

March 11, 2016

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, 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: Scott R. Christiansen, Board Attorney

CITY OF VENICE
MUNICIPAL FIREFIGHTERS' 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: 3/11/2016

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
<u>GASB 67: Schedule of Changes in Net Pension Liability</u>			
<u>Total Pension Liability</u>			
Service Cost	1,139,410	1,180,850	1,790,372
Interest	2,653,780	2,753,170	2,597,789
Change in Excess State Money	-	-	-
Changes of Benefit Terms	(797,774)	(801,397)	(1,498,981)
Differences Between Expected and Actual Experience	(473,564)	(503,836)	(544,379)
Changes of Assumptions	2,961,891	3,208,770	4,751,714
Benefit Payments, Including Refunds of Employee Contributions	(1,991,123)	(1,991,123)	(1,991,123)
Net Change in Total Pension Liability	3,492,620	3,846,434	5,105,392
Total Pension Liability - Beginning	35,060,633	36,305,266	46,047,492
Total Pension Liability - Ending (a)	<u>\$ 38,553,253</u>	<u>\$ 40,151,700</u>	<u>\$ 51,152,884</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	756,197	756,197	756,197
Contributions - State	272,353	272,353	272,353
Contributions - Employee	116,523	116,523	116,523
Contributions - Buy Back	-	-	-
Net Investment Income	9,360	9,360	9,360
Benefit Payments, Including Refunds of Employee Contributions	(1,991,123)	(1,991,123)	(1,991,123)
Administrative Expenses	(67,814)	(67,814)	(67,814)
Net Change in Plan Fiduciary Net Position	(904,504)	(904,504)	(904,504)
Plan Fiduciary Net Position - Beginning	18,628,386	18,628,386	18,628,386
Plan Fiduciary Net Position - Ending (b)	<u>\$ 17,723,882</u>	<u>\$ 17,723,882</u>	<u>\$ 17,723,882</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 20,829,371</u>	<u>\$ 22,427,818</u>	<u>\$ 33,429,002</u>

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

Pension Expense	<u>\$ 1,343,572</u>	<u>\$ 1,455,784</u>	<u>\$ 1,953,106</u>
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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	17,723,882	-	2,054,372	-	1,168,769	16,838,279
2016	16,838,279	-	2,111,986	-	1,104,760	15,831,053
2017	15,831,053	-	2,333,370	-	1,026,506	14,524,189
2018	14,524,189	-	2,372,294	-	933,663	13,085,558
2019	13,085,558	-	2,463,262	-	829,775	11,452,071
2020	11,452,071	-	2,560,381	-	712,032	9,603,722
2021	9,603,722	-	2,708,830	-	577,451	7,472,343
2022	7,472,343	-	2,807,538	-	424,800	5,089,605
2023	5,089,605	-	2,893,812	-	254,989	2,450,782
2024	2,450,782	-	3,020,194	-	-	-

Number of Years Expected Benefit Payments Sustained: 9.81

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	17,723,882	-	2,054,938	-	1,168,749	16,837,693
2016	16,837,693	-	2,114,181	-	1,104,642	15,828,154
2017	15,828,154	-	2,337,816	-	1,026,147	14,516,485
2018	14,516,485	-	2,379,206	-	932,882	13,070,161
2019	13,070,161	-	2,473,578	-	828,336	11,424,919
2020	11,424,919	-	2,574,416	-	709,640	9,560,143
2021	9,560,143	-	2,727,423	-	573,750	7,406,470
2022	7,406,470	-	2,831,273	-	419,358	4,994,555
2023	4,994,555	-	2,923,834	-	247,285	2,318,006
2024	2,318,006	-	3,057,136	-	-	-

Number of Years Expected Benefit Payments Sustained: 9.76

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	17,723,882	-	2,054,938	-	834,821	16,503,765
2016	16,503,765	-	2,114,181	-	772,334	15,161,918
2017	15,161,918	-	2,337,816	-	699,651	13,523,753
2018	13,523,753	-	2,379,206	-	616,708	11,761,255
2019	11,761,255	-	2,473,578	-	526,223	9,813,900
2020	9,813,900	-	2,574,416	-	426,335	7,665,819
2021	7,665,819	-	2,727,423	-	315,105	5,253,501
2022	5,253,501	-	2,831,273	-	191,893	2,614,121
2023	2,614,121	-	2,923,834	-	-	-

Number of Years Expected Benefit Payments Sustained: 8.89

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, 2017

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL	
	7.00% RP-2000 Static	7.00% RP-2000 Generational	5.00% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$2,725,064	\$2,880,489	\$3,751,389
Total Required Contribution (% of Payroll)	153.6%	162.5%	211.6%
Expected Member Contribution	128,474	128,474	127,233
Expected State Money	272,353	272,353	272,353
Expected Sponsor Contribution (Fixed \$)	\$2,324,237	\$2,479,662	\$3,351,803
Expected Sponsor Contribution (% of Payroll)	131.0%	139.9%	189.0%

ASSETS

Actuarial Value	18,378,749	18,378,749	18,378,749
Market Value	17,723,882	17,723,882	17,723,882

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	10,743,172	11,307,866	16,447,310
Disability Benefits	416,368	423,987	590,486
Death Benefits	104,055	79,834	109,804
Vested Benefits	1,570,263	1,627,678	2,352,939
Refund of Contributions	0	0	0
Service Retirees	23,082,375	23,944,488	29,519,244
Beneficiaries	1,159,828	1,194,010	1,378,083
Disability Retirees	950,514	977,180	1,221,671
Terminated Vested	3,061,952	3,208,565	4,538,215
Excess State Monies Reserve	8,861	8,861	8,861
Total:	41,097,388	42,772,469	56,166,613
Present Value of Future Salaries	10,659,707	10,671,126	11,482,375
Present Value of Future Member Contributions	746,179	746,979	803,766
Total Normal Cost	713,099	739,029	1,137,778
Present Value of Future Normal Costs (Entry Age Normal)	3,680,304	3,823,944	6,345,501
Total Actuarial Accrued Liability	37,417,084	38,948,525	49,821,112
Unfunded Actuarial Accrued Liability (UAAL)	19,038,335	20,569,776	31,442,363

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
<u>PENSION COST</u>			
Normal Cost ¹	784,555	813,083	1,239,694
Administrative Expenses ¹	74,609	74,609	73,888
Payment Required To Amortize UAAL ¹	1,865,900	1,992,797	2,437,807
Total Required Contribution	\$2,725,064	\$2,880,489	\$3,751,389

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