



Town of Melbourne Beach Police Officers' Retirement Trust Fund

GASB Disclosure Information
Statements 67/68

Measurement Date: September 30, 2025
GASB 68 Expense
Reporting Date: September 30, 2025

FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

March 10, 2026

Board of Trustees
Town of Melbourne Beach
Police Officers' Pension Board

Re: GASB 67/68 Disclosures – Town of Melbourne Beach Police Officers' Retirement Trust Fund

Dear Board,

We are pleased to present this report of the disclosure information required by GASB Statements 67/68 measured as of September 30, 2025. GASB 68 Expense is determined for the reporting period ending September 30, 2025.

The calculation of the liability associated with the benefits referenced in this report was performed to satisfy the requirements of GASB 67/68 and is not applicable for other purposes, such as determining the plan's funding requirements. Use of the results for other purposes may not be applicable and may produce significantly different results.

The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on an actuarial valuation performed as of October 1, 2024. The total pension liability was rolled forward from the valuation date to the plan's fiscal year ending September 30, 2025 using generally accepted actuarial principles. It is our opinion that the assumptions used for this purpose are internally consistent, reasonable, and comply with the requirements under GASB 67/68.

DATA AND ASSUMPTIONS

In conducting the valuation, we have relied on personnel, and plan design information supplied by the Town and asset information supplied by the custodian bank. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report. The actuarial assumptions and methods are described in the Assumptions section of this report.

DISCLOSURES AND LIMITATIONS

Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in plan provisions or applicable law. Due to the limited scope of this report, we did not provide an analysis of these potential differences.

In performing the analysis, we used third-party software to model (calculate) the underlying liabilities and costs. These results are reviewed in the aggregate and for individual sample lives. The output from the software is either used directly or input into internally developed models to generate the results. All internally developed models are reviewed as part of the process. As a result of this review, we believe that the models have produced reasonable results. We do not believe there are any material inconsistencies among assumptions or unreasonable output produced due to the aggregation of assumptions.


ACTUARIAL CERTIFICATION

The valuation has been conducted in accordance with all applicable laws and regulations, as well as generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board.

The undersigned are familiar with the immediate and long-term aspects of pension valuations and meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

To our knowledge, no associate of Foster & Foster, Inc. working on this report has any direct financial interest or indirect material interest in Town of Melbourne Beach Police Officers' Pension Board, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Town of Melbourne Beach Police Officers' Retirement Trust Fund. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

Respectfully submitted,
Foster & Foster, Inc.



Douglas H. Lozen, EA, MAAA

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SUMMARY

Valuation Date	10/01/2024	10/01/2023
GASB 67/68 Measurement Date	09/30/2025	09/30/2024
GASB 68 Reporting Date	09/30/2025	09/30/2024

PLAN MEMBERSHIP

Inactives Currently Receiving Benefits	10	9
Inactives Not Yet Receiving Benefits	5	4
Active Plan Members	<u>11</u>	<u>10</u>

Total	26	23
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Covered Payroll	\$ 810,246	\$ 656,098
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NET PENSION LIABILITY/(ASSET)

Total Pension Liability	\$ 5,569,178	\$ 5,076,326
Plan Fiduciary Net Position	<u>5,732,579</u>	<u>5,335,151</u>
Net Pension Liability/(Asset)	\$ (163,401)	\$ (258,825)

Plan Fiduciary Net Position As a % of Total Pension Liability	102.93%	105.10%
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Net Pension Liability/(Asset) As a % of Covered Payroll	-20.17%	-39.45%
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Total Pension Expense/(Income)	\$ 46,167	\$ (27,922)
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DEVELOPMENT OF SINGLE DISCOUNT RATE

Single Discount Rate	6.50%	6.50%
Long-Term Expected Rate of Return	6.50%	6.50%
High-quality Municipal Bond Rate	4.50%	4.06%
Number of Years Future Benefit Payments Are Expected to be Paid	All Years	All Years

