

March 14, 2017

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 Firefighters' 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, 2016 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: _____


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
FIREFIGHTERS' 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: 3/14/2017

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, 2016 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.

GASB 67: SCHEDULE OF CHANGES IN NET PENSION LIABILITY
FISCAL YEAR SEPTEMBER 30, 2016

	ACTUAL	HYPOTHETICAL	
	7.00% RP-2000 Generational	5.00% RP-2000 Generational	9.00% RP-2000 Generational
Total Pension Liability			
Service Cost	774,684	1,231,290	541,630
Interest	2,423,187	2,284,290	2,631,911
Change in Excess State Money	(334,809)	(334,809)	(334,809)
Share Plan Allocation	167,405	167,405	167,405
Changes of Benefit Terms	15,264	21,566	11,999
Differences Between Expected and Actual Experience	(137,955)	(229,638)	(234,661)
Changes of Assumptions	907,766	(431,712)	(359,681)
Contributions - Buy Back	17,004	17,004	17,004
Benefit Payments, Including Refunds of Employee Contributions	(1,980,448)	(1,980,448)	(1,980,448)
Net Change in Total Pension Liability	1,852,098	744,948	460,350
Total Pension Liability - Beginning	35,152,038	45,757,971	30,014,861
Total Pension Liability - Ending (a)	<u>\$ 37,004,136</u>	<u>\$ 46,502,919</u>	<u>\$ 30,475,211</u>
Plan Fiduciary Net Position			
Contributions - Employer	1,240,944	1,240,944	1,240,944
Contributions - State	338,237	338,237	338,237
Contributions - Employee	217,818	217,818	217,818
Contributions - Buy Back	17,004	17,004	17,004
Net Investment Income	2,035,686	2,035,686	2,035,686
Benefit Payments, Including Refunds of Employee Contributions	(1,980,448)	(1,980,448)	(1,980,448)
Administrative Expenses	(48,958)	(48,958)	(48,958)
Net Change in Plan Fiduciary Net Position	1,820,283	1,820,283	1,820,283
Plan Fiduciary Net Position - Beginning	23,887,029	23,887,029	23,887,029
Plan Fiduciary Net Position - Ending (b)	<u>\$ 25,707,312</u>	<u>\$ 25,707,312</u>	<u>\$ 25,707,312</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 11,296,824</u>	<u>\$ 20,795,607</u>	<u>\$ 4,767,899</u>

GASB 68: PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	ACTUAL	HYPOTHETICAL	
	7.00% RP-2000 Generational	5.00% RP-2000 Generational	9.00% RP-2000 Generational
Pension Expense	<u>\$ 1,823,824</u>	<u>\$ 1,979,955</u>	<u>\$ 1,055,418</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.00% 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
2016	25,707,312	-	2,418,677	-	1,714,858	25,003,493
2017	25,003,493	-	2,253,631	-	1,671,367	24,421,229
2018	24,421,229	-	2,252,800	-	1,630,638	23,799,067
2019	23,799,067	-	2,509,278	-	1,578,110	22,867,899
2020	22,867,899	-	2,704,214	-	1,506,105	21,669,790
2021	21,669,790	-	2,708,933	-	1,422,073	20,382,930
2022	20,382,930	-	2,718,723	-	1,331,650	18,995,857
2023	18,995,857	-	2,712,024	-	1,234,789	17,518,622
2024	17,518,622	-	2,794,208	-	1,128,506	15,852,920
2025	15,852,920	-	2,793,286	-	1,011,939	14,071,573
2026	14,071,573	-	2,815,685	-	886,461	12,142,349
2027	12,142,349	-	2,759,275	-	753,390	10,136,464
2028	10,136,464	-	2,726,404	-	614,128	8,024,188
2029	8,024,188	-	2,683,023	-	467,787	5,808,952
2030	5,808,952	-	2,642,699	-	314,132	3,480,385
2031	3,480,385	-	2,610,455	-	152,261	1,022,191
2032	1,022,191	-	2,568,875	-	-	-

*All DROP and Share Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 16.40

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. 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: 5.00% 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
2016	25,707,312	-	2,418,677	-	1,224,899	24,513,534
2017	24,513,534	-	2,253,631	-	1,169,336	23,429,239
2018	23,429,239	-	2,252,800	-	1,115,142	22,291,581
2019	22,291,581	-	2,509,278	-	1,051,847	20,834,150
2020	20,834,150	-	2,704,214	-	974,102	19,104,038
2021	19,104,038	-	2,708,933	-	887,479	17,282,584
2022	17,282,584	-	2,718,723	-	796,161	15,360,022
2023	15,360,022	-	2,712,024	-	700,201	13,348,199
2024	13,348,199	-	2,794,208	-	597,555	11,151,546
2025	11,151,546	-	2,793,286	-	487,745	8,846,005
2026	8,846,005	-	2,815,685	-	371,908	6,402,228
2027	6,402,228	-	2,759,275	-	251,130	3,894,083
2028	3,894,083	-	2,726,404	-	126,544	1,294,223
2029	1,294,223	-	2,683,023	-	-	-

