

April 24, 2019

VIA EMAIL

Scott Baur, Plan Administrator
City of Cocoa
Firefighters' Retirement Plan
The Resource Centers, LLC
4360 Northlake Blvd, Suite 206
Palm Beach Gardens, FL 33410

Re: City of Cocoa Firefighters' Retirement Plan
Section 112.664, Florida Statutes Compliance

Dear Scott:

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:



Douglas H. Lozen, EA, MAAA
Enrolled Actuary #17-7778

DHL/lke
Enclosures

cc via email: Mark Floyd, Board Attorney

CITY OF COCOA
FIREFIGHTERS' RETIREMENT SYSTEM

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: 4/24/2019
Douglas H. Lozen, EA, MAAA
Enrolled Actuary #17-7778



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	
	7.90% RP-2000 Generational	5.90% RP-2000 Generational	9.90% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	517,114	804,385	348,481
Interest	2,105,795	2,022,054	2,135,110
Share Plan Allocation	-	-	-
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	556,795	828,753	384,175
Changes of Assumptions	(129,772)	(120,524)	(149,152)
Benefit Payments, Including Refunds of Employee Contributions	(1,539,253)	(1,539,253)	(1,539,253)
Net Change in Total Pension Liability	1,510,679	1,995,415	1,179,361
Total Pension Liability - Beginning	26,574,948	33,666,141	21,772,245
Total Pension Liability - Ending (a)	<u>\$ 28,085,627</u>	<u>\$ 35,661,556</u>	<u>\$ 22,951,606</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	1,279,709	1,279,709	1,279,709
Contributions - State	109,866	109,866	109,866
Contributions - Employee	142,644	142,644	142,644
Net Investment Income	2,019,990	2,019,990	2,019,990
Benefit Payments, Including Refunds of Employee Contributions	(1,539,253)	(1,539,253)	(1,539,253)
Administrative Expenses	(88,571)	(88,571)	(88,571)
Net Change in Plan Fiduciary Net Position	1,924,385	1,924,385	1,924,385
Plan Fiduciary Net Position - Beginning	18,371,272	18,371,272	18,371,272
Plan Fiduciary Net Position - Ending (b)	<u>\$ 20,295,657</u>	<u>\$ 20,295,657</u>	<u>\$ 20,295,657</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 7,789,970</u>	<u>\$ 15,365,899</u>	<u>\$ 2,655,949</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.90% 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	20,295,657	-	2,439,489	-	1,506,997	19,363,165
2019	19,363,165	-	1,891,605	-	1,454,972	18,926,532
2020	18,926,532	-	1,956,369	-	1,417,919	18,388,082
2021	18,388,082	-	1,910,171	-	1,377,207	17,855,118
2022	17,855,118	-	1,926,003	-	1,334,477	17,263,592
2023	17,263,592	-	1,938,121	-	1,287,268	16,612,739
2024	16,612,739	-	1,951,712	-	1,235,314	15,896,341
2025	15,896,341	-	1,962,370	-	1,178,297	15,112,268
2026	15,112,268	-	1,973,382	-	1,115,921	14,254,807
2027	14,254,807	-	1,979,292	-	1,047,948	13,323,463
2028	13,323,463	-	2,038,762	-	972,022	12,256,723
2029	12,256,723	-	2,036,862	-	887,825	11,107,686
2030	11,107,686	-	2,032,393	-	797,228	9,872,521
2031	9,872,521	-	2,076,504	-	697,907	8,493,924
2032	8,493,924	-	2,095,373	-	588,253	6,986,804
2033	6,986,804	-	2,103,191	-	468,881	5,352,494
2034	5,352,494	-	2,150,809	-	337,890	3,539,575
2035	3,539,575	-	2,191,851	-	193,048	1,540,772
2036	1,540,772	-	2,208,975	-	-	-

*All DROP Balances paid in 2018.

Number of Years Expected Benefit Payments Sustained: 18.70

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.90% 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: 5.90% 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	20,295,657	-	2,439,489	-	1,125,479	18,981,647
2019	18,981,647	-	1,891,605	-	1,064,115	18,154,157
2020	18,154,157	-	1,956,369	-	1,013,382	17,211,170
2021	17,211,170	-	1,910,171	-	959,109	16,260,108
2022	16,260,108	-	1,926,003	-	902,529	15,236,634
2023	15,236,634	-	1,938,121	-	841,787	14,140,300
2024	14,140,300	-	1,951,712	-	776,702	12,965,290
2025	12,965,290	-	1,962,370	-	707,062	11,709,982
2026	11,709,982	-	1,973,382	-	632,674	10,369,274
2027	10,369,274	-	1,979,292	-	553,398	8,943,380
2028	8,943,380	-	2,038,762	-	467,516	7,372,134
2029	7,372,134	-	2,036,862	-	374,868	5,710,140
2030	5,710,140	-	2,032,393	-	276,943	3,954,690
2031	3,954,690	-	2,076,504	-	172,070	2,050,256
2032	2,050,256	-	2,095,373	-	-	-

*All DROP Balances paid in 2018.

