

TOWN OF LAKE PARK  
RETIRED POLICE OFFICERS' PENSION FUND

ACTUARIAL VALUATION  
AS OF OCTOBER 1, 2014

CONTRIBUTIONS APPLICABLE TO THE  
PLAN/FISCAL YEAR ENDED SEPTEMBER 30, 2015



February 5, 2015

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

Re: Town of Lake Park  
Retired Police Officers' Pension Fund

Dear Scott:

We are pleased to present to the Board this report of the annual actuarial valuation of the Town of Lake Park Retired Police Officers' Pension Fund. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to the provisions of Chapters 112, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in this valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the Resource Centers, LLC, in addition to the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

The undersigned is familiar with the immediate and long-term aspects of pension valuations, and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

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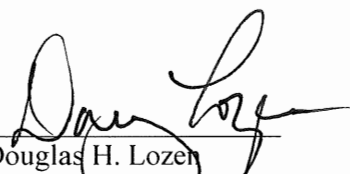
To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the Town of Lake Park, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Town of Lake Park Retired Police Officers' Pension Fund. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

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  
Enrolled Actuary #14-7778

DHL/lke

Enclosures

## INTRODUCTORY DISCUSSION

An actuarial valuation of the Town of Lake Park Retired Police Officers' Pension Fund, performed as of October 1, 2014, has been completed, and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ended September 30, 2015.

The contribution requirements, compared with those developed in the October 1, 2013, actuarial valuation, are as follows:

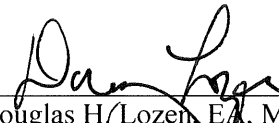
Valuation Date	10/1/2013	10/1/2014
Applicable Plan/Fiscal Year	<u>9/30/2014</u>	<u>9/30/2015</u>
Total Required Contribution	\$52,328	\$39,097

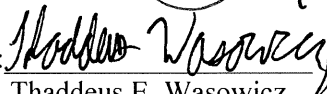
Experience since the prior valuation has been more favorable than expected, relative to the Plan's actuarial assumptions. The primary source of favorable experience is attributable to a 12.4% investment return (Market Value Basis).

The balance of this Report presents additional details of the actuarial valuation and the general operation of the Fund. The undersigned would be pleased to meet with the Board of Trustees in order to discuss the Report and answer any pending questions concerning its contents.

Respectfully submitted,

FOSTER & FOSTER, INC.

By:   
Douglas H. Lozen, EA, MAAA

By:   
Thaddeus E. Wasowicz

## CHANGES SINCE PRIOR VALUATION

### Plan Changes Since

There have been no plan changes since the prior valuation.

### Actuarial Assumption/Method Changes

There have been no assumption or method changes since the prior valuation.

## COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/1/2014</u>	<u>10/1/2013</u>
A. Participant Data		
Number Included		
Actives	0	0
Service Retirees	3	3
DROP Retirees	0	0
Beneficiaries	1	1
Terminated Vested	0	0
Disability Retirees	3	3
Total	<u>7</u>	<u>7</u>
Total Annual Payroll	\$0	\$0
Payroll Under Assumed Ret. Age	0	0
Annual Rate of Payments to:		
Service Retirees	78,335	78,335
DROP Retirees	0	0
Beneficiaries	10,352	10,352
Terminated Vested	0	0
Disability Retirees	67,842	67,842
B. Assets		
Actuarial Value	1,474,812	1,423,896
Market Value	1,474,812	1,423,896
C. Liabilities		
Present Value of Benefits		
Active Members		
Retirement Benefits	0	0
Disability Benefits	0	0
Death Benefits	0	0
Vested Benefits	0	0
Refund of Contributions	0	0
Service Retirees	711,973	728,777
DROP Retirees	0	0
Beneficiaries	116,878	118,396
Terminated Vested	0	0
Disability Retirees	687,791	700,751
PV Future Non-Investment Expenses	148,705	216,191
Total	<u>1,665,347</u>	<u>1,764,115</u>

	<u>10/1/2014</u>	<u>10/1/2013</u>
C. Liabilities - (Continued)		
Present Value of Future Salaries	0	0
Present Value of Future Member Contributions	0	0
Normal Cost (Entry Age Normal)	0	0
Present Value of Future Normal Costs (Entry Age Normal)	0	0
Actuarial Accrued Liability	1,665,347	1,764,115
Unfunded Actuarial Accrued Liability (UAAL)	190,535	340,219
D. Actuarial Present Value of Accrued Benefits		
Vested Accrued Benefits		
Inactives	1,516,642	1,547,924
Actives	0	0
Member Contributions	<u>0</u>	<u>0</u>
Total	1,516,642	1,547,924
Non-vested Accrued Benefits	<u>0</u>	<u>0</u>
Total Present Value Accrued Benefits	1,516,642	1,547,924
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	15,023	
Benefits Paid	(156,529)	
Interest	110,224	
Other	<u>0</u>	
Total:	(31,282)	



