

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

SECTION 112.664, FLORIDA STATUTES COMPLIANCE  
DETERMINED AS OF THE  
OCTOBER 1, 2022 VALUATION DATE



June 30, 2023

VIA E-MAIL

Ms. Kathy Adams, Plan Administrator  
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 Kathy:

Please find enclosed the annual disclosures that satisfy the October 1, 2022 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, 2022 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, 2022**

	ACTUAL	HYPOTHETICAL	
	7.50%	5.50%	9.50%
Discount Rate:			
<b><u>Total Pension Liability</u></b>			
Service Cost	1,805,670	2,947,976	1,158,945
Interest	9,039,979	8,645,184	9,133,515
Changes of Benefit Terms	488,588	680,417	365,780
Differences Between Expected and Actual Experience	686,968	1,270,356	663,033
Changes of Assumptions	2,154,613	3,293,149	1,475,545
Contributions - Buy Back	34,001	34,001	34,001
Benefit Payments, Including Refunds of Employee Contributions	(6,340,073)	(6,340,073)	(6,340,073)
Net Change in Total Pension Liability	7,869,746	10,531,010	6,490,746
Total Pension Liability - Beginning	119,045,436	152,553,755	96,293,139
Total Pension Liability - Ending (a)	<u>\$ 126,915,182</u>	<u>\$ 163,084,765</u>	<u>\$ 102,783,885</u>
<b><u>Plan Fiduciary Net Position</u></b>			
Contributions - Employer	3,151,077	3,151,077	3,151,077
Contributions - State	580,174	580,174	580,174
Contributions - Employee	638,908	638,908	638,908
Contributions - Buy Back	34,001	34,001	34,001
Net Investment Income	(20,538,465)	(20,538,465)	(20,538,465)
Benefit Payments, Including Refunds of Employee Contributions	(6,340,073)	(6,340,073)	(6,340,073)
Administrative Expenses	(231,233)	(231,233)	(231,233)
Net Change in Plan Fiduciary Net Position	(22,705,611)	(22,705,611)	(22,705,611)
Plan Fiduciary Net Position - Beginning	111,404,986	111,404,986	111,404,986
Plan Fiduciary Net Position - Ending (b)	<u>\$ 88,699,375</u>	<u>\$ 88,699,375</u>	<u>\$ 88,699,375</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 38,215,807</u>	<u>\$ 74,385,390</u>	<u>\$ 14,084,510</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
2022	88,645,343	-	10,840,974	-	6,241,864	84,046,233
2023	84,046,233	-	6,916,649	-	6,044,093	83,173,677
2024	83,173,677	-	7,180,594	-	5,968,754	81,961,837
2025	81,961,837	-	7,454,826	-	5,867,582	80,374,593
2026	80,374,593	-	7,723,090	-	5,738,479	78,389,982
2027	78,389,982	-	7,870,183	-	5,584,117	76,103,916
2028	76,103,916	-	8,006,194	-	5,407,561	73,505,283
2029	73,505,283	-	8,172,393	-	5,206,431	70,539,321
2030	70,539,321	-	8,471,221	-	4,972,778	67,040,878
2031	67,040,878	-	8,652,459	-	4,703,599	63,092,018
2032	63,092,018	-	8,881,657	-	4,398,839	58,609,200
2033	58,609,200	-	9,085,883	-	4,054,969	53,578,286
2034	53,578,286	-	9,257,021	-	3,671,233	47,992,498
2035	47,992,498	-	9,420,258	-	3,246,178	41,818,418
2036	41,818,418	-	9,657,527	-	2,774,224	34,935,115
2037	34,935,115	-	9,806,098	-	2,252,405	27,381,422
2038	27,381,422	-	9,934,982	-	1,681,045	19,127,485
2039	19,127,485	-	10,088,940	-	1,056,226	10,094,771
2040	10,094,771	-	10,191,385	-	-	-

\*All DROP and Share Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 18.99

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
2022	88,645,343	-	10,840,974	-	4,577,367	82,381,736
2023	82,381,736	-	6,916,649	-	4,340,788	79,805,875
2024	79,805,875	-	7,180,594	-	4,191,857	76,817,138
2025	76,817,138	-	7,454,826	-	4,019,935	73,382,247
2026	73,382,247	-	7,723,090	-	3,823,639	69,482,796
2027	69,482,796	-	7,870,183	-	3,605,124	65,217,737
2028	65,217,737	-	8,006,194	-	3,366,805	60,578,348
2029	60,578,348	-	8,172,393	-	3,107,068	55,513,023
2030	55,513,023	-	8,471,221	-	2,820,258	49,862,060
2031	49,862,060	-	8,652,459	-	2,504,471	43,714,072
2032	43,714,072	-	8,881,657	-	2,160,028	36,992,443
2033	36,992,443	-	9,085,883	-	1,784,723	29,691,283
2034	29,691,283	-	9,257,021	-	1,378,452	21,812,714
2035	21,812,714	-	9,420,258	-	940,642	13,333,098
2036	13,333,098	-	9,657,527	-	467,738	4,143,309
2037	4,143,309	-	9,806,098	-	-	-

