

July 7, 2016

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, 2015 financial reporting requirements made under Section 112.664.

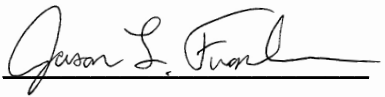
Our office will submit this information electronically to the Department of Management Services. However, it is important for you to be aware that this report must also be made available on the Plan or Plan Sponsor's website, if such website exists. A deadline for this website publication is not made 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 #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: 7/7/2016

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, 2015 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.

	ACTUAL	HYPOTHETICAL	
	7.75% RP-2000 Generational / Scale BB 9/30/2015	7.75% RP-2000 Generational / Scale AA 9/30/2015	5.75% RP-2000 Generational / Scale AA 9/30/2015
<u>GASB 67: Schedule of Changes in Net Pension Liability</u>			
<u>Total Pension Liability</u>			
Service Cost	1,189,882	1,216,940	1,959,829
Interest	9,016,289	9,249,408	8,740,679
Changes of Benefit Terms	(4,080,439)	(4,257,881)	(6,598,284)
Differences Between Expected and Actual Experience	30,585	(3,783)	46,962
Changes of Assumptions	7,780,467	2,500,234	3,858,809
Benefit Payments, Including Refunds of Employee Contributions	(6,788,324)	(6,788,324)	(6,788,324)
Net Change in Total Pension Liability	7,148,460	1,916,594	1,219,671
Total Pension Liability - Beginning	118,988,333	122,052,703	153,710,593
Total Pension Liability - Ending (a)	<u>\$ 126,136,793</u>	<u>\$ 123,969,297</u>	<u>\$ 154,930,264</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	3,636,173	3,636,173	3,636,173
Contributions - State	698,091	698,091	698,091
Contributions - Employee	474,193	474,193	474,193
Net Investment Income	(1,770,463)	(1,770,463)	(1,770,463)
Benefit Payments, Including Refunds of Employee Contributions	(6,788,324)	(6,788,324)	(6,788,324)
Administrative Expenses	(92,821)	(92,821)	(92,821)
Other	-	-	-
Net Change in Plan Fiduciary Net Position	(3,843,151)	(3,843,151)	(3,843,151)
Plan Fiduciary Net Position - Beginning	112,540,739	112,540,739	112,540,739
Plan Fiduciary Net Position - Ending (b)	<u>\$ 108,697,588</u>	<u>\$ 108,697,588</u>	<u>\$ 108,697,588</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 17,439,205</u>	<u>\$ 15,271,709</u>	<u>\$ 46,232,676</u>

GASB 68: Pension Expense for Fiscal Year Ending September 30, 2015

Pension Expense	<u>\$ 1,483,573</u>	<u>\$ 1,751,446</u>	<u>\$ 4,061,302</u>
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PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.75% and RP-2000 Generational Mortality Projected with Scale BB

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
2015	108,697,588	-	11,806,233	-	7,966,572	104,857,927
2016	104,857,927	-	8,315,494	-	7,804,264	104,346,697
2017	104,346,697	-	8,483,929	-	7,758,117	103,620,885
2018	103,620,885	-	8,734,289	-	7,692,165	102,578,761
2019	102,578,761	-	8,937,016	-	7,603,545	101,245,290
2020	101,245,290	-	9,153,812	-	7,491,800	99,583,278
2021	99,583,278	-	9,270,119	-	7,358,487	97,671,646
2022	97,671,646	-	9,383,735	-	7,205,933	95,493,844
2023	95,493,844	-	9,453,474	-	7,034,451	93,074,821
2024	93,074,821	-	9,526,086	-	6,844,163	90,392,898
2025	90,392,898	-	9,650,699	-	6,631,485	87,373,684
2026	87,373,684	-	9,737,333	-	6,394,139	84,030,490
2027	84,030,490	-	9,782,425	-	6,133,294	80,381,359
2028	80,381,359	-	9,828,783	-	5,848,690	76,401,266
2029	76,401,266	-	9,860,805	-	5,538,992	72,079,453
2030	72,079,453	-	9,871,955	-	5,203,619	67,411,117
2031	67,411,117	-	9,913,805	-	4,840,202	62,337,514
2032	62,337,514	-	9,919,080	-	4,446,793	56,865,227
2033	56,865,227	-	9,885,165	-	4,024,005	51,004,067
2034	51,004,067	-	9,828,116	-	3,571,976	44,747,927
2035	44,747,927	-	9,756,033	-	3,089,918	38,081,812
2036	38,081,812	-	9,672,470	-	2,576,532	30,985,874
2037	30,985,874	-	9,575,063	-	2,030,372	23,441,183
2038	23,441,183	-	9,464,182	-	1,449,955	15,426,956
2039	15,426,956	-	9,338,830	-	833,709	6,921,835
2040	6,921,835	-	9,200,262	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 25.75

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: 7.75% and RP-2000 Generational Mortality Projected with Scale AA