Valuation Date Applicable to Fiscal Year Ending	10/1/2014 9/30/2015	10/1/2013 9/30/2014
<b>E. Pension Cost</b>		
Normal Cost (with interest)	\$0	\$0
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 15 years (with interest) (as of 10/1/14)	39,097	52,328
Total Required Contribution	39,097	52,328
Expected Member Contributions	0	0
Expected Town Contribution	39,097	52,328
<b>F. Past Contributions</b>		
Plan Years Ending:	9/30/2014	
Total Required Contribution	\$52,328	
Town Requirement	52,328	
Actual Contributions Made:		
Members	-	
Town	52,328	
State	-	
Total	\$52,328	
G. Net Actuarial Gain (Loss)	120,910	

H. Schedule Illustrating the Amortization of the Total Unfunded Actuarial Accrued Liability as of:

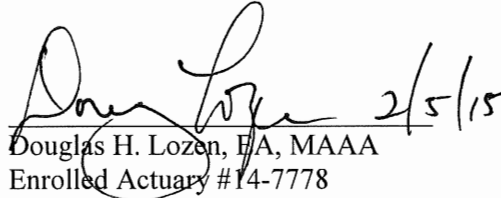
<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2014	\$190,535
2015	223,664
2016	193,237
2021	54,176
2026	(34,183)
2029	0

(i) 3 Year Comparison of Investment Return on Actuarial Value

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2014	12.4%	7.5%
Year Ended	9/30/2013	12.9%	8.0%
Year Ended	9/30/2012	18.5%	8.0%

## STATEMENT BY ENROLLED ACTUARY

This actuarial valuation was 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, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

 2/5/15  
Douglas H. Lozen, F.A., MAAA  
Enrolled Actuary #14-7778

Please let us know when the report is approved by the Board and unless otherwise directed we will provide copies of the report to the following offices to comply with Chapter 112 Florida Statutes:

Mr. Keith Brinkman  
Bureau of Local  
Retirement Systems  
Post Office Box 9000  
Tallahassee, FL 32315-9000

RECONCILIATION OF THE UNFUNDED ACTUARIAL ACCRUED LIABILITY  
AND DERIVATION OF ACTUARIAL (GAIN)/LOSS

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2013	\$340,219
(2)	Sponsor Normal Cost developed as of October 1, 2013	0
(3)	Expected Administrative expenses for the fiscal year ended September 30, 2014	N/A
(4)	Expected Interest on (1), (2) and (3)	25,516
(5)	Sponsor Contributions to the System during the year ending September 30, 2014	52,328
(6)	Expected Interest on (5)	1,962
(7)	Expected Unfunded Actuarial Accrued Liability as of October 1, 2014 [(1)+(2)+(3)+(4)-(5)-(6)]	311,445
(8)	Change to UAAL due to Actuarial (Gain)/Loss	(120,910)
(9)	Unfunded Actuarial Accrued Liability as of October 1, 2014	\$190,535

	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2014 Amount</u>	<u>Amortization Amount</u>
Initial UAAL	10/1/2003	4	31,163	8,655
Actuarial Loss	10/1/2004	5	69,805	16,050
Actuarial Gain	10/1/2005	6	(87,128)	(17,267)
Actuarial Loss	10/1/2006	7	51,113	8,977
Actuarial Loss	10/1/2009	10	216,525	29,344
Actuarial Gain	10/1/2010	11	(7,913)	(1,006)
Assumption Change	10/1/2010	11	3,989	507
Actuarial Loss	10/1/2011	12	188,626	22,684
Actuarial Gain	10/1/2012	13	(114,677)	(13,128)
Actuarial Gain	10/1/2013	14	(99,535)	(10,907)
Assumption Change	10/1/2013	14	59,477	6,517
Actuarial Gain	10/1/2014	15	(120,910)	(12,742)
			<u>190,535</u>	<u>37,684</u>

## ACTUARIAL ASSUMPTIONS AND METHODS

<u>Mortality Rate</u>	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.
<u>Interest Rate</u>	7.5% per year compounded annually, net of investment related expenses.
<u>Administrative Expenses</u>	Liability for future non-investment related expenses is the present value of the future anticipated expenses over 15 years, based on expenses paid in the year preceding the valuation date (\$15,671 for the fiscal year ending September 30, 2014).
<u>Actuarial Assets</u>	Market Value.
<u>Funding Method</u>	Entry Age Normal Actuarial Cost Method.

