

October 17, 2019

VIA E-MAIL

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, 2018 financial reporting requirements made under Section 112.664.

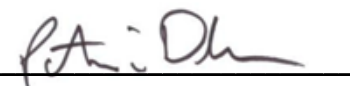
Our office will submit this information electronically to the Department of Management Services. However, it is important for you to be aware that this report must also be made available on the Plan or Plan Sponsor's website, if such website exists. A deadline for this website publication is not made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

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: 10/17/2019

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, 2018 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, 2018

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.50% RP-2000 Generational	5.50% RP-2000 Generational
<u>Total Pension Liability</u>		
Service Cost	667,397	1,026,359
Interest	1,947,214	1,811,757
Changes of Benefit Terms	176,287	189,111
Differences Between Expected and Actual Experience	(226,019)	(250,706)
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,304,893)	(1,304,893)
Net Change in Total Pension Liability	1,259,986	1,471,628
Total Pension Liability - Beginning	25,771,614	32,378,010
Total Pension Liability - Ending (a)	<u>\$ 27,031,600</u>	<u>\$ 33,849,638</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	1,000,000	1,000,000
Contributions - State	262,556	262,556
Contributions - Employee	151,915	151,915
Net Investment Income	2,092,303	2,092,303
Benefit Payments, Including Refunds of Employee Contributions	(1,304,893)	(1,304,893)
Administrative Expenses	(32,349)	(32,349)
Net Change in Plan Fiduciary Net Position	2,169,532	2,169,532
Plan Fiduciary Net Position - Beginning	25,211,787	25,211,787
Plan Fiduciary Net Position - Ending (b)	<u>\$ 27,381,319</u>	<u>\$ 27,381,319</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ (349,719)</u>	<u>\$ 6,468,319</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
2018	25,725,672	-	1,742,340	-	1,864,088	25,847,420
2019	25,847,420	-	1,726,097	-	1,873,828	25,995,151
2020	25,995,151	-	1,794,560	-	1,882,340	26,082,931
2021	26,082,931	-	1,867,406	-	1,886,192	26,101,717
2022	26,101,717	-	1,878,002	-	1,887,204	26,110,919
2023	26,110,919	-	1,949,723	-	1,885,204	26,046,400
2024	26,046,400	-	2,011,350	-	1,878,054	25,913,104
2025	25,913,104	-	2,049,299	-	1,866,634	25,730,439
2026	25,730,439	-	2,051,423	-	1,852,855	25,531,871
2027	25,531,871	-	2,068,602	-	1,837,318	25,300,587
2028	25,300,587	-	2,118,839	-	1,818,088	24,999,836
2029	24,999,836	-	2,106,395	-	1,795,998	24,689,439
2030	24,689,439	-	2,117,042	-	1,772,319	24,344,716
2031	24,344,716	-	2,109,050	-	1,746,764	23,982,430
2032	23,982,430	-	2,103,903	-	1,719,786	23,598,313
2033	23,598,313	-	2,099,435	-	1,691,145	23,190,023
2034	23,190,023	-	2,078,090	-	1,661,323	22,773,256
2035	22,773,256	-	2,058,810	-	1,630,789	22,345,235
2036	22,345,235	-	2,042,049	-	1,599,316	21,902,502
2037	21,902,502	-	2,007,836	-	1,567,394	21,462,060
2038	21,462,060	-	1,988,527	-	1,535,085	21,008,618
2039	21,008,618	-	1,948,884	-	1,502,563	20,562,297
2040	20,562,297	-	1,918,087	-	1,470,244	20,114,454
2041	20,114,454	-	1,871,362	-	1,438,408	19,681,500
2042	19,681,500	-	1,821,893	-	1,407,792	19,267,399
2043	19,267,399	-	1,767,109	-	1,378,788	18,879,078
2044	18,879,078	-	1,709,981	-	1,351,807	18,520,904
2045	18,520,904	-	1,649,439	-	1,327,214	18,198,679
2046	18,198,679	-	1,585,879	-	1,305,430	17,918,230
2047	17,918,230	-	1,520,460	-	1,286,850	17,684,620
2048	17,684,620	-	1,451,537	-	1,271,914	17,504,997
2049	17,504,997	-	1,382,155	-	1,261,044	17,383,886
2050	17,383,886	-	1,310,977	-	1,254,630	17,327,539
2051	17,327,539	-	1,239,512	-	1,253,084	17,341,111
2052	17,341,111	-	1,168,934	-	1,256,748	17,428,925
2053	17,428,925	-	1,098,426	-	1,265,978	17,596,477
2054	17,596,477	-	1,028,659	-	1,281,161	17,848,979
2055	17,848,979	-	959,293	-	1,302,700	18,192,386
2056	18,192,386	-	890,565	-	1,331,033	18,632,854
2057	18,632,854	-	823,137	-	1,366,596	19,176,313
2058	19,176,313	-	757,365	-	1,409,822	19,828,770
2059	19,828,770	-	693,744	-	1,461,142	20,596,168
2060	20,596,168	-	633,051	-	1,520,973	21,484,090
2061	21,484,090	-	575,659	-	1,589,720	22,498,151
2062	22,498,151	-	521,592	-	1,667,802	23,644,361
2063	23,644,361	-	470,854	-	1,755,670	24,929,177
2064	24,929,177	-	423,620	-	1,853,803	26,359,360
2065	26,359,360	-	380,156	-	1,962,696	27,941,900
2066	27,941,900	-	340,620	-	2,082,869	29,684,149
2067	29,684,149	-	304,789	-	2,214,882	31,594,242
2068	31,594,242	-	272,339	-	2,359,355	33,681,258
2069	33,681,258	-	242,950	-	2,516,984	35,955,292
2070	35,955,292	-	216,479	-	2,688,529	38,427,342

