

CITY OF PENSACOLA
FIREFIGHTERS' RELIEF AND PENSION FUND

SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2023 VALUATION DATE



August 1, 2024

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, 2023 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.

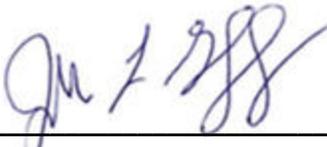
In addition to the enclosed report, the Plan or Plan Sponsor's website must provide a link to the Division of Retirement's Actuarial Summary Fact Sheet for the Plan, and also report the previous five years' assumed and actual rates of return, along with their respective asset allocations. The Board should 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, 2023 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, 2023

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Discount Rate:	7.75%	5.75%
<u>Total Pension Liability</u>		
Service Cost	1,670,725	2,737,692
Interest	10,515,121	9,903,544
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	1,228,275	1,635,910
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(10,352,295)	(10,352,295)
Net Change in Total Pension Liability	3,061,826	3,924,851
Total Pension Liability - Beginning	139,184,402	174,674,012
Total Pension Liability - Ending (a)	<u>\$ 142,246,228</u>	<u>\$ 178,598,863</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	776,239	776,239
Contributions - State	900,253	900,253
Contributions - Employee	719,300	719,300
Net Investment Income	11,807,357	11,807,357
Benefit Payments, Including Refunds of Employee Contributions	(10,352,295)	(10,352,295)
Administrative Expenses	(82,260)	(82,260)
Net Change in Plan Fiduciary Net Position	3,768,594	3,768,594
Plan Fiduciary Net Position - Beginning	116,636,599	116,636,599
Plan Fiduciary Net Position - Ending (b)	<u>\$ 120,405,193</u>	<u>\$ 120,405,193</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 21,841,035</u>	<u>\$ 58,193,670</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
2023	120,071,406	-	10,619,964	-	8,894,010	118,345,452
2024	118,345,452	-	9,913,232	-	8,787,635	117,219,855
2025	117,219,855	-	10,117,485	-	8,692,486	115,794,856
2026	115,794,856	-	10,336,247	-	8,573,572	114,032,181
2027	114,032,181	-	10,494,301	-	8,430,840	111,968,720
2028	111,968,720	-	10,708,693	-	8,262,614	109,522,641
2029	109,522,641	-	10,805,933	-	8,069,275	106,785,983
2030	106,785,983	-	10,946,749	-	7,851,727	103,690,961
2031	103,690,961	-	11,195,561	-	7,602,221	100,097,621
2032	100,097,621	-	11,329,082	-	7,318,564	96,087,103
2033	96,087,103	-	11,361,042	-	7,006,510	91,732,571
2034	91,732,571	-	11,340,617	-	6,669,825	87,061,779
2035	87,061,779	-	11,308,008	-	6,309,103	82,062,874
2036	82,062,874	-	11,282,366	-	5,922,681	76,703,189
2037	76,703,189	-	11,223,273	-	5,509,595	70,989,511
2038	70,989,511	-	11,170,529	-	5,068,829	64,887,811
2039	64,887,811	-	11,103,537	-	4,598,543	58,382,817
2040	58,382,817	-	11,008,458	-	4,098,091	51,472,450
2041	51,472,450	-	10,907,740	-	3,566,440	44,131,150
2042	44,131,150	-	10,811,452	-	3,001,220	36,320,918
2043	36,320,918	-	10,667,394	-	2,401,510	28,055,034
2044	28,055,034	-	10,495,636	-	1,767,559	19,326,957
2045	19,326,957	-	10,301,991	-	1,098,637	10,123,603

*All DROP Balances paid in 2023.

Number of Years Expected Benefit Payments Sustained: 24.04

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
2023	120,071,406	-	10,619,964	-	6,598,782	116,050,224
2024	116,050,224	-	9,913,232	-	6,387,882	112,524,874
2025	112,524,874	-	10,117,485	-	6,179,303	108,586,692
2026	108,586,692	-	10,336,247	-	5,946,568	104,197,013
2027	104,197,013	-	10,494,301	-	5,689,617	99,392,329
2028	99,392,329	-	10,708,693	-	5,407,184	94,090,820
2029	94,090,820	-	10,805,933	-	5,099,552	88,384,439
2030	88,384,439	-	10,946,749	-	4,767,386	82,205,076
2031	82,205,076	-	11,195,561	-	4,404,919	75,414,434
2032	75,414,434	-	11,329,082	-	4,010,619	68,095,971
2033	68,095,971	-	11,361,042	-	3,588,888	60,323,817
2034	60,323,817	-	11,340,617	-	3,142,577	52,125,777
2035	52,125,777	-	11,308,008	-	2,672,127	43,489,896
2036	43,489,896	-	11,282,366	-	2,176,301	34,383,831
2037	34,383,831	-	11,223,273	-	1,654,401	24,814,959
2038	24,814,959	-	11,170,529	-	1,105,707	14,750,137
2039	14,750,137	-	11,103,537	-	528,906	4,175,506

*All DROP Balances paid in 2023.

Number of Years Expected Benefit Payments Sustained: 17.38

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, 2025

Valuation Date: 10/1/2023

	ACTUAL	HYPOTHETICAL
Investment Rate of Return:	7.75%	5.75%
Minimum Required Contribution (Fixed \$)	\$3,382,932	\$7,150,739
Minimum Required Contribution (% of Payroll)	46.5%	98.3%
Expected Member Contribution	799,893	799,893
Expected State Money	900,253	900,253
Expected Sponsor Contribution (Fixed \$)	\$1,682,786	\$5,450,593
Expected Sponsor Contribution (% of Payroll)	23.1%	74.9%

ASSETS

Actuarial Value ¹	130,984,168	130,984,168
Market Value ¹	120,071,406	120,071,406

LIABILITIES

Present Value of Benefits		
Actives		
Retirement Benefits	40,463,526	64,268,256
Disability Benefits	3,122,519	4,776,352
Death Benefits	375,163	575,565
Vested Benefits	641,015	1,141,750
Refund of Contributions	120,436	126,673
Service Retirees	84,037,437	103,592,885
DROP Retirees ¹	5,612,318	6,843,075
Beneficiaries	9,878,986	11,446,992
Disability Retirees	15,231,269	18,074,200
Terminated Vested	104,989	156,974
Share Plan Balances ¹	0	0
Excess State Monies Reserve	0	0
Total:	159,587,658	211,002,722
Present Value of Future Salaries	65,978,039	75,395,702
Present Value of Future Member Contributions	7,257,584	8,293,527
Total Normal Cost	1,748,819	2,879,093
Present Value of Future Normal Costs (Entry Age Normal)	16,702,272	31,477,898
Total Actuarial Accrued Liability (EAN) ¹	142,885,386	179,524,824
Unfunded Actuarial Accrued Liability (UAAL)	11,901,218	48,540,656

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2025

Valuation Date: 10/1/2023

	ACTUAL	HYPOTHETICAL
Investment Rate of Return:	7.75%	5.75%
<u>PENSION COST</u>		
Normal Cost ²	1,910,235	3,144,833
Administrative Expenses ²	85,335	85,335
Payment Required To Amortize UAAL ²	1,387,362	3,920,571
Minimum Required Contribution	\$3,382,932	\$7,150,739

¹ The asset values and liabilities include accumulated DROP Plan Balances as of 9/30/2023.

² Contributions developed as of 10/1/2023 displayed above have been adjusted to account for assumed salary increase components.