

April 6, 2018

VIA EMAIL

Ms. Tara Spini  
6307 Palmas Bay Circle  
Port Orange, FL 32127

Re: City of New Smyrna Beach Municipal Police Officers' Retirement Plan  
Section 112.664, Florida Statutes Compliance

Dear Tara:

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: David Robinson, Board Attorney  
cc via email: Jessica A. De la Torre Vila, Legal Assistant  
cc via email: Claudia Rogers

CITY OF NEW SMYRNA BEACH  
MUNICIPAL POLICE OFFICERS' RETIREMENT 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: 4/6/2018

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	
	8.00% RP-2000 Generational	6.00% RP-2000 Generational	10.00% RP-2000 Generational
<b><u>Total Pension Liability</u></b>			
Service Cost	386,508	592,037	264,809
Interest	1,590,095	1,508,944	1,623,693
Share Plan Allocation	85,276	85,276	85,276
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	95,140	107,249	79,171
Changes of Assumptions	-	-	-
Contributions - Buy Back	10,011	10,011	10,011
Benefit Payments, Including Refunds of Employee Contributions	(1,882,484)	(1,882,484)	(1,882,484)
Net Change in Total Pension Liability	284,546	421,033	180,476
Total Pension Liability - Beginning	20,681,293	25,748,640	17,163,735
Total Pension Liability - Ending (a)	<u>\$ 20,965,839</u>	<u>\$ 26,169,673</u>	<u>\$ 17,344,211</u>
<b><u>Plan Fiduciary Net Position</u></b>			
Contributions - Employer	420,771	420,771	420,771
Contributions - State	207,739	207,739	207,739
Contributions - Employee	220,334	220,334	220,334
Contributions - Buy Back	10,011	10,011	10,011
Net Investment Income	1,556,057	1,556,057	1,556,057
Benefit Payments, Including Refunds of Employee Contributions	(1,882,484)	(1,882,484)	(1,882,484)
Administrative Expenses	(38,227)	(38,227)	(38,227)
Net Change in Plan Fiduciary Net Position	494,201	494,201	494,201
Plan Fiduciary Net Position - Beginning	16,972,214	16,972,214	16,972,214
Plan Fiduciary Net Position - Ending (b)	<u>\$ 17,466,415</u>	<u>\$ 17,466,415</u>	<u>\$ 17,466,415</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 3,499,424</u>	<u>\$ 8,703,258</u>	<u>\$ (122,204)</u>

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1  
Plan Assumptions: 8.00% 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
2017	17,466,415	-	1,848,238	-	1,323,384	16,941,561
2018	16,941,561	-	1,466,698	-	1,296,657	16,771,520
2019	16,771,520	-	1,481,883	-	1,282,446	16,572,083
2020	16,572,083	-	1,481,234	-	1,266,517	16,357,366
2021	16,357,366	-	1,538,149	-	1,247,063	16,066,280
2022	16,066,280	-	1,539,441	-	1,223,725	15,750,564
2023	15,750,564	-	1,534,099	-	1,198,681	15,415,146
2024	15,415,146	-	1,577,804	-	1,170,100	15,007,442
2025	15,007,442	-	1,594,757	-	1,136,805	14,549,490
2026	14,549,490	-	1,647,562	-	1,098,057	13,999,985
2027	13,999,985	-	1,633,392	-	1,054,663	13,421,256
2028	13,421,256	-	1,639,263	-	1,008,130	12,790,123
2029	12,790,123	-	1,631,953	-	957,932	12,116,102
2030	12,116,102	-	1,643,044	-	903,566	11,376,624
2031	11,376,624	-	1,632,600	-	844,826	10,588,850
2032	10,588,850	-	1,642,534	-	781,407	9,727,723
2033	9,727,723	-	1,627,176	-	713,131	8,813,678
2034	8,813,678	-	1,605,290	-	640,883	7,849,271
2035	7,849,271	-	1,595,835	-	564,108	6,817,544
2036	6,817,544	-	1,569,377	-	482,628	5,730,795
2037	5,730,795	-	1,555,897	-	396,228	4,571,126
2038	4,571,126	-	1,523,763	-	304,740	3,352,103
2039	3,352,103	-	1,488,845	-	208,614	2,071,872
2040	2,071,872	-	1,454,394	-	107,574	725,052
2041	725,052	-	1,420,878	-	-	-

