



May 21, 2015

VIA EMAIL

Ms. Lois Towey
Assistant City Clerk
City of Ormond Beach
22 South Beach St.
Ormond Beach, Florida 32174

Re: City of Ormond Beach Police Officers' Pension Trust Fund
Senate Bill 534 (Section 112.664, Florida Statutes) Compliance

Dear Lois:

Please find enclosed the annual disclosures that satisfy the October 1, 2014 financial reporting requirements made under Section 112.664.

Our office will submit this information electronically to the Department of Management Services by the June 28, 2015 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: _____

Patrick T. Donlan, EA, ASA, MAAA
Enrolled Actuary #14-6595

PTD/lke
Enclosures

cc via email: H. Lee Dehner, Board Attorney

CITY OF ORMOND BEACH
POLICE OFFICERS' 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: Patrick T. Donlan Date: 5/8/2015

Patrick T. Donlan, EA, ASA, MAAA
Enrolled Actuary #14-6595



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.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

	ACTUAL	HYPOTHETICAL		
	7.00% RP-2000 Static 9/30/2014	7.00% RP-2000 Generational 9/30/2014	5.00% RP-2000 Generational 9/30/2014	9.00% RP-2000 Generational 9/30/2014
<u>Total Pension Liability</u>				
Service Cost	798,362	831,109	1,290,529	560,216
Interest	2,530,996	2,620,448	2,425,305	2,703,008
Change in Excess State Money	-	-	-	-
Change in Funding Standard Account	-	-	-	-
Share Plan Allocation	-	-	-	-
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	-	-	-	-
Changes of Assumptions	-	-	-	-
Contributions - Buy Back	-	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,948,382)	(1,948,382)	(1,948,382)	(1,948,382)
Net Change in Total Pension Liability	1,380,976	1,503,175	1,767,452	1,314,842
Total Pension Liability - Beginning	36,332,915	37,578,047	48,189,768	30,447,395
Total Pension Liability - Ending (a)	<u>37,713,891</u>	<u>\$ 39,081,222</u>	<u>\$ 49,957,220</u>	<u>\$ 31,762,237</u>
<u>Plan Fiduciary Net Position</u>				
Contributions - Employer	1,311,447	1,311,447	1,311,447	1,311,447
Contributions - State	351,321	351,321	351,321	351,321
Contributions - Employee	258,461	258,461	258,461	258,461
Contributions - Buy Back	-	-	-	-
Net Investment Income	3,049,358	3,049,358	3,049,358	3,049,358
Benefit Payments, Including Refunds of Employee Contributions	(1,948,382)	(1,948,382)	(1,948,382)	(1,948,382)
Administrative Expense	(26,400)	(26,400)	(26,400)	(26,400)
Other	-	-	-	-
Net Change in Plan Fiduciary Net Position	2,995,805	2,995,805	2,995,805	2,995,805
Plan Fiduciary Net Position - Beginning	25,851,849	25,851,849	25,851,849	25,851,849
Plan Fiduciary Net Position - Ending (b)	<u>\$ 28,847,654</u>	<u>\$ 28,847,654</u>	<u>\$ 28,847,654</u>	<u>\$ 28,847,654</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 8,866,237</u>	<u>\$ 10,233,568</u>	<u>\$ 21,109,566</u>	<u>\$ 2,914,583</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.00% and RP-2000 Static Mortality

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2014	28,847,654	-	3,312,101	-	1,903,412	27,438,965
2015	27,438,965	-	2,216,664	-	1,843,144	27,065,445
2016	27,065,445	-	2,261,268	-	1,815,437	26,619,614
2017	26,619,614	-	2,315,024	-	1,782,347	26,086,937
2018	26,086,937	-	2,446,307	-	1,740,465	25,381,095
2019	25,381,095	-	2,475,046	-	1,690,050	24,596,099
2020	24,596,099	-	2,601,487	-	1,630,675	23,625,287
2021	23,625,287	-	2,633,489	-	1,561,598	22,553,396
2022	22,553,396	-	2,651,215	-	1,485,945	21,388,126
2023	21,388,126	-	2,716,993	-	1,402,074	20,073,207
2024	20,073,207	-	2,743,604	-	1,309,098	18,638,701
2025	18,638,701	-	2,740,096	-	1,208,806	17,107,411
2026	17,107,411	-	2,753,330	-	1,101,152	15,455,233
2027	15,455,233	-	2,757,834	-	985,342	13,682,741
2028	13,682,741	-	2,749,556	-	861,557	11,794,742
2029	11,794,742	-	2,752,144	-	729,307	9,771,905
2030	9,771,905	-	2,732,611	-	588,392	7,627,686
2031	7,627,686	-	2,713,162	-	438,977	5,353,501
2032	5,353,501	-	2,690,208	-	280,588	2,943,881
2033	2,943,881	-	2,654,558	-	113,162	402,485
2034	402,485	-	2,613,086	-	-	-

*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 20.15

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.00% interest.

