

January 23, 2017

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, 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 #14-7778

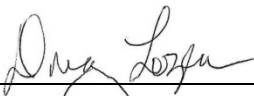
DHL/lke
Enclosures

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: 1/23/2017
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, 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% RP-2000 Generational	5.00% RP-2000 Generational	9.00% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	203,840	327,223	139,870
Interest	2,751,065	2,550,030	3,003,575
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(1,512,423)	(1,811,159)	(1,373,884)
Changes of Assumptions	1,343,437	252,690	(45,965)
Benefit Payments, Including Refunds of Employee Contributions	(2,699,899)	(2,699,899)	(2,699,899)
Net Change in Total Pension Liability	86,020	(1,381,115)	(976,303)
Total Pension Liability - Beginning	40,447,045	52,023,324	34,583,140
Total Pension Liability - Ending (a)	<u>\$ 40,533,065</u>	<u>\$ 50,642,209</u>	<u>\$ 33,606,837</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	2,108,231	2,108,231	2,108,231
Contributions - State	207,731	207,731	207,731
Contributions - Employee	38,297	38,297	38,297
Net Investment Income	3,176,622	3,176,622	3,176,622
Benefit Payments, Including Refunds of Employee Contributions	(2,699,899)	(2,699,899)	(2,699,899)
Administrative Expenses	(85,428)	(85,428)	(85,428)
Net Change in Plan Fiduciary Net Position	2,745,554	2,745,554	2,745,554
Plan Fiduciary Net Position - Beginning	30,020,198	30,020,198	30,020,198
Plan Fiduciary Net Position - Ending (b)	<u>\$ 32,765,752</u>	<u>\$ 32,765,752</u>	<u>\$ 32,765,752</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 7,767,313</u>	<u>\$ 17,876,457</u>	<u>\$ 841,085</u>

GASB 68: PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	ACTUAL	HYPOTHETICAL	
	7.00%	5.00%	9.00%
Pension Expense	<u>\$ 2,623,116</u>	<u>\$ 3,763,249</u>	<u>\$ 2,088,739</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.00% and 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	32,717,933	-	3,761,791	-	2,158,593	31,114,735
2017	31,114,735	-	2,809,087	-	2,079,713	30,385,361
2018	30,385,361	-	2,879,916	-	2,026,178	29,531,623
2019	29,531,623	-	2,898,102	-	1,965,780	28,599,301
2020	28,599,301	-	2,948,035	-	1,898,770	27,550,036
2021	27,550,036	-	2,993,106	-	1,823,744	26,380,674
2022	26,380,674	-	2,988,967	-	1,742,033	25,133,740
2023	25,133,740	-	3,018,246	-	1,653,723	23,769,217
2024	23,769,217	-	3,084,120	-	1,555,901	22,240,998
2025	22,240,998	-	3,131,299	-	1,447,274	20,556,973
2026	20,556,973	-	3,107,908	-	1,330,211	18,779,276
2027	18,779,276	-	3,135,206	-	1,204,817	16,848,887
2028	16,848,887	-	3,113,031	-	1,070,466	14,806,322
2029	14,806,322	-	3,073,888	-	928,856	12,661,290
2030	12,661,290	-	3,044,402	-	779,736	10,396,624
2031	10,396,624	-	3,025,618	-	621,867	7,992,873
2032	7,992,873	-	3,032,341	-	453,369	5,413,901
2033	5,413,901	-	3,010,573	-	273,603	2,676,931
2034	2,676,931	-	2,983,712	-	-	-

*All DROP Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 18.90

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 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	32,717,933	-	3,761,791	-	1,541,852	30,497,994
2017	30,497,994	-	2,809,087	-	1,454,673	29,143,580
2018	29,143,580	-	2,879,916	-	1,385,181	27,648,845
2019	27,648,845	-	2,898,102	-	1,309,990	26,060,733
2020	26,060,733	-	2,948,035	-	1,229,336	24,342,034
2021	24,342,034	-	2,993,106	-	1,142,274	22,491,202
2022	22,491,202	-	2,988,967	-	1,049,836	20,552,071
2023	20,552,071	-	3,018,246	-	952,147	18,485,972
2024	18,485,972	-	3,084,120	-	847,196	16,249,048
2025	16,249,048	-	3,131,299	-	734,170	13,851,919
2026	13,851,919	-	3,107,908	-	614,898	11,358,909
2027	11,358,909	-	3,135,206	-	489,565	8,713,268
2028	8,713,268	-	3,113,031	-	357,838	5,958,075
2029	5,958,075	-	3,073,888	-	221,057	3,105,244
2030	3,105,244	-	3,044,402	-	79,152	139,994
2031	139,994	-	3,025,618	-	-	-

