



February 12, 2018

VIA EMAIL

Mr. Scott McKee
City Clerk
City of Ormond Beach
22 South Beach St.
Ormond Beach, Florida 32174

Re: City of Ormond Beach General Employees' Pension Plan
Section 112.664, Florida Statutes Compliance

Dear Scott:

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: 

Patrick T. Donlan, EA, ASA, MAAA
Enrolled Actuary #17-6595

PTD/lke
Enclosures

cc via email: H. Lee Dehner, Board Attorney

CITY OF ORMOND BEACH
GENERAL EMPLOYEES' PENSION PLAN

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: 2/12/2018

Patrick T. Donlan, EA, ASA, MAAA
Enrolled Actuary #17-6595



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, 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	
	6.75% RP-2000 Generational	4.75% RP-2000 Generational	8.75% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	1,008,657	1,514,771	693,626
Interest	3,716,543	3,306,495	3,926,219
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(845,456)	(898,105)	(785,801)
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(2,677,338)	(2,677,338)	(2,677,338)
Net Change in Total Pension Liability	1,202,406	1,245,823	1,156,706
Total Pension Liability - Beginning	55,389,905	69,434,320	45,516,112
Total Pension Liability - Ending (a)	<u>\$ 56,592,311</u>	<u>\$ 70,680,143</u>	<u>\$ 46,672,818</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	1,676,838	1,676,838	1,676,838
Contributions - Employee	258,972	258,972	258,972
Net Investment Income	5,034,795	5,034,795	5,034,795
Benefit Payments, Including Refunds of Employee Contributions	(2,677,338)	(2,677,338)	(2,677,338)
Administrative Expenses	(47,283)	(47,283)	(47,283)
Net Change in Plan Fiduciary Net Position	4,245,984	4,245,984	4,245,984
Plan Fiduciary Net Position - Beginning	43,168,756	43,168,756	43,168,756
Plan Fiduciary Net Position - Ending (b)	<u>\$ 47,414,740</u>	<u>\$ 47,414,740</u>	<u>\$ 47,414,740</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 9,177,571</u>	<u>\$ 23,265,403</u>	<u>\$ (741,922)</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
2017	47,412,916	-	3,284,315	-	3,089,526	47,218,127
2018	47,218,127	-	3,490,913	-	3,069,405	46,796,619
2019	46,796,619	-	3,645,204	-	3,035,746	46,187,161
2020	46,187,161	-	3,781,279	-	2,990,015	45,395,897
2021	45,395,897	-	3,930,561	-	2,931,567	44,396,903
2022	44,396,903	-	3,969,688	-	2,862,814	43,290,029
2023	43,290,029	-	4,019,639	-	2,786,414	42,056,804
2024	42,056,804	-	4,047,511	-	2,702,231	40,711,524
2025	40,711,524	-	4,058,802	-	2,611,043	39,263,765
2026	39,263,765	-	4,140,355	-	2,510,567	37,633,977
2027	37,633,977	-	4,140,136	-	2,400,564	35,894,405
2028	35,894,405	-	4,081,872	-	2,285,109	34,097,642
2029	34,097,642	-	4,051,440	-	2,164,855	32,211,057
2030	32,211,057	-	4,051,896	-	2,037,495	30,196,656
2031	30,196,656	-	4,083,794	-	1,900,446	28,013,308
2032	28,013,308	-	3,981,333	-	1,756,528	25,788,503
2033	25,788,503	-	3,895,284	-	1,609,258	23,502,477
2034	23,502,477	-	3,810,925	-	1,457,798	21,149,350
2035	21,149,350	-	3,701,904	-	1,302,642	18,750,088
2036	18,750,088	-	3,582,518	-	1,144,721	16,312,291
2037	16,312,291	-	3,474,495	-	983,815	13,821,611
2038	13,821,611	-	3,355,721	-	819,703	11,285,593
2039	11,285,593	-	3,219,469	-	653,120	8,719,244
2040	8,719,244	-	3,081,366	-	484,553	6,122,431
2041	6,122,431	-	2,936,404	-	314,160	3,500,187
2042	3,500,187	-	2,789,961	-	142,101	852,327
2043	852,327	-	2,642,913	-	-	-

*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 26.32

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
2017	47,412,916	-	3,284,315	-	2,174,111	46,302,712
2018	46,302,712	-	3,490,913	-	2,116,470	44,928,269
2019	44,928,269	-	3,645,204	-	2,047,519	43,330,584
2020	43,330,584	-	3,781,279	-	1,968,397	41,517,702
2021	41,517,702	-	3,930,561	-	1,878,740	39,465,881
2022	39,465,881	-	3,969,688	-	1,780,349	37,276,542
2023	37,276,542	-	4,019,639	-	1,675,169	34,932,072
2024	34,932,072	-	4,047,511	-	1,563,145	32,447,706
2025	32,447,706	-	4,058,802	-	1,444,869	29,833,773
2026	29,833,773	-	4,140,355	-	1,318,771	27,012,189
2027	27,012,189	-	4,140,136	-	1,184,751	24,056,804
2028	24,056,804	-	4,081,872	-	1,045,754	21,020,686
2029	21,020,686	-	4,051,440	-	902,261	17,871,507
2030	17,871,507	-	4,051,896	-	752,664	14,572,275
2031	14,572,275	-	4,083,794	-	595,193	11,083,674
2032	11,083,674	-	3,981,333	-	431,918	7,534,259
2033	7,534,259	-	3,895,284	-	265,364	3,904,339
2034	3,904,339	-	3,810,925	-	94,947	188,361
2035	188,361	-	3,701,904	-	-	-

