



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

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 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, 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
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: 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
<u>Total Pension Liability</u>			
Service Cost	1,030,143	1,583,038	729,875
Interest	3,519,769	3,199,778	3,808,705
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(998,789)	(1,351,860)	(997,071)
Changes of Assumptions	2,056,848	1,555,293	509,070
Benefit Payments, Including Refunds of Employee Contributions	(2,665,290)	(2,665,290)	(2,665,290)
Net Change in Total Pension Liability	2,942,681	2,320,959	1,385,289
Total Pension Liability - Beginning	52,447,224	67,113,361	44,130,823
Total Pension Liability - Ending (a)	<u>\$ 55,389,905</u>	<u>\$ 69,434,320</u>	<u>\$ 45,516,112</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	1,841,947	1,841,947	1,841,947
Contributions - Employee	268,746	268,746	268,746
Net Investment Income	3,480,385	3,480,385	3,480,385
Benefit Payments, Including Refunds of Employee Contributions	(2,665,290)	(2,665,290)	(2,665,290)
Administrative Expenses	(40,941)	(40,941)	(40,941)
Net Change in Plan Fiduciary Net Position	2,884,847	2,884,847	2,884,847
Plan Fiduciary Net Position - Beginning	40,283,909	40,283,909	40,283,909
Plan Fiduciary Net Position - Ending (b)	<u>\$ 43,168,756</u>	<u>\$ 43,168,756</u>	<u>\$ 43,168,756</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 12,221,149</u>	<u>\$ 26,265,564</u>	<u>\$ 2,347,356</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>\$ 2,746,223</u>	<u>\$ 3,334,134</u>	<u>\$ 1,634,235</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	43,167,929	-	2,899,575	-	2,815,975	43,084,329
2017	43,084,329	-	3,351,408	-	2,795,082	42,528,003
2018	42,528,003	-	3,523,224	-	2,751,731	41,756,510
2019	41,756,510	-	3,645,927	-	2,695,514	40,806,097
2020	40,806,097	-	3,758,652	-	2,627,557	39,675,002
2021	39,675,002	-	3,886,802	-	2,546,883	38,335,083
2022	38,335,083	-	3,912,153	-	2,455,583	36,878,513
2023	36,878,513	-	3,949,040	-	2,356,020	35,285,493
2024	35,285,493	-	3,972,790	-	2,247,689	33,560,392
2025	33,560,392	-	3,972,196	-	2,131,265	31,719,461
2026	31,719,461	-	4,032,229	-	2,004,976	29,692,208
2027	29,692,208	-	4,052,037	-	1,867,468	27,507,639
2028	27,507,639	-	3,991,469	-	1,722,054	25,238,224
2029	25,238,224	-	3,951,057	-	1,570,232	22,857,399
2030	22,857,399	-	3,941,919	-	1,409,835	20,325,315
2031	20,325,315	-	3,955,665	-	1,238,455	17,608,105
2032	17,608,105	-	3,851,080	-	1,058,573	14,815,598
2033	14,815,598	-	3,760,027	-	873,152	11,928,723
2034	11,928,723	-	3,670,308	-	681,316	8,939,731
2035	8,939,731	-	3,558,537	-	483,331	5,864,525
2036	5,864,525	-	3,438,856	-	279,794	2,705,463
2037	2,705,463	-	3,329,330	-	-	-

*All DROP Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 21.81

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	43,167,929	-	2,899,575	-	1,981,612	42,249,966
2017	42,249,966	-	3,351,408	-	1,927,277	40,825,835
2018	40,825,835	-	3,523,224	-	1,855,551	39,158,162
2019	39,158,162	-	3,645,927	-	1,773,422	37,285,657
2020	37,285,657	-	3,758,652	-	1,681,801	35,208,806
2021	35,208,806	-	3,886,802	-	1,580,107	32,902,111
2022	32,902,111	-	3,912,153	-	1,469,937	30,459,895
2023	30,459,895	-	3,949,040	-	1,353,055	27,863,910
2024	27,863,910	-	3,972,790	-	1,229,182	25,120,302
2025	25,120,302	-	3,972,196	-	1,098,875	22,246,981
2026	22,246,981	-	4,032,229	-	960,966	19,175,718
2027	19,175,718	-	4,052,037	-	814,611	15,938,292
2028	15,938,292	-	3,991,469	-	662,271	12,609,094
2029	12,609,094	-	3,951,057	-	505,094	9,163,131
2030	9,163,131	-	3,941,919	-	341,628	5,562,840
2031	5,562,840	-	3,955,665	-	170,288	1,777,463
2032	1,777,463	-	3,851,080	-	-	-

