

CITY OF WEST MELBOURNE
POLICE OFFICERS' RETIREMENT PLAN

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: Patrick T. Donlan Date: 4/11/2016

Patrick T. Donlan, EA, ASA, MAAA
Enrolled Actuary #14-6595



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	
	7.20% RP-2000 Generational 9/30/2015	5.20% RP-2000 Generational 9/30/2015	9.20% RP-2000 Generational 9/30/2015
<u>GASB 67: Schedule of Changes in Net Pension Liability</u>			
<u>Total Pension Liability</u>			
Service Cost	373,517	592,878	246,499
Interest	852,748	821,256	847,793
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(184,074)	(100,467)	(200,567)
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(652,537)	(652,537)	(652,537)
Net Change in Total Pension Liability	389,654	661,130	241,188
Total Pension Liability - Beginning	12,010,650	15,740,962	9,509,097
Total Pension Liability - Ending (a)	<u>\$ 12,400,304</u>	<u>\$ 16,402,092</u>	<u>\$ 9,750,285</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	582,408	582,408	582,408
Contributions - State	119,977	119,977	119,977
Contributions - Employee	151,179	151,179	151,179
Net Investment Income	(67,763)	(67,763)	(67,763)
Benefit Payments, Including Refunds of Employee Contributions	(652,537)	(652,537)	(652,537)
Administrative Expenses	(46,398)	(46,398)	(46,398)
Net Change in Plan Fiduciary Net Position	86,866	86,866	86,866
Plan Fiduciary Net Position - Beginning	10,508,345	10,508,345	10,508,345
Plan Fiduciary Net Position - Ending (b)	<u>\$ 10,595,211</u>	<u>\$ 10,595,211</u>	<u>\$ 10,595,211</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,805,093</u>	<u>\$ 5,806,881</u>	<u>\$ (844,926)</u>

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

Pension Expense	<u>\$ 349,838</u>	<u>\$ 688,788</u>	<u>\$ 65,362</u>
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PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.20% 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	10,595,211	-	797,996	-	734,127	10,531,342
2016	10,531,342	-	537,839	-	738,894	10,732,397
2017	10,732,397	-	549,711	-	752,943	10,935,629
2018	10,935,629	-	566,937	-	766,956	11,135,648
2019	11,135,648	-	608,376	-	779,865	11,307,137
2020	11,307,137	-	629,761	-	791,442	11,468,818
2021	11,468,818	-	646,214	-	802,491	11,625,095
2022	11,625,095	-	681,485	-	812,473	11,756,083
2023	11,756,083	-	699,754	-	821,247	11,877,576
2024	11,877,576	-	736,669	-	828,665	11,969,572
2025	11,969,572	-	771,609	-	834,031	12,031,994
2026	12,031,994	-	833,652	-	836,292	12,034,634
2027	12,034,634	-	850,266	-	835,884	12,020,252
2028	12,020,252	-	877,441	-	833,870	11,976,681
2029	11,976,681	-	889,787	-	830,289	11,917,183
2030	11,917,183	-	903,560	-	825,509	11,839,132
2031	11,839,132	-	924,263	-	819,144	11,734,013
2032	11,734,013	-	958,639	-	810,338	11,585,712
2033	11,585,712	-	1,004,173	-	798,021	11,379,560
2034	11,379,560	-	1,020,505	-	782,590	11,141,645
2035	11,141,645	-	1,026,776	-	765,235	10,880,104
2036	10,880,104	-	1,029,151	-	746,318	10,597,271
2037	10,597,271	-	1,033,022	-	725,815	10,290,064
2038	10,290,064	-	1,038,041	-	703,515	9,955,538
2039	9,955,538	-	1,038,846	-	679,400	9,596,092
2040	9,596,092	-	1,035,805	-	653,630	9,213,917
2041	9,213,917	-	1,027,951	-	626,396	8,812,362
2042	8,812,362	-	1,017,336	-	597,866	8,392,892
2043	8,392,892	-	1,003,814	-	568,151	7,957,229
2044	7,957,229	-	988,131	-	537,348	7,506,446
2045	7,506,446	-	969,846	-	505,550	7,042,150
2046	7,042,150	-	948,668	-	472,883	6,566,365
2047	6,566,365	-	924,647	-	439,491	6,081,209
2048	6,081,209	-	897,460	-	405,538	5,589,287
2049	5,589,287	-	867,304	-	371,206	5,093,189
2050	5,093,189	-	834,413	-	336,671	4,595,447
2051	4,595,447	-	798,672	-	302,120	4,098,895
2052	4,098,895	-	760,688	-	267,736	3,605,943
2053	3,605,943	-	720,961	-	233,673	3,118,655
2054	3,118,655	-	679,601	-	200,078	2,639,132
2055	2,639,132	-	637,354	-	167,073	2,168,851
2056	2,168,851	-	594,521	-	134,755	1,709,085
2057	1,709,085	-	551,657	-	103,194	1,260,622
2058	1,260,622	-	509,222	-	72,433	823,833
2059	823,833	-	467,493	-	42,486	398,826
2060	398,826	-	426,995	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 45.93