## VALUATION NOTES

Total Annual Payroll – Not applicable.

Present Value of Benefits is the single sum value on the valuation date of all future benefits to be paid to current Members, Retirees, Beneficiaries, Disability Retirees and Vested Terminations.

Normal (Current Year's) Cost – Not applicable.

Individual Entry Age Normal Actuarial Cost Method (Level Dollar Amortization) is the method used to determine required contributions under the Plan. The actuarial accrued liability for inactive participants is the present value of future benefits.

Unfunded Actuarial Accrued Liability (UAAL) is the difference between the actuarial accrued liability (described above) and the actuarial value of assets. Under the Entry Age Normal Actuarial Cost Method, an actuarial gain or loss, based on actual versus expected UAAL, is determined in conjunction with each valuation of the plan.

Total Required Contribution is equal to an amount sufficient to amortize the Unfunded Accrued Liability over no more than 30 years. The required amount is adjusted for interest according to the timing of contributions during the year.

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

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

ADDITIONS

Contributions:

Member	0.00
Buy-Back	0.00
Town	52,328.00
Town for Members	0.00
State	0.00

Total Contributions	52,328.00
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Investment Income:

Net Increase in Fair Value of Investments	141,659.56
Interest & Dividends	30,599.53
Less Investment Expense <sup>1</sup>	(1,470.76)

Net Investment Income	170,788.33
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Total Additions	223,116.33
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DEDUCTIONS

Distributions to Members:

Benefit Payments	156,529.08
Lump Sum DROP Distributions	0.00
Lump Sum Share Distributions	0.00
Lump Sum PLOP Distributions	0.00
Refunds of Member Contributions	0.00

Total Distributions	156,529.08
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Administrative Expense	15,671.38
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Total Deductions	172,200.46
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Net Increase in Net Position	50,915.87
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NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year	1,423,896.21
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End of the Year	1,474,812.08
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<sup>1</sup>Investment Related expenses include investment advisory, custodial and performance monitoring fees.



MEMBER STATISTICS  
As of October 1, 2014

	<u>Service Retirees</u>	<u>Disability Retirees</u>	<u>Beneficiaries</u>
Number	3	3	1
Average Monthly Benefit	2,176	1,885	863
Average Age	71.5	62.4	57.3

## MEMBER RECONCILIATION

## 1. Active lives

a. Number in prior valuation 10/1/13	0
b. Terminations	
i. Vested (partial or full) with deferred benefits	0
ii. Non-vested or full lump sum distribution received	0
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	0
f. DROP Retired	0
g. Voluntary withdrawal	0
h. Continuing participants	0
i. New entrants	0
j. Total active life participants in valuation	0

## 2. Non-Active lives (including beneficiaries receiving benefits)

	Service Retirees, Vested Receiving <u>Benefits</u>	Receiving Death <u>Benefits</u>	Receiving Disability <u>Benefits</u>	Vested <u>Deferred</u>	<u>Total</u>
a. Number prior valuation	3	1	3	0	7
b. In	0	0	0	0	0
c. Out	0	0	0	0	0
d. Number current valuation	3	1	3	0	7

RETIRED POLICE OFFICERS'  
PENSION FUND

(Ordinance No. 13-2003)

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.

DISCLOSURE INFORMATION PER STATEMENT NO. 27 OF THE  
GOVERNMENTAL ACCOUNTING STANDARDS BOARD

ANNUAL PENSION COSTS AND RELATED INFORMATION

Contribution rate as of 9/30/2014

Town	52,328	
Actuarially Determined Contribution	52,328	
Contributions made	52,328	
Actuarial valuation date	10/1/2013	
Actuarial cost method	Entry Age Normal Actuarial Cost Method	
Amortization method	Level dollar amount, closed.	
Remaining amortization period	15 Years	
Asset valuation method	Market	
Actuarial assumptions:		
Investment rate of return	7.5%	(as of 10/1/2013)
Projected salary increase*	N/A	
* Includes inflation at	N/A	
Post Retirement COLA	N/A	

THREE YEAR TREND INFORMATION

<u>Year Ending</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC <sup>(1)</sup> Contributed</u>	<u>Net Pension Obligation</u>
9/30/2014	52,328	100%	0
9/30/2013	58,008	100%	0
9/30/2012	71,883	100%	0

<sup>(1)</sup> A portion of Town contributions are held reciveable for the above fiscal years.