

Town of Lantana Firefighters' Pension Fund
Chapter 112.664, F.S. Compliance Report
September 30, 2020





April 5, 2021

Board of Trustees
Town of Lantana Firefighters' Pension Fund
Lantana, Florida

Dear Board Members:

Gabriel, Roeder, Smith & Company (GRS) has been engaged by the Town of Lantana Firefighter's Pension Fund to prepare a disclosure report to satisfy the requirements set forth in Ch. 112.664, F.S. and as further required pursuant to Ch. 60T-1.0035, F.A.C.

This report was prepared at the request of the Board and is intended for use by the Retirement Board and those designated or approved by the Board. This report may be provided to parties other than the Town and the Board only in its entirety and only with the permission of the Town and the Board. The purpose of the report is to provide the required information specified in Ch. 112.664, F.S. as well as supplement this information with additional exhibits. This report should not be relied on for any purpose other than the purpose described above. GRS is not responsible for unauthorized use of this report.

The findings in this report are based on data or other information through September 30, 2020. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. The scope of this engagement does not include an analysis of the potential range of such measurements.

This report was based upon information furnished by the Town and the Board concerning Fund benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal and year-to-year consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by the Town.

This report was prepared using certain assumptions prescribed by the Board as described in the actuarial valuation report dated February 3, 2021 and the GASB Statement Nos. 67 and 68 report dated January 15, 2021.

Note: As required in Section 112.664(c) of the Florida Statutes, the projections of the Fund assets on pages 5-8 do not include contributions from the employer, employee or state. For this reason, these projections should not be viewed as a representation of the amount of time the Fund can sustain benefit payments. Under the GASB standards which do include contributions from the employer, employee and State, the Fund is expected to be able to sustain the benefit payment demands in the near-term and long-term future.

We understand the following items must be posted on the Fund's website and must be posted on any website containing budget information relating to the Town or actuarial or performance information relating to the System:

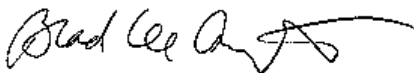
- This compliance report
- The most recent financial statement
- The most recent actuarial valuation report
- A link to the Division of Retirement Actuarial Summary Fact Sheet
- For the previous five years: a side-by-side comparison of the System's assumed rate of return compared to the actual rate of return as well as the percentages of cash, equity, bond and alternative investments in the Fund portfolio
- The Fund's funded ratio as determined in the most recent actuarial valuation.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge, the information contained in this report is accurate and fairly presents the actuarial position of the Pension Fund as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes. The signing actuaries are independent of the plan sponsor.

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 the signed actuaries or under their direct supervision, and they acknowledge responsibility for the results. To the best of their knowledge, the results are complete and accurate, and in their opinion, meet the requirements of Section 112.664(1), F.S. and Section 60T-1.0035, F.A.C.

Brad Lee Armstrong and Jeffrey T. Tebeau are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

Respectfully submitted,



Brad L. Armstrong, ASA, EA, FCA, MAAA



Jeffrey T. Tebeau, FSA, EA, MAAA

BLA/JTT:ah



Table of Contents

<u>Title</u>	<u>Page</u>
Ch. 112.664, F.S. Results	
Schedule of Changes in Net Pension Liability	
1. Using financial reporting assumptions per GASB Statement No. 67	1
2. Using assumptions prescribed in Section 112.664(1)(a), F.S.	2
3. Using assumptions prescribed in Section 112.664(1)(b), F.S.	3
4. Using the mandated mortality and funding interest rate +2%	4
Asset Versus Benefit Payments Projections	
1. Using funding assumptions	5
2. Using assumptions prescribed in Section 112.664(1)(a), F.S.	6
3. Using assumptions prescribed in Section 112.664(1)(b), F.S.	7
4. Using the mandated mortality and funding interest rate +2%	8
Actuarially Determined Contribution	9

**Schedule of Changes in the Employers' Net Pension Liability
Using Financial Reporting Assumptions per GASB Statement No. 67**