*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 18.05

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
2017	47,412,916	-	3,284,315	-	4,004,941	48,133,542
2018	48,133,542	-	3,490,913	-	4,058,957	48,701,586
2019	48,701,586	-	3,645,204	-	4,101,911	49,158,293
2020	49,158,293	-	3,781,279	-	4,135,920	49,512,934
2021	49,512,934	-	3,930,561	-	4,160,420	49,742,793
2022	49,742,793	-	3,969,688	-	4,178,821	49,951,926
2023	49,951,926	-	4,019,639	-	4,194,934	50,127,221
2024	50,127,221	-	4,047,511	-	4,209,053	50,288,763
2025	50,288,763	-	4,058,802	-	4,222,694	50,452,655
2026	50,452,655	-	4,140,355	-	4,233,467	50,545,767
2027	50,545,767	-	4,140,136	-	4,241,624	50,647,255
2028	50,647,255	-	4,081,872	-	4,253,053	50,818,436
2029	50,818,436	-	4,051,440	-	4,269,363	51,036,359
2030	51,036,359	-	4,051,896	-	4,288,411	51,272,874
2031	51,272,874	-	4,083,794	-	4,307,710	51,496,790
2032	51,496,790	-	3,981,333	-	4,331,786	51,847,243
2033	51,847,243	-	3,895,284	-	4,366,215	52,318,174
2034	52,318,174	-	3,810,925	-	4,411,112	52,918,361
2035	52,918,361	-	3,701,904	-	4,468,398	53,684,855
2036	53,684,855	-	3,582,518	-	4,540,690	54,643,027
2037	54,643,027	-	3,474,495	-	4,629,256	55,797,788
2038	55,797,788	-	3,355,721	-	4,735,494	57,177,561
2039	57,177,561	-	3,219,469	-	4,862,185	58,820,277
2040	58,820,277	-	3,081,366	-	5,011,964	60,750,875
2041	60,750,875	-	2,936,404	-	5,187,234	63,001,705
2042	63,001,705	-	2,789,961	-	5,390,588	65,602,332
2043	65,602,332	-	2,642,913	-	5,624,577	68,583,996
2044	68,583,996	-	2,488,986	-	5,892,207	71,987,217
2045	71,987,217	-	2,338,243	-	6,196,583	75,845,557
2046	75,845,557	-	2,185,235	-	6,540,882	80,201,204
2047	80,201,204	-	2,033,824	-	6,928,626	85,096,006
2048	85,096,006	-	1,884,924	-	7,363,435	90,574,517
2049	90,574,517	-	1,739,526	-	7,849,166	96,684,157
2050	96,684,157	-	1,598,571	-	8,389,926	103,475,512
2051	103,475,512	-	1,462,780	-	8,990,111	111,002,843
2052	111,002,843	-	1,332,529	-	9,654,451	119,324,765
2053	119,324,765	-	1,208,177	-	10,388,059	128,504,647
2054	128,504,647	-	1,090,204	-	11,196,460	138,610,903
2055	138,610,903	-	979,189	-	12,085,614	149,717,328
2056	149,717,328	-	875,448	-	13,061,965	161,903,845
2057	161,903,845	-	779,113	-	14,132,500	175,257,232
2058	175,257,232	-	690,230	-	15,304,810	189,871,812
2059	189,871,812	-	608,489	-	16,587,162	205,850,485
2060	205,850,485	-	533,849	-	17,988,562	223,305,198
2061	223,305,198	-	466,262	-	19,518,806	242,357,742
2062	242,357,742	-	405,568	-	21,188,559	263,140,733
2063	263,140,733	-	351,613	-	23,009,431	285,798,551
2064	285,798,551	-	303,926	-	24,994,076	310,488,701
2065	310,488,701	-	261,960	-	27,156,301	337,383,042
2066	337,383,042	-	225,132	-	29,511,167	366,669,077

