

February 9, 2015

Mr. Scott Baur
Resource Centers, LLC
4360 Northlake Blvd. Suite 206
Palm Beach Gardens, FL 33410

RE: GASB Statement No. 67 and No. 68 – Town of Lake Park Retired Police Officers' Pension Fund

Dear Board:

We are pleased to present to the Board the GASB Statement No. 67 and No. 68 measured as of September 30, 2014 for Town of Lake Park Retired Police Officers' Pension Fund.

The calculation of the liability associated with the benefits referenced in this report was performed for the purpose of satisfying the requirements of GASB No.67 and No.68 and is not applicable for purposes, such as determining the plans' funding requirements. A calculation of the plan's liability for other purposes may produce significantly different results.

The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on an actuarial valuation performed as of October 1, 2013. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ending September 30th, 2014 to obtain the beginning amount using generally accepted actuarial principles. There were no assumption changes that required an adjustment to the roll-forward liabilities. It is our opinion that the assumptions used for this purposes are internally consistent, reasonable, and comply with the requirements under GASB No.67 and No.68.

Certain schedules should include a 10-year history of information. As provided for in GASB No. 67 and No.68, this historical information is only presented for the years in which the information was measured in conformity with the requirements of GASB No. 67. The historical information in this report will begin with the information presented for the fiscal year ending September 30th, 2014.

To the best of our knowledge, these statements are complete and accurate and are in accordance with generally recognized actuarial practices and methods.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact me at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.

By:



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

DHL/lke
Enclosures

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2014

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Checking Account	5,833.64
Prepaid Benefits	10,009.63
Money Market	32,012.63
Cash	4,116.41
Total Cash and Equivalents	51,972.31
Investments:	
Mutual Funds:	
Fixed Income	426,300.35
Equity	996,539.42
Total Investments	1,422,839.77
Total Assets	1,474,812.08
<u>LIABILITIES</u>	
Total Liabilities	0.00
NET POSITION RESTRICTED FOR PENSIONS	1,474,812.08
TOTAL LIABILITIES AND NET ASSETS	1,474,812.08

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2014
Market Value Basis

ADDITIONS

Contributions:

Town	52,328.00	
Total Contributions		52,328.00

Investment Income:

Net Increase in Fair Value of Investments	141,659.56	
Interest & Dividends	30,599.53	
Less Investment Expense ¹	(1,470.76)	
Net Investment Income		170,788.33
Total Additions		223,116.33

DEDUCTIONS

Distributions to Members:

Benefit Payments	156,529.08	
Total Distributions		156,529.08
Administrative Expense		15,671.38
Total Deductions		172,200.46
Net Increase in Net Position		50,915.87

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year	1,423,896.21
End of the Year	1,474,812.08

¹Investment Related expenses include investment advisory, custodial and performance monitoring fees.

NOTES TO THE FINANCIAL STATEMENTS
(For the Year Ended September 30, 2014)

Plan Description

Plan Administration

The general administration and responsibility for the proper operation of the Plan and for making effective the provisions of this Ordinance are hereby vested in a Board of Trustees consisting of five (5) persons as follows:

- a. One (1) legal resident of the Town, appointed by the other four members of the Board;
- b. Two (2) retired Police Officers elected by a majority of retired Police Officers who are Retirees of the Plan;
- c. The Town Finance Director, and
- d. The Town Manager.

Plan Membership as of October 1, 2013:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	7
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	0
Active Plan Members	0
	<hr/>
	<u>7</u>

Benefits Provided

The Plan provides retirement, and disability benefits.

The Town of Lake Park Retired Police Officers' Pension Fund is a Substituted Trust established on October 1, 2003, to provide retired Members of the predecessor Town of Lake Park Police Pension Plan with the promised monthly retirement benefits that were accrued under the former Chapter 185 retirement program.

Contributions

Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes.

Investments

Investment Policy:

The following was the Board's adopted asset allocation policy as of September 30, 2014:

<u>Asset Class</u>	<u>Target Allocation</u>
Equity	68.3%
Fixed Income	29.2%
Cash	2.5%
<u>Total</u>	<u>100.0%</u>

Concentrations:

The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan's fiduciary net position.

Rate of Return:

For the year ended September 30, 2014 the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 12.44 percent.

