

CITY OF PALM BAY
POLICE AND FIREFIGHTERS' PENSION FUND
(Firefighters)

SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2023 VALUATION DATE



June 14, 2024

VIA E-MAIL

Ms. Katie Taglia-Polak, Executive Director
City of Palm Bay Police & Fire Pension Fund
1501 Robert J. Conlan Blvd., NE, Suite 240
Palm Bay, FL 32905-3567

Re: City of Palm Bay Police and Firefighters' Pension Fund (Firefighters)
Section 112.664, Florida Statutes Compliance

Dear Katie:

Please find enclosed the annual disclosures that satisfy the October 1, 2023 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: 
Bradley R. Heinrichs, FSA, EA, MAAA
Enrolled Actuary #23-6901

Enclosures

cc via email: Robert Klausner, Board Attorney

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, 2023 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, 2023

	ACTUAL	HYPOTHETICAL	HYPOTHETICAL
Discount Rate:	7.50%	5.50%	9.50%
<u>Total Pension Liability</u>			
Service Cost	2,102,709	3,431,807	1,351,583
Interest	9,399,079	8,955,086	9,541,670
Share Plan Allocation	101,379	101,379	101,379
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(1,164,079)	(661,465)	(1,553,877)
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(7,393,664)	(7,393,664)	(7,393,664)
Net Change in Total Pension Liability	3,045,424	4,433,143	2,047,091
Total Pension Liability - Beginning	126,915,182	163,084,765	102,783,885
Total Pension Liability - Ending (a)	\$ 129,960,606	\$ 167,517,908	\$ 104,830,976
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	2,939,993	2,939,993	2,939,993
Contributions - State	1,028,081	1,028,081	1,028,081
Contributions - Employee	683,713	683,713	683,713
Net Investment Income	6,108,817	6,108,817	6,108,817
Benefit Payments, Including Refunds of Employee Contributions	(7,393,664)	(7,393,664)	(7,393,664)
Administrative Expenses	(285,621)	(285,621)	(285,621)
Net Change in Plan Fiduciary Net Position	3,081,319	3,081,319	3,081,319
Plan Fiduciary Net Position - Beginning	88,699,375	88,699,375	88,699,375
Plan Fiduciary Net Position - Ending (b)	\$ 91,780,694	\$ 91,780,694	\$ 91,780,694
Net Pension Liability - Ending (a) - (b)	\$ 38,179,912	\$ 75,737,214	\$ 13,050,282

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: Discount Rate = 7.50%

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
2023	91,403,520	-	10,433,255	-	6,464,017	87,434,282
2024	87,434,282	-	7,238,298	-	6,286,135	86,482,119
2025	86,482,119	-	7,563,213	-	6,202,538	85,121,444
2026	85,121,444	-	7,863,020	-	6,089,245	83,347,669
2027	83,347,669	-	8,015,818	-	5,950,482	81,282,333
2028	81,282,333	-	8,146,935	-	5,790,665	78,926,063
2029	78,926,063	-	8,311,860	-	5,607,760	76,221,963
2030	76,221,963	-	8,628,495	-	5,393,079	72,986,547
2031	72,986,547	-	8,815,766	-	5,143,400	69,314,181
2032	69,314,181	-	9,075,771	-	4,858,222	65,096,632
2033	65,096,632	-	9,280,364	-	4,534,234	60,350,502
2034	60,350,502	-	9,459,425	-	4,171,559	55,062,636
2035	55,062,636	-	9,620,085	-	3,768,945	49,211,496
2036	49,211,496	-	9,878,130	-	3,320,432	42,653,798
2037	42,653,798	-	10,038,057	-	2,822,608	35,438,349
2038	35,438,349	-	10,182,889	-	2,276,018	27,531,478
2039	27,531,478	-	10,354,866	-	1,676,553	18,853,165
2040	18,853,165	-	10,471,893	-	1,021,291	9,402,563
2041	9,402,563	-	10,553,154	-	-	-

*All DROP and Share Balances paid in 2023.

Number of Years Expected Benefit Payments Sustained: 18.89

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.50% 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: Discount Rate = 5.50%

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
2023	91,403,520	-	10,433,255	-	4,740,279	85,710,544
2024	85,710,544	-	7,238,298	-	4,515,027	82,987,273
2025	82,987,273	-	7,563,213	-	4,356,312	79,780,372
2026	79,780,372	-	7,863,020	-	4,171,687	76,089,039
2027	76,089,039	-	8,015,818	-	3,964,462	72,037,683
2028	72,037,683	-	8,146,935	-	3,738,032	67,628,780
2029	67,628,780	-	8,311,860	-	3,491,007	62,807,927
2030	62,807,927	-	8,628,495	-	3,217,152	57,396,584
2031	57,396,584	-	8,815,766	-	2,914,379	51,495,197
2032	51,495,197	-	9,075,771	-	2,582,652	45,002,078
2033	45,002,078	-	9,280,364	-	2,219,904	37,941,618
2034	37,941,618	-	9,459,425	-	1,826,655	30,308,848
2035	30,308,848	-	9,620,085	-	1,402,434	22,091,197
2036	22,091,197	-	9,878,130	-	943,367	13,156,434
2037	13,156,434	-	10,038,057	-	447,557	3,565,934
2038	3,565,934	-	10,182,889	-	-	-

*All DROP and Share Balances paid in 2023.

