



June 10, 2024

Mr. Russell T. Morris  
Plan Administrator  
Sebring Police Officers' Pension Board  
City of Sebring  
307 N. Ridgewood Drive  
Sebring, Florida 33870

**Re: City of Sebring Police Officers' Retirement Trust Fund  
GASB No. 67 Disclosure Information for Fiscal Year Ending September 30, 2023**

Dear Russell:

As requested, we have prepared the actuarial disclosure information required under Governmental Accounting Standards Board (GASB) Statement No. 67 for the City of Sebring Police Officers' Retirement Trust Fund for the fiscal year ending September 30, 2023. Enclosed are the following exhibits:

- Statement of Changes in Net Pension Liability and Ratios
- Schedule of Net Pension Liability
- Notes to Schedule of Net Pension Liability
- Schedule of Contributions
- Notes to Schedule of Contributions
- Sensitivity Analysis

The actuarial valuation of the liabilities has been determined as of the beginning of the year, October 1, 2022 (based on the results from the October 1, 2022 Actuarial Valuation Report dated July 13, 2023), and "rolled forward" to the measurement date, September 30, 2023. Using the beginning of the year valuation of liabilities allows for timelier reporting at the end of the year. If significant changes occur during the year, such as benefit changes or changes in assumptions or methods, these may need to be reflected in the process.

The enclosed exhibits were based upon draft financial information as of September 30, 2023 which was furnished by the City. If any of this information changes during the auditing process, then these exhibits will need to be revised.

Please note that there are other items not listed above that will be required in the Plan's financial statements and/or the City's Comprehensive Annual Financial Report to fully comply with GASB No. 67 standards. This additional information will need to be provided by the Plans' investment consultants, accountants or other financial statement preparers.

## Required Disclosures

This information is intended to assist in preparation of the financial statements of the Plan. Financial statements are the responsibility of management, subject to the auditor's review. Please let us know if the auditor recommends any changes.

Our actuarial calculations for this report were prepared for the purpose of complying with the requirements of GASB Statement No. 67. These calculations have been made on a basis that is consistent with our understanding of this Statement.

Our calculation of the liability associated with the benefits described in this report was performed for the purpose of satisfying the requirements of GASB Statement No. 67. The Net Pension Liability is not an appropriate measure for measuring the sufficiency of plan assets to cover the estimated cost of settling the employer's benefit obligation. The Net Pension Liability is not an appropriate measure for assessing the need for or amount of future employer contributions. A calculation of the plan's liability for purposes other than satisfying the requirements of GASB Statement No. 67 may produce significantly different results.

This report was prepared at the request of the Board and is intended for financial reporting purposes for use by the Plan and those designated or approved by the Board. This report may be provided to parties other than the Board only in its entirety and only with permission of the Board. 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 calculations in this report are based on financial information as of September 30, 2023, as well as information furnished for the October 1, 2022 Actuarial Valuation concerning plan provisions, active members, terminated members, retirees and beneficiaries, and financial data. We reviewed this information for internal and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by the Plan Administrator.

This report complements the actuarial valuation report that was provided to the Board and should be considered in conjunction with that report. Please see the actuarial valuation report as of October 1, 2022 dated July 13, 2023 for additional discussion of the nature of actuarial calculations and information related to participant data, economic and demographic assumptions, and benefit provisions.

The calculations are based upon assumptions regarding future events, which may or may not materialize. They are also based on the assumptions, methods, and plan provisions outlined in this report and in our October 1, 2022 Actuarial Valuation Report dated July 13, 2023. 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. If you have reason to believe that the assumptions that were used are unreasonable or that the plan provisions are incorrectly described, you should contact the author of this report prior to relying on information in the report.

This report was prepared using our proprietary valuation model and related software which in our professional judgment has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

Peter N. Strong and Trisha Amrose 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. The undersigned actuaries are independent of the plan sponsor.

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 plan 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 Standard Board, and with applicable statutes.

