

CITY OF PENSACOLA
FIREFIGHTERS' RELIEF AND PENSION FUND

SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2020 VALUATION DATE



May 10, 2021

VIA E-MAIL

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, 2020 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.

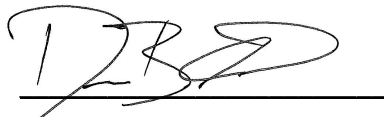
In addition to the enclosed report, the Plan or Plan Sponsor's website must provide a link to the Division of Retirement's Actuarial Summary Fact Sheet for the Plan, and also report the previous five years' assumed and actual rates of return, along with their respective asset allocations. The Board should 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, 2020 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, 2020

	ACTUAL	HYPOTHETICAL
Discount Rate:	7.75%	5.75%
<u>Total Pension Liability</u>		
Service Cost	1,258,728	2,060,032
Interest	9,985,729	9,400,725
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	(511,791)	(697,523)
Changes of Assumptions	1,918,859	2,489,042
Benefit Payments, Including Refunds of Employee Contributions	(9,404,872)	(9,404,872)
Net Change in Total Pension Liability	3,246,653	3,847,404
Total Pension Liability - Beginning	132,291,818	166,133,278
Total Pension Liability - Ending (a)	<u>\$ 135,538,471</u>	<u>\$ 169,980,682</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	1,194,940	1,194,940
Contributions - State	526,021	526,021
Contributions - Employee	543,443	543,443
Net Investment Income	13,110,520	13,110,520
Benefit Payments, Including Refunds of Employee Contributions	(9,404,872)	(9,404,872)
Administrative Expenses	(75,205)	(75,205)
Net Change in Plan Fiduciary Net Position	5,894,847	5,894,847
Plan Fiduciary Net Position - Beginning	120,827,640	120,827,640
Plan Fiduciary Net Position - Ending (b)	<u>\$ 126,722,487</u>	<u>\$ 126,722,487</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 8,815,984</u>	<u>\$ 43,258,195</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: Discount Rate = 7.75%

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
2020	126,722,487	-	10,835,254	-	9,401,127	125,288,360
2021	125,288,360	-	9,321,848	-	9,348,626	125,315,138
2022	125,315,138	-	9,489,664	-	9,344,199	125,169,673
2023	125,169,673	-	9,607,436	-	9,328,362	124,890,599
2024	124,890,599	-	9,844,314	-	9,297,554	124,343,839
2025	124,343,839	-	9,999,578	-	9,249,164	123,593,425
2026	123,593,425	-	10,148,013	-	9,185,255	122,630,667
2027	122,630,667	-	10,256,809	-	9,106,425	121,480,283
2028	121,480,283	-	10,397,813	-	9,011,807	120,094,277
2029	120,094,277	-	10,460,332	-	8,901,969	118,535,914
2030	118,535,914	-	10,541,982	-	8,778,032	116,771,964
2031	116,771,964	-	10,686,222	-	8,635,736	114,721,478
2032	114,721,478	-	10,762,449	-	8,473,870	112,432,899
2033	112,432,899	-	10,765,300	-	8,296,394	109,963,993
2034	109,963,993	-	10,727,855	-	8,106,505	107,342,643
2035	107,342,643	-	10,676,251	-	7,905,350	104,571,742
2036	104,571,742	-	10,621,132	-	7,692,741	101,643,351
2037	101,643,351	-	10,544,273	-	7,468,769	98,567,847
2038	98,567,847	-	10,457,411	-	7,233,783	95,344,219
2039	95,344,219	-	10,352,128	-	6,988,032	91,980,123
2040	91,980,123	-	10,227,367	-	6,732,149	88,484,905
2041	88,484,905	-	10,086,487	-	6,466,729	84,865,147
2042	84,865,147	-	9,932,115	-	6,192,179	81,125,211
2043	81,125,211	-	9,756,620	-	5,909,135	77,277,726
2044	77,277,726	-	9,564,025	-	5,618,418	73,332,119
2045	73,332,119	-	9,355,234	-	5,320,724	69,297,609
2046	69,297,609	-	9,130,611	-	5,016,754	65,183,752
2047	65,183,752	-	8,890,189	-	4,707,246	61,000,809
2048	61,000,809	-	8,634,070	-	4,392,992	56,759,731
2049	56,759,731	-	8,362,287	-	4,074,841	52,472,285
2050	52,472,285	-	8,075,010	-	3,753,695	48,150,970
2051	48,150,970	-	7,772,886	-	3,430,501	43,808,585
2052	43,808,585	-	7,456,774	-	3,106,215	39,458,026
2053	39,458,026	-	7,127,973	-	2,781,788	35,111,841
2054	35,111,841	-	6,788,263	-	2,458,122	30,781,700
2055	30,781,700	-	6,439,883	-	2,136,036	26,477,853
2056	26,477,853	-	6,085,171	-	1,816,233	22,208,915
2057	22,208,915	-	5,726,713	-	1,499,281	17,981,483
2058	17,981,483	-	5,367,221	-	1,185,585	13,799,847
2059	13,799,847	-	5,009,592	-	875,366	9,665,621
2060	9,665,621	-	4,657,104	-	568,623	5,577,140
2061	5,577,140	-	4,313,037	-	265,098	1,529,201
2062	1,529,201	-	3,980,414	-	-	-

*All DROP Balances paid in 2020.

