

CITY OF VENICE
MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2019 VALUATION DATE



May 18, 2020

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, 2019 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 #20-7778

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, 2019 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, 2019

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.00% RP-2000 Generational	5.00% RP-2000 Generational
<u>Total Pension Liability</u>		
Service Cost	763,821	1,169,996
Interest	2,897,034	2,640,206
Change in Excess State Money	(8,861)	(8,861)
Share Plan Allocation	4,431	4,431
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	(382,046)	(480,313)
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(2,420,604)	(2,420,604)
Net Change in Total Pension Liability	853,775	904,855
Total Pension Liability - Beginning	41,841,542	52,853,286
Total Pension Liability - Ending (a)	<u>\$ 42,695,317</u>	<u>\$ 53,758,141</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	2,372,720	2,372,720
Contributions - State	173,349	173,349
Contributions - Employee	125,174	125,174
Net Investment Income	485,854	485,854
Benefit Payments, Including Refunds of Employee Contributions	(2,420,604)	(2,420,604)
Administrative Expenses	(57,886)	(57,886)
Net Change in Plan Fiduciary Net Position	678,607	678,607
Plan Fiduciary Net Position - Beginning	25,638,236	25,638,236
Plan Fiduciary Net Position - Ending (b)	<u>\$ 26,316,843</u>	<u>\$ 26,316,843</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 16,378,474</u>	<u>\$ 27,441,298</u>

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
2019	26,316,843	-	2,340,188	-	1,760,272	25,736,927
2020	25,736,927	-	2,512,812	-	1,713,636	24,937,751
2021	24,937,751	-	2,770,788	-	1,648,665	23,815,628
2022	23,815,628	-	2,932,811	-	1,564,446	22,447,263
2023	22,447,263	-	3,041,287	-	1,464,863	20,870,839
2024	20,870,839	-	3,216,341	-	1,348,387	19,002,885
2025	19,002,885	-	3,280,735	-	1,215,376	16,937,526
2026	16,937,526	-	3,396,662	-	1,066,744	14,607,608
2027	14,607,608	-	3,450,061	-	901,780	12,059,327
2028	12,059,327	-	3,506,583	-	721,422	9,274,166
2029	9,274,166	-	3,553,498	-	524,819	6,245,487
2030	6,245,487	-	3,555,421	-	312,744	3,002,810
2031	3,002,810	-	3,549,913	-	-	-

*All Share Balances paid in 2019.

Number of Years Expected Benefit Payments Sustained: 12.85

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
2019	26,316,843	-	2,340,188	-	1,257,337	25,233,992
2020	25,233,992	-	2,512,812	-	1,198,879	23,920,059
2021	23,920,059	-	2,770,788	-	1,126,733	22,276,004
2022	22,276,004	-	2,932,811	-	1,040,480	20,383,673
2023	20,383,673	-	3,041,287	-	943,151	18,285,537
2024	18,285,537	-	3,216,341	-	833,868	15,903,064
2025	15,903,064	-	3,280,735	-	713,135	13,335,464
2026	13,335,464	-	3,396,662	-	581,857	10,520,659
2027	10,520,659	-	3,450,061	-	439,781	7,510,379
2028	7,510,379	-	3,506,583	-	287,854	4,291,650
2029	4,291,650	-	3,553,498	-	125,745	863,897
2030	863,897	-	3,555,421	-	-	-

*All Share Balances paid in 2019.

Number of Years Expected Benefit Payments Sustained: 11.24

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, 2021

Valuation Date: 10/1/2019

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.00%	5.00%
	RP-2000	RP-2000
	Generational	Generational
Minimum Required Contribution (Fixed \$)	\$2,517,301	\$3,446,142
Minimum Required Contribution (% of Payroll)	125.6%	172.0%
Expected Member Contribution	145,208	143,805
Expected State Money	173,349	173,349
Expected Sponsor Contribution (Fixed \$)	\$2,198,744	\$3,128,988
Expected Sponsor Contribution (% of Payroll)	109.4%	155.8%
<u>ASSETS</u>		
Actuarial Value ¹	27,122,406	27,122,406
Market Value ¹	26,316,843	26,316,843
<u>LIABILITIES</u>		
Present Value of Benefits		
Active Members		
Retirement Benefits	15,309,396	20,842,185
Disability Benefits	353,707	479,524
Death Benefits	90,018	121,850
Vested Benefits	866,870	1,247,254
Refund of Contributions	0	0
Service Retirees	24,546,497	30,031,409
Beneficiaries	1,654,932	1,903,119
Disability Retirees	923,327	1,139,176
Terminated Vested	2,103,575	3,044,751
Share Plan Balances ¹	4,515	4,515
Excess State Monies Reserve	0	0
Total:	<u>45,852,837</u>	<u>58,813,783</u>
Present Value of Future Salaries	7,857,107	8,289,406
Present Value of Future Member Contributions	549,997	580,258
Total Normal Cost	626,188	979,111
Present Value of Future Normal Costs (Entry Age Normal)	2,278,927	3,770,995
Total Actuarial Accrued Liability ¹	43,573,910	55,042,788
Unfunded Actuarial Accrued Liability (UAAL)	16,451,504	27,920,382

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2021

Valuation Date: 10/1/2019

	ACTUAL	HYPOTHETICAL
	7.00%	5.00%
	RP-2000	RP-2000
	Generational	Generational
<u>PENSION COST</u>		
Normal Cost ²	686,148	1,062,499
Administrative Expenses ²	64,314	63,693
Payment Required To Amortize UAAL ²	1,766,839	2,319,950
Minimum Required Contribution	\$2,517,301	\$3,446,142

¹ The asset values and liabilities include accumulated Share Plan Balances as of 9/30/2019.

² Contributions developed as of 10/1/2019 displayed above have been adjusted to account for assumed salary increase and interest components.