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NET PENSION LIABILITY OF THE SPONSOR

The components of the net pension liability of the sponsor on September 30, 2014 were as follows:

Total Pension Liability	\$ 1,734,025
Plan Fiduciary Net Position	\$ (1,474,812)
Sponsor's Net Pension Liability	<u>\$ 259,213</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	<u>85.05%</u>

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2013 updated to September 30, 2014 using the following actuarial assumptions applied to all measurement periods.

Inflation	N/A
Salary Increases	N/A
Investment Rate of Return	7.50%

RP 2000, Combined Healthy without projection (sex distinct) – Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. Disabled lives set forward five years.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class.

These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2014 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return
Equity	4.88%
Fixed Income	0.57%
Cash	0.00%

Discount Rate:

The discount rate used to measure the total pension liability was 7.50 percent.

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Sponsor's Net Pension Liability	\$ 145,244	\$ 259,213	\$ (76,637)

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

	09/30/2014
Total Pension Liability	
Service Cost	-
Interest	126,439
Change in Excess State Money	-
Share Plan Allocation	-
Changes of Benefit Terms	
Differences Between Expected and Actual Experience	-
Changes of Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	(156,529)
Net Change in Total Pension Liability	(30,090)
Total Pension Liability - Beginning	1,764,115
Total Pension Liability - Ending (a)	<u>\$ 1,734,025</u>
Plan Fiduciary Net Position	
Contributions - Employer	52,328
Contributions- State	-
Contributions - Employee	-
Net Investment Income	170,788
Benefit Payments, Including Refunds of Employee Contributions	(156,529)
Administrative Expense	(15,671)
Other	-
Net Change in Plan Fiduciary Net Position	50,916
Plan Fiduciary Net Position - Beginning	1,423,896
Plan Fiduciary Net Position - Ending (b)	<u>\$ 1,474,812</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 259,213</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.05%

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years

	<u>09/30/2014</u>
Actuarially Determined Contribution	52,328
Contributions in Relation to the	
Actuarially Determined Contributions	52,328
Contribution Deficiency (Excess)	<u>\$ -</u>

Notes to Schedule

Valuation Date: 10/01/2013

Actuarially determined contribution rates are calculated as of October 1, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method:	Entry Age Normal Actuarial Cost Method.
Amortization Method:	Level Dollar Amount, Closed.
Remaining Amortization Period:	15 Years.
Actuarial Assets:	Market Value.
Interest Rate:	7.5% (prior 8.0%) per year compounded annually, net of investment related expenses.
Mortality:	RP 2000, Combined Healthy without projection (sex distinct) – Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. Disabled lives set forward five years.

SCHEDULE OF INVESTMENT RETURNS
Last 10 Fiscal Years

	<u>09/30/2014</u>
Annual Money-Weighted Rate of Return	
Net of Investment Expense	12.44%

NOTES TO THE FINANCIAL STATEMENTS
(For the Year Ended September 30, 2014)

General Information about the Pension Plan

Plan Administration

The general administration and responsibility for the proper operation of the Plan and for making effective the provisions of this Ordinance are hereby vested in a Board of Trustees consisting of five (5) persons as follows:

- a. One (1) legal resident of the Town, appointed by the other four members of the Board;
- b. Two (2) retired Police Officers elected by a majority of retired Police Officers who are Retirees of the Plan;
- c. The Town Finance Director, and
- d. The Town Manager.

Plan Membership as of October 1, 2013:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	7
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Benefits Provided

The Plan provides retirement, and disability benefits.

The Town of Lake Park Retired Police Officers' Pension Fund is a Substituted Trust established on October 1, 2003, to provide retired Members of the predecessor Town of Lake Park Police Pension Plan with the promised monthly retirement benefits that were accrued under the former Chapter 185 retirement program.

Contributions

Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes.

Net Pension Liability

The Sponsor's net pension liability was measured as of September 30, 2014.

The total pension liability used to calculate the net pension liability was determined as of that date.

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2013 updated to September 30, 2014 using the following actuarial assumptions applied to all measurement periods.

Inflation	N/A
Salary Increases	N/A
Investment Rate of Return	7.50%

RP 2000, Combined Healthy without projection (sex distinct) – Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. Disabled lives set forward five years.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class.

These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September, 30 2014 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Equity	68.30%	4.88%
Fixed Income	29.20%	0.57%
Cash	2.50%	0.00%
Total	100.00%	

Discount Rate:

The discount rate used to measure the total pension liability was 7.50 percent.

