

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

**SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2022 VALUATION DATE**



October 13, 2023

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, 2022 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: 

Joseph L. Griffin, ASA, EA, MAAA
Enrolled Actuary #23-6938

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, 2022 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, 2022

	ACTUAL	HYPOTHETICAL
Discount Rate:	7.75%	5.75%
<u>Total Pension Liability</u>		
Service Cost	1,569,316	2,572,673
Interest	10,453,664	9,830,807
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	(1,624,615)	(1,596,707)
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(9,061,274)	(9,061,274)
Net Change in Total Pension Liability	1,337,091	1,745,499
Total Pension Liability - Beginning	137,847,311	172,928,513
Total Pension Liability - Ending (a)	<u>\$ 139,184,402</u>	<u>\$ 174,674,012</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	1,380,363	1,380,363
Contributions - State	615,134	615,134
Contributions - Employee	732,734	732,734
Net Investment Income	(26,186,134)	(26,186,134)
Benefit Payments, Including Refunds of Employee Contributions	(9,061,274)	(9,061,274)
Administrative Expenses	(73,988)	(73,988)
Net Change in Plan Fiduciary Net Position	(32,593,165)	(32,593,165)
Plan Fiduciary Net Position - Beginning	149,229,764	149,229,764
Plan Fiduciary Net Position - Ending (b)	<u>\$ 116,636,599</u>	<u>\$ 116,636,599</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 22,547,803</u>	<u>\$ 58,037,413</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
2022	116,636,599	-	11,478,659	-	8,594,538	113,752,478
2023	113,752,478	-	9,569,718	-	8,444,990	112,627,750
2024	112,627,750	-	9,878,022	-	8,345,877	111,095,605
2025	111,095,605	-	10,063,156	-	8,219,962	109,252,411
2026	109,252,411	-	10,252,432	-	8,069,780	107,069,759
2027	107,069,759	-	10,392,048	-	7,895,214	104,572,925
2028	104,572,925	-	10,578,096	-	7,694,500	101,689,329
2029	101,689,329	-	10,662,767	-	7,467,741	98,494,303
2030	98,494,303	-	10,781,843	-	7,215,512	94,927,972
2031	94,927,972	-	10,989,472	-	6,931,076	90,869,576
2032	90,869,576	-	11,102,170	-	6,612,183	86,379,589
2033	86,379,589	-	11,124,521	-	6,263,343	81,518,411
2034	81,518,411	-	11,099,154	-	5,887,585	76,306,842
2035	76,306,842	-	11,060,654	-	5,485,180	70,731,368
2036	70,731,368	-	11,025,228	-	5,054,453	64,760,593
2037	64,760,593	-	10,964,424	-	4,594,075	58,390,244
2038	58,390,244	-	10,899,552	-	4,102,886	51,593,578
2039	51,593,578	-	10,818,310	-	3,579,293	44,354,561
2040	44,354,561	-	10,715,809	-	3,022,241	36,660,993
2041	36,660,993	-	10,599,324	-	2,430,503	28,492,172
2042	28,492,172	-	10,478,135	-	1,802,116	19,816,153
2043	19,816,153	-	10,320,324	-	1,135,839	10,631,668
2044	10,631,668	-	10,141,063	-	430,988	921,593
2045	921,593	-	9,940,599	-	-	-

*All DROP Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 23.09

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
2022	116,636,599	-	11,478,659	-	6,376,593	111,534,533
2023	111,534,533	-	9,569,718	-	6,138,106	108,102,921
2024	108,102,921	-	9,878,022	-	5,931,925	104,156,824
2025	104,156,824	-	10,063,156	-	5,699,702	99,793,370
2026	99,793,370	-	10,252,432	-	5,443,361	94,984,299
2027	94,984,299	-	10,392,048	-	5,162,826	89,755,077
2028	89,755,077	-	10,578,096	-	4,856,797	84,033,778
2029	84,033,778	-	10,662,767	-	4,525,388	77,896,399
2030	77,896,399	-	10,781,843	-	4,169,065	71,283,621
2031	71,283,621	-	10,989,472	-	3,782,861	64,077,010
2032	64,077,010	-	11,102,170	-	3,365,241	56,340,081
2033	56,340,081	-	11,124,521	-	2,919,725	48,135,285
2034	48,135,285	-	11,099,154	-	2,448,678	39,484,809
2035	39,484,809	-	11,060,654	-	1,952,383	30,376,538
2036	30,376,538	-	11,025,228	-	1,429,676	20,780,986
2037	20,780,986	-	10,964,424	-	879,680	10,696,242
2038	10,696,242	-	10,899,552	-	-	-

*All DROP Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 16.98

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, 2024**

Valuation Date: 10/1/2022

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Investment Rate of Return:	7.75%	5.75%
Minimum Required Contribution (Fixed \$)	\$2,583,259	\$6,187,410
Minimum Required Contribution (% of Payroll)	38.6%	92.4%
Expected Member Contribution	736,265	736,265
Expected State Money	615,134	615,134
Expected Sponsor Contribution (Fixed \$)	\$1,231,860	\$4,836,011
Expected Sponsor Contribution (% of Payroll)	18.4%	72.3%

ASSETS

Actuarial Value ¹	133,841,981	133,841,981
Market Value ¹	116,636,599	116,636,599

LIABILITIES

Present Value of Benefits		
Active Members		
Retirement Benefits	37,317,835	60,110,775
Disability Benefits	3,130,161	4,848,715
Death Benefits	371,729	574,248
Vested Benefits	636,111	1,138,260
Refund of Contributions	152,376	159,981
Service Retirees	78,111,754	96,414,871
DROP Retirees ¹	10,967,046	13,458,430
Beneficiaries	9,731,826	11,277,490
Disability Retirees	16,515,252	19,723,409
Terminated Vested	485,196	628,613
Total:	<u>157,419,286</u>	<u>208,334,792</u>
Present Value of Future Salaries	65,984,560	75,673,107
Present Value of Future Member Contributions	7,258,302	8,324,042
Total Normal Cost	1,670,573	2,747,288
Present Value of Future Normal Costs (Entry Age Normal)	16,762,657	31,669,573
Total Actuarial Accrued Liability (EAN) ¹	140,656,629	176,665,219
Unfunded Actuarial Accrued Liability (UAAL)	6,814,648	42,823,238

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2024

Valuation Date: 10/1/2022

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Investment Rate of Return:	7.75%	5.75%
<u>PENSION COST</u>		
Normal Cost ²	1,766,631	2,905,257
Administrative Expenses ²	73,626	73,626
Payment Required To Amortize UAAL ²	<u>743,002</u>	<u>3,208,527</u>
Minimum Required Contribution	\$2,583,259	\$6,187,410

¹ The asset values and liabilities include accumulated DROP Balances as of 9/30/2022.

² Contributions developed as of 10/1/2022 displayed above have been adjusted to account for assumed salary increase and interest components.