

May 7, 2018

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  
Section 112.664, Florida Statutes Compliance

Dear Sgt Holt:

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:



Drew D. Ballard, EA, MAAA  
Enrolled Actuary #17-8193

DDB/lke  
Enclosures

cc via email: Paul Daragjati, 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:



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

	ACTUAL	HYPOTHETICAL	
	8.00% RP-2000 Generational	6.00% RP-2000 Generational	10.00% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	334,061	546,348	216,867
Interest	2,084,744	1,998,115	2,108,459
Change in Excess State Money	8,823	8,823	8,823
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(343,066)	(543,543)	(203,479)
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,821,727)	(1,821,727)	(1,821,727)
Net Change in Total Pension Liability	262,835	188,016	308,943
Total Pension Liability - Beginning	26,739,168	33,769,502	21,881,651
Total Pension Liability - Ending (a)	<u>\$ 27,002,003</u>	<u>\$ 33,957,518</u>	<u>\$ 22,190,594</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	569,215	569,215	569,215
Contributions - State	190,399	190,399	190,399
Contributions - Employee	104,557	104,557	104,557
Net Investment Income	2,036,244	2,036,244	2,036,244
Benefit Payments, Including Refunds of Employee Contributions	(1,821,727)	(1,821,727)	(1,821,727)
Administrative Expenses	(39,184)	(39,184)	(39,184)
Net Change in Plan Fiduciary Net Position	1,039,504	1,039,504	1,039,504
Plan Fiduciary Net Position - Beginning	19,920,569	19,920,569	19,920,569
Plan Fiduciary Net Position - Ending (b)	<u>\$ 20,960,073</u>	<u>\$ 20,960,073</u>	<u>\$ 20,960,073</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 6,041,930</u>	<u>\$ 12,997,445</u>	<u>\$ 1,230,521</u>

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

Table 1  
Plan 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
2017	20,960,073	-	1,776,344	-	1,605,752	20,789,481
2018	20,789,481	-	1,826,574	-	1,590,096	20,553,003
2019	20,553,003	-	1,853,030	-	1,570,119	20,270,092
2020	20,270,092	-	1,914,965	-	1,545,009	19,900,136
2021	19,900,136	-	1,958,180	-	1,513,684	19,455,640
2022	19,455,640	-	1,975,914	-	1,477,415	18,957,141
2023	18,957,141	-	1,993,173	-	1,436,844	18,400,812
2024	18,400,812	-	2,093,200	-	1,388,337	17,695,949
2025	17,695,949	-	2,101,511	-	1,331,615	16,926,053
2026	16,926,053	-	2,142,113	-	1,268,400	16,052,340
2027	16,052,340	-	2,166,603	-	1,197,523	15,083,260
2028	15,083,260	-	2,173,948	-	1,119,703	14,029,015
2029	14,029,015	-	2,192,173	-	1,034,634	12,871,476
2030	12,871,476	-	2,207,395	-	941,422	11,605,503
2031	11,605,503	-	2,201,134	-	840,395	10,244,764
2032	10,244,764	-	2,206,511	-	731,321	8,769,574
2033	8,769,574	-	2,184,318	-	614,193	7,199,449
2034	7,199,449	-	2,159,092	-	489,592	5,529,949
2035	5,529,949	-	2,147,844	-	356,482	3,738,587
2036	3,738,587	-	2,120,324	-	214,274	1,832,537
2037	1,832,537	-	2,088,361	-	-	-

Number of Years Expected Benefit Payments Sustained: 20.88

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: 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
2017	20,960,073	-	1,776,344	-	1,204,314	20,388,043
2018	20,388,043	-	1,826,574	-	1,168,485	19,729,954
2019	19,729,954	-	1,853,030	-	1,128,206	19,005,130
2020	19,005,130	-	1,914,965	-	1,082,859	18,173,024
2021	18,173,024	-	1,958,180	-	1,031,636	17,246,480
2022	17,246,480	-	1,975,914	-	975,511	16,246,077
2023	16,246,077	-	1,993,173	-	914,969	15,167,873
2024	15,167,873	-	2,093,200	-	847,276	13,921,949
2025	13,921,949	-	2,101,511	-	772,272	12,592,710
2026	12,592,710	-	2,142,113	-	691,299	11,141,896
2027	11,141,896	-	2,166,603	-	603,516	9,578,809
2028	9,578,809	-	2,173,948	-	509,510	7,914,371
2029	7,914,371	-	2,192,173	-	409,097	6,131,295
2030	6,131,295	-	2,207,395	-	301,656	4,225,556
2031	4,225,556	-	2,201,134	-	187,499	2,211,921
2032	2,211,921	-	2,206,511	-	66,520	71,930
2033	71,930	-	2,184,318	-	-	-

