

June 21, 2019

VIA EMAIL

Ms. Michelle Rodriguez
Lead Plan Administrator
2503 Del Prado Blvd. S., Suite 502
Cape Coral, FL 33904

Re: City of Hollywood Firefighters' Pension Fund
Section 112.664, Florida Statutes Compliance

Dear Michelle:

Please find enclosed the annual disclosures that satisfy the October 1, 2018 financial reporting requirements made under Section 112.664.

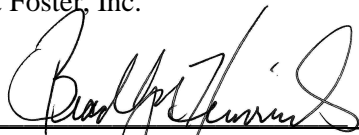
Our office will submit this information electronically to the Department of Management Services. However, it is important for you to be aware that this report must also be made available on the Plan or Plan Sponsor's website, if such website exists. A deadline for this website publication is not made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

Bradley R. Heinrichs, FSA, EA, MAAA
Enrolled Actuary #17-6901

BRH/lke
Enclosures

cc via email: Stu Kaufman, Board Attorney
cc via email: Ferrell Jenne, Plan Administrator

CITY OF HOLLYWOOD
FIREFIGHTERS' 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:  Date: 6/21/2019

Bradley R. Heinrichs, FSA, EA, MAAA
Enrolled Actuary #17-6901



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, 2018 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, 2018

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Generational	5.50% RP-2000 Generational	9.50% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	5,467,335	8,452,759	3,609,832
Interest	27,748,028	24,457,850	30,244,908
Changes of Benefit Terms	2,830,293	1,816,014	3,179,915
Differences Between Expected and Actual Experience	5,074,190	6,548,890	3,418,616
Changes of Assumptions	-	-	-
DROP Default Loan Payment	40,967	40,967	40,967
Contributions - Buy Back	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(22,033,151)	(22,033,151)	(22,033,151)
Net Change in Total Pension Liability	19,127,662	19,283,329	18,461,087
Total Pension Liability - Beginning	372,703,688	445,447,020	322,605,319
Total Pension Liability - Ending (a)	<u>\$ 391,831,350</u>	<u>\$ 464,730,349</u>	<u>\$ 341,066,406</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	16,373,064	16,373,064	16,373,064
Contributions - State	-	-	-
Contributions - Employee	1,458,572	1,458,572	1,458,572
Contributions - Buy Back	-	-	-
DROP Default Loan Payment	40,967	40,967	40,967
Net Investment Income	22,909,517	22,909,517	22,909,517
Benefit Payments, Including Refunds of Employee Contributions	(22,033,151)	(22,033,151)	(22,033,151)
Administrative Expenses	(654,714)	(654,714)	(654,714)
Net Change in Plan Fiduciary Net Position	18,094,255	18,094,255	18,094,255
Plan Fiduciary Net Position - Beginning	232,392,733	232,392,733	232,392,733
Plan Fiduciary Net Position - Ending (b)	<u>\$ 250,486,988</u>	<u>\$ 250,486,988</u>	<u>\$ 250,486,988</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 141,344,362</u>	<u>\$ 214,243,361</u>	<u>\$ 90,579,418</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.50% 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
2018	250,486,988	-	109,634,145	-	14,675,244	155,528,087
2019	155,528,087	-	17,298,439	-	11,015,915	149,245,563
2020	149,245,563	-	18,129,497	-	10,513,561	141,629,627
2021	141,629,627	-	22,490,569	-	9,778,826	128,917,884
2022	128,917,884	-	20,346,934	-	8,905,831	117,476,781
2023	117,476,781	-	18,856,020	-	8,103,658	106,724,419
2024	106,724,419	-	20,075,234	-	7,251,510	93,900,695
2025	93,900,695	-	20,002,036	-	6,292,476	80,191,135
2026	80,191,135	-	20,291,447	-	5,253,406	65,153,094
2027	65,153,094	-	20,356,894	-	4,123,099	48,919,299
2028	48,919,299	-	21,136,551	-	2,876,327	30,659,075
2029	30,659,075	-	21,028,409	-	1,510,865	11,141,531
2030	11,141,531	-	21,403,462	-	-	-

*All DROP and Share Balances paid in 2018.

Number of Years Expected Benefit Payments Sustained: 12.52

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: 5.50% 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
2018	250,486,988	-	109,634,145	-	10,761,845	151,614,688
2019	151,614,688	-	17,298,439	-	7,863,101	142,179,350
2020	142,179,350	-	18,129,497	-	7,321,303	131,371,156
2021	131,371,156	-	22,490,569	-	6,606,923	115,487,510
2022	115,487,510	-	20,346,934	-	5,792,272	100,932,848
2023	100,932,848	-	18,856,020	-	5,032,766	87,109,594
2024	87,109,594	-	20,075,234	-	4,238,959	71,273,319
2025	71,273,319	-	20,002,036	-	3,369,977	54,641,260
2026	54,641,260	-	20,291,447	-	2,447,255	36,797,068
2027	36,797,068	-	20,356,894	-	1,464,024	17,904,198
2028	17,904,198	-	21,136,551	-	-	-

*All DROP and Share Balances paid in 2018.

