

April 3, 2017

VIA EMAIL

Ms. Ferrell Jenne, Plan Administrator
Town of Indian River Shores
Public Safety Officers and Firefighters' Defined Benefit Plan
Foster & Foster, Inc.
2503 Del Prado Blvd. S., Suite 502
Cape Coral, FL 33904

Re: Town of Indian River Shores Public Safety Officers and Firefighters' Defined Benefit Plan
Senate Bill 534 (Section 112.664, Florida Statutes) Compliance

Dear Ferrell:

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 #1 -7778

DHL/lke
Enclosures

cc via email: Bonni Jensen, Board Attorney

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	
	6.25% RP-2000 Generational	4.25% RP-2000 Generational	8.25% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	307,087	492,279	218,331
Interest	871,471	772,555	982,920
Share Plan Allocation	257,370	257,370	257,370
Changes of Benefit Terms	183,569	176,700	178,725
Differences Between Expected and Actual Experience	(5,073)	64,532	(89,995)
Changes of Assumptions	473,212	26,951	(65,936)
Benefit Payments, Including Refunds of Employee Contributions	(669,162)	(669,162)	(669,162)
Net Change in Total Pension Liability	1,418,474	1,121,225	812,253
Total Pension Liability - Beginning	13,787,463	17,843,371	11,851,702
Total Pension Liability - Ending (a)	<u>\$ 15,205,937</u>	<u>\$ 18,964,596</u>	<u>\$ 12,663,955</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	930,552	930,552	930,552
Contributions - State	257,370	257,370	257,370
Contributions - Employee	145,727	145,727	145,727
Net Investment Income	1,462,352	1,462,352	1,462,352
Benefit Payments, Including Refunds of Employee Contributions	(669,162)	(669,162)	(669,162)
Administrative Expenses	(75,157)	(75,157)	(75,157)
Net Change in Plan Fiduciary Net Position	2,051,682	2,051,682	2,051,682
Plan Fiduciary Net Position - Beginning	11,745,654	11,745,654	11,745,654
Plan Fiduciary Net Position - Ending (b)	<u>\$ 13,797,336</u>	<u>\$ 13,797,336</u>	<u>\$ 13,797,336</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,408,601</u>	<u>\$ 5,167,260</u>	<u>\$ (1,133,381)</u>

GASB 68: PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	ACTUAL	HYPOTHETICAL	
	6.25% RP-2000 Generational	4.25% RP-2000 Generational	8.25% RP-2000 Generational
Pension Expense	<u>\$ 1,117,635</u>	<u>\$ 1,341,441</u>	<u>\$ 859,268</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 6.25% 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
2016	13,797,336	-	2,414,386	-	786,884	12,169,834
2017	12,169,834	-	783,604	-	736,127	12,122,357
2018	12,122,357	-	801,708	-	732,594	12,053,243
2019	12,053,243	-	855,774	-	726,585	11,924,054
2020	11,924,054	-	897,671	-	717,201	11,743,584
2021	11,743,584	-	924,327	-	705,089	11,524,346
2022	11,524,346	-	930,635	-	691,189	11,284,900
2023	11,284,900	-	934,749	-	676,095	11,026,246
2024	11,026,246	-	964,109	-	659,012	10,721,149
2025	10,721,149	-	973,544	-	639,649	10,387,254
2026	10,387,254	-	961,589	-	619,154	10,044,819
2027	10,044,819	-	952,548	-	598,034	9,690,305
2028	9,690,305	-	945,613	-	576,094	9,320,786
2029	9,320,786	-	935,840	-	553,304	8,938,250
2030	8,938,250	-	928,944	-	529,611	8,538,917
2031	8,538,917	-	922,948	-	504,840	8,120,809
2032	8,120,809	-	914,384	-	478,976	7,685,401
2033	7,685,401	-	905,415	-	452,043	7,232,029
2034	7,232,029	-	892,025	-	424,126	6,764,130
2035	6,764,130	-	879,532	-	395,273	6,279,871
2036	6,279,871	-	866,967	-	365,399	5,778,303
2037	5,778,303	-	853,479	-	334,473	5,259,297
2038	5,259,297	-	838,524	-	302,502	4,723,275
2039	4,723,275	-	822,089	-	269,514	4,170,700
2040	4,170,700	-	804,134	-	235,540	3,602,106
2041	3,602,106	-	785,169	-	200,595	3,017,532
2042	3,017,532	-	764,967	-	164,691	2,417,256
2043	2,417,256	-	743,470	-	127,845	1,801,631
2044	1,801,631	-	720,784	-	90,077	1,170,924
2045	1,170,924	-	696,864	-	51,406	525,466
2046	525,466	-	671,651	-	-	-