Number of Years Expected Benefit Payments Sustained: 42.38

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: Discount Rate = 5.75%

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
2020	126,722,487	-	10,835,254	-	6,975,029	122,862,262
2021	122,862,262	-	9,321,848	-	6,796,577	120,336,991
2022	120,336,991	-	9,489,664	-	6,646,549	117,493,876
2023	117,493,876	-	9,607,436	-	6,479,684	114,366,124
2024	114,366,124	-	9,844,314	-	6,293,028	110,814,838
2025	110,814,838	-	9,999,578	-	6,084,365	106,899,625
2026	106,899,625	-	10,148,013	-	5,854,973	102,606,585
2027	102,606,585	-	10,256,809	-	5,604,995	97,954,771
2028	97,954,771	-	10,397,813	-	5,333,462	92,890,420
2029	92,890,420	-	10,460,332	-	5,040,465	87,470,553
2030	87,470,553	-	10,541,982	-	4,726,475	81,655,046
2031	81,655,046	-	10,686,222	-	4,387,936	75,356,760
2032	75,356,760	-	10,762,449	-	4,023,593	68,617,904
2033	68,617,904	-	10,765,300	-	3,636,027	61,488,631
2034	61,488,631	-	10,727,855	-	3,227,170	53,987,946
2035	53,987,946	-	10,676,251	-	2,797,365	46,109,060
2036	46,109,060	-	10,621,132	-	2,345,913	37,833,841
2037	37,833,841	-	10,544,273	-	1,872,298	29,161,866
2038	29,161,866	-	10,457,411	-	1,376,157	20,080,612
2039	20,080,612	-	10,352,128	-	857,012	10,585,496
2040	10,585,496	-	10,227,367	-	314,629	672,758
2041	672,758	-	10,086,487	-	-	-

*All DROP Balances paid in 2020.

Number of Years Expected Benefit Payments Sustained: 21.07

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, 2022

Valuation Date: 10/1/2020

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Investment Rate of Return:	7.75%	5.75%
Minimum Required Contribution (Fixed \$)	\$2,534,578	\$5,865,550
Minimum Required Contribution (% of Payroll)	43.9%	101.6%
Expected Member Contribution	634,934	634,934
Expected State Money	526,021	526,021
Expected Sponsor Contribution (Fixed \$)	\$1,373,623	\$4,704,595
Expected Sponsor Contribution (% of Payroll)	23.2%	80.9%

ASSETS

Actuarial Value ¹	125,614,142	125,614,142
Market Value ¹	126,722,487	126,722,487

LIABILITIES

Present Value of Benefits		
Active Members		
Retirement Benefits	30,629,735	50,016,094
Disability Benefits	2,702,615	4,233,586
Death Benefits	323,916	505,816
Vested Benefits	514,355	904,959
Refund of Contributions	150,394	159,179
Service Retirees	76,206,388	94,730,726
DROP Retirees ¹	11,421,896	14,192,440
Beneficiaries	8,746,703	10,134,571
Disability Retirees	18,115,314	21,727,207
Terminated Vested	470,892	615,609
Total:	149,282,208	197,220,187
Present Value of Future Salaries	57,992,415	66,907,505
Present Value of Future Member Contributions	6,379,166	7,359,826
Total Normal Cost	1,438,766	2,369,340
Present Value of Future Normal Costs (Entry Age Normal)	14,787,532	28,119,393
Total Actuarial Accrued Liability ¹	134,494,676	169,100,794
Unfunded Actuarial Accrued Liability (UAAL)	8,880,534	43,486,652

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2022

Valuation Date: 10/1/2020

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Investment Rate of Return:	7.75%	5.75%
<u>PENSION COST</u>		
Normal Cost ²	1,525,092	2,511,500
Administrative Expenses ²	78,648	78,648
Payment Required To Amortize UAAL ²	<u>930,838</u>	<u>3,275,402</u>
Minimum Required Contribution	\$2,534,578	\$5,865,550

¹ The asset values and liabilities include accumulated DROP Balances as of 9/30/2020.

² Contributions developed as of 10/1/2020 displayed above have been adjusted to account for assumed salary increases.