

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

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 (Police Officers)
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

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>	<u>HYPOTHETICAL</u>
Discount Rate:	7.50%	5.50%	9.50%
<u>Total Pension Liability</u>			
Service Cost	2,158,246	3,678,854	1,336,925
Interest	11,170,574	10,763,196	11,229,520
Share Plan Allocation	353,437	353,437	353,437
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	1,389,058	3,045,905	362,712
Changes of Assumptions	-	-	-
Contributions - Buy Back	32,978	32,978	32,978
Benefit Payments, Including Refunds of Employee Contributions	(7,381,026)	(7,381,026)	(7,381,026)
Net Change in Total Pension Liability	7,723,267	10,493,344	5,934,546
Total Pension Liability - Beginning	150,473,252	195,706,138	120,559,065
Total Pension Liability - Ending (a)	<u>\$ 158,196,519</u>	<u>\$ 206,199,482</u>	<u>\$ 126,493,611</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	1,763,655	1,763,655	1,763,655
Contributions - State	1,227,609	1,227,609	1,227,609
Contributions - Employee	906,394	906,394	906,394
Contributions - Buy Back	32,978	32,978	32,978
Net Investment Income	8,933,793	8,933,793	8,933,793
Benefit Payments, Including Refunds of Employee Contributions	(7,381,026)	(7,381,026)	(7,381,026)
Administrative Expenses	(365,494)	(365,494)	(365,494)
Net Change in Plan Fiduciary Net Position	5,117,909	5,117,909	5,117,909
Plan Fiduciary Net Position - Beginning	113,303,174	113,303,174	113,303,174
Plan Fiduciary Net Position - Ending (b)	<u>\$ 118,421,083</u>	<u>\$ 118,421,083</u>	<u>\$ 118,421,083</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 39,775,436</u>	<u>\$ 87,778,399</u>	<u>\$ 8,072,528</u>

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	118,267,799	-	12,296,723	-	8,408,958	114,380,034
2024	114,380,034	-	7,936,854	-	8,280,871	114,724,051
2025	114,724,051	-	8,410,594	-	8,288,907	114,602,364
2026	114,602,364	-	8,935,979	-	8,260,078	113,926,463
2027	113,926,463	-	9,550,028	-	8,186,359	112,562,794
2028	112,562,794	-	9,945,185	-	8,069,265	110,686,874
2029	110,686,874	-	10,292,829	-	7,915,534	108,309,579
2030	108,309,579	-	10,552,240	-	7,727,509	105,484,848
2031	105,484,848	-	10,766,604	-	7,507,616	102,225,860
2032	102,225,860	-	11,043,768	-	7,252,798	98,434,890
2033	98,434,890	-	11,256,018	-	6,960,516	94,139,388
2034	94,139,388	-	11,463,940	-	6,630,556	89,306,004
2035	89,306,004	-	11,683,316	-	6,259,826	83,882,514
2036	83,882,514	-	11,842,783	-	5,847,084	77,886,815
2037	77,886,815	-	12,027,724	-	5,390,471	71,249,562
2038	71,249,562	-	12,186,156	-	4,886,736	63,950,142
2039	63,950,142	-	12,375,505	-	4,332,179	55,906,816
2040	55,906,816	-	12,556,136	-	3,722,156	47,072,836
2041	47,072,836	-	12,671,558	-	3,055,279	37,456,557
2042	37,456,557	-	12,783,484	-	2,329,861	27,002,934
2043	27,002,934	-	12,874,845	-	1,542,413	15,670,502
2044	15,670,502	-	12,929,946	-	690,415	3,430,971
2045	3,430,971	-	12,958,535	-	-	-

*All DROP and Share Balances paid in 2023.

Number of Years Expected Benefit Payments Sustained: 22.26

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	118,267,799	-	12,296,723	-	6,166,569	112,137,645
2024	112,137,645	-	7,936,854	-	5,949,307	110,150,098
2025	110,150,098	-	8,410,594	-	5,826,964	107,566,468
2026	107,566,468	-	8,935,979	-	5,670,416	104,300,905
2027	104,300,905	-	9,550,028	-	5,473,924	100,224,801
2028	100,224,801	-	9,945,185	-	5,238,871	95,518,487
2029	95,518,487	-	10,292,829	-	4,970,464	90,196,122
2030	90,196,122	-	10,552,240	-	4,670,600	84,314,482
2031	84,314,482	-	10,766,604	-	4,341,215	77,889,093
2032	77,889,093	-	11,043,768	-	3,980,196	70,825,521
2033	70,825,521	-	11,256,018	-	3,585,863	63,155,366
2034	63,155,366	-	11,463,940	-	3,158,287	54,849,713
2035	54,849,713	-	11,683,316	-	2,695,443	45,861,840
2036	45,861,840	-	11,842,783	-	2,196,725	36,215,782
2037	36,215,782	-	12,027,724	-	1,661,106	25,849,164
2038	25,849,164	-	12,186,156	-	1,086,585	14,749,593
2039	14,749,593	-	12,375,505	-	470,901	2,844,989
2040	2,844,989	-	12,556,136	-	-	-

*All DROP and Share Balances paid in 2023.

