

TOWN OF MEDLEY  
POLICE OFFICERS' RETIREMENT SYSTEM

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



May 17, 2021

VIA E-MAIL

Ms. Joan Wall, Plan Administrator  
Town of Medley  
Police Officers' Retirement System  
3851 West State Road 84 Apt. 101  
Davie, FL 33312

Re: Town of Medley Police Officers' Retirement System  
Section 112.664, Florida Statutes Compliance

Dear Joan:

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:   
Sara E. Carlson, ASA, EA, MAAA  
Enrolled Actuary #20-8546

Enclosures

cc via email: Pedro Herrera, Board Attorney  
cc via email: Jessica A. De la Torre Vila, Legal Assistant

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.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY  
FISCAL YEAR SEPTEMBER 30, 2020

	ACTUAL	HYPOTHETICAL
Discount Rate:	7.50%	5.50%
<u>Total Pension Liability</u>		
Service Cost	697,573	1,070,409
Interest	2,121,518	1,976,250
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	56,651	113,240
Changes of Assumptions	(574,563)	(961,370)
Benefit Payments, Including Refunds of Employee Contributions	(1,830,035)	(1,830,035)
Net Change in Total Pension Liability	471,144	368,494
Total Pension Liability - Beginning	28,504,357	35,776,420
Total Pension Liability - Ending (a)	<u>\$ 28,975,501</u>	<u>\$ 36,144,914</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	1,250,000	1,250,000
Contributions - State	149,540	149,540
Contributions - Employee	159,330	159,330
Net Investment Income	1,762,763	1,762,763
Benefit Payments, Including Refunds of Employee Contributions	(1,830,035)	(1,830,035)
Administrative Expenses	(42,997)	(42,997)
Net Change in Plan Fiduciary Net Position	1,448,601	1,448,601
Plan Fiduciary Net Position - Beginning	27,929,292	27,929,292
Plan Fiduciary Net Position - Ending (b)	<u>\$ 29,377,893</u>	<u>\$ 29,377,893</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ (402,392)</u>	<u>\$ 6,767,021</u>

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1  
Plan Assumptions: Discount Rate = 7.50%

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	29,377,893	-	1,665,704	-	2,140,878	29,853,067
2021	29,853,067	-	1,929,033	-	2,166,641	30,090,675
2022	30,090,675	-	1,940,060	-	2,184,048	30,334,663
2023	30,334,663	-	2,030,521	-	2,198,955	30,503,097
2024	30,503,097	-	2,108,532	-	2,208,662	30,603,227
2025	30,603,227	-	2,161,704	-	2,214,178	30,655,701
2026	30,655,701	-	2,164,752	-	2,217,999	30,708,948
2027	30,708,948	-	2,191,451	-	2,220,992	30,738,489
2028	30,738,489	-	2,264,027	-	2,220,486	30,694,948
2029	30,694,948	-	2,268,587	-	2,217,049	30,643,410
2030	30,643,410	-	2,291,204	-	2,212,336	30,564,542
2031	30,564,542	-	2,263,718	-	2,207,451	30,508,275
2032	30,508,275	-	2,260,645	-	2,203,346	30,450,976
2033	30,450,976	-	2,261,582	-	2,199,014	30,388,408
2034	30,388,408	-	2,238,063	-	2,195,203	30,345,548
2035	30,345,548	-	2,216,759	-	2,192,788	30,321,577
2036	30,321,577	-	2,200,750	-	2,191,590	30,312,417
2037	30,312,417	-	2,160,120	-	2,192,427	30,344,724
2038	30,344,724	-	2,144,477	-	2,195,436	30,395,683
2039	30,395,683	-	2,094,371	-	2,201,137	30,502,449
2040	30,502,449	-	2,062,784	-	2,210,329	30,649,994
2041	30,649,994	-	2,006,512	-	2,223,505	30,866,987
2042	30,866,987	-	1,947,125	-	2,242,007	31,161,869
2043	31,161,869	-	1,883,140	-	2,266,522	31,545,251
2044	31,545,251	-	1,816,243	-	2,297,785	32,026,793
2045	32,026,793	-	1,744,381	-	2,336,595	32,619,007
2046	32,619,007	-	1,672,005	-	2,383,725	33,330,727
2047	33,330,727	-	1,596,873	-	2,439,922	34,173,776
2048	34,173,776	-	1,518,580	-	2,506,086	35,161,282
2049	35,161,282	-	1,440,822	-	2,583,065	36,303,525
2050	36,303,525	-	1,361,161	-	2,671,721	37,614,085
2051	37,614,085	-	1,281,703	-	2,772,993	39,105,375
2052	39,105,375	-	1,203,413	-	2,887,775	40,789,737
2053	40,789,737	-	1,125,617	-	3,017,020	42,681,140
2054	42,681,140	-	1,049,595	-	3,161,726	44,793,271
2055	44,793,271	-	975,506	-	3,322,914	47,140,679
2056	47,140,679	-	903,600	-	3,501,666	49,738,745
2057	49,738,745	-	834,471	-	3,699,113	52,603,387
2058	52,603,387	-	768,237	-	3,916,445	55,751,595
2059	55,751,595	-	705,087	-	4,154,929	59,201,437
2060	59,201,437	-	645,409	-	4,415,905	62,971,933
2061	62,971,933	-	589,342	-	4,700,795	67,083,386
2062	67,083,386	-	536,978	-	5,011,117	71,557,525
2063	71,557,525	-	488,299	-	5,348,503	76,417,729
2064	76,417,729	-	443,194	-	5,714,710	81,689,245
2065	81,689,245	-	401,511	-	6,111,637	87,399,371
2066	87,399,371	-	363,080	-	6,541,337	93,577,628
2067	93,577,628	-	327,686	-	7,006,034	100,255,976
2068	100,255,976	-	295,103	-	7,508,132	107,469,005
2069	107,469,005	-	265,130	-	8,050,233	115,254,108