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.20% 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: 5.20% 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	10,595,211	-	797,996	-	530,203	10,327,418
2016	10,327,418	-	537,839	-	523,042	10,312,621
2017	10,312,621	-	549,711	-	521,964	10,284,874
2018	10,284,874	-	566,937	-	520,073	10,238,010
2019	10,238,010	-	608,376	-	516,559	10,146,193
2020	10,146,193	-	629,761	-	511,228	10,027,660
2021	10,027,660	-	646,214	-	504,637	9,886,083
2022	9,886,083	-	681,485	-	496,358	9,700,956
2023	9,700,956	-	699,754	-	486,256	9,487,458
2024	9,487,458	-	736,669	-	474,194	9,224,983
2025	9,224,983	-	771,609	-	459,637	8,913,011
2026	8,913,011	-	833,652	-	441,802	8,521,161
2027	8,521,161	-	850,266	-	420,993	8,091,888
2028	8,091,888	-	877,441	-	397,965	7,612,412
2029	7,612,412	-	889,787	-	372,711	7,095,336
2030	7,095,336	-	903,560	-	345,465	6,537,241
2031	6,537,241	-	924,263	-	315,906	5,928,884
2032	5,928,884	-	958,639	-	283,377	5,253,622
2033	5,253,622	-	1,004,173	-	247,080	4,496,529
2034	4,496,529	-	1,020,505	-	207,286	3,683,310
2035	3,683,310	-	1,026,776	-	164,836	2,821,370
2036	2,821,370	-	1,029,151	-	119,953	1,912,172
2037	1,912,172	-	1,033,022	-	72,574	951,724
2038	951,724	-	1,038,041	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 23.92