Number of Years Expected Benefit Payments Sustained: 10.85

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: 9.50% 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
2018	250,486,988	-	109,634,145	-	18,588,642	159,441,485
2019	159,441,485	-	17,298,439	-	14,325,265	156,468,311
2020	156,468,311	-	18,129,497	-	14,003,338	152,342,152
2021	152,342,152	-	22,490,569	-	13,404,202	143,255,785
2022	143,255,785	-	20,346,934	-	12,642,820	135,551,671
2023	135,551,671	-	18,856,020	-	11,981,748	128,677,399
2024	128,677,399	-	20,075,234	-	11,270,779	119,872,944
2025	119,872,944	-	20,002,036	-	10,437,833	110,308,741
2026	110,308,741	-	20,291,447	-	9,515,487	99,532,781
2027	99,532,781	-	20,356,894	-	8,488,662	87,664,549
2028	87,664,549	-	21,136,551	-	7,324,146	73,852,144
2029	73,852,144	-	21,028,409	-	6,017,104	58,840,839
2030	58,840,839	-	21,403,462	-	4,573,215	42,010,592
2031	42,010,592	-	21,592,354	-	2,965,369	23,383,607
2032	23,383,607	-	21,903,519	-	1,181,026	2,661,114
2033	2,661,114	-	22,168,515	-	-	-

*All DROP and Share Balances paid in 2018.

Number of Years Expected Benefit Payments Sustained: 15.12

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, 2020

Valuation Date: 10/1/2018

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Generational	5.50% RP-2000 Generational	9.50% RP-2000 Generational
Minimum Required Contribution (Fixed \$)	\$21,138,997	\$26,814,747	\$16,674,580
Minimum Required Contribution (% of Payroll)	102.4%	129.9%	80.7%
Expected Member Contribution	1,530,126	1,530,126	1,530,126
Expected State Money	1,562,180	1,562,180	1,562,180
Expected Sponsor Contribution (Fixed \$)	\$18,046,691	\$23,722,441	\$13,582,274
Expected Sponsor Contribution (% of Payroll)	87.5%	115.0%	65.8%
<u>ASSETS</u>			
Actuarial Value ¹	240,814,251	240,814,251	240,814,251
Market Value ¹	250,486,988	250,486,988	250,486,988
<u>LIABILITIES</u>			
Present Value of Benefits			
Active Members			
Retirement Benefits	156,493,970	237,432,596	110,039,479
Disability Benefits	7,359,816	11,171,244	5,093,785
Death Benefits	1,980,021	3,112,445	1,344,837
Vested Benefits	4,072,878	7,303,802	2,423,523
Refund of Contributions	371,389	394,239	350,930
Service Retirees	175,938,147	219,091,470	146,003,972
DROP Retirees ¹	99,949,719	101,953,513	98,608,147
Beneficiaries	10,473,675	12,562,814	8,961,143
Disability Retirees	13,484,213	16,737,073	11,243,462
Terminated Vested	2,463,589	3,377,406	1,892,225
Share Plan Balances ¹	62,925	62,925	62,925
Excess State Monies Reserve	11,040	11,040	11,040
Total:	472,661,382	613,210,567	386,035,468
Present Value of Future Salaries	285,546,870	342,632,212	243,219,354
Total Normal Cost	5,783,852	9,034,828	3,773,184
Present Value of Future Normal Costs (Entry Age Normal)	71,778,092	133,467,627	40,124,375
Total Actuarial Accrued Liability ¹	400,883,290	479,742,940	345,911,093
Unfunded Actuarial Accrued Liability (UAAL)	160,069,039	238,928,689	105,096,842

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2020

Valuation Date: 10/1/2018

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Generational	5.50% RP-2000 Generational	9.50% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost ²	6,434,535	9,780,201	4,310,863
Administrative Expenses ²	728,369	708,728	748,011
Payment Required To Amortize UAAL ²	13,976,093	15,602,724	12,065,359
Minimum Required Contribution	\$21,138,997	\$26,091,653	\$17,124,233

¹ The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2018.

² Contributions developed as of 10/01/2018 displayed above have been adjusted to account for assumed salary increase and interest components.