

January 6, 2017

VIA EMAIL

Commander Dale Coleman, Chairman
Oviedo Police Officers' Retirement Fund
400 Alexandria Boulevard
Oviedo, FL 32765

Re: City of Oviedo Police Officers' Retirement Fund
Senate Bill 534 (Section 112.664, Florida Statutes) Compliance

Dear Dale:

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: 

Douglas H. Lozen, EA, MAAA
Enrolled Actuary #14-7778

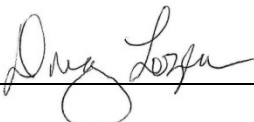
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Enclosures

cc via email: Scott R. Christiansen, Board Attorney

CITY OF OVIEDO
POLICE OFFICERS' RETIREMENT 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:  Date: 1/6/2017

Douglas H. Lozen, EA, MAAA
Enrolled Actuary #14-7778



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
	7.75%	5.75%
	RP-2000	RP-2000
	Generational	Generational
	9/30/2016	9/30/2016
<u>Total Pension Liability</u>		
Service Cost	673,402	1,081,899
Interest	1,493,631	1,453,888
Change in Excess State Money	73,601	73,601
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	369,827	544,913
Changes of Assumptions	-	(398,502)
Benefit Payments, Including Refunds of Employee Contributions	(666,552)	(666,552)
Net Change in Total Pension Liability	1,943,909	2,089,247
Total Pension Liability - Beginning	19,131,196	24,735,046
Total Pension Liability - Ending (a)	\$ 21,075,105	\$ 26,824,293
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	743,361	743,361
Contributions - State	289,558	289,558
Contributions - Employee	260,331	260,331
Net Investment Income	938,268	938,268
Benefit Payments, Including Refunds of Employee Contributions	(666,552)	(666,552)
Administrative Expenses	(29,414)	(29,414)
Net Change in Plan Fiduciary Net Position	1,535,552	1,535,552
Plan Fiduciary Net Position - Beginning	18,239,570	18,239,570
Plan Fiduciary Net Position - Ending (b)	\$ 19,775,122	\$ 19,775,122
Net Pension Liability - Ending (a) - (b)	\$ 1,299,983	\$ 7,049,171

GASB 68: PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	ACTUAL	HYPOTHETICAL
	7.75%	5.75%
Pension Expense	\$ 778,683	\$ 2,737,445

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.75% and 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	19,775,122	-	1,030,491	-	1,492,640	20,237,271
2017	20,237,271	-	1,064,838	-	1,527,126	20,699,559
2018	20,699,559	-	1,134,429	-	1,560,257	21,125,387
2019	21,125,387	-	1,211,634	-	1,590,267	21,504,020
2020	21,504,020	-	1,243,447	-	1,618,378	21,878,951
2021	21,878,951	-	1,287,343	-	1,645,734	22,237,342
2022	22,237,342	-	1,314,156	-	1,672,470	22,595,656
2023	22,595,656	-	1,352,582	-	1,698,751	22,941,825
2024	22,941,825	-	1,390,821	-	1,724,097	23,275,101
2025	23,275,101	-	1,466,797	-	1,746,982	23,555,286
2026	23,555,286	-	1,490,637	-	1,767,772	23,832,421
2027	23,832,421	-	1,539,800	-	1,787,345	24,079,966
2028	24,079,966	-	1,554,550	-	1,805,959	24,331,375
2029	24,331,375	-	1,575,469	-	1,824,632	24,580,538
2030	24,580,538	-	1,581,710	-	1,843,700	24,842,528
2031	24,842,528	-	1,589,653	-	1,863,697	25,116,572
2032	25,116,572	-	1,599,289	-	1,884,562	25,401,845
2033	25,401,845	-	1,600,439	-	1,906,626	25,708,032
2034	25,708,032	-	1,595,642	-	1,930,541	26,042,931
2035	26,042,931	-	1,582,450	-	1,957,007	26,417,488
2036	26,417,488	-	1,560,069	-	1,986,903	26,844,322
2037	26,844,322	-	1,533,114	-	2,021,027	27,332,235
2038	27,332,235	-	1,502,960	-	2,060,009	27,889,284
2039	27,889,284	-	1,468,510	-	2,104,515	28,525,289
2040	28,525,289	-	1,431,893	-	2,155,224	29,248,620
2041	29,248,620	-	1,391,023	-	2,212,866	30,070,463
2042	30,070,463	-	1,348,054	-	2,278,224	31,000,633
2043	31,000,633	-	1,303,138	-	2,352,052	32,049,547
2044	32,049,547	-	1,257,480	-	2,435,113	33,227,180
2045	33,227,180	-	1,210,741	-	2,528,190	34,544,629
2046	34,544,629	-	1,163,613	-	2,632,119	36,013,135
2047	36,013,135	-	1,115,870	-	2,747,778	37,645,043
2048	37,645,043	-	1,067,865	-	2,876,111	39,453,289
2049	39,453,289	-	1,019,541	-	3,018,123	41,451,871
2050	41,451,871	-	971,239	-	3,174,884	43,655,516
2051	43,655,516	-	923,002	-	3,347,536	46,080,050
2052	46,080,050	-	875,009	-	3,537,297	48,742,338
2053	48,742,338	-	827,336	-	3,745,472	51,660,474
2054	51,660,474	-	780,053	-	3,973,460	54,853,881
2055	54,853,881	-	733,360	-	4,222,758	58,343,279
2056	58,343,279	-	687,300	-	4,494,971	62,150,950
2057	62,150,950	-	642,154	-	4,791,815	66,300,611
2058	66,300,611	-	598,105	-	5,115,121	70,817,627
2059	70,817,627	-	555,289	-	5,466,849	75,729,187
2060	75,729,187	-	514,053	-	5,849,092	81,064,226
2061	81,064,226	-	474,714	-	6,264,082	86,853,594
2062	86,853,594	-	437,292	-	6,714,208	93,130,510
2063	93,130,510	-	401,831	-	7,202,044	99,930,723
2064	99,930,723	-	368,444	-	7,730,354	107,292,633
2065	107,292,633	-	336,986	-	8,302,121	115,257,768

