



**FOSTER & FOSTER**  
ACTUARIES AND CONSULTANTS

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February 8, 2016

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, 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 8, 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: \_\_\_\_\_

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: 2/8/2016

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, 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	
	6.75% RP-2000 Static 9/30/2015	6.75% RP-2000 Generational 9/30/2015	4.75% RP-2000 Generational 9/30/2015	8.75% 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	810,639	844,812	1,310,232	570,383
Interest	2,594,521	2,692,626	2,490,376	2,778,541
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	(223,209)	(255,358)	(349,018)	(209,120)
Changes of Assumptions	1,050,239	1,146,210	1,740,865	790,886
Benefit Payments, Including Refunds of Employee Contributions	(2,919,883)	(2,919,883)	(2,919,883)	(2,919,883)
Net Change in Total Pension Liability	1,312,307	1,508,407	2,272,572	1,010,807
Total Pension Liability - Beginning	37,713,891	39,081,222	49,957,220	31,762,237
Total Pension Liability - Ending (a)	<u>\$ 39,026,198</u>	<u>\$ 40,589,629</u>	<u>\$ 52,229,792</u>	<u>\$ 32,773,044</u>
<b><u>Plan Fiduciary Net Position</u></b>				
Contributions - Employer	1,166,277	1,166,277	1,166,277	1,166,277
Contributions - State	314,798	314,798	314,798	314,798
Contributions - Employee	259,838	259,838	259,838	259,838
Net Investment Income	(472,556)	(472,556)	(472,556)	(472,556)
Benefit Payments, Including Refunds of Employee Contributions	(2,919,883)	(2,919,883)	(2,919,883)	(2,919,883)
Administrative Expenses	(36,411)	(36,411)	(36,411)	(36,411)
Net Change in Plan Fiduciary Net Position	(1,687,937)	(1,687,937)	(1,687,937)	(1,687,937)
Plan Fiduciary Net Position - Beginning	28,847,654	28,847,654	28,847,654	28,847,654
Plan Fiduciary Net Position - Ending (b)	<u>\$ 27,159,717</u>	<u>\$ 27,159,717</u>	<u>\$ 27,159,717</u>	<u>\$ 27,159,717</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 11,866,481</u>	<u>\$ 13,429,912</u>	<u>\$ 25,070,075</u>	<u>\$ 5,613,327</u>

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

Pension Expense	<u>\$ 1,586,764</u>	<u>\$ 1,734,999</u>	<u>\$ 2,575,258</u>	<u>\$ 1,017,373</u>
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## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1  
Plan Assumptions: 6.75% 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	27,159,717	-	2,689,756	-	1,742,502	26,212,463
2016	26,212,463	-	2,293,433	-	1,691,938	25,610,968
2017	25,610,968	-	2,339,309	-	1,649,789	24,921,448
2018	24,921,448	-	2,479,142	-	1,598,527	24,040,833
2019	24,040,833	-	2,509,060	-	1,538,075	23,069,848
2020	23,069,848	-	2,651,937	-	1,467,712	21,885,623
2021	21,885,623	-	2,687,437	-	1,386,579	20,584,765
2022	20,584,765	-	2,708,370	-	1,298,064	19,174,459
2023	19,174,459	-	2,781,048	-	1,200,416	17,593,827
2024	17,593,827	-	2,816,581	-	1,092,524	15,869,770
2025	15,869,770	-	2,822,601	-	975,947	14,023,116
2026	14,023,116	-	2,838,199	-	850,771	12,035,688
2027	12,035,688	-	2,850,169	-	716,216	9,901,735
2028	9,901,735	-	2,849,575	-	572,194	7,624,354
2029	7,624,354	-	2,859,887	-	418,123	5,182,590
2030	5,182,590	-	2,842,667	-	253,885	2,593,808
2031	2,593,808	-	2,826,324	-	-	-

\*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 16.92

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 6.75% 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: 6.75% 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	27,159,717	-	2,690,171	-	1,742,488	26,212,034
2016	26,212,034	-	2,295,373	-	1,691,843	25,608,504
2017	25,608,504	-	2,343,055	-	1,649,496	24,914,945
2018	24,914,945	-	2,485,175	-	1,597,884	24,027,654
2019	24,027,654	-	2,517,664	-	1,536,895	23,046,885
2020	23,046,885	-	2,663,779	-	1,465,762	21,848,868
2021	21,848,868	-	2,702,902	-	1,383,576	20,529,542
2022	20,529,542	-	2,727,782	-	1,293,681	19,095,441
2023	19,095,441	-	2,805,511	-	1,194,256	17,484,186
2024	17,484,186	-	2,846,561	-	1,084,111	15,721,736
2025	15,721,736	-	2,858,993	-	964,726	13,827,469
2026	13,827,469	-	2,883,604	-	836,033	11,779,898
2027	11,779,898	-	2,904,641	-	697,111	9,572,368
2028	9,572,368	-	2,914,599	-	547,767	7,205,536
2029	7,205,536	-	2,935,903	-	387,287	4,656,920
2030	4,656,920	-	2,932,226	-	215,379	1,940,073
2031	1,940,073	-	2,929,304	-	-	-

