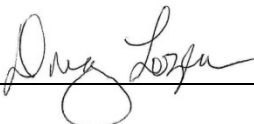


TOWN OF MELBOURNE BEACH  
POLICE OFFICERS' RETIREMENT TRUST FUND

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: 5/31/2018

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, 2017 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, 2017

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.65% RP-2000 Generational	5.65% RP-2000 Generational
<u>Total Pension Liability</u>		
Service Cost	92,471	136,109
Interest	287,077	268,795
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	73,071	100,658
Changes of Assumptions	188,677	252,653
Benefit Payments, Including Refunds of Employee Contributions	(268,593)	(268,593)
Net Change in Total Pension Liability	372,703	489,622
Total Pension Liability - Beginning	3,630,284	4,478,099
Total Pension Liability - Ending (a)	<u>\$ 4,002,987</u>	<u>\$ 4,967,721</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	223,500	223,500
Contributions - State	36,787	36,787
Contributions - Employee	28,084	28,084
Net Investment Income	329,348	329,348
Benefit Payments, Including Refunds of Employee Contributions	(268,593)	(268,593)
Administrative Expenses	(14,945)	(14,945)
Net Change in Plan Fiduciary Net Position	334,181	334,181
Plan Fiduciary Net Position - Beginning	2,757,291	2,757,291
Plan Fiduciary Net Position - Ending (b)	<u>\$ 3,091,472</u>	<u>\$ 3,091,472</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 911,515</u>	<u>\$ 1,876,249</u>

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

Table 1  
Plan Assumptions: 7.65% 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
2017	3,089,984	-	271,681	-	225,992	3,044,295
2018	3,044,295	-	269,122	-	222,595	2,997,768
2019	2,997,768	-	266,570	-	219,133	2,950,331
2020	2,950,331	-	280,335	-	214,978	2,884,974
2021	2,884,974	-	278,144	-	210,062	2,816,892
2022	2,816,892	-	325,868	-	203,028	2,694,052
2023	2,694,052	-	323,761	-	193,711	2,564,002
2024	2,564,002	-	321,469	-	183,850	2,426,383
2025	2,426,383	-	315,786	-	173,539	2,284,136
2026	2,284,136	-	312,384	-	162,788	2,134,540
2027	2,134,540	-	309,418	-	151,457	1,976,579
2028	1,976,579	-	326,718	-	138,711	1,788,572
2029	1,788,572	-	322,009	-	124,509	1,591,072
2030	1,591,072	-	311,786	-	109,791	1,389,077
2031	1,389,077	-	304,214	-	94,628	1,179,491
2032	1,179,491	-	292,827	-	79,030	965,694
2033	965,694	-	284,718	-	62,985	743,961
2034	743,961	-	287,965	-	45,898	501,894
2035	501,894	-	289,898	-	27,306	239,302
2036	239,302	-	280,758	-	-	-

Number of Years Expected Benefit Payments Sustained: 19.85

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.65% 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: 5.65% 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
2017	3,089,984	-	271,681	-	166,909	2,985,212
2018	2,985,212	-	269,122	-	161,062	2,877,152
2019	2,877,152	-	266,570	-	155,028	2,765,610
2020	2,765,610	-	280,335	-	148,338	2,633,613
2021	2,633,613	-	278,144	-	140,942	2,496,411
2022	2,496,411	-	325,868	-	131,841	2,302,384
2023	2,302,384	-	323,761	-	120,938	2,099,561
2024	2,099,561	-	321,469	-	109,544	1,887,636
2025	1,887,636	-	315,786	-	97,730	1,669,580
2026	1,669,580	-	312,384	-	85,506	1,442,702
2027	1,442,702	-	309,418	-	72,772	1,206,056
2028	1,206,056	-	326,718	-	58,912	938,250
2029	938,250	-	322,009	-	43,914	660,155
2030	660,155	-	311,786	-	28,491	376,860
2031	376,860	-	304,214	-	12,699	85,345
2032	85,345	-	292,827	-	-	-

Number of Years Expected Benefit Payments Sustained: 15.29

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.65% 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, 2019

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL
	7.65%	5.65%
	RP-2000	RP-2000
	Generational	Generational
Total Required Contribution (Fixed \$)	\$342,850	\$475,480
Total Required Contribution (% of Payroll)	57.89%	80.29%
Expected Member Contribution	29,611	29,611
Expected State Money	36,538	36,538
Expected Sponsor Contribution (Fixed \$)	\$276,701	\$409,331
Expected Sponsor Contribution (% of Payroll)	46.72%	69.12%

**ASSETS**

Actuarial Value <sup>1</sup>	3,122,626	3,122,626
Market Value <sup>1</sup>	3,089,984	3,089,984

**LIABILITIES**

Present Value of Benefits		
Active Members		
Retirement Benefits	2,516,600	3,894,521
Disability Benefits	198,464	274,761
Death Benefits	31,035	48,840
Vested Benefits	0	0
Refund of Contributions	8,700	8,903
Service Retirees	2,410,526	2,814,983
Beneficiaries	0	0
Disability Retirees	181,936	220,071
Terminated Vested	0	0
Share Plan Balances <sup>1</sup>	0	0
Total:	5,347,261	7,262,079
Present Value of Future Salaries	4,694,998	5,286,698
Present Value of Future Member Contributions	234,750	264,335
Total Normal Cost	137,974	212,448
Present Value of Future Normal Costs (Entry Age Normal)	1,103,487	1,974,555
Total Actuarial Accrued Liability <sup>1</sup>	4,243,774	5,287,524
Unfunded Actuarial Accrued Liability (UAAL)	1,121,148	2,164,898

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2019

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL
	7.65%	5.65%
	RP-2000	RP-2000
	Generational	Generational
<b><u>PENSION COST</u></b>		
Normal Cost (with interest)	143,252	218,450
Administrative Expenses (with interest)	15,517	15,367
Payment Required To Amortize UAAL (with interest)	184,081	241,663
Total Required Contribution	\$342,850	\$475,480

<sup>1</sup> The asset values and liabilities include accumulated Share Plan Balances as of 9/30/2017.