

**CITY OF PENSACOLA
FIREFIGHTERS' RELIEF AND PENSION FUND**

**SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2021 VALUATION DATE**



July 22, 2022

VIA E-MAIL

Michelle Madril
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 Michelle:

Please find enclosed the annual disclosures that satisfy the October 1, 2021 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, ASA, 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, 2021 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, 2021

	ACTUAL	HYPOTHETICAL
Discount Rate:	7.75%	5.75%
<u>Total Pension Liability</u>		
Service Cost	1,497,129	2,457,751
Interest	10,322,867	9,705,432
Changes of Benefit Terms	411,685	600,678
Differences Between Expected and Actual Experience	(1,424,849)	(1,318,038)
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(8,497,992)	(8,497,992)
Net Change in Total Pension Liability	2,308,840	2,947,831
Total Pension Liability - Beginning	135,538,471	169,980,682
Total Pension Liability - Ending (a)	<u>\$ 137,847,311</u>	<u>\$ 172,928,513</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	1,324,931	1,324,931
Contributions - State	573,129	573,129
Contributions - Employee	619,231	619,231
Net Investment Income	28,553,234	28,553,234
Benefit Payments, Including Refunds of Employee Contributions	(8,497,992)	(8,497,992)
Administrative Expenses	(65,256)	(65,256)
Net Change in Plan Fiduciary Net Position	22,507,277	22,507,277
Plan Fiduciary Net Position - Beginning	126,722,487	126,722,487
Plan Fiduciary Net Position - Ending (b)	<u>\$ 149,229,764</u>	<u>\$ 149,229,764</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ (11,382,453)</u>	<u>\$ 23,698,749</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
2021	149,229,764	-	11,200,549	-	11,131,285	149,160,500
2022	149,160,500	-	9,324,474	-	11,198,615	151,034,641
2023	151,034,641	-	9,456,940	-	11,338,728	152,916,429
2024	152,916,429	-	9,732,393	-	11,473,893	154,657,929
2025	154,657,929	-	9,909,907	-	11,601,981	156,350,003
2026	156,350,003	-	10,084,142	-	11,726,365	157,992,226
2027	157,992,226	-	10,212,158	-	11,848,676	159,628,744
2028	159,628,744	-	10,379,224	-	11,969,033	161,218,553
2029	161,218,553	-	10,457,637	-	12,089,204	162,850,120
2030	162,850,120	-	10,563,561	-	12,211,546	164,498,105
2031	164,498,105	-	10,743,855	-	12,332,279	166,086,529
2032	166,086,529	-	10,843,380	-	12,451,525	167,694,674
2033	167,694,674	-	10,861,051	-	12,575,472	169,409,095
2034	169,409,095	-	10,834,913	-	12,709,352	171,283,534
2035	171,283,534	-	10,794,921	-	12,856,171	173,344,784
2036	173,344,784	-	10,754,294	-	13,017,492	175,607,982
2037	175,607,982	-	10,690,193	-	13,195,374	178,113,163
2038	178,113,163	-	10,618,618	-	13,392,299	180,886,844
2039	180,886,844	-	10,530,184	-	13,610,686	183,967,346
2040	183,967,346	-	10,420,884	-	13,853,660	187,400,122
2041	187,400,122	-	10,295,147	-	14,124,573	191,229,548
2042	191,229,548	-	10,158,615	-	14,426,644	195,497,577
2043	195,497,577	-	9,993,943	-	14,763,797	200,267,431
2044	200,267,431	-	9,809,967	-	15,140,590	205,598,054
2045	205,598,054	-	9,608,117	-	15,561,535	211,551,472
2046	211,551,472	-	9,389,764	-	16,031,386	218,193,094
2047	218,193,094	-	9,155,424	-	16,555,192	225,592,862
2048	225,592,862	-	8,905,173	-	17,138,371	233,826,060
2049	233,826,060	-	8,639,082	-	17,786,755	242,973,733
2050	242,973,733	-	8,357,339	-	18,506,617	253,123,011
2051	253,123,011	-	8,060,540	-	19,304,687	264,367,158
2052	264,367,158	-	7,749,565	-	20,188,159	276,805,752
2053	276,805,752	-	7,425,611	-	21,164,703	290,544,844
2054	290,544,844	-	7,090,429	-	22,242,471	305,696,886
2055	305,696,886	-	6,746,201	-	23,430,093	322,380,778
2056	322,380,778	-	6,395,196	-	24,736,696	340,722,278
2057	340,722,278	-	6,039,943	-	26,171,929	360,854,264
2058	360,854,264	-	5,683,096	-	27,745,985	382,917,153
2059	382,917,153	-	5,327,535	-	29,469,637	407,059,255
2060	407,059,255	-	4,976,503	-	31,354,253	433,437,005
2061	433,437,005	-	4,633,237	-	33,411,830	462,215,598
2062	462,215,598	-	4,300,727	-	35,655,056	493,569,927
2063	493,569,927	-	3,981,387	-	38,097,391	527,685,931
2064	527,685,931	-	3,677,066	-	40,753,173	564,762,038
2065	564,762,038	-	3,389,062	-	43,637,732	605,010,708
2066	605,010,708	-	3,118,142	-	46,767,502	648,660,068
2067	648,660,068	-	2,864,785	-	50,160,145	695,955,428
2068	695,955,428	-	2,629,173	-	53,834,665	747,160,920
2069	747,160,920	-	2,411,039	-	57,811,544	802,561,425