It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent.

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 2
Hypothetical Assumptions: 7.00% and RP-2000 Generational Mortality

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2014	28,847,654	-	3,312,403	-	1,903,402	27,438,653
2015	27,438,653	-	2,218,242	-	1,843,067	27,063,478
2016	27,063,478	-	2,264,419	-	1,815,189	26,614,248
2017	26,614,248	-	2,320,042	-	1,781,796	26,076,002
2018	26,076,002	-	2,453,629	-	1,739,443	25,361,816
2019	25,361,816	-	2,484,940	-	1,688,354	24,565,230
2020	24,565,230	-	2,614,605	-	1,628,055	23,578,680
2021	23,578,680	-	2,650,198	-	1,557,751	22,486,233
2022	22,486,233	-	2,671,826	-	1,480,522	21,294,929
2023	21,294,929	-	2,742,373	-	1,394,662	19,947,218
2024	19,947,218	-	2,774,884	-	1,299,184	18,471,518
2025	18,471,518	-	2,779,622	-	1,195,719	16,887,615
2026	16,887,615	-	2,800,701	-	1,084,109	15,171,023
2027	15,171,023	-	2,814,495	-	963,464	13,319,992
2028	13,319,992	-	2,816,668	-	833,816	11,337,140
2029	11,337,140	-	2,830,237	-	694,542	9,201,445
2030	9,201,445	-	2,824,064	-	545,259	6,922,640
2031	6,922,640	-	2,817,974	-	385,956	4,490,622
2032	4,490,622	-	2,809,469	-	216,012	1,897,165
2033	1,897,165	-	2,789,751	-	-	-

*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 19.68

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.00% interest.

It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent.

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3
Hypothetical Assumptions: 5.00% and RP-2000 Generational Mortality

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2014	28,847,654	-	3,312,403	-	1,359,573	26,894,824
2015	26,894,824	-	2,218,242	-	1,289,285	25,965,867
2016	25,965,867	-	2,264,419	-	1,241,683	24,943,131
2017	24,943,131	-	2,320,042	-	1,189,156	23,812,245
2018	23,812,245	-	2,453,629	-	1,129,272	22,487,888
2019	22,487,888	-	2,484,940	-	1,062,271	21,065,219
2020	21,065,219	-	2,614,605	-	987,896	19,438,510
2021	19,438,510	-	2,650,198	-	905,671	17,693,983
2022	17,693,983	-	2,671,826	-	817,904	15,840,061
2023	15,840,061	-	2,742,373	-	723,444	13,821,132
2024	13,821,132	-	2,774,884	-	621,685	11,667,933
2025	11,667,933	-	2,779,622	-	513,906	9,402,217
2026	9,402,217	-	2,800,701	-	400,093	7,001,609
2027	7,001,609	-	2,814,495	-	279,718	4,466,832
2028	4,466,832	-	2,816,668	-	152,925	1,803,089
2029	1,803,089	-	2,830,237	-	-	-

*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 15.64

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.00% interest.

It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent.

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 4
Hypothetical Assumptions: 9.00% and RP-2000 Generational Mortality

