

May 6, 2015

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, 2014 financial reporting requirements made under Section 112.664.

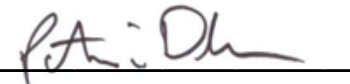
Our office will submit this information electronically to the Department of Management Services by the June 28, 2015 deadline. However, it is important for you to be aware that this report must also be made available on the Plan or Plan Sponsor's website, if such website exists. A deadline for this website 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: 5/6/2015

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, 2014 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 AND RELATED RATIOS

	ACTUAL	HYPOTHETICAL		
	7.00% RP-2000 Static 9/30/2014	7.00% RP-2000 Generational 9/30/2014	5.00% RP-2000 Generational 9/30/2014	9.00% RP-2000 Generational 9/30/2014
<u>Total Pension Liability</u>				
Service Cost	814,546	842,997	1,285,366	572,177
Interest	2,232,501	2,308,804	2,110,207	2,398,475
Change in Excess State Money	18,529	18,529	18,529	18,529
Change in Funding Standard Account	-	-	-	-
Share Plan Allocation	-	-	-	-
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	-	-	-	-
Changes of Assumptions	-	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,873,763)	(1,873,763)	(1,873,763)	(1,873,763)
Net Change in Total Pension Liability	1,191,813	1,296,567	1,540,339	1,115,418
Total Pension Liability - Beginning	32,331,482	33,393,082	42,171,928	27,330,705
Total Pension Liability - Ending (a)	<u>33,523,295</u>	<u>\$ 34,689,649</u>	<u>\$ 43,712,267</u>	<u>\$ 28,446,123</u>
<u>Plan Fiduciary Net Position</u>				
Contributions - Employer	1,289,824	1,289,824	1,289,824	1,289,824
Contributions - State	383,041	383,041	383,041	383,041
Contributions - Employee	251,962	251,962	251,962	251,962
Contributions - Buy Back	-	-	-	-
Net Investment Income	2,472,802	2,472,802	2,472,802	2,472,802
Benefit Payments, Including Refunds of Employee Contributions	(1,873,763)	(1,873,763)	(1,873,763)	(1,873,763)
Administrative Expense	(31,122)	(31,122)	(31,122)	(31,122)
Other	-	-	-	-
Net Change in Plan Fiduciary Net Position	2,492,745	2,492,745	2,492,745	2,492,745
Plan Fiduciary Net Position - Beginning	21,641,080	21,641,080	21,641,080	21,641,080
Plan Fiduciary Net Position - Ending (b)	<u>\$ 24,133,824</u>	<u>\$ 24,133,824</u>	<u>\$ 24,133,824</u>	<u>\$ 24,133,824</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 9,389,471</u>	<u>\$ 10,555,825</u>	<u>\$ 19,578,443</u>	<u>\$ 4,312,299</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.00% and RP-2000 Static Mortality

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2014	24,133,824	-	2,064,947	-	1,617,095	23,685,972
2015	23,685,972	-	1,925,443	-	1,590,628	23,351,157
2016	23,351,157	-	2,014,885	-	1,564,060	22,900,332
2017	22,900,332	-	2,164,752	-	1,527,257	22,262,837
2018	22,262,837	-	2,170,142	-	1,482,444	21,575,139
2019	21,575,139	-	2,413,719	-	1,425,780	20,587,200
2020	20,587,200	-	2,560,449	-	1,351,488	19,378,239
2021	19,378,239	-	2,567,263	-	1,266,623	18,077,599
2022	18,077,599	-	2,573,974	-	1,175,343	16,678,968
2023	16,678,968	-	2,567,652	-	1,077,660	15,188,976
2024	15,188,976	-	2,584,122	-	972,784	13,577,638
2025	13,577,638	-	2,559,069	-	860,867	11,879,436
2026	11,879,436	-	2,569,742	-	741,620	10,051,314
2027	10,051,314	-	2,530,336	-	615,030	8,136,008
2028	8,136,008	-	2,488,152	-	482,435	6,130,291
2029	6,130,291	-	2,443,719	-	343,590	4,030,162
2030	4,030,162	-	2,400,463	-	198,095	1,827,794
2031	1,827,794	-	2,358,084	-	-	-

*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 17.78

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.

