

CITY OF SEBRING  
MUNICIPAL FIREFIGHTERS' PENSION PLAN

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



July 19, 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, 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:   
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Douglas H. Lozen, EA, MAAA  
Enrolled Actuary #23-7778

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, 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

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Discount Rate:	7.00%	5.00%
<u>Total Pension Liability</u>		
Service Cost	149,516	250,875
Interest	1,240,177	1,132,415
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	135,569	137,930
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,208,121)	(1,208,121)
Net Change in Total Pension Liability	317,141	313,099
Total Pension Liability - Beginning	18,171,359	23,001,482
Total Pension Liability - Ending (a)	<u>\$ 18,488,500</u>	<u>\$ 23,314,581</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	759,550	759,550
Contributions - Employee	13,021	13,021
Net Investment Income	(2,688,954)	(2,688,954)
Benefit Payments, Including Refunds of Employee Contributions	(1,208,121)	(1,208,121)
Administrative Expenses	(36,703)	(36,703)
Net Change in Plan Fiduciary Net Position	(3,161,207)	(3,161,207)
Plan Fiduciary Net Position - Beginning	16,841,814	16,841,814
Plan Fiduciary Net Position - Ending (b)	<u>\$ 13,680,607</u>	<u>\$ 13,680,607</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 4,807,893</u>	<u>\$ 9,633,974</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
2022	13,680,607	-	1,454,226	-	906,745	13,133,126
2023	13,133,126	-	1,158,504	-	878,771	12,853,393
2024	12,853,393	-	1,176,110	-	858,574	12,535,857
2025	12,535,857	-	1,235,292	-	834,275	12,134,840
2026	12,134,840	-	1,251,395	-	805,640	11,689,085
2027	11,689,085	-	1,267,937	-	773,858	11,195,006
2028	11,195,006	-	1,284,899	-	738,679	10,648,786
2029	10,648,786	-	1,302,118	-	699,841	10,046,509
2030	10,046,509	-	1,319,305	-	657,080	9,384,284
2031	9,384,284	-	1,336,078	-	610,137	8,658,343
2032	8,658,343	-	1,351,846	-	558,769	7,865,266
2033	7,865,266	-	1,366,246	-	502,750	7,001,770
2034	7,001,770	-	1,378,781	-	441,867	6,064,856
2035	6,064,856	-	1,386,807	-	376,002	5,054,051
2036	5,054,051	-	1,394,036	-	304,992	3,965,007
2037	3,965,007	-	1,398,065	-	228,618	2,795,560
2038	2,795,560	-	1,398,530	-	146,741	1,543,771
2039	1,543,771	-	1,395,134	-	59,234	207,871
2040	207,871	-	1,387,667	-	-	-

\*All Share Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 18.15

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
2022	13,680,607	-	1,454,226	-	647,675	12,874,056
2023	12,874,056	-	1,158,504	-	614,740	12,330,292
2024	12,330,292	-	1,176,110	-	587,112	11,741,294
2025	11,741,294	-	1,235,292	-	556,182	11,062,184
2026	11,062,184	-	1,251,395	-	521,824	10,332,613
2027	10,332,613	-	1,267,937	-	484,932	9,549,608
2028	9,549,608	-	1,284,899	-	445,358	8,710,067
2029	8,710,067	-	1,302,118	-	402,950	7,810,899
2030	7,810,899	-	1,319,305	-	357,562	6,849,156
2031	6,849,156	-	1,336,078	-	309,056	5,822,134
2032	5,822,134	-	1,351,846	-	257,311	4,727,599
2033	4,727,599	-	1,366,246	-	202,224	3,563,577
2034	3,563,577	-	1,378,781	-	143,709	2,328,505
2035	2,328,505	-	1,386,807	-	81,755	1,023,453
2036	1,023,453	-	1,394,036	-	-	-

\*All Share Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 14.73

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, 2024

Valuation Date: 10/1/2022

	ACTUAL	HYPOTHETICAL
Investment Rate of Return:	7.00%	5.00%
Minimum Required Contribution (Fixed \$)	\$255,102	\$585,785
Minimum Required Contribution (% of Payroll)	301.8%	693.0%
Expected Member Contribution	5,879	5,879
Expected Sponsor Contribution (Fixed \$)	\$249,223	\$579,906
Expected Sponsor Contribution (% of Payroll)	295.3%	686.5%

**ASSETS**

Actuarial Value <sup>1</sup>	16,416,728	16,416,728
Market Value <sup>1</sup>	13,680,607	13,680,607

**LIABILITIES**

Present Value of Benefits		
Active Members		
Retirement Benefits	990,500	1,384,936
Disability Benefits	15,996	21,137
Death Benefits	2,832	4,016
Vested Benefits	0	0
Refund of Contributions	0	0
Service Retirees	14,327,830	18,109,405
DROP Retirees <sup>1</sup>	1,414,237	1,956,643
Beneficiaries	1,003,052	1,207,528
Disability Retirees	0	0
Terminated Vested	3,017	3,017
Share Plan Balances <sup>1</sup>	310,620	310,620
Total:	18,068,084	22,997,302
Present Value of Future Salaries	239,105	243,504
Present Value of Future Member Contributions	15,542	15,828
Total Normal Cost	36,854	61,671
Present Value of Future Normal Costs (Entry Age Normal)	104,248	177,658
Total Actuarial Accrued Liability (EAN) <sup>1</sup>	17,963,836	22,819,644
Unfunded Actuarial Accrued Liability (UAAL)	1,547,108	6,402,916

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

Valuation Date: 10/1/2022

	ACTUAL	HYPOTHETICAL
Investment Rate of Return:	7.00%	5.00%
<b><u>PENSION COST</u></b>		
Normal Cost <sup>2</sup>	39,434	64,755
Administrative Expenses <sup>2</sup>	41,540	40,763
Payment Required To Amortize UAAL <sup>2</sup>	174,128	469,317
Minimum Required Contribution	\$255,102	\$574,835

<sup>1</sup> The asset values and liabilities include accumulated DROP 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 assumed salary increase and interest components.