

**CITY OF VENICE
MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND**

**SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2022 VALUATION DATE**





FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

July 14, 2023

VIA E-MAIL

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

Re: City of Venice Municipal Firefighters' Pension Trust Fund
Section 112.664, Florida Statutes Compliance

Dear Shelly:

Please find enclosed the annual disclosures that satisfy the October 1, 2022 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.

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.

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 #23-7778

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, 2022 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.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY
FISCAL YEAR SEPTEMBER 30, 2022

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Discount Rate:	6.50%	4.50%
<u>Total Pension Liability</u>		
Service Cost	698,736	1,097,029
Interest	3,052,291	2,699,900
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	(233,313)	(371,783)
Changes of Assumptions	-	-
Contributions - Buy Back	195,737	195,737
Benefit Payments, Including Refunds of Employee Contributions	(3,191,618)	(3,191,618)
Net Change in Total Pension Liability	521,833	429,265
Total Pension Liability - Beginning	47,855,392	60,496,553
Total Pension Liability - Ending (a)	<u>\$ 48,377,225</u>	<u>\$ 60,925,818</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	2,492,308	2,492,308
Contributions - State	204,879	204,879
Contributions - Employee	97,409	97,409
Contributions - Buy Back	195,737	195,737
Net Investment Income	(4,736,718)	(4,736,718)
Benefit Payments, Including Refunds of Employee Contributions	(3,191,618)	(3,191,618)
Administrative Expenses	(66,705)	(66,705)
Net Change in Plan Fiduciary Net Position	(5,004,708)	(5,004,708)
Plan Fiduciary Net Position - Beginning	33,725,543	33,725,543
Plan Fiduciary Net Position - Ending (b)	<u>\$ 28,720,835</u>	<u>\$ 28,720,835</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 19,656,390</u>	<u>\$ 32,204,983</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: Discount Rate = 6.50%

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
2022	28,720,835	-	2,814,190	-	1,775,393	27,682,038
2023	27,682,038	-	3,155,665	-	1,696,773	26,223,146
2024	26,223,146	-	3,338,723	-	1,595,996	24,480,419
2025	24,480,419	-	3,426,613	-	1,479,862	22,533,668
2026	22,533,668	-	3,498,232	-	1,350,996	20,386,432
2027	20,386,432	-	3,587,348	-	1,208,529	18,007,613
2028	18,007,613	-	3,675,631	-	1,051,037	15,383,019
2029	15,383,019	-	3,736,257	-	878,468	12,525,230
2030	12,525,230	-	3,757,316	-	692,027	9,459,941
2031	9,459,941	-	3,789,334	-	491,743	6,162,350
2032	6,162,350	-	3,782,586	-	277,619	2,657,383
2033	2,657,383	-	3,743,438	-	-	-

*All Share Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 11.71

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 6.50% 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: Discount Rate = 4.50%

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
2022	28,720,835	-	2,814,190	-	1,229,118	27,135,763
2023	27,135,763	-	3,155,665	-	1,150,107	25,130,205
2024	25,130,205	-	3,338,723	-	1,055,738	22,847,220
2025	22,847,220	-	3,426,613	-	951,026	20,371,633
2026	20,371,633	-	3,498,232	-	838,013	17,711,414
2027	17,711,414	-	3,587,348	-	716,298	14,840,364
2028	14,840,364	-	3,675,631	-	585,115	11,749,848
2029	11,749,848	-	3,736,257	-	444,677	8,458,268
2030	8,458,268	-	3,757,316	-	296,082	4,997,034
2031	4,997,034	-	3,789,334	-	139,607	1,347,307
2032	1,347,307	-	3,782,586	-	-	-

*All Share Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 10.36

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 4.50% 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, 2024**

Valuation Date: 10/1/2022

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Investment Rate of Return:	6.50%	4.50%
Minimum Required Contribution (Fixed \$)	\$2,617,686	\$3,486,721
Minimum Required Contribution (% of Payroll)	194.7%	259.2%
Expected Member Contribution	97,202	96,261
Expected State Money	204,879	204,879
Expected Sponsor Contribution (Fixed \$)	\$2,315,605	\$3,185,581
Expected Sponsor Contribution (% of Payroll)	171.9%	236.4%

ASSETS

Actuarial Value	32,325,635	32,325,635
Market Value	28,720,835	28,720,835

LIABILITIES

Present Value of Benefits		
Active Members		
Retirement Benefits	12,388,660	16,754,361
Disability Benefits	216,515	293,645
Death Benefits	31,882	43,265
Vested Benefits	150,428	213,510
Refund of Contributions	0	0
Service Retirees	33,339,109	41,388,728
Beneficiaries	1,565,188	1,788,049
Disability Retirees	954,488	1,180,956
Terminated Vested	2,201,546	3,160,088
Share Plan Balances ¹	4,186	4,186
Total:	50,852,002	64,826,788
Present Value of Future Salaries	4,195,482	4,395,370
Present Value of Future Member Contributions	293,684	307,676
Total Normal Cost	401,005	647,717
Present Value of Future Normal Costs (Entry Age Normal)	1,120,880	1,908,591
Total Actuarial Accrued Liability (EAN)	49,731,122	62,918,197
Unfunded Actuarial Accrued Liability (UAAL)	17,405,487	30,592,562

**ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2024**

Valuation Date: 10/1/2022

	ACTUAL	HYPOTHETICAL
Investment Rate of Return:	6.50%	4.50%
<u>PENSION COST</u>		
Normal Cost ¹	430,475	688,584
Administrative Expenses ¹	68,178	67,518
Payment Required To Amortize UAAL ¹	2,119,033	2,730,619
Minimum Required Contribution	\$2,617,686	\$3,486,721

¹ Contributions developed as of 10/1/2022 displayed above have been adjusted to account for assumed salary increase and interest rate changes.

² Reflects normal cost minimum funding requirements of Chapter 112, Florida Statutes.