

CITY OF MELBOURNE
POLICE OFFICERS' RETIREMENT TRUST FUND

SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2023 VALUATION DATE



May 7, 2024

VIA E-MAIL

Ms. Jennifer Chase
City of Melbourne
Police Officers' Retirement System
900 East Strawbridge Avenue
Melbourne, FL 32935

Re: City of Melbourne Police Officers' Retirement Trust Fund
Section 112.664, Florida Statutes Compliance

Dear Jennifer:

Please find enclosed the annual disclosures that satisfy the October 1, 2024 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.

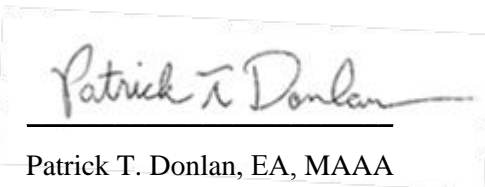
With respect to the reporting standards for defined benefit retirement plans or systems contained in Section 112.664(1), F.S., the actuarial disclosures required under this section were prepared and completed by me or under my direct supervision and I acknowledge responsibility for the results. To the 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:


Patrick T. Donlan, EA, MAAA
Enrolled Actuary #23-6595

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, 2023 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, 2023

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Discount Rate:	7.25%	5.25%
<u>Total Pension Liability</u>		
Service Cost	1,518,332	2,339,868
Interest	7,940,581	7,227,702
Share Plan Allocation	231,143	231,143
Changes of Benefit Terms	97,495	51,315
Differences Between Expected and Actual Experience	486,728	800,485
Changes of Assumptions	-	-
Contributions - Buy Back	21,877	21,877
Benefit Payments, Including Refunds of Employee Contributions	(7,064,857)	(7,064,857)
Net Change in Total Pension Liability	3,231,299	3,607,533
Total Pension Liability - Beginning	111,539,346	138,863,080
Total Pension Liability - Ending (a)	<u>\$ 114,770,645</u>	<u>\$ 142,470,613</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	2,071,980	2,071,980
Contributions - State	982,566	982,566
Contributions - Employee	689,431	689,431
Contributions - Buy Back	21,877	21,877
Net Investment Income	8,758,254	8,758,254
Benefit Payments, Including Refunds of Employee Contributions	(7,064,857)	(7,064,857)
Administrative Expenses	(120,697)	(120,697)
Net Change in Plan Fiduciary Net Position	5,338,554	5,338,554
Plan Fiduciary Net Position - Beginning	88,880,546	88,880,546
Plan Fiduciary Net Position - Ending (b)	<u>\$ 94,219,100</u>	<u>\$ 94,219,100</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 20,551,545</u>	<u>\$ 48,251,513</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: Discount Rate = 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
2023	94,219,100	-	11,186,783	-	6,425,364	89,457,681
2024	89,457,681	-	7,765,047	-	6,204,199	87,896,833
2025	87,896,833	-	7,877,752	-	6,086,952	86,106,033
2026	86,106,033	-	7,987,562	-	5,953,138	84,071,609
2027	84,071,609	-	8,165,049	-	5,799,209	81,705,769
2028	81,705,769	-	8,313,222	-	5,622,314	79,014,861
2029	79,014,861	-	8,405,127	-	5,423,892	76,033,626
2030	76,033,626	-	8,516,632	-	5,203,710	72,720,704
2031	72,720,704	-	8,605,689	-	4,960,295	69,075,310
2032	69,075,310	-	8,739,146	-	4,691,166	65,027,330
2033	65,027,330	-	8,764,069	-	4,396,784	60,660,045
2034	60,660,045	-	8,742,113	-	4,080,952	55,998,884
2035	55,998,884	-	8,722,793	-	3,743,718	51,019,809
2036	51,019,809	-	8,663,829	-	3,384,872	45,740,852
2037	45,740,852	-	8,555,000	-	3,006,093	40,191,945
2038	40,191,945	-	8,437,958	-	2,608,040	34,362,027
2039	34,362,027	-	8,312,691	-	2,189,912	28,239,248
2040	28,239,248	-	8,181,389	-	1,750,770	21,808,629
2041	21,808,629	-	8,026,443	-	1,290,167	15,072,353
2042	15,072,353	-	7,867,373	-	807,553	8,012,533
2043	8,012,533	-	7,679,836	-	302,515	635,212
2044	635,212	-	7,479,055	-	-	-

*All DROP and Share Balances paid in 2023.

