

May 22, 2015

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, 2014 financial reporting requirements made under Section 112.664.

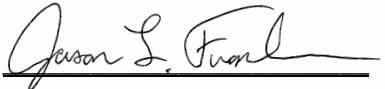
Our office will submit this information electronically to the Department of Management Services by the June 28, 2015 deadline. However, it is important for you to be aware that this report must also be made available on the Plan or Plan Sponsor's website, if such website exists. A deadline for this website 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 #14-6888

JLF/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: Jason L. Franken Date: 4/30/2015

Jason L. Franken, FSA, EA, MAAA
Enrolled Actuary #14-6888



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, 2014 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 AND RELATED RATIOS

	ACTUAL	HYPOTHETICAL	
	8.00% RP-2000 Static 9/30/2014	8.00% RP-2000 Generational 9/30/2014	6.00% RP-2000 Generational 9/30/2014
<u>Total Pension Liability</u>			
Service Cost	1,578,578	1,619,461	2,677,774
Interest	9,116,288	9,343,278	8,931,631
Change in Excess State Money	-	-	-
Change in Funding Standard Account	-	-	-
Share Plan Allocation	-	-	-
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	-	-	-
Changes of Assumptions	-	-	-
Contributions - Buy Back	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(8,163,106)	(8,163,106)	(8,163,106)
Net Change in Total Pension Liability	2,531,760	2,799,633	3,446,299
Total Pension Liability - Beginning	116,456,573	119,253,070	150,264,294
Total Pension Liability - Ending (a)	<u>118,988,333</u>	<u>\$ 122,052,703</u>	<u>\$ 153,710,593</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	2,355,481	2,355,481	2,355,481
Contributions - State	742,106	742,106	742,106
Contributions - Employee	457,361	457,361	457,361
Contributions - Buy Back	-	-	-
Net Investment Income	10,938,657	10,938,657	10,938,657
Benefit Payments, Including Refunds of Employee Contributions	(8,163,106)	(8,163,106)	(8,163,106)
Administrative Expense	(86,564)	(86,564)	(86,564)
Other	-	-	-
Net Change in Plan Fiduciary Net Position	6,243,935	6,243,935	6,243,935
Plan Fiduciary Net Position - Beginning	106,296,804	106,296,804	106,296,804
Plan Fiduciary Net Position - Ending (b)	<u>\$ 112,540,739</u>	<u>\$ 112,540,739</u>	<u>\$ 112,540,739</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 6,447,594</u>	<u>\$ 9,511,964</u>	<u>\$ 41,169,854</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 8.00% and RP-2000 Static Mortality

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2014	112,540,740	-	10,273,995	-	8,592,299	110,859,044
2015	110,859,044	-	8,212,941	-	8,540,206	111,186,309
2016	111,186,309	-	8,429,143	-	8,557,739	111,314,905
2017	111,314,905	-	8,594,911	-	8,561,396	111,281,390
2018	111,281,390	-	8,822,485	-	8,549,612	111,008,517
2019	111,008,517	-	9,007,799	-	8,520,369	110,521,087
2020	110,521,087	-	9,180,541	-	8,474,465	109,815,011
2021	109,815,011	-	9,288,687	-	8,413,653	108,939,977
2022	108,939,977	-	9,393,620	-	8,339,453	107,885,810
2023	107,885,810	-	9,451,505	-	8,252,805	106,687,110
2024	106,687,110	-	9,511,735	-	8,154,499	105,329,874
2025	105,329,874	-	9,612,237	-	8,041,900	103,759,537
2026	103,759,537	-	9,676,862	-	7,913,688	101,996,363
2027	101,996,363	-	9,698,365	-	7,771,774	100,069,772
2028	100,069,772	-	9,716,898	-	7,616,906	97,969,780
2029	97,969,780	-	9,719,040	-	7,448,821	95,699,561
2030	95,699,561	-	9,697,678	-	7,268,058	93,269,941
2031	93,269,941	-	9,698,170	-	7,073,668	90,645,439
2032	90,645,439	-	9,662,323	-	6,865,142	87,848,258
2033	87,848,258	-	9,588,174	-	6,644,334	84,904,418
2034	84,904,418	-	9,489,970	-	6,412,755	81,827,203
2035	81,827,203	-	9,374,813	-	6,171,184	78,623,574
2036	78,623,574	-	9,244,470	-	5,920,107	75,299,211
2037	75,299,211	-	9,098,210	-	5,660,008	71,861,009
2038	71,861,009	-	8,935,906	-	5,391,444	68,316,547
2039	68,316,547	-	8,757,624	-	5,115,019	64,673,942
2040	64,673,942	-	8,564,250	-	4,831,345	60,941,037
2041	60,941,037	-	8,355,778	-	4,541,052	57,126,311
2042	57,126,311	-	8,132,488	-	4,244,805	53,238,628
2043	53,238,628	-	7,894,311	-	3,943,318	49,287,635
2044	49,287,635	-	7,641,315	-	3,637,358	45,283,678
2045	45,283,678	-	7,374,149	-	3,327,728	41,237,257
2046	41,237,257	-	7,093,407	-	3,015,244	37,159,094
2047	37,159,094	-	6,799,604	-	2,700,743	33,060,233
2048	33,060,233	-	6,494,221	-	2,385,050	28,951,062
2049	28,951,062	-	6,178,792	-	2,068,933	24,841,203
2050	24,841,203	-	5,854,783	-	1,753,105	20,739,525
2051	20,739,525	-	5,524,226	-	1,438,193	16,653,492
2052	16,653,492	-	5,189,917	-	1,124,683	12,588,258
2053	12,588,258	-	4,854,809	-	812,868	8,546,317
2054	8,546,317	-	4,521,509	-	502,845	4,527,653
2055	4,527,653	-	4,192,439	-	194,515	529,729
2056	529,729	-	3,870,300	-	-	-

