

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 General Employees' Pension Plan  
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.

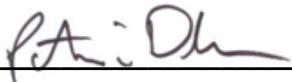
Our office will submit this information electronically to the Department of Management Services by the February 8, 2016 deadline. However, it is important for you to be aware that this report must also be made available on the Plan or Plan Sponsor's website, if such website exists. A deadline for this 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  
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: 2/8/2016

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	1,018,762	1,050,604	1,564,123	726,483
Interest	3,463,279	3,543,590	3,187,872	3,720,839
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	(367,046)	(454,596)	(369,980)	(495,529)
Changes of Assumptions	1,299,686	1,367,989	1,962,137	986,969
Benefit Payments, Including Refunds of Employee Contributions	(2,848,216)	(2,848,216)	(2,848,216)	(2,848,216)
Net Change in Total Pension Liability	2,566,465	2,659,371	3,495,936	2,090,546
Total Pension Liability - Beginning	49,880,759	50,996,213	63,617,425	42,040,277
Total Pension Liability - Ending (a)	<u>\$ 52,447,224</u>	<u>\$ 53,655,584</u>	<u>\$ 67,113,361</u>	<u>\$ 44,130,823</u>
<b><u>Plan Fiduciary Net Position</u></b>				
Contributions - Employer	1,957,894	1,957,894	1,957,894	1,957,894
Contributions - Employee	280,702	280,702	280,702	280,702
Net Investment Income	(584,428)	(584,428)	(584,428)	(584,428)
Benefit Payments, Including Refunds of Employee Contributions	(2,848,216)	(2,848,216)	(2,848,216)	(2,848,216)
Administrative Expenses	(41,210)	(41,210)	(41,210)	(41,210)
Net Change in Plan Fiduciary Net Position	(1,235,258)	(1,235,258)	(1,235,258)	(1,235,258)
Plan Fiduciary Net Position - Beginning	41,519,167	41,519,167	41,519,167	41,519,167
Plan Fiduciary Net Position - Ending (b)	<u>\$ 40,283,909</u>	<u>\$ 40,283,909</u>	<u>\$ 40,283,909</u>	<u>\$ 40,283,909</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 12,163,315</u>	<u>\$ 13,371,675</u>	<u>\$ 26,829,452</u>	<u>\$ 3,846,914</u>

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

Pension Expense	<u>\$ 2,285,745</u>	<u>\$ 2,393,087</u>	<u>\$ 3,379,679</u>	<u>\$ 1,481,626</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	40,283,909	-	2,875,735	-	2,622,108	40,030,282
2016	40,030,282	-	3,036,777	-	2,599,553	39,593,058
2017	39,593,058	-	3,275,347	-	2,561,988	38,879,699
2018	38,879,699	-	3,421,100	-	2,508,918	37,967,517
2019	37,967,517	-	3,585,241	-	2,441,806	36,824,082
2020	36,824,082	-	3,663,523	-	2,361,982	35,522,541
2021	35,522,541	-	3,760,796	-	2,270,845	34,032,590
2022	34,032,590	-	3,819,343	-	2,168,297	32,381,544
2023	32,381,544	-	3,844,507	-	2,056,002	30,593,039
2024	30,593,039	-	3,865,816	-	1,934,559	28,661,782
2025	28,661,782	-	3,828,944	-	1,805,443	26,638,281
2026	26,638,281	-	3,872,197	-	1,667,397	24,433,481
2027	24,433,481	-	3,872,303	-	1,518,570	22,079,748
2028	22,079,748	-	3,802,838	-	1,362,037	19,638,947
2029	19,638,947	-	3,733,557	-	1,199,621	17,105,011
2030	17,105,011	-	3,678,838	-	1,030,427	14,456,600
2031	14,456,600	-	3,673,789	-	851,830	11,634,641
2032	11,634,641	-	3,558,751	-	665,230	8,741,120
2033	8,741,120	-	3,434,946	-	474,096	5,780,270
2034	5,780,270	-	3,322,213	-	278,044	2,736,101
2035	2,736,101	-	3,182,454	-	-	-