*All DROP and Share Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 13.48

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. 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: 9.00% 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
2016	25,707,312	-	2,418,677	-	2,204,818	25,493,453
2017	25,493,453	-	2,253,631	-	2,192,997	25,432,819
2018	25,432,819	-	2,252,800	-	2,187,578	25,367,597
2019	25,367,597	-	2,509,278	-	2,170,166	25,028,485
2020	25,028,485	-	2,704,214	-	2,130,874	24,455,145
2021	24,455,145	-	2,708,933	-	2,079,061	23,825,273
2022	23,825,273	-	2,718,723	-	2,021,932	23,128,482
2023	23,128,482	-	2,712,024	-	1,959,522	22,375,980
2024	22,375,980	-	2,794,208	-	1,888,099	21,469,871
2025	21,469,871	-	2,793,286	-	1,806,591	20,483,176
2026	20,483,176	-	2,815,685	-	1,716,780	19,384,271
2027	19,384,271	-	2,759,275	-	1,620,417	18,245,413
2028	18,245,413	-	2,726,404	-	1,519,399	17,038,408
2029	17,038,408	-	2,683,023	-	1,412,721	15,768,106
2030	15,768,106	-	2,642,699	-	1,300,208	14,425,615
2031	14,425,615	-	2,610,455	-	1,180,835	12,995,995
2032	12,995,995	-	2,568,875	-	1,054,040	11,481,160
2033	11,481,160	-	2,526,873	-	919,595	9,873,882
2034	9,873,882	-	2,485,366	-	776,808	8,165,324
2035	8,165,324	-	2,438,203	-	625,160	6,352,281
2036	6,352,281	-	2,385,264	-	464,368	4,431,385
2037	4,431,385	-	2,334,210	-	293,785	2,390,960
2038	2,390,960	-	2,280,964	-	112,543	222,539
2039	222,539	-	2,226,170	-	-	-

*All DROP and Share Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 23.10

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. 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, 2018

Valuation Date: 10/1/2016

	ACTUAL	HYPOTHETICAL	
	7.00% RP-2000 Generational	5.00% RP-2000 Generational	9.00% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$1,765,283	\$2,650,489	\$1,042,814
Total Required Contribution (% of Payroll)	65.7%	98.7%	38.8%
Expected Member Contribution	225,604	225,604	225,604
Expected State Money	338,238	338,238	338,238
Expected Sponsor Contribution (Fixed \$)	\$1,201,441	\$2,086,647	\$478,972
Expected Sponsor Contribution (% of Payroll)	44.7%	77.7%	17.8%
<u>ASSETS</u>			
Actuarial Value ¹	26,697,253	26,697,253	26,697,253
Market Value ¹	25,707,312	25,707,312	25,707,312
<u>LIABILITIES</u>			
Present Value of Benefits			
Active Members			
Retirement Benefits	16,715,747	23,097,562	12,689,609
Disability Benefits	80,265	104,778	63,864
Death Benefits	114,111	141,496	93,903
Vested Benefits	936,164	1,405,830	659,972
Refund of Contributions	45,942	49,074	43,159
Service Retirees	17,498,858	21,416,086	14,734,682
DROP Retirees ¹	2,317,120	2,797,736	1,988,544
Beneficiaries	826,364	1,008,951	695,838
Disability Retirees	318,222	380,882	273,147
Terminated Vested	1,321,050	1,733,149	1,045,774
Excess State Monies Reserve	0	0	0
Share Plan	181,718	181,718	181,718
Total:	40,355,561	52,317,262	32,470,210
Present Value of Future Salaries	13,464,638	14,667,362	12,476,845
Present Value of Future Member Contributions	1,131,030	1,232,058	1,048,055
Total Normal Cost	743,103	1,155,766	493,921
Present Value of Future Normal Costs (Entry Age Normal)	3,611,651	6,136,073	2,223,868
Total Actuarial Accrued Liability ¹	36,743,910	46,181,189	30,246,342
Unfunded Actuarial Accrued Liability (UAAL)	10,046,657	19,483,936	3,549,089

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2018

Valuation Date: 10/1/2016

	ACTUAL	HYPOTHETICAL	
	7.00% RP-2000 Generational	5.00% RP-2000 Generational	9.00% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost (with interest)	769,112	1,184,660	516,147
Administrative Expenses (with interest)	50,672	50,182	51,161
Payment Required To Amortize UAAL (with interest)	945,499	1,415,647	475,506
Total Required Contribution	\$1,765,283	\$2,650,489	\$1,042,814

¹ The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2016.