*All DROP Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 15.05

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 3
Hypothetical Assumptions: 9.00% and 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	32,717,933	-	3,761,791	-	2,775,333	31,731,475
2017	31,731,475	-	2,809,087	-	2,729,424	31,651,812
2018	31,651,812	-	2,879,916	-	2,719,067	31,490,963
2019	31,490,963	-	2,898,102	-	2,703,772	31,296,633
2020	31,296,633	-	2,948,035	-	2,684,035	31,032,633
2021	31,032,633	-	2,993,106	-	2,658,247	30,697,774
2022	30,697,774	-	2,988,967	-	2,628,296	30,337,103
2023	30,337,103	-	3,018,246	-	2,594,518	29,913,375
2024	29,913,375	-	3,084,120	-	2,553,418	29,382,673
2025	29,382,673	-	3,131,299	-	2,503,532	28,754,906
2026	28,754,906	-	3,107,908	-	2,448,086	28,095,084
2027	28,095,084	-	3,135,206	-	2,387,473	27,347,351
2028	27,347,351	-	3,113,031	-	2,321,175	26,555,495
2029	26,555,495	-	3,073,888	-	2,251,670	25,733,277
2030	25,733,277	-	3,044,402	-	2,178,997	24,867,872
2031	24,867,872	-	3,025,618	-	2,101,956	23,944,210
2032	23,944,210	-	3,032,341	-	2,018,524	22,930,393
2033	22,930,393	-	3,010,573	-	1,928,260	21,848,080
2034	21,848,080	-	2,983,712	-	1,832,060	20,696,428
2035	20,696,428	-	2,935,225	-	1,730,593	19,491,796
2036	19,491,796	-	2,884,760	-	1,624,447	18,231,483
2037	18,231,483	-	2,828,335	-	1,513,558	16,916,706
2038	16,916,706	-	2,769,116	-	1,397,893	15,545,483
2039	15,545,483	-	2,709,929	-	1,277,147	14,112,701
2040	14,112,701	-	2,641,282	-	1,151,285	12,622,704
2041	12,622,704	-	2,568,021	-	1,020,482	11,075,165
2042	11,075,165	-	2,489,844	-	884,722	9,470,043
2043	9,470,043	-	2,408,579	-	743,918	7,805,382
2044	7,805,382	-	2,323,318	-	597,935	6,079,999
2045	6,079,999	-	2,235,243	-	446,614	4,291,370
2046	4,291,370	-	2,143,693	-	289,757	2,437,434
2047	2,437,434	-	2,048,975	-	127,165	515,624
2048	515,624	-	1,951,445	-	-	-

*All DROP Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 32.26

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, 2018

Valuation Date: 10/1/2016

	ACTUAL	HYPOTHETICAL	
	7.00% RP-2000 Generational	5.00% RP-2000 Generational	9.00% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$1,568,890	\$2,279,765	\$895,293
Total Required Contribution (% of Payroll)	255.4%	371.1%	145.7%
Expected Member Contribution	44,512	44,081	44,942
Expected State Money	207,731	207,731	207,731
Expected Sponsor Contribution (Fixed \$)	\$1,316,647	\$2,027,953	\$642,620
Expected Sponsor Contribution (% of Payroll)	214.4%	330.1%	104.6%
<u>ASSETS</u>			
Actuarial Value ¹	34,315,990	34,315,990	34,315,990
Market Value ¹	32,717,933	32,717,933	32,717,933
<u>LIABILITIES</u>			
Present Value of Benefits			
Active Members			
Retirement Benefits	4,023,877	5,397,785	3,127,795
Disability Benefits	142,739	195,555	109,528
Death Benefits	33,023	44,935	25,510
Vested Benefits	264,412	387,527	189,329
Refund of Contributions	0	0	0
Service Retirees	22,656,349	27,819,444	19,005,612
DROP Retirees ¹	5,467,054	6,702,753	4,641,462
Beneficiaries	2,971,926	3,512,877	2,569,135
Disability Retirees	2,508,054	3,131,299	2,086,610
Terminated Vested	3,644,247	5,437,128	2,557,133
Total:	41,711,681	52,629,303	34,312,114
Present Value of Future Salaries	2,457,549	2,630,180	2,311,091
Present Value of Future Member Contributions	172,028	184,113	161,776
Total Normal Cost	145,447	228,232	96,533
Present Value of Future Normal Costs (Entry Age Normal)	543,365	920,712	337,300
Total Actuarial Accrued Liability ¹	41,168,316	51,708,591	33,974,814
Unfunded Actuarial Accrued Liability (UAAL)	6,852,326	17,392,601	(341,176)

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

Valuation Date: 10/1/2016

	ACTUAL	HYPOTHETICAL	
	7.00% RP-2000 Generational	5.00% RP-2000 Generational	9.00% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost ²	159,525	247,904	106,899
Administrative Expenses ²	93,697	92,791	94,602
Payment Required To Amortize UAAL ²	1,315,668	1,939,070	693,792
Total Required Contribution	\$1,568,890	\$2,279,765	\$895,293

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

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