

May 18, 2018

VIA EMAIL

Ms. Joan Wall
Bal Harbour Village
Police Officers' Pension Plan
2955 Myrtle Oak Circle
Davie, FL 33328-6739

Re: Bal Harbour Village Police Officers' Pension Plan
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: Robert Klausner, Board Attorney

BAL HARBOUR VILLAGE
POLICE OFFICERS' PENSION 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: 5/18/2018

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

	ACTUAL	HYPOTHETICAL	
	8.00% RP-2000 Generational	6.00% RP-2000 Generational	10.00% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	627,129	906,319	452,954
Interest	2,041,709	1,971,296	2,060,629
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	71,973	131,778	20,453
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,666,151)	(1,666,151)	(1,666,151)
Net Change in Total Pension Liability	1,074,660	1,343,242	867,885
Total Pension Liability - Beginning	25,727,310	32,781,687	20,986,412
Total Pension Liability - Ending (a)	<u>\$ 26,801,970</u>	<u>\$ 34,124,929</u>	<u>\$ 21,854,297</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	1,090,340	1,090,340	1,090,340
Contributions - Employee	209,065	209,065	209,065
Net Investment Income	1,967,324	1,967,324	1,967,324
Benefit Payments, Including Refunds of Employee Contributions	(1,666,151)	(1,666,151)	(1,666,151)
Administrative Expenses	(82,083)	(82,083)	(82,083)
Net Change in Plan Fiduciary Net Position	1,518,495	1,518,495	1,518,495
Plan Fiduciary Net Position - Beginning	19,439,247	19,439,247	19,439,247
Plan Fiduciary Net Position - Ending (b)	<u>\$ 20,957,742</u>	<u>\$ 20,957,742</u>	<u>\$ 20,957,742</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 5,844,228</u>	<u>\$ 13,167,187</u>	<u>\$ 896,555</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 8.00% 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	20,957,742	-	2,367,464	-	1,581,921	20,172,199
2018	20,172,199	-	1,606,467	-	1,549,517	20,115,249
2019	20,115,249	-	1,699,988	-	1,541,220	19,956,481
2020	19,956,481	-	1,736,206	-	1,527,070	19,747,345
2021	19,747,345	-	1,803,495	-	1,507,648	19,451,498
2022	19,451,498	-	1,870,147	-	1,481,314	19,062,665
2023	19,062,665	-	1,941,543	-	1,447,351	18,568,473
2024	18,568,473	-	1,985,039	-	1,406,076	17,989,510
2025	17,989,510	-	2,098,648	-	1,355,215	17,246,077
2026	17,246,077	-	2,082,664	-	1,296,380	16,459,793
2027	16,459,793	-	2,134,114	-	1,231,419	15,557,098
2028	15,557,098	-	2,176,693	-	1,157,500	14,537,905
2029	14,537,905	-	2,214,851	-	1,074,438	13,397,492
2030	13,397,492	-	2,257,549	-	981,497	12,121,440
2031	12,121,440	-	2,274,820	-	878,722	10,725,342
2032	10,725,342	-	2,298,731	-	766,078	9,192,689
2033	9,192,689	-	2,312,728	-	642,906	7,522,867
2034	7,522,867	-	2,325,034	-	508,828	5,706,661
2035	5,706,661	-	2,330,045	-	363,331	3,739,947
2036	3,739,947	-	2,334,046	-	205,834	1,611,735
2037	1,611,735	-	2,335,203	-	-	-

*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 20.69

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 8.00% 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: 6.00% 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	20,957,742	-	2,367,464	-	1,186,441	19,776,719
2018	19,776,719	-	1,606,467	-	1,138,409	19,308,661
2019	19,308,661	-	1,699,988	-	1,107,520	18,716,193
2020	18,716,193	-	1,736,206	-	1,070,885	18,050,872
2021	18,050,872	-	1,803,495	-	1,028,947	17,276,324
2022	17,276,324	-	1,870,147	-	980,475	16,386,652
2023	16,386,652	-	1,941,543	-	924,953	15,370,062
2024	15,370,062	-	1,985,039	-	862,653	14,247,676
2025	14,247,676	-	2,098,648	-	791,901	12,940,929
2026	12,940,929	-	2,082,664	-	713,976	11,572,241
2027	11,572,241	-	2,134,114	-	630,311	10,068,438
2028	10,068,438	-	2,176,693	-	538,805	8,430,550
2029	8,430,550	-	2,214,851	-	439,387	6,655,086
2030	6,655,086	-	2,257,549	-	331,579	4,729,116
2031	4,729,116	-	2,274,820	-	215,502	2,669,798
2032	2,669,798	-	2,298,731	-	91,226	462,293
2033	462,293	-	2,312,728	-	-	-

