

TOWN OF MELBOURNE BEACH
POLICE OFFICERS' RETIREMENT TRUST FUND

SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2021 VALUATION DATE



June 20, 2022

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, 2021 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, 2021 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, 2021

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Discount Rate:	6.90%	4.90%
<u>Total Pension Liability</u>		
Service Cost	145,752	226,232
Interest	340,372	313,918
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	(143,105)	(230,190)
Changes of Assumptions	175,817	252,961
Benefit Payments, Including Refunds of Employee Contributions	(270,233)	(270,233)
Net Change in Total Pension Liability	248,603	292,688
Total Pension Liability - Beginning	4,684,144	5,888,276
Total Pension Liability - Ending (a)	<u>\$ 4,932,747</u>	<u>\$ 6,180,964</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	252,549	252,549
Contributions - State	42,470	42,470
Contributions - Employee	28,185	28,185
Net Investment Income	891,384	891,384
Benefit Payments, Including Refunds of Employee Contributions	(270,233)	(270,233)
Administrative Expenses	(18,688)	(18,688)
Net Change in Plan Fiduciary Net Position	925,667	925,667
Plan Fiduciary Net Position - Beginning	3,768,123	3,768,123
Plan Fiduciary Net Position - Ending (b)	<u>\$ 4,693,790</u>	<u>\$ 4,693,790</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 238,957</u>	<u>\$ 1,487,174</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: Discount Rate = 6.90%

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
2021	4,662,741	-	285,658	-	311,874	4,688,957
2022	4,688,957	-	354,400	-	311,311	4,645,868
2023	4,645,868	-	351,785	-	308,428	4,602,511
2024	4,602,511	-	348,997	-	305,533	4,559,047
2025	4,559,047	-	344,334	-	302,695	4,517,408
2026	4,517,408	-	339,741	-	299,980	4,477,647
2027	4,477,647	-	335,361	-	297,388	4,439,674
2028	4,439,674	-	364,805	-	293,752	4,368,621
2029	4,368,621	-	360,215	-	289,007	4,297,413
2030	4,297,413	-	353,128	-	284,339	4,228,624
2031	4,228,624	-	344,604	-	279,886	4,163,906
2032	4,163,906	-	328,448	-	275,978	4,111,436
2033	4,111,436	-	318,570	-	272,698	4,065,564
2034	4,065,564	-	329,527	-	269,155	4,005,192
2035	4,005,192	-	338,859	-	264,668	3,931,001
2036	3,931,001	-	328,815	-	259,895	3,862,081
2037	3,862,081	-	319,099	-	255,475	3,798,457
2038	3,798,457	-	306,697	-	251,512	3,743,272
2039	3,743,272	-	304,079	-	247,795	3,686,988
2040	3,686,988	-	293,353	-	244,281	3,637,916
2041	3,637,916	-	283,358	-	241,240	3,595,798
2042	3,595,798	-	273,916	-	238,660	3,560,542
2043	3,560,542	-	266,526	-	236,482	3,530,498
2044	3,530,498	-	256,382	-	234,759	3,508,875
2045	3,508,875	-	245,892	-	233,629	3,496,612
2046	3,496,612	-	236,398	-	233,110	3,493,324
2047	3,493,324	-	227,343	-	233,196	3,499,177
2048	3,499,177	-	218,434	-	233,907	3,514,650
2049	3,514,650	-	209,171	-	235,294	3,540,773
2050	3,540,773	-	200,341	-	237,402	3,577,834
2051	3,577,834	-	191,670	-	240,258	3,626,422
2052	3,626,422	-	183,121	-	243,905	3,687,206
2053	3,687,206	-	174,563	-	248,395	3,761,038
2054	3,761,038	-	166,102	-	253,781	3,848,717
2055	3,848,717	-	157,680	-	260,122	3,951,159
2056	3,951,159	-	149,289	-	267,480	4,069,350
2057	4,069,350	-	140,937	-	275,923	4,204,336
2058	4,204,336	-	132,656	-	285,523	4,357,203
2059	4,357,203	-	124,473	-	296,353	4,529,083
2060	4,529,083	-	116,421	-	308,490	4,721,152
2061	4,721,152	-	108,526	-	322,015	4,934,641
2062	4,934,641	-	100,799	-	337,013	5,170,855
2063	5,170,855	-	93,237	-	353,572	5,431,190
2064	5,431,190	-	85,857	-	371,790	5,717,123
2065	5,717,123	-	78,698	-	391,766	6,030,191
2066	6,030,191	-	71,809	-	413,606	6,371,988
2067	6,371,988	-	65,244	-	437,416	6,744,160
2068	6,744,160	-	59,039	-	463,310	7,148,431
2069	7,148,431	-	53,209	-	491,406	7,586,628