Number of Years Expected Benefit Payments Sustained: 17.23

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	118,267,799	-	12,296,723	-	10,651,347	116,622,423
2024	116,622,423	-	7,936,854	-	10,702,130	119,387,699
2025	119,387,699	-	8,410,594	-	10,942,328	121,919,433
2026	121,919,433	-	8,935,979	-	11,157,887	124,141,341
2027	124,141,341	-	9,550,028	-	11,339,801	125,931,114
2028	125,931,114	-	9,945,185	-	11,491,060	127,476,989
2029	127,476,989	-	10,292,829	-	11,621,405	128,805,565
2030	128,805,565	-	10,552,240	-	11,735,297	129,988,622
2031	129,988,622	-	10,766,604	-	11,837,505	131,059,523
2032	131,059,523	-	11,043,768	-	11,926,076	131,941,831
2033	131,941,831	-	11,256,018	-	11,999,813	132,685,626
2034	132,685,626	-	11,463,940	-	12,060,597	133,282,283
2035	133,282,283	-	11,683,316	-	12,106,859	133,705,826
2036	133,705,826	-	11,842,783	-	12,139,521	134,002,564
2037	134,002,564	-	12,027,724	-	12,158,927	134,133,767
2038	134,133,767	-	12,186,156	-	12,163,865	134,111,476
2039	134,111,476	-	12,375,505	-	12,152,754	133,888,725
2040	133,888,725	-	12,556,136	-	12,123,012	133,455,601
2041	133,455,601	-	12,671,558	-	12,076,383	132,860,426
2042	132,860,426	-	12,783,484	-	12,014,525	132,091,467
2043	132,091,467	-	12,874,845	-	11,937,134	131,153,756
2044	131,153,756	-	12,929,946	-	11,845,434	130,069,244
2045	130,069,244	-	12,958,535	-	11,741,048	128,851,757
2046	128,851,757	-	12,937,539	-	11,626,384	127,540,602
2047	127,540,602	-	12,854,837	-	11,505,752	126,191,517
2048	126,191,517	-	12,743,080	-	11,382,898	124,831,335
2049	124,831,335	-	12,597,604	-	11,260,591	123,494,322
2050	123,494,322	-	12,384,803	-	11,143,682	122,253,201
2051	122,253,201	-	12,121,983	-	11,038,260	121,169,478
2052	121,169,478	-	11,825,564	-	10,949,386	120,293,300
2053	120,293,300	-	11,488,375	-	10,882,166	119,687,091
2054	119,687,091	-	11,114,849	-	10,842,318	119,414,560
2055	119,414,560	-	10,713,083	-	10,835,512	119,536,989
2056	119,536,989	-	10,282,911	-	10,867,576	120,121,654
2057	120,121,654	-	9,835,075	-	10,944,391	121,230,970
2058	121,230,970	-	9,369,552	-	11,071,888	122,933,306
2059	122,933,306	-	8,878,311	-	11,256,944	125,311,939
2060	125,311,939	-	8,394,658	-	11,505,888	128,423,169
2061	128,423,169	-	7,906,371	-	11,824,648	132,341,446
2062	132,341,446	-	7,410,719	-	12,220,428	137,151,155
2063	137,151,155	-	6,923,919	-	12,700,474	142,927,710
2064	142,927,710	-	6,445,418	-	13,271,975	149,754,267
2065	149,754,267	-	5,979,409	-	13,942,633	157,717,491
2066	157,717,491	-	5,528,245	-	14,720,570	166,909,816
2067	166,909,816	-	5,094,152	-	15,614,460	177,430,124
2068	177,430,124	-	4,679,293	-	16,633,595	189,384,426
2069	189,384,426	-	4,285,397	-	17,787,964	202,886,993
2070	202,886,993	-	3,913,904	-	19,088,354	218,061,443
2071	218,061,443	-	3,565,621	-	20,546,470	235,042,292
2072	235,042,292	-	3,240,673	-	22,175,086	253,976,705
2073	253,976,705	-	2,938,762	-	23,988,196	275,026,139
2074	275,026,139	-	2,659,284	-	26,001,167	298,368,022

