

CITY OF FROSTPROOF
POLICE OFFICERS' 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: 3/28/2016

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, 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	
	7.50% RP-2000 Static 9/30/2015	7.50% RP-2000 Generational 9/30/2015	5.50% RP-2000 Generational 9/30/2015
<u>GASB 67: Schedule of Changes in Net Pension Liability</u>			
<u>Total Pension Liability</u>			
Service Cost	20,535	20,951	36,794
Interest	307,105	317,382	309,798
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(202,226)	(219,282)	(306,581)
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(122,614)	(122,614)	(122,614)
Net Change in Total Pension Liability	2,800	(3,563)	(82,603) Total
Pension Liability - Beginning	4,144,549	4,281,167	5,666,249
Total Pension Liability - Ending (a)	\$ 4,147,349	\$ 4,277,604	\$ 5,583,646
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	182,172	182,172	182,172
Contributions - State	22,367	22,367	22,367
Contributions - Employee	1,281	1,281	1,281 Net
Investment Income	(111,216)	(111,216)	(111,216)
Benefit Payments, Including Refunds of Employee Contributions	(122,614)	(122,614)	(122,614)
Administrative Expenses	(19,737)	(19,737)	(19,737)
Net Change in Plan Fiduciary Net Position	(47,747)	(47,747)	(47,747)
Plan Fiduciary Net Position - Beginning	3,566,793	3,566,793	3,566,793
Plan Fiduciary Net Position - Ending (b) \$	\$ 3,519,046	\$ 3,519,046	\$ 3,519,046
Net Pension Liability - Ending (a) - (b)	\$ 628,303	\$ 758,558	\$ 2,064,600

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

Pension Expense	\$ 63,532	\$ 73,793	\$ 144,751
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PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.50% 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	3,519,046	-	135,491	-	258,848	3,642,403
2016	3,642,403	-	244,680	-	264,005	3,661,728
2017	3,661,728	-	248,850	-	265,298	3,678,176
2018	3,678,176	-	262,443	-	266,022	3,681,755
2019	3,681,755	-	266,727	-	266,129	3,681,157
2020	3,681,157	-	302,642	-	264,738	3,643,253
2021	3,643,253	-	307,604	-	261,709	3,597,358
2022	3,597,358	-	312,600	-	258,079	3,542,837
2023	3,542,837	-	327,890	-	253,417	3,468,364
2024	3,468,364	-	332,897	-	247,644	3,383,111
2025	3,383,111	-	337,536	-	241,076	3,286,651
2026	3,286,651	-	338,801	-	233,794	3,181,644
2027	3,181,644	-	342,862	-	225,766	3,064,548
2028	3,064,548	-	346,452	-	216,849	2,934,945
2029	2,934,945	-	349,917	-	206,999	2,792,027
2030	2,792,027	-	352,375	-	196,188	2,635,840
2031	2,635,840	-	354,928	-	184,378	2,465,290
2032	2,465,290	-	356,965	-	171,511	2,279,836
2033	2,279,836	-	358,220	-	157,554	2,079,170
2034	2,079,170	-	358,995	-	142,475	1,862,650
2035	1,862,650	-	359,020	-	126,236	1,629,866
2036	1,629,866	-	358,210	-	108,807	1,380,463
2037	1,380,463	-	356,508	-	90,166	1,114,121
2038	1,114,121	-	353,852	-	70,290	830,559
2039	830,559	-	350,194	-	49,160	529,525
2040	529,525	-	345,511	-	26,758	210,772
2041	210,772	-	339,793	-	-	-

Number of Years Expected Benefit Payments Sustained: 26.62

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.50% 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: 7.50% 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	3,519,046	-	135,501	-	258,847	3,642,392
2016	3,642,392	-	244,775	-	264,000	3,661,617
2017	3,661,617	-	249,015	-	265,283	3,677,885
2018	3,677,885	-	262,703	-	265,990	3,681,172
2019	3,681,172	-	267,098	-	266,072	3,680,146
2020	3,680,146	-	303,183	-	264,642	3,641,605
2021	3,641,605	-	308,318	-	261,558	3,594,845
2022	3,594,845	-	313,530	-	257,856	3,539,171
2023	3,539,171	-	329,095	-	253,097	3,463,173
2024	3,463,173	-	334,427	-	247,197	3,375,943
2025	3,375,943	-	339,565	-	240,462	3,276,840
2026	3,276,840	-	341,987	-	232,938	3,167,791
2027	3,167,791	-	346,753	-	224,581	3,045,619
2028	3,045,619	-	351,240	-	215,250	2,909,629
2029	2,909,629	-	355,664	-	204,885	2,758,850
2030	2,758,850	-	359,427	-	193,435	2,592,858
2031	2,592,858	-	363,250	-	180,842	2,410,450
2032	2,410,450	-	366,695	-	167,033	2,210,788
2033	2,210,788	-	369,574	-	151,950	1,993,164
2034	1,993,164	-	372,050	-	135,535	1,756,649
2035	1,756,649	-	373,912	-	117,727	1,500,464
2036	1,500,464	-	375,058	-	98,470	1,223,876
2037	1,223,876	-	375,447	-	77,711	926,140
2038	926,140	-	375,041	-	55,396	606,495
2039	606,495	-	373,787	-	31,470	264,178
2040	264,178	-	371,711	-	-	-