\*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 20.86

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	40,283,909	-	2,875,720	-	2,622,108	40,030,297
2016	40,030,297	-	3,036,843	-	2,599,552	39,593,006
2017	39,593,006	-	3,275,879	-	2,561,967	38,879,094
2018	38,879,094	-	3,422,541	-	2,508,828	37,965,381
2019	37,965,381	-	3,588,144	-	2,441,563	36,818,800
2020	36,818,800	-	3,668,433	-	2,361,459	35,511,826
2021	35,511,826	-	3,768,394	-	2,269,865	34,013,297
2022	34,013,297	-	3,830,339	-	2,166,624	32,349,582
2023	32,349,582	-	3,859,602	-	2,053,335	30,543,315
2024	30,543,315	-	3,885,898	-	1,930,525	28,587,942
2025	28,587,942	-	3,854,794	-	1,799,587	26,532,735
2026	26,532,735	-	3,904,930	-	1,659,168	24,286,973
2027	24,286,973	-	3,912,884	-	1,507,311	21,881,400
2028	21,881,400	-	3,852,198	-	1,346,983	19,376,185
2029	19,376,185	-	3,792,500	-	1,179,896	16,763,581
2030	16,763,581	-	3,748,253	-	1,005,038	14,020,366
2031	14,020,366	-	3,754,870	-	819,648	11,085,144
2032	11,085,144	-	3,652,031	-	624,991	8,058,104
2033	8,058,104	-	3,540,892	-	424,417	4,941,629
2034	4,941,629	-	3,441,345	-	217,415	1,717,699
2035	1,717,699	-	3,314,863	-	-	-

\*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 20.52

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	40,283,909	-	2,875,720	-	1,845,187	39,253,376
2016	39,253,376	-	3,036,843	-	1,792,410	38,008,943
2017	38,008,943	-	3,275,879	-	1,727,623	36,460,687
2018	36,460,687	-	3,422,541	-	1,650,597	34,688,743
2019	34,688,743	-	3,588,144	-	1,562,497	32,663,096
2020	32,663,096	-	3,668,433	-	1,464,372	30,459,035
2021	30,459,035	-	3,768,394	-	1,357,305	28,047,946
2022	28,047,946	-	3,830,339	-	1,241,307	25,458,914
2023	25,458,914	-	3,859,602	-	1,117,633	22,716,945
2024	22,716,945	-	3,885,898	-	986,765	19,817,812
2025	19,817,812	-	3,854,794	-	849,795	16,812,813
2026	16,812,813	-	3,904,930	-	705,867	13,613,750
2027	13,613,750	-	3,912,884	-	553,722	10,254,588
2028	10,254,588	-	3,852,198	-	395,603	6,797,993
2029	6,797,993	-	3,792,500	-	232,833	3,238,326
2030	3,238,326	-	3,748,253	-	-	-