Number of Years Expected Benefit Payments Sustained: 21.08

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: Discount Rate = 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
2023	94,219,100	-	11,186,783	-	4,652,850	87,685,167
2024	87,685,167	-	7,765,047	-	4,399,639	84,319,759
2025	84,319,759	-	7,877,752	-	4,219,996	80,662,003
2026	80,662,003	-	7,987,562	-	4,025,082	76,699,523
2027	76,699,523	-	8,165,049	-	3,812,392	72,346,866
2028	72,346,866	-	8,313,222	-	3,579,988	67,613,632
2029	67,613,632	-	8,405,127	-	3,329,081	62,537,586
2030	62,537,586	-	8,516,632	-	3,059,662	57,080,616
2031	57,080,616	-	8,605,689	-	2,770,833	51,245,760
2032	51,245,760	-	8,739,146	-	2,461,000	44,967,614
2033	44,967,614	-	8,764,069	-	2,130,743	38,334,288
2034	38,334,288	-	8,742,113	-	1,783,070	31,375,245
2035	31,375,245	-	8,722,793	-	1,418,227	24,070,679
2036	24,070,679	-	8,663,829	-	1,036,285	16,443,135
2037	16,443,135	-	8,555,000	-	638,696	8,526,831
2038	8,526,831	-	8,437,958	-	226,162	315,035
2039	315,035	-	8,312,691	-	-	-

*All DROP and Share Balances paid in 2023.

Number of Years Expected Benefit Payments Sustained: 16.04

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, 2025

Valuation Date: 10/1/2023

	ACTUAL	HYPOTHETICAL
Investment Rate of Return:	7.25%	5.25%
Minimum Required Contribution (Fixed \$)	\$3,665,287	\$6,157,078
Minimum Required Contribution (% of Payroll)	40.68%	68.34%
Expected Member Contribution	657,718	657,718
Expected State Money	751,423	751,423
Expected Sponsor Contribution (Fixed \$)	\$2,256,146	\$4,747,937
Expected Sponsor Contribution (% of Payroll)	25.04%	52.70%

ASSETS

Actuarial Value ¹	101,630,125	101,630,125
Market Value ¹	94,219,100	94,219,100

LIABILITIES

Present Value of Benefits		
Actives		
Retirement Benefits	30,782,367	45,434,072
Disability Benefits	4,100,650	5,627,588
Death Benefits	148,043	197,753
Vested Benefits	2,143,722	3,349,609
Refund of Contributions	545,369	573,482
Service Retirees	62,559,382	76,025,783
DROP Retirees ¹	13,573,271	16,286,816
Beneficiaries	2,896,321	3,359,392
Disability Retirees	8,314,927	10,070,106
Terminated Vested	1,832,161	2,355,863
Share Plan Balances ¹	956,596	956,596
Total:	127,852,809	164,237,060
Present Value of Future Salaries	68,283,308	76,117,377
Present Value of Future Member Contributions	4,984,681	5,556,569
Total Normal Cost	1,478,101	2,282,366
Present Value of Future Normal Costs (Entry Age Normal)	10,403,828	18,179,089
Total Actuarial Accrued Liability (EAN) ¹	117,448,981	146,057,971
Unfunded Actuarial Accrued Liability (UAAL)	15,818,856	44,427,846

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2025

Valuation Date: 10/1/2023

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Investment Rate of Return:	7.25%	5.25%
<u>PENSION COST</u>		
Normal Cost (with interest)	1,531,682	2,342,278
Administrative Expenses (with interest)	105,209	104,194
Payment Required To Amortize UAAL (with interest)	<u>2,028,396</u>	<u>3,710,606</u>
Minimum Required Contribution	\$3,665,287	\$6,157,078

¹ The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2023.