*All DROP Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 16.46

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	43,167,929	-	2,899,575	-	3,650,337	43,918,691
2017	43,918,691	-	3,351,408	-	3,696,261	44,263,544
2018	44,263,544	-	3,523,224	-	3,718,919	44,459,239
2019	44,459,239	-	3,645,927	-	3,730,674	44,543,986
2020	44,543,986	-	3,758,652	-	3,733,158	44,518,492
2021	44,518,492	-	3,886,802	-	3,725,320	44,357,010
2022	44,357,010	-	3,912,153	-	3,710,082	44,154,939
2023	44,154,939	-	3,949,040	-	3,690,787	43,896,686
2024	43,896,686	-	3,972,790	-	3,667,150	43,591,046
2025	43,591,046	-	3,972,196	-	3,640,433	43,259,283
2026	43,259,283	-	4,032,229	-	3,608,777	42,835,831
2027	42,835,831	-	4,052,037	-	3,570,859	42,354,653
2028	42,354,653	-	3,991,469	-	3,531,405	41,894,589
2029	41,894,589	-	3,951,057	-	3,492,918	41,436,450
2030	41,436,450	-	3,941,919	-	3,453,230	40,947,761
2031	40,947,761	-	3,955,665	-	3,409,869	40,401,965
2032	40,401,965	-	3,851,080	-	3,366,687	39,917,572
2033	39,917,572	-	3,760,027	-	3,328,286	39,485,831
2034	39,485,831	-	3,670,308	-	3,294,434	39,109,957
2035	39,109,957	-	3,558,537	-	3,266,435	38,817,855
2036	38,817,855	-	3,438,856	-	3,246,112	38,625,111
2037	38,625,111	-	3,329,330	-	3,234,039	38,529,820
2038	38,529,820	-	3,209,730	-	3,230,934	38,551,024
2039	38,551,024	-	3,074,802	-	3,238,692	38,714,914
2040	38,714,914	-	2,938,817	-	3,258,982	39,035,079
2041	39,035,079	-	2,795,836	-	3,293,252	39,532,495
2042	39,532,495	-	2,650,138	-	3,343,150	40,225,507
2043	40,225,507	-	2,506,376	-	3,410,078	41,129,209
2044	41,129,209	-	2,356,544	-	3,495,707	42,268,372
2045	42,268,372	-	2,207,799	-	3,601,891	43,662,464
2046	43,662,464	-	2,058,714	-	3,730,397	45,334,147
2047	45,334,147	-	1,911,231	-	3,883,122	47,306,038
2048	47,306,038	-	1,766,313	-	4,062,002	49,601,727
2049	49,601,727	-	1,624,992	-	4,269,058	52,245,793
2050	52,245,793	-	1,488,205	-	4,506,398	55,263,986
2051	55,263,986	-	1,356,700	-	4,776,243	58,683,529
2052	58,683,529	-	1,230,929	-	5,080,956	62,533,556
2053	62,533,556	-	1,111,335	-	5,423,065	66,845,286
2054	66,845,286	-	998,409	-	5,805,282	71,652,159
2055	71,652,159	-	892,748	-	6,230,506	76,989,917
2056	76,989,917	-	794,644	-	6,701,852	82,897,125
2057	82,897,125	-	704,146	-	7,222,692	89,415,671
2058	89,415,671	-	621,188	-	7,796,694	96,591,177
2059	96,591,177	-	545,385	-	8,427,867	104,473,659
2060	104,473,659	-	476,601	-	9,120,594	113,117,652
2061	113,117,652	-	414,667	-	9,879,653	122,582,638
2062	122,582,638	-	359,351	-	10,710,259	132,933,546
2063	132,933,546	-	310,402	-	11,618,105	144,241,249
2064	144,241,249	-	267,330	-	12,609,414	156,583,333
2065	156,583,333	-	229,593	-	13,690,997	170,044,737

