

February 5, 2016

VIA EMAIL

Ms. Sheri Gatto,
Administrative Assistant
Town of Melbourne Beach
507 Ocean Avenue
Melbourne Beach, FL 32951

Re: Town of Melbourne Beach Police Officers' Retirement System
Senate Bill 534 (Section 112.664, Florida Statutes) Compliance

Dear Sheri:

Please find enclosed the annual disclosures that satisfy the October 1, 2015 financial reporting requirements made under Section 112.664.

Our office will submit this information electronically to the Department of Management Services by the February 5, 2016 deadline. 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 #14-7778

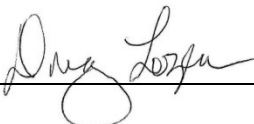
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Enclosures

cc via email: Bonni Jensen, Board Attorney

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: 2/5/2016

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	
	8.00% RP-2000 Static 9/30/2015	8.00% RP-2000 Generational 9/30/2015	6.00% RP-2000 Generational 9/30/2015
<u>GASB 67: Schedule of Changes in Net Pension Liability</u>			
<u>Total Pension Liability</u>			
Service Cost	95,129	99,371	140,801
Interest	266,454	279,540	260,872
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(3,954)	(6,976)	1,401
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(250,963)	(250,963)	(250,963)
Net Change in Total Pension Liability	106,666	120,972	152,111
Total Pension Liability - Beginning	3,361,024	3,520,365	4,332,554
Total Pension Liability - Ending (a)	<u>\$ 3,467,690</u>	<u>\$ 3,641,337</u>	<u>\$ 4,484,665</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	222,353	222,353	222,353
Contributions - State	-	-	-
Contributions - Employee	22,464	22,464	22,464
Net Investment Income	(22,583)	(22,583)	(22,583)
Benefit Payments, Including Refunds of Employee Contributions	(250,963)	(250,963)	(250,963)
Administrative Expenses	(23,280)	(23,280)	(23,280)
Net Change in Plan Fiduciary Net Position	(52,009)	(52,009)	(52,009)
Plan Fiduciary Net Position - Beginning	2,622,552	2,622,552	2,622,552
Plan Fiduciary Net Position - Ending (b)	<u>\$ 2,570,543</u>	<u>\$ 2,570,543</u>	<u>\$ 2,570,543</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 897,147</u>	<u>\$ 1,070,794</u>	<u>\$ 1,914,122</u>

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

Pension Expense	<u>\$ 102,570</u>	<u>\$ 118,513</u>	<u>\$ 179,204</u>
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PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 8.00% 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	2,570,543	-	255,727	-	195,414	2,510,230
2016	2,510,230	-	267,104	-	190,134	2,433,260
2017	2,433,260	-	267,252	-	183,971	2,349,979
2018	2,349,979	-	264,721	-	177,409	2,262,667
2019	2,262,667	-	263,411	-	170,477	2,169,733
2020	2,169,733	-	271,887	-	162,703	2,060,549
2021	2,060,549	-	269,925	-	154,047	1,944,671
2022	1,944,671	-	296,711	-	143,705	1,791,665
2023	1,791,665	-	293,152	-	131,607	1,630,120
2024	1,630,120	-	289,207	-	118,841	1,459,754
2025	1,459,754	-	283,678	-	105,433	1,281,509
2026	1,281,509	-	282,755	-	91,211	1,089,965
2027	1,089,965	-	276,414	-	76,141	889,692
2028	889,692	-	278,111	-	60,051	671,632
2029	671,632	-	270,620	-	42,906	443,918
2030	443,918	-	258,328	-	25,180	210,770
2031	210,770	-	247,995	-	-	-