Number of Years Expected Benefit Payments Sustained: 16.03

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 3  
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
2017	20,960,073	-	1,776,344	-	2,007,190	21,190,919
2018	21,190,919	-	1,826,574	-	2,027,763	21,392,108
2019	21,392,108	-	1,853,030	-	2,046,559	21,585,637
2020	21,585,637	-	1,914,965	-	2,062,815	21,733,487
2021	21,733,487	-	1,958,180	-	2,075,440	21,850,747
2022	21,850,747	-	1,975,914	-	2,086,279	21,961,112
2023	21,961,112	-	1,993,173	-	2,096,453	22,064,392
2024	22,064,392	-	2,093,200	-	2,101,779	22,072,971
2025	22,072,971	-	2,101,511	-	2,102,222	22,073,682
2026	22,073,682	-	2,142,113	-	2,100,263	22,031,832
2027	22,031,832	-	2,166,603	-	2,094,853	21,960,082
2028	21,960,082	-	2,173,948	-	2,087,311	21,873,445
2029	21,873,445	-	2,192,173	-	2,077,736	21,759,008
2030	21,759,008	-	2,207,395	-	2,065,531	21,617,144
2031	21,617,144	-	2,201,134	-	2,051,658	21,467,668
2032	21,467,668	-	2,206,511	-	2,036,441	21,297,598
2033	21,297,598	-	2,184,318	-	2,020,544	21,133,824
2034	21,133,824	-	2,159,092	-	2,005,428	20,980,160
2035	20,980,160	-	2,147,844	-	1,990,624	20,822,940
2036	20,822,940	-	2,120,324	-	1,976,278	20,678,894
2037	20,678,894	-	2,088,361	-	1,963,471	20,554,004
2038	20,554,004	-	2,056,070	-	1,952,597	20,450,531
2039	20,450,531	-	2,011,464	-	1,944,480	20,383,547
2040	20,383,547	-	1,960,412	-	1,940,334	20,363,469
2041	20,363,469	-	1,915,176	-	1,940,588	20,388,881
2042	20,388,881	-	1,855,700	-	1,946,103	20,479,284
2043	20,479,284	-	1,797,147	-	1,958,071	20,640,208
2044	20,640,208	-	1,730,168	-	1,977,512	20,887,552
2045	20,887,552	-	1,663,553	-	2,005,578	21,229,577
2046	21,229,577	-	1,586,105	-	2,043,652	21,687,124
2047	21,687,124	-	1,506,229	-	2,093,401	22,274,296
2048	22,274,296	-	1,422,974	-	2,156,281	23,007,603
2049	23,007,603	-	1,338,443	-	2,233,838	23,902,998
2050	23,902,998	-	1,252,868	-	2,327,656	24,977,786
2051	24,977,786	-	1,167,297	-	2,439,414	26,249,903
2052	26,249,903	-	1,083,867	-	2,570,797	27,736,833
2053	27,736,833	-	1,002,747	-	2,723,546	29,457,632
2054	29,457,632	-	925,700	-	2,899,478	31,431,410
2055	31,431,410	-	852,659	-	3,100,508	33,679,259
2056	33,679,259	-	784,631	-	3,328,694	36,223,322
2057	36,223,322	-	721,511	-	3,586,257	39,088,068
2058	39,088,068	-	663,223	-	3,875,646	42,300,491
2059	42,300,491	-	609,598	-	4,199,569	45,890,462
2060	45,890,462	-	560,672	-	4,561,013	49,890,803
2061	49,890,803	-	515,905	-	4,963,285	54,338,183
2062	54,338,183	-	474,852	-	5,410,076	59,273,407
2063	59,273,407	-	436,796	-	5,905,501	64,742,112
2064	64,742,112	-	401,309	-	6,454,146	70,794,949
2065	70,794,949	-	368,027	-	7,061,094	77,488,016
2066	77,488,016	-	336,660	-	7,731,969	84,883,325

