



January 5, 2021

VIA EMAIL

Ms. Amber Garrity, Administrative Assistant
Melbourne Beach Police Officers' Retirement Trust Fund
507 Ocean Avenue
Melbourne Beach, FL 32951

RE: Town of Melbourne Beach Police Officers' Retirement Trust Fund

Dear Amber,

Enclosed is the completed 2020 Actuarial Confirmation of the Use of State Moneys for the 2020 Annual Report on behalf of the above referenced plan. This pdf file should be uploaded online in the Supporting Documents section of the online portal for the Annual Report.

If you have any questions, please let us know.

Sincerely,

A handwritten signature in blue ink that reads "A. Stevenson".

Amanda R. Stevenson

ARS

Enclosure

December 11, 2020

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

Re: Town of Melbourne Beach Police Officers' Retirement Trust Fund

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the Town of Melbourne Beach Police Officers' Retirement Trust Fund. Included are the related results for GASB Statements No. 67 and No. 68. The funding valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year. The calculation of the liability for GASB results was performed for the purpose of satisfying the requirements of GASB Statements No. 67 and No. 68. Use of the results for other purposes may not be applicable and may produce significantly different results.

The valuations have been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflect laws and regulations issued to date pursuant to the provisions of Chapters 112 and 185, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in the valuations, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience.

The funding percentages and unfunded accrued liability as measured based on the actuarial value of assets will differ from similar measures based on the market value of assets. These measures, as provided, are appropriate for determining the adequacy of future contributions, but may not be appropriate for the purpose of settling a portion or all of its liabilities. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations. Due to the limited scope of the valuations, we did not perform an analysis of the potential range of such future measurements.

In conducting the valuations, we have relied on personnel, plan design, and asset information supplied by the Town of Melbourne Beach, financial reports prepared by the custodian bank, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. 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 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, 2019. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ending September 30, 2020 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 No. 67 and No. 68.

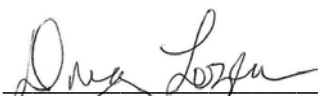
The undersigned are familiar with the immediate and long-term aspects of pension valuations, and meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the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


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

If there are any questions, concerns, or comments about any of the items contained in this report, please contact us at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.

By: 
Douglas H. Lozen, EA, MAAA
Enrolled Actuary #20-7778

By: 
Drew D. Ballard, EA, MAAA
Enrolled Actuary #20-8193

SUMMARY OF REPORT

The regular annual actuarial valuation of the Town of Melbourne Beach Police Officers' Retirement Trust Fund, performed as of October 1, 2020, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ending September 30, 2022.

The contribution requirements, compared with those set forth in the October 1, 2019 actuarial valuation report, are as follows:

Valuation Date Applicable to Fiscal Year Ending	10/1/2020 <u>9/30/2022</u>	10/1/2019 <u>9/30/2021</u>
Minimum Required Contribution % of Projected Annual Payroll	47.47%	54.04%
Member Contributions (Est.) % of Projected Annual Payroll	5.00%	5.00%
Town And State Required Contribution % of Projected Annual Payroll	42.47%	49.04%
State Contribution (Est.) ¹ % of Projected Annual Payroll	\$42,206 7.45%	\$42,206 7.45%
Town Required Contribution ² % of Projected Annual Payroll	35.02%	41.59%

¹ Represents the amount received in calendar 2020. Under the 'default' provisions of Chapter 2015-39, Laws of Florida, the Town has access to annual premium tax revenues up to \$54,044.91 (the amount received in calendar 2003). Annual state monies in excess of this amount will be allocated equally between the Town as a funding credit and the membership share plan.

² The required contribution from the combination of Town and State sources for the year ending September 30, 2022, is 42.47% of the actual payroll realized in that year. As a budgeting tool, the Town may contribute 35.02% of each Member's Salary and then make a one-time adjustment to account for the actual State Monies received. Please note that the Town has access to a prepaid contribution of \$12,464.29 that is available to offset a portion of the above stated requirements for the fiscal year ending September 30, 2021.

As you can see, the Minimum Required Contribution shows a significant decrease when compared to the results determined in the October 1, 2019 actuarial valuation report. The decrease is primarily attributable to an actuarial experience gain (described below) and full recognition of the amortization charge established in 2010.

Plan experience was favorable overall on the basis of the plan's actuarial assumptions. Sources of actuarial gain included more turnover than expected and an average salary increase of 3.39% which fell short of the 4.86% assumption. These gains were offset in part by a loss associated with inactive mortality experience.

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1998	35,351.93	_____%
1999	39,576.78	12.0%
2000	37,232.70	-5.9%
2001	40,146.67	7.8%
2002	47,539.23	18.4%
2003	54,044.91	13.7%
2004	48,344.89	-10.5%
2005	42,790.49	-11.5%
2006	42,790.49	0.0%
2007	42,790.49	0.0%
2008	42,790.49	0.0%
2009	36,379.23	-15.0%
2010	39,265.10	7.9%
2011	33,669.10	-14.3%
2012	32,943.06	-2.2%
2013	31,709.36	-3.7%
2014	32,043.51	1.1%
2015	-	-100.0%
2016	32,270.58	N/A
2017	36,786.85	14.0%
2018	78,809.00	114.2%
2019	40,536.00	-48.6%
2020	42,205.96	4.1%