

TOWN OF MEDLEY  
DEFINED BENEFIT PLAN

SECTION 112.664, FLORIDA STATUTES COMPLIANCE  
DETERMINED AS OF THE  
OCTOBER 1, 2020 VALUATION DATE



May 6, 2021

VIA E-MAIL

Mr. Roy Danziger  
Finance Director  
Town of Medley  
7777 NW 72nd Ave.  
Medley, FL 33166

Re: Town of Medley Defined Benefit Plan  
Section 112.664, Florida Statutes Compliance

Dear Roy:

Please find enclosed the annual disclosures that satisfy the October 1, 2020 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.

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.

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: 

Sara E. Carlson, ASA, EA, MAAA  
Enrolled Actuary #20-8546

Enclosures

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

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, 2020 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, 2020

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Discount Rate:	6.50%	4.50%
<u>Total Pension Liability</u>		
Service Cost	589,840	930,528
Interest	1,687,626	1,494,095
Changes of Benefit Terms	483,483	625,489
Differences Between Expected and Actual Experience	349,349	585,839
Changes of Assumptions	(21,029)	(75,249)
Benefit Payments, Including Refunds of Employee Contributions	<u>(1,010,236)</u>	<u>(1,010,236)</u>
Net Change in Total Pension Liability	2,079,033	2,550,466
Total Pension Liability - Beginning	25,395,277	32,151,209
Total Pension Liability - Ending (a)	<u>\$ 27,474,310</u>	<u>\$ 34,701,675</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	1,250,000	1,250,000
Net Investment Income	2,596,192	2,596,192
Benefit Payments, Including Refunds of Employee Contributions	(1,010,236)	(1,010,236)
Administrative Expenses	<u>(43,832)</u>	<u>(43,832)</u>
Net Change in Plan Fiduciary Net Position	2,792,124	2,792,124
Plan Fiduciary Net Position - Beginning	22,314,006	22,314,006
Plan Fiduciary Net Position - Ending (b)	<u>\$ 25,106,130</u>	<u>\$ 25,106,130</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 2,368,180</u>	<u>\$ 9,595,545</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1  
Plan Assumptions: Discount Rate = 6.50%

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
2020	25,106,130	-	1,765,515	-	1,574,519	24,915,134
2021	24,915,134	-	1,670,665	-	1,565,187	24,809,656
2022	24,809,656	-	1,724,977	-	1,556,566	24,641,245
2023	24,641,245	-	1,778,950	-	1,543,865	24,406,160
2024	24,406,160	-	1,797,834	-	1,527,971	24,136,297
2025	24,136,297	-	1,804,136	-	1,510,225	23,842,386
2026	23,842,386	-	1,824,593	-	1,490,456	23,508,249
2027	23,508,249	-	1,860,604	-	1,467,567	23,115,212
2028	23,115,212	-	1,895,601	-	1,440,882	22,660,493
2029	22,660,493	-	1,909,453	-	1,410,875	22,161,915
2030	22,161,915	-	1,883,778	-	1,379,302	21,657,439
2031	21,657,439	-	1,873,868	-	1,346,833	21,130,404
2032	21,130,404	-	1,859,699	-	1,313,036	20,583,741
2033	20,583,741	-	1,871,255	-	1,277,127	19,989,613
2034	19,989,613	-	1,860,063	-	1,238,873	19,368,423
2035	19,368,423	-	1,859,481	-	1,198,514	18,707,456
2036	18,707,456	-	1,829,392	-	1,156,529	18,034,593
2037	18,034,593	-	1,820,162	-	1,113,093	17,327,524
2038	17,327,524	-	1,819,776	-	1,067,146	16,574,894
2039	16,574,894	-	1,817,846	-	1,018,288	15,775,336
2040	15,775,336	-	1,646,997	-	971,869	15,100,208
2041	15,100,208	-	1,594,753	-	929,684	14,435,139
2042	14,435,139	-	1,567,414	-	887,343	13,755,068
2043	13,755,068	-	1,517,414	-	844,763	13,082,417
2044	13,082,417	-	1,461,672	-	802,853	12,423,598
2045	12,423,598	-	1,408,951	-	761,743	11,776,390
2046	11,776,390	-	1,360,750	-	721,241	11,136,881
2047	11,136,881	-	1,309,157	-	681,350	10,509,074
2048	10,509,074	-	1,248,268	-	642,521	9,903,327
2049	9,903,327	-	1,191,841	-	604,981	9,316,467
2050	9,316,467	-	1,140,537	-	568,503	8,744,433
2051	8,744,433	-	1,095,544	-	532,783	8,181,672
2052	8,181,672	-	1,041,137	-	497,972	7,638,507
2053	7,638,507	-	976,338	-	464,772	7,126,941
2054	7,126,941	-	914,926	-	433,516	6,645,531
2055	6,645,531	-	855,542	-	404,154	6,194,143
2056	6,194,143	-	804,116	-	376,486	5,766,513
2057	5,766,513	-	752,804	-	350,357	5,364,066
2058	5,364,066	-	701,848	-	325,854	4,988,072
2059	4,988,072	-	654,345	-	302,958	4,636,685
2060	4,636,685	-	604,943	-	281,724	4,313,466
2061	4,313,466	-	560,715	-	262,152	4,014,903
2062	4,014,903	-	510,210	-	244,387	3,749,080
2063	3,749,080	-	472,772	-	228,325	3,504,633
2064	3,504,633	-	441,159	-	213,463	3,276,937

