



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

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 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, 2015 financial reporting requirements made under Section 112.664.

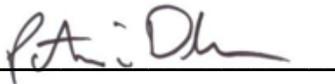
Our office will submit this information electronically to the Department of Management Services by the February 8, 2016 deadline. However, it is important for you to be aware that this report must also be made available on the Plan or Plan Sponsor's website, if such website exists. A deadline for this 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
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: 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		
	7.00% RP-2000 Static 9/30/2015	7.00% RP-2000 Generational 9/30/2015	5.00% RP-2000 Generational 9/30/2015	9.00% RP-2000 Generational 9/30/2015
<u>GASB 67: Schedule of Changes in Net Pension Liability</u>				
<u>Total Pension Liability</u>				
Service Cost	752,997	779,446	1,195,256	526,502
Interest	2,324,601	2,403,328	2,188,105	2,505,934
Change in Excess State Money	-	-	-	-
Changes of Benefit Terms	25,989	26,563	35,015	21,003
Differences Between Expected and Actual Experience	41,476	67,166	143,648	31,619
Changes of Assumptions	-	-	-	-
Contributions - Buy Back	1,440	1,440	1,440	1,440
Benefit Payments, Including Refunds of Employee Contributions	(1,517,760)	(1,517,760)	(1,517,760)	(1,517,760)
Net Change in Total Pension Liability	1,628,743	1,760,183	2,045,704	1,568,738
Total Pension Liability - Beginning	33,523,295	34,689,649	43,712,267	28,446,123
Total Pension Liability - Ending (a)	<u>\$ 35,152,038</u>	<u>\$ 36,449,832</u>	<u>\$ 45,757,971</u>	<u>\$ 30,014,861</u>
<u>Plan Fiduciary Net Position</u>				
Contributions - Employer	1,136,074	1,136,074	1,136,074	1,136,074
Contributions - State	358,368	358,368	358,368	358,368
Contributions - Employee	214,220	214,220	214,220	214,220
Contributions - Buy Back	1,440	1,440	1,440	1,440
Net Investment Income	(399,103)	(399,103)	(399,103)	(399,103)
Benefit Payments, Including Refunds of Employee Contributions	(1,517,760)	(1,517,760)	(1,517,760)	(1,517,760)
Administrative Expenses	(40,034)	(40,034)	(40,034)	(40,034)
Net Change in Plan Fiduciary Net Position	(246,795)	(246,795)	(246,795)	(246,795)
Plan Fiduciary Net Position - Beginning	24,133,824	24,133,824	24,133,824	24,133,824
Plan Fiduciary Net Position - Ending (b)	<u>\$ 23,887,029</u>	<u>\$ 23,887,029</u>	<u>\$ 23,887,029</u>	<u>\$ 23,887,029</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 11,265,009</u>	<u>\$ 12,562,803</u>	<u>\$ 21,870,942</u>	<u>\$ 6,127,832</u>
<u>GASB 68: Pension Expense for Fiscal Year Ending September 30, 2015</u>				
Pension Expense	<u>\$ 1,305,465</u>	<u>\$ 1,417,639</u>	<u>\$ 2,033,156</u>	<u>\$ 865,494</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.00% 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	23,887,029	-	2,329,500	-	1,590,560	23,148,089
2016	23,148,089	-	2,044,669	-	1,548,803	22,652,223
2017	22,652,223	-	2,214,739	-	1,508,140	21,945,624
2018	21,945,624	-	2,218,428	-	1,458,549	21,185,745
2019	21,185,745	-	2,456,285	-	1,397,032	20,126,492
2020	20,126,492	-	2,629,354	-	1,316,827	18,813,965
2021	18,813,965	-	2,636,277	-	1,224,708	17,402,396
2022	17,402,396	-	2,645,497	-	1,125,575	15,882,474
2023	15,882,474	-	2,639,107	-	1,019,404	14,262,771
2024	14,262,771	-	2,722,605	-	903,103	12,443,269
2025	12,443,269	-	2,689,071	-	776,911	10,531,109
2026	10,531,109	-	2,682,799	-	643,280	8,491,590
2027	8,491,590	-	2,645,385	-	501,823	6,348,028
2028	6,348,028	-	2,605,402	-	353,173	4,095,799
2029	4,095,799	-	2,560,655	-	197,083	1,732,227
2030	1,732,227	-	2,516,649	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 15.69

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: 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
2015	23,887,029	-	2,330,051	-	1,590,540	23,147,518
2016	23,147,518	-	2,046,875	-	1,548,686	22,649,329
2017	22,649,329	-	2,218,948	-	1,507,790	21,938,171
2018	21,938,171	-	2,224,617	-	1,457,810	21,171,364
2019	21,171,364	-	2,465,038	-	1,395,719	20,102,045
2020	20,102,045	-	2,640,800	-	1,314,715	18,775,960
2021	18,775,960	-	2,650,578	-	1,221,547	17,346,929
2022	17,346,929	-	2,663,166	-	1,121,074	15,804,837
2023	15,804,837	-	2,660,160	-	1,013,233	14,157,910
2024	14,157,910	-	2,747,635	-	894,886	12,305,161
2025	12,305,161	-	2,725,772	-	765,959	10,345,348
2026	10,345,348	-	2,730,916	-	628,592	8,243,024
2027	8,243,024	-	2,703,540	-	482,388	6,021,872
2028	6,021,872	-	2,671,697	-	328,022	3,678,197
2029	3,678,197	-	2,638,427	-	165,129	1,204,899
2030	1,204,899	-	2,605,786	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 15.46

