol:

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

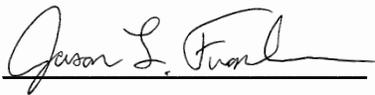
Our office will submit this information electronically to the Department of Management Services by the February 1, 2016 deadline. However, it is important for you to be aware that this report must also be made available on the Plan or Plan Sponsor's website, if such website exists. A deadline for this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

JLF/lke  
Enclosures

cc via email: Scott R. Christiansen  
cc via email: H. Lee Dehner

CITY OF FORT WALTON BEACH  
GENERAL EMPLOYEES' 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	
	7.90% RP-2000 Static 9/30/2015	7.90% RP-2000 Generational 9/30/2015	5.90% RP-2000 Generational 9/30/2015
<b><u>GASB 67: Schedule of Changes in Net Pension Liability</u></b>			
<b><u>Total Pension Liability</u></b>			
Service Cost	569,712	625,509	932,027
Interest	3,314,990	3,547,424	3,325,679
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(1,074,244)	(1,382,953)	(1,784,176)
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(2,676,038)	(2,676,038)	(2,676,038)
Net Change in Total Pension Liability	134,420	113,942	(202,508)
Total Pension Liability - Beginning	42,730,211	45,616,606	56,773,438
Total Pension Liability - Ending (a)	<u>\$ 42,864,631</u>	<u>\$ 45,730,548</u>	<u>\$ 56,570,930</u>
<b><u>Plan Fiduciary Net Position</u></b>			
Contributions - Employer	1,355,041	1,355,041	1,355,041
Contributions - Employee	209,567	209,567	209,567
Net Investment Income	(4,390)	(4,390)	(4,390)
Benefit Payments, Including Refunds of Employee Contributions	(2,676,038)	(2,676,038)	(2,676,038)
Administrative Expenses	(39,535)	(39,535)	(39,535)
Net Change in Plan Fiduciary Net Position	(1,155,355)	(1,155,355)	(1,155,355)
Plan Fiduciary Net Position - Beginning	39,242,244	39,242,244	39,242,244
Plan Fiduciary Net Position - Ending (b)	<u>\$ 38,086,889</u>	<u>\$ 38,086,889</u>	<u>\$ 38,086,889</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 4,777,742</u>	<u>\$ 7,643,659</u>	<u>\$ 18,484,041</u>

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

Pension Expense	<u>\$ 718,133</u>	<u>\$ 990,710</u>	<u>\$ 1,709,177</u>
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## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1  
Plan Assumptions: 7.90% 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	38,086,889	-	2,980,581	-	2,891,131	37,997,439
2016	37,997,439	-	3,143,322	-	2,877,636	37,731,753
2017	37,731,753	-	3,219,820	-	2,853,626	37,365,559
2018	37,365,559	-	3,339,404	-	2,819,973	36,846,128
2019	36,846,128	-	3,395,160	-	2,776,735	36,227,703
2020	36,227,703	-	3,493,124	-	2,724,010	35,458,589
2021	35,458,589	-	3,576,348	-	2,659,963	34,542,204
2022	34,542,204	-	3,684,152	-	2,583,310	33,441,362
2023	33,441,362	-	3,707,244	-	2,495,431	32,229,549
2024	32,229,549	-	3,771,342	-	2,397,166	30,855,373
2025	30,855,373	-	3,773,311	-	2,288,529	29,370,591
2026	29,370,591	-	3,818,140	-	2,169,460	27,721,911
2027	27,721,911	-	3,799,677	-	2,039,944	25,962,178
2028	25,962,178	-	3,749,118	-	1,902,922	24,115,982
2029	24,115,982	-	3,702,859	-	1,758,900	22,172,023
2030	22,172,023	-	3,645,236	-	1,607,603	20,134,390
2031	20,134,390	-	3,558,830	-	1,450,043	18,025,603
2032	18,025,603	-	3,469,200	-	1,286,989	15,843,392
2033	15,843,392	-	3,377,144	-	1,118,231	13,584,479
2034	13,584,479	-	3,291,569	-	943,157	11,236,067
2035	11,236,067	-	3,181,547	-	761,978	8,816,498
2036	8,816,498	-	3,059,310	-	575,661	6,332,849
2037	6,332,849	-	2,937,845	-	384,250	3,779,254
2038	3,779,254	-	2,818,484	-	187,231	1,148,001
2039	1,148,001	-	2,662,833	-	-	-

