

CITY OF PENSACOLA  
FIREFIGHTERS' RELIEF AND PENSION FUND

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

April 30, 2020

VIA EMAIL

Cheryl Jackson, Plan Administrator  
City of Pensacola  
Firefighters' Relief and Pension Fund  
222 West Main Street  
Pensacola, FL 32502

Re: City of Pensacola Firefighters' Relief and Pension Fund  
Section 112.664, Florida Statutes Compliance

Dear Cheryl:

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.

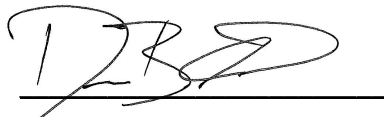
In addition to the enclosed report, the Plan or Plan Sponsor's website must provide a link to the Division of Retirement's Actuarial Summary Fact Sheet for the Plan, and also report the previous five years' assumed and actual rates of return, along with their respective asset allocations. The Board should 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:   
Drew Ballard, EA, MAAA  
Enrolled Actuary #20-8193

Enclosures

cc via email: Gary B. Leuchtman, 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

	ACTUAL	HYPOTHETICAL	
	7.75% RP-2000 Generational	5.75% RP-2000 Generational	9.75% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	1,290,959	2,112,359	828,225
Interest	9,887,893	9,315,199	10,162,607
Changes of Benefit Terms	(1,793)	(3,369)	(1,021)
Differences Between Expected and Actual Experience	(87,339)	(90,928)	(134,698)
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(10,188,894)	(10,188,894)	(10,188,894)
Net Change in Total Pension Liability	900,826	1,144,367	666,219
Total Pension Liability - Beginning	131,390,992	164,988,911	108,499,109
Total Pension Liability - Ending (a)	<u>\$ 132,291,818</u>	<u>\$ 166,133,278</u>	<u>\$ 109,165,328</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	1,140,100	1,140,100	1,140,100
Contributions - State	518,103	518,103	518,103
Contributions - Employee	505,660	505,660	505,660
Net Investment Income	3,440,824	3,440,824	3,440,824
Benefit Payments, Including Refunds of Employee Contributions	(10,188,894)	(10,188,894)	(10,188,894)
Administrative Expenses	(73,186)	(73,186)	(73,186)
Net Change in Plan Fiduciary Net Position	(4,657,393)	(4,657,393)	(4,657,393)
Plan Fiduciary Net Position - Beginning	125,485,033	125,485,033	125,485,033
Plan Fiduciary Net Position - Ending (b)	<u>\$ 120,827,640</u>	<u>\$ 120,827,640</u>	<u>\$ 120,827,640</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 11,464,178</u>	<u>\$ 45,305,638</u>	<u>\$ (11,662,312)</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
2019	120,827,640	-	11,141,248	-	8,932,419	118,618,811
2020	118,618,811	-	9,354,473	-	8,830,472	118,094,810
2021	118,094,810	-	9,460,711	-	8,785,745	117,419,844
2022	117,419,844	-	9,599,287	-	8,728,066	116,548,623
2023	116,548,623	-	9,691,543	-	8,656,971	115,514,051
2024	115,514,051	-	9,884,026	-	8,569,333	114,199,358
2025	114,199,358	-	10,007,106	-	8,462,675	112,654,927
2026	112,654,927	-	10,121,888	-	8,338,534	110,871,573
2027	110,871,573	-	10,200,036	-	8,197,296	108,868,833
2028	108,868,833	-	10,306,136	-	8,037,972	106,600,669
2029	106,600,669	-	10,342,458	-	7,860,782	104,118,993
2030	104,118,993	-	10,393,106	-	7,666,489	101,392,376
2031	101,392,376	-	10,498,462	-	7,451,094	98,345,008
2032	98,345,008	-	10,551,742	-	7,212,858	95,006,124
2033	95,006,124	-	10,532,879	-	6,954,826	91,428,071
2034	91,428,071	-	10,482,762	-	6,679,468	87,624,777
2035	87,624,777	-	10,420,149	-	6,387,139	83,591,767
2036	83,591,767	-	10,352,686	-	6,077,195	79,316,276
2037	79,316,276	-	10,266,173	-	5,749,197	74,799,300
2038	74,799,300	-	10,167,076	-	5,402,972	70,035,196
2039	70,035,196	-	10,051,116	-	5,038,247	65,022,327
2040	65,022,327	-	9,918,598	-	4,654,885	59,758,614
2041	59,758,614	-	9,771,098	-	4,252,663	54,240,179
2042	54,240,179	-	9,608,981	-	3,831,266	48,462,464
2043	48,462,464	-	9,429,427	-	3,390,451	42,423,488
2044	42,423,488	-	9,234,474	-	2,929,984	36,118,998
2045	36,118,998	-	9,024,586	-	2,449,520	29,543,932
2046	29,543,932	-	8,800,404	-	1,948,639	22,692,167
2047	22,692,167	-	8,562,176	-	1,426,859	15,556,850
2048	15,556,850	-	8,310,316	-	883,631	8,130,165
2049	8,130,165	-	8,045,172	-	318,337	403,330
2050	403,330	-	7,766,159	-	-	-

\*All DROP Balances paid in 2019.

