



June 1, 2018

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
Section 112.664, Florida Statutes Compliance

Dear Joan:

Please find enclosed the annual disclosures that satisfy the October 1, 2017 financial reporting requirements made under Section 112.664.

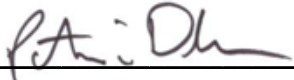
Our office will submit this information electronically to the Department of Management Services. However, it is important for you to be aware that this report must also be made available on the Plan or Plan Sponsor's website, if such website exists. A deadline for this website publication is not made 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 #17-6595

PTD/lke
Enclosures

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

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: 6/1/2018

Patrick T. Donlan, EA, ASA, MAAA
Enrolled Actuary #17-6595



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, 2017 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, 2017

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.50% RP-2000 Generational	5.50% RP-2000 Generational
<u>Total Pension Liability</u>		
Service Cost	658,122	1,027,176
Interest	1,828,417	1,703,428
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	124,820	263,689
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,121,040)	(1,121,040)
Net Change in Total Pension Liability	1,490,319	1,873,253
Total Pension Liability - Beginning	24,281,295	30,504,757
Total Pension Liability - Ending (a)	<u>\$ 25,771,614</u>	<u>\$ 32,378,010</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	1,011,680	1,011,680
Contributions - State	-	-
Contributions - Employee	152,218	152,218
Net Investment Income	3,045,917	3,045,917
Benefit Payments, Including Refunds of Employee Contributions	(1,121,040)	(1,121,040)
Administrative Expenses	(24,940)	(24,940)
Net Change in Plan Fiduciary Net Position	3,063,835	3,063,835
Plan Fiduciary Net Position - Beginning	22,147,952	22,147,952
Plan Fiduciary Net Position - Ending (b)	<u>\$ 25,211,787</u>	<u>\$ 25,211,787</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 559,827</u>	<u>\$ 7,166,223</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan 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
2017	23,888,980	-	1,249,544	-	1,744,816	24,384,252
2018	24,384,252	-	1,546,302	-	1,770,833	24,608,783
2019	24,608,783	-	1,630,327	-	1,784,521	24,762,977
2020	24,762,977	-	1,793,747	-	1,789,958	24,759,188
2021	24,759,188	-	1,860,499	-	1,787,170	24,685,859
2022	24,685,859	-	1,871,778	-	1,781,248	24,595,329
2023	24,595,329	-	1,935,682	-	1,772,062	24,431,709
2024	24,431,709	-	1,990,016	-	1,757,753	24,199,446
2025	24,199,446	-	2,022,365	-	1,739,120	23,916,201
2026	23,916,201	-	2,024,359	-	1,717,802	23,609,644
2027	23,609,644	-	2,023,871	-	1,694,828	23,280,601
2028	23,280,601	-	2,035,087	-	1,669,729	22,915,243
2029	22,915,243	-	2,021,150	-	1,642,850	22,536,943
2030	22,536,943	-	2,015,936	-	1,614,673	22,135,680
2031	22,135,680	-	1,999,678	-	1,585,188	21,721,190
2032	21,721,190	-	1,986,202	-	1,554,607	21,289,595
2033	21,289,595	-	1,971,511	-	1,522,788	20,840,872
2034	20,840,872	-	1,943,674	-	1,490,178	20,387,376
2035	20,387,376	-	1,917,068	-	1,457,163	19,927,471
2036	19,927,471	-	1,891,144	-	1,423,642	19,459,969
2037	19,459,969	-	1,851,314	-	1,390,073	18,998,728
2038	18,998,728	-	1,822,247	-	1,356,570	18,533,051
2039	18,533,051	-	1,777,725	-	1,323,314	18,078,640
2040	18,078,640	-	1,739,678	-	1,290,660	17,629,622
2041	17,629,622	-	1,688,683	-	1,258,896	17,199,835
2042	17,199,835	-	1,637,164	-	1,228,594	16,791,265
2043	16,791,265	-	1,578,813	-	1,200,139	16,412,591
2044	16,412,591	-	1,518,735	-	1,173,992	16,067,848
2045	16,067,848	-	1,456,093	-	1,150,485	15,762,240
2046	15,762,240	-	1,390,727	-	1,130,016	15,501,529
2047	15,501,529	-	1,324,533	-	1,112,945	15,289,941
2048	15,289,941	-	1,255,986	-	1,099,646	15,133,601
2049	15,133,601	-	1,187,535	-	1,090,488	15,036,554
2050	15,036,554	-	1,118,349	-	1,085,803	15,004,008
2051	15,004,008	-	1,049,721	-	1,085,936	15,040,223
2052	15,040,223	-	982,706	-	1,091,165	15,148,682
2053	15,148,682	-	916,785	-	1,101,772	15,333,669
2054	15,333,669	-	852,444	-	1,118,059	15,599,284
2055	15,599,284	-	789,241	-	1,140,350	15,950,393
2056	15,950,393	-	727,368	-	1,169,003	16,392,028
2057	16,392,028	-	667,273	-	1,204,379	16,929,134
2058	16,929,134	-	609,225	-	1,246,839	17,566,748
2059	17,566,748	-	553,433	-	1,296,752	18,310,067
2060	18,310,067	-	500,335	-	1,354,492	19,164,224
2061	19,164,224	-	450,285	-	1,420,431	20,134,370
2062	20,134,370	-	403,277	-	1,494,955	21,226,048
2063	21,226,048	-	359,356	-	1,578,478	22,445,170
2064	22,445,170	-	318,738	-	1,671,435	23,797,867
2065	23,797,867	-	281,786	-	1,774,273	25,290,354
2066	25,290,354	-	248,687	-	1,887,451	26,929,118