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 2
Hypothetical Assumptions: 7.00% and RP-2000 Generational Mortality

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2014	24,133,824	-	2,065,375	-	1,617,080	23,685,529
2015	23,685,529	-	1,927,404	-	1,590,528	23,348,653
2016	23,348,653	-	2,018,307	-	1,563,765	22,894,111
2017	22,894,111	-	2,170,173	-	1,526,632	22,250,570
2018	22,250,570	-	2,177,509	-	1,481,327	21,554,388
2019	21,554,388	-	2,423,638	-	1,423,980	20,554,730
2020	20,554,730	-	2,573,009	-	1,348,776	19,330,497
2021	19,330,497	-	2,582,641	-	1,262,742	18,010,598
2022	18,010,598	-	2,592,680	-	1,169,998	16,587,916
2023	16,587,916	-	2,589,733	-	1,070,513	15,068,696
2024	15,068,696	-	2,616,625	-	963,227	13,415,298
2025	13,415,298	-	2,599,750	-	848,080	11,663,628
2026	11,663,628	-	2,618,696	-	724,800	9,769,732
2027	9,769,732	-	2,588,909	-	593,269	7,774,092
2028	7,774,092	-	2,554,712	-	454,772	5,674,152
2029	5,674,152	-	2,521,528	-	308,937	3,461,561
2030	3,461,561	-	2,489,227	-	155,186	1,127,520
2031	1,127,520	-	2,457,540	-	-	-

*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 17.46

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.

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3
Hypothetical Assumptions: 5.00% and RP-2000 Generational Mortality

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2014	24,133,824	-	2,065,375	-	1,155,057	23,223,506
2015	23,223,506	-	1,927,404	-	1,112,990	22,409,092
2016	22,409,092	-	2,018,307	-	1,069,997	21,460,782
2017	21,460,782	-	2,170,173	-	1,018,785	20,309,394
2018	20,309,394	-	2,177,509	-	961,032	19,092,917
2019	19,092,917	-	2,423,638	-	894,055	17,563,334
2020	17,563,334	-	2,573,009	-	813,841	15,804,166
2021	15,804,166	-	2,582,641	-	725,642	13,947,167
2022	13,947,167	-	2,592,680	-	632,541	11,987,028
2023	11,987,028	-	2,589,733	-	534,608	9,931,903
2024	9,931,903	-	2,616,625	-	431,180	7,746,458
2025	7,746,458	-	2,599,750	-	322,329	5,469,037
2026	5,469,037	-	2,618,696	-	207,984	3,058,325
2027	3,058,325	-	2,588,909	-	88,194	557,610
2028	557,610	-	2,554,712	-	-	-

*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 14.22

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.

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 4
Hypothetical Assumptions: 9.00% and RP-2000 Generational Mortality

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2014	24,133,824	-	2,065,375	-	2,079,102	24,147,551
2015	24,147,551	-	1,927,404	-	2,086,546	24,306,693
2016	24,306,693	-	2,018,307	-	2,096,779	24,385,165
2017	24,385,165	-	2,170,173	-	2,097,007	24,311,999
2018	24,311,999	-	2,177,509	-	2,090,092	24,224,582
2019	24,224,582	-	2,423,638	-	2,071,149	23,872,093
2020	23,872,093	-	2,573,009	-	2,032,703	23,331,787
2021	23,331,787	-	2,582,641	-	1,983,642	22,732,788
2022	22,732,788	-	2,592,680	-	1,929,280	22,069,388
2023	22,069,388	-	2,589,733	-	1,869,707	21,349,362
2024	21,349,362	-	2,616,625	-	1,803,694	20,536,431
2025	20,536,431	-	2,599,750	-	1,731,290	19,667,971
2026	19,667,971	-	2,618,696	-	1,652,276	18,701,551
2027	18,701,551	-	2,588,909	-	1,566,639	17,679,281
2028	17,679,281	-	2,554,712	-	1,476,173	16,600,742
2029	16,600,742	-	2,521,528	-	1,380,598	15,459,812
2030	15,459,812	-	2,489,227	-	1,279,368	14,249,953
2031	14,249,953	-	2,457,540	-	1,171,906	12,964,319
2032	12,964,319	-	2,420,959	-	1,057,846	11,601,206
2033	11,601,206	-	2,381,498	-	936,941	10,156,649
2034	10,156,649	-	2,338,542	-	808,864	8,626,971
2035	8,626,971	-	2,292,934	-	673,245	7,007,282
2036	7,007,282	-	2,243,633	-	529,692	5,293,341
2037	5,293,341	-	2,192,238	-	377,750	3,478,853
2038	3,478,853	-	2,137,730	-	216,899	1,558,022
2039	1,558,022	-	2,080,252	-	-	-