Number of Years Expected Benefit Payments Sustained: 24.43

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.90% 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: 7.90% 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	38,086,889	-	2,983,613	-	2,891,012	37,994,288
2016	37,994,288	-	3,157,621	-	2,876,823	37,713,490
2017	37,713,490	-	3,246,768	-	2,851,118	37,317,840
2018	37,317,840	-	3,380,343	-	2,814,586	36,752,083
2019	36,752,083	-	3,451,392	-	2,767,085	36,067,776
2020	36,067,776	-	3,567,327	-	2,708,445	35,208,894
2021	35,208,894	-	3,669,214	-	2,636,569	34,176,249
2022	34,176,249	-	3,797,740	-	2,549,913	32,928,422
2023	32,928,422	-	3,842,325	-	2,449,574	31,535,671
2024	31,535,671	-	3,929,679	-	2,336,096	29,942,088
2025	29,942,088	-	3,959,958	-	2,209,007	28,191,137
2026	28,191,137	-	4,032,105	-	2,067,832	26,226,864
2027	26,226,864	-	4,039,200	-	1,912,374	24,100,038
2028	24,100,038	-	4,015,854	-	1,745,277	21,829,461
2029	21,829,461	-	3,997,742	-	1,566,617	19,398,336
2030	19,398,336	-	3,967,686	-	1,375,745	16,806,395
2031	16,806,395	-	3,909,053	-	1,173,298	14,070,640
2032	14,070,640	-	3,847,449	-	959,606	11,182,797
2033	11,182,797	-	3,783,243	-	734,003	8,133,557
2034	8,133,557	-	3,724,716	-	495,425	4,904,266
2035	4,904,266	-	3,640,520	-	243,636	1,507,382
2036	1,507,382	-	3,541,901	-	-	-

Number of Years Expected Benefit Payments Sustained: 21.43

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.90% 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: 5.90% 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	38,086,889	-	2,983,613	-	2,159,110	37,262,386
2016	37,262,386	-	3,157,621	-	2,105,331	36,210,096
2017	36,210,096	-	3,246,768	-	2,040,616	35,003,944
2018	35,003,944	-	3,380,343	-	1,965,513	33,589,114
2019	33,589,114	-	3,451,392	-	1,879,942	32,017,664
2020	32,017,664	-	3,567,327	-	1,783,806	30,234,143
2021	30,234,143	-	3,669,214	-	1,675,573	28,240,502
2022	28,240,502	-	3,797,740	-	1,554,156	25,996,918
2023	25,996,918	-	3,842,325	-	1,420,470	23,575,063
2024	23,575,063	-	3,929,679	-	1,275,003	20,920,387
2025	20,920,387	-	3,959,958	-	1,117,484	18,077,913
2026	18,077,913	-	4,032,105	-	947,650	14,993,458
2027	14,993,458	-	4,039,200	-	765,458	11,719,716
2028	11,719,716	-	4,015,854	-	572,996	8,276,858
2029	8,276,858	-	3,997,742	-	370,401	4,649,517
2030	4,649,517	-	3,967,686	-	157,275	839,106
2031	839,106	-	3,909,053	-	-	-

Number of Years Expected Benefit Payments Sustained: 16.21

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.90% 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	
	7.90% RP-2000 Static	7.90% RP-2000 Generational	5.90% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$1,439,509	\$1,730,455	\$2,733,947
Total Required Contribution (% of Payroll)	37.6%	45.2%	71.5%
Expected Member Contribution	191,264	191,264	191,264
Expected Sponsor Contribution (Fixed \$)	\$1,248,245	\$1,539,191	\$2,542,683
Expected Sponsor Contribution (% of Payroll)	32.6%	40.2%	66.5%

**ASSETS**

Actuarial Value	40,330,591	40,330,591	40,330,591
Market Value	38,086,889	38,086,889	38,086,889

**LIABILITIES**

Present Value of Benefits			
Active Members			
Retirement Benefits	15,590,644	16,765,936	23,150,566
Disability Benefits	808,140	1,160,028	1,549,567
Death Benefits	359,431	283,966	399,797
Vested Benefits	438,562	476,970	816,307
Refund of Contributions	55,064	55,100	56,170
Service Retirees	26,204,543	27,578,857	32,907,711
Beneficiaries	1,778,685	1,844,699	2,199,655
Disability Retirees	300,592	428,395	494,744
Terminated Vested	654,908	686,811	948,345
Total:	46,190,569	49,280,762	62,522,862
Present Value of Future Salaries	22,580,623	22,642,831	24,767,069
Present Value of Future Member Contributions	1,129,031	1,132,142	1,238,353
Total Normal Cost	526,804	579,017	878,150
Present Value of Future Normal Costs (Entry Age Normal)	2,718,088	3,016,338	5,155,792
Total Actuarial Accrued Liability	43,472,481	46,264,424	57,367,070
Unfunded Actuarial Accrued Liability (UAAL)	3,141,890	5,933,833	17,036,479

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

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL	
	7.90% RP-2000 Static	7.90% RP-2000 Generational	5.90% RP-2000 Generational
<b><u>PENSION COST</u></b>			
Normal Cost (with interest)	547,613	601,888	904,055
Administrative Expenses (with interest)	41,097	41,097	40,701
Payment Required To Amortize UAAL (with interest)	850,799	1,087,470	1,789,191
Total Required Contribution	\$1,439,509	\$1,730,455	\$2,733,947