

April 3, 2017

VIA EMAIL

Shelly Baumann, Plan Administrator
14 Kelly Drive
Arcadia, FL 34266

Re: City of Venice Municipal Firefighters' Pension Trust Fund
Senate Bill 534 (Section 112.664, Florida Statutes) Compliance

Dear Shelly:

Please find enclosed the annual disclosures that satisfy the October 1, 2016 financial reporting requirements made under Section 112.664.

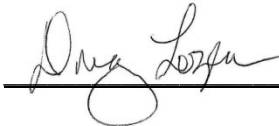
Our office will submit this information electronically to the Department of Management Services. However, it is important for you to be aware that this report must also be made available on the Plan or Plan Sponsor's website, if such website exists. A deadline for this website publication is not made 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: 

Douglas H. Lozen, EA, MAAA
Enrolled Actuary #17-7778

DHL/lke
Enclosures

cc via email: Scott R. Christiansen, Board Attorney

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
	7.00%	5.00%
	RP-2000	RP-2000
	Generational	Generational
<u>Total Pension Liability</u>		
Service Cost	702,057	1,111,191
Interest	2,661,396	2,551,435
Change in Excess State Money	(155,521)	(155,521)
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	(1,795,453)	(2,411,054)
Changes of Assumptions	1,320,858	(276,375)
Benefit Payments, Including Refunds of Employee Contributions	(2,141,983)	(2,141,983)
Net Change in Total Pension Liability	591,354	(1,322,307)
Total Pension Liability - Beginning	38,553,253	51,152,884
Total Pension Liability - Ending (a)	\$ 39,144,607	\$ 49,830,577
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	3,047,697	3,047,697
Contributions - State	246,276	246,276
Contributions - Employee	114,049	114,049
Net Investment Income	1,321,617	1,321,617
Benefit Payments, Including Refunds of Employee Contributions	(2,141,983)	(2,141,983)
Administrative Expenses	(66,382)	(66,382)
Net Change in Plan Fiduciary Net Position	2,521,274	2,521,274
Plan Fiduciary Net Position - Beginning	17,723,882	17,723,882
Plan Fiduciary Net Position - Ending (b)	\$ 20,245,156	\$ 20,245,156
Net Pension Liability - Ending (a) - (b)	\$ 18,899,451	\$ 29,585,421

GASB 68: PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	ACTUAL	HYPOTHETICAL
	7.00%	5.00%
Pension Expense	\$ 2,355,072	\$ 2,902,136

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.00% 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	19,973,427	-	2,135,113	-	1,323,411	19,161,725
2017	19,161,725	-	2,214,969	-	1,263,797	18,210,553
2018	18,210,553	-	2,338,465	-	1,192,892	17,064,980
2019	17,064,980	-	2,433,644	-	1,109,371	15,740,707
2020	15,740,707	-	2,544,110	-	1,012,806	14,209,403
2021	14,209,403	-	2,705,853	-	899,953	12,403,503
2022	12,403,503	-	2,817,201	-	769,643	10,355,945
2023	10,355,945	-	2,911,456	-	623,015	8,067,504
2024	8,067,504	-	3,052,245	-	457,897	5,473,156
2025	5,473,156	-	3,095,583	-	274,776	2,652,349
2026	2,652,349	-	3,180,382	-	-	-

Number of Years Expected Benefit Payments Sustained: 10.83

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.00% 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: 5.00% 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	19,973,427	-	2,135,113	-	945,294	18,783,608
2017	18,783,608	-	2,214,969	-	883,806	17,452,445
2018	17,452,445	-	2,338,465	-	814,161	15,928,141
2019	15,928,141	-	2,433,644	-	735,566	14,230,063
2020	14,230,063	-	2,544,110	-	647,900	12,333,853
2021	12,333,853	-	2,705,853	-	549,046	10,177,046
2022	10,177,046	-	2,817,201	-	438,422	7,798,267
2023	7,798,267	-	2,911,456	-	317,127	5,203,938
2024	5,203,938	-	3,052,245	-	183,891	2,335,584
2025	2,335,584	-	3,095,583	-	-	-

Number of Years Expected Benefit Payments Sustained: 9.75

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.00% 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

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.00%	5.00%
	RP-2000	RP-2000
	Generational	Generational
Total Required Contribution (Fixed \$)	\$2,752,588	\$3,638,950
Total Required Contribution (% of Payroll)	150.0%	198.0%
Expected Member Contribution	133,191	131,904
Expected State Money	246,276	246,276
Expected Sponsor Contribution (Fixed \$)	\$2,373,121	\$3,260,770
Expected Sponsor Contribution (% of Payroll)	130.0%	178.0%

ASSETS

Actuarial Value	20,666,901	20,666,901
Market Value	19,973,427	19,973,427

LIABILITIES

Present Value of Benefits		
Active Members		
Retirement Benefits	12,068,770	17,235,635
Disability Benefits	408,940	566,643
Death Benefits	251,644	346,891
Vested Benefits	1,328,162	1,910,717
Refund of Contributions	0	0
Service Retirees	24,553,424	30,338,030
Beneficiaries	1,095,936	1,269,113
Disability Retirees	947,536	1,179,660
Terminated Vested	2,506,909	3,638,608
Excess State Monies Reserve	8,861	8,861
Total:	<u>43,170,182</u>	<u>56,494,158</u>
Present Value of Future Salaries	9,979,748	10,670,492
Present Value of Future Member Contributions	698,582	746,934
Total Normal Cost	700,047	1,074,832
Present Value of Future Normal Costs (Entry Age Normal)	3,450,614	5,669,538
Total Actuarial Accrued Liability	39,719,568	50,824,620
Unfunded Actuarial Accrued Liability (UAAL)	19,052,667	30,157,719

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

Valuation Date: 10/1/2016

	ACTUAL	HYPOTHETICAL
	7.00%	5.00%
	RP-2000	RP-2000
	Generational	Generational
<u>PENSION COST</u>		
Normal Cost ¹	769,471	1,170,008
Administrative Expenses ¹	72,965	72,260
Payment Required To Amortize UAAL ¹	1,910,152	2,396,682
Total Required Contribution	\$2,752,588	\$3,638,950

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