

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 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, 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.

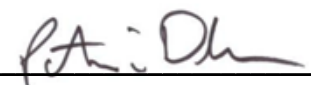
In addition to the enclosed report, the Plan or Plan Sponsor's website must provide a link to the Division of Retirement's Actuarial Summary Fact Sheet for the Plan, and also report the previous five years' assumed and actual rates of return, along with their respective asset allocations. The Board should 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  
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: 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	
	6.75% RP-2000 Generational	4.75% RP-2000 Generational	8.75% RP-2000 Generational
<b><u>Total Pension Liability</u></b>			
Service Cost	850,919	1,387,092	595,976
Interest	2,607,294	2,487,401	2,810,367
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	274,918	393,829	152,066
Changes of Assumptions	1,452,406	(50,791)	(259,087)
Benefit Payments, Including Refunds of Employee Contributions	(2,501,077)	(2,501,077)	(2,501,077)
Net Change in Total Pension Liability	2,684,460	1,716,454	798,245
Total Pension Liability - Beginning	39,026,198	52,229,792	32,773,044
Total Pension Liability - Ending (a)	<u>\$ 41,710,658</u>	<u>\$ 53,946,246</u>	<u>\$ 33,571,289</u>
<b><u>Plan Fiduciary Net Position</u></b>			
Contributions - Employer	1,210,121	1,210,121	1,210,121
Contributions - State	333,927	333,927	333,927
Contributions - Employee	271,650	271,650	271,650
Net Investment Income	2,355,123	2,355,123	2,355,123
Benefit Payments, Including Refunds of Employee Contributions	(2,501,077)	(2,501,077)	(2,501,077)
Administrative Expenses	(35,935)	(35,935)	(35,935)
Net Change in Plan Fiduciary Net Position	1,633,809	1,633,809	1,633,809
Plan Fiduciary Net Position - Beginning	27,159,717	27,159,717	27,159,717
Plan Fiduciary Net Position - Ending (b)	<u>\$ 28,793,526</u>	<u>\$ 28,793,526</u>	<u>\$ 28,793,526</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 12,917,132</u>	<u>\$ 25,152,720</u>	<u>\$ 4,777,763</u>

**GASB 68: PENSION EXPENSE**  
**FISCAL YEAR SEPTEMBER 30, 2016**

	ACTUAL	HYPOTHETICAL	
	6.75% RP-2000 Generational	4.75% RP-2000 Generational	8.75% RP-2000 Generational
Pension Expense	<u>\$ 2,432,781</u>	<u>\$ 2,960,024</u>	<u>\$ 1,545,185</u>

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

Table 1  
Plan 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
2016	28,767,375	-	2,448,351	-	1,859,166	28,178,190
2017	28,178,190	-	2,362,707	-	1,822,286	27,637,769
2018	27,637,769	-	2,510,673	-	1,780,814	26,907,910
2019	26,907,910	-	2,540,554	-	1,730,540	26,097,896
2020	26,097,896	-	2,700,917	-	1,670,452	25,067,431
2021	25,067,431	-	2,739,838	-	1,599,582	23,927,175
2022	23,927,175	-	2,763,799	-	1,521,806	22,685,182
2023	22,685,182	-	2,846,260	-	1,435,189	21,274,111
2024	21,274,111	-	2,888,477	-	1,338,516	19,724,150
2025	19,724,150	-	2,902,685	-	1,233,415	18,054,880
2026	18,054,880	-	2,933,335	-	1,119,704	16,241,249
2027	16,241,249	-	2,948,289	-	996,780	14,289,740
2028	14,289,740	-	2,959,373	-	864,679	12,195,046
2029	12,195,046	-	2,984,759	-	722,430	9,932,717
2030	9,932,717	-	2,975,785	-	570,026	7,526,958
2031	7,526,958	-	2,975,124	-	407,659	4,959,493
2032	4,959,493	-	2,975,547	-	234,341	2,218,287
2033	2,218,287	-	2,960,597	-	-	-

\*All DROP Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 17.75

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: 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
2016	28,767,375	-	2,448,351	-	1,308,302	27,627,326
2017	27,627,326	-	2,362,707	-	1,256,184	26,520,803
2018	26,520,803	-	2,510,673	-	1,200,110	25,210,240
2019	25,210,240	-	2,540,554	-	1,137,148	23,806,834
2020	23,806,834	-	2,700,917	-	1,066,678	22,172,595
2021	22,172,595	-	2,739,838	-	988,127	20,420,884
2022	20,420,884	-	2,763,799	-	904,352	18,561,437
2023	18,561,437	-	2,846,260	-	814,070	16,529,247
2024	16,529,247	-	2,888,477	-	716,538	14,357,308
2025	14,357,308	-	2,902,685	-	613,033	12,067,656
2026	12,067,656	-	2,933,335	-	503,547	9,637,868
2027	9,637,868	-	2,948,289	-	387,777	7,077,356
2028	7,077,356	-	2,959,373	-	265,889	4,383,872
2029	4,383,872	-	2,984,759	-	137,346	1,536,459
2030	1,536,459	-	2,975,785	-	-	-

