

TOWN OF INDIALANTIC
POLICE OFFICERS' AND FIREFIGHTERS' RETIREMENT SYSTEM

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: 2/15/2016

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



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

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	
	8.00% RP-2000 Static 9/30/2015	8.00% RP-2000 Generational 9/30/2015	6.00% RP-2000 Generational 9/30/2015

GASB 67: Schedule of Changes in Net Pension LiabilityTotal Pension Liability

Service Cost	198,675	206,405	313,371
Interest	584,298	606,916	576,801
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(333,531)	(345,068)	(409,227)
Contributions - Buy Back	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(251,317)	(251,317)	(251,317)
Net Change in Total Pension Liability	198,125	216,936	229,628
Total Pension Liability - Beginning	7,232,578	7,507,569	9,427,508
Total Pension Liability - Ending (a)	<u>\$ 7,430,703</u>	<u>\$ 7,724,505</u>	<u>\$ 9,657,136</u>

Plan Fiduciary Net Position

Contributions - Employer	146,371	146,371	146,371
Contributions - State	83,536	83,536	83,536
Contributions - Employee	48,565	48,565	48,565
Net Investment Income	(36,265)	(36,265)	(36,265)
Benefit Payments, Including Refunds of Employee Contributions	(251,317)	(251,317)	(251,317)
Administrative Expenses	(38,051)	(38,051)	(38,051)
Net Change in Plan Fiduciary Net Position	(47,161)	(47,161)	(47,161)
Plan Fiduciary Net Position - Beginning	6,731,495	6,731,495	6,731,495
Plan Fiduciary Net Position - Ending (b)	<u>\$ 6,684,334</u>	<u>\$ 6,684,334</u>	<u>\$ 6,684,334</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 746,369</u>	<u>\$ 1,040,171</u>	<u>\$ 2,972,802</u>

GASB 68: Pension Expense for Fiscal Year Ending September 30, 2015

Pension Expense	<u>\$ 120,538</u>	<u>\$ 148,910</u>	<u>\$ 331,585</u>
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PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 8.00% 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	6,684,334	-	428,289	-	517,615	6,773,660
2016	6,773,660	-	497,204	-	522,005	6,798,461
2017	6,798,461	-	593,799	-	520,125	6,724,787
2018	6,724,787	-	590,720	-	514,354	6,648,421
2019	6,648,421	-	589,767	-	508,283	6,566,937
2020	6,566,937	-	588,791	-	501,803	6,479,949
2021	6,479,949	-	618,636	-	493,650	6,354,963
2022	6,354,963	-	615,908	-	483,761	6,222,816
2023	6,222,816	-	637,687	-	472,318	6,057,447
2024	6,057,447	-	636,757	-	459,125	5,879,815
2025	5,879,815	-	629,968	-	445,186	5,695,033
2026	5,695,033	-	618,185	-	430,875	5,507,723
2027	5,507,723	-	608,153	-	416,292	5,315,862
2028	5,315,862	-	597,141	-	401,383	5,120,104
2029	5,120,104	-	585,237	-	386,199	4,921,066
2030	4,921,066	-	573,163	-	370,759	4,718,662
2031	4,718,662	-	570,986	-	354,654	4,502,330
2032	4,502,330	-	556,130	-	337,941	4,284,141
2033	4,284,141	-	539,211	-	321,163	4,066,093
2034	4,066,093	-	532,259	-	303,997	3,837,831
2035	3,837,831	-	514,737	-	286,437	3,609,531
2036	3,609,531	-	496,325	-	268,909	3,382,115
2037	3,382,115	-	480,323	-	251,356	3,153,148
2038	3,153,148	-	465,408	-	233,636	2,921,376
2039	2,921,376	-	444,934	-	215,913	2,692,355
2040	2,692,355	-	427,728	-	198,279	2,462,906
2041	2,462,906	-	412,819	-	180,520	2,230,607
2042	2,230,607	-	390,262	-	162,838	2,003,183
2043	2,003,183	-	367,147	-	145,569	1,781,605
2044	1,781,605	-	343,839	-	128,775	1,566,541
2045	1,566,541	-	319,833	-	112,530	1,359,238
2046	1,359,238	-	295,676	-	96,912	1,160,474
2047	1,160,474	-	271,506	-	81,978	970,946
2048	970,946	-	247,471	-	67,777	791,252
2049	791,252	-	224,204	-	54,332	621,380
2050	621,380	-	201,482	-	41,651	461,549
2051	461,549	-	179,543	-	29,742	311,748
2052	311,748	-	159,310	-	18,567	171,005
2053	171,005	-	140,533	-	8,059	38,531
2054	38,531	-	123,268	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 39.31