Fiscal year ending September 30,	2020
1. Total Pension Liability	
a. Service Cost	\$ 442,804
b. Interest	3,402,949
c. Benefit Changes	-
d. Difference Between Actual & Expected Experience	110,792
e. Assumption Changes	2,172,190
f. Benefit Payments	(2,279,155)
g. Contribution Refunds	-
h. Other	-
i. Net Change in Total Pension Liability	3,849,580
j. Total Pension Liability - Beginning	49,531,739
k. Total Pension Liability - Ending	\$ 53,381,319
2. Plan Fiduciary Net Position	<hr/>
a. Contributions - Employer	\$ 1,351,331
b. Contributions - Non-Employer Contributing Entity	-
c. Contributions - Member	166,072
d. Net Investment Income	3,762,711
e. Benefit Payments	(2,279,155)
f. Contribution Refunds	-
g. Administrative Expense	(69,001)
h. Other - Includes Share Accounts	1,012
i. Net Change in Plan Fiduciary Net Position	<hr/> 2,932,970
j. Plan Fiduciary Net Position - Beginning	45,436,617
k. Plan Fiduciary Net Position - Ending	<hr/> <hr/> \$ 48,369,587
3. Net Pension Liability / (Asset)	5,011,732
Certain Key Assumptions	
Investment Return Assumption	6.25%
Mortality Table	Pub-2010 FRS Mandated Mortality Tables
	<hr/>
	<hr/>
	<hr/> <hr/>



**Schedule of Changes in the Employers' Net Pension Liability
Using Assumptions Prescribed in Section 112.664(1)(a), F.S.**

Fiscal year ending September 30,

1. Total Pension Liability

	<u>2020</u>
a. Service Cost	\$ 455,370
b. Interest	3,379,275
c. Benefit Changes	-
d. Difference Between Actual & Expected Experience	218,310
e. Assumption Changes	3,829,408
f. Benefit Payments	(2,279,155)
g. Contribution Refunds	-
h. Other	-
i. Net Change in Total Pension Liability	<u>5,603,208</u>
j. Total Pension Liability - Beginning	<u>49,187,251</u>
k. Total Pension Liability - Ending	<u>\$ 54,790,459</u>

2. Plan Fiduciary Net Position

a. Contributions - Employer	\$ 1,351,331
b. Contributions - Non-Employer Contributing Entity	-
c. Contributions - Member	166,072
d. Net Investment Income	3,762,711
e. Benefit Payments	(2,279,155)
f. Contribution Refunds	-
g. Administrative Expense	(69,001)
h. Other - Includes Share Accounts	1,012
i. Net Change in Plan Fiduciary Net Position	<u>2,932,970</u>
j. Plan Fiduciary Net Position - Beginning	<u>45,436,617</u>
k. Plan Fiduciary Net Position - Ending	<u>\$ 48,369,587</u>

3. Net Pension Liability / (Asset)

6,420,872

Certain Key Assumptions

Investment Return Assumption

6.25%

Mortality Table

RP-2000 fully generational
using Scale AA



**Schedule of Changes in the Employers' Net Pension Liability
Using Assumptions Prescribed in Section 112.664(1)(b), F.S.**

Fiscal year ending September 30,

1. Total Pension Liability

	2020
a. Service Cost	\$ 776,834
b. Interest	3,037,758
c. Benefit Changes	-
d. Difference Between Actual & Expected Experience	1,519,370
e. Assumption Changes	4,788,493
f. Benefit Payments	(2,279,155)
g. Contribution Refunds	-
h. Other	-
i. Net Change in Total Pension Liability	7,843,300
j. Total Pension Liability - Beginning	61,506,322
k. Total Pension Liability - Ending	\$ 69,349,622

2. Plan Fiduciary Net Position

a. Contributions - Employer	\$ 1,351,331
b. Contributions - Non-Employer Contributing Entity	-
c. Contributions - Member	166,072
d. Net Investment Income	3,762,711
e. Benefit Payments	(2,279,155)
f. Contribution Refunds	
g. Administrative Expense	(69,001)
h. Other - Includes Share Accounts	1,012
i. Net Change in Plan Fiduciary Net Position	2,932,970
j. Plan Fiduciary Net Position - Beginning	45,436,617
k. Plan Fiduciary Net Position - Ending	\$ 48,369,587

3. Net Pension Liability / (Asset)

20,980,035

Certain Key Assumptions

Investment Return Assumption

4.25%

Mortality Table

RP-2000 fully generational
using Scale AA



**Schedule of Changes in the Employers' Net Pension Liability
Using Assumptions Prescribed in Section 112.664(1)(b), F.S.
Except 2% Higher Investment Return Assumption**

