

CITY OF PALM BEACH GARDENS
FIREFIGHTERS' PENSION FUND

SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2019 VALUATION DATE

April 16, 2020

VIA E-MAIL

Ms. Michelle Rodriguez, Plan Administrator
City of Palm Beach Gardens
Firefighters' Pension Fund
2503 Del Prado Blvd. S., Suite 502
Cape Coral, FL 33904

Re: City of Palm Beach Gardens Firefighters' Pension Fund Section
112.664, Florida Statutes Compliance

Dear Michelle:

Please find enclosed the annual disclosures that satisfy the October 1, 2019 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.

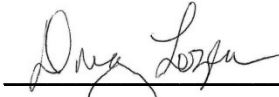
In addition to the enclosed report, the Plan or Plan Sponsor's website must provide a link to the Division of Retirement's Actuarial Summary Fact Sheet for the Plan, and also report the previous five years' assumed and actual rates of return, along with their respective asset allocations. The Board should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

Douglas H. Lozen, EA, MAAA
Enrolled Actuary # -7778

Enclosures

cc via email: Robert Sugarman, Board Attorney
cc via email: Jessica A. De la Torre Vila, Legal Assistant

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, 2019 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, 2019

	ACTUAL	HYPOTHETICAL	
	7.15% RP-2000 Generational	5.15% RP-2000 Generational	9.15% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	2,064,570	3,444,023	1,293,456
Interest	9,012,325	8,486,520	9,261,189
Share Plan Allocation	141,612	141,612	141,612
Changes of Benefit Terms	(9,669)	(12,574)	(7,688)
Differences Between Expected and Actual Experience	1,733,462	2,348,256	1,248,108
Changes of Assumptions	1,520,614	2,376,119	1,020,789
Benefit Payments, Including Refunds of Employee Contributions	(4,508,950)	(4,508,950)	(4,508,950)
Net Change in Total Pension Liability	9,953,964	12,275,006	8,448,516
Total Pension Liability - Beginning	124,507,507	160,471,023	101,089,673
Total Pension Liability - Ending (a)	<u>\$ 134,461,471</u>	<u>\$ 172,746,029</u>	<u>\$ 109,538,189</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	6,899,640	6,899,640	6,899,640
Contributions - State	699,764	699,764	699,764
Contributions - Employee	492,488	492,488	492,488
Net Investment Income	5,689,306	5,689,306	5,689,306
Benefit Payments, Including Refunds of Employee Contributions	(4,508,950)	(4,508,950)	(4,508,950)
Administrative Expenses	(158,798)	(158,798)	(158,798)
Net Change in Plan Fiduciary Net Position	9,113,450	9,113,450	9,113,450
Plan Fiduciary Net Position - Beginning	104,487,184	104,487,184	104,487,184
Plan Fiduciary Net Position - Ending (b)	<u>\$ 113,600,634</u>	<u>\$ 113,600,634</u>	<u>\$ 113,600,634</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 20,860,837</u>	<u>\$ 59,145,395</u>	<u>\$ (4,062,445)</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.15% 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
2019	110,968,045	-	22,914,436	-	7,115,024	95,168,633
2020	95,168,633	-	5,010,566	-	6,625,430	96,783,497
2021	96,783,497	-	5,400,139	-	6,726,965	98,110,323
2022	98,110,323	-	5,755,820	-	6,809,118	99,163,621
2023	99,163,621	-	6,065,790	-	6,873,347	99,971,178
2024	99,971,178	-	6,283,393	-	6,923,308	100,611,093
2025	100,611,093	-	6,602,652	-	6,957,648	100,966,089
2026	100,966,089	-	6,869,485	-	6,973,491	101,070,095
2027	101,070,095	-	7,205,341	-	6,968,921	100,833,675
2028	100,833,675	-	7,477,240	-	6,942,296	100,298,731
2029	100,298,731	-	7,685,171	-	6,896,614	99,510,174
2030	99,510,174	-	7,837,235	-	6,834,796	98,507,735
2031	98,507,735	-	8,029,383	-	6,756,253	97,234,605
2032	97,234,605	-	8,194,086	-	6,659,336	95,699,855
2033	95,699,855	-	8,374,212	-	6,543,162	93,868,805
2034	93,868,805	-	8,508,299	-	6,407,448	91,767,954
2035	91,767,954	-	8,660,989	-	6,251,778	89,358,743
2036	89,358,743	-	8,785,515	-	6,075,068	86,648,296
2037	86,648,296	-	8,898,102	-	5,877,246	83,627,440
2038	83,627,440	-	9,005,342	-	5,657,421	80,279,519
2039	80,279,519	-	9,108,076	-	5,414,372	76,585,815
2040	76,585,815	-	9,195,819	-	5,147,135	72,537,131
2041	72,537,131	-	9,271,847	-	4,854,936	68,120,220
2042	68,120,220	-	9,331,403	-	4,536,998	63,325,815
2043	63,325,815	-	9,375,148	-	4,192,634	58,143,301
2044	58,143,301	-	9,398,803	-	3,821,239	52,565,737
2045	52,565,737	-	9,397,991	-	3,422,472	46,590,218
2046	46,590,218	-	9,375,856	-	2,996,014	40,210,376
2047	40,210,376	-	9,326,521	-	2,541,619	33,425,474
2048	33,425,474	-	9,246,444	-	2,059,361	26,238,391
2049	26,238,391	-	9,132,057	-	1,549,574	18,655,908
2050	18,655,908	-	8,980,233	-	1,012,854	10,688,529
2051	10,688,529	-	8,787,318	-	450,083	2,351,294
2052	2,351,294	-	8,551,067	-	-	-

