

TOWN OF MEDLEY
DEFINED BENEFIT PLAN

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: 9/28/2018

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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

	ACTUAL	HYPOTHETICAL
	6.50% RP-2000 Generational	4.50% RP-2000 Generational
<u>Total Pension Liability</u>		
Service Cost	487,727	762,049
Interest	1,313,621	1,186,508
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	331,458	-
Changes of Assumptions	744,029	1,293,281
Benefit Payments, Including Refunds of Employee Contributions	(856,112)	(856,112)
Net Change in Total Pension Liability	2,020,723	2,385,726
Total Pension Liability - Beginning	20,149,876	26,032,846
Total Pension Liability - Ending (a)	<u>\$ 22,170,599</u>	<u>\$ 28,418,572</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	1,000,000	1,000,000
Net Investment Income	2,379,107	2,379,107
Benefit Payments, Including Refunds of Employee Contributions	(856,112)	(856,112)
Administrative Expenses	(8,241)	(8,241)
Net Change in Plan Fiduciary Net Position	2,514,754	2,514,754
Plan Fiduciary Net Position - Beginning	17,304,524	17,304,524
Plan Fiduciary Net Position - Ending (b)	<u>\$ 19,819,278</u>	<u>\$ 19,819,278</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 2,351,321</u>	<u>\$ 8,599,294</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 6.50% 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	19,819,278	-	1,177,618	-	1,249,980	19,891,640
2018	19,891,640	-	1,195,577	-	1,254,100	19,950,163
2019	19,950,163	-	1,267,167	-	1,255,578	19,938,574
2020	19,938,574	-	1,351,467	-	1,252,085	19,839,192
2021	19,839,192	-	1,390,699	-	1,244,350	19,692,843
2022	19,692,843	-	1,444,201	-	1,233,098	19,481,740
2023	19,481,740	-	1,481,877	-	1,218,152	19,218,015
2024	19,218,015	-	1,495,335	-	1,200,573	18,923,253
2025	18,923,253	-	1,501,937	-	1,181,198	18,602,514
2026	18,602,514	-	1,508,411	-	1,160,140	18,254,243
2027	18,254,243	-	1,531,642	-	1,136,747	17,859,348
2028	17,859,348	-	1,562,844	-	1,110,065	17,406,569
2029	17,406,569	-	1,608,605	-	1,079,147	16,877,111
2030	16,877,111	-	1,585,741	-	1,045,476	16,336,846
2031	16,336,846	-	1,550,520	-	1,011,503	15,797,829
2032	15,797,829	-	1,540,727	-	976,785	15,233,887
2033	15,233,887	-	1,551,292	-	939,786	14,622,381
2034	14,622,381	-	1,513,791	-	901,257	14,009,847
2035	14,009,847	-	1,511,135	-	861,528	13,360,240
2036	13,360,240	-	1,492,412	-	819,912	12,687,740
2037	12,687,740	-	1,396,122	-	779,329	12,070,947
2038	12,070,947	-	1,357,882	-	740,480	11,453,545
2039	11,453,545	-	1,318,984	-	701,613	10,836,174
2040	10,836,174	-	1,278,381	-	662,804	10,220,597
2041	10,220,597	-	1,221,812	-	624,630	9,623,415
2042	9,623,415	-	1,168,052	-	587,560	9,042,923
2043	9,042,923	-	1,125,017	-	551,227	8,469,133
2044	8,469,133	-	1,084,735	-	515,240	7,899,638
2045	7,899,638	-	1,056,728	-	479,133	7,322,043
2046	7,322,043	-	1,018,120	-	442,844	6,746,767
2047	6,746,767	-	964,095	-	407,207	6,189,879
2048	6,189,879	-	913,217	-	372,663	5,649,325
2049	5,649,325	-	853,815	-	339,457	5,134,967
2050	5,134,967	-	813,464	-	307,335	4,628,838
2051	4,628,838	-	765,585	-	275,993	4,139,246
2052	4,139,246	-	717,798	-	245,723	3,667,171
2053	3,667,171	-	668,053	-	216,654	3,215,772
2054	3,215,772	-	625,267	-	188,704	2,779,209
2055	2,779,209	-	581,786	-	161,741	2,359,164
2056	2,359,164	-	542,079	-	135,728	1,952,813
2057	1,952,813	-	500,023	-	110,682	1,563,472
2058	1,563,472	-	462,371	-	86,599	1,187,700
2059	1,187,700	-	422,820	-	63,459	828,339
2060	828,339	-	386,188	-	41,291	483,442
2061	483,442	-	355,360	-	19,875	147,957
2062	147,957	-	326,380	-	-	-