Fiscal year ending September 30,

1. Total Pension Liability

	<u>2020</u>
a. Service Cost	\$ 276,607
b. Interest	3,583,955
c. Benefit Changes	-
d. Difference Between Actual & Expected Experience	(576,427)
e. Assumption Changes	3,178,221
f. Benefit Payments	(2,279,155)
g. Contribution Refunds	-
h. Other	-
i. Net Change in Total Pension Liability	<u>4,183,201</u>
j. Total Pension Liability - Beginning	<u>40,823,001</u>
k. Total Pension Liability - Ending	<u><u>\$ 45,006,202</u></u>

2. Plan Fiduciary Net Position

a. Contributions - Employer	\$ 1,351,331
b. Contributions - Non-Employer Contributing Entity	-
c. Contributions - Member	166,072
d. Net Investment Income	3,762,711
e. Benefit Payments	(2,279,155)
f. Contribution Refunds	-
g. Administrative Expense	(69,001)
h. Other - Includes Share Accounts	1,012
i. Net Change in Plan Fiduciary Net Position	<u>2,932,970</u>
j. Plan Fiduciary Net Position - Beginning	<u>45,436,617</u>
k. Plan Fiduciary Net Position - Ending	<u><u>\$ 48,369,587</u></u>

3. Net Pension Liability / (Asset) (3,363,385)

Certain Key Assumptions

Investment Return Assumption	8.25%
Mortality Table	RP-2000 fully generational using Scale AA



Asset and Benefit Payment Projection
Not Reflecting Any Contributions from the Employer, State or Employee
Using Financial Reporting Assumptions per GASB Statement No. 67

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2021	\$ 39,744,438	\$ 2,423,380	\$ 1,940,708	\$ 40,227,110
2022	40,227,110	2,447,688	2,128,203	40,546,595
2023	40,546,595	2,462,452	2,294,718	40,714,329
2024	40,714,329	2,468,027	2,451,788	40,730,568
2025	40,730,568	2,464,169	2,607,733	40,587,004
2026	40,587,004	2,450,431	2,760,212	40,277,223
2027	40,277,223	2,427,256	2,882,264	39,822,215
2028	39,822,215	2,395,628	2,984,330	39,233,513
2029	39,233,513	2,355,606	3,087,627	38,501,492
2030	38,501,492	2,306,891	3,182,462	37,625,921
2031	37,625,921	2,249,701	3,261,404	36,614,218
2032	36,614,218	2,184,176	3,334,810	35,463,584
2033	35,463,584	2,110,392	3,394,623	34,179,353
2034	34,179,353	2,028,881	3,434,523	32,773,711
2035	32,773,711	1,940,107	3,463,989	31,249,829
2036	31,249,829	1,844,167	3,486,312	29,607,683
2037	29,607,683	1,740,930	3,505,608	27,843,005
2038	27,843,005	1,630,177	3,520,342	25,952,841
2039	25,952,841	1,511,846	3,526,604	23,938,083
2040	23,938,083	1,385,981	3,524,774	21,799,290
2041	21,799,290	1,252,635	3,514,248	19,537,677
2042	19,537,677	1,111,959	3,492,657	17,156,979
2043	17,156,979	964,138	3,461,555	14,659,562
2044	14,659,562	809,303	3,421,411	12,047,454
2045	12,047,454	647,648	3,370,166	9,324,936
2046	9,324,936	479,459	3,307,196	6,497,199
2047	6,497,199	305,058	3,232,527	3,569,731
2048	3,569,731	124,783	3,146,403	548,111
2049	548,111	-	3,049,180	-

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits reflecting no contributions from the Employer, Employee or State: 28.17

Certain Key Assumptions

Valuation Investment Return Assumption 6.25%
Valuation Mortality Table Pub-2010 FRS Mandated Mortality Tables

Share and DROP Accounts are excluded from the Market Value of Assets for the purpose of this projection.



Asset and Benefit Payment Projection
Not Reflecting Any Contributions from the Employer, State or Employee
Using Assumptions Prescribed in Section 112.664(1)(a), F.S.