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
2067	366,669,077	-	192,980	-	32,075,101	398,551,198
2068	398,551,198	-	165,036	-	34,866,010	433,252,172
2069	433,252,172	-	140,777	-	37,903,406	471,014,801
2070	471,014,801	-	119,815	-	41,208,553	512,103,539
2071	512,103,539	-	101,708	-	44,804,610	556,806,441
2072	556,806,441	-	86,138	-	48,716,795	605,437,098
2073	605,437,098	-	72,774	-	52,972,562	658,336,886
2074	658,336,886	-	61,366	-	57,601,793	715,877,313
2075	715,877,313	-	51,614	-	62,637,007	778,462,706
2076	778,462,706	-	43,220	-	68,113,596	846,533,082
2077	846,533,082	-	36,018	-	74,070,069	920,567,133
2078	920,567,133	-	29,801	-	80,548,320	1,001,085,652
2079	1,001,085,652	-	24,436	-	87,593,925	1,088,655,141
2080	1,088,655,141	-	19,848	-	95,256,456	1,183,891,749
2081	1,183,891,749	-	15,974	-	103,589,829	1,287,465,604
2082	1,287,465,604	-	12,701	-	112,652,685	1,400,105,588
2083	1,400,105,588	-	9,975	-	122,508,803	1,522,604,416
2084	1,522,604,416	-	7,715	-	133,227,549	1,655,824,250
2085	1,655,824,250	-	5,866	-	144,884,365	1,800,702,749
2086	1,800,702,749	-	4,387	-	157,561,299	1,958,259,661
2087	1,958,259,661	-	3,221	-	171,347,579	2,129,604,019
2088	2,129,604,019	-	2,320	-	186,340,250	2,315,941,949
2089	2,315,941,949	-	1,640	-	202,644,849	2,518,585,158
2090	2,518,585,158	-	1,135	-	220,376,152	2,738,960,175
2091	2,738,960,175	-	767	-	239,658,982	2,978,618,390
2092	2,978,618,390	-	506	-	260,629,087	3,239,246,971
2093	3,239,246,971	-	327	-	283,434,096	3,522,680,740
2094	3,522,680,740	-	206	-	308,234,556	3,830,915,090
2095	3,830,915,090	-	128	-	335,205,065	4,166,120,027
2096	4,166,120,027	-	78	-	364,535,499	4,530,655,448
2097	4,530,655,448	-	48	-	396,432,350	4,927,087,750
2098	4,927,087,750	-	29	-	431,120,177	5,358,207,898
2099	5,358,207,898	-	17	-	468,843,190	5,827,051,071
2100	5,827,051,071	-	10	-	509,866,968	6,336,918,029
2101	6,336,918,029	-	6	-	554,480,327	6,891,398,350
2102	6,891,398,350	-	4	-	602,997,355	7,494,395,701
2103	7,494,395,701	-	2	-	655,759,624	8,150,155,323
2104	8,150,155,323	-	1	-	713,138,591	8,863,293,913
2105	8,863,293,913	-	1	-	775,538,217	9,638,832,129
2106	9,638,832,129	-	-	-	843,397,811	10,482,229,940

*All DROP Balances paid in 2017.

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 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, 2019

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL	
	6.75% RP-2000 Generational	4.75% RP-2000 Generational	8.75% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$1,928,609	\$3,168,733	\$836,900
Total Required Contribution (% of Payroll)	31.1%	51.1%	13.5%
Expected Member Contribution	248,035	248,035	248,035
Expected Sponsor Contribution (Fixed \$)	\$1,680,574	\$2,920,698	\$588,865
Expected Sponsor Contribution (% of Payroll)	27.1%	47.1%	9.5%

ASSETS

Actuarial Value ¹	47,747,067	47,747,067	47,747,067
Market Value ¹	47,412,916	47,412,916	47,412,916

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	25,095,948	34,809,298	18,855,147
Disability Benefits	1,019,260	1,334,511	802,094
Death Benefits	393,065	567,734	285,204
Vested Benefits	802,793	1,345,351	501,786
Refund of Contributions	1,147	1,147	1,147
Service Retirees	25,580,462	30,499,446	21,934,800
DROP Retirees ¹	3,251,493	3,935,707	2,764,802
Beneficiaries	2,381,847	2,830,629	2,051,445
Disability Retirees	478,474	562,469	415,560
Terminated Vested	2,308,028	3,118,128	1,772,746
Total:	61,312,517	79,004,420	49,384,731
Present Value of Future Salaries	35,272,328	38,530,894	32,543,684
Present Value of Future Member Contributions	1,410,893	1,541,236	1,301,747
Total Normal Cost	908,089	1,374,013	617,247
Present Value of Future Normal Costs (Entry Age Normal)	4,953,110	8,339,324	3,046,969
Total Actuarial Accrued Liability ¹	56,359,407	70,665,096	46,337,762
Unfunded Actuarial Accrued Liability (UAAL)	8,612,340	22,918,029	(1,409,305)

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

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL	
	6.75% RP-2000 Generational	4.75% RP-2000 Generational	8.75% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost (with interest)	938,737	1,406,646	644,252
Administrative Expenses (with interest)	48,879	48,406	49,352
Payment Required To Amortize UAAL (with interest)	940,993	1,713,681	143,296
Total Required Contribution	\$1,928,609	\$3,168,733	\$836,900

¹ The asset values and liabilities include accumulated DROP Balances as of 9/30/2017.