\*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 15.86

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	40,283,909	-	2,875,720	-	3,399,029	40,807,218
2016	40,807,218	-	3,036,843	-	3,437,770	41,208,145
2017	41,208,145	-	3,275,879	-	3,462,393	41,394,659
2018	41,394,659	-	3,422,541	-	3,472,296	41,444,414
2019	41,444,414	-	3,588,144	-	3,469,405	41,325,675
2020	41,325,675	-	3,668,433	-	3,455,503	41,112,745
2021	41,112,745	-	3,768,394	-	3,432,498	40,776,849
2022	40,776,849	-	3,830,339	-	3,400,397	40,346,907
2023	40,346,907	-	3,859,602	-	3,361,497	39,848,802
2024	39,848,802	-	3,885,898	-	3,316,762	39,279,666
2025	39,279,666	-	3,854,794	-	3,268,324	38,693,196
2026	38,693,196	-	3,904,930	-	3,214,814	38,003,080
2027	38,003,080	-	3,912,884	-	3,154,081	37,244,277
2028	37,244,277	-	3,852,198	-	3,090,341	36,482,420
2029	36,482,420	-	3,792,500	-	3,026,290	35,716,210
2030	35,716,210	-	3,748,253	-	2,961,182	34,929,139
2031	34,929,139	-	3,754,870	-	2,892,024	34,066,293
2032	34,066,293	-	3,652,031	-	2,821,024	33,235,286
2033	33,235,286	-	3,540,892	-	2,753,174	32,447,568
2034	32,447,568	-	3,441,345	-	2,688,603	31,694,826
2035	31,694,826	-	3,314,863	-	2,628,272	31,008,235
2036	31,008,235	-	3,180,124	-	2,574,090	30,402,201
2037	30,402,201	-	3,056,386	-	2,526,476	29,872,291
2038	29,872,291	-	2,921,131	-	2,486,026	29,437,186
2039	29,437,186	-	2,772,081	-	2,454,475	29,119,580
2040	29,119,580	-	2,622,940	-	2,433,210	28,929,850
2041	28,929,850	-	2,467,526	-	2,423,408	28,885,732
2042	28,885,732	-	2,310,866	-	2,426,401	29,001,267
2043	29,001,267	-	2,158,839	-	2,443,162	29,285,590
2044	29,285,590	-	2,003,357	-	2,474,842	29,757,075
2045	29,757,075	-	1,850,596	-	2,522,780	30,429,259
2046	30,429,259	-	1,700,644	-	2,588,157	31,316,772
2047	31,316,772	-	1,555,001	-	2,672,186	32,433,957
2048	32,433,957	-	1,414,920	-	2,776,068	33,795,105
2049	33,795,105	-	1,281,065	-	2,901,025	35,415,065
2050	35,415,065	-	1,153,752	-	3,048,342	37,309,655
2051	37,309,655	-	1,033,775	-	3,219,367	39,495,247
2052	39,495,247	-	921,519	-	3,415,518	41,989,246
2053	41,989,246	-	817,046	-	3,638,313	44,810,513
2054	44,810,513	-	720,388	-	3,889,403	47,979,528
2055	47,979,528	-	631,829	-	4,170,566	51,518,265
2056	51,518,265	-	551,596	-	4,483,716	55,450,385
2057	55,450,385	-	479,232	-	4,830,942	59,802,095
2058	59,802,095	-	414,366	-	5,214,555	64,602,284
2059	64,602,284	-	356,840	-	5,637,088	69,882,532
2060	69,882,532	-	306,126	-	6,101,329	75,677,735
2061	75,677,735	-	261,594	-	6,610,357	82,026,498
2062	82,026,498	-	222,767	-	7,167,573	88,971,304
2063	88,971,304	-	189,139	-	7,776,714	96,558,879
2064	96,558,879	-	160,088	-	8,441,898	104,840,689
2065	104,840,689	-	135,086	-	9,167,650	113,873,253
2066	113,873,253	-	113,677	-	9,958,936	123,718,512