\*All DROP and Share Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 15.42

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
2022	88,645,343	-	10,840,974	-	7,906,361	85,710,730
2023	85,710,730	-	6,916,649	-	7,813,979	86,608,060
2024	86,608,060	-	7,180,594	-	7,886,687	87,314,153
2025	87,314,153	-	7,454,826	-	7,940,740	87,800,067
2026	87,800,067	-	7,723,090	-	7,974,160	88,051,137
2027	88,051,137	-	7,870,183	-	7,991,024	88,171,978
2028	88,171,978	-	8,006,194	-	7,996,044	88,161,828
2029	88,161,828	-	8,172,393	-	7,987,185	87,976,620
2030	87,976,620	-	8,471,221	-	7,955,396	87,460,795
2031	87,460,795	-	8,652,459	-	7,897,784	86,706,120
2032	86,706,120	-	8,881,657	-	7,815,203	85,639,666
2033	85,639,666	-	9,085,883	-	7,704,189	84,257,972
2034	84,257,972	-	9,257,021	-	7,564,799	82,565,750
2035	82,565,750	-	9,420,258	-	7,396,284	80,541,776
2036	80,541,776	-	9,657,527	-	7,192,736	78,076,985
2037	78,076,985	-	9,806,098	-	6,951,524	75,222,411
2038	75,222,411	-	9,934,982	-	6,674,217	71,961,646
2039	71,961,646	-	10,088,940	-	6,357,132	68,229,838
2040	68,229,838	-	10,191,385	-	5,997,744	64,036,197
2041	64,036,197	-	10,264,172	-	5,595,891	59,367,916
2042	59,367,916	-	10,325,102	-	5,149,510	54,192,324
2043	54,192,324	-	10,357,143	-	4,656,306	48,491,487
2044	48,491,487	-	10,367,500	-	4,114,235	42,238,222
2045	42,238,222	-	10,322,806	-	3,522,298	35,437,714
2046	35,437,714	-	10,282,048	-	2,878,186	28,033,852
2047	28,033,852	-	10,199,889	-	2,178,721	20,012,684
2048	20,012,684	-	10,082,562	-	1,422,283	11,352,405
2049	11,352,405	-	9,915,964	-	607,470	2,043,911
2050	2,043,911	-	9,725,281	-	-	-

\*All DROP and Share Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 28.21

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, 2024

Valuation Date: 10/1/2022

	ACTUAL	HYPOTHETICAL	
	7.50%	5.50%	9.50%
Investment Rate of Return:	7.50%	5.50%	9.50%
Minimum Required Contribution (Fixed \$)	\$4,970,291	\$8,659,909	\$1,981,991
Minimum Required Contribution (% of Payroll)	62.8%	109.3%	25.0%
Expected Member Contribution	720,499	713,554	727,443
Expected State Money	580,174	580,174	580,174
Expected Sponsor Contribution (Fixed \$)	\$3,669,618	\$7,366,181	\$674,374
Expected Sponsor Contribution (% of Payroll)	46.3%	92.8%	8.5%

**ASSETS**

Actuarial Value <sup>1</sup>	103,685,322	103,685,322	103,685,322
Market Value <sup>1</sup>	88,645,343	88,645,343	88,645,343

**LIABILITIES**

Present Value of Benefits			
Active Members			
Retirement Benefits	47,916,961	74,571,574	32,848,665
Disability Benefits	3,051,430	4,453,917	2,208,582
Death Benefits	844,757	1,296,797	591,205
Vested Benefits	1,457,997	2,663,378	845,086
Refund of Contributions	222,592	235,451	211,090
Service Retirees	72,317,421	91,103,889	59,382,318
DROP Retirees <sup>1</sup>	11,087,856	13,025,494	9,788,115
Beneficiaries	1,832,611	2,262,501	1,526,388
Disability Retirees	5,344,055	6,782,454	4,380,972
Terminated Vested	58,852	72,607	50,136
Share Plan Balances <sup>1</sup>	4,870	4,870	4,870
Total:	144,139,402	196,472,932	111,837,427

Present Value of Future Salaries	67,197,492	76,237,596	59,995,922
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Present Value of Future Member Contributions	5,886,500	6,678,413	5,255,643
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Total Normal Cost	2,076,514	3,396,993	1,330,567
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Present Value of Future Normal Costs (Entry Age Normal)	17,815,618	33,240,408	10,125,631
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Total Actuarial Accrued Liability (EAN) <sup>1</sup>	126,323,784	163,232,524	101,711,796
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Unfunded Actuarial Accrued Liability (UAAL)	22,638,462	59,547,202	(1,973,526)
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ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2024

Valuation Date: 10/1/2022

	ACTUAL	HYPOTHETICAL	
	7.50%	5.50%	9.50%
Investment Rate of Return:	7.50%	5.50%	9.50%
<b><u>PENSION COST</u></b>			
Normal Cost <sup>2</sup>	2,258,871	3,659,695	1,461,367
Administrative Expenses <sup>2</sup>	257,745	255,260	260,229
Payment Required To Amortize UAAL <sup>2</sup>	2,453,675	4,744,954	260,395
Minimum Required Contribution	\$4,970,291	\$8,659,909	\$1,981,991

<sup>1</sup> The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2022.

<sup>2</sup> Contributions developed as of 10/1/2022 displayed above have been adjusted to account for assumed salary increase and interest components.