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.75% and 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	115,257,768	-	307,437	-	8,920,564	123,870,895
2067	123,870,895	-	279,650	-	9,589,158	133,180,403
2068	133,180,403	-	253,514	-	10,311,658	143,238,547
2069	143,238,547	-	229,073	-	11,092,111	154,101,585
2070	154,101,585	-	206,290	-	11,934,879	165,830,174
2071	165,830,174	-	185,040	-	12,844,668	178,489,802
2072	178,489,802	-	165,250	-	13,826,556	192,151,108
2073	192,151,108	-	146,889	-	14,886,019	206,890,238
2074	206,890,238	-	129,783	-	16,028,964	222,789,419
2075	222,789,419	-	113,877	-	17,261,767	239,937,309
2076	239,937,309	-	99,161	-	18,591,299	258,429,447
2077	258,429,447	-	85,664	-	20,024,963	278,368,746
2078	278,368,746	-	73,275	-	21,570,738	299,866,209
2079	299,866,209	-	61,961	-	23,237,230	323,041,478
2080	323,041,478	-	51,713	-	25,033,711	348,023,476
2081	348,023,476	-	42,530	-	26,970,171	374,951,117
2082	374,951,117	-	34,451	-	29,057,377	403,974,043
2083	403,974,043	-	27,442	-	31,306,925	435,253,526
2084	435,253,526	-	21,471	-	33,731,316	468,963,371
2085	468,963,371	-	16,530	-	36,344,021	505,290,862
2086	505,290,862	-	12,518	-	39,159,557	544,437,901
2087	544,437,901	-	9,324	-	42,193,576	586,622,153
2088	586,622,153	-	6,825	-	45,462,952	632,078,280
2089	632,078,280	-	4,917	-	48,985,876	681,059,239
2090	681,059,239	-	3,480	-	52,781,956	733,837,715
2091	733,837,715	-	2,423	-	56,872,329	790,707,621
2092	790,707,621	-	1,656	-	61,279,776	851,985,741
2093	851,985,741	-	1,110	-	66,028,852	918,013,483
2094	918,013,483	-	733	-	71,146,017	989,158,767
2095	989,158,767	-	478	-	76,659,786	1,065,818,075
2096	1,065,818,075	-	306	-	82,600,889	1,148,418,658
2097	1,148,418,658	-	194	-	89,002,438	1,237,420,902
2098	1,237,420,902	-	121	-	95,900,115	1,333,320,896
2099	1,333,320,896	-	75	-	103,332,367	1,436,653,188
2100	1,436,653,188	-	46	-	111,340,620	1,547,993,762
2101	1,547,993,762	-	28	-	119,969,515	1,667,963,249
2102	1,667,963,249	-	17	-	129,267,151	1,797,230,383
2103	1,797,230,383	-	10	-	139,285,354	1,936,515,727
2104	1,936,515,727	-	6	-	150,079,969	2,086,595,690
2105	2,086,595,690	-	3	-	161,711,166	2,248,306,853
2106	2,248,306,853	-	2	-	174,243,781	2,422,550,632
2107	2,422,550,632	-	1	-	187,747,674	2,610,298,305
2108	2,610,298,305	-	-	-	202,298,119	2,812,596,424

