

May 29, 2018

VIA EMAIL

Ms. Ferrell Jenne  
Lead Plan Administrator  
Foster & Foster, Inc.  
2503 Del Prado Blvd S., Suite 502  
Cape Coral, FL 33904

Re: North River Fire District Firefighters' Retirement Trust Fund  
Section 112.664, Florida Statutes Compliance

Dear Ferrell:

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:   
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Douglas H. Lozen, EA, MAAA  
Enrolled Actuary #17-7778

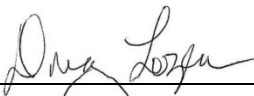
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Enclosures

cc via email: Scott R. Christiansen, Board Attorney

NORTH RIVER FIRE DISTRICT  
FIREFIGHTERS' RETIREMENT 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: 5/29/2018  
Douglas H. Lozen, EA, MAAA  
Enrolled Actuary #17-7778



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, 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>
	7.75% RP-2000 Generational	5.75% RP-2000 Generational
<u>Total Pension Liability</u>		
Service Cost	680,291	1,043,710
Interest	1,794,403	1,693,503
Share Plan Allocation	143,593	143,593
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	(47,804)	38,468
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,307,679)	(1,307,679)
Net Change in Total Pension Liability	1,262,804	1,611,595
Total Pension Liability - Beginning	23,127,132	29,062,353
Total Pension Liability - Ending (a)	<u>\$ 24,389,936</u>	<u>\$ 30,673,948</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	1,120,919	1,120,919
Contributions - State	323,666	323,666
Contributions - Employee	141,809	141,809
Net Investment Income	2,196,201	2,196,201
Benefit Payments, Including Refunds of Employee Contributions	(1,307,679)	(1,307,679)
Administrative Expenses	(50,899)	(50,899)
Net Change in Plan Fiduciary Net Position	2,424,017	2,424,017
Plan Fiduciary Net Position - Beginning	16,998,362	16,998,362
Plan Fiduciary Net Position - Ending (b)	<u>\$ 19,422,379</u>	<u>\$ 19,422,379</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 4,967,557</u>	<u>\$ 11,251,569</u>

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1  
Plan Assumptions: 7.75% 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	19,422,378	-	3,062,067	-	1,386,579	17,746,890
2018	17,746,890	-	1,376,359	-	1,322,050	17,692,581
2019	17,692,581	-	1,392,405	-	1,317,219	17,617,395
2020	17,617,395	-	1,442,886	-	1,309,436	17,483,945
2021	17,483,945	-	1,449,488	-	1,298,838	17,333,295
2022	17,333,295	-	1,469,506	-	1,286,387	17,150,176
2023	17,150,176	-	1,529,257	-	1,269,880	16,890,799
2024	16,890,799	-	1,551,609	-	1,248,912	16,588,102
2025	16,588,102	-	1,540,276	-	1,225,892	16,273,718
2026	16,273,718	-	1,567,948	-	1,200,455	15,906,225
2027	15,906,225	-	1,552,063	-	1,172,590	15,526,752
2028	15,526,752	-	1,606,627	-	1,141,066	15,061,191
2029	15,061,191	-	1,602,182	-	1,105,158	14,564,167
2030	14,564,167	-	1,649,195	-	1,064,817	13,979,789
2031	13,979,789	-	1,641,268	-	1,019,835	13,358,356
2032	13,358,356	-	1,665,443	-	970,737	12,663,650
2033	12,663,650	-	1,676,703	-	916,461	11,903,408
2034	11,903,408	-	1,694,540	-	856,851	11,065,719
2035	11,065,719	-	1,708,842	-	791,376	10,148,253
2036	10,148,253	-	1,721,834	-	719,769	9,146,188
2037	9,146,188	-	1,716,983	-	642,296	8,071,501
2038	8,071,501	-	1,713,668	-	559,137	6,916,970
2039	6,916,970	-	1,692,753	-	470,471	5,694,688
2040	5,694,688	-	1,662,867	-	376,902	4,408,723
2041	4,408,723	-	1,630,843	-	278,481	3,056,361
2042	3,056,361	-	1,595,943	-	175,025	1,635,443
2043	1,635,443	-	1,556,005	-	66,452	145,890
2044	145,890	-	1,512,670	-	-	-