Number of Years Expected Benefit Payments Sustained: 16.85

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 8.00% 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: 8.00% 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	2,570,543	-	255,832	-	195,410	2,510,121
2016	2,510,121	-	267,801	-	190,098	2,432,418
2017	2,432,418	-	268,743	-	183,844	2,347,519
2018	2,347,519	-	266,989	-	177,122	2,257,652
2019	2,257,652	-	266,582	-	169,949	2,161,019
2020	2,161,019	-	276,285	-	161,830	2,046,564
2021	2,046,564	-	275,491	-	152,705	1,923,778
2022	1,923,778	-	303,724	-	141,753	1,761,807
2023	1,761,807	-	301,609	-	128,880	1,589,078
2024	1,589,078	-	299,202	-	115,158	1,405,034
2025	1,405,034	-	295,633	-	100,577	1,209,978
2026	1,209,978	-	297,385	-	84,903	997,496
2027	997,496	-	292,905	-	68,083	772,674
2028	772,674	-	296,464	-	49,955	526,165
2029	526,165	-	290,698	-	30,465	265,932
2030	265,932	-	280,749	-	-	-

Number of Years Expected Benefit Payments Sustained: 15.95

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 8.00% 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: 6.00% 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	2,570,543	-	255,832	-	146,558	2,461,269
2016	2,461,269	-	267,801	-	139,642	2,333,110
2017	2,333,110	-	268,743	-	131,924	2,196,291
2018	2,196,291	-	266,989	-	123,768	2,053,070
2019	2,053,070	-	266,582	-	115,187	1,901,675
2020	1,901,675	-	276,285	-	105,812	1,731,202
2021	1,731,202	-	275,491	-	95,607	1,551,318
2022	1,551,318	-	303,724	-	83,967	1,331,561
2023	1,331,561	-	301,609	-	70,845	1,100,797
2024	1,100,797	-	299,202	-	57,072	858,667
2025	858,667	-	295,633	-	42,651	605,685
2026	605,685	-	297,385	-	27,420	335,720
2027	335,720	-	292,905	-	11,356	54,171
2028	54,171	-	296,464	-	-	-

Number of Years Expected Benefit Payments Sustained: 13.18

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 6.00% 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	
	8.00% RP-2000 Static	8.00% RP-2000 Generational	6.00% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$231,158	\$249,527	\$339,895
Total Required Contribution (% of Payroll)	51.16%	55.22%	75.22%
Expected Member Contribution	22,593	22,593	22,593
Expected State Money	32,271	32,271	32,271
Expected Sponsor Contribution (Fixed \$)	\$176,294	\$194,663	\$285,031
Expected Sponsor Contribution (% of Payroll)	39.02%	43.08%	63.08%

ASSETS

Actuarial Value	2,733,793	2,733,793	2,733,793
Market Value	2,570,543	2,570,543	2,570,543

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	1,273,151	1,333,243	1,913,180
Disability Benefits	74,283	77,206	104,873
Death Benefits	13,954	10,260	14,530
Vested Benefits	171,331	179,589	287,733
Refund of Contributions	16,987	16,993	17,761
Service Retirees	1,942,578	2,052,887	2,384,561
Beneficiaries	0	0	0
Disability Retirees	190,634	194,006	237,695
Terminated Vested	232,640	240,947	297,918
Excess State Monies Reserve	0	0	0
Total:	3,915,558	4,105,131	5,258,251
Present Value of Future Salaries	2,722,241	2,726,375	2,963,276
Present Value of Future Member Contributions	136,112	136,319	148,164
Total Normal Cost	87,145	91,109	132,923
Present Value of Future Normal Costs (Entry Age Normal)	482,759	505,772	823,043
Total Actuarial Accrued Liability	3,432,799	3,599,359	4,435,208
Unfunded Actuarial Accrued Liability (UAAL)	699,006	865,566	1,701,415

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

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL	
	8.00% RP-2000 Static	8.00% RP-2000 Generational	6.00% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost (with interest)	90,631	94,753	136,911
Administrative Expenses (with interest)	24,211	24,211	23,978
Payment Required To Amortize UAAL (with interest)	116,316	130,563	179,006
Total Required Contribution	\$231,158	\$249,527	\$339,895