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2014	28,847,654	-	3,312,403	-	2,447,231	27,982,482
2015	27,982,482	-	2,218,242	-	2,418,602	28,182,842
2016	28,182,842	-	2,264,419	-	2,434,557	28,352,980
2017	28,352,980	-	2,320,042	-	2,447,366	28,480,304
2018	28,480,304	-	2,453,629	-	2,452,814	28,479,489
2019	28,479,489	-	2,484,940	-	2,451,332	28,445,881
2020	28,445,881	-	2,614,605	-	2,442,472	28,273,748
2021	28,273,748	-	2,650,198	-	2,425,378	28,048,928
2022	28,048,928	-	2,671,826	-	2,404,171	27,781,273
2023	27,781,273	-	2,742,373	-	2,376,908	27,415,808
2024	27,415,808	-	2,774,884	-	2,342,553	26,983,477
2025	26,983,477	-	2,779,622	-	2,303,430	26,507,285
2026	26,507,285	-	2,800,701	-	2,259,624	25,966,208
2027	25,966,208	-	2,814,495	-	2,210,306	25,362,019
2028	25,362,019	-	2,816,668	-	2,155,832	24,701,183
2029	24,701,183	-	2,830,237	-	2,095,746	23,966,692
2030	23,966,692	-	2,824,064	-	2,029,919	23,172,547
2031	23,172,547	-	2,817,974	-	1,958,720	22,313,293
2032	22,313,293	-	2,809,469	-	1,881,770	21,385,594
2033	21,385,594	-	2,789,751	-	1,799,165	20,395,008
2034	20,395,008	-	2,764,819	-	1,711,134	19,341,323
2035	19,341,323	-	2,734,738	-	1,617,656	18,224,241
2036	18,224,241	-	2,699,266	-	1,518,715	17,043,690
2037	17,043,690	-	2,658,305	-	1,414,308	15,799,693
2038	15,799,693	-	2,611,774	-	1,304,443	14,492,362
2039	14,492,362	-	2,559,754	-	1,189,124	13,121,732
2040	13,121,732	-	2,502,287	-	1,068,353	11,687,798
2041	11,687,798	-	2,439,298	-	942,133	10,190,633
2042	10,190,633	-	2,370,689	-	810,476	8,630,420
2043	8,630,420	-	2,296,968	-	673,374	7,006,826
2044	7,006,826	-	2,218,300	-	530,791	5,319,317
2045	5,319,317	-	2,134,871	-	382,669	3,567,115
2046	3,567,115	-	2,046,925	-	228,929	1,749,119
2047	1,749,119	-	1,955,112	-	-	-

*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 33.89

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 9.00% interest.

It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent.

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2016

Valuation Date: 10/1/2014

	ACTUAL	HYPOTHETICAL		
	7.00% RP-2000 Static	7.00% RP-2000 Generational	5.00% RP-2000 Generational	9.00% RP-2000 Generational
Total Required Contribution	\$1,768,180	\$1,902,114	\$2,850,442	\$1,149,946
Expected Member Contribution	268,559	268,559	268,559	268,559
Expected State Money	351,321	351,321	351,321	351,321
Expected Sponsor Contribution (Fixed \$)	\$1,148,300	\$1,282,234	\$2,230,562	\$530,066
Expected Sponsor Contribution (% of Payroll)	38.5%	43.0%	74.7%	17.7%

ASSETS

Actuarial Value ¹	26,767,713	26,767,713	26,767,713	26,767,713
Market Value ¹	28,847,654	28,847,654	28,847,654	28,847,654

LIABILITIES

Present Value of Benefits

Active Members

Retirement Benefits	13,890,374	14,514,107	21,616,864	10,292,594
Disability Benefits	78,921	82,282	113,419	62,409
Death Benefits	55,348	42,414	51,228	35,651
Vested Benefits	1,239,529	1,281,131	2,049,103	845,030
Refund of Contributions	203,433	202,651	214,697	191,867
Service Retirees	21,436,986	22,227,844	27,647,897	18,448,488
DROP Retirees ¹	5,783,629	5,904,707	7,276,583	5,001,797
Beneficiaries	0	0	0	0
Terminated Vested	130,242	133,435	186,595	98,725
Disability Retirees	108,554	115,272	138,073	98,420
Excess State Monies Reserve	0	0	0	0
Total:	42,927,016	44,503,843	59,294,459	35,074,981

Present Value of Future Salaries	20,441,328	20,457,789	22,504,914	18,754,318
----------------------------------	------------	------------	------------	------------

Present Value of Future Member Contributions	1,839,720	1,841,201	2,025,442	1,687,889
--	-----------	-----------	-----------	-----------

Total Normal Cost (Entry Age Normal)	786,610	820,336	1,280,351	548,783
--------------------------------------	---------	---------	-----------	---------

Present Value of Future Normal Costs (Entry Age Normal)	5,248,885	5,486,983	9,461,503	3,352,678
---	-----------	-----------	-----------	-----------

Total Actuarial Accrued Liability ¹	37,678,131	39,016,860	49,832,956	31,722,303
--	------------	------------	------------	------------

Unfunded Actuarial Accrued Liability (Entry Age Normal)	10,910,418	12,249,147	23,065,243	4,954,590
---	------------	------------	------------	-----------

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2016

Valuation Date: 10/1/2014

	ACTUAL	HYPOTHETICAL		
	7.00% RP-2000 Static	7.00% RP-2000 Generational	5.00% RP-2000 Generational	9.00% RP-2000 Generational
<u>PENSION COST</u>				
Normal Cost (with interest)	814,141	849,048	1,312,360	573,478
Administrative Expenses (with interest)	27,324	27,324	27,060	27,588
Payment Required To Amortize UAAL (with interest)	926,715	1,025,742	1,511,022	548,880
Total Required Contribution	\$1,768,180	\$1,902,114	\$2,850,442	\$1,149,946

¹ The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2014.