FIDUCIARY NET POSITION

STATEMENT OF FIDUCIARY NET POSITION

	Market Value SEPTEMBER 30, 2025
ASSETS	
Cash and Cash Equivalents:	
Short Term Investments	103,391
Total Cash and Equivalents	103,391
RECEIVABLES:	
Additional Town Contributions	4,905
Total Receivables	4,905
INVESTMENTS:	
Mutual Funds:	
Fixed Income	1,809,627
Equity	3,816,156
Total Investments	5,625,783
TOTAL ASSETS	5,734,079
LIABILITIES	
Payables:	
Investment Expenses	1,500
Total Liabilities	1,500
NET ASSETS:	5,732,579

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

		Year Ended SEPTEMBER 30, 2025
ADDITIONS		
Contributions:		
Member	40,512	
Town	173,905	
State	57,172	
Total Contributions		271,589
Investment Income:		
Net Increase in Fair Value of Investments	365,956	
Interest & Dividends	144,774	
Less Investment Expense ¹	(21,000)	
Net Investment Income		489,730
Total Additions		761,319
DEDUCTIONS		
Distributions to Members:		
Benefit Payments	329,184	
Refunds of Member Contributions	9,454	
Total Distributions		338,638
Administrative Expense		25,253
Total Deductions		363,891
Net Increase in Net Position		397,428
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		5,335,151
End of the Year		5,732,579

¹ Investment related expenses include investment advisory, custodial and performance monitoring fees.

GASB EXHIBITS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY

GASB 67/68 Measurement Date	09/30/2025	09/30/2024
GASB 68 Reporting Period Ending	09/30/2025	09/30/2024

TOTAL PENSION LIABILITY

Service Cost	214,517	154,507
Interest	332,899	324,854
Share Plan Allocation	1,563	0
Changes in Benefit Terms	0	0
Experience (Gains)/Losses	89,493	(72,736)
Changes of Assumptions	193,018	55,353
Benefit Payments	(338,638)	(306,381)
Net Change in Total Pension Liability	492,852	155,597
Total Pension Liability – Beginning	5,076,326	4,920,729
Total Pension Liability – Ending (a)	\$ 5,569,178	\$ 5,076,326

PLAN FIDUCIARY NET POSITION

Contributions – Employer	173,905	141,643
Contributions – State	57,172	50,513
Contributions – Employee	40,512	32,805
Net Investment Income	489,730	1,041,627
Benefit Payments	(338,638)	(306,381)
Administrative Expense	(25,253)	(23,719)
Other	0	0
Net Change in Plan Fiduciary Net Position	397,428	936,488
Plan Fiduciary Net Position – Beginning	5,335,151	4,398,663
Adjustment to beginning of year	0	0
Plan Fiduciary Net Position – Ending (b)	\$ 5,732,579	\$ 5,335,151

Net Pension Liability – Ending (a) – (b) \$ (163,401) \$ (258,825)

Plan Fiduciary Net Position
 As % of Total Pension Liability 102.93% 105.10%

Covered Payroll \$ 810,246 \$ 656,098

Net Pension Liability
 As % of Covered Payroll -20.17% -39.45%

SENSITIVITY TO CHANGES IN DISCOUNT RATE

GASB 67/68 Measurement Date	09/30/2025	09/30/2024
GASB 68 Reporting Date	09/30/2025	09/30/2024
Discount Rate	6.50%	6.50%
+ 1% Discount Rate	7.50%	7.50%
- 1% Discount Rate	5.50%	5.50%
Net Pension Liability		
Current Discount Rate	\$ (163,401)	\$ (258,825)
1% Increase in Discount Rate	(737,273)	(769,980)
1% Decrease in Discount Rate	527,670	355,394

PENSION EXPENSE YEAR-END SEPTEMBER 30, 2025

For the year ended September 30, 2025, the Sponsor will recognize a Pension Expense/(Income) of \$46,167. Below is a summary of the components of the Pension Expense.

