

CITY OF HOLLYWOOD  
FIREFIGHTERS' PENSION FUND

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



June 30, 2023

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, 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: Stu Kaufman, 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:	7.50%	5.50%	9.50%
<b><u>Total Pension Liability</u></b>			
Service Cost	6,603,517	10,233,752	4,372,460
Interest	35,059,894	31,206,661	37,958,899
Share Plan Allocation	184,252	184,252	184,252
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	4,137,607	6,915,528	1,559,982
Changes of Assumptions	-	-	-
DROP Default Loan Payment	20,358	20,358	20,358
Contributions - Buy Back	226,407	226,407	226,407
Benefit Payments, Including Refunds of Employee Contributions	(36,003,194)	(36,003,194)	(36,003,194)
Net Change in Total Pension Liability	10,228,841	12,783,764	8,319,164
Total Pension Liability - Beginning	478,874,372	575,172,720	413,207,536
Total Pension Liability - Ending (a)	<u>\$ 489,103,213</u>	<u>\$ 587,956,483</u>	<u>\$ 421,526,700</u>
<b><u>Plan Fiduciary Net Position</u></b>			
Contributions - Employer	21,874,289	21,874,289	21,874,289
Contributions - State	1,746,432	1,746,432	1,746,432
Contributions - Employee	2,025,369	2,025,369	2,025,369
Contributions - Buy Back	226,407	226,407	226,407
DROP Default Loan Payment	20,358	20,358	20,358
Net Investment Income	(55,081,598)	(55,081,598)	(55,081,598)
Benefit Payments, Including Refunds of Employee Contributions	(36,003,194)	(36,003,194)	(36,003,194)
Administrative Expenses	(818,823)	(818,823)	(818,823)
Net Change in Plan Fiduciary Net Position	(66,010,760)	(66,010,760)	(66,010,760)
Plan Fiduciary Net Position - Beginning	337,458,458	337,458,458	337,458,458
Plan Fiduciary Net Position - Ending (b)	<u>\$ 271,447,698</u>	<u>\$ 271,447,698</u>	<u>\$ 271,447,698</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 217,655,515</u>	<u>\$ 316,508,785</u>	<u>\$ 150,079,002</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	271,430,918	-	140,328,360	-	15,095,005	146,197,563
2023	146,197,563	-	22,471,340	-	10,122,142	133,848,365
2024	133,848,365	-	22,660,795	-	9,188,848	120,376,418
2025	120,376,418	-	22,883,001	-	8,170,119	105,663,536
2026	105,663,536	-	23,099,499	-	7,058,534	89,622,571
2027	89,622,571	-	23,281,232	-	5,848,647	72,189,986
2028	72,189,986	-	23,539,108	-	4,531,532	53,182,410
2029	53,182,410	-	23,729,202	-	3,098,836	32,552,044
2030	32,552,044	-	24,009,527	-	1,541,046	10,083,563
2031	10,083,563	-	24,224,674	-	-	-

\*All DROP, RPRB and Share Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 9.42

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	271,430,918	-	140,328,360	-	11,069,671	142,172,229
2023	142,172,229	-	22,471,340	-	7,201,511	126,902,400
2024	126,902,400	-	22,660,795	-	6,356,460	110,598,065
2025	110,598,065	-	22,883,001	-	5,453,611	93,168,675
2026	93,168,675	-	23,099,499	-	4,489,041	74,558,217
2027	74,558,217	-	23,281,232	-	3,460,468	54,737,453
2028	54,737,453	-	23,539,108	-	2,363,234	33,561,579
2029	33,561,579	-	23,729,202	-	1,193,334	11,025,711
2030	11,025,711	-	24,009,527	-	-	-

\*All DROP, RPRB and Share Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 8.46

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	271,430,918	-	140,328,360	-	19,120,340	150,222,898
2023	150,222,898	-	22,471,340	-	13,203,787	140,955,345
2024	140,955,345	-	22,660,795	-	12,314,370	130,608,920
2025	130,608,920	-	22,883,001	-	11,320,905	119,046,824
2026	119,046,824	-	23,099,499	-	10,212,222	106,159,547
2027	106,159,547	-	23,281,232	-	8,979,298	91,857,613
2028	91,857,613	-	23,539,108	-	7,608,366	75,926,871
2029	75,926,871	-	23,729,202	-	6,085,916	58,283,585
2030	58,283,585	-	24,009,527	-	4,396,488	38,670,546
2031	38,670,546	-	24,224,674	-	2,523,030	16,968,902
2032	16,968,902	-	24,704,686	-	-	-

\*All DROP, RPRB and Share Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 10.69

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 \$)	\$28,896,650	\$36,735,972	\$22,459,210
Minimum Required Contribution (% of Payroll)	119.5%	151.9%	92.9%
Expected Member Contribution	2,440,452	2,374,642	2,506,262
Expected State Money	1,562,180	1,562,180	1,562,180
Expected Sponsor Contribution (Fixed \$)	\$24,894,018	\$32,799,150	\$18,390,768
Expected Sponsor Contribution (% of Payroll)	103.9%	136.3%	77.3%

**ASSETS**

Actuarial Value <sup>1</sup>	308,689,700	308,689,700	308,689,700
Market Value <sup>1</sup>	271,430,918	271,430,918	271,430,918

**LIABILITIES**

Present Value of Benefits			
Active Members			
Retirement Benefits	166,853,621	278,921,371	105,551,238
Disability Benefits	8,077,898	11,597,351	5,902,561
Death Benefits	2,282,721	3,560,953	1,558,027
Vested Benefits	7,410,004	12,732,714	4,597,349
Refund of Contributions	584,424	619,617	552,996
Service Retirees	215,171,399	266,811,428	179,037,304
DROP Retirees <sup>1</sup>	105,919,523	108,033,730	104,566,564
RPRB Participants <sup>1</sup>	61,780,759	75,142,666	53,040,019
Beneficiaries	12,325,541	14,806,167	10,517,749
Disability Retirees	16,798,993	20,880,577	13,988,745
Terminated Vested	1,792,763	2,456,403	1,381,610
Share Plan Balances <sup>1</sup>	337,099	337,099	337,099
Excess State Monies Reserve	11,044	11,044	11,044
Total:	599,345,789	795,911,120	481,042,305
Present Value of Future Salaries	373,466,866	449,629,828	316,733,117
Total Normal Cost	7,381,376	11,543,640	4,847,443
Present Value of Future Normal Costs (Entry Age Normal)	103,504,352	194,609,144	57,563,114
Total Actuarial Accrued Liability <sup>1</sup>	495,841,437	601,301,976	423,479,191
Unfunded Actuarial Accrued Liability (UAAL)	187,151,737	292,612,276	114,789,491



ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2024

Valuation Date: 10/1/2022

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>	
Investment Rate of Return:	7.50%	5.50%	9.50%
<b><u>PENSION COST</u></b>			
Normal Cost <sup>2</sup>	8,211,781	12,495,990	5,538,204
Administrative Expenses <sup>2</sup>	746,472	726,342	766,602
Payment Required To Amortize UAAL <sup>2</sup>	<u>19,938,397</u>	<u>23,513,640</u>	<u>16,154,404</u>
Minimum Required Contribution	\$28,896,650	\$36,735,972	\$22,459,210

<sup>1</sup> The asset values and liabilities include accumulated DROP, RPRB 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 an assumed interest component.