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: Discount Rate = 6.90%

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
2070	7,586,628	-	47,757	-	521,830	8,060,701
2071	8,060,701	-	42,682	-	554,716	8,572,735
2072	8,572,735	-	37,964	-	590,209	9,124,980
2073	9,124,980	-	33,586	-	628,465	9,719,859
2074	9,719,859	-	29,541	-	669,651	10,359,969
2075	10,359,969	-	25,829	-	713,947	11,048,087
2076	11,048,087	-	22,445	-	761,544	11,787,186
2077	11,787,186	-	19,383	-	812,647	12,580,450
2078	12,580,450	-	16,623	-	867,478	13,431,305
2079	13,431,305	-	14,140	-	926,272	14,343,437
2080	14,343,437	-	11,918	-	989,286	15,320,805
2081	15,320,805	-	9,946	-	1,056,792	16,367,651
2082	16,367,651	-	8,215	-	1,129,085	17,488,521
2083	17,488,521	-	6,712	-	1,206,476	18,688,285
2084	18,688,285	-	5,420	-	1,289,305	19,972,170
2085	19,972,170	-	4,324	-	1,377,931	21,345,777
2086	21,345,777	-	3,408	-	1,472,741	22,815,110
2087	22,815,110	-	2,655	-	1,574,151	24,386,606
2088	24,386,606	-	2,043	-	1,682,605	26,067,168
2089	26,067,168	-	1,553	-	1,798,581	27,864,196
2090	27,864,196	-	1,166	-	1,922,589	29,785,619
2091	29,785,619	-	865	-	2,055,178	31,839,932
2092	31,839,932	-	635	-	2,196,933	34,036,230
2093	34,036,230	-	461	-	2,348,484	36,384,253
2094	36,384,253	-	330	-	2,510,502	38,894,425
2095	38,894,425	-	234	-	2,683,707	41,577,898
2096	41,577,898	-	163	-	2,868,869	44,446,604
2097	44,446,604	-	112	-	3,066,812	47,513,304
2098	47,513,304	-	76	-	3,278,415	50,791,643
2099	50,791,643	-	51	-	3,504,622	54,296,214
2100	54,296,214	-	33	-	3,746,438	58,042,619
2101	58,042,619	-	21	-	4,004,940	62,047,538
2102	62,047,538	-	13	-	4,281,280	66,328,805
2103	66,328,805	-	8	-	4,576,687	70,905,484
2104	70,905,484	-	5	-	4,892,478	75,797,957
2105	75,797,957	-	3	-	5,230,059	81,028,013
2106	81,028,013	-	2	-	5,590,933	86,618,944
2107	86,618,944	-	1	-	5,976,707	92,595,650
2108	92,595,650	-	-	-	6,389,100	98,984,750

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 6.90% 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: Discount Rate = 4.90%

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
2021	4,662,741	-	285,658	-	221,476	4,598,559
2022	4,598,559	-	354,400	-	216,647	4,460,806
2023	4,460,806	-	351,785	-	209,961	4,318,982
2024	4,318,982	-	348,997	-	203,080	4,173,065
2025	4,173,065	-	344,334	-	196,044	4,024,775
2026	4,024,775	-	339,741	-	188,890	3,873,924
2027	3,873,924	-	335,361	-	181,606	3,720,169
2028	3,720,169	-	364,805	-	173,351	3,528,715
2029	3,528,715	-	360,215	-	164,082	3,332,582
2030	3,332,582	-	353,128	-	154,645	3,134,099
2031	3,134,099	-	344,604	-	145,128	2,934,623
2032	2,934,623	-	328,448	-	135,750	2,741,925
2033	2,741,925	-	318,570	-	126,549	2,549,904
2034	2,549,904	-	329,527	-	116,872	2,337,249
2035	2,337,249	-	338,859	-	106,223	2,104,613
2036	2,104,613	-	328,815	-	95,070	1,870,868
2037	1,870,868	-	319,099	-	83,855	1,635,624
2038	1,635,624	-	306,697	-	72,631	1,401,558
2039	1,401,558	-	304,079	-	61,226	1,158,705
2040	1,158,705	-	293,353	-	49,589	914,941
2041	914,941	-	283,358	-	37,890	669,473
2042	669,473	-	273,916	-	26,093	421,650
2043	421,650	-	266,526	-	14,131	169,255
2044	169,255	-	256,382	-	-	-

Number of Years Expected Benefit Payments Sustained: 23.66

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 4.90% 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, 2023

Valuation Date: 10/1/2021

	ACTUAL	HYPOTHETICAL
Investment Rate of Return:	6.90%	4.90%
Minimum Required Contribution (Fixed \$)	\$264,974	\$431,173
Minimum Required Contribution (% of Payroll)	42.5%	69.1%
Expected Member Contribution	31,183	31,183
Expected State Money	42,470	42,470
Expected Sponsor Contribution (Fixed \$)	\$191,321	\$357,520
Expected Sponsor Contribution (% of Payroll)	30.7%	57.3%

ASSETS

Actuarial Value ¹	4,369,411	4,369,411
Market Value ¹	4,662,741	4,662,741

LIABILITIES

Present Value of Benefits		
Active Members		
Retirement Benefits	3,474,798	5,188,387
Disability Benefits	239,072	335,294
Death Benefits	24,798	39,658
Vested Benefits	0	0
Refund of Contributions	13,001	13,448
Service Retirees	2,205,253	2,530,695
Beneficiaries	0	0
Disability Retirees	188,602	230,872
Terminated Vested	12,007	12,007
Share Plan Balances ¹	0	0
Total:	6,157,531	8,350,361
Present Value of Future Salaries	4,419,355	4,967,682
Present Value of Future Member Contributions	220,968	248,384
Total Normal Cost	174,203	269,077
Present Value of Future Normal Costs (Entry Age Normal)	1,199,664	2,148,211
Total Actuarial Accrued Liability (EAN) ¹	4,957,867	6,202,150
Unfunded Actuarial Accrued Liability (UAAL)	588,456	1,832,739

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2023

	Valuation Date: 10/1/2021	
	ACTUAL	HYPOTHETICAL
Investment Rate of Return:	6.90%	4.90%
<u>PENSION COST</u>		
Normal Cost (with interest)	180,213	275,669
Administrative Expenses (with interest)	17,937	17,764
Payment Required To Amortize UAAL (with interest)	66,824	137,740
Minimum Required Contribution	\$264,974	\$431,173

¹ The asset values and liabilities include accumulated Share Plan Balances as of 9/30/2021.