

June 21, 2017

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, 2016 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: 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: Patrick T. Donlan Date: 6/21/2017

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, 2016 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.

**GASB 67: SCHEDULE OF CHANGES IN NET PENSION LIABILITY**  
FISCAL YEAR SEPTEMBER 30, 2016

	ACTUAL	HYPOTHETICAL	
	8.00% RP-2000 Generational	6.00% RP-2000 Generational	10.00% RP-2000 Generational
<b>Total Pension Liability</b>			
Service Cost	553,182	846,211	416,183
Interest	1,860,042	1,864,882	1,969,196
Change in Excess State Money	(20,337)	(20,337)	(20,337)
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	474,826	724,394	319,432
Changes of Assumptions	935,656	(95,218)	(200,430)
Benefit Payments, Including Refunds of Employee Contributions	(1,587,483)	(1,587,483)	(1,587,483)
Net Change in Total Pension Liability	2,215,886	1,732,449	896,561
Total Pension Liability - Beginning	23,511,424	31,049,238	20,089,851
Total Pension Liability - Ending (a)	<u>\$ 25,727,310</u>	<u>\$ 32,781,687</u>	<u>\$ 20,986,412</u>
<b>Plan Fiduciary Net Position</b>			
Contributions - Employer	1,412,053	1,412,053	1,412,053
Contributions - State	48,312	48,312	48,312
Contributions - Employee	207,719	207,719	207,719
Net Investment Income	1,378,398	1,378,398	1,378,398
Benefit Payments, Including Refunds of Employee Contributions	(1,587,483)	(1,587,483)	(1,587,483)
Administrative Expenses	(86,139)	(86,139)	(86,139)
Net Change in Plan Fiduciary Net Position	1,372,860	1,372,860	1,372,860
Plan Fiduciary Net Position - Beginning	18,066,387	18,066,387	18,066,387
Plan Fiduciary Net Position - Ending (b)	<u>\$ 19,439,247</u>	<u>\$ 19,439,247</u>	<u>\$ 19,439,247</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 6,288,063</u>	<u>\$ 13,342,440</u>	<u>\$ 1,547,165</u>

**GASB 68: PENSION EXPENSE**  
FISCAL YEAR SEPTEMBER 30, 2016

	ACTUAL	HYPOTHETICAL	
	8.00%	6.00%	10.00%
Pension Expense	<u>\$ 96,665</u>	<u>\$ 148,167</u>	<u>\$ 26,292</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
2016	19,189,548	-	2,445,601	-	1,437,340	18,181,287
2017	18,181,287	-	1,402,498	-	1,398,403	18,177,192
2018	18,177,192	-	1,509,069	-	1,393,813	18,061,936
2019	18,061,936	-	1,604,633	-	1,380,770	17,838,073
2020	17,838,073	-	1,639,481	-	1,361,467	17,560,059
2021	17,560,059	-	1,701,527	-	1,336,744	17,195,276
2022	17,195,276	-	1,761,648	-	1,305,156	16,738,784
2023	16,738,784	-	1,824,565	-	1,266,120	16,180,339
2024	16,180,339	-	1,864,043	-	1,219,865	15,536,161
2025	15,536,161	-	1,963,355	-	1,164,359	14,737,165
2026	14,737,165	-	2,023,560	-	1,098,031	13,811,636
2027	13,811,636	-	2,063,655	-	1,022,385	12,770,366
2028	12,770,366	-	2,102,186	-	937,542	11,605,722
2029	11,605,722	-	2,134,996	-	843,058	10,313,784
2030	10,313,784	-	2,175,448	-	738,085	8,876,421
2031	8,876,421	-	2,191,203	-	622,466	7,307,684
2032	7,307,684	-	2,210,998	-	496,175	5,592,861
2033	5,592,861	-	2,223,660	-	358,482	3,727,683
2034	3,727,683	-	2,234,641	-	208,829	1,701,871
2035	1,701,871	-	2,238,849	-	-	-

\*All DROP Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 19.76

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
2016	19,189,548	-	2,445,601	-	1,078,005	17,821,952
2017	17,821,952	-	1,402,498	-	1,027,242	17,446,696
2018	17,446,696	-	1,509,069	-	1,001,530	16,939,157
2019	16,939,157	-	1,604,633	-	968,210	16,302,734
2020	16,302,734	-	1,639,481	-	928,980	15,592,233
2021	15,592,233	-	1,701,527	-	884,488	14,775,194
2022	14,775,194	-	1,761,648	-	833,662	13,847,208
2023	13,847,208	-	1,824,565	-	776,096	12,798,739
2024	12,798,739	-	1,864,043	-	712,003	11,646,699
2025	11,646,699	-	1,963,355	-	639,901	10,323,245
2026	10,323,245	-	2,023,560	-	558,688	8,858,373
2027	8,858,373	-	2,063,655	-	469,593	7,264,311
2028	7,264,311	-	2,102,186	-	372,793	5,534,918
2029	5,534,918	-	2,134,996	-	268,045	3,667,967
2030	3,667,967	-	2,175,448	-	154,815	1,647,334
2031	1,647,334	-	2,191,203	-	-	-

