

February 9, 2018

VIA EMAIL

Ms. Debbie Grant, Administrator
City of Cocoa Beach
Police Officers' Pension Board
2830 Michigan St.
Melbourne, FL 32904

Re: City of Cocoa Beach Police Officers' Retirement System
Section 112.664, Florida Statutes Compliance

Dear Debbie:

Please find enclosed the annual disclosures that satisfy the October 1, 2017 financial reporting requirements made under Section 112.664.

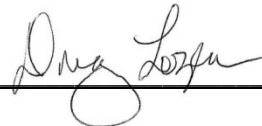
Our office will submit this information electronically to the Department of Management Services. However, it is important for you to be aware that this report must also be made available on the Plan or Plan Sponsor's website, if such website exists. A deadline for this website publication is not made 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 #74-7778

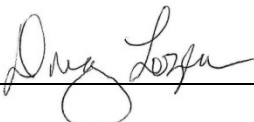
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Enclosures

cc via email: Scott R. Christiansen, Board Attorney
cc via email: Eileen Clark, Chief Financial Officer

CITY OF COCOA BEACH
POLICE OFFICERS' RETIREMENT SYSTEM

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: 2/9/2018

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

	ACTUAL	HYPOTHETICAL	
	7.75% RP-2000 Generational	5.75% RP-2000 Generational	9.75% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	266,442	420,444	176,635
Interest	1,282,422	1,209,335	1,311,355
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual			
Experience	386,258	473,265	334,892
Changes of Assumptions	36,994	55,897	24,748
Contributions - Buy Back	22,500	22,500	22,500
Benefit Payments, Including Refunds of Employee Contributions	(959,625)	(959,625)	(959,625)
Net Change in Total Pension Liability	1,034,991	1,221,816	910,505
Total Pension Liability - Beginning	16,760,750	21,091,278	13,752,976
Total Pension Liability - Ending (a)	<u>\$ 17,795,741</u>	<u>\$ 22,313,094</u>	<u>\$ 14,663,481</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	782,512	782,512	782,512
Contributions - State	101,389	101,389	101,389
Contributions - Employee	95,018	95,018	95,018
Contributions - Buy Back	22,500	22,500	22,500
Net Investment Income	1,529,239	1,529,239	1,529,239
Benefit Payments, Including Refunds of Employee Contributions	(959,625)	(959,625)	(959,625)
Administrative Expenses	(41,061)	(41,061)	(41,061)
Net Change in Plan Fiduciary Net Position	1,529,972	1,529,972	1,529,972
Plan Fiduciary Net Position - Beginning	11,612,585	11,612,585	11,612,585
Plan Fiduciary Net Position - Ending (b)	<u>\$ 13,142,557</u>	<u>\$ 13,142,557</u>	<u>\$ 13,142,557</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 4,653,184</u>	<u>\$ 9,170,537</u>	<u>\$ 1,520,924</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.75% 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	13,142,557	-	1,314,256	-	967,621	12,795,922
2018	12,795,922	-	1,126,273	-	948,041	12,617,690
2019	12,617,690	-	1,248,268	-	929,501	12,298,923
2020	12,298,923	-	1,246,751	-	904,855	11,957,027
2021	11,957,027	-	1,326,257	-	875,277	11,506,047
2022	11,506,047	-	1,342,028	-	839,715	11,003,734
2023	11,003,734	-	1,339,617	-	800,879	10,464,996
2024	10,464,996	-	1,353,165	-	758,602	9,870,433
2025	9,870,433	-	1,373,929	-	711,719	9,208,223
2026	9,208,223	-	1,416,945	-	658,731	8,450,009
2027	8,450,009	-	1,407,875	-	600,321	7,642,455
2028	7,642,455	-	1,417,311	-	537,369	6,762,513
2029	6,762,513	-	1,395,469	-	470,020	5,837,064
2030	5,837,064	-	1,375,139	-	399,086	4,861,011
2031	4,861,011	-	1,351,288	-	324,366	3,834,089
2032	3,834,089	-	1,333,950	-	245,451	2,745,590
2033	2,745,590	-	1,321,155	-	161,588	1,586,023
2034	1,586,023	-	1,311,672	-	72,089	346,440
2035	346,440	-	1,302,380	-	-	-

*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 18.27

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.75% 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: 5.75% 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	13,142,557	-	1,314,256	-	717,912	12,546,213
2018	12,546,213	-	1,126,273	-	689,027	12,108,967
2019	12,108,967	-	1,248,268	-	660,378	11,521,077
2020	11,521,077	-	1,246,751	-	626,618	10,900,944
2021	10,900,944	-	1,326,257	-	588,674	10,163,361
2022	10,163,361	-	1,342,028	-	545,810	9,367,143
2023	9,367,143	-	1,339,617	-	500,097	8,527,623
2024	8,527,623	-	1,353,165	-	451,435	7,625,893
2025	7,625,893	-	1,373,929	-	398,988	6,650,952
2026	6,650,952	-	1,416,945	-	341,693	5,575,700
2027	5,575,700	-	1,407,875	-	280,126	4,447,951
2028	4,447,951	-	1,417,311	-	215,009	3,245,649
2029	3,245,649	-	1,395,469	-	146,505	1,996,685
2030	1,996,685	-	1,375,139	-	75,274	696,820
2031	696,820	-	1,351,288	-	-	-