\*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 24.51

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 8.00% 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: 6.00% 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
2017	17,466,415	-	1,848,238	-	992,538	16,610,715
2018	16,610,715	-	1,466,698	-	952,642	16,096,659
2019	16,096,659	-	1,481,883	-	921,343	15,536,119
2020	15,536,119	-	1,481,234	-	887,730	14,942,615
2021	14,942,615	-	1,538,149	-	850,412	14,254,878
2022	14,254,878	-	1,539,441	-	809,109	13,524,546
2023	13,524,546	-	1,534,099	-	765,450	12,755,897
2024	12,755,897	-	1,577,804	-	718,020	11,896,113
2025	11,896,113	-	1,594,757	-	665,924	10,967,280
2026	10,967,280	-	1,647,562	-	608,610	9,928,328
2027	9,928,328	-	1,633,392	-	546,698	8,841,634
2028	8,841,634	-	1,639,263	-	481,320	7,683,691
2029	7,683,691	-	1,631,953	-	412,063	6,463,801
2030	6,463,801	-	1,643,044	-	338,537	5,159,294
2031	5,159,294	-	1,632,600	-	260,580	3,787,274
2032	3,787,274	-	1,642,534	-	177,960	2,322,700
2033	2,322,700	-	1,627,176	-	90,547	786,071
2034	786,071	-	1,605,290	-	-	-

\*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 17.49

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 6.00% 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: 10.00% 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
2017	17,466,415	-	1,848,238	-	1,654,230	17,272,407
2018	17,272,407	-	1,466,698	-	1,653,906	17,459,615
2019	17,459,615	-	1,481,883	-	1,671,867	17,649,599
2020	17,649,599	-	1,481,234	-	1,690,898	17,859,263
2021	17,859,263	-	1,538,149	-	1,709,019	18,030,133
2022	18,030,133	-	1,539,441	-	1,726,041	18,216,733
2023	18,216,733	-	1,534,099	-	1,744,968	18,427,602
2024	18,427,602	-	1,577,804	-	1,763,870	18,613,668
2025	18,613,668	-	1,594,757	-	1,781,629	18,800,540
2026	18,800,540	-	1,647,562	-	1,797,676	18,950,654
2027	18,950,654	-	1,633,392	-	1,813,396	19,130,658
2028	19,130,658	-	1,639,263	-	1,831,103	19,322,498
2029	19,322,498	-	1,631,953	-	1,850,652	19,541,197
2030	19,541,197	-	1,643,044	-	1,871,968	19,770,121
2031	19,770,121	-	1,632,600	-	1,895,382	20,032,903
2032	20,032,903	-	1,642,534	-	1,921,164	20,311,533
2033	20,311,533	-	1,627,176	-	1,949,795	20,634,152
2034	20,634,152	-	1,605,290	-	1,983,151	21,012,013
2035	21,012,013	-	1,595,835	-	2,021,410	21,437,588
2036	21,437,588	-	1,569,377	-	2,065,290	21,933,501
2037	21,933,501	-	1,555,897	-	2,115,555	22,493,159
2038	22,493,159	-	1,523,763	-	2,173,128	23,142,524
2039	23,142,524	-	1,488,845	-	2,239,810	23,893,489
2040	23,893,489	-	1,454,394	-	2,316,629	24,755,724
2041	24,755,724	-	1,420,878	-	2,404,529	25,739,375
2042	25,739,375	-	1,380,100	-	2,504,933	26,864,208
2043	26,864,208	-	1,337,829	-	2,619,529	28,145,908
2044	28,145,908	-	1,294,589	-	2,749,861	29,601,180
2045	29,601,180	-	1,248,747	-	2,897,681	31,250,114
2046	31,250,114	-	1,202,492	-	3,064,887	33,112,509
2047	33,112,509	-	1,154,079	-	3,253,547	35,211,977
2048	35,211,977	-	1,105,744	-	3,465,911	37,572,144
2049	37,572,144	-	1,056,690	-	3,704,380	40,219,834
2050	40,219,834	-	1,006,991	-	3,971,634	43,184,477
2051	43,184,477	-	956,993	-	4,270,598	46,498,082
2052	46,498,082	-	906,920	-	4,604,462	50,195,624
2053	50,195,624	-	857,058	-	4,976,710	54,315,276
2054	54,315,276	-	807,464	-	5,391,154	58,898,966
2055	58,898,966	-	758,264	-	5,851,983	63,992,685
2056	63,992,685	-	709,743	-	6,363,781	69,646,723
2057	69,646,723	-	661,985	-	6,931,573	75,916,311
2058	75,916,311	-	614,949	-	7,560,884	82,862,246
2059	82,862,246	-	568,792	-	8,257,785	90,551,239
2060	90,551,239	-	523,642	-	9,028,942	99,056,539
2061	99,056,539	-	479,881	-	9,881,660	108,458,318
2062	108,458,318	-	437,925	-	10,823,936	118,844,329
2063	118,844,329	-	397,902	-	11,864,538	130,310,965
2064	130,310,965	-	359,864	-	13,013,103	142,964,204
2065	142,964,204	-	324,183	-	14,280,211	156,920,232
2066	156,920,232	-	290,827	-	15,677,482	172,306,887

