

July 1, 2016

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  
Senate Bill 534 (Section 112.664, Florida Statutes) Compliance

Dear Joan:

Please find enclosed the annual disclosures that satisfy the October 1, 2015 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 #14-6595

PTD/lke  
Enclosures

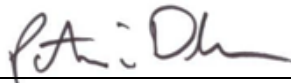
cc via email: Steve Cypen, Board Attorney

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:



Date: 7/1/2016

Patrick T. Donlan, EA, ASA, MAAA  
Enrolled Actuary #14-6595



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.

	ACTUAL		HYPOTHETICAL	
	8.00% RP-2000 Static 9/30/2015	8.00% RP-2000 Generational 9/30/2015	6.00% RP-2000 Generational 9/30/2015	10.00% RP-2000 Generational 9/30/2015
<b><u>GASB 67: Schedule of Changes in Net Pension Liability</u></b>				
<b><u>Total Pension Liability</u></b>				
Service Cost	410,248	431,570	635,921	304,692
Interest	1,811,845	1,886,656	1,810,458	1,916,407
Changes of Benefit Terms	(673,655)	(724,637)	(1,073,184)	(508,996)
Differences Between Expected and Actual Experience	25,401	15,487	38,372	(16,735)
Changes of Assumptions	-	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,988,455)	(1,988,455)	(1,988,455)	(1,988,455)
Net Change in Total Pension Liability	(414,616)	(379,379)	(576,888)	(293,087)
Total Pension Liability - Beginning	23,926,040	24,890,826	31,626,126	20,382,938
Total Pension Liability - Ending (a)	<u>\$ 23,511,424</u>	<u>\$ 24,511,447</u>	<u>\$ 31,049,238</u>	<u>\$ 20,089,851</u>
<b><u>Plan Fiduciary Net Position</u></b>				
Contributions - Employer	1,267,048	1,267,048	1,267,048	1,267,048
Contributions - State	48,213	48,213	48,213	48,213
Contributions - Employee	173,807	173,807	173,807	173,807
Net Investment Income	323,440	323,440	323,440	323,440
Benefit Payments, Including Refunds of Employee Contributions	(1,988,455)	(1,988,455)	(1,988,455)	(1,988,455)
Administrative Expenses	(62,761)	(62,761)	(62,761)	(62,761)
Net Change in Plan Fiduciary Net Position	(238,708)	(238,708)	(238,708)	(238,708)
Plan Fiduciary Net Position - Beginning	18,305,095	18,305,095	18,305,095	18,305,095
Plan Fiduciary Net Position - Ending (b)	<u>\$ 18,066,387</u>	<u>\$ 18,066,387</u>	<u>\$ 18,066,387</u>	<u>\$ 18,066,387</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 5,445,037</u>	<u>\$ 6,445,060</u>	<u>\$ 12,982,851</u>	<u>\$ 2,023,464</u>

**GASB 68: Pension Expense for Fiscal Year Ending September 30, 2015**

Pension Expense	<u>\$ 641,251</u>	<u>\$ 732,509</u>	<u>\$ 1,131,580</u>	<u>\$ 368,633</u>
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## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1  
Plan Assumptions: 8.00% and RP-2000 Static 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
2015	18,066,387	-	2,622,862	-	1,340,396	16,783,921
2016	16,783,921	-	1,362,562	-	1,288,211	16,709,570
2017	16,709,570	-	1,393,615	-	1,281,021	16,596,976
2018	16,596,976	-	1,491,811	-	1,268,086	16,373,251
2019	16,373,251	-	1,571,857	-	1,246,986	16,048,380
2020	16,048,380	-	1,603,360	-	1,219,736	15,664,756
2021	15,664,756	-	1,659,505	-	1,186,800	15,192,051
2022	15,192,051	-	1,712,796	-	1,146,852	14,626,107
2023	14,626,107	-	1,767,273	-	1,099,398	13,958,232
2024	13,958,232	-	1,800,006	-	1,044,658	13,202,884
2025	13,202,884	-	1,884,652	-	980,845	12,299,077
2026	12,299,077	-	1,939,741	-	906,337	11,265,673
2027	11,265,673	-	1,975,409	-	822,237	10,112,501
2028	10,112,501	-	2,009,687	-	728,613	8,831,427
2029	8,831,427	-	2,037,654	-	625,008	7,418,781
2030	7,418,781	-	2,071,650	-	510,636	5,857,767
2031	5,857,767	-	2,078,797	-	385,469	4,164,439
2032	4,164,439	-	2,086,961	-	249,677	2,327,155
2033	2,327,155	-	2,087,649	-	102,666	342,172
2034	342,172	-	2,084,043	-	-	-

