

July 28, 2016

VIA EMAIL

Mr. Robert Kovacs, Plan Administrator
City of Venice
Municipal Police Officers' Pension Trust Fund
Resource Centers, LLC
815 Nicholas Pkwy
Cape Coral, FL 33915

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

Dear Robert:

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: 

Douglas H. Lozen, EA, MAAA
Enrolled Actuary #14-7778

DHL/lke
Enclosures

cc via email: H. Lee Dehner, Board Attorney

CITY OF VENICE
MUNICIPAL POLICE OFFICERS' PENSION TRUST FUND

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: 7/28/2016
Douglas H. Lozen, EA, MAAA
Enrolled Actuary #14-7778



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	
	7.00% RP-2000 Static 9/30/2015	7.00% RP-2000 Generational 9/30/2015	5.00% RP-2000 Generational 9/30/2015	9.00% RP-2000 Generational 9/30/2015
<u>GASB 67: Schedule of Changes in Net Pension Liability</u>				
<u>Total Pension Liability</u>				
Service Cost	597,047	614,450	945,915	412,634
Interest	2,850,131	2,915,453	2,700,112	3,030,355
Changes of Benefit Terms	174,206	174,524	44,328	227,476
Differences Between Expected and Actual Experience	(638,091)	(462,913)	(411,726)	(469,134)
Changes of Assumptions	3,277,827	3,525,077	5,090,759	2,532,691
Benefit Payments, Including Refunds of Employee Contributions	(2,240,847)	(2,240,847)	(2,240,847)	(2,240,847)
Net Change in Total Pension Liability	4,020,273	4,525,744	6,128,541	3,493,175
Total Pension Liability - Beginning	36,426,772	37,235,917	45,894,783	31,089,965
Total Pension Liability - Ending (a)	<u>\$ 40,447,045</u>	<u>\$ 41,761,661</u>	<u>\$ 52,023,324</u>	<u>\$ 34,583,140</u>
<u>Plan Fiduciary Net Position</u>				
Contributions - Employer	1,753,275	1,753,275	1,753,275	1,753,275
Contributions - State	189,276	189,276	189,276	189,276
Contributions - Employee	40,508	40,508	40,508	40,508
Net Investment Income	(1,481,414)	(1,481,414)	(1,481,414)	(1,481,414)
Benefit Payments, Including Refunds of Employee Contributions	(2,240,847)	(2,240,847)	(2,240,847)	(2,240,847)
Administrative Expenses	(73,554)	(73,554)	(73,554)	(73,554)
Net Change in Plan Fiduciary Net Position	(1,812,756)	(1,812,756)	(1,812,756)	(1,812,756)
Plan Fiduciary Net Position - Beginning	31,832,954	31,832,954	31,832,954	31,832,954
Plan Fiduciary Net Position - Ending (b)	<u>\$ 30,020,198</u>	<u>\$ 30,020,198</u>	<u>\$ 30,020,198</u>	<u>\$ 30,020,198</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 10,426,847</u>	<u>\$ 11,741,463</u>	<u>\$ 22,003,126</u>	<u>\$ 4,562,942</u>

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

Pension Expense	<u>\$ (1,143,267)</u>	<u>\$ (1,336,333)</u>	<u>\$ (1,361,790)</u>	<u>\$ (1,550,933)</u>
-----------------	-----------------------	-----------------------	-----------------------	-----------------------