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

Table 3  
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
2067	84,883,325	-	306,964	-	8,472,984	93,049,345
2068	93,049,345	-	278,601	-	9,291,004	102,061,748
2069	102,061,748	-	251,535	-	10,193,598	112,003,811
2070	112,003,811	-	226,093	-	11,189,076	122,966,794
2071	122,966,794	-	202,152	-	12,286,572	135,051,214
2072	135,051,214	-	179,696	-	13,496,137	148,367,655
2073	148,367,655	-	159,019	-	14,828,815	163,037,451
2074	163,037,451	-	140,072	-	16,296,742	179,194,121
2075	179,194,121	-	122,694	-	17,913,277	196,984,704
2076	196,984,704	-	106,804	-	19,693,130	216,571,030
2077	216,571,030	-	92,316	-	21,652,487	238,131,201
2078	238,131,201	-	79,241	-	23,809,158	261,861,118
2079	261,861,118	-	67,580	-	26,182,733	287,976,271
2080	287,976,271	-	57,247	-	28,794,765	316,713,789
2081	316,713,789	-	48,172	-	31,668,970	348,334,587
2082	348,334,587	-	40,229	-	34,831,447	383,125,805
2083	383,125,805	-	33,288	-	38,310,916	421,403,433
2084	421,403,433	-	27,258	-	42,138,980	463,515,155
2085	463,515,155	-	22,051	-	46,350,413	509,843,517
2086	509,843,517	-	17,596	-	50,983,472	560,809,393
2087	560,809,393	-	13,832	-	56,080,248	616,875,809
2088	616,875,809	-	10,730	-	61,687,044	678,552,123
2089	678,552,123	-	8,223	-	67,854,801	746,398,701
2090	746,398,701	-	6,213	-	74,639,559	821,032,047
2091	821,032,047	-	4,639	-	82,102,973	903,130,381
2092	903,130,381	-	3,405	-	90,312,868	993,439,844
2093	993,439,844	-	2,466	-	99,343,861	1,092,781,239
2094	1,092,781,239	-	1,754	-	109,278,036	1,202,057,521
2095	1,202,057,521	-	1,228	-	120,205,691	1,322,261,984
2096	1,322,261,984	-	841	-	132,226,156	1,454,487,299
2097	1,454,487,299	-	570	-	145,448,701	1,599,935,430
2098	1,599,935,430	-	381	-	159,993,524	1,759,928,573
2099	1,759,928,573	-	252	-	175,992,845	1,935,921,166
2100	1,935,921,166	-	165	-	193,592,108	2,129,513,109
2101	2,129,513,109	-	106	-	212,951,306	2,342,464,309
2102	2,342,464,309	-	67	-	234,246,428	2,576,710,670
2103	2,576,710,670	-	42	-	257,671,065	2,834,381,693
2104	2,834,381,693	-	26	-	283,438,168	3,117,819,835
2105	3,117,819,835	-	16	-	311,781,983	3,429,601,802
2106	3,429,601,802	-	10	-	342,960,180	3,772,561,972
2107	3,772,561,972	-	6	-	377,256,197	4,149,818,163
2108	4,149,818,163	-	4	-	414,981,816	4,564,799,975
2109	4,564,799,975	-	2	-	456,479,997	5,021,279,970
2110	5,021,279,970	-	1	-	502,127,997	5,523,407,966
2111	5,523,407,966	-	-	-	552,340,797	6,075,748,763

Number of Years Expected Benefit Payments Sustained: 999.99

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, 2019

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL	
	8.00% RP-2000 Generational	6.00% RP-2000 Generational	10.00% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$952,274	\$1,625,057	\$399,238
Total Required Contribution (% of Payroll)	42.0%	71.7%	17.6%
Expected Member Contribution	113,391	113,391	113,391
Expected State Money	181,576	181,576	181,576
Expected Sponsor Contribution (Fixed \$)	\$657,307	\$1,330,090	\$104,271
Expected Sponsor Contribution (% of Payroll)	29.0%	58.7%	4.6%

**ASSETS**

Actuarial Value	21,394,867	21,394,867	21,394,867
Market Value	20,960,073	20,960,073	20,960,073

**LIABILITIES**

Present Value of Benefits			
Active Members			
Retirement Benefits	6,185,995	10,224,010	3,995,323
Disability Benefits	629,700	891,412	463,855
Death Benefits	121,971	180,815	87,082
Vested Benefits	856,039	1,517,284	507,860
Refund of Contributions	124,811	132,976	117,523
Service Retirees	17,359,511	21,081,281	14,667,027
Beneficiaries	1,251,727	1,441,017	1,104,879
Disability Retirees	1,529,359	1,836,702	1,311,405
Terminated Vested	1,479,456	1,985,542	1,140,021
Excess State Monies Reserve	111,886	111,886	111,886
Share Plan Balances <sup>1</sup>	0	0	0
Total:	29,650,455	39,402,925	23,506,861
Present Value of Future Salaries	20,201,642	23,016,489	17,985,835
Present Value of Future Member Contributions	1,010,082	1,150,824	899,292
Total Normal Cost	393,403	643,440	253,830
Present Value of Future Normal Costs (Entry Age Normal)	3,244,308	6,114,416	1,844,814
Total Actuarial Accrued Liability	26,406,147	33,288,509	21,662,047
Unfunded Actuarial Accrued Liability (UAAL)	5,011,280	11,893,642	267,180

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

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL	
	8.00% RP-2000 Generational	6.00% RP-2000 Generational	10.00% RP-2000 Generational
<b><u>PENSION COST</u></b>			
Normal Cost (with interest)	409,139	662,743	266,522
Administrative Expenses (with interest)	40,751	40,360	41,143
Payment Required To Amortize UAAL (with interest)	502,384	921,954	91,573
Total Required Contribution	\$952,274	\$1,625,057	\$399,238

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