\*All DROP Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 14.52

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 3  
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
2016	28,767,375	-	2,448,351	-	2,410,030	28,729,054
2017	28,729,054	-	2,362,707	-	2,410,424	28,776,771
2018	28,776,771	-	2,510,673	-	2,408,126	28,674,224
2019	28,674,224	-	2,540,554	-	2,397,845	28,531,515
2020	28,531,515	-	2,700,917	-	2,378,342	28,208,940
2021	28,208,940	-	2,739,838	-	2,348,414	27,817,516
2022	27,817,516	-	2,763,799	-	2,313,116	27,366,833
2023	27,366,833	-	2,846,260	-	2,270,074	26,790,647
2024	26,790,647	-	2,888,477	-	2,217,811	26,119,981
2025	26,119,981	-	2,902,685	-	2,158,506	25,375,802
2026	25,375,802	-	2,933,335	-	2,092,049	24,534,516
2027	24,534,516	-	2,948,289	-	2,017,783	23,604,010
2028	23,604,010	-	2,959,373	-	1,935,878	22,580,515
2029	22,580,515	-	2,984,759	-	1,845,212	21,440,968
2030	21,440,968	-	2,975,785	-	1,745,894	20,211,077
2031	20,211,077	-	2,975,124	-	1,638,308	18,874,261
2032	18,874,261	-	2,975,547	-	1,521,318	17,420,032
2033	17,420,032	-	2,960,597	-	1,394,727	15,854,162
2034	15,854,162	-	2,942,703	-	1,258,496	14,169,955
2035	14,169,955	-	2,920,097	-	1,112,117	12,361,975
2036	12,361,975	-	2,891,299	-	955,178	10,425,854
2037	10,425,854	-	2,857,683	-	787,239	8,355,410
2038	8,355,410	-	2,819,603	-	607,741	6,143,548
2039	6,143,548	-	2,777,327	-	416,052	3,782,273
2040	3,782,273	-	2,731,400	-	211,450	1,262,323
2041	1,262,323	-	2,680,724	-	-	-

\*All DROP Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 25.47

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, 2018

Valuation Date: 10/1/2016

	ACTUAL	HYPOTHETICAL	
	6.75% RP-2000 Generational	4.75% RP-2000 Generational	8.75% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$1,969,345	\$3,047,025	\$1,118,246
Total Required Contribution (% of Payroll)	62.9%	97.4%	35.7%
Expected Member Contribution	281,672	281,672	281,672
Expected State Money	333,927	333,927	333,927
Expected Sponsor Contribution (Fixed \$)	\$1,353,746	\$2,431,426	\$502,647
Expected Sponsor Contribution (% of Payroll)	43.2%	77.7%	16.0%

**ASSETS**

Actuarial Value <sup>1</sup>	29,821,964	29,821,964	29,821,964
Market Value <sup>1</sup>	28,767,375	28,767,375	28,767,375

**LIABILITIES**

Present Value of Benefits			
Active Members			
Retirement Benefits	15,818,533	23,633,267	11,233,437
Disability Benefits	70,442	94,972	54,400
Death Benefits	129,591	156,692	108,818
Vested Benefits	1,508,468	2,418,805	996,086
Refund of Contributions	207,359	219,179	196,775
Service Retirees	28,292,992	35,637,377	23,278,262
DROP Retirees <sup>1</sup>	1,375,777	1,769,049	1,129,256
Beneficiaries	0	0	0
Disability Retirees	101,042	119,206	87,419
Terminated Vested	179,855	239,408	140,795
Excess State Monies Reserve	0	0	0
Total:	47,684,059	64,287,955	37,225,248
Present Value of Future Salaries	20,842,214	22,913,904	19,117,216
Present Value of Future Member Contributions	1,875,799	2,062,251	1,720,549
Total Normal Cost	864,284	1,368,317	572,333
Present Value of Future Normal Costs (Entry Age Normal)	5,561,968	9,743,775	3,360,163
Total Actuarial Accrued Liability <sup>1</sup>	42,122,091	54,544,180	33,865,085
Unfunded Actuarial Accrued Liability (UAAL)	12,300,127	24,722,216	4,043,121



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

Valuation Date: 10/1/2016

	ACTUAL	HYPOTHETICAL	
	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)	893,454	1,400,815	597,373
Administrative Expenses (with interest)	37,148	36,788	37,507
Payment Required To Amortize UAAL (with interest)	1,038,743	1,609,422	483,366
Total Required Contribution	\$1,969,345	\$3,047,025	\$1,118,246

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