*All DROP and Share Balances paid in 2019.

Number of Years Expected Benefit Payments Sustained: 33.27

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.15% 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: 5.15% 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
2019	110,968,045	-	22,914,436	-	5,124,808	93,178,417
2020	93,178,417	-	5,010,566	-	4,669,666	92,837,517
2021	92,837,517	-	5,400,139	-	4,642,079	92,079,457
2022	92,079,457	-	5,755,820	-	4,593,880	90,917,517
2023	90,917,517	-	6,065,790	-	4,526,058	89,377,785
2024	89,377,785	-	6,283,393	-	4,441,159	87,535,551
2025	87,535,551	-	6,602,652	-	4,338,063	85,270,962
2026	85,270,962	-	6,869,485	-	4,214,565	82,616,042
2027	82,616,042	-	7,205,341	-	4,069,189	79,479,890
2028	79,479,890	-	7,477,240	-	3,900,675	75,903,325
2029	75,903,325	-	7,685,171	-	3,711,128	71,929,282
2030	71,929,282	-	7,837,235	-	3,502,549	67,594,596
2031	67,594,596	-	8,029,383	-	3,274,365	62,839,578
2032	62,839,578	-	8,194,086	-	3,025,241	57,670,733
2033	57,670,733	-	8,374,212	-	2,754,407	52,050,928
2034	52,050,928	-	8,508,299	-	2,461,534	46,004,163
2035	46,004,163	-	8,660,989	-	2,146,194	39,489,368
2036	39,489,368	-	8,785,515	-	1,807,475	32,511,328
2037	32,511,328	-	8,898,102	-	1,445,207	25,058,433
2038	25,058,433	-	9,005,342	-	1,058,622	17,111,713
2039	17,111,713	-	9,108,076	-	646,720	8,650,357
2040	8,650,357	-	9,195,819	-	-	-

*All DROP and Share Balances paid in 2019.

