

CITY OF SEBRING
MUNICIPAL FIREFIGHTERS' PENSION PLAN

SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2023 VALUATION DATE



May 21, 2024

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, 2023 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:



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, 2023 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, 2023

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Discount Rate:	7.00%	5.00%
<u>Total Pension Liability</u>		
Service Cost	40,107	66,618
Interest	1,253,626	1,138,077
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	(571,237)	(534,649)
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,239,338)	(1,239,338)
Net Change in Total Pension Liability	(516,842)	(569,292)
Total Pension Liability - Beginning	18,488,500	23,314,581
Total Pension Liability - Ending (a)	<u>\$ 17,971,658</u>	<u>\$ 22,745,289</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	328,394	328,394
Contributions - Employee	5,799	5,799
Net Investment Income	1,176,546	1,176,546
Benefit Payments, Including Refunds of Employee Contributions	(1,239,338)	(1,239,338)
Administrative Expenses	(40,845)	(40,845)
Net Change in Plan Fiduciary Net Position	230,556	230,556
Plan Fiduciary Net Position - Beginning	13,680,607	13,680,607
Plan Fiduciary Net Position - Ending (b)	<u>\$ 13,911,163</u>	<u>\$ 13,911,163</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 4,060,495</u>	<u>\$ 8,834,126</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
2023	13,911,163	-	1,383,559	-	925,357	13,452,961
2024	13,452,961	-	1,170,984	-	900,723	13,182,700
2025	13,182,700	-	1,235,432	-	879,549	12,826,817
2026	12,826,817	-	1,250,686	-	854,103	12,430,234
2027	12,430,234	-	1,266,473	-	825,790	11,989,551
2028	11,989,551	-	1,282,948	-	794,365	11,500,968
2029	11,500,968	-	1,300,040	-	759,566	10,960,494
2030	10,960,494	-	1,317,483	-	721,123	10,364,134
2031	10,364,134	-	1,334,877	-	678,769	9,708,026
2032	9,708,026	-	1,351,724	-	632,251	8,988,553
2033	8,988,553	-	1,367,298	-	581,343	8,202,598
2034	8,202,598	-	1,381,160	-	525,841	7,347,279
2035	7,347,279	-	1,390,295	-	465,649	6,422,633
2036	6,422,633	-	1,398,905	-	400,623	5,424,351
2037	5,424,351	-	1,404,259	-	330,556	4,350,648
2038	4,350,648	-	1,405,954	-	255,337	3,200,031
2039	3,200,031	-	1,403,670	-	174,874	1,971,235
2040	1,971,235	-	1,397,184	-	89,085	663,136
2041	663,136	-	1,386,391	-	-	-

*All DROP and Share Balances paid in 2023.

Number of Years Expected Benefit Payments Sustained: 18.48

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
2023	13,911,163	-	1,383,559	-	660,969	13,188,573
2024	13,188,573	-	1,170,984	-	630,154	12,647,743
2025	12,647,743	-	1,235,432	-	601,501	12,013,812
2026	12,013,812	-	1,250,686	-	569,423	11,332,549
2027	11,332,549	-	1,266,473	-	534,966	10,601,042
2028	10,601,042	-	1,282,948	-	497,978	9,816,072
2029	9,816,072	-	1,300,040	-	458,303	8,974,335
2030	8,974,335	-	1,317,483	-	415,780	8,072,632
2031	8,072,632	-	1,334,877	-	370,260	7,108,015
2032	7,108,015	-	1,351,724	-	321,608	6,077,899
2033	6,077,899	-	1,367,298	-	269,713	4,980,314
2034	4,980,314	-	1,381,160	-	214,487	3,813,641
2035	3,813,641	-	1,390,295	-	155,925	2,579,271
2036	2,579,271	-	1,398,905	-	93,991	1,274,357
2037	1,274,357	-	1,404,259	-	-	-

*All DROP and Share Balances paid in 2023.

Number of Years Expected Benefit Payments Sustained: 14.91

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, 2025

Valuation Date: 10/1/2023

	ACTUAL	HYPOTHETICAL
Investment Rate of Return:	7.00%	5.00%
Minimum Required Contribution (Fixed \$)	\$311,123	\$594,341
Minimum Required Contribution (% of Payroll)	333.2%	636.6%
Expected Member Contribution	6,493	6,069
Expected Sponsor Contribution (Fixed \$)	\$304,630	\$588,272
Expected Sponsor Contribution (% of Payroll)	326.7%	630.1%

ASSETS

Actuarial Value ¹	16,020,365	16,020,365
Market Value ¹	13,911,163	13,911,163

LIABILITIES

Present Value of Benefits		
Actives		
Retirement Benefits	1,114,805	1,531,909
Disability Benefits	11,777	15,036
Death Benefits	2,133	2,990
Vested Benefits	0	0
Refund of Contributions	0	0
Service Retirees	14,021,449	17,679,283
DROP Retirees ¹	1,511,634	2,054,495
Beneficiaries	1,248,508	1,486,646
Disability Retirees	0	0
Terminated Vested	3,017	3,017
Share Plan Balances ¹	158,606	158,606
Total:	18,071,929	22,931,982
Present Value of Future Salaries	181,230	182,903
Present Value of Future Member Contributions	11,780	11,889
Total Normal Cost	39,323	66,071
Present Value of Future Normal Costs (Entry Age Normal)	76,330	129,435
Total Actuarial Accrued Liability (EAN) ¹	17,995,599	22,802,547
Unfunded Actuarial Accrued Liability (UAAL)	1,975,234	6,782,182

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2025

Valuation Date: 10/1/2023

	ACTUAL	HYPOTHETICAL
Investment Rate of Return:	7.00%	5.00%
<u>PENSION COST</u>		
Normal Cost ²	42,076	69,375
Administrative Expenses ²	41,488	40,713
Payment Required To Amortize UAAL ²	227,559	513,971
Minimum Required Contribution	\$311,123	\$624,059

¹ The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2023.

² Contributions developed above include a one-year load based on the investment return assumption.