Number of Years Expected Benefit Payments Sustained: 15.35

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.50% 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: Discount Rate = 9.50%

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
2023	91,403,520	-	10,433,255	-	8,187,755	89,158,020
2024	89,158,020	-	7,238,298	-	8,126,193	90,045,915
2025	90,045,915	-	7,563,213	-	8,195,109	90,677,811
2026	90,677,811	-	7,863,020	-	8,240,899	91,055,690
2027	91,055,690	-	8,015,818	-	8,269,539	91,309,411
2028	91,309,411	-	8,146,935	-	8,287,415	91,449,891
2029	91,449,891	-	8,311,860	-	8,292,926	91,430,957
2030	91,430,957	-	8,628,495	-	8,276,087	91,078,549
2031	91,078,549	-	8,815,766	-	8,233,713	90,496,496
2032	90,496,496	-	9,075,771	-	8,166,068	89,586,793
2033	89,586,793	-	9,280,364	-	8,069,928	88,376,357
2034	88,376,357	-	9,459,425	-	7,946,431	86,863,363
2035	86,863,363	-	9,620,085	-	7,795,065	85,038,343
2036	85,038,343	-	9,878,130	-	7,609,431	82,769,644
2037	82,769,644	-	10,038,057	-	7,386,308	80,117,895
2038	80,117,895	-	10,182,889	-	7,127,513	77,062,519
2039	77,062,519	-	10,354,866	-	6,829,083	73,536,736
2040	73,536,736	-	10,471,893	-	6,488,575	69,553,418
2041	69,553,418	-	10,553,154	-	6,106,300	65,106,564
2042	65,106,564	-	10,629,358	-	5,680,229	60,157,435
2043	60,157,435	-	10,674,928	-	5,207,897	54,690,404
2044	54,690,404	-	10,700,268	-	4,687,326	48,677,462
2045	48,677,462	-	10,665,276	-	4,117,758	42,129,944
2046	42,129,944	-	10,640,733	-	3,496,910	34,986,121
2047	34,986,121	-	10,566,742	-	2,821,761	27,241,140
2048	27,241,140	-	10,467,800	-	2,090,688	18,864,028
2049	18,864,028	-	10,307,563	-	1,302,473	9,858,938
2050	9,858,938	-	10,122,107	-	-	-

*All DROP and Share Balances paid in 2023.

Number of Years Expected Benefit Payments Sustained: 27.97

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 9.50% 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, 2025

Valuation Date: 10/1/2023

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>	<u>HYPOTHETICAL</u>
Investment Rate of Return:	7.50%	5.50%	9.50%
Minimum Required Contribution (Fixed \$)	\$5,757,794	\$9,558,719	\$2,693,491
Minimum Required Contribution (% of Payroll)	69.9%	116.1%	32.8%
Expected Member Contribution	747,994	740,785	755,204
Expected State Money	926,703	926,703	926,703
Expected Sponsor Contribution (Fixed \$)	\$4,083,097	\$7,891,231	\$1,011,584
Expected Sponsor Contribution (% of Payroll)	49.3%	95.5%	12.2%

ASSETS

Actuarial Value ¹	103,258,662	103,258,662	103,258,662
Market Value ¹	91,403,520	91,403,520	91,403,520

LIABILITIES

Present Value of Benefits			
Actives			
Retirement Benefits	51,431,898	80,040,499	35,262,141
Disability Benefits	2,936,262	4,217,637	2,144,070
Death Benefits	832,087	1,291,181	577,058
Vested Benefits	1,548,823	2,831,423	898,045
Refund of Contributions	216,372	228,682	205,353
Service Retirees	77,740,895	97,559,286	64,013,469
DROP Retirees ¹	7,737,092	8,986,532	6,910,999
Beneficiaries	1,842,627	2,263,719	1,540,477
Disability Retirees	5,189,869	6,523,194	4,285,585
Terminated Vested	61,362	75,209	52,490
Share Plan Balances ¹	103,846	103,846	103,846
Total:	<u>149,641,133</u>	<u>204,121,208</u>	<u>115,993,533</u>
Present Value of Future Salaries	70,526,142	80,154,463	62,872,414
Present Value of Future Member Contributions	6,178,090	7,021,531	5,507,623
Total Normal Cost	2,141,815	3,536,832	1,356,848
Present Value of Future Normal Costs (Entry Age Normal)	18,441,013	34,672,161	10,377,337
Total Actuarial Accrued Liability (EAN) ¹	131,200,120	169,449,047	105,616,196
Unfunded Actuarial Accrued Liability (UAAL)	27,941,458	66,190,385	2,357,534

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2025

Valuation Date: 10/1/2023

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>	<u>HYPOTHETICAL</u>
Investment Rate of Return:	7.50%	5.50%	9.50%
<u>PENSION COST</u>			
Normal Cost ²	2,331,240	3,812,529	1,491,084
Administrative Expenses ²	281,283	278,571	283,994
Payment Required To Amortize UAAL ²	<u>3,145,271</u>	<u>5,467,619</u>	<u>918,413</u>
Minimum Required Contribution	\$5,757,794	\$9,558,719	\$2,693,491

¹ The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2023.

² Contributions developed as of 10/1/2023 displayed above have been adjusted to account for assumed salary increase and interest components.