

May 31, 2016

VIA EMAIL

Ms. Joan Wall, Plan Administrator  
Town of Medley  
Police Officers' Retirement System  
2955 Myrtle Oak Circle  
Davie, FL 33328-6739

Re: Town of Medley Police Officers' Retirement System  
Senate Bill 534 (Section 112.664, Florida Statutes) Compliance

Dear Joan:

Please find enclosed the annual disclosures that satisfy the October 1, 2015 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.

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, ASA, MAAA  
Enrolled Actuary #14-6595

PTD/lke  
Enclosures

cc via email: Pedro Herrera, Board Attorney

TOWN OF MEDLEY  
POLICE OFFICERS' RETIREMENT SYSTEM

SECTION 112.664, FLORIDA STATUTES  
COMPLIANCE

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.

By: Patrick T. Donlan Date: 5/31/2016

Patrick T. Donlan, EA, ASA, MAAA  
Enrolled Actuary #14-6595



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, 2015 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.

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Static 9/30/2015	7.50% RP-2000 Generational 9/30/2015	5.50% RP-2000 Generational 9/30/2015
<b><u>GASB 67: Schedule of Changes in Net Pension Liability</u></b>			
<b><u>Total Pension Liability</u></b>			
Service Cost	610,822	636,809	991,724
Interest	1,638,723	1,697,318	1,583,113
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(413,419)	(437,725)	(485,088)
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(957,396)	(957,396)	(957,396)
Net Change in Total Pension Liability	878,730	939,006	1,132,353
Total Pension Liability - Beginning	21,717,512	22,472,800	28,270,852
Total Pension Liability - Ending (a)	<u>\$ 22,596,242</u>	<u>\$ 23,411,806</u>	<u>\$ 29,403,205</u>
<b><u>Plan Fiduciary Net Position</u></b>			
Contributions - Employer	2,067,552	2,067,552	2,067,552
Contributions - State	120,321	120,321	120,321
Contributions - Employee	141,697	141,697	141,697
Net Investment Income	(50,344)	(50,344)	(50,344)
Benefit Payments, Including Refunds of Employee Contributions	(957,396)	(957,396)	(957,396)
Administrative Expenses	(35,551)	(35,551)	(35,551)
Other	-	-	-
Net Change in Plan Fiduciary Net Position	1,286,279	1,286,279	1,286,279
Plan Fiduciary Net Position - Beginning	18,668,199	18,668,199	18,668,199
Plan Fiduciary Net Position - Ending (b)	<u>\$ 19,954,478</u>	<u>\$ 19,954,478</u>	<u>\$ 19,954,478</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 2,641,764</u>	<u>\$ 3,457,328</u>	<u>\$ 9,448,727</u>

**GASB 68: Pension Expense for Fiscal Year Ending September 30, 2015**

Pension Expense	<u>\$ 720,342</u>	<u>\$ 797,851</u>	<u>\$ 1,323,324</u>
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PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1  
Plan Assumptions: 7.50% and RP-2000 Static Mortality

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
2015	18,843,266	-	997,988	-	1,375,820	19,221,098
2016	19,221,098	-	1,410,134	-	1,388,702	19,199,666
2017	19,199,666	-	1,424,969	-	1,386,539	19,161,236
2018	19,161,236	-	1,497,160	-	1,380,949	19,045,025
2019	19,045,025	-	1,570,088	-	1,369,499	18,844,436
2020	18,844,436	-	1,707,919	-	1,349,286	18,485,803
2021	18,485,803	-	1,760,670	-	1,320,410	18,045,543
2022	18,045,543	-	1,769,995	-	1,287,041	17,562,589
2023	17,562,589	-	1,817,338	-	1,249,044	16,994,295
2024	16,994,295	-	1,857,065	-	1,204,932	16,342,162
2025	16,342,162	-	1,874,288	-	1,155,376	15,623,250
2026	15,623,250	-	1,834,993	-	1,102,932	14,891,189
2027	14,891,189	-	1,831,010	-	1,048,176	14,108,355
2028	14,108,355	-	1,849,360	-	988,776	13,247,771
2029	13,247,771	-	1,828,760	-	925,004	12,344,015
2030	12,344,015	-	1,815,684	-	857,713	11,386,044
2031	11,386,044	-	1,787,914	-	786,907	10,385,037
2032	10,385,037	-	1,761,137	-	712,835	9,336,735
2033	9,336,735	-	1,732,274	-	635,295	8,239,756
2034	8,239,756	-	1,691,381	-	554,555	7,102,930
2035	7,102,930	-	1,649,505	-	470,863	5,924,288
2036	5,924,288	-	1,604,262	-	384,162	4,704,188
2037	4,704,188	-	1,550,166	-	294,683	3,448,705
2038	3,448,705	-	1,500,152	-	202,397	2,150,950
2039	2,150,950	-	1,440,074	-	107,318	818,194
2040	818,194	-	1,380,755	-	-	-

Number of Years Expected Benefit Payments Sustained: 25.59

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: 7.50% and RP-2000 Generational Mortality