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3  
Hypothetical Assumptions: 10.00% 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
2067	172,306,887	-	259,756	-	17,217,701	189,264,832
2068	189,264,832	-	230,894	-	18,914,939	207,948,877
2069	207,948,877	-	204,316	-	20,784,672	228,529,233
2070	228,529,233	-	179,915	-	22,843,928	251,193,246
2071	251,193,246	-	157,748	-	25,111,437	276,146,935
2072	276,146,935	-	137,700	-	27,607,809	303,617,044
2073	303,617,044	-	119,613	-	30,355,724	333,853,155
2074	333,853,155	-	103,374	-	33,380,147	367,129,928
2075	367,129,928	-	88,744	-	36,708,556	403,749,740
2076	403,749,740	-	75,603	-	40,371,194	444,045,331
2077	444,045,331	-	63,835	-	44,401,341	488,382,837
2078	488,382,837	-	53,449	-	48,835,611	537,164,999
2079	537,164,999	-	44,346	-	53,714,283	590,834,936
2080	590,834,936	-	36,500	-	59,081,669	649,880,105
2081	649,880,105	-	29,809	-	64,986,520	714,836,816
2082	714,836,816	-	24,118	-	71,482,476	786,295,174
2083	786,295,174	-	19,356	-	78,628,550	864,904,368
2084	864,904,368	-	15,369	-	86,489,668	951,378,667
2085	951,378,667	-	12,123	-	95,137,261	1,046,503,805
2086	1,046,503,805	-	9,487	-	104,649,906	1,151,144,224
2087	1,151,144,224	-	7,367	-	115,114,054	1,266,250,911
2088	1,266,250,911	-	5,669	-	126,624,808	1,392,870,050
2089	1,392,870,050	-	4,332	-	139,286,788	1,532,152,506
2090	1,532,152,506	-	3,288	-	153,215,086	1,685,364,304
2091	1,685,364,304	-	2,473	-	168,536,307	1,853,898,138
2092	1,853,898,138	-	1,846	-	185,389,722	2,039,286,014
2093	2,039,286,014	-	1,363	-	203,928,533	2,243,213,184
2094	2,243,213,184	-	999	-	224,321,268	2,467,533,453
2095	2,467,533,453	-	725	-	246,753,309	2,714,286,037
2096	2,714,286,037	-	519	-	271,428,578	2,985,714,096
2097	2,985,714,096	-	367	-	298,571,391	3,284,285,120
2098	3,284,285,120	-	257	-	328,428,499	3,612,713,362
2099	3,612,713,362	-	179	-	361,271,327	3,973,984,510
2100	3,973,984,510	-	123	-	397,398,445	4,371,382,832
2101	4,371,382,832	-	84	-	437,138,279	4,808,521,027
2102	4,808,521,027	-	57	-	480,852,100	5,289,373,070
2103	5,289,373,070	-	38	-	528,937,305	5,818,310,337
2104	5,818,310,337	-	25	-	581,831,032	6,400,141,344
2105	6,400,141,344	-	16	-	640,014,134	7,040,155,462
2106	7,040,155,462	-	10	-	704,015,546	7,744,170,998
2107	7,744,170,998	-	7	-	774,417,099	8,518,588,090
2108	8,518,588,090	-	4	-	851,858,809	9,370,446,895
2109	9,370,446,895	-	3	-	937,044,689	10,307,491,581
2110	10,307,491,581	-	2	-	1,030,749,158	11,338,240,737
2111	11,338,240,737	-	1	-	1,133,824,074	12,472,064,810
2112	12,472,064,810	-	-	-	1,247,206,481	13,719,271,291