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2021	\$ 39,744,438	\$ 2,423,347	\$ 1,941,771	\$ 40,226,014
2022	40,226,014	2,447,511	2,131,674	40,541,851
2023	40,541,851	2,461,963	2,300,876	40,702,938
2024	40,702,938	2,467,029	2,460,935	40,709,032
2025	40,709,032	2,462,406	2,621,078	40,550,360
2026	40,550,360	2,447,597	2,777,602	40,220,355
2027	40,220,355	2,423,026	2,903,880	39,739,502
2028	39,739,502	2,389,615	3,011,315	39,117,802
2029	39,117,802	2,347,373	3,119,657	38,345,518
2030	38,345,518	2,295,972	3,219,946	37,421,544
2031	37,421,544	2,235,460	3,308,366	36,348,638
2032	36,348,638	2,165,684	3,395,385	35,118,937
2033	35,118,937	2,086,514	3,469,437	33,736,013
2034	33,736,013	1,998,365	3,524,333	32,210,046
2035	32,210,046	1,901,558	3,570,251	30,541,353
2036	30,541,353	1,796,025	3,609,907	28,727,470
2037	28,727,470	1,681,538	3,645,717	26,763,291
2038	26,763,291	1,557,815	3,676,500	24,644,606
2039	24,644,606	1,424,682	3,699,378	22,369,910
2040	22,369,910	1,282,046	3,714,357	19,937,599
2041	19,937,599	1,129,831	3,720,602	17,346,828
2042	17,346,828	968,046	3,716,201	14,598,673
2043	14,598,673	796,734	3,701,853	11,693,554
2044	11,693,554	615,952	3,676,630	8,632,877
2045	8,632,877	425,858	3,638,294	5,420,441
2046	5,420,441	226,696	3,586,624	2,060,513
2047	2,060,513	18,751	3,520,996	-

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits reflecting no contributions from the Employer, Employee or State: 26.58

Certain Key Assumptions

Valuation Investment Return Assumption 6.25%
 Valuation Mortality Table RP-2000 fully generational using Scale AA

Share and DROP Accounts are excluded from the Market Value of Assets for the purpose of this projection.



Asset and Benefit Payment Projection
Not Reflecting Any Contributions from the Employer, State or Employee
Using Assumptions Prescribed in Section 112.664(1)(b), F.S.

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2021	\$ 39,744,438	\$ 1,647,876	\$ 1,941,771	\$ 39,450,543
2022	39,450,543	1,631,350	2,131,674	38,950,219
2023	38,950,219	1,606,491	2,300,876	38,255,833
2024	38,255,833	1,573,578	2,460,935	37,368,476
2025	37,368,476	1,532,462	2,621,078	36,279,861
2026	36,279,861	1,482,870	2,777,602	34,985,128
2027	34,985,128	1,425,161	2,903,880	33,506,409
2028	33,506,409	1,360,032	3,011,315	31,855,126
2029	31,855,126	1,287,550	3,119,657	30,023,019
2030	30,023,019	1,207,554	3,219,946	28,010,628
2031	28,010,628	1,120,149	3,308,366	25,822,411
2032	25,822,411	1,025,301	3,395,385	23,452,326
2033	23,452,326	922,998	3,469,437	20,905,887
2034	20,905,887	813,608	3,524,333	18,195,162
2035	18,195,162	697,427	3,570,251	15,322,338
2036	15,322,338	574,489	3,609,907	12,286,920
2037	12,286,920	444,723	3,645,717	9,085,925
2038	9,085,925	308,026	3,676,500	5,717,451
2039	5,717,451	164,380	3,699,378	2,182,453
2040	2,182,453	13,824	3,714,357	-

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits reflecting no contributions from the Employer, Employee or State: 19.58

Certain Key Assumptions

Valuation Investment Return Assumption 4.25%
Valuation Mortality Table RP-2000 fully generational using Scale AA

Share and DROP Accounts are excluded from the Market Value of Assets for the purpose of this projection.

Asset and Benefit Payment Projection
Not Reflecting Any Contributions from the Employer, State or Employee
Using Assumptions Prescribed in Section 112.664(1)(b), F.S.
Except 2% Higher Investment Return Assumption

