

May 28, 2019

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, 2018 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.

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:   
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Drew Ballard, EA, MAAA  
Enrolled Actuary #17-8193

DDB/lke

Enclosures

cc via email: Gary B. Leuchtman, Board Attorney

CITY OF PENSACOLA  
FIREFIGHTERS' RELIEF AND PENSION FUND

SECTION 112.664, FLORIDA STATUTES  
COMPLIANCE

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.

By:  Date: 5/28/2019  
Drew D. Ballard, EA, MAAA  
Enrolled Actuary #17-8193



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, 2018 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, 2018

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.75% RP-2000 Generational	5.75% RP-2000 Generational
<u>Total Pension Liability</u>		
Service Cost	1,263,734	2,074,361
Interest	9,735,179	9,176,162
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	260,034	446,754
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(8,438,858)	(8,438,858)
Net Change in Total Pension Liability	2,820,089	3,258,419
Total Pension Liability - Beginning	128,570,903	161,730,492
Total Pension Liability - Ending (a)	<u>\$ 131,390,992</u>	<u>\$ 164,988,911</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	1,462,151	1,462,151
Contributions - State	546,911	546,911
Contributions - Employee	480,066	480,066
Net Investment Income	10,905,810	10,905,810
Benefit Payments, Including Refunds of Employee Contributions	(8,438,858)	(8,438,858)
Administrative Expenses	(93,728)	(93,728)
Net Change in Plan Fiduciary Net Position	4,862,352	4,862,352
Plan Fiduciary Net Position - Beginning	120,622,681	120,622,681
Plan Fiduciary Net Position - Ending (b)	<u>\$ 125,485,033</u>	<u>\$ 125,485,033</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 5,905,959</u>	<u>\$ 39,503,878</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
2018	125,485,033	-	11,970,734	-	9,261,224	122,775,523
2019	122,775,523	-	9,125,624	-	9,161,485	122,811,384
2020	122,811,384	-	9,334,449	-	9,156,172	122,633,107
2021	122,633,107	-	9,450,573	-	9,137,856	122,320,390
2022	122,320,390	-	9,586,238	-	9,108,364	121,842,516
2023	121,842,516	-	9,701,592	-	9,066,858	121,207,782
2024	121,207,782	-	9,885,500	-	9,010,540	120,332,822
2025	120,332,822	-	9,984,368	-	8,938,899	119,287,353
2026	119,287,353	-	10,089,865	-	8,853,788	118,051,276
2027	118,051,276	-	10,168,850	-	8,754,931	116,637,357
2028	116,637,357	-	10,260,863	-	8,641,787	115,018,281
2029	115,018,281	-	10,303,527	-	8,514,655	113,229,409
2030	113,229,409	-	10,334,502	-	8,374,817	111,269,724
2031	111,269,724	-	10,430,028	-	8,219,240	109,058,936
2032	109,058,936	-	10,455,421	-	8,046,920	106,650,435
2033	106,650,435	-	10,433,410	-	7,861,114	104,078,139
2034	104,078,139	-	10,382,577	-	7,663,731	101,359,293
2035	101,359,293	-	10,319,468	-	7,455,466	98,495,291
2036	98,495,291	-	10,250,726	-	7,236,169	95,480,734
2037	95,480,734	-	10,165,859	-	7,005,830	92,320,705
2038	92,320,705	-	10,064,690	-	6,764,848	89,020,863
2039	89,020,863	-	9,947,315	-	6,513,658	85,587,206
2040	85,587,206	-	9,814,499	-	6,252,697	82,025,404
2041	82,025,404	-	9,667,411	-	5,982,357	78,340,350
2042	78,340,350	-	9,505,623	-	5,703,034	74,537,761
2043	74,537,761	-	9,328,483	-	5,415,198	70,624,476
2044	70,624,476	-	9,136,701	-	5,119,350	66,607,125
2045	66,607,125	-	8,930,402	-	4,815,999	62,492,722
2046	62,492,722	-	8,710,065	-	4,505,671	58,288,328
2047	58,288,328	-	8,475,918	-	4,188,904	54,001,314
2048	54,001,314	-	8,228,352	-	3,866,253	49,639,215
2049	49,639,215	-	7,967,695	-	3,538,291	45,209,811
2050	45,209,811	-	7,693,361	-	3,205,643	40,722,093
2051	40,722,093	-	7,405,396	-	2,869,003	36,185,700
2052	36,185,700	-	7,104,335	-	2,529,099	31,610,464
2053	31,610,464	-	6,790,683	-	2,186,672	27,006,453
2054	27,006,453	-	6,465,710	-	1,842,454	22,383,197
2055	22,383,197	-	6,131,589	-	1,497,099	17,748,707
2056	17,748,707	-	5,790,418	-	1,151,146	13,109,435
2057	13,109,435	-	5,444,811	-	804,995	8,469,619
2058	8,469,619	-	5,097,042	-	458,885	3,831,462
2059	3,831,462	-	4,749,420	-	-	-

\*All DROP Balances paid in 2018.