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1  
Plan Assumptions: Discount Rate = 6.50%

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
2065	3,276,937	-	411,368	-	199,631	3,065,200
2066	3,065,200	-	379,144	-	186,916	2,872,972
2067	2,872,972	-	347,314	-	175,455	2,701,113
2068	2,701,113	-	320,789	-	165,147	2,545,471
2069	2,545,471	-	294,529	-	155,883	2,406,825
2070	2,406,825	-	270,202	-	147,662	2,284,285
2071	2,284,285	-	246,109	-	140,480	2,178,656
2072	2,178,656	-	225,804	-	134,274	2,087,126
2073	2,087,126	-	206,903	-	128,939	2,009,162
2074	2,009,162	-	190,132	-	124,416	1,943,446
2075	1,943,446	-	174,538	-	120,652	1,889,560
2076	1,889,560	-	159,430	-	117,640	1,847,770
2077	1,847,770	-	145,454	-	115,378	1,817,694
2078	1,817,694	-	132,104	-	113,857	1,799,447
2079	1,799,447	-	118,834	-	113,102	1,793,715
2080	1,793,715	-	106,931	-	113,116	1,799,900
2081	1,799,900	-	95,583	-	113,887	1,818,204
2082	1,818,204	-	84,927	-	115,423	1,848,700
2083	1,848,700	-	75,065	-	117,726	1,891,361
2084	1,891,361	-	65,934	-	120,796	1,946,223
2085	1,946,223	-	57,549	-	124,634	2,013,308
2086	2,013,308	-	49,921	-	129,243	2,092,630
2087	2,092,630	-	43,043	-	134,622	2,184,209
2088	2,184,209	-	36,910	-	140,774	2,288,073
2089	2,288,073	-	31,506	-	147,701	2,404,268
2090	2,404,268	-	26,795	-	155,407	2,532,880
2091	2,532,880	-	22,729	-	163,899	2,674,050
2092	2,674,050	-	19,251	-	173,188	2,827,987
2093	2,827,987	-	16,294	-	183,290	2,994,983
2094	2,994,983	-	13,792	-	194,226	3,175,417
2095	3,175,417	-	11,672	-	206,023	3,369,768
2096	3,369,768	-	9,867	-	218,714	3,578,615
2097	3,578,615	-	8,319	-	232,340	3,802,636
2098	3,802,636	-	6,981	-	246,944	4,042,599
2099	4,042,599	-	5,817	-	262,580	4,299,362
2100	4,299,362	-	4,797	-	279,303	4,573,868
2101	4,573,868	-	3,907	-	297,174	4,867,135
2102	4,867,135	-	3,133	-	316,262	5,180,264
2103	5,180,264	-	2,468	-	336,637	5,514,433
2104	5,514,433	-	1,904	-	358,376	5,870,905
2105	5,870,905	-	1,437	-	381,562	6,251,030
2106	6,251,030	-	1,057	-	406,283	6,656,256
2107	6,656,256	-	757	-	432,632	7,088,131
2108	7,088,131	-	527	-	460,711	7,548,315
2109	7,548,315	-	356	-	490,629	8,038,588

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1  
Plan Assumptions: Discount Rate = 6.50%

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
2110	8,038,588	-	233	-	522,501	8,560,856
2111	8,560,856	-	148	-	556,451	9,117,159
2112	9,117,159	-	91	-	592,612	9,709,680
2113	9,709,680	-	54	-	631,127	10,340,753
2114	10,340,753	-	31	-	672,148	11,012,870
2115	11,012,870	-	17	-	715,836	11,728,689
2116	11,728,689	-	9	-	762,364	12,491,044
2117	12,491,044	-	5	-	811,918	13,302,957
2118	13,302,957	-	3	-	864,692	14,167,646
2119	14,167,646	-	1	-	920,897	15,088,542
2120	15,088,542	-	1	-	980,755	16,069,296
2121	16,069,296	-	-	-	1,044,504	17,113,800

\*All DROP Balances paid in 2020.