\*All DROP Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 15.75

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
2016	19,189,548	-	2,445,601	-	1,796,675	18,540,622
2017	18,540,622	-	1,402,498	-	1,783,937	18,922,061
2018	18,922,061	-	1,509,069	-	1,816,753	19,229,745
2019	19,229,745	-	1,604,633	-	1,842,743	19,467,855
2020	19,467,855	-	1,639,481	-	1,864,811	19,693,185
2021	19,693,185	-	1,701,527	-	1,884,242	19,875,900
2022	19,875,900	-	1,761,648	-	1,899,508	20,013,760
2023	20,013,760	-	1,824,565	-	1,910,148	20,099,343
2024	20,099,343	-	1,864,043	-	1,916,732	20,152,032
2025	20,152,032	-	1,963,355	-	1,917,035	20,105,712
2026	20,105,712	-	2,023,560	-	1,909,393	19,991,545
2027	19,991,545	-	2,063,655	-	1,895,972	19,823,862
2028	19,823,862	-	2,102,186	-	1,877,277	19,598,953
2029	19,598,953	-	2,134,996	-	1,853,146	19,317,103
2030	19,317,103	-	2,175,448	-	1,822,938	18,964,593
2031	18,964,593	-	2,191,203	-	1,786,899	18,560,289
2032	18,560,289	-	2,210,998	-	1,745,479	18,094,770
2033	18,094,770	-	2,223,660	-	1,698,294	17,569,404
2034	17,569,404	-	2,234,641	-	1,645,208	16,979,971
2035	16,979,971	-	2,238,849	-	1,586,055	16,327,177
2036	16,327,177	-	2,241,671	-	1,520,634	15,606,140
2037	15,606,140	-	2,242,424	-	1,448,493	14,812,209
2038	14,812,209	-	2,255,254	-	1,368,458	13,925,413
2039	13,925,413	-	2,248,392	-	1,280,122	12,957,143
2040	12,957,143	-	2,246,908	-	1,183,369	11,893,604
2041	11,893,604	-	2,232,450	-	1,077,738	10,738,892
2042	10,738,892	-	2,213,047	-	963,237	9,489,082
2043	9,489,082	-	2,189,153	-	839,451	8,139,380
2044	8,139,380	-	2,161,806	-	705,848	6,683,422
2045	6,683,422	-	2,127,776	-	561,953	5,117,599
2046	5,117,599	-	2,087,986	-	407,361	3,436,974
2047	3,436,974	-	2,047,011	-	241,347	1,631,310
2048	1,631,310	-	1,994,646	-	-	-

\*All DROP Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 32.82

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, 2018

Valuation Date: 10/1/2016

	ACTUAL	HYPOTHETICAL	
	8.00% RP-2000 Generational	6.00% RP-2000 Generational	10.00% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$1,738,241	\$2,485,933	\$1,125,218
Total Required Contribution (% of Payroll)	74.0%	105.8%	47.9%
Expected Member Contribution	244,369	242,019	246,719
Expected State Money	48,312	48,312	48,312
Expected Sponsor Contribution (Fixed \$)	\$1,445,560	\$2,195,602	\$830,187
Expected Sponsor Contribution (% of Payroll)	61.5%	93.4%	35.3%

**ASSETS**

Actuarial Value <sup>1</sup>	18,768,797	18,768,797	18,768,797
Market Value <sup>1</sup>	19,189,548	19,189,548	19,189,548

**LIABILITIES**

Present Value of Benefits			
Active Members			
Retirement Benefits	8,256,379	11,969,564	5,961,327
Disability Benefits	401,036	515,421	320,950
Death Benefits	178,414	209,660	153,327
Vested Benefits	437,855	721,719	279,423
Refund of Contributions	338	338	338
Service Retirees	15,319,575	19,584,291	12,463,198
DROP Retirees <sup>1</sup>	4,608,974	5,389,911	4,046,861
Beneficiaries	0	0	0
Disability Retirees	119,846	136,765	106,499
Terminated Vested	9,616	9,616	9,616
Excess State Monies Reserve	0	0	0
Total:	29,332,033	38,537,285	23,341,539
Present Value of Future Salaries	12,990,340	13,988,685	12,131,068
Present Value of Future Member Contributions	1,299,034	1,398,869	1,213,107
Total Normal Cost	622,250	899,810	449,287
Present Value of Future Normal Costs (Entry Age Normal)	3,455,242	5,486,169	2,286,791
Total Actuarial Accrued Liability <sup>1</sup>	25,876,791	33,051,116	21,054,748
Unfunded Actuarial Accrued Liability (UAAL)	7,107,994	14,282,319	2,285,951



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

Valuation Date: 10/1/2016

	ACTUAL	HYPOTHETICAL	
	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>	692,440	991,681	504,774
Administrative Expenses <sup>2</sup>	95,855	94,934	96,777
Payment Required To Amortize UAAL <sup>2</sup>	949,946	1,399,318	523,667
Total Required Contribution	\$1,738,241	\$2,485,933	\$1,125,218

<sup>1</sup> The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2016.

<sup>2</sup> Contributions developed as of 10/1/2016 displayed above have been adjusted to account for assumed salary increase and interest components.