*All Share Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 30.78

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 6.25% 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: 4.25% 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
2016	13,797,336	-	2,414,386	-	535,081	11,918,031
2017	11,918,031	-	783,604	-	489,865	11,624,292
2018	11,624,292	-	801,708	-	476,996	11,299,580
2019	11,299,580	-	855,774	-	462,047	10,905,853
2020	10,905,853	-	897,671	-	444,423	10,452,605
2021	10,452,605	-	924,327	-	424,594	9,952,872
2022	9,952,872	-	930,635	-	403,221	9,425,458
2023	9,425,458	-	934,749	-	380,719	8,871,428
2024	8,871,428	-	964,109	-	356,548	8,263,867
2025	8,263,867	-	973,544	-	330,527	7,620,850
2026	7,620,850	-	961,589	-	303,452	6,962,713
2027	6,962,713	-	952,548	-	275,674	6,285,839
2028	6,285,839	-	945,613	-	247,054	5,587,280
2029	5,587,280	-	935,840	-	217,573	4,869,013
2030	4,869,013	-	928,944	-	187,193	4,127,262
2031	4,127,262	-	922,948	-	155,796	3,360,110
2032	3,360,110	-	914,384	-	123,374	2,569,100
2033	2,569,100	-	905,415	-	89,947	1,753,632
2034	1,753,632	-	892,025	-	55,574	917,181
2035	917,181	-	879,532	-	20,290	57,939
2036	57,939	-	866,967	-	-	-

*All Share Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 20.07

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 4.25% 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: 8.25% 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
2016	13,797,336	-	2,414,386	-	1,038,687	12,421,637
2017	12,421,637	-	783,604	-	992,461	12,630,494
2018	12,630,494	-	801,708	-	1,008,945	12,837,731
2019	12,837,731	-	855,774	-	1,023,812	13,005,769
2020	13,005,769	-	897,671	-	1,035,947	13,144,045
2021	13,144,045	-	924,327	-	1,046,255	13,265,973
2022	13,265,973	-	930,635	-	1,056,054	13,391,392
2023	13,391,392	-	934,749	-	1,066,231	13,522,874
2024	13,522,874	-	964,109	-	1,075,868	13,634,633
2025	13,634,633	-	973,544	-	1,084,699	13,745,788
2026	13,745,788	-	961,589	-	1,094,362	13,878,561
2027	13,878,561	-	952,548	-	1,105,689	14,031,702
2028	14,031,702	-	945,613	-	1,118,609	14,204,698
2029	14,204,698	-	935,840	-	1,133,284	14,402,142
2030	14,402,142	-	928,944	-	1,149,858	14,623,056
2031	14,623,056	-	922,948	-	1,168,331	14,868,439
2032	14,868,439	-	914,384	-	1,188,928	15,142,983
2033	15,142,983	-	905,415	-	1,211,948	15,449,516
2034	15,449,516	-	892,025	-	1,237,789	15,795,280
2035	15,795,280	-	879,532	-	1,266,830	16,182,578
2036	16,182,578	-	866,967	-	1,299,300	16,614,911
2037	16,614,911	-	853,479	-	1,335,524	17,096,956
2038	17,096,956	-	838,524	-	1,375,910	17,634,342
2039	17,634,342	-	822,089	-	1,420,922	18,233,175
2040	18,233,175	-	804,134	-	1,471,066	18,900,107
2041	18,900,107	-	785,169	-	1,526,871	19,641,809
2042	19,641,809	-	764,967	-	1,588,894	20,465,736
2043	20,465,736	-	743,470	-	1,657,755	21,380,021
2044	21,380,021	-	720,784	-	1,734,119	22,393,356
2045	22,393,356	-	696,864	-	1,818,706	23,515,198
2046	23,515,198	-	671,651	-	1,912,298	24,755,845
2047	24,755,845	-	645,129	-	2,015,746	26,126,462
2048	26,126,462	-	617,341	-	2,129,968	27,639,089
2049	27,639,089	-	588,246	-	2,255,960	29,306,803
2050	29,306,803	-	557,903	-	2,394,798	31,143,698
2051	31,143,698	-	526,386	-	2,547,642	33,164,954
2052	33,164,954	-	493,877	-	2,715,736	35,386,813
2053	35,386,813	-	460,682	-	2,900,409	37,826,540
2054	37,826,540	-	427,176	-	3,103,069	40,502,433
2055	40,502,433	-	393,589	-	3,325,215	43,434,059
2056	43,434,059	-	360,088	-	3,568,456	46,642,427
2057	46,642,427	-	326,905	-	3,834,515	50,150,037
2058	50,150,037	-	294,357	-	4,125,236	53,980,916
2059	53,980,916	-	262,906	-	4,442,581	58,160,591
2060	58,160,591	-	232,899	-	4,788,642	62,716,334
2061	62,716,334	-	204,562	-	5,165,659	67,677,431
2062	67,677,431	-	177,995	-	5,576,046	73,075,482
2063	73,075,482	-	153,210	-	6,022,407	78,944,679
2064	78,944,679	-	130,501	-	6,507,553	85,321,731
2065	85,321,731	-	110,142	-	7,034,499	92,246,088

