

June 20, 2017

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, 2016 financial reporting requirements made under Section 112.664.

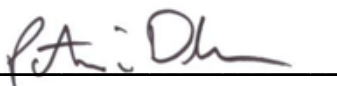
Our office will submit this information electronically to the Department of Management Services. However, it is important for you to be aware that this report must also be made available on the Plan or Plan Sponsor's website, if such website exists. A deadline for this website publication is not made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

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: 6/20/2017

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, 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.

GASB 67: SCHEDULE OF CHANGES IN NET PENSION LIABILITY
FISCAL YEAR SEPTEMBER 30, 2016

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.50%	5.50%
	RP-2000	RP-2000
	Generational	Generational
	<u> </u>	<u> </u>
<u>Total Pension Liability</u>		
Service Cost	618,350	1,002,724
Interest	1,704,592	1,645,557
Changes of Benefit Terms	-	-
Differences Between Expected and Actual		
Experience	(362,464)	(442,775)
Changes of Assumptions	697,984	(130,545)
Benefit Payments, Including Refunds of		
Employee Contributions	(973,409)	(973,409)
Net Change in Total Pension Liability	1,685,053	1,101,552
Total Pension Liability - Beginning	22,596,242	29,403,205
Total Pension Liability - Ending (a)	<u>\$ 24,281,295</u>	<u>\$ 30,504,757</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	1,050,000	1,050,000
Contributions - State	110,857	110,857
Contributions - Employee	147,834	147,834
Net Investment Income	1,892,371	1,892,371
Benefit Payments, Including Refunds of		
Employee Contributions	(973,409)	(973,409)
Administrative Expenses	(34,179)	(34,179)
Net Change in Plan Fiduciary Net Position	2,193,474	2,193,474
Plan Fiduciary Net Position - Beginning	19,954,478	19,954,478
Plan Fiduciary Net Position - Ending (b)	<u>\$ 22,147,952</u>	<u>\$ 22,147,952</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 2,133,343</u>	<u>\$ 8,356,805</u>

GASB 68: PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.50%	5.50%
	<u> </u>	<u> </u>
Pension Expense	<u>\$ 866,154</u>	<u>\$ 1,423,586</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
2016	20,890,026	-	1,003,254	-	1,529,130	21,415,902
2017	21,415,902	-	1,459,652	-	1,551,456	21,507,706
2018	21,507,706	-	1,531,629	-	1,555,642	21,531,719
2019	21,531,719	-	1,608,936	-	1,554,544	21,477,327
2020	21,477,327	-	1,757,888	-	1,544,879	21,264,318
2021	21,264,318	-	1,817,721	-	1,526,659	20,973,256
2022	20,973,256	-	1,830,196	-	1,504,362	20,647,422
2023	20,647,422	-	1,887,057	-	1,477,792	20,238,157
2024	20,238,157	-	1,934,530	-	1,445,317	19,748,944
2025	19,748,944	-	1,961,105	-	1,407,629	19,195,468
2026	19,195,468	-	1,958,733	-	1,366,208	18,602,943
2027	18,602,943	-	1,923,375	-	1,323,094	18,002,662
2028	18,002,662	-	1,952,120	-	1,276,995	17,327,537
2029	17,327,537	-	1,936,520	-	1,226,946	16,617,963
2030	16,617,963	-	1,928,680	-	1,174,022	15,863,305
2031	15,863,305	-	1,909,315	-	1,118,149	15,072,139
2032	15,072,139	-	1,892,225	-	1,059,452	14,239,366
2033	14,239,366	-	1,873,006	-	997,715	13,364,075
2034	13,364,075	-	1,844,638	-	933,132	12,452,569
2035	12,452,569	-	1,816,715	-	865,816	11,501,670
2036	11,501,670	-	1,787,922	-	795,578	10,509,326
2037	10,509,326	-	1,748,618	-	722,626	9,483,334
2038	9,483,334	-	1,715,485	-	646,919	8,414,768
2039	8,414,768	-	1,672,049	-	568,406	7,311,125
2040	7,311,125	-	1,632,229	-	487,126	6,166,022
2041	6,166,022	-	1,583,109	-	403,085	4,985,998
2042	4,985,998	-	1,531,543	-	316,517	3,770,972
2043	3,770,972	-	1,475,213	-	227,502	2,523,261
2044	2,523,261	-	1,416,770	-	136,116	1,242,607
2045	1,242,607	-	1,356,228	-	-	-

Number of Years Expected Benefit Payments Sustained: 29.92

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
2016	20,890,026	-	1,003,254	-	1,121,362	21,008,134
2017	21,008,134	-	1,459,652	-	1,115,307	20,663,789
2018	20,663,789	-	1,531,629	-	1,094,389	20,226,549
2019	20,226,549	-	1,608,936	-	1,068,214	19,685,827
2020	19,685,827	-	1,757,888	-	1,034,379	18,962,318
2021	18,962,318	-	1,817,721	-	992,940	18,137,537
2022	18,137,537	-	1,830,196	-	947,234	17,254,575
2023	17,254,575	-	1,887,057	-	897,108	16,264,626
2024	16,264,626	-	1,934,530	-	841,355	15,171,451
2025	15,171,451	-	1,961,105	-	780,499	13,990,845
2026	13,990,845	-	1,958,733	-	715,631	12,747,743
2027	12,747,743	-	1,923,375	-	648,233	11,472,601
2028	11,472,601	-	1,952,120	-	577,310	10,097,791
2029	10,097,791	-	1,936,520	-	502,124	8,663,395
2030	8,663,395	-	1,928,680	-	423,448	7,158,163
2031	7,158,163	-	1,909,315	-	341,193	5,590,041
2032	5,590,041	-	1,892,225	-	255,416	3,953,232
2033	3,953,232	-	1,873,006	-	165,920	2,246,146
2034	2,246,146	-	1,844,638	-	72,810	474,318
2035	474,318	-	1,816,715	-	-	-

Number of Years Expected Benefit Payments Sustained: 19.26

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.