*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 42.14

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 8.00% interest.

It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent.

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 2
Hypothetical Assumptions: 8.00% and RP-2000 Generational Mortality

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2014	112,540,740	-	10,286,605	-	8,591,795	110,845,930
2015	110,845,930	-	8,254,387	-	8,537,499	111,129,042
2016	111,129,042	-	8,501,230	-	8,550,274	111,178,086
2017	111,178,086	-	8,699,437	-	8,546,269	111,024,918
2018	111,024,918	-	8,961,297	-	8,523,542	110,587,163
2019	110,587,163	-	9,182,519	-	8,479,672	109,884,316
2020	109,884,316	-	9,392,516	-	8,415,045	108,906,845
2021	108,906,845	-	9,538,942	-	8,330,990	107,698,893
2022	107,698,893	-	9,683,018	-	8,228,591	106,244,466
2023	106,244,466	-	9,780,728	-	8,108,328	104,572,066
2024	104,572,066	-	9,881,325	-	7,970,512	102,661,253
2025	102,661,253	-	10,022,629	-	7,811,995	100,450,619
2026	100,450,619	-	10,128,164	-	7,630,923	97,953,378
2027	97,953,378	-	10,190,285	-	7,428,659	95,191,752
2028	95,191,752	-	10,248,917	-	7,205,383	92,148,218
2029	92,148,218	-	10,290,400	-	6,960,241	88,818,059
2030	88,818,059	-	10,307,381	-	6,693,149	85,203,827
2031	85,203,827	-	10,345,506	-	6,402,486	81,260,807
2032	81,260,807	-	10,346,730	-	6,086,995	77,001,072
2033	77,001,072	-	10,308,961	-	5,747,727	72,439,838
2034	72,439,838	-	10,246,298	-	5,385,335	67,578,875
2035	67,578,875	-	10,165,805	-	4,999,678	62,412,748
2036	62,412,748	-	10,069,056	-	4,590,258	56,933,950
2037	56,933,950	-	9,955,546	-	4,156,494	51,134,898
2038	51,134,898	-	9,825,179	-	3,697,785	45,007,504
2039	45,007,504	-	9,677,748	-	3,213,490	38,543,246
2040	38,543,246	-	9,514,033	-	2,702,898	31,732,111
2041	31,732,111	-	9,333,896	-	2,165,213	24,563,428
2042	24,563,428	-	9,137,502	-	1,599,574	17,025,500
2043	17,025,500	-	8,923,875	-	1,005,085	9,106,710
2044	9,106,710	-	8,692,668	-	380,830	794,872
2045	794,872	-	8,445,396	-	-	-

*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 31.09

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 8.00% interest.