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
2071	38,427,342	-	192,703	-	2,874,824	41,109,463
2072	41,109,463	-	171,253	-	3,076,788	44,014,998
2073	44,014,998	-	151,763	-	3,295,434	47,158,669
2074	47,158,669	-	133,874	-	3,531,880	50,556,675
2075	50,556,675	-	117,477	-	3,787,345	54,226,543
2076	54,226,543	-	102,676	-	4,063,140	58,187,007
2077	58,187,007	-	89,307	-	4,360,677	62,458,377
2078	62,458,377	-	77,177	-	4,681,484	67,062,684
2079	67,062,684	-	66,302	-	5,027,215	72,023,597
2080	72,023,597	-	56,524	-	5,399,650	77,366,723
2081	77,366,723	-	47,713	-	5,800,715	83,119,725
2082	83,119,725	-	39,766	-	6,232,488	89,312,447
2083	89,312,447	-	32,624	-	6,697,210	95,977,033
2084	95,977,033	-	26,343	-	7,197,290	103,147,980
2085	103,147,980	-	21,006	-	7,735,311	110,862,285
2086	110,862,285	-	16,551	-	8,314,051	119,159,785
2087	119,159,785	-	12,876	-	8,936,501	128,083,410
2088	128,083,410	-	9,894	-	9,605,885	137,679,401
2089	137,679,401	-	7,501	-	10,325,674	147,997,574
2090	147,997,574	-	5,591	-	11,099,608	159,091,591
2091	159,091,591	-	4,088	-	11,931,716	171,019,219
2092	171,019,219	-	2,924	-	12,826,332	183,842,627
2093	183,842,627	-	2,046	-	13,788,120	197,628,701
2094	197,628,701	-	1,407	-	14,822,100	212,449,394
2095	212,449,394	-	952	-	15,933,669	228,382,111
2096	228,382,111	-	630	-	17,128,635	245,510,116
2097	245,510,116	-	410	-	18,413,243	263,922,949
2098	263,922,949	-	260	-	19,794,211	283,716,900
2099	283,716,900	-	162	-	21,278,761	304,995,499
2100	304,995,499	-	99	-	22,874,659	327,870,059
2101	327,870,059	-	60	-	24,590,252	352,460,251
2102	352,460,251	-	36	-	26,434,517	378,894,732
2103	378,894,732	-	22	-	28,417,104	407,311,814
2104	407,311,814	-	13	-	30,548,386	437,860,187
2105	437,860,187	-	8	-	32,839,514	470,699,693
2106	470,699,693	-	5	-	35,302,477	506,002,165
2107	506,002,165	-	2	-	37,950,162	543,952,325
2108	543,952,325	-	1	-	40,796,424	584,748,748
2109	584,748,748	-	-	-	43,856,156	628,604,904

*All DROP Balances paid in 2018.