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.00% 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	30,020,198	-	3,892,497	-	1,965,176	28,092,877
2016	28,092,877	-	2,740,769	-	1,870,574	27,222,682
2017	27,222,682	-	2,769,000	-	1,808,673	26,262,355
2018	26,262,355	-	2,823,356	-	1,739,547	25,178,546
2019	25,178,546	-	2,833,222	-	1,663,335	24,008,659
2020	24,008,659	-	2,875,726	-	1,579,956	22,712,889
2021	22,712,889	-	2,915,423	-	1,487,862	21,285,328
2022	21,285,328	-	2,909,391	-	1,388,144	19,764,081
2023	19,764,081	-	2,932,786	-	1,280,838	18,112,133
2024	18,112,133	-	2,990,045	-	1,163,198	16,285,286
2025	16,285,286	-	3,028,746	-	1,033,964	14,290,504
2026	14,290,504	-	3,003,708	-	895,206	12,182,002
2027	12,182,002	-	3,024,997	-	746,865	9,903,870
2028	9,903,870	-	2,998,041	-	588,339	7,494,168
2029	7,494,168	-	2,956,900	-	421,100	4,958,368
2030	4,958,368	-	2,917,106	-	244,987	2,286,249
2031	2,286,249	-	2,888,346	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 16.79

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: 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
2015	30,020,198	-	3,893,216	-	1,965,151	28,092,133
2016	28,092,133	-	2,743,452	-	1,870,428	27,219,109
2017	27,219,109	-	2,774,083	-	1,808,245	26,253,271
2018	26,253,271	-	2,831,702	-	1,738,619	25,160,188
2019	25,160,188	-	2,844,963	-	1,661,639	23,976,864
2020	23,976,864	-	2,891,400	-	1,577,181	22,662,645
2021	22,662,645	-	2,935,444	-	1,483,645	21,210,846
2022	21,210,846	-	2,934,011	-	1,382,069	19,658,904
2023	19,658,904	-	2,962,592	-	1,272,433	17,968,745
2024	17,968,745	-	3,025,649	-	1,151,914	16,095,010
2025	16,095,010	-	3,070,742	-	1,019,175	14,043,443
2026	14,043,443	-	3,052,615	-	876,199	11,867,027
2027	11,867,027	-	3,081,704	-	722,832	9,508,155
2028	9,508,155	-	3,063,599	-	558,345	7,002,901
2029	7,002,901	-	3,031,467	-	384,102	4,355,536
2030	4,355,536	-	3,001,923	-	199,820	1,553,433
2031	1,553,433	-	2,984,210	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 16.52

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 3
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
2015	30,020,198	-	3,893,216	-	1,403,680	27,530,662
2016	27,530,662	-	2,743,452	-	1,307,947	26,095,157
2017	26,095,157	-	2,774,083	-	1,235,406	24,556,480
2018	24,556,480	-	2,831,702	-	1,157,031	22,881,809
2019	22,881,809	-	2,844,963	-	1,072,966	21,109,812
2020	21,109,812	-	2,891,400	-	983,206	19,201,618
2021	19,201,618	-	2,935,444	-	886,695	17,152,869
2022	17,152,869	-	2,934,011	-	784,293	15,003,151
2023	15,003,151	-	2,962,592	-	676,093	12,716,652
2024	12,716,652	-	3,025,649	-	560,191	10,251,194
2025	10,251,194	-	3,070,742	-	435,791	7,616,243
2026	7,616,243	-	3,052,615	-	304,497	4,868,125
2027	4,868,125	-	3,081,704	-	166,364	1,952,785
2028	1,952,785	-	3,063,599	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 13.64

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.