\*All DROP and Share Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 27.10

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.75% 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: 5.75% 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	19,422,378	-	3,062,067	-	1,028,752	17,389,063
2018	17,389,063	-	1,376,359	-	960,301	16,973,005
2019	16,973,005	-	1,392,405	-	935,916	16,516,516
2020	16,516,516	-	1,442,886	-	908,217	15,981,847
2021	15,981,847	-	1,449,488	-	877,283	15,409,642
2022	15,409,642	-	1,469,506	-	843,806	14,783,942
2023	14,783,942	-	1,529,257	-	806,111	14,060,796
2024	14,060,796	-	1,551,609	-	763,887	13,273,074
2025	13,273,074	-	1,540,276	-	718,919	12,451,717
2026	12,451,717	-	1,567,948	-	670,895	11,554,664
2027	11,554,664	-	1,552,063	-	619,771	10,622,372
2028	10,622,372	-	1,606,627	-	564,596	9,580,341
2029	9,580,341	-	1,602,182	-	504,807	8,482,966
2030	8,482,966	-	1,649,195	-	440,356	7,274,127
2031	7,274,127	-	1,641,268	-	371,076	6,003,935
2032	6,003,935	-	1,665,443	-	297,345	4,635,837
2033	4,635,837	-	1,676,703	-	218,355	3,177,489
2034	3,177,489	-	1,694,540	-	133,988	1,616,937
2035	1,616,937	-	1,708,842	-	-	-

\*All DROP and Share Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 18.95

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.75% 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>
	7.75%	5.75%
	RP-2000	RP-2000
	Generational	Generational
Total Required Contribution (Fixed \$)	\$1,684,331	\$2,363,597
Total Required Contribution (% of Payroll)	47.8%	67.0%
Expected Member Contribution	158,545	158,545
Expected State Money	180,072	180,072
Expected Sponsor Contribution (Fixed \$)	\$1,345,714	\$2,024,980
Expected Sponsor Contribution (% of Payroll)	38.2%	57.4%

**ASSETS**

Actuarial Value <sup>1</sup>	18,997,305	18,997,305
Market Value <sup>1</sup>	19,422,378	19,422,378

**LIABILITIES**

Present Value of Benefits		
Active Members		
Retirement Benefits	12,952,453	20,222,521
Disability Benefits	695,544	984,829
Death Benefits	133,558	160,102
Vested Benefits	1,072,294	1,825,712
Refund of Contributions	66,800	69,743
Service Retirees	12,240,759	14,992,374
DROP Retirees <sup>1</sup>	1,411,751	1,664,767
Beneficiaries	365,856	450,912
Disability Retirees	623,609	743,163
Terminated Vested	54,937	74,293
Share Plan Balances <sup>1</sup>	1,532,998	1,532,998
Total:	<u>31,150,559</u>	<u>42,721,414</u>
Present Value of Future Salaries	31,011,321	35,237,838
Present Value of Future Member Contributions	1,395,509	1,585,703
Total Normal Cost	724,156	1,116,385
Present Value of Future Normal Costs (Entry Age Normal)	6,450,292	11,596,456
Total Actuarial Accrued Liability <sup>1</sup>	24,700,267	31,124,958
Unfunded Actuarial Accrued Liability (UAAL)	5,702,962	12,127,653

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

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL
	7.75%	5.75%
	RP-2000	RP-2000
	Generational	Generational
<b><u>PENSION COST</u></b>		
Normal Cost <sup>2</sup>	771,226	1,188,950
Administrative Expenses <sup>2</sup>	54,207	54,207
Payment Required To Amortize UAAL <sup>2</sup>	858,898	1,120,440
Total Required Contribution	\$1,684,331	\$2,363,597

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

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