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3
Hypothetical Assumptions: 8.25% 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
2066	92,246,088	-	92,292	-	7,606,495	99,760,291
2067	99,760,291	-	76,840	-	8,227,054	107,910,505
2068	107,910,505	-	63,541	-	8,899,996	116,746,960
2069	116,746,960	-	52,236	-	9,629,469	126,324,193
2070	126,324,193	-	42,690	-	10,419,985	136,701,488
2071	136,701,488	-	34,707	-	11,276,441	147,943,222
2072	147,943,222	-	28,141	-	12,204,155	160,119,236
2073	160,119,236	-	22,819	-	13,208,896	173,305,313
2074	173,305,313	-	18,528	-	14,296,924	187,583,709
2075	187,583,709	-	15,076	-	15,475,034	203,043,667
2076	203,043,667	-	12,262	-	16,750,597	219,782,002
2077	219,782,002	-	9,958	-	18,131,604	237,903,648
2078	237,903,648	-	8,081	-	19,626,718	257,522,285
2079	257,522,285	-	6,553	-	21,245,318	278,761,050
2080	278,761,050	-	5,288	-	22,997,568	301,753,330
2081	301,753,330	-	4,247	-	24,894,475	326,643,558
2082	326,643,558	-	3,380	-	26,947,954	353,588,132
2083	353,588,132	-	2,660	-	29,170,911	382,756,383
2084	382,756,383	-	2,066	-	31,577,316	414,331,633
2085	414,331,633	-	1,583	-	34,182,294	448,512,344
2086	448,512,344	-	1,195	-	37,002,219	485,513,368
2087	485,513,368	-	888	-	40,054,816	525,567,296
2088	525,567,296	-	650	-	43,359,275	568,925,921
2089	568,925,921	-	468	-	46,936,369	615,861,822
2090	615,861,822	-	332	-	50,808,587	666,670,077
2091	666,670,077	-	231	-	55,000,272	721,670,118
2092	721,670,118	-	158	-	59,537,778	781,207,738
2093	781,207,738	-	107	-	64,449,634	845,657,265
2094	845,657,265	-	72	-	69,766,721	915,423,914
2095	915,423,914	-	47	-	75,522,471	990,946,338
2096	990,946,338	-	31	-	81,753,072	1,072,699,379
2097	1,072,699,379	-	20	-	88,497,698	1,161,197,057
2098	1,161,197,057	-	13	-	95,798,757	1,256,995,801
2099	1,256,995,801	-	8	-	103,702,153	1,360,697,946
2100	1,360,697,946	-	5	-	112,257,580	1,472,955,521
2101	1,472,955,521	-	3	-	121,518,830	1,594,474,348
2102	1,594,474,348	-	2	-	131,544,134	1,726,018,480
2103	1,726,018,480	-	1	-	142,396,525	1,868,415,004
2104	1,868,415,004	-	1	-	154,144,238	2,022,559,241
2105	2,022,559,241	-	-	-	166,861,137	2,189,420,378

*All Share Balances paid in 2016.

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 8.25% 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

	ACTUAL	HYPOTHETICAL	
	6.25% RP-2000 Generational	4.25% RP-2000 Generational	8.25% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$854,795	\$1,219,552	\$548,063
Total Required Contribution (% of Payroll)	67.13%	95.77%	43.03%
Expected Member Contribution	114,617	114,617	114,617
Expected Sponsor Contribution (Fixed \$)	\$740,178	\$1,104,935	\$433,446
Expected Sponsor Contribution (% of Payroll)	58.13%	86.77%	34.03%

ASSETS

Actuarial Value ¹	13,797,336	13,797,336	13,797,336
Market Value ¹	13,797,336	13,797,336	13,797,336

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	6,468,940	9,334,240	4,750,541
Disability Benefits	194,023	271,745	145,077
Death Benefits	139,486	222,193	93,885
Vested Benefits	459,589	732,844	307,211
Refund of Contributions	7,694	7,744	7,647
Service Retirees	7,854,909	9,956,429	6,435,276
Beneficiaries	45,149	45,540	44,770
Disability Retirees	0	0	0
Terminated Vested	949,998	1,221,361	764,964
Share Plan Balances ¹	1,635,101	1,635,101	1,635,101
Total:	17,754,889	23,427,197	14,184,472
Present Value of Future Salaries	11,243,034	12,778,336	10,034,367
Present Value of Future Member Contributions	1,011,873	1,150,050	903,093
Total Normal Cost	299,082	457,496	202,939
Present Value of Future Normal Costs (Entry Age Normal)	2,451,003	4,314,284	1,467,054
Total Actuarial Accrued Liability ¹	15,303,886	19,112,913	12,717,418
Unfunded Actuarial Accrued Liability (UAAL)	1,506,550	5,315,577	(1,079,918)

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

Valuation Date: 10/1/2016

	ACTUAL	HYPOTHETICAL	
	6.25% RP-2000 Generational	4.25% RP-2000 Generational	8.25% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost (with interest)	308,428	467,218	211,310
Administrative Expenses (with interest)	77,506	76,754	78,257
Payment Required To Amortize UAAL (with interest)	468,861	675,580	258,496
Total Required Contribution	\$854,795	\$1,219,552	\$548,063

¹ The asset values and liabilities include accumulated Share Plan Balances as of 9/30/2016.