*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 14.52

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.75% 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: 9.75% 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	13,142,557	-	1,314,256	-	1,217,329	13,045,630
2018	13,045,630	-	1,126,273	-	1,217,043	13,136,400
2019	13,136,400	-	1,248,268	-	1,219,946	13,108,078
2020	13,108,078	-	1,246,751	-	1,217,258	13,078,585
2021	13,078,585	-	1,326,257	-	1,210,507	12,962,835
2022	12,962,835	-	1,342,028	-	1,198,453	12,819,260
2023	12,819,260	-	1,339,617	-	1,184,572	12,664,215
2024	12,664,215	-	1,353,165	-	1,168,794	12,479,844
2025	12,479,844	-	1,373,929	-	1,149,806	12,255,721
2026	12,255,721	-	1,416,945	-	1,125,857	11,964,633
2027	11,964,633	-	1,407,875	-	1,097,918	11,654,676
2028	11,654,676	-	1,417,311	-	1,067,237	11,304,602
2029	11,304,602	-	1,395,469	-	1,034,170	10,943,303
2030	10,943,303	-	1,375,139	-	999,934	10,568,098
2031	10,568,098	-	1,351,288	-	964,514	10,181,324
2032	10,181,324	-	1,333,950	-	927,649	9,775,023
2033	9,775,023	-	1,321,155	-	888,658	9,342,526
2034	9,342,526	-	1,311,672	-	846,952	8,877,806
2035	8,877,806	-	1,302,380	-	802,095	8,377,521
2036	8,377,521	-	1,277,585	-	754,526	7,854,462
2037	7,854,462	-	1,257,188	-	704,522	7,301,796
2038	7,301,796	-	1,233,012	-	651,816	6,720,600
2039	6,720,600	-	1,209,337	-	596,303	6,107,566
2040	6,107,566	-	1,185,457	-	537,697	5,459,806
2041	5,459,806	-	1,159,350	-	475,813	4,776,269
2042	4,776,269	-	1,132,939	-	410,455	4,053,785
2043	4,053,785	-	1,103,169	-	341,465	3,292,081
2044	3,292,081	-	1,072,467	-	268,695	2,488,309
2045	2,488,309	-	1,040,115	-	191,905	1,640,099
2046	1,640,099	-	1,007,953	-	110,772	742,918
2047	742,918	-	974,844	-	-	-

*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 30.76

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 9.75% 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	
	7.75% RP-2000 Generational	5.75% RP-2000 Generational	9.75% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$1,128,769	\$1,574,333	\$765,802
Total Required Contribution (% of Payroll)	54.37%	75.83%	36.88%
Expected Member Contribution	103,816	103,816	103,816
Expected State Money	101,389	101,389	101,389
Expected Sponsor Contribution (Fixed \$)	\$923,564	\$1,369,128	\$560,597
Expected Sponsor Contribution (% of Payroll)	44.49%	65.95%	27.00%

ASSETS

Actuarial Value ¹	12,850,546	12,850,546	12,850,546
Market Value ¹	13,142,557	13,142,557	13,142,557

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	7,035,677	10,303,068	5,059,363
Disability Benefits	157,089	215,368	119,274
Death Benefits	47,134	61,780	36,867
Vested Benefits	723,524	1,127,040	490,268
Refund of Contributions	93,852	99,413	88,863
Service Retirees	8,587,945	10,347,891	7,326,311
DROP Retirees ¹	1,300,386	1,574,593	1,111,826
Beneficiaries	772,624	950,409	648,446
Disability Retirees	943,916	1,185,779	780,843
Terminated Vested	710,983	898,684	582,066
Share Plan Balances ¹	0	0	0
Total:	20,373,130	26,764,025	16,244,127
Present Value of Future Salaries	14,514,893	16,230,031	13,140,983
Present Value of Future Member Contributions	725,745	811,502	657,049
Total Normal Cost	303,509	487,286	196,502
Present Value of Future Normal Costs (Entry Age Normal)	2,032,103	3,690,516	1,177,761
Total Actuarial Accrued Liability ¹	18,341,027	23,073,509	15,066,366
Unfunded Actuarial Accrued Liability (UAAL)	5,490,481	10,222,963	2,215,820

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

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL	
	7.75% RP-2000 Generational	5.75% RP-2000 Generational	9.75% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost (with interest)	309,389	494,291	201,292
Administrative Expenses (with interest)	41,857	41,651	42,062
Payment Required To Amortize UAAL (with interest)	<u>777,523</u>	<u>1,038,391</u>	<u>522,448</u>
Total Required Contribution	\$1,128,769	\$1,574,333	\$765,802

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