

May 29, 2018

VIA EMAIL

Mr. Bruce Jordan, Secretary
City of Madison
Firefighters' Pension Board
253 SW Horry Avenue
Madison, FL 32340

Re: City of Madison Firefighters' Retirement Trust Fund
Section 112.664, Florida Statutes Compliance

Dear Bruce:

Please find enclosed the annual disclosures that satisfy the October 1, 2017 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: 

Patrick T. Donlan, EA, ASA, MAAA
Enrolled Actuary #17-6595

PTD/lke
Enclosures

cc via email: Robert Klausner, Board Attorney

CITY OF MADISON
FIREFIGHTERS' RETIREMENT SYSTEM

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: Patrick T. Donlan Date: 5/29/2018

Patrick T. Donlan, EA, ASA, MAAA
Enrolled Actuary #17-6595



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, 2017 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, 2017

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	8.00% RP-2000 Generational	6.00% RP-2000 Generational
<u>Total Pension Liability</u>		
Service Cost	64,147	101,894
Interest	218,896	206,948
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	(25,763)	(76,983)
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(224,968)	(224,968)
Net Change in Total Pension Liability	32,312	6,891
Total Pension Liability - Beginning	2,784,543	3,459,731
Total Pension Liability - Ending (a)	<u>\$ 2,816,855</u>	<u>\$ 3,466,622</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	170,795	170,795
Contributions - State	20,363	20,363
Contributions - Employee	24,715	24,715
Net Investment Income	124,918	124,918
Benefit Payments, Including Refunds of Employee Contributions	(224,968)	(224,968)
Administrative Expenses	(18,364)	(18,364)
Net Change in Plan Fiduciary Net Position	97,459	97,459
Plan Fiduciary Net Position - Beginning	1,551,757	1,551,757
Plan Fiduciary Net Position - Ending (b)	<u>\$ 1,649,216</u>	<u>\$ 1,649,216</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,167,639</u>	<u>\$ 1,817,406</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 8.00% 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
2017	1,649,216	-	214,377	-	123,362	1,558,201
2018	1,558,201	-	245,321	-	114,843	1,427,723
2019	1,427,723	-	240,983	-	104,579	1,291,319
2020	1,291,319	-	236,869	-	93,831	1,148,281
2021	1,148,281	-	233,021	-	82,542	997,802
2022	997,802	-	227,154	-	70,738	841,386
2023	841,386	-	223,129	-	58,386	676,643
2024	676,643	-	219,597	-	45,348	502,394
2025	502,394	-	215,989	-	31,552	317,957
2026	317,957	-	212,713	-	16,928	122,172
2027	122,172	-	228,425	-	-	-

Number of Years Expected Benefit Payments Sustained: 10.53

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 8.00% 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: 6.00% 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
2017	1,649,216	-	214,377	-	92,522	1,527,361
2018	1,527,361	-	245,321	-	84,282	1,366,322
2019	1,366,322	-	240,983	-	74,750	1,200,089
2020	1,200,089	-	236,869	-	64,899	1,028,119
2021	1,028,119	-	233,021	-	54,697	849,795
2022	849,795	-	227,154	-	44,173	666,814
2023	666,814	-	223,129	-	33,315	477,000
2024	477,000	-	219,597	-	22,032	279,435
2025	279,435	-	215,989	-	10,286	73,732
2026	73,732	-	212,713	-	-	-

Number of Years Expected Benefit Payments Sustained: 9.35

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 6.00% 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, 2019

Valuation Date: 10/1/2017

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	8.00%	6.00%
	RP-2000	RP-2000
	Generational	Generational
Total Required Contribution (Fixed \$)	\$215,926	\$301,191
Total Required Contribution (% of Payroll)	55.2%	77.0%
Expected Member Contribution	28,881	28,603
Expected State Money	20,363	20,363
Expected Sponsor Contribution (Fixed \$)	\$166,682	\$252,225
Expected Sponsor Contribution (% of Payroll)	42.9%	64.7%

ASSETS

Actuarial Value ¹	1,721,986	1,721,986
Market Value ¹	1,649,216	1,649,216

LIABILITIES

Present Value of Benefits		
Active Members		
Retirement Benefits	1,258,162	1,989,230
Disability Benefits	12,656	18,777
Death Benefits	6,879	10,287
Vested Benefits	102,535	181,468
Refund of Contributions	21,582	23,285
Service Retirees	2,128,446	2,557,568
DROP Retirees ¹	0	0
Beneficiaries	0	0
Disability Retirees	0	0
Terminated Vested	0	0
Share Plan Balances ¹	0	0
Total:	<u>3,530,260</u>	<u>4,780,615</u>
Present Value of Future Salaries	3,758,963	4,382,888
Present Value of Future Member Contributions	266,886	311,185
Total Normal Cost (Aggregate)	177,505	257,502
Present Value of Future Normal Costs (Entry Age Normal)	697,159	1,294,813
Total Actuarial Accrued Liability (Aggregate) ¹	1,721,986	1,721,986
Unfunded Actuarial Accrued Liability (UAAL)	0	0

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2019

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL
	8.00%	6.00%
	RP-2000	RP-2000
	Generational	Generational
<u>PENSION COST</u>		
Normal Cost ²	195,682	281,141
Administrative Expenses ²	20,244	20,050
Payment Required To Amortize UAAL ²	0	0
Total Required Contribution	\$215,926	\$301,191

¹ The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2017.

² Contributions developed as of 10/1/2017 displayed above have been adjusted to account for assumed salary increase and interest components.