It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent.

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3
Hypothetical Assumptions: 6.00% and RP-2000 Generational Mortality

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2014	112,540,740	-	10,286,605	-	6,443,846	108,697,981
2015	108,697,981	-	8,254,387	-	6,274,247	106,717,841
2016	106,717,841	-	8,501,230	-	6,148,034	104,364,645
2017	104,364,645	-	8,699,437	-	6,000,896	101,666,104
2018	101,666,104	-	8,961,297	-	5,831,127	98,535,934
2019	98,535,934	-	9,182,519	-	5,636,680	94,990,095
2020	94,990,095	-	9,392,516	-	5,417,630	91,015,209
2021	91,015,209	-	9,538,942	-	5,174,744	86,651,011
2022	86,651,011	-	9,683,018	-	4,908,570	81,876,563
2023	81,876,563	-	9,780,728	-	4,619,172	76,715,007
2024	76,715,007	-	9,881,325	-	4,306,461	71,140,143
2025	71,140,143	-	10,022,629	-	3,967,730	65,085,244
2026	65,085,244	-	10,128,164	-	3,601,270	58,558,350
2027	58,558,350	-	10,190,285	-	3,207,792	51,575,857
2028	51,575,857	-	10,248,917	-	2,787,084	44,114,024
2029	44,114,024	-	10,290,400	-	2,338,129	36,161,753
2030	36,161,753	-	10,307,381	-	1,860,484	27,714,856
2031	27,714,856	-	10,345,506	-	1,352,526	18,721,876
2032	18,721,876	-	10,346,730	-	812,911	9,188,057
2033	9,188,057	-	10,308,961	-	-	-

*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 19.89

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 6.00% interest.

It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent.

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2016

Valuation Date: 10/1/2014

	ACTUAL	HYPOTHETICAL	
	8.00% RP-2000 Static	8.00% RP-2000 Generational	6.00% RP-2000 Generational
Total Required Contribution	\$4,984,501	\$5,508,178	\$8,733,332
Expected Member Contribution	492,972	492,972	492,972
Expected State Money	742,106	742,106	742,106
Expected Sponsor Contribution (Fixed \$)	\$3,749,423	\$4,273,100	\$7,498,254
Expected Sponsor Contribution (% of Payroll)	83.7%	95.3%	167.3%

ASSETS

Actuarial Value ¹	104,901,428	104,901,428	104,901,428
Market Value ¹	112,540,740	112,540,740	112,540,740

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	33,386,043	34,299,509	55,263,940
Disability Benefits	2,865,608	3,174,405	5,041,944
Death Benefits	303,992	268,299	419,389
Vested Benefits	474,974	500,343	872,767
Refund of Contributions	58,524	58,528	62,331
Service Retirees	47,127,160	48,429,368	59,348,782
DROP Retirees ¹	22,562,124	23,000,552	29,326,339
Beneficiaries	8,298,098	8,446,911	9,863,644
Terminated Vested	0	0	0
Disability Retirees	18,994,941	21,759,111	26,426,558
Excess State Monies Reserve	0	0	0
Total:	134,071,464	139,937,026	186,625,694
Present Value of Future Salaries	42,708,937	42,731,943	49,096,968
Present Value of Future Member Contributions	4,697,983	4,700,514	5,400,666
Total Normal Cost (Entry Age Normal)	1,472,979	1,528,254	2,537,492
Present Value of Future Normal Costs (Entry Age Normal)	14,723,849	15,311,489	29,379,336
Total Actuarial Accrued Liability ¹	119,347,615	124,625,537	157,246,358
Unfunded Actuarial Accrued Liability (Entry Age Normal)	14,446,187	19,724,109	52,344,930

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2016

Valuation Date: 10/1/2014

	ACTUAL	HYPOTHETICAL	
	8.00% RP-2000 Static	8.00% RP-2000 Generational	6.00% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost (with interest)	1,576,235	1,635,385	2,715,370
Administrative Expenses (with interest)	92,632	92,632	92,632
Payment Required To Amortize UAAL (with interest)	<u>3,315,634</u>	<u>3,780,161</u>	<u>5,925,330</u>
Total Required Contribution	\$4,984,501	\$5,508,178	\$8,733,332

¹ The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2014.