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2021	\$ 39,744,438	\$ 3,198,818	\$ 1,941,771	\$ 41,001,485
2022	41,001,485	3,294,691	2,131,674	42,164,502
2023	42,164,502	3,383,660	2,300,876	43,247,286
2024	43,247,286	3,466,387	2,460,935	44,252,738
2025	44,252,738	3,542,731	2,621,078	45,174,392
2026	45,174,392	3,612,311	2,777,602	46,009,101
2027	46,009,101	3,675,966	2,903,880	46,781,187
2028	46,781,187	3,735,231	3,011,315	47,505,103
2029	47,505,103	3,790,485	3,119,657	48,175,931
2030	48,175,931	3,841,692	3,219,946	48,797,677
2031	48,797,677	3,889,338	3,308,366	49,378,649
2032	49,378,649	3,933,679	3,395,385	49,916,943
2033	49,916,943	3,975,034	3,469,437	50,422,539
2034	50,422,539	4,014,481	3,524,333	50,912,687
2035	50,912,687	4,053,024	3,570,251	51,395,460
2036	51,395,460	4,091,217	3,609,907	51,876,769
2037	51,876,769	4,129,448	3,645,717	52,360,500
2038	52,360,500	4,168,086	3,676,500	52,852,085
2039	52,852,085	4,207,698	3,699,378	53,360,405
2040	53,360,405	4,249,016	3,714,357	53,895,064
2041	53,895,064	4,292,868	3,720,602	54,467,330
2042	54,467,330	4,340,261	3,716,201	55,091,391
2043	55,091,391	4,392,338	3,701,853	55,781,876
2044	55,781,876	4,450,344	3,676,630	56,555,591
2045	56,555,591	4,515,757	3,638,294	57,433,053
2046	57,433,053	4,590,279	3,586,624	58,436,707
2047	58,436,707	4,675,787	3,520,996	59,591,499
2048	59,591,499	4,774,367	3,440,774	60,925,092
2049	60,925,092	4,888,310	3,345,703	62,467,698
2050	62,467,698	5,020,102	3,235,945	64,251,856
2051	64,251,856	5,172,399	3,112,224	66,312,031

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits reflecting no contributions from the Employer, Employee or State: N/A*

Certain Key Assumptions

Valuation Investment Return Assumption 8.25%
 Valuation Mortality Table RP-2000 fully generational using Scale AA

Share and DROP Accounts are excluded from the Market Value of Assets for the purpose of this projection.

** The Fund is not projected to run out of money under these assumptions.*



ACTUARIALLY DETERMINED CONTRIBUTION

	<u>GASB No. 67 Assumptions</u>	<u>112.664(1)(a) F.S. Assumptions</u>	<u>112.664(1)(b) F.S. Assumptions</u>	<u>112.664(1)(b) F.S. Except 2% Higher Investment Return Assumption</u>
A. Valuation Date	September 30, 2020	September 30, 2020	September 30, 2020	September 30, 2020
B. Actuarial Determined Contribution (ADC) to Be Paid During Fiscal Year Ending	9/30/2022	9/30/2022	9/30/2022	9/30/2022
C. Assumed Dates of Employer Contributions	Quarterly	Quarterly	Quarterly	Quarterly
D. Annual Payment to Amortize Unfunded Actuarial Liability	\$ 523,030	\$ 840,021	\$ 3,916,629	\$ -
E. Total Normal Cost	<u>592,611</u>	<u>613,610</u>	<u>931,401</u>	<u>440,385</u>
F. ADC: D + E	\$ 1,115,641	\$ 1,453,631	\$ 4,848,030	\$ 440,385
G. As a % of Covered Payroll	88.53 %	115.36 %	384.72 %	34.95 %
H. Assumed Rate of Increase in Covered Payroll to Contribution Year	0.00 %	0.00 %	0.00 %	0.00 %
I. Covered Payroll for Contribution Year	\$ 1,260,134	\$ 1,260,134	\$ 1,260,134	\$ 1,260,134
J. ADC for Contribution Year: G x I	1,115,641	1,453,631	4,848,030	440,385
K. Allowable Credit for State Revenue in Contribution Year	175,000	175,000	175,000	175,000
L. Member Contributions	<u>25,203</u>	<u>25,203</u>	<u>25,203</u>	<u>25,203</u>
M. Employer ADC in Contribution Year	\$ 915,438	\$ 1,253,428	\$ 4,647,827	\$ 240,182
N. Employer ADC as % of Covered Payroll in Contribution Year: M ÷ I	72.65 %	99.47 %	368.84 %	19.06 %
O. Certain Key Assumptions				
Investment Return Assumption	6.25%	6.25%	4.25%	8.25%
Mortality Table	Pub-2010 FRS Mandated Mortality Tables	RP-2000 fully generational using Scale AA	RP-2000 fully generational using Scale AA	RP-2000 fully generational using Scale AA

