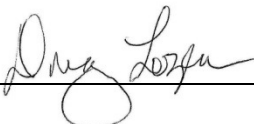


TOWN OF MELBOURNE BEACH  
POLICE OFFICERS' RETIREMENT TRUST FUND

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: 5/28/2019

Douglas H. Lozen, EA, MAAA  
Enrolled Actuary #17-7778



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, 2018 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.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY  
FISCAL YEAR SEPTEMBER 30, 2018

	ACTUAL	HYPOTHETICAL
	7.50%	5.50%
	RP-2000	RP-2000
	Generational	Generational
<u>Total Pension Liability</u>		
Service Cost	142,520	217,051
Interest	305,755	284,537
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	228,539	306,625
Changes of Assumptions	69,128	99,499
Benefit Payments, Including Refunds of Employee Contributions	(297,428)	(297,428)
Net Change in Total Pension Liability	448,514	610,284
Total Pension Liability - Beginning	4,002,987	4,967,721
Total Pension Liability - Ending (a)	<u>\$ 4,451,501</u>	<u>\$ 5,578,005</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	196,123	196,123
Contributions - State	78,809	78,809
Contributions - Employee	28,500	28,500
Net Investment Income	265,306	265,306
Benefit Payments, Including Refunds of Employee Contributions	(297,428)	(297,428)
Administrative Expenses	(24,645)	(24,645)
Net Change in Plan Fiduciary Net Position	246,665	246,665
Plan Fiduciary Net Position - Beginning	3,091,472	3,091,472
Plan Fiduciary Net Position - Ending (b)	<u>\$ 3,338,137</u>	<u>\$ 3,338,137</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,113,364</u>	<u>\$ 2,239,868</u>

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1  
Plan 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
2018	3,336,285	-	272,322	-	240,009	3,303,972
2019	3,303,972	-	268,965	-	237,712	3,272,719
2020	3,272,719	-	266,301	-	235,468	3,241,886
2021	3,241,886	-	263,907	-	233,245	3,211,224
2022	3,211,224	-	318,353	-	228,904	3,121,775
2023	3,121,775	-	316,446	-	222,266	3,027,595
2024	3,027,595	-	314,359	-	215,281	2,928,517
2025	2,928,517	-	309,120	-	208,047	2,827,444
2026	2,827,444	-	305,958	-	200,585	2,722,071
2027	2,722,071	-	304,615	-	192,732	2,610,188
2028	2,610,188	-	324,762	-	183,586	2,469,012
2029	2,469,012	-	320,363	-	173,162	2,321,811
2030	2,321,811	-	313,578	-	162,377	2,170,610
2031	2,170,610	-	306,518	-	151,301	2,015,393
2032	2,015,393	-	295,203	-	140,084	1,860,274
2033	1,860,274	-	287,657	-	128,733	1,701,350
2034	1,701,350	-	293,319	-	116,602	1,524,633
2035	1,524,633	-	297,553	-	103,189	1,330,269
2036	1,330,269	-	289,097	-	88,929	1,130,101
2037	1,130,101	-	280,204	-	74,250	924,147
2038	924,147	-	271,042	-	59,147	712,252
2039	712,252	-	263,830	-	43,525	491,947
2040	491,947	-	254,353	-	27,358	264,952
2041	264,952	-	243,575	-	10,737	32,114
2042	32,114	-	232,946	-	-	-

Number of Years Expected Benefit Payments Sustained: 24.14

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: 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
2018	3,336,285	-	272,322	-	176,007	3,239,970
2019	3,239,970	-	268,965	-	170,802	3,141,807
2020	3,141,807	-	266,301	-	165,476	3,040,982
2021	3,040,982	-	263,907	-	159,997	2,937,072
2022	2,937,072	-	318,353	-	152,784	2,771,503
2023	2,771,503	-	316,446	-	143,730	2,598,787
2024	2,598,787	-	314,359	-	134,288	2,418,716
2025	2,418,716	-	309,120	-	124,529	2,234,125
2026	2,234,125	-	305,958	-	114,463	2,042,630
2027	2,042,630	-	304,615	-	103,968	1,841,983
2028	1,841,983	-	324,762	-	92,378	1,609,599
2029	1,609,599	-	320,363	-	79,718	1,368,954
2030	1,368,954	-	313,578	-	66,669	1,122,045
2031	1,122,045	-	306,518	-	53,283	868,810
2032	868,810	-	295,203	-	39,666	613,273
2033	613,273	-	287,657	-	25,819	351,435
2034	351,435	-	293,319	-	11,263	69,379
2035	69,379	-	297,553	-	-	-

Number of Years Expected Benefit Payments Sustained: 17.23

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, 2020

Valuation Date: 10/1/2018

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.50% RP-2000 Generational	5.50% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$343,119	\$484,663
Total Required Contribution (% of Payroll)	62.44%	88.19%
Expected Member Contribution	27,477	27,477
Expected State Money	42,271	42,271
Expected Sponsor Contribution (Fixed \$)	\$273,371	\$414,915
Expected Sponsor Contribution (% of Payroll)	49.75%	75.50%

**ASSETS**

Actuarial Value <sup>1</sup>	3,320,606	3,320,606
Market Value <sup>1</sup>	3,336,285	3,336,285

**LIABILITIES**

Present Value of Benefits		
Active Members		
Retirement Benefits	2,659,706	4,200,871
Disability Benefits	214,141	299,189
Death Benefits	33,489	54,053
Vested Benefits	0	0
Refund of Contributions	9,282	9,485
Service Retirees	2,385,742	2,779,450
Beneficiaries	0	0
Disability Retirees	182,411	220,530
Terminated Vested	0	0
Share Plan Balances <sup>1</sup>	0	0
Total:	<u>5,484,771</u>	<u>7,563,578</u>
Present Value of Future Salaries	4,858,239	5,537,588
Present Value of Future Member Contributions	242,912	276,879
Total Normal Cost	138,814	218,976
Present Value of Future Normal Costs (Entry Age Normal)	1,190,931	2,186,616
Total Actuarial Accrued Liability <sup>1</sup>	4,293,840	5,376,962
Unfunded Actuarial Accrued Liability (UAAL)	973,234	2,056,356

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2020

Valuation Date: 10/1/2018

	ACTUAL	HYPOTHETICAL
	7.50%	5.50%
	RP-2000	RP-2000
	Generational	Generational
<b><u>PENSION COST</u></b>		
Normal Cost (with interest)	144,020	224,998
Administrative Expenses (with interest)	25,569	25,323
Payment Required To Amortize UAAL (with interest)	173,530	234,342
Total Required Contribution	\$343,119	\$484,663

<sup>1</sup> The asset values and liabilities include accumulated Share Plan Balances as of 9/30/2018.