Fiscal Year End	09/30/2025
Beginning of Measurement Period	10/01/2024
End of Measurement Period	09/30/2025
Service Cost	\$ 214,517
Interest on Total Pension Liability	332,899
Share Plan Allocation	1,563
Changes in Benefit Terms	0
Contributions – Employee	(40,512)
Projected Earnings on Investments	(343,785)
Administrative Expenses	25,253
Recognition of Deferred Outflows/(Inflows)	
Experience (Gains)/Losses	(146,290)
Assumption Changes	135,925
Investment Returns	(133,403)
Total Pension Expense	\$ 46,167

PENSION DEFERRED OUTFLOWS/INFLOWS - YEAR-END SEPTEMBER 30, 2025

On September 30, 2025, the Sponsor will report deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Actual and Expected Experience	67,119	302,064
Changes of Assumptions	193,787	0
Net Difference Between Projected and Actual Earnings on pension Plan Investments	0	449,839
Total	\$ 260,906	\$ 751,903

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year-Ended September 30:	
2026	\$ (65,906)
2027	(286,384)
2028	(109,518)
2029	(29,189)
2030	0
Thereafter	0

Payable to the Pension Plan

On September 30, 2025, the Sponsor reported a payable of \$4,905 for the outstanding amount of contributions of the Pension Plan required for the year ended September 30, 2025.

SUPPLEMENTARY GASB 68 EXPENSE DETAIL

AMORTIZATION SCHEDULE – EXPERIENCE

Year	Initial Base	Recognition Period	2025	2026	2027	2028	2029	Thereafter
2025	\$ 89,493	4	\$ 22,374	\$ 22,373	\$ 22,373	\$ 22,373	\$ 0	0
2024	(72,736)	4	(18,184)	(18,184)	(18,184)	0	0	0
2023	(664,238)	5	(132,848)	(132,848)	(132,848)	0	0	0
2022	5,375	4	1,344	0	0	0	0	0
2021	(143,105)	5	(28,621)	0	0	0	0	0
2020	57,872	6	9,645	0	0	0	0	0
Net Increase/(Decrease) in Pension Expense			\$ (146,290)	\$ (128,659)	\$ (128,659)	\$ 22,373	\$ 0	0

AMORTIZATION SCHEDULE – CHANGES OF ASSUMPTIONS

Year	Initial Base	Recognition Period	2025	2026	2027	2028	2029	Thereafter
2025	\$ 193,018	4	\$ 48,253	\$ 48,255	\$ 48,255	\$ 48,255	\$ 0	\$ 0
2024	55,353	4	13,838	13,838	13,838	0	0	0
2023	53,367	5	10,673	10,673	10,673	0	0	0
2022	133,989	4	33,497	0	0	0	0	0
2021	175,817	5	35,163	0	0	0	0	0
2020	(32,993)	6	(5,499)	0	0	0	0	0
Net Increase/(Decrease) in Pension Expense			\$ 135,925	\$ 72,766	\$ 72,766	\$ 48,255	\$ 0	\$ 0

AMORTIZATION SCHEDULE – INVESTMENTS

Year	Initial Base	Recognition Period	2025	2026	2027	2028	2029	Thereafter
2025	\$ (145,945)	5	\$ (29,189)	\$ (29,189)	\$ (29,189)	\$ (29,189)	\$ (29,189)	0
2024	(754,785)	5	(150,957)	(150,957)	(150,957)	(150,957)	0	0
2023	(251,725)	5	(50,345)	(50,345)	(50,345)	0	0	0
2022	1,102,392	5	220,478	220,478	0	0	0	0
2021	(616,952)	5	(123,390)	0	0	0	0	0
Net Increase/(Decrease) in Pension Expense			\$ (133,403)	\$ (10,013)	\$ (230,491)	\$ (180,146)	\$ (29,189)	0

ADDITIONAL EXHIBITS

SCHEDULE OF CONTRIBUTIONS

Plan Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contrib. as % of Covered Payroll
09/30/2025	\$ 232,784	\$ 229,514	\$ 3,270	\$ 810,246	28.33%
09/30/2024	\$ 200,504	\$ 192,156	\$ 8,348	\$ 656,098	29.29%

The following assumptions were used to determine the Actuarially Determined Contribution for the plan year ended September 30, 2025:

Calculation Timing	The Actuarially Determined Contribution is calculated using a October 1, 2023 valuation date.
Interest Rate	6.60%
Assumptions	All other assumptions and methods used for determining the Actuarially Determined Contribution can be found in the October 1, 2023 Actuarial Valuation Report for the Town of Melbourne Beach Police Officers' Retirement Trust Fund prepared by Foster & Foster Actuaries and Consultants.