Number of Years Expected Benefit Payments Sustained: 41.81

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
2018	125,485,033	-	11,970,734	-	6,871,231	120,385,530
2019	120,385,530	-	9,125,624	-	6,659,806	117,919,712
2020	117,919,712	-	9,334,449	-	6,512,018	115,097,281
2021	115,097,281	-	9,450,573	-	6,346,390	111,993,098
2022	111,993,098	-	9,586,238	-	6,163,999	108,570,859
2023	108,570,859	-	9,701,592	-	5,963,904	104,833,171
2024	104,833,171	-	9,885,500	-	5,743,699	100,691,370
2025	100,691,370	-	9,984,368	-	5,502,703	96,209,705
2026	96,209,705	-	10,089,865	-	5,241,974	91,361,814
2027	91,361,814	-	10,168,850	-	4,960,950	86,153,914
2028	86,153,914	-	10,260,863	-	4,658,850	80,551,901
2029	80,551,901	-	10,303,527	-	4,335,508	74,583,882
2030	74,583,882	-	10,334,502	-	3,991,456	68,240,836
2031	68,240,836	-	10,430,028	-	3,623,985	61,434,793
2032	61,434,793	-	10,455,421	-	3,231,907	54,211,279
2033	54,211,279	-	10,433,410	-	2,817,188	46,595,057
2034	46,595,057	-	10,382,577	-	2,380,717	38,593,197
2035	38,593,197	-	10,319,468	-	1,922,424	30,196,153
2036	30,196,153	-	10,250,726	-	1,441,570	21,386,997
2037	21,386,997	-	10,165,859	-	937,484	12,158,622
2038	12,158,622	-	10,064,690	-	409,761	2,503,693
2039	2,503,693	-	9,947,315	-	-	-

\*All DROP Balances paid in 2018.

Number of Years Expected Benefit Payments Sustained: 21.25

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, 2020

Valuation Date: 10/1/2018

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.75%	5.75%
	RP-2000	RP-2000
	Generational	Generational
Minimum Required Contribution (Fixed \$)	\$2,257,965	\$5,402,214
Minimum Required Contribution (% of Payroll)	45.0%	107.9%
Expected Member Contribution	551,165	551,165
Expected State Money	546,911	546,911
Expected Sponsor Contribution (Fixed \$)	\$1,159,889	\$4,304,138
Expected Sponsor Contribution (% of Payroll)	23.1%	86.0%

**ASSETS**

Actuarial Value <sup>1</sup>	123,223,090	123,223,090
Market Value <sup>1</sup>	125,485,033	125,485,033

**LIABILITIES**

Present Value of Benefits		
Active Members		
Retirement Benefits	26,863,968	43,276,658
Disability Benefits	2,197,042	3,415,989
Death Benefits	336,201	526,321
Vested Benefits	418,745	732,533
Refund of Contributions	104,073	110,753
Service Retirees	64,253,189	79,830,330
DROP Retirees <sup>1</sup>	19,816,472	24,931,303
Beneficiaries	8,843,783	10,364,016
Disability Retirees	20,536,279	24,644,409
Terminated Vested	332,698	431,716
Total:	<u>143,702,450</u>	<u>188,264,028</u>
Present Value of Future Salaries	47,433,734	54,588,671
Present Value of Future Member Contributions	5,217,711	6,004,754
Total Normal Cost	1,267,157	2,088,205
Present Value of Future Normal Costs (Entry Age Normal)	12,137,618	23,026,334
Total Actuarial Accrued Liability <sup>1</sup>	131,564,832	165,237,694
Unfunded Actuarial Accrued Liability (UAAL)	8,341,742	42,014,604

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2020

Valuation Date: 10/1/2018

	ACTUAL	HYPOTHETICAL
	7.75%	5.75%
	RP-2000	RP-2000
	Generational	Generational
<b><u>PENSION COST</u></b>		
Normal Cost <sup>2</sup>	1,340,272	2,208,694
Administrative Expenses <sup>2</sup>	99,136	99,136
Payment Required To Amortize UAAL <sup>2</sup>	818,557	3,094,384
Minimum Required Contribution	\$2,257,965	\$5,402,214

<sup>1</sup> The asset values and liabilities include accumulated DROP Balances as of 9/30/2018.

<sup>2</sup> Contributions developed as of 10/01/2018 displayed above have been adjusted to account for assumed salary increase components.