Number of Years Expected Benefit Payments Sustained: 21.94

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.15% 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: 9.15% 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
2019	110,968,045	-	22,914,436	-	9,105,241	97,158,850
2020	97,158,850	-	5,010,566	-	8,660,801	100,809,085
2021	100,809,085	-	5,400,139	-	8,976,975	104,385,921
2022	104,385,921	-	5,755,820	-	9,287,983	107,918,084
2023	107,918,084	-	6,065,790	-	9,596,995	111,449,289
2024	111,449,289	-	6,283,393	-	9,910,145	115,076,041
2025	115,076,041	-	6,602,652	-	10,227,386	118,700,775
2026	118,700,775	-	6,869,485	-	10,546,842	122,378,132
2027	122,378,132	-	7,205,341	-	10,867,955	126,040,746
2028	126,040,746	-	7,477,240	-	11,190,645	129,754,151
2029	129,754,151	-	7,685,171	-	11,520,908	133,589,888
2030	133,589,888	-	7,837,235	-	11,864,921	137,617,574
2031	137,617,574	-	8,029,383	-	12,224,664	141,812,855
2032	141,812,855	-	8,194,086	-	12,600,997	146,219,766
2033	146,219,766	-	8,374,212	-	12,995,988	150,841,542
2034	150,841,542	-	8,508,299	-	13,412,746	155,745,989
2035	155,745,989	-	8,660,989	-	13,854,518	160,939,518
2036	160,939,518	-	8,785,515	-	14,324,029	166,478,032
2037	166,478,032	-	8,898,102	-	14,825,652	172,405,582
2038	172,405,582	-	9,005,342	-	15,363,116	178,763,356
2039	178,763,356	-	9,108,076	-	15,940,153	185,595,433
2040	185,595,433	-	9,195,819	-	16,561,273	192,960,887
2041	192,960,887	-	9,271,847	-	17,231,734	200,920,774
2042	200,920,774	-	9,331,403	-	17,957,339	209,546,710
2043	209,546,710	-	9,375,148	-	18,744,611	218,916,173
2044	218,916,173	-	9,398,803	-	19,600,835	229,118,205
2045	229,118,205	-	9,397,991	-	20,534,358	240,254,572
2046	240,254,572	-	9,375,856	-	21,554,348	252,433,064
2047	252,433,064	-	9,326,521	-	22,670,937	265,777,480
2048	265,777,480	-	9,246,444	-	23,895,615	280,426,651
2049	280,426,651	-	9,132,057	-	25,241,247	296,535,841
2050	296,535,841	-	8,980,233	-	26,722,184	314,277,792
2051	314,277,792	-	8,787,318	-	28,354,398	333,844,872
2052	333,844,872	-	8,551,067	-	30,155,594	355,449,399
2053	355,449,399	-	8,270,545	-	32,145,243	379,324,097
2054	379,324,097	-	7,947,324	-	34,344,565	405,721,338
2055	405,721,338	-	7,582,181	-	36,776,618	434,915,775
2056	434,915,775	-	7,177,895	-	39,466,405	467,204,285
2057	467,204,285	-	6,740,414	-	42,440,818	502,904,689
2058	502,904,689	-	6,278,362	-	45,728,544	542,354,871
2059	542,354,871	-	5,801,204	-	49,360,066	585,913,733
2060	585,913,733	-	5,318,128	-	53,367,802	633,963,407
2061	633,963,407	-	4,838,379	-	57,786,296	686,911,324
2062	686,911,324	-	4,369,969	-	62,652,460	745,193,815
2063	745,193,815	-	3,918,988	-	68,005,940	809,280,767
2064	809,280,767	-	3,489,002	-	73,889,568	879,681,333
2065	879,681,333	-	3,084,185	-	80,349,741	956,946,889
2066	956,946,889	-	2,708,617	-	87,436,721	1,041,674,993
2067	1,041,674,993	-	2,364,846	-	95,205,070	1,134,515,217
2068	1,134,515,217	-	2,054,475	-	103,714,150	1,236,174,892
2069	1,236,174,892	-	1,776,742	-	113,028,717	1,347,426,867
2070	1,347,426,867	-	1,529,249	-	123,219,595	1,469,117,213