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1  
Plan Assumptions: Discount Rate = 7.50%

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	115,254,108	-	237,604	-	8,635,148	123,651,652
2071	123,651,652	-	212,387	-	9,265,909	132,705,174
2072	132,705,174	-	189,333	-	9,945,788	142,461,629
2073	142,461,629	-	168,262	-	10,678,312	152,971,679
2074	152,971,679	-	148,971	-	11,467,290	164,289,998
2075	164,289,998	-	131,290	-	12,316,826	176,475,534
2076	176,475,534	-	115,103	-	13,231,349	189,591,780
2077	189,591,780	-	100,313	-	14,215,622	203,707,089
2078	203,707,089	-	86,859	-	15,274,774	218,895,004
2079	218,895,004	-	74,701	-	16,414,324	235,234,627
2080	235,234,627	-	63,795	-	17,640,205	252,811,037
2081	252,811,037	-	54,106	-	18,958,799	271,715,730
2082	271,715,730	-	45,559	-	20,376,971	292,047,142
2083	292,047,142	-	38,059	-	21,902,108	313,911,191
2084	313,911,191	-	31,509	-	23,542,158	337,421,840
2085	337,421,840	-	25,827	-	25,305,669	362,701,682
2086	362,701,682	-	20,942	-	27,201,841	389,882,581
2087	389,882,581	-	16,776	-	29,240,564	419,106,369
2088	419,106,369	-	13,259	-	31,432,480	450,525,590
2089	450,525,590	-	10,325	-	33,789,032	484,304,297
2090	484,304,297	-	7,914	-	36,322,526	520,618,909
2091	520,618,909	-	5,964	-	39,046,195	559,659,140
2092	559,659,140	-	4,411	-	41,974,270	601,628,999
2093	601,628,999	-	3,196	-	45,122,055	646,747,858
2094	646,747,858	-	2,267	-	48,506,004	695,251,595
2095	695,251,595	-	1,573	-	52,143,811	747,393,833
2096	747,393,833	-	1,068	-	56,054,497	803,447,262
2097	803,447,262	-	707	-	60,258,518	863,705,073
2098	863,705,073	-	458	-	64,777,863	928,482,478
2099	928,482,478	-	290	-	69,636,175	998,118,363
2100	998,118,363	-	179	-	74,858,871	1,072,977,055
2101	1,072,977,055	-	108	-	80,473,275	1,153,450,222
2102	1,153,450,222	-	64	-	86,508,764	1,239,958,922
2103	1,239,958,922	-	37	-	92,996,918	1,332,955,803
2104	1,332,955,803	-	21	-	99,971,684	1,432,927,466
2105	1,432,927,466	-	11	-	107,469,560	1,540,397,015
2106	1,540,397,015	-	6	-	115,529,776	1,655,926,785
2107	1,655,926,785	-	3	-	124,194,509	1,780,121,291
2108	1,780,121,291	-	2	-	133,509,097	1,913,630,386
2109	1,913,630,386	-	1	-	143,522,279	2,057,152,664
2110	2,057,152,664	-	-	-	154,286,450	2,211,439,114