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 7.75% 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: 5.75% and 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	19,775,122	-	1,030,491	-	1,107,443	19,852,074
2017	19,852,074	-	1,064,838	-	1,110,880	19,898,116
2018	19,898,116	-	1,134,429	-	1,111,527	19,875,214
2019	19,875,214	-	1,211,634	-	1,107,990	19,771,570
2020	19,771,570	-	1,243,447	-	1,101,116	19,629,239
2021	19,629,239	-	1,287,343	-	1,091,670	19,433,566
2022	19,433,566	-	1,314,156	-	1,079,648	19,199,058
2023	19,199,058	-	1,352,582	-	1,065,059	18,911,535
2024	18,911,535	-	1,390,821	-	1,047,427	18,568,141
2025	18,568,141	-	1,466,797	-	1,025,498	18,126,842
2026	18,126,842	-	1,490,637	-	999,438	17,635,643
2027	17,635,643	-	1,539,800	-	969,780	17,065,623
2028	17,065,623	-	1,554,550	-	936,580	16,447,653
2029	16,447,653	-	1,575,469	-	900,445	15,772,629
2030	15,772,629	-	1,581,710	-	861,452	15,052,371
2031	15,052,371	-	1,589,653	-	819,809	14,282,527
2032	14,282,527	-	1,599,289	-	775,266	13,458,504
2033	13,458,504	-	1,600,439	-	727,851	12,585,916
2034	12,585,916	-	1,595,642	-	677,815	11,668,089
2035	11,668,089	-	1,582,450	-	625,420	10,711,059
2036	10,711,059	-	1,560,069	-	571,034	9,722,024
2037	9,722,024	-	1,533,114	-	514,939	8,703,849
2038	8,703,849	-	1,502,960	-	457,261	7,658,150
2039	7,658,150	-	1,468,510	-	398,124	6,587,764
2040	6,587,764	-	1,431,893	-	337,630	5,493,501
2041	5,493,501	-	1,391,023	-	275,884	4,378,362
2042	4,378,362	-	1,348,054	-	212,999	3,243,307
2043	3,243,307	-	1,303,138	-	149,025	2,089,194
2044	2,089,194	-	1,257,480	-	83,976	915,690
2045	915,690	-	1,210,741	-	-	-

Number of Years Expected Benefit Payments Sustained: 29.76

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.75% 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

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.75%	5.75%
	RP-2000	RP-2000
	Generational	Generational
Total Required Contribution (Fixed \$)	\$997,078	\$1,811,884
Total Required Contribution (% of Payroll)	24.91%	45.27%
Expected Member Contribution	240,155	240,155
Expected State Money	215,957	215,957
Expected Sponsor Contribution (Fixed \$)	\$540,966	\$1,355,772
Expected Sponsor Contribution (% of Payroll)	13.51%	33.87%

ASSETS

Actuarial Value	20,645,446	20,645,446
Market Value	19,775,122	19,775,122

LIABILITIES

Present Value of Benefits		
Active Members		
Retirement Benefits	18,935,386	27,986,981
Disability Benefits	214,922	296,011
Death Benefits	298,946	389,478
Vested Benefits	257,409	401,084
Refund of Contributions	116,930	122,699
Service Retirees	5,642,450	6,804,142
Beneficiaries	0	0
Disability Retirees	1,496,058	1,801,742
Terminated Vested	565,328	734,391
Excess State Monies Reserve	272,266	272,266
Total:	<u>27,799,695</u>	<u>38,808,794</u>
Present Value of Future Salaries	35,525,686	40,277,299
Present Value of Future Member Contributions	2,131,541	2,416,638
Total Normal Cost	706,192	1,108,400
Present Value of Future Normal Costs (Entry Age Normal)	5,972,650	10,843,537
Total Actuarial Accrued Liability	21,827,045	27,965,257
Unfunded Actuarial Accrued Liability (UAAL)	1,181,599	7,319,811

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2018

Valuation Date: 10/1/2016

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.75%	5.75%
	RP-2000	RP-2000
	Generational	Generational
<u>PENSION COST</u>		
Normal Cost (with interest)	733,557	1,140,267
Administrative Expenses (with interest)	30,554	30,260
Payment Required To Amortize UAAL (with interest)	<u>232,967</u>	<u>641,357</u>
Total Required Contribution	\$997,078	\$1,811,884