

CITY OF SEBRING  
MUNICIPAL FIREFIGHTERS' PENSION PLAN

SECTION 112.664, FLORIDA STATUTES COMPLIANCE  
DETERMINED AS OF THE  
OCTOBER 1, 2021 VALUATION DATE



July 8, 2022

VIA E-MAIL

Ms. Chrissy Stoker, Plan Administrator  
Foster & Foster, Inc.  
2503 Del Prado Blvd. S., Suite 502  
Cape Coral, FL 33904

Re: City of Sebring Municipal Firefighters' Pension Plan  
Section 112.664, Florida Statutes Compliance

Dear Chrissy:

Please find enclosed the annual disclosures that satisfy the October 1, 2021 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:   
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Douglas H. Lozen, EA, MAAA  
Enrolled Actuary #20-7778

Enclosures

cc via email: Ron Cohen, 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, 2021 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, 2021

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Discount Rate:	7.00%	5.00%
<u>Total Pension Liability</u>		
Service Cost	126,940	210,893
Interest	1,236,401	1,151,672
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	12,582	13,561
Changes of Assumptions	937,724	1,397,456
Benefit Payments, Including Refunds of Employee Contributions	(1,001,388)	(1,001,388)
Net Change in Total Pension Liability	1,312,259	1,772,194
Total Pension Liability - Beginning	16,859,100	21,229,288
Total Pension Liability - Ending (a)	<u>\$ 18,171,359</u>	<u>\$ 23,001,482</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	759,823	759,823
Contributions - Employee	18,097	18,097
Net Investment Income	2,751,320	2,751,320
Benefit Payments, Including Refunds of Employee Contributions	(1,001,388)	(1,001,388)
Administrative Expenses	(40,940)	(40,940)
Net Change in Plan Fiduciary Net Position	2,486,912	2,486,912
Plan Fiduciary Net Position - Beginning	14,354,902	14,354,902
Plan Fiduciary Net Position - Ending (b)	<u>\$ 16,841,814</u>	<u>\$ 16,841,814</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,329,545</u>	<u>\$ 6,159,668</u>

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1  
Plan Assumptions: Discount Rate = 7.00%

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
2021	16,841,814	-	1,406,265	-	1,129,708	16,565,257
2022	16,565,257	-	1,164,668	-	1,118,805	16,519,394
2023	16,519,394	-	1,222,345	-	1,113,576	16,410,625
2024	16,410,625	-	1,240,531	-	1,105,325	16,275,419
2025	16,275,419	-	1,294,822	-	1,093,961	16,074,558
2026	16,074,558	-	1,311,537	-	1,079,315	15,842,336
2027	15,842,336	-	1,328,427	-	1,062,469	15,576,378
2028	15,576,378	-	1,345,412	-	1,043,257	15,274,223
2029	15,274,223	-	1,362,327	-	1,021,514	14,933,410
2030	14,933,410	-	1,378,912	-	997,077	14,551,575
2031	14,551,575	-	1,394,331	-	969,809	14,127,053
2032	14,127,053	-	1,403,389	-	939,775	13,663,439
2033	13,663,439	-	1,413,240	-	906,977	13,157,176
2034	13,157,176	-	1,422,744	-	871,206	12,605,638
2035	12,605,638	-	1,427,748	-	832,423	12,010,313
2036	12,010,313	-	1,431,471	-	790,620	11,369,462
2037	11,369,462	-	1,431,804	-	745,749	10,683,407
2038	10,683,407	-	1,428,408	-	697,844	9,952,843
2039	9,952,843	-	1,420,986	-	646,965	9,178,822
2040	9,178,822	-	1,409,307	-	593,192	8,362,707
2041	8,362,707	-	1,393,226	-	536,627	7,506,108
2042	7,506,108	-	1,372,709	-	477,383	6,610,782
2043	6,610,782	-	1,347,817	-	415,581	5,678,546
2044	5,678,546	-	1,318,708	-	351,343	4,711,181
2045	4,711,181	-	1,285,668	-	284,784	3,710,297
2046	3,710,297	-	1,249,047	-	216,004	2,677,254
2047	2,677,254	-	1,209,247	-	145,084	1,613,091
2048	1,613,091	-	1,166,721	-	72,081	518,451
2049	518,451	-	1,121,946	-	-	-

\*All Share Balances paid in 2021.