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 3
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
2015	23,887,029	-	2,330,051	-	1,136,100	22,693,078
2016	22,693,078	-	2,046,875	-	1,083,482	21,729,685
2017	21,729,685	-	2,218,948	-	1,031,011	20,541,748
2018	20,541,748	-	2,224,617	-	971,472	19,288,603
2019	19,288,603	-	2,465,038	-	902,804	17,726,369
2020	17,726,369	-	2,640,800	-	820,298	15,905,867
2021	15,905,867	-	2,650,578	-	729,029	13,984,318
2022	13,984,318	-	2,663,166	-	632,637	11,953,789
2023	11,953,789	-	2,660,160	-	531,185	9,824,814
2024	9,824,814	-	2,747,635	-	422,550	7,499,729
2025	7,499,729	-	2,725,772	-	306,842	5,080,799
2026	5,080,799	-	2,730,916	-	185,767	2,535,650
2027	2,535,650	-	2,703,540	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 12.94

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 4
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
2015	23,887,029	-	2,330,051	-	2,044,980	23,601,958
2016	23,601,958	-	2,046,875	-	2,032,067	23,587,150
2017	23,587,150	-	2,218,948	-	2,022,991	23,391,193
2018	23,391,193	-	2,224,617	-	2,005,100	23,171,676
2019	23,171,676	-	2,465,038	-	1,974,524	22,681,162
2020	22,681,162	-	2,640,800	-	1,922,469	21,962,831
2021	21,962,831	-	2,650,578	-	1,857,379	21,169,632
2022	21,169,632	-	2,663,166	-	1,785,424	20,291,890
2023	20,291,890	-	2,660,160	-	1,706,563	19,338,293
2024	19,338,293	-	2,747,635	-	1,616,803	18,207,461
2025	18,207,461	-	2,725,772	-	1,516,012	16,997,701
2026	16,997,701	-	2,730,916	-	1,406,902	15,673,687
2027	15,673,687	-	2,703,540	-	1,288,973	14,259,120
2028	14,259,120	-	2,671,697	-	1,163,094	12,750,517
2029	12,750,517	-	2,638,427	-	1,028,817	11,140,907
2030	11,140,907	-	2,605,786	-	885,421	9,420,542
2031	9,420,542	-	2,574,657	-	731,989	7,577,874
2032	7,577,874	-	2,537,451	-	567,823	5,608,246
2033	5,608,246	-	2,497,638	-	392,348	3,502,956
2034	3,502,956	-	2,455,791	-	204,755	1,251,920
2035	1,251,920	-	2,409,135	-	-	-

*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 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, 2017

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL		
	7.00% RP-2000 Static	7.00% RP-2000 Generational	6.00% RP-2000 Generational	10.00% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$1,761,685	\$1,884,650	\$2,900,485	\$1,211,837
Total Required Contribution (% of Payroll)	66.1%	70.8%	108.8%	45.5%
Expected Member Contribution	223,884	223,884	223,884	223,884
Expected State Money	358,368	358,368	358,368	358,368
Expected Sponsor Contribution (Fixed \$)	\$1,179,433	\$1,302,398	\$2,318,233	\$629,585
Expected Sponsor Contribution (% of Payroll)	44.3%	49.0%	87.0%	23.7%

ASSETS

Actuarial Value ¹	24,985,157	24,985,157	24,985,157	24,985,157
Market Value ¹	23,887,029	23,887,029	23,887,029	23,887,029

LIABILITIES

Present Value of Benefits				
Active Members				
Retirement Benefits	16,208,629	16,804,525	23,263,311	12,691,514
Disability Benefits	88,341	92,315	122,143	72,574
Death Benefits	52,038	39,778	48,232	33,258
Vested Benefits	976,054	1,005,953	1,502,336	709,806
Refund of Contributions	33,064	33,072	35,071	31,295
Service Retirees	16,487,815	17,108,688	20,893,507	14,418,883
DROP Retirees ¹	3,377,848	3,452,639	4,195,318	2,944,165
Beneficiaries	313,692	320,299	390,567	269,478
Disability Retirees	323,353	336,709	408,614	286,180
Terminated Vested	627,938	650,680	900,070	488,689
Excess State Monies Reserve	334,809	334,809	334,809	334,809
Total:	38,823,581	40,179,467	52,093,978	32,280,651
Present Value of Future Salaries	13,369,243	13,378,459	14,395,133	12,512,580
Present Value of Future Member Contributions	1,123,016	1,123,791	1,209,191	1,051,057
Total Normal Cost	752,290	779,859	1,204,857	521,069
Present Value of Future Normal Costs (Entry Age Normal)	3,703,343	3,847,803	6,443,410	2,392,057
Total Actuarial Accrued Liability ¹	35,120,238	36,331,664	45,650,568	29,888,594
Unfunded Actuarial Accrued Liability (UAAL)	10,135,081	11,346,507	20,665,411	4,903,437

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2017

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL		
	7.00% RP-2000 Static	7.00% RP-2000 Generational	6.00% RP-2000 Generational	10.00% RP-2000 Generational
<u>PENSION COST</u>				
Normal Cost (with interest)	778,620	807,154	1,241,003	547,122
Administrative Expenses (with interest)	41,435	41,435	41,235	42,036
Payment Required To Amortize UAAL (with interest)	941,630	1,036,061	1,618,247	622,679
Total Required Contribution	\$1,761,685	\$1,884,650	\$2,900,485	\$1,211,837

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