\*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 19.16

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: 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
2015	18,066,387	-	2,623,057	-	1,340,389	16,783,719
2016	16,783,719	-	1,363,636	-	1,288,152	16,708,235
2017	16,708,235	-	1,395,755	-	1,280,829	16,593,309
2018	16,593,309	-	1,495,504	-	1,267,645	16,365,450
2019	16,365,450	-	1,577,397	-	1,246,140	16,034,193
2020	16,034,193	-	1,611,069	-	1,218,293	15,641,417
2021	15,641,417	-	1,669,954	-	1,184,515	15,155,978
2022	15,155,978	-	1,726,401	-	1,143,422	14,572,999
2023	14,572,999	-	1,784,510	-	1,094,460	13,882,949
2024	13,882,949	-	1,821,462	-	1,037,777	13,099,264
2025	13,099,264	-	1,911,742	-	971,471	12,158,993
2026	12,158,993	-	1,973,710	-	893,771	11,079,054
2027	11,079,054	-	2,016,706	-	805,656	9,868,004
2028	9,868,004	-	2,060,999	-	707,000	8,514,005
2029	8,514,005	-	2,099,385	-	597,145	7,011,765
2030	7,011,765	-	2,144,421	-	475,164	5,342,508
2031	5,342,508	-	2,164,330	-	340,827	3,519,005
2032	3,519,005	-	2,186,090	-	194,077	1,526,992
2033	1,526,992	-	2,201,169	-	-	-

\*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 18.69

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 3  
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
2015	18,066,387	-	2,623,057	-	1,005,292	16,448,622
2016	16,448,622	-	1,363,636	-	946,008	16,030,994
2017	16,030,994	-	1,395,755	-	919,987	15,555,226
2018	15,555,226	-	1,495,504	-	888,448	14,948,170
2019	14,948,170	-	1,577,397	-	849,568	14,220,341
2020	14,220,341	-	1,611,069	-	804,888	13,414,160
2021	13,414,160	-	1,669,954	-	754,751	12,498,957
2022	12,498,957	-	1,726,401	-	698,145	11,470,701
2023	11,470,701	-	1,784,510	-	634,707	10,320,898
2024	10,320,898	-	1,821,462	-	564,610	9,064,046
2025	9,064,046	-	1,911,742	-	486,491	7,638,795
2026	7,638,795	-	1,973,710	-	399,116	6,064,201
2027	6,064,201	-	2,016,706	-	303,351	4,350,846
2028	4,350,846	-	2,060,999	-	199,221	2,489,068
2029	2,489,068	-	2,099,385	-	86,363	476,046
2030	476,046	-	2,144,421	-	-	-

\*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 15.22

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 4  
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
2015	18,066,387	-	2,623,057	-	1,675,486	17,118,816
2016	17,118,816	-	1,363,636	-	1,643,700	17,398,880
2017	17,398,880	-	1,395,755	-	1,670,100	17,673,225
2018	17,673,225	-	1,495,504	-	1,692,547	17,870,268
2019	17,870,268	-	1,577,397	-	1,708,157	18,001,028
2020	18,001,028	-	1,611,069	-	1,719,549	18,109,508
2021	18,109,508	-	1,669,954	-	1,727,453	18,167,007
2022	18,167,007	-	1,726,401	-	1,730,381	18,170,987
2023	18,170,987	-	1,784,510	-	1,727,873	18,114,350
2024	18,114,350	-	1,821,462	-	1,720,362	18,013,250
2025	18,013,250	-	1,911,742	-	1,705,738	17,807,246
2026	17,807,246	-	1,973,710	-	1,682,039	17,515,575
2027	17,515,575	-	2,016,706	-	1,650,722	17,149,591
2028	17,149,591	-	2,060,999	-	1,611,909	16,700,501
2029	16,700,501	-	2,099,385	-	1,565,081	16,166,197
2030	16,166,197	-	2,144,421	-	1,509,399	15,531,175
2031	15,531,175	-	2,164,330	-	1,444,901	14,811,746
2032	14,811,746	-	2,186,090	-	1,371,870	13,997,526
2033	13,997,526	-	2,201,169	-	1,289,694	13,086,051
2034	13,086,051	-	2,213,001	-	1,197,955	12,071,005
2035	12,071,005	-	2,219,429	-	1,096,129	10,947,705
2036	10,947,705	-	2,221,584	-	983,691	9,709,812
2037	9,709,812	-	2,220,130	-	859,975	8,349,657
2038	8,349,657	-	2,232,026	-	723,364	6,840,995
2039	6,840,995	-	2,219,638	-	573,118	5,194,475
2040	5,194,475	-	2,209,771	-	408,959	3,393,663
2041	3,393,663	-	2,185,723	-	230,080	1,438,020
2042	1,438,020	-	2,155,364	-	-	-

