

CITY OF BOCA RATON
POLICE AND FIREFIGHTERS' RETIREMENT SYSTEM

SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2019 VALUATION DATE

April 27, 2020

VIA EMAIL

Mr. Lenworth Codner
City of Boca Raton Retirement Systems
2333 Glades Road
Boca Raton, FL 33431

Re: City of Boca Raton Police and Firefighters' Retirement System
Section 112.664, Florida Statutes Compliance

Dear Mr. Codner:

Please find enclosed the annual disclosures that satisfy the October 1, 2019 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 #20-6901

Enclosures

cc via email: Leslie Harmon
cc via email: Bob Sugarman, 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, 2019 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, 2019

	ACTUAL	HYPOTHETICAL	
	7.80% RP-2000 Generational	5.80% RP-2000 Generational	9.80% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	11,021,198	17,743,114	7,129,328
Interest	39,878,548	38,450,039	40,218,920
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	5,211,764	8,390,071	2,933,563
Changes of Assumptions	3,076,955	4,671,395	2,121,811
Contributions - Buy Back	414,164	414,164	414,164
Transfer - General Plan	11,307	11,307	11,307
Benefit Payments, Including Refunds of Employee Contributions	(26,100,713)	(26,100,713)	(26,100,713)
Net Change in Total Pension Liability	33,513,223	43,579,377	26,728,380
Total Pension Liability - Beginning	510,036,142	652,572,860	414,234,942
Total Pension Liability - Ending (a)	<u>\$ 543,549,365</u>	<u>\$ 696,152,237</u>	<u>\$ 440,963,322</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	13,316,657	13,316,657	13,316,657
Contributions - State	3,483,705	3,483,705	3,483,705
Contributions - Employee	4,201,798	4,201,798	4,201,798
Contributions - Buy Back	414,164	414,164	414,164
Transfer - General Plan	11,307	11,307	11,307
Net Investment Income	13,400,305	13,400,305	13,400,305
Benefit Payments, Including Refunds of Employee Contributions	(26,100,713)	(26,100,713)	(26,100,713)
Administrative Expenses	(216,090)	(216,090)	(216,090)
Net Change in Plan Fiduciary Net Position	8,511,133	8,511,133	8,511,133
Plan Fiduciary Net Position - Beginning	392,280,877	392,280,877	392,280,877
Plan Fiduciary Net Position - Ending (b)	<u>\$ 400,792,010</u>	<u>\$ 400,792,010</u>	<u>\$ 400,792,010</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 142,757,355</u>	<u>\$ 295,360,227</u>	<u>\$ 40,171,312</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.80% 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
2019	400,792,010	-	52,523,072	-	29,213,377	377,482,315
2020	377,482,315	-	26,839,085	-	28,396,896	379,040,126
2021	379,040,126	-	28,354,790	-	28,459,293	379,144,629
2022	379,144,629	-	29,955,478	-	28,405,017	377,594,168
2023	377,594,168	-	31,443,623	-	28,226,044	374,376,589
2024	374,376,589	-	33,102,593	-	27,910,373	369,184,369
2025	369,184,369	-	34,694,517	-	27,443,295	361,933,147
2026	361,933,147	-	36,352,875	-	26,813,023	352,393,295
2027	352,393,295	-	37,797,172	-	26,012,587	340,608,710
2028	340,608,710	-	39,119,227	-	25,041,830	326,531,313
2029	326,531,313	-	40,373,965	-	23,894,858	310,052,206
2030	310,052,206	-	41,452,524	-	22,567,424	291,167,106
2031	291,167,106	-	42,425,837	-	21,056,427	269,797,696
2032	269,797,696	-	43,297,675	-	19,355,611	245,855,632
2033	245,855,632	-	44,012,763	-	17,460,242	219,303,111
2034	219,303,111	-	44,615,809	-	15,365,626	190,052,928
2035	190,052,928	-	45,094,773	-	13,065,432	158,023,587
2036	158,023,587	-	45,499,464	-	10,551,361	123,075,484
2037	123,075,484	-	45,800,898	-	7,813,653	85,088,239
2038	85,088,239	-	46,027,494	-	4,841,810	43,902,555
2039	43,902,555	-	46,126,308	-	-	-

*All DROP Balances paid in 2019.

Number of Years Expected Benefit Payments Sustained: 20.95

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.80% 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: 5.80% 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
2019	400,792,010	-	52,523,072	-	21,722,767	369,991,705
2020	369,991,705	-	26,839,085	-	20,681,185	363,833,805
2021	363,833,805	-	28,354,790	-	20,280,072	355,759,087
2022	355,759,087	-	29,955,478	-	19,765,318	345,568,927
2023	345,568,927	-	31,443,623	-	19,131,133	333,256,437
2024	333,256,437	-	33,102,593	-	18,368,898	318,522,742
2025	318,522,742	-	34,694,517	-	17,468,178	301,296,403
2026	301,296,403	-	36,352,875	-	16,420,958	281,364,486
2027	281,364,486	-	37,797,172	-	15,223,022	258,790,336
2028	258,790,336	-	39,119,227	-	13,875,382	233,546,491
2029	233,546,491	-	40,373,965	-	12,374,851	205,547,377
2030	205,547,377	-	41,452,524	-	10,719,625	174,814,478
2031	174,814,478	-	42,425,837	-	8,908,890	141,297,531
2032	141,297,531	-	43,297,675	-	6,939,624	104,939,480
2033	104,939,480	-	44,012,763	-	4,810,120	65,736,837
2034	65,736,837	-	44,615,809	-	2,518,878	23,639,906
2035	23,639,906	-	45,094,773	-	-	-

*All DROP Balances paid in 2019.