*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 16.20

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 6.00% 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 3
Hypothetical Assumptions: 10.00% 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	20,957,742	-	2,367,464	-	1,977,401	20,567,679
2018	20,567,679	-	1,606,467	-	1,976,445	20,937,657
2019	20,937,657	-	1,699,988	-	2,008,766	21,246,435
2020	21,246,435	-	1,736,206	-	2,037,833	21,548,062
2021	21,548,062	-	1,803,495	-	2,064,631	21,809,198
2022	21,809,198	-	1,870,147	-	2,087,412	22,026,463
2023	22,026,463	-	1,941,543	-	2,105,569	22,190,489
2024	22,190,489	-	1,985,039	-	2,119,797	22,325,247
2025	22,325,247	-	2,098,648	-	2,127,592	22,354,191
2026	22,354,191	-	2,082,664	-	2,131,286	22,402,813
2027	22,402,813	-	2,134,114	-	2,133,576	22,402,275
2028	22,402,275	-	2,176,693	-	2,131,393	22,356,975
2029	22,356,975	-	2,214,851	-	2,124,955	22,267,079
2030	22,267,079	-	2,257,549	-	2,113,830	22,123,360
2031	22,123,360	-	2,274,820	-	2,098,595	21,947,135
2032	21,947,135	-	2,298,731	-	2,079,777	21,728,181
2033	21,728,181	-	2,312,728	-	2,057,182	21,472,635
2034	21,472,635	-	2,325,034	-	2,031,012	21,178,613
2035	21,178,613	-	2,330,045	-	2,001,359	20,849,927
2036	20,849,927	-	2,334,046	-	1,968,290	20,484,171
2037	20,484,171	-	2,335,203	-	1,931,657	20,080,625
2038	20,080,625	-	2,346,969	-	1,890,714	19,624,370
2039	19,624,370	-	2,340,434	-	1,845,415	19,129,351
2040	19,129,351	-	2,354,914	-	1,795,189	18,569,626
2041	18,569,626	-	2,340,865	-	1,739,919	17,968,680
2042	17,968,680	-	2,321,594	-	1,680,788	17,327,874
2043	17,327,874	-	2,297,883	-	1,617,893	16,647,884
2044	16,647,884	-	2,271,984	-	1,551,189	15,927,089
2045	15,927,089	-	2,237,857	-	1,480,816	15,170,048
2046	15,170,048	-	2,197,805	-	1,407,115	14,379,358
2047	14,379,358	-	2,166,496	-	1,329,611	13,542,473
2048	13,542,473	-	2,113,678	-	1,248,563	12,677,358
2049	12,677,358	-	2,056,368	-	1,164,917	11,785,907
2050	11,785,907	-	1,991,836	-	1,078,999	10,873,070
2051	10,873,070	-	1,923,543	-	991,130	9,940,657
2052	9,940,657	-	1,849,767	-	901,577	8,992,467
2053	8,992,467	-	1,771,002	-	810,697	8,032,162
2054	8,032,162	-	1,687,583	-	718,837	7,063,416
2055	7,063,416	-	1,600,834	-	626,300	6,088,882
2056	6,088,882	-	1,511,884	-	533,294	5,110,292
2057	5,110,292	-	1,420,131	-	440,023	4,130,184
2058	4,130,184	-	1,327,633	-	346,637	3,149,188
2059	3,149,188	-	1,234,719	-	253,183	2,167,652
2060	2,167,652	-	1,142,925	-	159,619	1,184,346
2061	1,184,346	-	1,053,159	-	65,777	196,964
2062	196,964	-	966,062	-	-	-

*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 45.20

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 10.00% 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

	ACTUAL	HYPOTHETICAL	
	8.00% RP-2000 Generational	6.00% RP-2000 Generational	10.00% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$1,792,129	\$2,575,680	\$1,147,962
Total Required Contribution (% of Payroll)	75.8%	108.9%	48.6%
Expected Member Contribution	245,880	243,516	248,244
Expected State Money	48,057	48,057	48,057
Expected Sponsor Contribution (Fixed \$)	\$1,498,192	\$2,284,107	\$851,661
Expected Sponsor Contribution (% of Payroll)	63.8%	96.9%	36.6%

ASSETS

Actuarial Value ¹	20,172,555	20,172,555	20,172,555
Market Value ¹	20,957,742	20,957,742	20,957,742

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	9,361,524	13,413,912	6,837,337
Disability Benefits	383,026	492,681	306,173
Death Benefits	80,832	94,783	69,590
Vested Benefits	487,602	804,555	311,260
Refund of Contributions	0	0	0
Service Retirees	16,502,248	20,922,564	13,508,492
DROP Retirees ¹	3,453,592	4,043,762	3,032,319
Beneficiaries	564,613	608,501	525,786
Disability Retirees	117,623	133,821	104,781
Terminated Vested	9,616	9,616	9,616
Excess State Monies Reserve	0	0	0
Total:	30,960,676	40,524,195	24,705,354
Present Value of Future Salaries	12,528,359	13,470,489	11,714,341
Present Value of Future Member Contributions	1,252,836	1,347,049	1,171,434
Total Normal Cost	599,652	887,928	422,335
Present Value of Future Normal Costs (Entry Age Normal)	3,252,376	5,257,545	2,108,341
Total Actuarial Accrued Liability ¹	27,708,300	35,266,650	22,597,013
Unfunded Actuarial Accrued Liability (UAAL)	7,535,745	15,094,095	2,424,458

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

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL	
	8.00% RP-2000 Generational	6.00% RP-2000 Generational	10.00% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost ²	667,293	978,585	474,493
Administrative Expenses ²	91,342	90,464	92,220
Payment Required To Amortize UAAL ²	1,033,494	1,506,631	581,249
Total Required Contribution	\$1,792,129	\$2,575,680	\$1,147,962

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

² Contributions developed as of 10/1/2017 displayed above have been adjusted to account for assumed salary increase and interest components.