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
2070	802,561,425	-	2,209,791	-	62,112,881	862,464,515
2071	862,464,515	-	2,024,556	-	66,762,548	927,202,507
2072	927,202,507	-	1,854,257	-	71,786,342	997,134,592
2073	997,134,592	-	1,697,746	-	77,212,143	1,072,648,989
2074	1,072,648,989	-	1,553,653	-	83,070,093	1,154,165,429
2075	1,154,165,429	-	1,420,530	-	89,392,775	1,242,137,674
2076	1,242,137,674	-	1,297,029	-	96,215,410	1,337,056,055
2077	1,337,056,055	-	1,181,990	-	103,576,042	1,439,450,107
2078	1,439,450,107	-	1,074,436	-	111,515,749	1,549,891,420
2079	1,549,891,420	-	973,454	-	120,078,864	1,668,996,830
2080	1,668,996,830	-	878,302	-	129,313,220	1,797,431,748
2081	1,797,431,748	-	788,480	-	139,270,407	1,935,913,675
2082	1,935,913,675	-	703,660	-	150,006,043	2,085,216,058
2083	2,085,216,058	-	623,755	-	161,580,074	2,246,172,377
2084	2,246,172,377	-	548,750	-	174,057,095	2,419,680,722
2085	2,419,680,722	-	478,711	-	187,506,706	2,606,708,717
2086	2,606,708,717	-	413,783	-	202,003,891	2,808,298,825
2087	2,808,298,825	-	354,153	-	217,629,436	3,025,574,108
2088	3,025,574,108	-	300,000	-	234,470,368	3,259,744,476
2089	3,259,744,476	-	251,396	-	252,620,455	3,512,113,535
2090	3,512,113,535	-	208,313	-	272,180,727	3,784,085,949
2091	3,784,085,949	-	170,631	-	293,260,049	4,077,175,367
2092	4,077,175,367	-	138,130	-	315,975,738	4,393,012,975
2093	4,393,012,975	-	110,490	-	340,454,224	4,733,356,709
2094	4,733,356,709	-	87,314	-	366,831,762	5,100,101,157
2095	5,100,101,157	-	68,152	-	395,255,199	5,495,288,204
2096	5,495,288,204	-	52,536	-	425,882,800	5,921,118,468
2097	5,921,118,468	-	39,983	-	458,885,132	6,379,963,617
2098	6,379,963,617	-	30,024	-	494,446,017	6,874,379,610
2099	6,874,379,610	-	22,230	-	532,763,558	7,407,120,938
2100	7,407,120,938	-	16,224	-	574,051,244	7,981,155,958
2101	7,981,155,958	-	11,665	-	618,539,135	8,599,683,428
2102	8,599,683,428	-	8,250	-	666,475,146	9,266,150,324
2103	9,266,150,324	-	5,728	-	718,126,428	9,984,271,024
2104	9,984,271,024	-	3,899	-	773,780,853	10,758,047,978
2105	10,758,047,978	-	2,601	-	833,748,618	11,591,793,995
2106	11,591,793,995	-	1,698	-	898,363,969	12,490,156,266
2107	12,490,156,266	-	1,082	-	967,987,069	13,458,142,253
2108	13,458,142,253	-	672	-	1,043,005,999	14,501,147,580
2109	14,501,147,580	-	406	-	1,123,838,922	15,624,986,096
2110	15,624,986,096	-	239	-	1,210,936,413	16,835,922,270
2111	16,835,922,270	-	137	-	1,304,783,971	18,140,706,104
2112	18,140,706,104	-	76	-	1,405,904,720	19,546,610,748
2113	19,546,610,748	-	41	-	1,514,862,331	21,061,473,038
2114	21,061,473,038	-	21	-	1,632,264,160	22,693,737,177
2115	22,693,737,177	-	11	-	1,758,764,631	24,452,501,797
2116	24,452,501,797	-	5	-	1,895,068,889	26,347,570,681
2117	26,347,570,681	-	3	-	2,041,936,728	28,389,507,406
2118	28,389,507,406	-	1	-	2,200,186,824	30,589,694,229

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
2119	30,589,694,229	-	1	-	2,370,701,303	32,960,395,531
2120	32,960,395,531	-	-	-	2,554,430,654	35,514,826,185

*All DROP Balances paid in 2021.