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.20% 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: 9.20% 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	10,595,211	-	797,996	-	938,052	10,735,267
2016	10,735,267	-	537,839	-	962,904	11,160,332
2017	11,160,332	-	549,711	-	1,001,464	11,612,085
2018	11,612,085	-	566,937	-	1,042,233	12,087,381
2019	12,087,381	-	608,376	-	1,084,054	12,563,059
2020	12,563,059	-	629,761	-	1,126,832	13,060,130
2021	13,060,130	-	646,214	-	1,171,806	13,585,722
2022	13,585,722	-	681,485	-	1,218,538	14,122,775
2023	14,122,775	-	699,754	-	1,267,107	14,690,128
2024	14,690,128	-	736,669	-	1,317,605	15,271,064
2025	15,271,064	-	771,609	-	1,369,444	15,868,899
2026	15,868,899	-	833,652	-	1,421,591	16,456,838
2027	16,456,838	-	850,266	-	1,474,917	17,081,489
2028	17,081,489	-	877,441	-	1,531,135	17,735,183
2029	17,735,183	-	889,787	-	1,590,707	18,436,103
2030	18,436,103	-	903,560	-	1,654,558	19,187,101
2031	19,187,101	-	924,263	-	1,722,697	19,985,535
2032	19,985,535	-	958,639	-	1,794,572	20,821,468
2033	20,821,468	-	1,004,173	-	1,869,383	21,686,678
2034	21,686,678	-	1,020,505	-	1,948,231	22,614,404
2035	22,614,404	-	1,026,776	-	2,033,293	23,620,921
2036	23,620,921	-	1,029,151	-	2,125,784	24,717,554
2037	24,717,554	-	1,033,022	-	2,226,496	25,911,028
2038	25,911,028	-	1,038,041	-	2,336,065	27,209,052
2039	27,209,052	-	1,038,846	-	2,455,446	28,625,652
2040	28,625,652	-	1,035,805	-	2,585,913	30,175,760
2041	30,175,760	-	1,027,951	-	2,728,884	31,876,693
2042	31,876,693	-	1,017,336	-	2,885,858	33,745,215
2043	33,745,215	-	1,003,814	-	3,058,384	35,799,785
2044	35,799,785	-	988,131	-	3,248,126	38,059,780
2045	38,059,780	-	969,846	-	3,456,887	40,546,821
2046	40,546,821	-	948,668	-	3,686,669	43,284,822
2047	43,284,822	-	924,647	-	3,939,670	46,299,845
2048	46,299,845	-	897,460	-	4,218,303	49,620,688
2049	49,620,688	-	867,304	-	4,525,207	53,278,591
2050	53,278,591	-	834,413	-	4,863,247	57,307,425
2051	57,307,425	-	798,672	-	5,235,544	61,744,297
2052	61,744,297	-	760,688	-	5,645,484	66,629,093
2053	66,629,093	-	720,961	-	6,096,712	72,004,844
2054	72,004,844	-	679,601	-	6,593,184	77,918,427
2055	77,918,427	-	637,354	-	7,139,177	84,420,250
2056	84,420,250	-	594,521	-	7,739,315	91,565,044
2057	91,565,044	-	551,657	-	8,398,608	99,411,995
2058	99,411,995	-	509,222	-	9,122,479	108,025,252
2059	108,025,252	-	467,493	-	9,916,819	117,474,578
2060	117,474,578	-	426,995	-	10,788,019	127,835,602
2061	127,835,602	-	388,000	-	11,743,027	139,190,629
2062	139,190,629	-	350,590	-	12,789,411	151,629,450
2063	151,629,450	-	315,035	-	13,935,418	165,249,833
2064	165,249,833	-	281,424	-	15,190,039	180,158,448
2065	180,158,448	-	249,932	-	16,563,080	196,471,596
2066	196,471,596	-	220,642	-	18,065,237	214,316,191