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances at September 30, 2013	\$ 1,764,115	\$ 1,423,896	\$ 340,219
Changes for a Year:			
Service Cost	-		-
Interest	126,439		126,439
Change In Excess State Money	-		-
Share Plan Allocation	-		-
Differences Between Expected and Actual Experience	-		-
Contributions - Employer		52,328	(52,328)
Contributions -State		-	-
Contributions - Employee		-	-
Net Investment Income		170,788	(170,788)
Benefit Payments, Including Refunds of Employee Contributions	(156,529)	(156,529)	-
Administrative Expense		(15,671)	15,671
Other Changes	-	-	-
New Changes	(30,090)	50,916	(81,006)
Balances at September 30, 2014	\$ 1,734,025	\$ 1,474,812	\$ 259,213

Sensitivity of the net pension liability to changes in the discount rate.

	Current Discount		
	1% Decrease	Rate	1% Increase
	6.50%	7.50%	8.50%
Sponsor's Net Pension Liability	\$ 145,244	\$ 259,213	\$ (76,637)

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in a separately issued Plan financial report.

PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

For the year ended September 30, 2015 the Sponsor will recognize a pension expense of \$26,115. On September 30, 2015 the Sponsor reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	-	-
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	54,793
Total	<u>\$ -</u>	<u>\$ 54,793</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2016	\$ (13,698)
2017	\$ (13,698)
2018	\$ (13,698)
2019	\$ (13,699)
2020	\$ -
Thereafter	\$ -

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

	09/30/2014
Total Pension Liability	
Service Cost	-
Interest	126,439
Change in Excess State Money	-
Share Plan Allocation	-
Changes of Benefit Terms	
Differences Between Expected and Actual Experience	-
Changes of Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	(156,529)
Net Change in Total Pension Liability	(30,090)
Total Pension Liability - Beginning	1,764,115
Total Pension Liability - Ending (a)	<u>\$ 1,734,025</u>
Plan Fiduciary Net Position	
Contributions - Employer	52,328
Contributions- State	-
Contributions - Employee	-
Net Investment Income	170,788
Benefit Payments, Including Refunds of Employee Contributions	(156,529)
Administrative Expense	(15,671)
Other	-
Net Change in Plan Fiduciary Net Position	50,916
Plan Fiduciary Net Position - Beginning	1,423,896
Plan Fiduciary Net Position - Ending (b)	<u>\$ 1,474,812</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 259,213</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.05%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	<u>09/30/2014</u>
Actuarially Determined Contribution	52,328
Contributions in Relation to the	
Actuarially Determined Contributions	<u>52,328</u>
Contribution Deficiency (Excess)	<u>\$ -</u>

Notes to Schedule

Valuation Date: 10/01/2013

Actuarially determined contribution rates are calculated as of October 1, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method:	Entry Age Normal Actuarial Cost Method.
Amortization Method:	Level Dollar Amount, Closed.
Remaining Amortization Period:	15 Years.
Actuarial Assets:	Market Value.
Interest Rate:	7.5% (prior 8.0%) per year compounded annually, net of investment related
Mortality:	RP 2000, Combined Healthy without projection (sex distinct) – Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. Disabled lives set forward five years.

COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2015

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	340,219	-	52,328	
Total pension liability factors:				
Service cost	-			-
Interest	126,439			126,439
Change in Excess State Money	-			-
Share Plan Allocation	-			-
Changes in benefit terms	-			-
Differences between expected and actual experience with regard to economic or demographic assumptions	-	-	-	
Current year amortization		-	-	-
Changes in assumptions about future economic or demographic factors or other inputs	-	-	-	
Current year amortization		-	-	-
Benefit payments	(156,529)			(156,529)
Net change	(30,090)	-	-	(30,090)
Plan fiduciary net position:				
Contributions - employer	52,328		(52,328)	
Contributions - state	-			-
Contributions - employee	-			-
Net investment income	102,297			(102,297)
Difference between projected and actual earnings on pension plan investments	68,491	68,491	-	
Current year amortization		(13,698)	-	(13,698)
Benefit payments	(156,529)			156,529
Administrative expenses	(15,671)			15,671
Other	-			-
Net change	50,916	54,793	(52,328)	56,205
Ending Balance	259,213	54,793	-	26,115