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
2015	18,843,266	-	997,983	-	1,375,821	19,221,104
2016	19,221,104	-	1,411,163	-	1,388,664	19,198,605
2017	19,198,605	-	1,426,729	-	1,386,393	19,158,269
2018	19,158,269	-	1,499,901	-	1,380,624	19,038,992
2019	19,038,992	-	1,574,122	-	1,368,895	18,833,765
2020	18,833,765	-	1,713,699	-	1,348,269	18,468,335
2021	18,468,335	-	1,768,013	-	1,318,825	18,019,147
2022	18,019,147	-	1,778,876	-	1,284,728	17,524,999
2023	17,524,999	-	1,828,269	-	1,245,815	16,942,545
2024	16,942,545	-	1,870,617	-	1,200,543	16,272,471
2025	16,272,471	-	1,891,107	-	1,149,519	15,530,883
2026	15,530,883	-	1,863,556	-	1,094,933	14,762,260
2027	14,762,260	-	1,865,091	-	1,037,229	13,934,398
2028	13,934,398	-	1,890,529	-	974,185	13,018,054
2029	13,018,054	-	1,878,179	-	905,922	12,045,797
2030	12,045,797	-	1,875,789	-	833,093	11,003,101
2031	11,003,101	-	1,858,178	-	755,551	9,900,474
2032	9,900,474	-	1,841,532	-	673,478	8,732,420
2033	8,732,420	-	1,824,200	-	586,524	7,494,744
2034	7,494,744	-	1,794,679	-	494,805	6,194,870
2035	6,194,870	-	1,764,693	-	398,439	4,828,616
2036	4,828,616	-	1,731,208	-	297,226	3,394,634
2037	3,394,634	-	1,689,226	-	191,252	1,896,660
2038	1,896,660	-	1,651,925	-	80,302	325,037
2039	325,037	-	1,602,822	-	-	-

Number of Years Expected Benefit Payments Sustained: 24.20

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 3  
Hypothetical Assumptions: 5.50% and RP-2000 Generational Mortality

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
2015	18,843,266	-	997,983	-	1,008,935	18,854,218
2016	18,854,218	-	1,411,163	-	998,175	18,441,230
2017	18,441,230	-	1,426,729	-	975,033	17,989,534
2018	17,989,534	-	1,499,901	-	948,177	17,437,810
2019	17,437,810	-	1,574,122	-	915,791	16,779,479
2020	16,779,479	-	1,713,699	-	875,745	15,941,525
2021	15,941,525	-	1,768,013	-	828,164	15,001,676
2022	15,001,676	-	1,778,876	-	776,173	13,998,973
2023	13,998,973	-	1,828,269	-	719,666	12,890,370
2024	12,890,370	-	1,870,617	-	657,528	11,677,281
2025	11,677,281	-	1,891,107	-	590,245	10,376,419
2026	10,376,419	-	1,863,556	-	519,455	9,032,318
2027	9,032,318	-	1,865,091	-	445,487	7,612,714
2028	7,612,714	-	1,890,529	-	366,710	6,088,895
2029	6,088,895	-	1,878,179	-	283,239	4,493,955
2030	4,493,955	-	1,875,789	-	195,583	2,813,749
2031	2,813,749	-	1,858,178	-	103,656	1,059,227
2032	1,059,227	-	1,841,532	-	-	-

Number of Years Expected Benefit Payments Sustained: 17.58

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, 2017

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Static	7.50% RP-2000 Generational	5.50% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$1,042,047	\$1,136,058	\$1,832,077
Total Required Contribution (% of Payroll)	36.1%	39.4%	63.5%
Expected Member Contribution	144,271	144,271	144,271
Expected State Money	120,321	120,321	120,321
Expected Sponsor Contribution (Fixed \$)	\$777,455	\$871,466	\$1,567,485
Expected Sponsor Contribution (% of Payroll)	26.9%	30.2%	54.3%

**ASSETS**

Actuarial Value	18,192,002	18,192,002	18,192,002
Market Value	18,843,266	18,843,266	18,843,266

**LIABILITIES**

Present Value of Benefits			
Active Members			
Retirement Benefits	14,148,000	14,765,101	21,103,872
Disability Benefits	750,562	777,650	1,118,069
Death Benefits	65,866	45,699	61,458
Vested Benefits	497,643	518,036	843,315
Refund of Contributions	53,182	53,201	56,412
Service Retirees	10,368,646	10,703,117	13,011,706
Beneficiaries	534,783	548,897	651,907
Disability Retirees	0	0	0
Terminated Vested	542,644	562,040	734,187
Excess State Monies Reserve	0	0	0
Total:	26,961,326	27,973,741	37,580,926
Present Value of Future Salaries	22,096,975	22,129,470	24,949,247
Present Value of Future Member Contributions	1,104,849	1,106,474	1,247,462
Total Normal Cost	381,776	410,085	784,138
Present Value of Future Normal Costs (Entry Age Normal)	4,612,287	4,833,699	8,468,763
Total Actuarial Accrued Liability	24,037,626	24,828,629	30,800,750
Unfunded Actuarial Accrued Liability (UAAL)	5,845,624	6,636,627	12,608,748



ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2017

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Static	7.50% RP-2000 Generational	5.50% RP-2000 Generational
<b><u>PENSION COST</u></b>			
Normal Cost (with interest)	390,682	420,053	801,734
Administrative Expenses (with interest)	36,884	36,884	36,529
Payment Required To Amortize UAAL (with interest)	614,481	679,121	993,814
Total Required Contribution	\$1,042,047	\$1,136,058	\$1,832,077