*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 25.75

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.

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2016

Valuation Date: 10/1/2014

	ACTUAL	HYPOTHETICAL		
	7.00% RP-2000 Static	7.00% RP-2000 Generational	5.00% RP-2000 Generational	9.00% RP-2000 Generational
Total Required Contribution	\$1,802,476	\$1,917,313	\$2,750,393	\$1,247,984
Expected Member Contribution	217,789	217,789	217,789	217,789
Expected State Money	364,512	364,512	364,512	364,512
Expected Sponsor Contribution (Fixed \$)	\$1,220,175	\$1,335,012	\$2,168,092	\$665,683
Expected Sponsor Contribution (% of Payroll)	47.0%	51.4%	83.5%	25.7%

ASSETS

Actuarial Value ¹	22,500,427	22,500,427	22,500,427	22,500,427
Market Value ¹	24,133,824	24,133,824	24,133,824	24,133,824

LIABILITIES

Present Value of Benefits				
Active Members				
Retirement Benefits	15,277,116	15,830,312	22,269,185	11,771,190
Disability Benefits	93,829	97,852	130,712	76,238
Death Benefits	55,310	42,470	52,096	35,107
Vested Benefits	1,028,317	1,059,493	1,592,090	742,590
Refund of Contributions	45,421	45,429	47,955	43,191
Service Retirees	17,059,207	17,659,828	21,635,015	14,847,911
Beneficiaries	0	0	0	0
Terminated Vested	382,058	398,417	556,694	295,499
Disability Retirees	329,488	342,541	416,744	290,589
DROP Retirees ¹	3,163,675	3,234,678	3,994,410	2,717,387
Excess State Monies Reserve	334,809	334,809	334,809	334,809
Total:	37,769,230	39,045,829	51,029,710	31,154,511
Present Value of Future Salaries	14,537,298	14,547,352	15,696,910	13,569,328
Present Value of Future Member Contributions	1,221,133	1,221,978	1,318,540	1,139,824
Total Normal Cost (Entry Age Normal)	742,775	769,192	1,186,609	514,928
Present Value of Future Normal Costs (Entry Age Normal)	4,096,357	4,250,511	7,142,849	2,632,962
Total Actuarial Accrued Liability ¹	33,672,873	34,795,318	43,886,861	28,521,549
Unfunded Actuarial Accrued Liability (Entry Age Normal)	11,172,446	12,294,891	21,386,434	6,021,122

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2016

Valuation Date: 10/1/2014

	ACTUAL	HYPOTHETICAL		
	7.00% RP-2000 Static	7.00% RP-2000 Generational	5.00% RP-2000 Generational	9.00% RP-2000 Generational
<u>PENSION COST</u>				
Normal Cost (with interest)	768,772	796,114	1,216,274	538,100
Administrative Expenses (with interest)	32,211	32,211	31,900	32,522
Payment Required To Amortize UAAL (with interest)	<u>1,001,493</u>	<u>1,088,988</u>	<u>1,502,219</u>	<u>677,362</u>
Total Required Contribution	\$1,802,476	\$1,917,313	\$2,750,393	\$1,247,984

¹ The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2014.