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan 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
2067	26,929,118	-	219,209	-	2,011,464	28,721,373
2068	28,721,373	-	193,075	-	2,146,863	30,675,161
2069	30,675,161	-	170,007	-	2,294,262	32,799,416
2070	32,799,416	-	149,862	-	2,454,336	35,103,890
2071	35,103,890	-	132,377	-	2,627,828	37,599,341
2072	37,599,341	-	117,158	-	2,815,557	40,297,740
2073	40,297,740	-	103,814	-	3,018,437	43,212,363
2074	43,212,363	-	91,983	-	3,237,478	46,357,858
2075	46,357,858	-	81,412	-	3,473,786	49,750,232
2076	49,750,232	-	71,963	-	3,728,569	53,406,838
2077	53,406,838	-	63,434	-	4,003,134	57,346,538
2078	57,346,538	-	55,648	-	4,298,904	61,589,794
2079	61,589,794	-	48,604	-	4,617,412	66,158,602
2080	66,158,602	-	42,191	-	4,960,313	71,076,724
2081	71,076,724	-	36,305	-	5,329,393	76,369,812
2082	76,369,812	-	30,882	-	5,726,578	82,065,508
2083	82,065,508	-	25,872	-	6,153,943	88,193,579
2084	88,193,579	-	21,336	-	6,613,718	94,785,961
2085	94,785,961	-	17,364	-	7,108,296	101,876,893
2086	101,876,893	-	13,952	-	7,640,244	109,503,185
2087	109,503,185	-	11,054	-	8,212,324	117,704,455
2088	117,704,455	-	8,647	-	8,827,510	126,523,318
2089	126,523,318	-	6,671	-	9,488,999	136,005,646
2090	136,005,646	-	5,059	-	10,200,234	146,200,821
2091	146,200,821	-	3,764	-	10,964,920	157,161,977
2092	157,161,977	-	2,739	-	11,787,046	168,946,284
2093	168,946,284	-	1,948	-	12,670,898	181,615,234
2094	181,615,234	-	1,359	-	13,621,092	195,234,967
2095	195,234,967	-	932	-	14,642,588	209,876,623
2096	209,876,623	-	624	-	15,740,723	225,616,722
2097	225,616,722	-	410	-	16,921,239	242,537,551
2098	242,537,551	-	264	-	18,190,306	260,727,593
2099	260,727,593	-	167	-	19,554,563	280,281,989
2100	280,281,989	-	104	-	21,021,145	301,303,030
2101	301,303,030	-	64	-	22,597,725	323,900,691
2102	323,900,691	-	39	-	24,292,550	348,193,202
2103	348,193,202	-	23	-	26,114,489	374,307,668
2104	374,307,668	-	14	-	28,073,075	402,380,729
2105	402,380,729	-	8	-	30,178,554	432,559,275
2106	432,559,275	-	5	-	32,441,945	465,001,215
2107	465,001,215	-	3	-	34,875,091	499,876,303
2108	499,876,303	-	1	-	37,490,723	537,367,025
2109	537,367,025	-	1	-	40,302,527	577,669,551
2110	577,669,551	-	-	-	43,325,216	620,994,767