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
2066	170,044,737	-	196,616	-	14,870,313	184,718,434
2067	184,718,434	-	167,929	-	16,155,516	200,706,021
2068	200,706,021	-	143,075	-	17,555,517	218,118,463
2069	218,118,463	-	121,550	-	19,080,048	237,076,961
2070	237,076,961	-	102,982	-	20,739,729	257,713,708
2071	257,713,708	-	86,964	-	22,546,145	280,172,889
2072	280,172,889	-	73,208	-	24,511,925	304,611,606
2073	304,611,606	-	61,422	-	26,650,828	331,201,012
2074	331,201,012	-	51,386	-	28,977,840	360,127,466
2075	360,127,466	-	42,840	-	31,509,279	391,593,905
2076	391,593,905	-	35,522	-	34,262,913	425,821,296
2077	425,821,296	-	29,288	-	37,258,082	463,050,090
2078	463,050,090	-	23,952	-	40,515,835	503,541,973
2079	503,541,973	-	19,391	-	44,059,074	547,581,656
2080	547,581,656	-	15,540	-	47,912,715	595,478,831
2081	595,478,831	-	12,331	-	52,103,858	647,570,358
2082	647,570,358	-	9,663	-	56,661,984	704,222,679
2083	704,222,679	-	7,478	-	61,619,157	765,834,358
2084	765,834,358	-	5,702	-	67,010,257	832,838,913
2085	832,838,913	-	4,272	-	72,873,218	905,707,859
2086	905,707,859	-	3,150	-	79,249,300	984,954,009
2087	984,954,009	-	2,284	-	86,183,376	1,071,135,101
2088	1,071,135,101	-	1,626	-	93,724,250	1,164,857,725
2089	1,164,857,725	-	1,138	-	101,925,001	1,266,781,588
2090	1,266,781,588	-	781	-	110,843,355	1,377,624,162
2091	1,377,624,162	-	525	-	120,542,091	1,498,165,728
2092	1,498,165,728	-	345	-	131,089,486	1,629,254,869
2093	1,629,254,869	-	222	-	142,559,791	1,771,814,438
2094	1,771,814,438	-	140	-	155,033,757	1,926,848,055
2095	1,926,848,055	-	87	-	168,599,201	2,095,447,169
2096	2,095,447,169	-	54	-	183,351,625	2,278,798,740
2097	2,278,798,740	-	33	-	199,394,888	2,478,193,595
2098	2,478,193,595	-	20	-	216,841,939	2,695,035,514
2099	2,695,035,514	-	12	-	235,815,607	2,930,851,109
2100	2,930,851,109	-	7	-	256,449,472	3,187,300,574
2101	3,187,300,574	-	4	-	278,888,800	3,466,189,370
2102	3,466,189,370	-	3	-	303,291,570	3,769,480,937
2103	3,769,480,937	-	1	-	329,829,582	4,099,310,518
2104	4,099,310,518	-	1	-	358,689,670	4,458,000,187
2105	4,458,000,187	-	-	-	390,075,016	4,848,075,203

*All DROP Balances paid in 2016.

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, 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 \$)	\$2,076,288	\$3,316,840	\$996,639
Total Required Contribution (% of Payroll)	31.2%	49.9%	15.0%
Expected Member Contribution	265,740	265,740	265,740
Expected Sponsor Contribution (Fixed \$)	\$1,810,548	\$3,051,100	\$730,899
Expected Sponsor Contribution (% of Payroll)	27.2%	45.9%	11.0%

ASSETS

Actuarial Value ¹	45,135,399	45,135,399	45,135,399
Market Value ¹	43,167,929	43,167,929	43,167,929

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	26,615,899	36,745,149	20,091,614
Disability Benefits	1,051,323	1,379,788	825,799
Death Benefits	637,280	930,074	459,141
Vested Benefits	808,731	1,352,044	506,580
Refund of Contributions	10,048	10,068	10,029
Service Retirees	23,905,323	28,551,607	20,472,428
DROP Retirees ¹	2,179,603	2,646,858	1,848,104
Beneficiaries	1,876,419	2,213,037	1,626,757
Disability Retirees	64,521	75,015	56,512
Terminated Vested	3,076,273	4,083,865	2,402,141
Total:	60,225,420	77,987,505	48,299,105
Present Value of Future Salaries	37,735,354	41,269,388	34,783,399
Present Value of Future Member Contributions	1,509,414	1,650,776	1,391,336
Total Normal Cost	961,992	1,455,893	654,236
Present Value of Future Normal Costs (Entry Age Normal)	5,360,860	9,041,002	3,295,687
Total Actuarial Accrued Liability ¹	54,864,560	68,946,503	45,003,418
Unfunded Actuarial Accrued Liability (UAAL)	9,729,161	23,811,104	(131,981)

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
<u>PENSION COST</u>			
Normal Cost (with interest)	994,459	1,490,470	682,859
Administrative Expenses (with interest)	42,323	41,913	42,732
Payment Required To Amortize UAAL (with interest)	1,039,506	1,784,457	271,048
Total Required Contribution	\$2,076,288	\$3,316,840	\$996,639

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