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 4
Hypothetical Assumptions: 9.00% 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	30,020,198	-	3,893,216	-	2,526,623	28,653,605
2016	28,653,605	-	2,743,452	-	2,455,369	28,365,522
2017	28,365,522	-	2,774,083	-	2,428,063	28,019,502
2018	28,019,502	-	2,831,702	-	2,394,329	27,582,129
2019	27,582,129	-	2,844,963	-	2,354,368	27,091,534
2020	27,091,534	-	2,891,400	-	2,308,125	26,508,259
2021	26,508,259	-	2,935,444	-	2,253,648	25,826,463
2022	25,826,463	-	2,934,011	-	2,192,351	25,084,803
2023	25,084,803	-	2,962,592	-	2,124,316	24,246,527
2024	24,246,527	-	3,025,649	-	2,046,033	23,266,911
2025	23,266,911	-	3,070,742	-	1,955,839	22,152,008
2026	22,152,008	-	3,052,615	-	1,856,313	20,955,706
2027	20,955,706	-	3,081,704	-	1,747,337	19,621,339
2028	19,621,339	-	3,063,599	-	1,628,059	18,185,799
2029	18,185,799	-	3,031,467	-	1,500,306	16,654,638
2030	16,654,638	-	3,001,923	-	1,363,831	15,016,546
2031	15,016,546	-	2,984,210	-	1,217,200	13,249,536
2032	13,249,536	-	2,984,743	-	1,058,145	11,322,938
2033	11,322,938	-	2,959,729	-	885,877	9,249,086
2034	9,249,086	-	2,928,887	-	700,618	7,020,817
2035	7,020,817	-	2,877,279	-	502,396	4,645,934
2036	4,645,934	-	2,820,359	-	291,218	2,116,793
2037	2,116,793	-	2,756,417	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 22.77

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 9.00% 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	
	7.00% RP-2000 Static	7.00% RP-2000 Generational	5.00% RP-2000 Generational	9.00% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$1,575,376	\$1,682,669	\$2,375,285	\$1,031,296
Total Required Contribution (% of Payroll)	236.6%	252.7%	356.8%	154.9%
Expected Member Contribution	48,235	48,235	47,769	48,701
Expected State Money	189,276	189,276	189,276	189,276
Expected Sponsor Contribution (Fixed \$)	\$1,337,865	\$1,445,158	\$2,138,240	\$793,319
Expected Sponsor Contribution (% of Payroll)	201.0%	217.1%	321.2%	119.2%
ASSETS				
Actuarial Value ¹	32,540,274	32,540,274	32,540,274	32,540,274
Market Value ¹	30,020,198	30,020,198	30,020,198	30,020,198
LIABILITIES				
Present Value of Benefits				
Active Members				
Retirement Benefits	3,897,311	4,059,732	5,576,537	3,081,543
Disability Benefits	177,980	181,240	250,579	137,761
Death Benefits	19,029	14,529	19,865	11,145
Vested Benefits	415,869	427,830	621,658	308,491
Refund of Contributions	0	0	0	0
Service Retirees	20,498,469	21,145,869	25,800,153	17,821,744
DROP Retirees ¹	7,318,745	7,444,087	9,151,645	6,281,644
Beneficiaries	2,554,506	2,637,613	3,097,057	2,292,766
Disability Retirees	2,076,386	2,157,605	2,680,641	1,798,767
Terminated Vested	3,044,702	3,184,239	4,801,631	2,209,799
Total:	40,002,997	41,252,744	51,999,766	33,943,660
Present Value of Future Salaries	3,257,649	3,260,577	3,511,012	3,048,325
Present Value of Future Member Contributions	228,035	228,240	245,771	213,383
Total Normal Cost	169,621	175,287	276,632	115,326
Present Value of Future Normal Costs (Entry Age Normal)	753,316	779,044	1,324,833	479,869
Total Actuarial Accrued Liability ¹	39,249,681	40,473,700	50,674,933	33,463,791
Unfunded Actuarial Accrued Liability (UAAL)	6,709,407	7,933,426	18,134,659	923,517

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

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL		
	7.00% RP-2000 Static	7.00% RP-2000 Generational	5.00% RP-2000 Generational	9.00% RP-2000 Generational
<u>PENSION COST</u>				
Normal Cost ²	185,986	192,199	300,391	127,674
Administrative Expenses ²	80,650	80,650	79,871	81,430
Payment Required To Amortize UAAL ²	1,308,740	1,409,820	1,995,023	822,192
Total Required Contribution	\$1,575,376	\$1,682,669	\$2,375,285	\$1,031,296

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

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