Number of Years Expected Benefit Payments Sustained: 999.99

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
2021	149,229,764	-	11,200,549	-	8,258,696	146,287,911
2022	146,287,911	-	9,324,474	-	8,143,476	145,106,913
2023	145,106,913	-	9,456,940	-	8,071,760	143,721,733
2024	143,721,733	-	9,732,393	-	7,984,193	141,973,533
2025	141,973,533	-	9,909,907	-	7,878,568	139,942,194
2026	139,942,194	-	10,084,142	-	7,756,757	137,614,809
2027	137,614,809	-	10,212,158	-	7,619,252	135,021,903
2028	135,021,903	-	10,379,224	-	7,465,357	132,108,036
2029	132,108,036	-	10,457,637	-	7,295,555	128,945,954
2030	128,945,954	-	10,563,561	-	7,110,690	125,493,083
2031	125,493,083	-	10,743,855	-	6,906,966	121,656,194
2032	121,656,194	-	10,843,380	-	6,683,484	117,496,298
2033	117,496,298	-	10,861,051	-	6,443,782	113,079,029
2034	113,079,029	-	10,834,913	-	6,190,540	108,434,656
2035	108,434,656	-	10,794,921	-	5,924,639	103,564,374
2036	103,564,374	-	10,754,294	-	5,645,766	98,455,846
2037	98,455,846	-	10,690,193	-	5,353,868	93,119,521
2038	93,119,521	-	10,618,618	-	5,049,087	87,549,990
2039	87,549,990	-	10,530,184	-	4,731,382	81,751,188
2040	81,751,188	-	10,420,884	-	4,401,093	75,731,397
2041	75,731,397	-	10,295,147	-	4,058,570	69,494,820
2042	69,494,820	-	10,158,615	-	3,703,892	63,040,097
2043	63,040,097	-	9,993,943	-	3,337,480	56,383,634
2044	56,383,634	-	9,809,967	-	2,960,022	49,533,689
2045	49,533,689	-	9,608,117	-	2,571,954	42,497,526
2046	42,497,526	-	9,389,764	-	2,173,652	35,281,414
2047	35,281,414	-	9,155,424	-	1,765,463	27,891,453
2048	27,891,453	-	8,905,173	-	1,347,735	20,334,015
2049	20,334,015	-	8,639,082	-	920,832	12,615,765
2050	12,615,765	-	8,357,339	-	485,133	4,743,559
2051	4,743,559	-	8,060,540	-	-	-

*All DROP Balances paid in 2021.

Number of Years Expected Benefit Payments Sustained: 30.59

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, 2023

Valuation Date: 10/1/2021

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Investment Rate of Return:	7.75%	5.75%
Minimum Required Contribution (Fixed \$)	\$2,033,691	\$5,556,809
Minimum Required Contribution (% of Payroll)	32.4%	88.5%
Expected Member Contribution	690,985	690,985
Expected State Money	573,129	573,129
Expected Sponsor Contribution (Fixed \$)	\$769,577	\$4,292,695
Expected Sponsor Contribution (% of Payroll)	11.7%	67.8%

ASSETS

Actuarial Value ¹	133,604,842	133,604,842
Market Value ¹	149,229,764	149,229,764

LIABILITIES

Present Value of Benefits		
Active Members		
Retirement Benefits	34,988,864	56,435,612
Disability Benefits	2,927,814	4,557,630
Death Benefits	350,096	543,156
Vested Benefits	595,818	1,070,528
Refund of Contributions	148,414	156,370
Service Retirees	75,675,081	93,706,250
DROP Retirees ¹	11,227,898	13,788,599
Beneficiaries	9,450,399	11,026,088
Disability Retirees	16,630,556	19,917,473
Terminated Vested	475,382	619,504
Total:	152,470,322	201,821,210
Present Value of Future Salaries	62,214,118	71,527,563
Present Value of Future		
Member Contributions	6,843,553	7,868,032
Total Normal Cost	1,566,907	2,579,095
Present Value of Future		
Normal Costs (Entry Age Normal)	15,819,562	29,987,708
Total Actuarial Accrued Liability (EAN) ¹	136,650,760	171,833,502
Unfunded Actuarial Accrued	3,045,918	38,228,660
Liability (UAAL)		

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2023

Valuation Date: 10/1/2021

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Investment Rate of Return:	7.75%	5.75%
<u>PENSION COST</u>		
Normal Cost ²	1,658,414	2,729,714
Administrative Expenses ²	74,332	74,332
Payment Required To Amortize UAAL ²	<u>300,945</u>	<u>2,752,763</u>
Minimum Required Contribution	\$2,033,691	\$5,556,809

¹ The asset values and liabilities include accumulated DROP Balances as of 9/30/2021.

² Contributions developed as of 10/1/2021 displayed above have been adjusted to account for assumed salary increase components.