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
2075	298,368,022	-	2,401,434	-	28,230,894	324,197,482
2076	324,197,482	-	2,164,268	-	30,695,958	352,729,172
2077	352,729,172	-	1,946,504	-	33,416,812	384,199,480
2078	384,199,480	-	1,746,543	-	36,415,990	418,868,927
2079	418,868,927	-	1,563,033	-	39,718,304	457,024,198
2080	457,024,198	-	1,394,759	-	43,351,048	498,980,487
2081	498,980,487	-	1,240,678	-	47,344,214	545,084,023
2082	545,084,023	-	1,099,806	-	51,730,741	595,714,958
2083	595,714,958	-	971,076	-	56,546,795	651,290,677
2084	651,290,677	-	853,532	-	61,832,072	712,269,217
2085	712,269,217	-	746,461	-	67,630,119	779,152,875
2086	779,152,875	-	649,232	-	73,988,685	852,492,328
2087	852,492,328	-	561,213	-	80,960,114	932,891,229
2088	932,891,229	-	481,810	-	88,601,781	1,021,011,200
2089	1,021,011,200	-	410,549	-	96,976,563	1,117,577,214
2090	1,117,577,214	-	346,962	-	106,153,355	1,223,383,607
2091	1,223,383,607	-	290,609	-	116,207,639	1,339,300,637
2092	1,339,300,637	-	241,030	-	127,222,112	1,466,281,719
2093	1,466,281,719	-	197,760	-	139,287,370	1,605,371,329
2094	1,605,371,329	-	160,372	-	152,502,659	1,757,713,616
2095	1,757,713,616	-	128,393	-	166,976,695	1,924,561,918
2096	1,924,561,918	-	101,369	-	182,828,567	2,107,289,116
2097	2,107,289,116	-	78,840	-	200,188,721	2,307,398,997
2098	2,307,398,997	-	60,335	-	219,200,039	2,526,538,701
2099	2,526,538,701	-	45,372	-	240,019,021	2,766,512,350
2100	2,766,512,350	-	33,483	-	262,817,083	3,029,295,950
2101	3,029,295,950	-	24,214	-	287,781,965	3,317,053,701
2102	3,317,053,701	-	17,135	-	315,119,288	3,632,155,854
2103	3,632,155,854	-	11,850	-	345,054,243	3,977,198,247
2104	3,977,198,247	-	7,998	-	377,833,454	4,355,023,703
2105	4,355,023,703	-	5,262	-	413,727,002	4,768,745,443
2106	4,768,745,443	-	3,367	-	453,030,657	5,221,772,733
2107	5,221,772,733	-	2,093	-	496,068,310	5,717,838,950
2108	5,717,838,950	-	1,268	-	543,194,640	6,261,032,322
2109	6,261,032,322	-	748	-	594,798,035	6,855,829,609
2110	6,855,829,609	-	430	-	651,303,792	7,507,132,971
2111	7,507,132,971	-	241	-	713,177,621	8,220,310,351
2112	8,220,310,351	-	131	-	780,929,477	9,001,239,697
2113	9,001,239,697	-	69	-	855,117,768	9,856,357,396
2114	9,856,357,396	-	35	-	936,353,951	10,792,711,312
2115	10,792,711,312	-	18	-	1,025,307,574	11,818,018,868
2116	11,818,018,868	-	8	-	1,122,711,792	12,940,730,652
2117	12,940,730,652	-	3	-	1,229,369,412	14,170,100,061

*All DROP and Share Balances paid in 2023.

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 9.50% 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 \$)	\$6,276,411	\$11,288,133	\$2,284,900
Minimum Required Contribution (% of Payroll)	55.0%	98.8%	20.0%
Expected Member Contribution	1,037,849	1,027,846	1,047,852
Expected State Money	874,171	874,171	874,171
Expected Sponsor Contribution (Fixed \$)	\$4,364,391	\$9,386,116	\$362,877
Expected Sponsor Contribution (% of Payroll)	38.2%	82.0%	3.2%

ASSETS

Actuarial Value ¹	133,859,183	133,859,183	133,859,183
Market Value ¹	118,267,799	118,267,799	118,267,799

LIABILITIES

Present Value of Benefits			
Actives			
Retirement Benefits	59,205,861	91,864,085	40,719,912
Disability Benefits	3,496,119	5,008,166	2,568,997
Death Benefits	271,544	454,825	175,467
Vested Benefits	3,906,400	7,331,202	2,214,686
Refund of Contributions	150,518	155,142	146,192
Service Retirees	90,252,668	113,986,187	73,921,864
DROP Retirees ¹	11,006,605	13,704,215	9,319,936
Beneficiaries	2,969,394	3,521,005	2,554,649
Disability Retirees	5,702,947	7,284,345	4,650,607
Terminated Vested	1,725,305	2,374,880	1,326,056
Share Plan Balances ¹	1,307,621	1,307,621	1,307,621
Total:	<u>179,994,982</u>	<u>246,991,673</u>	<u>138,905,987</u>
Present Value of Future Salaries	80,247,448	89,710,850	72,625,190
Present Value of Future Member Contributions	7,029,676	7,858,670	6,361,967
Total Normal Cost	2,337,226	4,042,769	1,421,816
Present Value of Future Normal Costs (Entry Age Normal)	16,715,920	32,704,686	9,089,752
Total Actuarial Accrued Liability (EAN) ¹	163,279,062	214,286,987	129,816,235
Unfunded Actuarial Accrued Liability (UAAL)	29,419,879	80,427,804	(4,042,948)

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	2,541,751	4,354,165	1,561,139
Administrative Expenses ²	355,773	352,344	359,202
Payment Required To Amortize UAAL ²	<u>3,378,887</u>	<u>6,581,624</u>	<u>364,559</u>
Minimum Required Contribution	\$6,276,411	\$11,288,133	\$2,284,900

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.