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
2018	25,725,672	-	1,742,340	-	1,366,998	25,350,330
2019	25,350,330	-	1,726,097	-	1,346,800	24,971,033
2020	24,971,033	-	1,794,560	-	1,324,056	24,500,529
2021	24,500,529	-	1,867,406	-	1,296,175	23,929,298
2022	23,929,298	-	1,878,002	-	1,264,466	23,315,762
2023	23,315,762	-	1,949,723	-	1,228,750	22,594,789
2024	22,594,789	-	2,011,350	-	1,187,401	21,770,840
2025	21,770,840	-	2,049,299	-	1,141,040	20,862,581
2026	20,862,581	-	2,051,423	-	1,091,028	19,902,186
2027	19,902,186	-	2,068,602	-	1,037,734	18,871,318
2028	18,871,318	-	2,118,839	-	979,654	17,732,133
2029	17,732,133	-	2,106,395	-	917,341	16,543,079
2030	16,543,079	-	2,117,042	-	851,651	15,277,688
2031	15,277,688	-	2,109,050	-	782,274	13,950,912
2032	13,950,912	-	2,103,903	-	709,443	12,556,452
2033	12,556,452	-	2,099,435	-	632,870	11,089,887
2034	11,089,887	-	2,078,090	-	552,796	9,564,593
2035	9,564,593	-	2,058,810	-	469,435	7,975,218
2036	7,975,218	-	2,042,049	-	382,481	6,315,650
2037	6,315,650	-	2,007,836	-	292,145	4,599,959
2038	4,599,959	-	1,988,527	-	198,313	2,809,745
2039	2,809,745	-	1,948,884	-	100,942	961,803
2040	961,803	-	1,918,087	-	-	-

*All DROP Balances paid in 2018.

Number of Years Expected Benefit Payments Sustained: 22.50

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, 2020

Valuation Date: 10/1/2018

	ACTUAL	HYPOTHETICAL
	7.50%	5.50%
	RP-2000	RP-2000
	Generational	Generational
Minimum Required Contribution (Fixed \$)	\$1,186,836	\$1,955,624
Minimum Required Contribution (% of Payroll)	39.9%	65.7%
Expected Member Contribution	148,775	148,775
Expected State Money	148,603	148,603
Expected Sponsor Contribution (Fixed \$)	\$889,458	\$1,658,246
Expected Sponsor Contribution (% of Payroll)	29.9%	55.7%

ASSETS

Actuarial Value ¹	22,731,015	22,731,015
Market Value ¹	25,725,672	25,725,672

LIABILITIES

Present Value of Benefits		
Active Members		
Retirement Benefits	12,014,426	18,046,389
Disability Benefits	707,673	991,282
Death Benefits	67,297	94,134
Vested Benefits	647,648	1,069,983
Refund of Contributions	59,387	62,943
Service Retirees	17,258,793	21,145,814
DROP Retirees ¹	1,342,204	1,650,730
Beneficiaries	544,082	645,268
Disability Retirees	0	0
Terminated Vested	18,956	18,956
Total:	32,660,466	43,725,499
Present Value of Future Salaries	25,232,977	28,473,987
Present Value of Future Member Contributions	1,261,649	1,423,699
Total Normal Cost	486,984	846,867
Present Value of Future Normal Costs (Entry Age Normal)	5,243,666	9,218,000
Total Actuarial Accrued Liability (FIL) ¹	27,416,800	34,507,499
Unfunded Actuarial Accrued Liability (UAAL)	5,799,709	12,890,408

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2020

Valuation Date: 10/1/2018

	ACTUAL	HYPOTHETICAL
	7.50%	5.50%
	RP-2000	RP-2000
	Generational	Generational
<u>PENSION COST</u>		
Normal Cost (with interest)	499,667	866,065
Administrative Expenses (with interest)	33,562	33,239
Payment Required To Amortize UAAL (with interest)	653,607	1,056,320
Minimum Required Contribution	\$1,186,836	\$1,955,624

¹ The asset values and liabilities include accumulated DROP Balances as of 9/30/2018.