Number of Years Expected Benefit Payments Sustained: 28.46

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.00% 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 = 5.00%

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
2021	16,841,814	-	1,406,265	-	806,934	16,242,483
2022	16,242,483	-	1,164,668	-	783,007	15,860,822
2023	15,860,822	-	1,222,345	-	762,482	15,400,959
2024	15,400,959	-	1,240,531	-	739,035	14,899,463
2025	14,899,463	-	1,294,822	-	712,603	14,317,244
2026	14,317,244	-	1,311,537	-	683,074	13,688,781
2027	13,688,781	-	1,328,427	-	651,228	13,011,582
2028	13,011,582	-	1,345,412	-	616,944	12,283,114
2029	12,283,114	-	1,362,327	-	580,098	11,500,885
2030	11,500,885	-	1,378,912	-	540,571	10,662,544
2031	10,662,544	-	1,394,331	-	498,269	9,766,482
2032	9,766,482	-	1,403,389	-	453,239	8,816,332
2033	8,816,332	-	1,413,240	-	405,486	7,808,578
2034	7,808,578	-	1,422,744	-	354,860	6,740,694
2035	6,740,694	-	1,427,748	-	301,341	5,614,287
2036	5,614,287	-	1,431,471	-	244,928	4,427,744
2037	4,427,744	-	1,431,804	-	185,592	3,181,532
2038	3,181,532	-	1,428,408	-	123,366	1,876,490
2039	1,876,490	-	1,420,986	-	58,300	513,804
2040	513,804	-	1,409,307	-	-	-

\*All Share Balances paid in 2021.

Number of Years Expected Benefit Payments Sustained: 19.36

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.00% 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, 2023

Valuation Date: 10/1/2021

	ACTUAL	HYPOTHETICAL
Investment Rate of Return:	7.00%	5.00%
Minimum Required Contribution (Fixed \$)	\$349,113	\$738,428
Minimum Required Contribution (% of Payroll)	117.1%	247.9%
Expected Member Contribution	20,719	20,332
Expected Sponsor Contribution (Fixed \$)	\$328,394	\$718,096
Expected Sponsor Contribution (% of Payroll)	110.6%	241.4%

**ASSETS**

Actuarial Value <sup>1</sup>	16,841,814	16,841,814
Market Value <sup>1</sup>	16,841,814	16,841,814

**LIABILITIES**

Present Value of Benefits		
Active Members		
Retirement Benefits	3,860,669	5,318,546
Disability Benefits	38,781	51,121
Death Benefits	7,027	9,943
Vested Benefits	0	0
Refund of Contributions	0	0
Service Retirees	13,668,296	17,126,356
DROP Retirees <sup>1</sup>	0	0
Beneficiaries	629,252	726,954
Disability Retirees	0	0
Terminated Vested	3,017	3,017
Share Plan Balances <sup>1</sup>	369,742	369,742
Total:	18,576,784	23,605,679
Present Value of Future Salaries	571,400	580,575
Present Value of Future Member Contributions	37,141	37,737
Total Normal Cost	134,310	226,954
Present Value of Future Normal Costs (Entry Age Normal)	253,265	432,810
Total Actuarial Accrued Liability (EAN) <sup>1</sup>	18,323,519	23,172,869
Unfunded Actuarial Accrued Liability (UAAL)	1,481,705	6,331,055

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2023

	Valuation Date: 10/1/2021	
	ACTUAL	HYPOTHETICAL
Investment Rate of Return:	7.00%	5.00%
<b><u>PENSION COST</u></b>		
Normal Cost <sup>2</sup>	143,712	238,302
Administrative Expenses <sup>2</sup>	42,718	41,919
Payment Required To Amortize UAAL <sup>2</sup>	162,683	458,207
Minimum Required Contribution	\$349,113	\$738,428

<sup>1</sup> The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2021.

<sup>2</sup> Contributions developed as of 10/1/2021 displayed above have been adjusted to account for an assumed interest component.