

TOWN OF MELBOURNE BEACH
POLICE OFFICERS' RETIREMENT TRUST FUND

SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2020 VALUATION DATE



May 27, 2021

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, 2020 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, 2020 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.

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.25%

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
2020	3,755,659	-	283,758	-	261,999	3,733,900
2021	3,733,900	-	269,047	-	260,955	3,725,808
2022	3,725,808	-	340,664	-	257,772	3,642,916
2023	3,642,916	-	338,079	-	251,856	3,556,693
2024	3,556,693	-	335,303	-	245,706	3,467,096
2025	3,467,096	-	330,213	-	239,394	3,376,277
2026	3,376,277	-	325,289	-	232,988	3,283,976
2027	3,283,976	-	320,548	-	226,468	3,189,896
2028	3,189,896	-	346,169	-	218,719	3,062,446
2029	3,062,446	-	341,089	-	209,663	2,931,020
2030	2,931,020	-	332,896	-	200,431	2,798,555
2031	2,798,555	-	323,826	-	191,157	2,665,886
2032	2,665,886	-	308,451	-	182,095	2,539,530
2033	2,539,530	-	298,669	-	173,289	2,414,150
2034	2,414,150	-	306,814	-	163,904	2,271,240
2035	2,271,240	-	313,881	-	153,287	2,110,646
2036	2,110,646	-	303,914	-	142,005	1,948,737
2037	1,948,737	-	294,242	-	130,617	1,785,112
2038	1,785,112	-	282,194	-	119,191	1,622,109
2039	1,622,109	-	277,752	-	107,534	1,451,891
2040	1,451,891	-	267,358	-	95,570	1,280,103
2041	1,280,103	-	257,590	-	83,470	1,105,983
2042	1,105,983	-	248,340	-	71,181	928,824
2043	928,824	-	240,297	-	58,629	747,156
2044	747,156	-	230,579	-	45,810	562,387
2045	562,387	-	220,583	-	32,777	374,581
2046	374,581	-	211,526	-	19,489	182,544
2047	182,544	-	202,844	-	-	-

Number of Years Expected Benefit Payments Sustained: 27.90

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.25% 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: 5.25%

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
2020	3,755,659	-	283,758	-	189,723	3,661,624
2021	3,661,624	-	269,047	-	185,173	3,577,750
2022	3,577,750	-	340,664	-	178,889	3,415,975
2023	3,415,975	-	338,079	-	170,464	3,248,360
2024	3,248,360	-	335,303	-	161,737	3,074,794
2025	3,074,794	-	330,213	-	152,759	2,897,340
2026	2,897,340	-	325,289	-	143,572	2,715,623
2027	2,715,623	-	320,548	-	134,156	2,529,231
2028	2,529,231	-	346,169	-	123,698	2,306,760
2029	2,306,760	-	341,089	-	112,151	2,077,822
2030	2,077,822	-	332,896	-	100,347	1,845,273
2031	1,845,273	-	323,826	-	88,376	1,609,823
2032	1,609,823	-	308,451	-	76,419	1,377,791
2033	1,377,791	-	298,669	-	64,494	1,143,616
2034	1,143,616	-	306,814	-	51,986	888,788
2035	888,788	-	313,881	-	38,422	613,329
2036	613,329	-	303,914	-	24,222	333,637
2037	333,637	-	294,242	-	9,792	49,187
2038	49,187	-	282,194	-	-	-

Number of Years Expected Benefit Payments Sustained: 18.17

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.25% 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, 2022

Valuation Date: 10/1/2020

	ACTUAL	HYPOTHETICAL
	7.25%	5.25%
Minimum Required Contribution (Fixed \$)	\$268,881	\$415,852
Minimum Required Contribution (% of Payroll)	47.47%	73.41%
Expected Member Contribution	28,322	28,322
Expected State Money	42,206	42,206
Expected Sponsor Contribution (Fixed \$)	\$198,353	\$345,324
Expected Sponsor Contribution (% of Payroll)	35.02%	60.96%

ASSETS

Actuarial Value ¹	3,952,626	3,952,626
Market Value ¹	3,755,659	3,755,659

LIABILITIES

Present Value of Benefits		
Active Members		
Retirement Benefits	2,968,844	4,478,826
Disability Benefits	215,808	302,599
Death Benefits	23,349	37,169
Vested Benefits	0	0
Refund of Contributions	10,104	10,497
Service Retirees	2,214,413	2,544,735
Beneficiaries	0	0
Disability Retirees	184,104	224,593
Terminated Vested	11,713	11,713
Share Plan Balances ¹	0	0
Total:	5,628,335	7,610,132
Present Value of Future Salaries	4,255,115	4,810,491
Present Value of Future Member Contributions	212,756	240,525
Total Normal Cost	144,682	225,589
Present Value of Future Normal Costs (Entry Age Normal)	1,057,627	1,920,939
Total Actuarial Accrued Liability ¹	4,570,708	5,689,193
Unfunded Actuarial Accrued Liability (UAAL)	618,082	1,736,567

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2022

Valuation Date: 10/1/2020

	ACTUAL	HYPOTHETICAL
	7.25%	5.25%
<u>PENSION COST</u>		
Normal Cost (with interest)	149,927	231,511
Administrative Expenses (with interest)	17,048	16,884
Payment Required To Amortize UAAL (with interest)	101,906	167,457
Minimum Required Contribution	\$268,881	\$415,852

¹ The asset values and liabilities include accumulated Share Plan Balances as of 9/30/2020.