

May 5, 2017

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
Senate Bill 534 (Section 112.664, Florida Statutes) Compliance

Dear Cheryl:

Please find enclosed the annual disclosures that satisfy the October 1, 2016 financial reporting requirements made under Section 112.664.

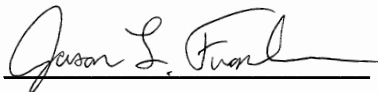
Our office will submit this information electronically to the Department of Management Services. However, it is important for you to be aware that this report must also be made available on the Plan or Plan Sponsor's website, if such website exists. A deadline for this website publication is not made 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: 

Jason L. Franken, FSA, EA, MAAA
Enrolled Actuary #17-6888

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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: Jason L. Franken Date: 5/5/2017

Jason L. Franken, FSA, EA, MAAA
Enrolled Actuary #17-6888



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, 2016 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.

GASB 67: SCHEDULE OF CHANGES IN NET PENSION LIABILITY
FISCAL YEAR SEPTEMBER 30, 2016

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.75% RP-2000 Generational	5.75% RP-2000 Generational
<u>Total Pension Liability</u>		
Service Cost	1,340,661	2,159,412
Interest	9,595,671	8,839,925
Changes of Benefit Terms	802,334	1,112,825
Differences Between Expected and Actual Experience	(482,293)	(272,620)
Changes of Assumptions	-	4,164,774
Contributions - Buy Back	44,064	44,064
Benefit Payments, Including Refunds of Employee Contributions	(8,929,344)	(8,929,344)
Net Change in Total Pension Liability	2,371,093	7,119,036
Total Pension Liability - Beginning	126,136,793	154,930,264
Total Pension Liability - Ending (a)	<u>\$ 128,507,886</u>	<u>\$ 162,049,300</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	3,198,669	3,198,669
Contributions - State	628,071	628,071
Contributions - Employee	421,774	421,774
Contributions - Buy Back	44,064	44,064
Net Investment Income	9,928,990	9,928,990
Benefit Payments, Including Refunds of Employee Contributions	(8,929,344)	(8,929,344)
Administrative Expenses	(105,921)	(105,921)
Net Change in Plan Fiduciary Net Position	5,186,303	5,186,303
Plan Fiduciary Net Position - Beginning	108,697,588	108,697,588
Plan Fiduciary Net Position - Ending (b)	<u>\$ 113,883,891</u>	<u>\$ 113,883,891</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 14,623,995</u>	<u>\$ 48,165,409</u>

GASB 68: PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.75% RP-2000 Generational	5.75% RP-2000 Generational
Pension Expense	<u>\$ 390,393</u>	<u>\$ (1,241,161)</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
2016	113,883,891	-	11,182,286	-	8,392,688	111,094,293
2017	111,094,293	-	8,395,855	-	8,284,468	110,982,906
2018	110,982,906	-	8,674,318	-	8,265,045	110,573,633
2019	110,573,633	-	8,914,572	-	8,224,017	109,883,078
2020	109,883,078	-	9,152,267	-	8,161,288	108,892,099
2021	108,892,099	-	9,282,064	-	8,079,458	107,689,493
2022	107,689,493	-	9,402,971	-	7,981,571	106,268,093
2023	106,268,093	-	9,482,374	-	7,868,335	104,654,054
2024	104,654,054	-	9,564,019	-	7,740,083	102,830,118
2025	102,830,118	-	9,702,110	-	7,593,377	100,721,385
2026	100,721,385	-	9,799,472	-	7,426,178	98,348,091
2027	98,348,091	-	9,850,448	-	7,240,272	95,737,915
2028	95,737,915	-	9,904,816	-	7,035,877	92,868,976
2029	92,868,976	-	9,943,906	-	6,812,019	89,737,089
2030	89,737,089	-	9,961,094	-	6,568,632	86,344,627
2031	86,344,627	-	10,016,511	-	6,303,569	82,631,685
2032	82,631,685	-	10,031,264	-	6,015,244	78,615,665
2033	78,615,665	-	10,002,913	-	5,705,101	74,317,853
2034	74,317,853	-	9,949,918	-	5,374,074	69,742,009
2035	69,742,009	-	9,881,666	-	5,022,091	64,882,434
2036	64,882,434	-	9,803,401	-	4,648,507	59,727,540
2037	59,727,540	-	9,710,926	-	4,252,586	54,269,200
2038	54,269,200	-	9,604,283	-	3,833,697	48,498,614
2039	48,498,614	-	9,483,194	-	3,391,169	42,406,589
2040	42,406,589	-	9,348,922	-	2,924,240	35,981,907
2041	35,981,907	-	9,199,963	-	2,432,099	29,214,043
2042	29,214,043	-	9,036,660	-	1,913,918	22,091,301
2043	22,091,301	-	8,858,856	-	1,368,795	14,601,240
2044	14,601,240	-	8,666,579	-	795,766	6,730,427
2045	6,730,427	-	8,459,882	-	-	-