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: 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
2015	6,684,334	-	428,384	-	517,611	6,773,561
2016	6,773,561	-	497,866	-	521,970	6,797,665
2017	6,797,665	-	595,039	-	520,012	6,722,638
2018	6,722,638	-	592,563	-	514,109	6,644,184
2019	6,644,184	-	592,291	-	507,843	6,559,736
2020	6,559,736	-	592,008	-	501,099	6,468,827
2021	6,468,827	-	622,684	-	492,599	6,338,742
2022	6,338,742	-	620,862	-	482,265	6,200,145
2023	6,200,145	-	643,687	-	470,264	6,026,722
2024	6,026,722	-	645,151	-	456,332	5,837,903
2025	5,837,903	-	639,905	-	441,436	5,639,434
2026	5,639,434	-	632,195	-	425,867	5,433,106
2027	5,433,106	-	625,911	-	409,612	5,216,807
2028	5,216,807	-	617,309	-	392,652	4,992,150
2029	4,992,150	-	607,988	-	375,052	4,759,214
2030	4,759,214	-	598,671	-	356,790	4,517,333
2031	4,517,333	-	600,290	-	337,375	4,254,418
2032	4,254,418	-	588,709	-	316,805	3,982,514
2033	3,982,514	-	575,675	-	295,574	3,702,413
2034	3,702,413	-	572,623	-	273,288	3,403,078
2035	3,403,078	-	559,015	-	249,886	3,093,949
2036	3,093,949	-	544,825	-	225,723	2,774,847
2037	2,774,847	-	533,196	-	200,660	2,442,311
2038	2,442,311	-	522,584	-	174,482	2,094,209
2039	2,094,209	-	506,368	-	147,282	1,735,123
2040	1,735,123	-	493,289	-	119,078	1,360,912
2041	1,360,912	-	482,595	-	89,569	967,886
2042	967,886	-	463,615	-	58,886	563,157
2043	563,157	-	443,549	-	27,311	146,919
2044	146,919	-	423,118	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 29.35

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 3
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
2015	6,684,334	-	428,384	-	388,209	6,644,159
2016	6,644,159	-	497,866	-	383,714	6,530,007
2017	6,530,007	-	595,039	-	373,949	6,308,917
2018	6,308,917	-	592,563	-	360,758	6,077,112
2019	6,077,112	-	592,291	-	346,858	5,831,679
2020	5,831,679	-	592,008	-	332,141	5,571,812
2021	5,571,812	-	622,684	-	315,628	5,264,756
2022	5,264,756	-	620,862	-	297,260	4,941,154
2023	4,941,154	-	643,687	-	277,159	4,574,626
2024	4,574,626	-	645,151	-	255,123	4,184,598
2025	4,184,598	-	639,905	-	231,879	3,776,572
2026	3,776,572	-	632,195	-	207,628	3,352,005
2027	3,352,005	-	625,911	-	182,343	2,908,437
2028	2,908,437	-	617,309	-	155,987	2,447,115
2029	2,447,115	-	607,988	-	128,587	1,967,714
2030	1,967,714	-	598,671	-	100,103	1,469,146
2031	1,469,146	-	600,290	-	70,140	938,996
2032	938,996	-	588,709	-	38,678	388,965
2033	388,965	-	575,675	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 18.68

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.

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

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL	
	8.00% RP-2000 Static	8.00% RP-2000 Generational	6.00% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$277,596	\$305,220	\$499,945
Total Required Contribution (% of Payroll)	27.69%	30.44%	49.86%
Expected Member Contribution	50,137	50,137	50,137
Expected State Money	79,493	79,493	79,493
Expected Sponsor Contribution (Fixed \$)	\$147,966	\$175,590	\$370,315
Expected Sponsor Contribution (% of Payroll)	14.76%	17.51%	36.93%

ASSETS

Actuarial Value ¹	6,925,916	6,925,916	6,925,916
Market Value ¹	6,684,334	6,684,334	6,684,334

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	4,084,241	4,260,567	5,887,601
Disability Benefits	37,614	39,346	53,601
Death Benefits	28,876	20,712	30,604
Vested Benefits	167,942	178,757	319,736
Refund of Contributions	34,452	34,458	35,947
Service Retirees	929,976	967,022	1,135,263
DROP Retirees ¹	1,112,375	1,149,642	1,381,828
Beneficiaries	291,752	296,771	360,069
Disability Retirees	1,437,763	1,497,914	1,797,813
Terminated Vested	273,164	282,697	350,107
Excess State Monies Reserve	1,871	1,871	1,871
Total:	8,400,026	8,729,757	11,354,440
Present Value of Future Salaries	5,779,969	5,786,967	6,446,110
Present Value of Future Member Contributions	288,998	289,348	322,306
Total Normal Cost	181,611	189,049	287,621
Present Value of Future Normal Costs (Entry Age Normal)	903,064	944,684	1,648,315
Total Actuarial Accrued Liability ¹	7,496,962	7,785,073	9,706,125
Unfunded Actuarial Accrued Liability (UAAL)	571,046	859,157	2,780,209

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

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL	
	8.00% RP-2000 Static	8.00% RP-2000 Generational	6.00% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost (with interest)	188,875	196,611	296,250
Administrative Expenses (with interest)	39,573	39,573	39,193
Payment Required To Amortize UAAL (with interest)	49,148	69,036	164,502
Total Required Contribution	\$277,596	\$305,220	\$499,945

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