Number of Years Expected Benefit Payments Sustained: 45.45

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 6.50% 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: 4.50% 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	19,819,278	-	1,177,618	-	865,371	19,507,031
2018	19,507,031	-	1,195,577	-	850,916	19,162,370
2019	19,162,370	-	1,267,167	-	833,795	18,728,998
2020	18,728,998	-	1,351,467	-	812,397	18,189,928
2021	18,189,928	-	1,390,699	-	787,256	17,586,485
2022	17,586,485	-	1,444,201	-	758,897	16,901,181
2023	16,901,181	-	1,481,877	-	727,211	16,146,515
2024	16,146,515	-	1,495,335	-	692,948	15,344,128
2025	15,344,128	-	1,501,937	-	656,692	14,498,883
2026	14,498,883	-	1,508,411	-	618,510	13,608,982
2027	13,608,982	-	1,531,642	-	577,942	12,655,282
2028	12,655,282	-	1,562,844	-	534,324	11,626,762
2029	11,626,762	-	1,608,605	-	487,011	10,505,168
2030	10,505,168	-	1,585,741	-	437,053	9,356,480
2031	9,356,480	-	1,550,520	-	386,155	8,192,115
2032	8,192,115	-	1,540,727	-	333,979	6,985,367
2033	6,985,367	-	1,551,292	-	279,437	5,713,512
2034	5,713,512	-	1,513,791	-	223,048	4,422,769
2035	4,422,769	-	1,511,135	-	165,024	3,076,658
2036	3,076,658	-	1,492,412	-	104,870	1,689,116
2037	1,689,116	-	1,396,122	-	44,597	337,591
2038	337,591	-	1,357,882	-	-	-

Number of Years Expected Benefit Payments Sustained: 21.25

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 4.50% 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, 2018

Valuation Date: 10/1/2017

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	6.50% RP-2000 Generational	4.50% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$756,802	\$1,650,320
Total Required Contribution (% of Payroll)	29.2%	63.7%

ASSETS

Actuarial Value	19,819,278	19,819,278
Market Value	19,819,278	19,819,278

LIABILITIES

Present Value of Benefits		
Active Members		
Retirement Benefits	13,680,486	19,983,107
Disability Benefits	450,374	712,332
Death Benefits	149,834	227,690
Vested Benefits	703,113	1,299,864
Refund of Contributions	0	0
Service Retirees	9,824,222	11,808,740
Beneficiaries	250,383	286,429
Disability Retirees	19,997	25,569
Terminated Vested	887,109	1,324,282
Total:	<u>25,965,518</u>	<u>35,668,013</u>
Present Value of Future Salaries	22,651,778	26,114,048
Total Normal Cost	702,371	1,571,012
Present Value of Future Normal Costs (Entry Age Normal)	4,078,166	7,665,426
Total Actuarial Accrued Liability (Aggregate)	19,819,278	19,819,278

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2018

Valuation Date: 10/1/2017

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	6.50% RP-2000 Generational	4.50% RP-2000 Generational
<u>PENSION COST</u>		
Normal Cost ¹	748,025	1,641,708
Administrative Expenses ¹	8,777	8,612
Payment Required To Amortize UAAL ¹	<u>0</u>	<u>0</u>
Total Required Contribution	\$756,802	\$1,650,320

¹ Contributions developed as of 10/1/2017 displayed above have been adjusted to account for assumed interest components.