Number of Years Expected Benefit Payments Sustained: 16.52

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.80% 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: 9.80% 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
2019	400,792,010	-	52,523,072	-	36,703,986	384,972,924
2020	384,972,924	-	26,839,085	-	36,412,231	394,546,070
2021	394,546,070	-	28,354,790	-	37,276,130	403,467,410
2022	403,467,410	-	29,955,478	-	38,071,988	411,583,920
2023	411,583,920	-	31,443,623	-	38,794,487	418,934,784
2024	418,934,784	-	33,102,593	-	39,433,582	425,265,773
2025	425,265,773	-	34,694,517	-	39,976,014	430,547,270
2026	430,547,270	-	36,352,875	-	40,412,342	434,606,737
2027	434,606,737	-	37,797,172	-	40,739,399	437,548,964
2028	437,548,964	-	39,119,227	-	40,962,956	439,392,693
2029	439,392,693	-	40,373,965	-	41,082,160	440,100,888
2030	440,100,888	-	41,452,524	-	41,098,713	439,747,077
2031	439,747,077	-	42,425,837	-	41,016,348	438,337,588
2032	438,337,588	-	43,297,675	-	40,835,498	435,875,411
2033	435,875,411	-	44,012,763	-	40,559,165	432,421,813
2034	432,421,813	-	44,615,809	-	40,191,163	427,997,167
2035	427,997,167	-	45,094,773	-	39,734,078	422,636,472
2036	422,636,472	-	45,499,464	-	39,188,901	416,325,909
2037	416,325,909	-	45,800,898	-	38,555,695	409,080,706
2038	409,080,706	-	46,027,494	-	37,834,562	400,887,774
2039	400,887,774	-	46,126,308	-	37,026,813	391,788,279
2040	391,788,279	-	46,134,210	-	36,134,675	381,788,744
2041	381,788,744	-	46,074,091	-	35,157,666	370,872,319
2042	370,872,319	-	45,909,927	-	34,095,901	359,058,293
2043	359,058,293	-	45,660,331	-	32,950,356	346,348,318
2044	346,348,318	-	45,314,573	-	31,721,721	332,755,466
2045	332,755,466	-	44,879,757	-	30,410,928	318,286,637
2046	318,286,637	-	44,355,805	-	29,018,656	302,949,488
2047	302,949,488	-	43,731,992	-	27,546,182	286,763,678
2048	286,763,678	-	43,007,161	-	25,995,490	269,752,007
2049	269,752,007	-	42,181,985	-	24,368,779	251,938,801
2050	251,938,801	-	41,260,610	-	22,668,233	233,346,424
2051	233,346,424	-	40,240,874	-	20,896,147	214,001,697
2052	214,001,697	-	39,134,059	-	19,054,597	193,922,235
2053	193,922,235	-	37,939,223	-	17,145,357	173,128,369
2054	173,128,369	-	36,667,308	-	15,169,882	151,630,943
2055	151,630,943	-	35,320,740	-	13,129,116	129,439,319
2056	129,439,319	-	33,911,245	-	11,023,402	106,551,476
2057	106,551,476	-	32,445,871	-	8,852,197	82,957,802
2058	82,957,802	-	30,933,774	-	6,614,110	58,638,138
2059	58,638,138	-	29,380,640	-	4,306,886	33,564,384
2060	33,564,384	-	27,798,682	-	1,927,174	7,692,876
2061	7,692,876	-	26,194,373	-	-	-

*All DROP Balances paid in 2019.

Number of Years Expected Benefit Payments Sustained: 42.29

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 9.80% 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, 2021

Valuation Date: 10/1/2019

	ACTUAL	HYPOTHETICAL	
	7.80% RP-2000 Generational	5.80% RP-2000 Generational	9.80% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$24,684,121	\$38,629,787	\$13,696,180
Total Required Contribution (% of Payroll)	58.66%	91.80%	32.54%

ASSETS

Actuarial Value ¹	411,344,798	411,344,798	411,344,798
Market Value ¹	400,792,010	400,792,010	400,792,010

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	266,383,474	410,155,676	183,657,395
Disability Benefits	3,643,473	5,139,132	2,704,382
Death Benefits	4,673,502	7,016,185	3,320,643
Vested Benefits	14,959,231	22,616,528	10,469,851
Service Retirees	267,807,469	334,431,573	221,522,384
DROP Retirees ¹	66,995,400	78,639,210	59,292,889
Beneficiaries	10,749,348	12,816,583	9,217,513
Terminated Vested	3,628,329	4,933,684	2,790,154
Disability Retirees	8,418,666	9,966,206	7,286,828
Excess State Monies Reserve	0	0	0
Total:	647,258,892	885,714,777	500,262,039
Present Value of Future Salaries	355,862,949	400,946,541	319,594,602
Total Normal Cost (Entry Age Normal)	11,542,096	18,683,747	7,415,185
Present Value of Future Normal Costs (Entry Age Normal)	100,106,932	182,932,556	57,664,142
Total Actuarial Accrued Liability ¹	547,151,960	702,782,221	442,597,897
Unfunded Actuarial Accrued Liability (Entry Age Normal)	135,807,162	291,437,423	31,253,099

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2021

Valuation Date: 10/1/2019

	ACTUAL	HYPOTHETICAL	
	7.80% RP-2000 Generational	5.80% RP-2000 Generational	9.80% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost (with interest)	12,463,138	19,986,657	8,080,840
Administrative Expenses	224,734	224,734	224,734
Payment Required To Amortize UAAL (with interest)	11,996,249	18,418,396	5,390,606
Total Required Contribution	\$24,684,121	\$38,629,787	\$13,696,180

¹ The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2019.