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: 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
2017	23,888,980	-	1,249,544	-	1,279,531	23,918,967
2018	23,918,967	-	1,546,302	-	1,273,020	23,645,685
2019	23,645,685	-	1,630,327	-	1,255,679	23,271,037
2020	23,271,037	-	1,793,747	-	1,230,579	22,707,869
2021	22,707,869	-	1,860,499	-	1,197,769	22,045,139
2022	22,045,139	-	1,871,778	-	1,161,009	21,334,370
2023	21,334,370	-	1,935,682	-	1,120,159	20,518,847
2024	20,518,847	-	1,990,016	-	1,073,811	19,602,642
2025	19,602,642	-	2,022,365	-	1,022,530	18,602,807
2026	18,602,807	-	2,024,359	-	967,485	17,545,933
2027	17,545,933	-	2,023,871	-	909,370	16,431,432
2028	16,431,432	-	2,035,087	-	847,764	15,244,109
2029	15,244,109	-	2,021,150	-	782,844	14,005,803
2030	14,005,803	-	2,015,936	-	714,881	12,704,748
2031	12,704,748	-	1,999,678	-	643,770	11,348,840
2032	11,348,840	-	1,986,202	-	569,566	9,932,204
2033	9,932,204	-	1,971,511	-	492,055	8,452,748
2034	8,452,748	-	1,943,674	-	411,450	6,920,524
2035	6,920,524	-	1,917,068	-	327,909	5,331,365
2036	5,331,365	-	1,891,144	-	241,219	3,681,440
2037	3,681,440	-	1,851,314	-	151,568	1,981,694
2038	1,981,694	-	1,822,247	-	58,881	218,328
2039	218,328	-	1,777,725	-	-	-

Number of Years Expected Benefit Payments Sustained: 22.12

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, 2019

Valuation Date: 10/1/2017

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.50%	5.50%
	RP-2000	RP-2000
	Generational	Generational
Total Required Contribution (Fixed \$)	\$1,106,101	\$1,858,101
Total Required Contribution (% of Payroll)	36.1%	60.8%
Expected Member Contribution	152,838	152,838
Expected State Money	113,953	113,953
Expected Sponsor Contribution (Fixed \$)	\$839,310	\$1,591,310
Expected Sponsor Contribution (% of Payroll)	27.4%	52.1%

ASSETS

Actuarial Value ¹	21,361,577	21,361,577
Market Value ¹	23,888,980	23,888,980

LIABILITIES

Present Value of Benefits		
Active Members		
Retirement Benefits	14,294,708	20,545,694
Disability Benefits	709,958	975,565
Death Benefits	72,956	97,719
Vested Benefits	582,877	961,087
Refund of Contributions	54,951	57,661
Service Retirees	12,303,704	14,992,149
DROP Retirees ¹	1,229,274	1,500,043
Beneficiaries	552,610	657,750
Disability Retirees	0	0
Terminated Vested	632,312	795,496
Excess State Monies Reserve	0	0
Total:	<u>30,433,350</u>	<u>40,583,164</u>
Present Value of Future Salaries	22,868,276	25,627,933
Present Value of Future Member Contributions	1,143,414	1,281,397
Total Normal Cost	431,090	805,923
Present Value of Future Normal Costs (Entry Age Normal)	4,761,857	8,293,661
Total Actuarial Accrued Liability (FIL) ¹	27,208,266	33,826,273
Unfunded Actuarial Accrued Liability (UAAL)	5,846,689	12,464,696

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2019

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL
	7.50%	5.50%
	RP-2000	RP-2000
	Generational	Generational
<u>PENSION COST</u>		
Normal Cost (with interest)	441,524	823,882
Administrative Expenses (with interest)	25,875	25,626
Payment Required To Amortize UAAL (with interest)	638,702	1,008,593
Total Required Contribution	\$1,106,101	\$1,858,101

¹ The asset values and liabilities include accumulated DROP Balances as of 9/30/2017.