*All DROP Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 29.80

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
2016	113,883,891	-	11,182,286	-	6,226,833	108,928,438
2017	108,928,438	-	8,395,855	-	6,022,004	106,554,587
2018	106,554,587	-	8,674,318	-	5,877,502	103,757,771
2019	103,757,771	-	8,914,572	-	5,709,778	100,552,977
2020	100,552,977	-	9,152,267	-	5,518,669	96,919,379
2021	96,919,379	-	9,282,064	-	5,306,005	92,943,320
2022	92,943,320	-	9,402,971	-	5,073,905	88,614,254
2023	88,614,254	-	9,482,374	-	4,822,701	83,954,581
2024	83,954,581	-	9,564,019	-	4,552,423	78,942,985
2025	78,942,985	-	9,702,110	-	4,260,286	73,501,161
2026	73,501,161	-	9,799,472	-	3,944,582	67,646,271
2027	67,646,271	-	9,850,448	-	3,606,460	61,402,283
2028	61,402,283	-	9,904,816	-	3,245,868	54,743,335
2029	54,743,335	-	9,943,906	-	2,861,854	47,661,283
2030	47,661,283	-	9,961,094	-	2,454,142	40,154,331
2031	40,154,331	-	10,016,511	-	2,020,899	32,158,719
2032	32,158,719	-	10,031,264	-	1,560,728	23,688,183
2033	23,688,183	-	10,002,913	-	1,074,487	14,759,757
2034	14,759,757	-	9,949,918	-	562,626	5,372,465
2035	5,372,465	-	9,881,666	-	-	-

*All DROP Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 19.54

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, 2018

Valuation Date: 10/1/2016

	ACTUAL	HYPOTHETICAL
	7.75%	5.75%
	RP-2000	RP-2000
	Generational	Generational
Total Required Contribution (Fixed \$)	\$2,484,307	\$5,584,727
Total Required Contribution (% of Payroll)	55.7%	125.2%
Expected Member Contribution	490,664	490,664
Expected State Money	628,071	628,071
Expected Sponsor Contribution (Fixed \$)	\$1,365,572	\$4,465,992
Expected Sponsor Contribution (% of Payroll)	30.6%	100.1%

ASSETS

Actuarial Value ¹	116,121,744	116,121,744
Market Value ¹	113,883,891	113,883,891

LIABILITIES

Present Value of Benefits		
Active Members		
Retirement Benefits	27,558,582	44,267,941
Disability Benefits	2,576,215	3,994,747
Death Benefits	778,036	1,222,126
Vested Benefits	427,684	744,874
Refund of Contributions	60,033	64,217
Service Retirees	56,321,512	69,969,242
DROP Retirees ¹	20,725,567	26,391,351
Beneficiaries	9,351,810	11,018,473
Disability Retirees	20,589,654	24,921,884
Terminated Vested	291,921	390,995
Excess State Monies Reserve	0	0
Total:	138,681,014	182,985,850
Present Value of Future Salaries	43,804,240	50,522,855
Present Value of Future Member Contributions	4,818,466	5,557,514
Total Normal Cost	1,298,145	2,124,653
Present Value of Future Normal Costs (Entry Age Normal)	13,021,506	24,666,464
Total Actuarial Accrued Liability ¹	125,659,508	158,319,386
Unfunded Actuarial Accrued Liability (UAAL)	9,537,764	42,197,642

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2018

Valuation Date: 10/1/2016

	ACTUAL	HYPOTHETICAL
	7.75%	5.75%
	RP-2000	RP-2000
	Generational	Generational
<u>PENSION COST</u>		
Normal Cost ²	1,390,573	2,275,928
Administrative Expenses ²	113,463	113,463
Payment Required To Amortize UAAL ²	980,271	3,195,336
Total Required Contribution	\$2,484,307	\$5,584,727

¹ The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2016.

² Contributions developed as of 10/1/2016 displayed above have been adjusted to account for assumed salary increases.