\*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 16.66

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 6.75% 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: 4.75% 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	27,159,717	-	2,690,171	-	1,226,195	25,695,741
2016	25,695,741	-	2,295,373	-	1,166,033	24,566,401
2017	24,566,401	-	2,343,055	-	1,111,256	23,334,602
2018	23,334,602	-	2,485,175	-	1,049,371	21,898,798
2019	21,898,798	-	2,517,664	-	980,398	20,361,532
2020	20,361,532	-	2,663,779	-	903,908	18,601,661
2021	18,601,661	-	2,702,902	-	819,385	16,718,144
2022	16,718,144	-	2,727,782	-	729,327	14,719,689
2023	14,719,689	-	2,805,511	-	632,554	12,546,732
2024	12,546,732	-	2,846,561	-	528,364	10,228,535
2025	10,228,535	-	2,858,993	-	417,954	7,787,496
2026	7,787,496	-	2,883,604	-	301,420	5,205,312
2027	5,205,312	-	2,904,641	-	178,267	2,478,938
2028	2,478,938	-	2,914,599	-	-	-

\*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 13.85

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 4.75% 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: 8.75% 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	27,159,717	-	2,690,171	-	2,258,780	26,728,326
2016	26,728,326	-	2,295,373	-	2,238,306	26,671,259
2017	26,671,259	-	2,343,055	-	2,231,227	26,559,431
2018	26,559,431	-	2,485,175	-	2,215,224	26,289,480
2019	26,289,480	-	2,517,664	-	2,190,182	25,961,998
2020	25,961,998	-	2,663,779	-	2,155,134	25,453,353
2021	25,453,353	-	2,702,902	-	2,108,916	24,859,367
2022	24,859,367	-	2,727,782	-	2,055,854	24,187,439
2023	24,187,439	-	2,805,511	-	1,993,660	23,375,588
2024	23,375,588	-	2,846,561	-	1,920,827	22,449,854
2025	22,449,854	-	2,858,993	-	1,839,281	21,430,142
2026	21,430,142	-	2,883,604	-	1,748,980	20,295,518
2027	20,295,518	-	2,904,641	-	1,648,780	19,039,657
2028	19,039,657	-	2,914,599	-	1,538,456	17,663,514
2029	17,663,514	-	2,935,903	-	1,417,112	16,144,723
2030	16,144,723	-	2,932,226	-	1,284,378	14,496,875
2031	14,496,875	-	2,929,304	-	1,140,320	12,707,891
2032	12,707,891	-	2,926,975	-	983,885	10,764,801
2033	10,764,801	-	2,910,361	-	814,592	8,669,032
2034	8,669,032	-	2,888,539	-	632,167	6,412,660
2035	6,412,660	-	2,860,699	-	435,952	3,987,913
2036	3,987,913	-	2,826,698	-	225,274	1,386,489
2037	1,386,489	-	2,787,130	-	-	-

\*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 22.50

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 8.75% 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	
	6.75% RP-2000 Static	6.75% RP-2000 Generational	4.75% RP-2000 Generational	8.75% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$1,837,579	\$1,986,355	\$3,006,112	\$1,178,461
Total Required Contribution (% of Payroll)	61.1%	66.0%	99.9%	39.2%
Expected Member Contribution	270,723	270,723	270,723	270,723
Expected State Money	314,798	314,798	314,798	314,798
Expected Sponsor Contribution (Fixed \$)	\$1,252,058	\$1,400,834	\$2,420,591	\$592,940
Expected Sponsor Contribution (% of Payroll)	41.6%	46.5%	80.4%	19.7%

**ASSETS**

Actuarial Value <sup>1</sup>	28,342,726	28,342,726	28,342,726	28,342,726
Market Value <sup>1</sup>	27,159,717	27,159,717	27,159,717	27,159,717

**LIABILITIES**

## Present Value of Benefits

## Active Members

Retirement Benefits	14,638,680	15,321,807	22,959,744	10,813,879
Disability Benefits	82,167	85,731	118,451	64,932
Death Benefits	55,546	42,292	50,996	35,599
Vested Benefits	1,369,071	1,417,504	2,276,427	932,596
Refund of Contributions	204,600	203,767	215,230	193,484
Service Retirees	26,064,827	27,087,988	33,973,137	22,341,092
DROP Retirees <sup>1</sup>	2,287,174	2,324,697	2,873,442	1,965,517
Beneficiaries	0	0	0	0
Disability Retirees	108,340	115,705	138,452	98,845
Terminated Vested	153,702	157,338	213,596	120,293
Excess State Monies Reserve	0	0	0	0
Total:	44,964,107	46,756,829	62,819,475	36,566,237

Present Value of Future Salaries	20,588,569	20,605,195	22,654,293	18,898,228
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Present Value of Future Member Contributions	1,852,971	1,854,468	2,038,886	1,700,841
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Total Normal Cost	829,058	865,614	1,360,095	576,106
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Present Value of Future Normal Costs (Entry Age Normal)	5,503,046	5,757,431	10,000,409	3,497,347
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Total Actuarial Accrued Liability <sup>1</sup>	39,461,061	40,999,398	52,819,066	33,068,890
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Unfunded Actuarial Accrued Liability (UAAL)	11,118,335	12,656,672	24,476,340	4,726,164
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ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2017

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL		
	6.75% RP-2000 Static	6.75% RP-2000 Generational	4.75% RP-2000 Generational	8.75% RP-2000 Generational
<b><u>PENSION COST</u></b>				
Normal Cost (with interest)	857,039	894,828	1,392,397	601,311
Administrative Expenses (with interest)	37,640	37,640	37,276	38,004
Payment Required To Amortize UAAL (with interest)	942,900	1,053,887	1,576,439	539,146
Total Required Contribution	\$1,837,579	\$1,986,355	\$3,006,112	\$1,178,461

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