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3
Hypothetical Assumptions: 9.20% 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
2067	214,316,191	-	193,758	-	19,708,177	233,830,610
2068	233,830,610	-	169,304	-	21,504,628	255,165,934
2069	255,165,934	-	147,109	-	23,468,499	278,487,324
2070	278,487,324	-	127,150	-	25,614,985	303,975,159
2071	303,975,159	-	109,145	-	27,960,694	331,826,708
2072	331,826,708	-	92,961	-	30,523,781	362,257,528
2073	362,257,528	-	78,545	-	33,324,080	395,503,063
2074	395,503,063	-	65,744	-	36,383,258	431,820,577
2075	431,820,577	-	54,435	-	39,724,989	471,491,131
2076	471,491,131	-	44,634	-	43,375,131	514,821,628
2077	514,821,628	-	36,218	-	47,361,924	562,147,334
2078	562,147,334	-	29,009	-	51,716,220	613,834,545
2079	613,834,545	-	22,950	-	56,471,722	670,283,317
2080	670,283,317	-	17,944	-	61,665,240	731,930,613
2081	731,930,613	-	13,829	-	67,336,980	799,253,764
2082	799,253,764	-	10,501	-	73,530,863	872,774,126
2083	872,774,126	-	7,886	-	80,294,857	953,061,097
2084	953,061,097	-	5,841	-	87,681,352	1,040,736,608
2085	1,040,736,608	-	4,259	-	95,747,572	1,136,479,921
2086	1,136,479,921	-	3,075	-	104,556,011	1,241,032,857
2087	1,241,032,857	-	2,210	-	114,174,921	1,355,205,568
2088	1,355,205,568	-	1,578	-	124,678,840	1,479,882,830
2089	1,479,882,830	-	1,115	-	136,149,169	1,616,030,884
2090	1,616,030,884	-	779	-	148,674,805	1,764,704,910
2091	1,764,704,910	-	538	-	162,352,827	1,927,057,199
2092	1,927,057,199	-	367	-	177,289,245	2,104,346,077
2093	2,104,346,077	-	249	-	193,599,828	2,297,945,656
2094	2,297,945,656	-	167	-	211,410,993	2,509,356,482
2095	2,509,356,482	-	110	-	230,860,791	2,740,217,163
2096	2,740,217,163	-	72	-	252,099,976	2,992,317,067
2097	2,992,317,067	-	46	-	275,293,168	3,267,610,189
2098	3,267,610,189	-	30	-	300,620,136	3,568,230,295
2099	3,568,230,295	-	19	-	328,277,186	3,896,507,462
2100	3,896,507,462	-	11	-	358,478,686	4,254,986,137
2101	4,254,986,137	-	7	-	391,458,724	4,646,444,854
2102	4,646,444,854	-	4	-	427,472,926	5,073,917,776
2103	5,073,917,776	-	2	-	466,800,435	5,540,718,209
2104	5,540,718,209	-	1	-	509,746,075	6,050,464,283
2105	6,050,464,283	-	1	-	556,642,714	6,607,106,996
2106	6,607,106,996	-	1	-	607,853,844	7,214,960,839
2107	7,214,960,839	-	-	-	663,776,397	7,878,737,236

*All DROP Balances paid in 2015.

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 9.20% 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	
	7.20% RP-2000 Generational	5.20% RP-2000 Generational	9.20% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$632,689	\$1,122,911	\$299,886
Total Required Contribution (% of Payroll)	31.89%	56.61%	15.12%
Expected Member Contribution	168,442	168,442	168,442
Expected State Money	119,977	119,977	119,977
Expected Sponsor Contribution (Fixed \$)	\$344,270	\$834,492	\$11,467
Expected Sponsor Contribution (% of Payroll)	17.35%	42.07%	0.58%

ASSETS

Actuarial Value ¹	10,795,205	10,795,205	10,795,205
Market Value ¹	10,595,211	10,595,211	10,595,211

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	6,785,651	10,681,179	4,549,291
Disability Benefits	574,739	848,668	409,146
Death Benefits	43,005	63,030	31,054
Vested Benefits	1,262,541	2,155,562	780,030
Refund of Contributions	59,363	61,521	57,366
Service Retirees	4,577,357	5,749,368	3,768,882
DROP Retirees ¹	1,759,682	2,248,202	1,447,999
Beneficiaries	124,884	142,090	111,147
Disability Retirees	628,853	815,233	505,269
Terminated Vested	203,163	312,383	136,918
Excess State Monies Reserve	214,182	214,182	214,182
Total:	16,233,420	23,291,418	12,011,284
Present Value of Future Salaries	17,575,743	19,940,756	15,697,366
Present Value of Future Member Contributions	1,492,425	1,692,579	1,332,558
Total Normal Cost	426,292	668,920	286,698
Present Value of Future Normal Costs (Entry Age Normal)	3,777,012	6,724,242	2,268,707
Total Actuarial Accrued Liability ¹	12,456,408	16,567,176	9,742,577
Unfunded Actuarial Accrued Liability (UAAL)	1,661,203	5,771,971	(1,052,628)

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

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL	
	7.20% RP-2000 Generational	5.20% RP-2000 Generational	9.20% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost (with interest)	435,575	681,934	299,886
Administrative Expenses (with interest)	48,068	47,604	48,532
Payment Required To Amortize UAAL (with interest)	149,046	393,373	(84,741)
Total Required Contribution	\$632,689	\$1,122,911	\$299,886 ²

¹ The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2015.

² Per Florida Statutes, the Minimum Required Contribution may be no less than the Normal Cost.