Number of Years Expected Benefit Payments Sustained: 25.71

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.50% 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: 5.50% 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	3,519,046	-	135,501	-	189,821	3,573,366
2016	3,573,366	-	244,775	-	189,804	3,518,395
2017	3,518,395	-	249,015	-	186,664	3,456,044
2018	3,456,044	-	262,703	-	182,858	3,376,199
2019	3,376,199	-	267,098	-	178,346	3,287,447
2020	3,287,447	-	303,183	-	172,472	3,156,736
2021	3,156,736	-	308,318	-	165,142	3,013,560
2022	3,013,560	-	313,530	-	157,124	2,857,154
2023	2,857,154	-	329,095	-	148,093	2,676,152
2024	2,676,152	-	334,427	-	137,992	2,479,717
2025	2,479,717	-	339,565	-	127,046	2,267,198
2026	2,267,198	-	341,987	-	115,291	2,040,502
2027	2,040,502	-	346,753	-	102,692	1,796,441
2028	1,796,441	-	351,240	-	89,145	1,534,346
2029	1,534,346	-	355,664	-	74,608	1,253,290
2030	1,253,290	-	359,427	-	59,047	952,910
2031	952,910	-	363,250	-	42,421	632,081
2032	632,081	-	366,695	-	24,680	290,066
2033	290,066	-	369,574	-	-	-

Number of Years Expected Benefit Payments Sustained: 18.78

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.50% 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	
	7.50% RP-2000 Static	7.50% RP-2000 Generational	5.50% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$151,974	\$163,568	\$265,687
Total Required Contribution (% of Payroll)	109.6%	118.0%	191.7%
Expected Member Contribution	1,438	1,438	1,424
Expected State Money	22,367	22,367	22,367
Expected Sponsor Contribution (Fixed \$)	\$128,169	\$139,763	\$241,896
Expected Sponsor Contribution (% of Payroll)	92.4%	100.8%	174.5%
<u>ASSETS</u>			
Actuarial Value	3,817,992	3,817,992	3,817,992
Market Value	3,519,046	3,519,046	3,519,046
<u>LIABILITIES</u>			
Present Value of Benefits			
Active Members			
Retirement Benefits	1,441,419	1,481,547	2,057,487
Disability Benefits	2,201	2,836	2,115
Vested Benefits	2,355	111,420	156,986
Refund of Contributions	0	0	0
Service Retirees	1,774,743	1,841,533	2,332,778
Beneficiaries	0	0	903,277
Disability Retirees	927,524	1,205,305	9,046
Terminated Vested	0	0	9,046
State Reserve / City Prepaid	0	0	9,046
Total:	4,244,221	4,376,659	5,766,793
Present Value of Future Salaries	329,064	329,134	338,053
Present Value of Future Member Contributions	3,291	3,291	3,381
Total Normal Cost	16,442	16,839	30,458
Present Value of Future Normal Costs (Entry Age Normal)	46,915	47,966	87,509
Total Actuarial Accrued Liability	4,197,306	4,328,693	5,679,284
Unfunded Actuarial Accrued Liability (UAAL)	379,314	510,701	1,861,292

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

Valuation Date: 10/1/2015

	HYPOTHETICAL			Generational
	ACTUAL	7.50% RP-2000 Generational	5.50% RP-2000 Generational	
<u>PENSION COST</u>				
Normal Cost ¹	17,741	18,169	32,547	
Administrative Expenses ¹	21,296	21,296	21,091	
Payment Required To Amortize UAAL ¹	112,937	124,103	212,049	
Total Required Contribution	\$151,974	\$163,568	\$265,687	

¹ Contributions developed above include an adjustment for assumed increases in salaries and investment return.