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 7.50% 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 = 5.50%

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	29,377,893	-	1,665,704	-	1,569,977	29,282,166
2021	29,282,166	-	1,929,033	-	1,557,471	28,910,604
2022	28,910,604	-	1,940,060	-	1,536,732	28,507,276
2023	28,507,276	-	2,030,521	-	1,512,061	27,988,816
2024	27,988,816	-	2,108,532	-	1,481,400	27,361,684
2025	27,361,684	-	2,161,704	-	1,445,446	26,645,426
2026	26,645,426	-	2,164,752	-	1,405,968	25,886,642
2027	25,886,642	-	2,191,451	-	1,363,500	25,058,691
2028	25,058,691	-	2,264,027	-	1,315,967	24,110,631
2029	24,110,631	-	2,268,587	-	1,263,699	23,105,743
2030	23,105,743	-	2,291,204	-	1,207,808	22,022,347
2031	22,022,347	-	2,263,718	-	1,148,977	20,907,606
2032	20,907,606	-	2,260,645	-	1,087,751	19,734,712
2033	19,734,712	-	2,261,582	-	1,023,216	18,496,346
2034	18,496,346	-	2,238,063	-	955,752	17,214,035
2035	17,214,035	-	2,216,759	-	885,811	15,883,087
2036	15,883,087	-	2,200,750	-	813,049	14,495,386
2037	14,495,386	-	2,160,120	-	737,843	13,073,109
2038	13,073,109	-	2,144,477	-	660,048	11,588,680
2039	11,588,680	-	2,094,371	-	579,782	10,074,091
2040	10,074,091	-	2,062,784	-	497,348	8,508,655
2041	8,508,655	-	2,006,512	-	412,797	6,914,940
2042	6,914,940	-	1,947,125	-	326,776	5,294,591
2043	5,294,591	-	1,883,140	-	239,416	3,650,867
2044	3,650,867	-	1,816,243	-	150,851	1,985,475
2045	1,985,475	-	1,744,381	-	61,231	302,325
2046	302,325	-	1,672,005	-	-	-

Number of Years Expected Benefit Payments Sustained: 26.18

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.50% 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

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Investment Rate of Return:	7.50%	5.50%
Minimum Required Contribution (Fixed \$)	\$795,788	\$1,672,521
Minimum Required Contribution (% of Payroll)	24.0%	50.6%
Expected Member Contribution	165,363	165,363
Expected State Money	149,540	149,540
Expected Sponsor Contribution (Fixed \$)	\$480,885	\$1,357,618
Expected Sponsor Contribution (% of Payroll)	14.5%	41.1%

**ASSETS**

Actuarial Value <sup>1</sup>	29,377,893	29,377,893
Market Value <sup>1</sup>	29,377,893	29,377,893

**LIABILITIES**

Present Value of Benefits		
Active Members		
Retirement Benefits	14,306,563	20,744,822
Disability Benefits	784,091	1,102,098
Death Benefits	44,331	60,991
Vested Benefits	704,652	1,139,044
Refund of Contributions	50,710	53,369
Service Retirees	17,861,025	21,628,909
DROP Retirees <sup>1</sup>	0	0
Beneficiaries	530,063	620,495
Disability Retirees	0	0
Terminated Vested	18,956	18,956
Total:	34,300,391	45,368,684
Present Value of Future Salaries	25,186,137	28,235,205
Present Value of Future Member Contributions	1,259,307	1,411,760
Total Normal Cost	552,184	939,765
Present Value of Future Normal Costs (Entry Age Normal)	5,151,046	8,969,038
Total Actuarial Accrued Liability (FIL) <sup>1</sup>	30,095,277	37,345,579
Unfunded Actuarial Accrued Liability (UAAL)	717,384	7,967,686



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

Valuation Date: 10/1/2020

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Investment Rate of Return:	7.50%	5.50%
<b><u>PENSION COST</u></b>		
Normal Cost (with interest)	566,690	961,061
Administrative Expenses (with interest)	46,213	45,768
Payment Required To Amortize UAAL (with interest)	<u>182,885</u>	<u>665,692</u>
Minimum Required Contribution	\$795,788	\$1,672,521

<sup>1</sup> The asset values and liabilities include accumulated DROP Balances as of 9/30/2020.