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
2015	108,697,588	-	11,800,376	-	7,966,799	104,864,011
2016	104,864,011	-	8,299,490	-	7,805,356	104,369,877
2017	104,369,877	-	8,457,607	-	7,760,933	103,673,203
2018	103,673,203	-	8,698,802	-	7,697,595	102,671,996
2019	102,671,996	-	8,893,162	-	7,612,470	101,391,304
2020	101,391,304	-	9,103,245	-	7,505,075	99,793,134
2021	99,793,134	-	9,212,975	-	7,376,965	97,957,124
2022	97,957,124	-	9,320,633	-	7,230,503	95,866,994
2023	95,866,994	-	9,384,025	-	7,066,061	93,549,030
2024	93,549,030	-	9,450,768	-	6,883,833	90,982,095
2025	90,982,095	-	9,571,656	-	6,680,211	88,090,650
2026	88,090,650	-	9,653,361	-	6,452,958	84,890,247
2027	84,890,247	-	9,691,320	-	6,203,455	81,402,382
2028	81,402,382	-	9,729,154	-	5,931,680	77,604,908
2029	77,604,908	-	9,750,763	-	5,636,538	73,490,683
2030	73,490,683	-	9,748,325	-	5,317,780	69,060,138
2031	69,060,138	-	9,775,348	-	4,973,366	64,258,156
2032	64,258,156	-	9,762,700	-	4,601,702	59,097,158
2033	59,097,158	-	9,707,777	-	4,203,853	53,593,234
2034	53,593,234	-	9,627,104	-	3,780,425	47,746,555
2035	47,746,555	-	9,529,321	-	3,331,097	41,548,331
2036	41,548,331	-	9,418,218	-	2,855,040	34,985,153
2037	34,985,153	-	9,291,227	-	2,351,314	28,045,240
2038	28,045,240	-	9,148,429	-	1,819,004	20,715,815
2039	20,715,815	-	8,988,402	-	1,257,175	12,984,588
2040	12,984,588	-	8,812,413	-	664,825	4,837,000
2041	4,837,000	-	8,620,339	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 26.56

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 3
Hypothetical Assumptions: 5.75% and RP-2000 Generational Mortality Projected with Scale AA

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
2015	108,697,588	-	11,800,376	-	5,910,851	102,808,063
2016	102,808,063	-	8,299,490	-	5,672,853	100,181,426
2017	100,181,426	-	8,457,607	-	5,517,276	97,241,095
2018	97,241,095	-	8,698,802	-	5,341,272	93,883,565
2019	93,883,565	-	8,893,162	-	5,142,627	90,133,030
2020	90,133,030	-	9,103,245	-	4,920,931	85,950,716
2021	85,950,716	-	9,212,975	-	4,677,293	81,415,034
2022	81,415,034	-	9,320,633	-	4,413,396	76,507,797
2023	76,507,797	-	9,384,025	-	4,129,408	71,253,180
2024	71,253,180	-	9,450,768	-	3,825,348	65,627,760
2025	65,627,760	-	9,571,656	-	3,498,411	59,554,515
2026	59,554,515	-	9,653,361	-	3,146,850	53,048,004
2027	53,048,004	-	9,691,320	-	2,771,635	46,128,319
2028	46,128,319	-	9,729,154	-	2,372,665	38,771,830
2029	38,771,830	-	9,750,763	-	1,949,046	30,970,113
2030	30,970,113	-	9,748,325	-	1,500,517	22,722,305
2031	22,722,305	-	9,775,348	-	1,025,491	13,972,448
2032	13,972,448	-	9,762,700	-	522,738	4,732,486
2033	4,732,486	-	9,707,777	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 18.49

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, 2017

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL	
	7.75% RP-2000 Generational / Scale BB	7.75% RP-2000 Generational / Scale AA	5.75% RP-2000 Generational / Scale AA
Total Required Contribution (Fixed \$)	\$2,826,744	\$2,627,535	\$5,556,196
Total Required Contribution (% of Payroll)	61.6%	57.2%	121.1%
Expected Member Contribution	504,862	504,862	504,862
Expected State Money	698,091	698,091	698,091
Expected Sponsor Contribution (Fixed \$)	\$1,623,791	\$1,424,582	\$4,353,243
Expected Sponsor Contribution (% of Payroll)	35.4%	31.0%	94.8%

ASSETS

Actuarial Value ¹	110,711,895	110,711,895	110,711,895
Market Value ¹	108,697,588	108,697,588	108,697,588

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	27,042,732	27,672,268	45,215,310
Disability Benefits	2,751,383	2,786,877	4,337,297
Death Benefits	835,203	248,456	386,204
Vested Benefits	465,649	491,945	863,474
Refund of Contributions	66,311	66,577	71,148
Service Retirees	49,165,228	48,594,604	59,610,086
DROP Retirees ¹	30,337,492	30,238,733	38,465,282
Beneficiaries	9,231,448	8,668,984	10,124,147
Disability Retirees	20,120,027	19,171,726	23,038,463
Terminated Vested	270,028	268,617	364,093
Excess State Monies Reserve	0	0	0
Total:	140,285,501	138,208,787	182,475,504
Present Value of Future Salaries	47,804,780	48,422,629	56,154,779
Present Value of Future Member Contributions	5,258,526	5,326,489	6,177,026
Total Normal Cost	1,310,359	1,301,064	2,116,884
Present Value of Future Normal Costs (Entry Age Normal)	14,275,866	14,390,142	27,365,306
Total Actuarial Accrued Liability ¹	126,009,635	123,818,645	155,110,198
Unfunded Actuarial Accrued Liability (UAAL)	15,297,740	13,106,750	44,398,303

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2017

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL	
	7.75% RP-2000 Generational / Scale BB	7.75% RP-2000 Generational / Scale AA	5.75% RP-2000 Generational / Scale AA
<u>PENSION COST</u>			
Normal Cost ²	1,405,884	1,395,912	2,271,205
Administrative Expenses ²	99,588	99,588	99,588
Payment Required To Amortize UAAL ²	1,321,272	1,132,035	3,185,403
Total Required Contribution	\$2,826,744	\$2,627,535	\$5,556,196

¹ The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2015.

² Contributions developed as of 10/1/2015 displayed above have been adjusted to account for assumed salary increases.