Number of Years Expected Benefit Payments Sustained: 14.98

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.90% 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: 9.90% 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	20,295,657	-	2,439,489	-	1,888,515	19,744,683
2019	19,744,683	-	1,891,605	-	1,861,089	19,714,167
2020	19,714,167	-	1,956,369	-	1,854,862	19,612,660
2021	19,612,660	-	1,910,171	-	1,847,100	19,549,589
2022	19,549,589	-	1,926,003	-	1,840,072	19,463,658
2023	19,463,658	-	1,938,121	-	1,830,965	19,356,502
2024	19,356,502	-	1,951,712	-	1,819,684	19,224,474
2025	19,224,474	-	1,962,370	-	1,806,086	19,068,190
2026	19,068,190	-	1,973,382	-	1,790,068	18,884,876
2027	18,884,876	-	1,979,292	-	1,771,628	18,677,212
2028	18,677,212	-	2,038,762	-	1,748,125	18,386,575
2029	18,386,575	-	2,036,862	-	1,719,446	18,069,159
2030	18,069,159	-	2,032,393	-	1,688,243	17,725,009
2031	17,725,009	-	2,076,504	-	1,651,989	17,300,494
2032	17,300,494	-	2,095,373	-	1,609,028	16,814,149
2033	16,814,149	-	2,103,191	-	1,560,493	16,271,451
2034	16,271,451	-	2,150,809	-	1,504,409	15,625,051
2035	15,625,051	-	2,191,851	-	1,438,383	14,871,583
2036	14,871,583	-	2,208,975	-	1,362,942	14,025,550
2037	14,025,550	-	2,218,544	-	1,278,712	13,085,718
2038	13,085,718	-	2,220,919	-	1,185,551	12,050,350
2039	12,050,350	-	2,214,853	-	1,083,349	10,918,846
2040	10,918,846	-	2,209,540	-	971,594	9,680,900
2041	9,680,900	-	2,189,708	-	850,019	8,341,211
2042	8,341,211	-	2,168,071	-	718,460	6,891,600
2043	6,891,600	-	2,145,242	-	576,079	5,322,437
2044	5,322,437	-	2,109,308	-	422,511	3,635,640
2045	3,635,640	-	2,068,516	-	257,537	1,824,661
2046	1,824,661	-	2,021,745	-	-	-

*All DROP Balances paid in 2018.

Number of Years Expected Benefit Payments Sustained: 28.90

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 9.90% 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	
	7.90% RP-2000 Generational	5.90% RP-2000 Generational	9.90% RP-2000 Generational
Minimum Required Contribution (Fixed \$)	\$1,614,356	\$2,318,399	\$1,036,928
Minimum Required Contribution (% of Payroll)	81.26%	116.70%	52.19%
Expected Member Contribution	129,127	129,127	129,127
Expected State Money	109,865	109,865	109,865
Expected Sponsor Contribution (Fixed \$)	\$1,375,364	\$2,079,407	\$797,936
Expected Sponsor Contribution (% of Payroll)	69.23%	104.67%	40.16%

ASSETS

Actuarial Value ¹	20,391,587	20,391,587	20,391,587
Market Value ¹	20,295,657	20,295,657	20,295,657

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	10,446,585	16,551,774	7,024,322
Disability Benefits	736,212	1,054,687	537,041
Death Benefits	43,888	55,916	35,369
Vested Benefits	0	0	0
Refund of Contributions	2,318	2,347	2,290
Service Retirees	13,796,531	16,859,406	11,618,067
DROP Retirees ¹	4,116,655	5,109,114	3,457,404
Beneficiaries	1,099,121	1,346,123	932,178
Disability Retirees	1,843,605	2,368,277	1,506,903
Terminated Vested	419,149	513,404	353,342
Share Plan Balances ¹	0	0	0
Total:	32,504,064	43,861,048	25,466,916
Present Value of Future Salaries	20,835,544	23,769,853	18,490,234
Present Value of Future Member Contributions	1,354,310	1,545,040	1,201,865
Total Normal Cost	480,660	752,188	319,610
Present Value of Future Normal Costs (Entry Age Normal)	4,793,419	8,762,394	2,764,562
Total Actuarial Accrued Liability ¹	27,710,645	35,098,654	22,702,354
Unfunded Actuarial Accrued Liability (UAAL)	7,319,058	14,707,067	2,310,767

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

Valuation Date: 10/1/2018

	ACTUAL	HYPOTHETICAL	
	7.90% RP-2000 Generational	5.90% RP-2000 Generational	9.90% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost (with interest)	499,646	774,378	335,431
Administrative Expenses (with interest)	92,070	91,184	92,955
Payment Required To Amortize UAAL (with interest)	1,022,640	1,452,837	608,542
Minimum Required Contribution	\$1,614,356	\$2,318,399	\$1,036,928

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