\*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 27.67

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, 2017

Valuation Date: 10/1/2015

	ACTUAL		HYPOTHETICAL	
	8.00% RP-2000 Static	8.00% RP-2000 Generational	6.00% RP-2000 Generational	10.00% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$1,559,982	\$1,684,541	\$2,378,215	\$1,115,988
Total Required Contribution (% of Payroll)	73.8%	79.7%	112.5%	52.8%
Expected Member Contribution	219,943	219,943	217,828	222,058
Expected State Money	48,213	48,213	48,213	48,213
Expected Sponsor Contribution (Fixed \$)	\$1,291,826	\$1,416,385	\$2,112,174	\$845,717
Expected Sponsor Contribution (% of Payroll)	61.1%	67.0%	99.9%	40.0%

**ASSETS**

Actuarial Value <sup>1</sup>	17,266,686	17,266,686	17,266,686	17,266,686
Market Value <sup>1</sup>	18,066,387	18,066,387	18,066,387	18,066,387

**LIABILITIES**

Present Value of Benefits				
Active Members				
Retirement Benefits	7,176,711	7,584,692	11,170,014	5,380,020
Disability Benefits	413,840	433,638	575,379	337,776
Death Benefits	76,732	56,076	66,090	48,055
Vested Benefits	425,530	451,452	742,885	287,453
Refund of Contributions	375	376	376	376
Service Retirees	12,993,792	13,487,822	17,227,919	10,969,236
DROP Retirees <sup>1</sup>	6,165,588	6,432,130	7,615,945	5,588,646
Beneficiaries	0	0	0	0
Disability Retirees	121,328	130,491	149,612	115,411
Terminated Vested	9,616	9,616	9,616	9,616
Excess State Monies Reserve	20,337	20,337	20,337	20,337
Total:	27,403,849	28,606,630	37,578,173	22,756,926
Present Value of Future Salaries	12,918,208	12,935,779	13,980,890	12,036,535
Present Value of Future Member Contributions	1,291,821	1,293,578	1,398,089	1,203,654
Total Normal Cost	548,578	576,725	839,250	412,800
Present Value of Future Normal Costs (Entry Age Normal)	3,374,078	3,558,155	5,698,372	2,327,370
Total Actuarial Accrued Liability <sup>1</sup>	24,029,771	25,048,475	31,879,801	20,429,556
Unfunded Actuarial Accrued Liability (UAAL)	6,763,085	7,781,789	14,613,115	3,162,870

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2017

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL		
	8.00% RP-2000 Static	8.00% RP-2000 Generational	6.00% RP-2000 Generational	10.00% RP-2000 Generational
<b><u>PENSION COST</u></b>				
Normal Cost <sup>2</sup>	610,458	641,780	924,937	463,781
Administrative Expenses <sup>2</sup>	69,840	69,840	69,169	70,512
Payment Required To Amortize UAAL <sup>2</sup>	879,684	972,921	1,384,109	581,695
Total Required Contribution	\$1,559,982	\$1,684,541	\$2,378,215	\$1,115,988

<sup>1</sup> The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2015.

<sup>2</sup> Contributions developed as of 10/1/2015 displayed above have been adjusted to account for assumed salary increase and interest components.