## 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
2067	123,718,512	-	95,337	-	10,821,199	134,444,374
2068	134,444,374	-	79,721	-	11,760,395	146,125,048
2069	146,125,048	-	66,466	-	12,783,034	158,841,616
2070	158,841,616	-	55,196	-	13,896,227	172,682,647
2071	172,682,647	-	45,599	-	15,107,737	187,744,785
2072	187,744,785	-	37,458	-	16,426,030	204,133,357
2073	204,133,357	-	30,608	-	17,860,330	221,963,079
2074	221,963,079	-	24,831	-	19,420,683	241,358,931
2075	241,358,931	-	19,963	-	21,118,033	262,457,001
2076	262,457,001	-	15,933	-	22,964,291	285,405,359
2077	285,405,359	-	12,592	-	24,972,418	310,365,185
2078	310,365,185	-	9,815	-	27,156,524	337,511,894
2079	337,511,894	-	7,580	-	29,531,959	367,036,273
2080	367,036,273	-	5,781	-	32,115,421	399,145,913
2081	399,145,913	-	4,330	-	34,925,078	434,066,661
2082	434,066,661	-	3,208	-	37,980,692	472,044,145
2083	472,044,145	-	2,337	-	41,303,760	513,345,568
2084	513,345,568	-	1,666	-	44,917,664	558,261,566
2085	558,261,566	-	1,174	-	48,847,836	607,108,228
2086	607,108,228	-	813	-	53,121,934	660,229,349
2087	660,229,349	-	550	-	57,770,044	717,998,843
2088	717,998,843	-	368	-	62,824,883	780,823,358
2089	780,823,358	-	242	-	68,322,033	849,145,149
2090	849,145,149	-	155	-	74,300,194	923,445,188
2091	923,445,188	-	98	-	80,801,450	1,004,246,540
2092	1,004,246,540	-	62	-	87,871,570	1,092,118,048
2093	1,092,118,048	-	38	-	95,560,328	1,187,678,338
2094	1,187,678,338	-	23	-	103,921,854	1,291,600,169
2095	1,291,600,169	-	14	-	113,015,014	1,404,615,169
2096	1,404,615,169	-	9	-	122,903,827	1,527,518,987
2097	1,527,518,987	-	5	-	133,657,911	1,661,176,893
2098	1,661,176,893	-	3	-	145,352,978	1,806,529,868
2099	1,806,529,868	-	2	-	158,071,363	1,964,601,229
2100	1,964,601,229	-	1	-	171,902,607	2,136,503,835
2101	2,136,503,835	-	1	-	186,944,086	2,323,447,920
2102	2,323,447,920	-	-	-	203,301,693	2,526,749,613

\*All DROP Balances paid in 2015.

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, 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 \$)	\$2,106,133	\$2,218,812	\$3,423,606	\$1,171,991
Total Required Contribution (% of Payroll)	30.0%	31.6%	48.8%	16.7%
Expected Member Contribution	280,640	280,640	280,640	280,640
Expected Sponsor Contribution (Fixed \$)	\$1,825,493	\$1,938,172	\$3,142,966	\$891,351
Expected Sponsor Contribution (% of Payroll)	26.0%	27.6%	44.8%	12.7%

**ASSETS**

Actuarial Value <sup>1</sup>	42,324,676	42,324,676	42,324,676	42,324,676
Market Value <sup>1</sup>	40,283,909	40,283,909	40,283,909	40,283,909

**LIABILITIES**

Present Value of Benefits				
Active Members				
Retirement Benefits	26,491,959	27,320,225	37,927,506	20,470,404
Disability Benefits	1,448,147	1,466,846	1,995,704	1,116,957
Death Benefits	411,688	389,094	551,698	286,768
Vested Benefits	863,800	902,353	1,495,664	568,447
Refund of Contributions	13,755	13,755	13,887	13,629
Service Retirees	22,531,568	22,871,487	27,138,148	19,683,515
DROP Retirees <sup>1</sup>	1,589,051	1,607,204	1,925,259	1,380,399
Beneficiaries	2,144,345	2,168,985	2,567,077	1,874,958
Disability Retirees	91,851	91,733	107,819	79,642
Terminated Vested	2,262,208	2,316,424	3,081,566	1,800,123
Total:	57,848,372	59,148,106	76,804,328	47,274,842
Present Value of Future Salaries	43,406,799	43,430,882	47,735,248	39,856,231
Present Value of Future Member Contributions	1,736,272	1,737,235	1,909,410	1,594,249
Total Normal Cost	996,316	1,025,646	1,540,000	701,332
Present Value of Future Normal Costs (Entry Age Normal)	6,115,831	6,333,149	10,652,807	3,893,499
Total Actuarial Accrued Liability <sup>1</sup>	51,732,541	52,814,957	66,151,521	43,381,343
Unfunded Actuarial Accrued Liability (UAAL)	9,407,865	10,490,281	23,826,845	1,056,667

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)	1,029,942	1,060,262	1,576,575	732,015
Administrative Expenses (with interest)	42,601	42,601	42,189	43,013
Payment Required To Amortize UAAL (with interest)	1,033,590	1,115,949	1,804,842	396,963
Total Required Contribution	\$2,106,133	\$2,218,812	\$3,423,606	\$1,171,991

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