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3
Hypothetical Assumptions: 9.15% 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
2071	1,469,117,213	-	1,309,175	-	134,364,330	1,602,172,368
2072	1,602,172,368	-	1,114,138	-	146,547,800	1,747,606,030
2073	1,747,606,030	-	941,903	-	159,862,860	1,906,526,987
2074	1,906,526,987	-	790,124	-	174,411,071	2,080,147,934
2075	2,080,147,934	-	656,807	-	190,303,487	2,269,794,614
2076	2,269,794,614	-	540,817	-	207,661,465	2,476,915,262
2077	2,476,915,262	-	440,379	-	226,617,599	2,703,092,482
2078	2,703,092,482	-	354,222	-	247,316,756	2,950,055,016
2079	2,950,055,016	-	281,020	-	269,917,177	3,219,691,173
2080	3,219,691,173	-	219,624	-	294,591,695	3,514,063,244
2081	3,514,063,244	-	169,411	-	321,529,036	3,835,422,869
2082	3,835,422,869	-	128,930	-	350,935,294	4,186,229,233
2083	4,186,229,233	-	96,725	-	383,035,550	4,569,168,058
2084	4,569,168,058	-	71,536	-	418,075,605	4,987,172,127
2085	4,987,172,127	-	52,211	-	456,323,861	5,443,443,777
2086	5,443,443,777	-	37,655	-	498,073,383	5,941,479,505
2087	5,941,479,505	-	26,829	-	543,644,147	6,485,096,823
2088	6,485,096,823	-	18,917	-	593,385,494	7,078,463,400
2089	7,078,463,400	-	13,192	-	647,678,798	7,726,129,006
2090	7,726,129,006	-	9,159	-	706,940,385	8,433,060,232
2091	8,433,060,232	-	6,322	-	771,624,722	9,204,678,632
2092	9,204,678,632	-	4,344	-	842,227,896	10,046,902,184
2093	10,046,902,184	-	2,957	-	919,291,415	10,966,190,642
2094	10,966,190,642	-	1,988	-	1,003,406,353	11,969,595,007
2095	11,969,595,007	-	1,315	-	1,095,217,883	13,064,811,575
2096	13,064,811,575	-	858	-	1,195,430,220	14,260,240,937
2097	14,260,240,937	-	547	-	1,304,812,021	15,565,052,411
2098	15,565,052,411	-	338	-	1,424,202,280	16,989,254,353
2099	16,989,254,353	-	204	-	1,554,516,764	18,543,770,913
2100	18,543,770,913	-	125	-	1,696,755,033	20,240,525,821
2101	20,240,525,821	-	76	-	1,852,008,109	22,092,533,854
2102	22,092,533,854	-	44	-	2,021,466,846	24,114,000,656
2103	24,114,000,656	-	23	-	2,206,431,059	26,320,431,692
2104	26,320,431,692	-	12	-	2,408,319,499	28,728,751,179
2105	28,728,751,179	-	7	-	2,628,680,733	31,357,431,905
2106	31,357,431,905	-	4	-	2,869,205,019	34,226,636,920
2107	34,226,636,920	-	3	-	3,131,737,278	37,358,374,195
2108	37,358,374,195	-	2	-	3,418,291,239	40,776,665,432
2109	40,776,665,432	-	1	-	3,731,064,887	44,507,730,318
2110	44,507,730,318	-	1	-	4,072,457,324	48,580,187,641
2111	48,580,187,641	-	-	-	4,445,087,169	53,025,274,810

*All DROP and Share Balances paid in 2019.

Number of Years Expected Benefit Payments Sustained: 999.99

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 9.15% 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, 2021

Valuation Date: 10/1/2019

	ACTUAL	HYPOTHETICAL	
	7.15% RP-2000 Generational	5.15% RP-2000 Generational	9.15% RP-2000 Generational
Minimum Required Contribution (Fixed \$)	\$5,264,802	\$8,787,059	\$2,421,098
Minimum Required Contribution (% of Payroll)	65.75%	109.74%	30.23%
Expected Member Contribution	480,443	480,443	480,443
Expected State Money	699,764	699,764	699,764
Expected Sponsor Contribution (Fixed \$)	\$4,084,595	\$7,606,852	\$1,240,891
Expected Sponsor Contribution (% of Payroll)	51.01%	95.00%	15.49%

ASSETS

Actuarial Value ¹	110,297,515	110,297,515	110,297,515
Market Value ¹	110,968,045	110,968,045	110,968,045

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	53,066,786	79,178,263	37,669,723
Disability Benefits	507,014	696,890	384,057
Death Benefits	199,923	265,318	154,303
Vested Benefits	3,473,335	5,765,442	2,225,403
Refund of Contributions	65,863	67,887	63,956
Service Retirees	45,640,793	59,179,945	36,612,878
DROP Retirees ¹	31,786,523	39,533,515	26,737,636
Beneficiaries	964,512	1,194,956	804,859
Disability Retirees	695,382	828,723	596,855
Terminated Vested	1,051,924	1,582,860	741,272
Share Plan Balances ¹	10,817,365	10,817,365	10,817,365
Total:	148,269,420	199,111,164	116,808,307
Present Value of Future Salaries	55,577,843	61,647,678	50,642,487
Present Value of Future Member Contributions	3,334,671	3,698,861	3,038,549
Total Normal Cost	2,338,435	3,539,497	1,638,091
Present Value of Future Normal Costs (Entry Age Normal)	17,129,336	28,176,166	11,078,579
Total Actuarial Accrued Liability ¹	131,140,084	170,934,998	105,729,728
Unfunded Actuarial Accrued Liability (UAAL)	20,842,569	60,637,483	(4,567,787)

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2021

Valuation Date: 10/1/2019

	ACTUAL	HYPOTHETICAL	
	7.15% RP-2000 Generational	5.15% RP-2000 Generational	9.15% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost (with interest)	2,422,034	3,630,639	1,713,034
Administrative Expenses (with interest)	134,917	133,614	136,219
Payment Required To Amortize UAAL (with interest)	2,707,851	5,022,806	571,845
Minimum Required Contribution	\$5,264,802	\$8,787,059	\$2,421,098

¹ The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2019.