\*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 10.00% 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, 2019

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL	
	8.00% RP-2000 Generational	6.00% RP-2000 Generational	10.00% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$1,009,921	\$1,584,096	\$755,221
Total Required Contribution (% of Payroll)	42.1%	66.0%	31.5%
Expected Member Contribution	251,938	248,961	254,915
Expected State Money	122,463	122,463	122,463
Expected Sponsor Contribution (Fixed \$)	\$635,520	\$1,212,672	\$377,843
Expected Sponsor Contribution (% of Payroll)	27.0%	50.9%	16.4%

**ASSETS**

Actuarial Value <sup>1</sup>	17,555,749	17,555,749	17,555,749
Market Value <sup>1</sup>	17,466,415	17,466,415	17,466,415

**LIABILITIES**

Present Value of Benefits			
Active Members			
Retirement Benefits	6,142,415	9,552,664	4,158,711
Disability Benefits	420,890	592,186	311,891
Death Benefits	83,048	120,929	60,145
Vested Benefits	1,218,332	1,989,345	786,616
Refund of Contributions	161,512	172,665	151,577
Service Retirees	14,943,418	18,133,516	12,660,179
DROP Retirees <sup>1</sup>	373,805	373,805	373,805
Beneficiaries	384,319	464,732	327,283
Disability Retirees	224,114	274,166	188,787
Terminated Vested	476,571	634,878	371,740
Excess State Monies Share Balance <sup>1</sup>	269,045	269,045	269,045
Accumulated Leave	148,303	148,303	148,303
Total:	24,845,772	32,726,234	19,808,082
Present Value of Future Salaries	19,466,152	21,935,628	17,482,950
Present Value of Future Member Contributions	1,946,615	2,193,563	1,748,295
Total Normal Cost	757,103	936,721	669,322
Present Value of Future Normal Costs (Entry Age Normal)	3,300,889	5,872,449	1,956,986
Total Actuarial Accrued Liability <sup>1</sup>	21,658,661	26,967,564	17,964,876
Unfunded Actuarial Accrued Liability (UAAL)	766,546	6,075,449	(2,927,239)

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

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL	
	8.00% RP-2000 Generational	6.00% RP-2000 Generational	10.00% RP-2000 Generational
<b><u>PENSION COST</u></b>			
Normal Cost (with interest)	844,292	1,032,253	755,221
Administrative Expenses (with interest)	42,629	42,126	43,133
Payment Required To Amortize UAAL (with interest)	123,000	509,717	(263,991)
Total Required Contribution	\$1,009,921	\$1,584,096	\$755,221 <sup>2</sup>

<sup>1</sup> The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2017.

<sup>3</sup> Per Florida Statutes, the Minimum Required Contribution may be no less than the Normal Cost.