We welcome your questions and comments,

Respectfully submitted,  
Gabriel, Roeder, Smith & Company



Peter N. Strong, FSA, EA, MAAA  
Senior Consultant and Actuary



Trisha Amrose, EA, MAAA  
Consultant and Actuary

Enclosures



**SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS**  
**GASB Statement No. 67**

Fiscal year ending September 30,	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability</b>										
Service Cost	\$ 247,161	\$ 260,813	\$ 305,103	\$ 403,117	\$ 380,644	\$ 363,014	\$ 335,631	\$ 347,080	\$ 368,970	\$ 363,710
Interest	1,624,275	1,526,671	1,490,304	1,406,362	1,302,386	1,248,993	1,252,158	1,215,355	1,128,981	1,040,362
Benefit Changes	-	-	-	-	-	-	-	-	-	-
Difference between actual & expected experience	(162,351)	349,409	175,932	99,215	333,428	164,104	(95,597)	(223,168)	(73,552)	(8,567)
Assumption Changes	284,817	-	(435,090)	257,450	240,751	221,555	138,404	-	-	-
Benefit Payments	(738,029)	(719,742)	(625,425)	(596,051)	(579,496)	(1,525,856)	(1,424,417)	(249,816)	(235,631)	(231,806)
Refunds	-	-	-	-	-	-	-	-	(16,234)	-
<b>Net Change in Total Pension Liability</b>	<u>1,255,873</u>	<u>1,417,151</u>	<u>910,824</u>	<u>1,570,093</u>	<u>1,677,713</u>	<u>471,810</u>	<u>206,179</u>	<u>1,089,451</u>	<u>1,172,534</u>	<u>1,163,699</u>
<b>Total Pension Liability - Beginning</b>	<u>23,325,788</u>	<u>21,908,637</u>	<u>20,997,813</u>	<u>19,427,720</u>	<u>17,750,007</u>	<u>17,278,197</u>	<u>17,072,018</u>	<u>15,982,567</u>	<u>14,810,033</u>	<u>13,646,334</u>
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 24,581,661</u>	<u>\$ 23,325,788</u>	<u>\$ 21,908,637</u>	<u>\$ 20,997,813</u>	<u>\$ 19,427,720</u>	<u>\$ 17,750,007</u>	<u>\$ 17,278,197</u>	<u>\$ 17,072,018</u>	<u>\$ 15,982,567</u>	<u>\$ 14,810,033</u>
<b>Plan Fiduciary Net Position</b>										
Contributions - Employer	\$ 339,263	\$ 468,005	\$ 880,703	\$ 660,575	\$ 486,016	\$ 374,381	\$ 421,046	\$ 509,592	\$ 575,679	\$ 632,015
Contributions - Member	35,121	35,518	41,818	52,376	58,476	57,129	55,039	52,066	56,311	56,194
Net Investment Income	1,685,675	(4,059,411)	3,588,966	1,676,248	709,111	1,278,042	1,836,151	1,053,029	67,689	1,414,787
Benefit Payments	(738,029)	(719,742)	(625,425)	(596,051)	(579,496)	(1,525,856)	(1,424,417)	(249,816)	(235,631)	(231,806)
Refunds	-	-	-	-	-	-	-	-	(16,234)	-
Administrative Expense	(52,250)	(42,834)	(44,974)	(47,170)	(45,006)	(32,400)	(31,475)	(28,658)	(22,296)	(16,786)
Other	-	-	-	-	-	-	-	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	<u>1,269,780</u>	<u>(4,318,464)</u>	<u>3,841,088</u>	<u>1,745,978</u>	<u>629,101</u>	<u>151,296</u>	<u>856,344</u>	<u>1,336,213</u>	<u>425,518</u>	<u>1,854,404</u>
<b>Plan Fiduciary Net Position - Beginning</b>	<u>19,205,657</u>	<u>23,524,121</u>	<u>19,683,033</u>	<u>17,937,055</u>	<u>17,307,954</u>	<u>17,156,658</u>	<u>16,300,314</u>	<u>14,964,101</u>	<u>14,538,583</u>	<u>12,684,179</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 20,475,437</u>	<u>\$ 19,205,657</u>	<u>\$ 23,524,121</u>	<u>\$ 19,683,033</u>	<u>\$ 17,937,055</u>	<u>\$ 17,307,954</u>	<u>\$ 17,156,658</u>	<u>\$ 16,300,314</u>	<u>\$ 14,964,101</u>	<u>\$ 14,538,583</u>
<b>Net Pension Liability - Ending (a) - (b)</b>	4,106,224	4,120,131	(1,615,484)	1,314,780	1,490,665	442,053	121,539	771,704	1,018,466	271,450
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	83.30 %	82.34 %	107.37 %	93.74 %	92.33 %	97.51 %	99.30 %	95.48 %	93.63 %	98.17 %
<b>Covered Payroll</b>	\$ 702,420	\$ 710,351	\$ 836,363	\$ 1,047,520	\$ 1,169,514	\$ 1,142,576	\$ 1,100,788	\$ 1,041,328	\$ 1,128,134	\$ 1,123,880
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	584.58 %	580.01 %	(193.16)%	125.51 %	127.46 %	38.69 %	11.04 %	74.11 %	90.28 %	24.15 %