INVESTMENT DISCLOSURES

SCHEDULE OF INVESTMENT RETURNS

For the year ended September 30, 2025, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 9.30 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Fiscal Year Ended	Annual Money-Weighted Rate of Return Net of Investment Expense
09/30/2025	9.30%
09/30/2024	24.04%

SUPPORT FOR LONG-TERM EXPECTED RATE OF RETURN

The Long-Term Expected Rate of Return on Pension Plan investments can be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Pension Plan investment expenses and inflation) are developed for each major asset class.

These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocation adopted as of September 30, 2025, as provided by Mariner, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	55.00%	7.50%
International Equity	10.00%	8.50%
Broad Market Fixed Income	30.00%	2.50%
GTA	5.00%	3.50%
Total	100.00%	

Inflation rate of investment advisor 2.50%

CONCENTRATIONS

The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan's fiduciary net position.

ASSUMPTIONS

Valuation Date October 1, 2024

GASB 67/68 Measurement Date September 30, 2025

GASB 68 Reporting Date September 30, 2025

Discount Rate 6.50%

Long-Term Rate of Return 6.50%

Cost Method Entry Age Normal

Latest Experience Study Date December 12, 2022

Mortality

Healthy Active Lives: Female: PubS-2010 for Employees
Male: PubS-2010 for Employees, set forward 1 year

Healthy Retiree Lives: Female: PubS-2010 for Healthy Retirees
Male: PubS-2010 for Healthy Retirees, set forward 1 year

Beneficiary Lives: Female: PubG.H-2010 for Healthy Retirees
Male: PubG.H-2010 for Healthy Retirees, set back 1 year

Disabled Lives: Female: PubG.H-2010 for Disabled Retirees, set forward 1 year
Male: PubG.H-2010 for Disabled Retirees

All rates are projected generationally with Mortality Improvement Scale MP-2021.

The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2024 FRS valuation report for special risk employees.

Salary Scale Service based

Inflation 2.50%

A summary of other assumptions reflected in the valuation can be found in the October 1, 2024 Actuarial Valuation Report for the Town of Melbourne Beach Police Officers' Retirement Trust Fund prepared by Foster & Foster Actuaries and Consultants.

CHANGES IN ASSUMPTIONS

Total Pension Liability as of the September 30, 2025 measurement date reflects the following assumption changes:

- As mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2024, FRS valuation report for special risk employees.

DEVELOPMENT OF THE DISCOUNT RATE

The projection of cash flows used to determine the Discount Rate assumed that current Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate.

Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments (6.50 percent) was applied to all periods of projected benefit payments to determine the Total Pension Liability.

No projected benefit payments were discounted using a high-quality municipal bond rate of 4.50 percent. The high-quality municipal bond rate was based on the daily rate closest to, but not later than the measurement date of the S&P Municipal Bond 20-Year High Grade Rate Index.

The single equivalent Discount Rate was 6.50 percent.

SUMMARY OF CURRENT PLAN

PLAN DESCRIPTION

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of:

- a. Two Commission appointees,
- b. Two Members of the Department elected by the membership,
- c. A fifth Member elected by other 4 and appointed by the Commission.

Full-time employees who are classified as full-time sworn Police Officers participate in the System as a condition of employment.

BENEFITS PROVIDED

The Plan provides retirement, termination, disability and death benefits.

A summary of the benefit provisions can be found in the Actuarial Valuation as of October 1, 2024 for the Town of Melbourne Beach Police Officers' Retirement Trust Fund prepared by Foster & Foster Actuaries and Consultants.

BENEFIT CHANGES

No benefit changes have been reflected since the prior year.