

May 7, 2018

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  
Section 112.664, Florida Statutes Compliance

Dear Carol:

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 Services. 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

DDB/lke  
Enclosures

cc via email: Paul Daragjati, Board Attorney

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:



Date: 5/7/2018

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

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.90% RP-2000 Generational	5.90% RP-2000 Generational
<u>Total Pension Liability</u>		
Service Cost	504,055	773,051
Interest	3,771,606	3,536,585
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	(404,763)	(305,598)
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(3,056,444)	(3,056,444)
Net Change in Total Pension Liability	814,454	947,594
Total Pension Liability - Beginning	48,766,017	60,697,292
Total Pension Liability - Ending (a)	<u>\$ 49,580,471</u>	<u>\$ 61,644,886</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	1,254,097	1,254,097
Contributions - Employee	171,869	171,869
Net Investment Income	4,967,834	4,967,834
Benefit Payments, Including Refunds of Employee Contributions	(3,056,444)	(3,056,444)
Administrative Expenses	(42,201)	(42,201)
Net Change in Plan Fiduciary Net Position	3,295,155	3,295,155
Plan Fiduciary Net Position - Beginning	40,706,627	40,706,627
Plan Fiduciary Net Position - Ending (b)	<u>\$ 44,001,782</u>	<u>\$ 44,001,782</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 5,578,689</u>	<u>\$ 17,643,104</u>

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

Table 1  
Plan 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
2017	44,001,782	-	3,293,956	-	3,346,030	44,053,856
2018	44,053,856	-	3,439,157	-	3,344,408	43,959,107
2019	43,959,107	-	3,521,901	-	3,333,654	43,770,860
2020	43,770,860	-	3,626,965	-	3,314,633	43,458,528
2021	43,458,528	-	3,755,561	-	3,284,879	42,987,846
2022	42,987,846	-	3,855,262	-	3,243,757	42,376,341
2023	42,376,341	-	3,921,977	-	3,192,813	41,647,177
2024	41,647,177	-	4,020,387	-	3,131,322	40,758,112
2025	40,758,112	-	4,082,379	-	3,058,637	39,734,370
2026	39,734,370	-	4,149,678	-	2,975,103	38,559,795
2027	38,559,795	-	4,186,516	-	2,880,856	37,254,135
2028	37,254,135	-	4,191,214	-	2,777,524	35,840,445
2029	35,840,445	-	4,202,169	-	2,665,409	34,303,685
2030	34,303,685	-	4,207,801	-	2,543,783	32,639,667
2031	32,639,667	-	4,173,817	-	2,413,668	30,879,518
2032	30,879,518	-	4,142,616	-	2,275,849	29,012,751
2033	29,012,751	-	4,113,484	-	2,129,525	27,028,792
2034	27,028,792	-	4,090,851	-	1,973,686	24,911,627
2035	24,911,627	-	4,042,528	-	1,808,339	22,677,438
2036	22,677,438	-	3,980,616	-	1,634,283	20,331,105
2037	20,331,105	-	3,921,425	-	1,451,261	17,860,941
2038	17,860,941	-	3,861,975	-	1,258,466	15,257,432
2039	15,257,432	-	3,756,519	-	1,056,955	12,557,868
2040	12,557,868	-	3,668,456	-	847,168	9,736,580
2041	9,736,580	-	3,542,537	-	629,260	6,823,303
2042	6,823,303	-	3,414,861	-	404,154	3,812,596
2043	3,812,596	-	3,271,915	-	171,954	712,635
2044	712,635	-	3,120,839	-	-	-

Number of Years Expected Benefit Payments Sustained: 27.23

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: 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
2017	44,001,782	-	3,293,956	-	2,498,933	43,206,759
2018	43,206,759	-	3,439,157	-	2,447,744	42,215,346
2019	42,215,346	-	3,521,901	-	2,386,809	41,080,254
2020	41,080,254	-	3,626,965	-	2,316,740	39,770,029
2021	39,770,029	-	3,755,561	-	2,235,643	38,250,111
2022	38,250,111	-	3,855,262	-	2,143,026	36,537,875
2023	36,537,875	-	3,921,977	-	2,040,036	34,655,934
2024	34,655,934	-	4,020,387	-	1,926,099	32,561,646
2025	32,561,646	-	4,082,379	-	1,800,707	30,279,974
2026	30,279,974	-	4,149,678	-	1,664,103	27,794,399
2027	27,794,399	-	4,186,516	-	1,516,367	25,124,250
2028	25,124,250	-	4,191,214	-	1,358,690	22,291,726
2029	22,291,726	-	4,202,169	-	1,191,248	19,280,805
2030	19,280,805	-	4,207,801	-	1,013,437	16,086,441
2031	16,086,441	-	4,173,817	-	825,972	12,738,596
2032	12,738,596	-	4,142,616	-	629,370	9,225,350
2033	9,225,350	-	4,113,484	-	422,948	5,534,814
2034	5,534,814	-	4,090,851	-	205,874	1,649,837
2035	1,649,837	-	4,042,528	-	-	-

Number of Years Expected Benefit Payments Sustained: 18.41

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, 2019

Valuation Date: 10/1/2017

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.90%	5.90%
	RP-2000	RP-2000
	Generational	Generational
Total Required Contribution (Fixed \$)	\$1,705,705	\$2,718,562
Total Required Contribution (% of Payroll)	58.4%	93.1%
Expected Member Contribution	146,024	146,024
Expected Sponsor Contribution (Fixed \$)	\$1,559,681	\$2,572,538
Expected Sponsor Contribution (% of Payroll)	53.4%	88.1%

**ASSETS**

Actuarial Value	43,055,753	43,055,753
Market Value	44,001,782	44,001,782

**LIABILITIES**

Present Value of Benefits		
Active Members		
Retirement Benefits	14,685,340	20,496,950
Disability Benefits	756,139	967,293
Death Benefits	284,020	409,036
Vested Benefits	392,195	668,268
Refund of Contributions	14,868	14,997
Service Retirees	32,106,597	38,665,533
Beneficiaries	2,617,960	3,141,602
Disability Retirees	322,315	361,512
Terminated Vested	595,674	817,553
Total:	<u>51,775,108</u>	<u>65,542,744</u>
Present Value of Future Salaries	17,580,049	19,166,242
Present Value of Future Member Contributions	879,002	958,312
Total Normal Cost	420,248	660,117
Present Value of Future Normal Costs (Entry Age Normal)	2,242,085	3,910,459
Total Actuarial Accrued Liability	49,533,023	61,632,285
Unfunded Actuarial Accrued Liability (UAAL)	6,477,270	18,576,532

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

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL
	7.90%	5.90%
	RP-2000	RP-2000
	Generational	Generational
<b><u>PENSION COST</u></b>		
Normal Cost (with interest)	436,848	679,590
Administrative Expenses (with interest)	43,868	43,446
Payment Required To Amortize UAAL (with interest)	1,224,989	1,995,526
Total Required Contribution	\$1,705,705	\$2,718,562