Number of Years Expected Benefit Payments Sustained: 31.05

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
2019	120,827,640	-	11,141,248	-	6,627,278	116,313,670
2020	116,313,670	-	9,354,473	-	6,419,095	113,378,292
2021	113,378,292	-	9,460,711	-	6,247,256	110,164,837
2022	110,164,837	-	9,599,287	-	6,058,499	106,624,049
2023	106,624,049	-	9,691,543	-	5,852,251	102,784,757
2024	102,784,757	-	9,884,026	-	5,625,958	98,526,689
2025	98,526,689	-	10,007,106	-	5,377,580	93,897,163
2026	93,897,163	-	10,121,888	-	5,108,083	88,883,358
2027	88,883,358	-	10,200,036	-	4,817,542	83,500,864
2028	83,500,864	-	10,306,136	-	4,504,998	77,699,726
2029	77,699,726	-	10,342,458	-	4,170,389	71,527,657
2030	71,527,657	-	10,393,106	-	3,814,038	64,948,589
2031	64,948,589	-	10,498,462	-	3,432,713	57,882,840
2032	57,882,840	-	10,551,742	-	3,024,901	50,355,999
2033	50,355,999	-	10,532,879	-	2,592,650	42,415,770
2034	42,415,770	-	10,482,762	-	2,137,527	34,070,535
2035	34,070,535	-	10,420,149	-	1,659,476	25,309,862
2036	25,309,862	-	10,352,686	-	1,157,677	16,114,853
2037	16,114,853	-	10,266,173	-	631,452	6,480,132
2038	6,480,132	-	10,167,076	-	-	-

\*All DROP Balances paid in 2019.

Number of Years Expected Benefit Payments Sustained: 19.64

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, 2021**

Valuation Date: 10/1/2019

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.75% RP-2000 Generational	5.75% RP-2000 Generational
Minimum Required Contribution (Fixed \$)	\$2,389,601	\$5,520,671
Minimum Required Contribution (% of Payroll)	47.6%	110.0%
Expected Member Contribution	552,249	552,249
Expected State Money	518,103	518,103
Expected Sponsor Contribution (Fixed \$)	\$1,319,249	\$4,450,319
Expected Sponsor Contribution (% of Payroll)	25.7%	88.1%

**ASSETS**

Actuarial Value <sup>1</sup>	122,582,727	122,582,727
Market Value <sup>1</sup>	120,827,640	120,827,640

**LIABILITIES**

Present Value of Benefits		
Active Members		
Retirement Benefits	25,565,922	42,091,557
Disability Benefits	2,345,219	3,650,891
Death Benefits	354,663	558,072
Vested Benefits	435,387	763,963
Refund of Contributions	133,231	141,368
Service Retirees	71,574,379	88,997,262
DROP Retirees <sup>1</sup>	15,629,496	19,673,726
Beneficiaries	9,476,881	11,074,978
Disability Retirees	19,020,941	22,782,666
Terminated Vested	435,148	579,338
Total:	<u>144,971,267</u>	<u>190,313,821</u>
Present Value of Future Salaries	50,611,999	58,385,975
Present Value of Future Member Contributions	5,567,320	6,422,457
Total Normal Cost	1,253,814	2,061,558
Present Value of Future Normal Costs (Entry Age Normal)	12,904,635	24,516,667
Total Actuarial Accrued Liability <sup>1</sup>	132,066,632	165,797,154
Unfunded Actuarial Accrued Liability (UAAL)	9,483,905	43,214,427

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

Valuation Date: 10/1/2019

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.75%	5.75%
	RP-2000	RP-2000
	Generational	Generational
<b><u>PENSION COST</u></b>		
Normal Cost <sup>2</sup>	1,329,670	2,186,282
Administrative Expenses <sup>2</sup>	88,506	88,506
Payment Required To Amortize UAAL <sup>2</sup>	<u>971,425</u>	<u>3,245,883</u>
Minimum Required Contribution	\$2,389,601	\$5,520,671

<sup>1</sup> The asset values and liabilities include accumulated DROP Balances as of 9/30/2019.

<sup>2</sup> Contributions developed as of 10/1/2019 displayed above have been adjusted to account for an assumed salary increase component.