**SCHEDULE OF THE EMPLOYER'S NET PENSION LIABILITY**  
**GASB Statement No. 67**

FY Ending September 30,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability	Covered Payroll	Net Pension Liability as a % of Covered Payroll
2014	\$ 14,810,033	\$ 14,538,583	\$ 271,450	98.17%	\$ 1,123,880	24.15 %
2015	15,982,567	14,964,101	1,018,466	93.63%	1,128,134	90.28 %
2016	17,072,018	16,300,314	771,704	95.48%	1,041,328	74.11 %
2017	17,278,197	17,156,658	121,539	99.30%	1,100,788	11.04 %
2018	17,750,007	17,307,954	442,053	97.51%	1,142,576	38.69 %
2019	19,427,720	17,937,055	1,490,665	92.33%	1,169,514	127.46 %
2020	20,997,813	19,683,033	1,314,780	93.74%	1,047,520	125.51 %
2021	21,908,637	23,524,121	(1,615,484)	107.37%	836,363	(193.16)%
2022	23,325,788	19,205,657	4,120,131	82.34%	710,351	580.01%
2023	24,581,661	20,475,437	4,106,224	83.30%	702,420	584.58 %



**NOTES TO SCHEDULE OF THE EMPLOYER'S NET PENSION LIABILITY**  
**GASB Statement No. 67**

**Valuation Date:** October 1, 2022  
**Measurement Date:** September 30, 2023  
**Roll Forward Procedures:** The Total Pension Liability was developed by using standard actuarial techniques to roll forward amounts from the October 1, 2022 actuarial valuation one year to the measurement date.

**Methods and Assumptions Used to Determine Net Pension Liability:**

Actuarial Cost Method	Entry Age Normal
Inflation	2.50%
Salary Increases	5.00%
Investment Rate of Return	6.90%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	The same versions of PUB-2010 Headcount-Weighted Mortality Tables as used by the Florida Retirement System (FRS) for Special Risk Employees in their July 1, 2022 actuarial valuation (with mortality improvements projected for healthy lives to all future years after 2010 using Scale MP-2018). Florida Statutes Chapter 112.63(1)(f) mandates the use of mortality tables from one of the two most recently published FRS actuarial valuation reports.

**Other Information:**

**Notes** See Discussion of Valuation Results from October 1, 2022 Actuarial Valuation Report dated July 13, 2023. The investment rate of return was lowered from 7.00% to 6.90%.



**SCHEDULE OF CONTRIBUTIONS**  
**GASB Statement No. 67**

<u>FY Ending September 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2014	\$ 604,876	\$ 632,015	\$ (27,139)	\$ 1,123,880	56.24%
2015	602,818	575,679	27,139	1,128,134	51.03%
2016	509,592	509,592	-	1,041,328	48.94%
2017	421,046	421,046	-	1,100,788	38.25%
2018	374,381	374,381	-	1,142,576	32.77%
2019	486,016	486,016	-	1,169,514	41.56%
2020	660,575	660,575	-	1,047,520	63.06%
2021	880,703	880,703	-	836,363	105.30%
2022	468,005	468,005	-	710,351	65.88%
2023	339,263	339,263	-	702,420	48.30%



**NOTES TO SCHEDULE OF CONTRIBUTIONS**  
**GASB Statement No. 67**

**Valuation Date:** October 1, 2021  
**Notes** Actuarially determined contributions are calculated as of October, 1 2021, which is two years prior to the end of the fiscal year in which contributions are reported.

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	10 Years
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	5.00%
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	The same versions of PUB-2010 Headcount-Weighted Mortality Tables as used by the Florida Retirement System (FRS) for Special Risk Employees in their July 1, 2021 actuarial valuation (with mortality improvements projected for healthy lives to all future years after 2010 using Scale MP-2018). Florida Statutes Chapter 112.63(1)(f) mandates the use of mortality tables from one of the two most recently published FRS actuarial valuation reports.

**Other Information:**

**Notes** See Discussion of Valuation Results in the October 1, 2021 Actuarial Valuation Report dated June 10, 2022.



**SINGLE DISCOUNT RATE**  
**GASB Statement No. 67**

A single discount rate of 6.90% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 6.90%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments (6.90%) was applied to all periods of projected benefit payments to determine the total pension liability.

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan’s net pension liability, calculated using a single discount rate of 6.90%, as well as what the plan’s net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

**Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption**

1% Decrease 5.90%	Current Single Discount Rate Assumption 6.90%	1% Increase 7.90%
\$7,333,702	\$4,106,224	\$1,513,899