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 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: Discount Rate = 4.50%

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
2020	25,106,130	-	1,765,515	-	1,090,052	24,430,667
2021	24,430,667	-	1,670,665	-	1,061,790	23,821,792
2022	23,821,792	-	1,724,977	-	1,033,169	23,129,984
2023	23,129,984	-	1,778,950	-	1,000,823	22,351,857
2024	22,351,857	-	1,797,834	-	965,382	21,519,405
2025	21,519,405	-	1,804,136	-	927,780	20,643,049
2026	20,643,049	-	1,824,593	-	887,884	19,706,340
2027	19,706,340	-	1,860,604	-	844,922	18,690,658
2028	18,690,658	-	1,895,601	-	798,429	17,593,486
2029	17,593,486	-	1,909,453	-	748,744	16,432,777
2030	16,432,777	-	1,883,778	-	697,090	15,246,089
2031	15,246,089	-	1,873,868	-	643,912	14,016,133
2032	14,016,133	-	1,859,699	-	588,883	12,745,317
2033	12,745,317	-	1,871,255	-	531,436	11,405,498
2034	11,405,498	-	1,860,063	-	471,396	10,016,831
2035	10,016,831	-	1,859,481	-	408,919	8,566,269
2036	8,566,269	-	1,829,392	-	344,321	7,081,198
2037	7,081,198	-	1,820,162	-	277,700	5,538,736
2038	5,538,736	-	1,819,776	-	208,298	3,927,258
2039	3,927,258	-	1,817,846	-	135,825	2,245,237
2040	2,245,237	-	1,646,997	-	63,978	662,218
2041	662,218	-	1,594,753	-	-	-

\*All DROP Balances paid in 2020.

Number of Years Expected Benefit Payments Sustained: 21.42

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, 2021

Valuation Date: 10/1/2020

	ACTUAL	HYPOTHETICAL
Investment Rate of Return:	6.50%	4.50%
Minimum Required Contribution (Fixed \$)	\$1,000,534	\$1,801,031
Minimum Required Contribution (% of Payroll)	34.5%	62.0%

**ASSETS**

Actuarial Value <sup>1</sup>	24,445,314	24,445,314
Market Value <sup>1</sup>	25,106,130	25,106,130

**LIABILITIES**

Present Value of Benefits		
Active Members		
Retirement Benefits	17,819,924	26,172,144
Disability Benefits	561,169	918,821
Death Benefits	106,533	169,349
Vested Benefits	604,976	1,243,733
Refund of Contributions	0	0
Service Retirees	11,430,747	13,617,376
DROP Retirees <sup>1</sup>	1,083,961	1,315,183
Beneficiaries	216,653	237,180
Disability Retirees	94,962	138,225
Terminated Vested	973,311	1,417,783
Total:	32,892,236	45,229,794
Present Value of Future Salaries	28,965,409	33,495,660
Present Value of Future Member Contributions	0	0
Total Normal Cost	634,634	1,011,848
Present Value of Future Normal Costs (Entry Age Normal)	5,463,346	10,301,361
Total Actuarial Accrued Liability <sup>1</sup>	27,428,890	34,928,433
Unfunded Actuarial Accrued Liability (UAAL)	2,983,576	10,483,119

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ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2021

Valuation Date: 10/1/2020

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Investment Rate of Return:	6.50%	4.50%
<b><u>PENSION COST</u></b>		
Normal Cost <sup>2</sup>	675,885	1,057,381
Administrative Expenses <sup>2</sup>	39,485	38,743
Payment Required To Amortize UAAL <sup>2</sup>	<u>285,164</u>	<u>704,907</u>
Minimum Required Contribution	\$1,000,534	\$1,801,031

<sup>1</sup> The asset values and liabilities include accumulated DROP Balances as of 9/30/2020.

<sup>2</sup> Contributions developed as of 10/1/2020 displayed above have been adjusted to account for assumed salary increase and interest components.