

TOWN OF MELBOURNE BEACH  
POLICE OFFICERS' RETIREMENT TRUST FUND

SECTION 112.664, FLORIDA STATUTES COMPLIANCE  
DETERMINED AS OF THE  
OCTOBER 1, 2019 VALUATION DATE



May 6, 2020

VIA E-MAIL

Ms. Amber Garrity, Administrative Assistant  
Town of Melbourne Beach  
507 Ocean Avenue  
Melbourne Beach, FL 32951

Re: Town of Melbourne Beach Police Officers' Retirement System  
Section 112.664, Florida Statutes Compliance

Dear Amber:

Please find enclosed the annual disclosures that satisfy the October 1, 2019 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.

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.

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 #20-7778

Enclosures

cc via email: Bonni Jensen, Board Attorney

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, 2019 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, 2019

	ACTUAL	HYPOTHETICAL
	7.50% RP-2000 Generational	5.50% RP-2000 Generational
<u>Total Pension Liability</u>		
Service Cost	139,118	218,925
Interest	333,851	311,172
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	(189,455)	(231,509)
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(278,532)	(278,532)
Net Change in Total Pension Liability	4,982	20,056
Total Pension Liability - Beginning	4,451,501	5,578,005
Total Pension Liability - Ending (a)	<u>\$ 4,456,483</u>	<u>\$ 5,598,061</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	262,309	262,309
Contributions - State	40,536	40,536
Contributions - Employee	28,033	28,033
Net Investment Income	86,314	86,314
Benefit Payments, Including Refunds of Employee Contributions	(278,532)	(278,532)
Administrative Expenses	(16,914)	(16,914)
Net Change in Plan Fiduciary Net Position	121,746	121,746
Plan Fiduciary Net Position - Beginning	3,338,137	3,338,137
Plan Fiduciary Net Position - Ending (b)	<u>\$ 3,459,883</u>	<u>\$ 3,459,883</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 996,600</u>	<u>\$ 2,138,178</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
2019	3,451,721	-	273,569	-	248,620	3,426,772
2020	3,426,772	-	269,572	-	246,899	3,404,099
2021	3,404,099	-	267,270	-	245,285	3,382,114
2022	3,382,114	-	329,501	-	241,302	3,293,915
2023	3,293,915	-	327,706	-	234,755	3,200,964
2024	3,200,964	-	325,814	-	227,854	3,103,004
2025	3,103,004	-	321,021	-	220,687	3,002,670
2026	3,002,670	-	318,038	-	213,274	2,897,906
2027	2,897,906	-	314,558	-	205,547	2,788,895
2028	2,788,895	-	338,428	-	196,476	2,646,943
2029	2,646,943	-	334,782	-	185,966	2,498,127
2030	2,498,127	-	328,019	-	175,059	2,345,167
2031	2,345,167	-	320,992	-	163,850	2,188,025
2032	2,188,025	-	309,161	-	152,508	2,031,372
2033	2,031,372	-	301,683	-	141,040	1,870,729
2034	1,870,729	-	309,497	-	128,699	1,689,931
2035	1,689,931	-	316,139	-	114,890	1,488,682
2036	1,488,682	-	307,876	-	100,106	1,280,912
2037	1,280,912	-	299,396	-	84,841	1,066,357
2038	1,066,357	-	290,972	-	69,065	844,450
2039	844,450	-	284,934	-	52,649	612,165
2040	612,165	-	276,667	-	35,537	371,035
2041	371,035	-	265,981	-	17,853	122,907
2042	122,907	-	255,446	-	-	-

Number of Years Expected Benefit Payments Sustained: 23.48

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
2019	3,451,721	-	273,569	-	182,322	3,360,474
2020	3,360,474	-	269,572	-	177,413	3,268,315
2021	3,268,315	-	267,270	-	172,407	3,173,452
2022	3,173,452	-	329,501	-	165,479	3,009,430
2023	3,009,430	-	327,706	-	156,507	2,838,231
2024	2,838,231	-	325,814	-	147,143	2,659,560
2025	2,659,560	-	321,021	-	137,448	2,475,987
2026	2,475,987	-	318,038	-	127,433	2,285,382
2027	2,285,382	-	314,558	-	117,046	2,087,870
2028	2,087,870	-	338,428	-	105,526	1,854,968
2029	1,854,968	-	334,782	-	92,817	1,613,003
2030	1,613,003	-	328,019	-	79,695	1,364,679
2031	1,364,679	-	320,992	-	66,230	1,109,917
2032	1,109,917	-	309,161	-	52,544	853,300
2033	853,300	-	301,683	-	38,635	590,252
2034	590,252	-	309,497	-	23,953	304,708
2035	304,708	-	316,139	-	-	-

Number of Years Expected Benefit Payments Sustained: 16.96

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, 2021

Valuation Date: 10/1/2019

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.50%	5.50%
	RP-2000	RP-2000
	Generational	Generational
Minimum Required Contribution (Fixed \$)	\$320,059	\$469,497
Minimum Required Contribution (% of Payroll)	54.04%	79.27%
Expected Member Contribution	29,613	29,613
Expected State Money	40,536	40,536
Expected Sponsor Contribution (Fixed \$)	\$249,910	\$399,348
Expected Sponsor Contribution (% of Payroll)	42.20%	67.43%

**ASSETS**

Actuarial Value <sup>1</sup>	3,612,918	3,612,918
Market Value <sup>1</sup>	3,451,721	3,451,721

**LIABILITIES**

Present Value of Benefits		
Active Members		
Retirement Benefits	2,899,409	4,482,207
Disability Benefits	217,271	300,886
Death Benefits	34,044	54,293
Vested Benefits	0	0
Refund of Contributions	11,005	11,323
Service Retirees	2,345,542	2,724,468
Beneficiaries	0	0
Disability Retirees	180,420	217,503
Terminated Vested	489	489
Share Plan Balances <sup>1</sup>	0	0
Total:	<u>5,688,180</u>	<u>7,791,169</u>
Present Value of Future Salaries	4,850,573	5,479,260
Present Value of Future Member Contributions	242,529	273,963
Total Normal Cost	145,146	227,061
Present Value of Future Normal Costs (Entry Age Normal)	1,153,802	2,092,037
Total Actuarial Accrued Liability <sup>1</sup>	4,534,378	5,699,132
Unfunded Actuarial Accrued Liability (UAAL)	921,460	2,086,214

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2021

Valuation Date: 10/1/2019

	ACTUAL	HYPOTHETICAL
	7.50%	5.50%
	RP-2000	RP-2000
	Generational	Generational
<b>PENSION COST</b>		
Normal Cost (with interest)	150,589	233,305
Administrative Expenses (with interest)	21,559	21,351
Payment Required To Amortize UAAL (with interest)	147,911	214,841
Minimum Required Contribution	\$320,059	\$469,497

<sup>1</sup> The asset values and liabilities include accumulated Share Plan Balances as of 9/30/2019.