

CITY OF SOUTH PASADENA  
FIREFIGHTERS' RETIREMENT SYSTEM

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



September 14, 2023

VIA E-MAIL

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

Re: South Pasadena Firefighters' Retirement System  
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: 

Patrick T. Donlan, EA, ASA,  
MAAA Enrolled Actuary #23-6595

Enclosures

cc via email: Stu Kaufman, 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

	ACTUAL	HYPOTHETICAL	HYPOTHETICAL
Discount Rate:	7.25%	5.25%	9.25%
<u>Total Pension Liability</u>			
Service Cost	252,976	392,930	168,817
Interest	750,794	679,545	787,769
Share Plan Allocation	2,950	2,950	2,950
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	114,903	153,532	85,499
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(597,629)	(597,629)	(597,629)
Net Change in Total Pension Liability	523,994	631,328	447,406
Total Pension Liability - Beginning	10,401,624	12,849,595	8,646,418
Total Pension Liability - Ending (a)	<u>\$ 10,925,618</u>	<u>\$ 13,480,923</u>	<u>\$ 9,093,824</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	485,420	485,420	485,420
Contributions - State	53,002	53,002	53,002
Contributions - Employee	95,361	95,361	95,361
Net Investment Income	(1,327,503)	(1,327,503)	(1,327,503)
Benefit Payments, Including Refunds of Employee Contributions	(597,629)	(597,629)	(597,629)
Administrative Expenses	(43,523)	(43,523)	(43,523)
Net Change in Plan Fiduciary Net Position	(1,334,872)	(1,334,872)	(1,334,872)
Plan Fiduciary Net Position - Beginning	8,294,568	8,294,568	8,294,568
Plan Fiduciary Net Position - Ending (b)	<u>\$ 6,959,696</u>	<u>\$ 6,959,696</u>	<u>\$ 6,959,696</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 3,965,922</u>	<u>\$ 6,521,227</u>	<u>\$ 2,134,128</u>

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

Table 1  
Plan Assumptions: Discount Rate = 7.25%

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	6,944,289	-	755,416	-	476,077	6,664,950
2023	6,664,950	-	724,743	-	456,937	6,397,144
2024	6,397,144	-	757,230	-	436,343	6,076,257
2025	6,076,257	-	772,365	-	412,530	5,716,422
2026	5,716,422	-	769,128	-	386,560	5,333,854
2027	5,333,854	-	819,640	-	356,992	4,871,206
2028	4,871,206	-	838,835	-	322,755	4,355,126
2029	4,355,126	-	831,130	-	285,618	3,809,614
2030	3,809,614	-	838,535	-	245,800	3,216,879
2031	3,216,879	-	843,762	-	202,637	2,575,754
2032	2,575,754	-	814,273	-	157,225	1,918,706
2033	1,918,706	-	812,236	-	109,663	1,216,133
2034	1,216,133	-	810,479	-	58,790	464,444
2035	464,444	-	788,348	-	-	-

\*All Share Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 13.59

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.25% 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 = 5.25%

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	6,944,289	-	755,416	-	344,746	6,533,619
2023	6,533,619	-	724,743	-	323,990	6,132,866
2024	6,132,866	-	757,230	-	302,098	5,677,734
2025	5,677,734	-	772,365	-	277,806	5,183,175
2026	5,183,175	-	769,128	-	251,927	4,665,974
2027	4,665,974	-	819,640	-	223,448	4,069,782
2028	4,069,782	-	838,835	-	191,644	3,422,591
2029	3,422,591	-	831,130	-	157,869	2,749,330
2030	2,749,330	-	838,535	-	122,328	2,033,123
2031	2,033,123	-	843,762	-	84,590	1,273,951
2032	1,273,951	-	814,273	-	45,508	505,186
2033	505,186	-	812,236	-	-	-

\*All Share Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 11.62

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.25% 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 3  
Hypothetical Assumptions: Discount Rate = 9.25%

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	6,944,289	-	755,416	-	607,409	6,796,282
2023	6,796,282	-	724,743	-	595,137	6,666,676
2024	6,666,676	-	757,230	-	581,646	6,491,092
2025	6,491,092	-	772,365	-	564,704	6,283,431
2026	6,283,431	-	769,128	-	545,645	6,059,948
2027	6,059,948	-	819,640	-	522,637	5,762,945
2028	5,762,945	-	838,835	-	494,276	5,418,386
2029	5,418,386	-	831,130	-	462,761	5,050,017
2030	5,050,017	-	838,535	-	428,344	4,639,826
2031	4,639,826	-	843,762	-	390,160	4,186,224
2032	4,186,224	-	814,273	-	349,566	3,721,517
2033	3,721,517	-	812,236	-	306,674	3,215,955
2034	3,215,955	-	810,479	-	259,991	2,665,467
2035	2,665,467	-	788,348	-	210,095	2,087,214
2036	2,087,214	-	766,573	-	157,613	1,478,254
2037	1,478,254	-	739,707	-	102,527	841,074
2038	841,074	-	714,755	-	44,742	171,061
2039	171,061	-	700,319	-	-	-

\*All Share Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 17.24

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 9.25% 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

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>	<u>HYPOTHETICAL</u>
Investment Rate of Return:	7.25%	5.25%	9.25%
Minimum Required Contribution (Fixed \$)	\$636,226	\$912,571	\$409,334
Minimum Required Contribution (% of Payroll)	47.3%	67.9%	30.4%
Expected Member Contribution	83,550	82,744	84,356
Expected State Money	50,052	50,052	50,052
Expected Sponsor Contribution (Fixed \$)	\$502,624	\$779,775	\$274,926
Expected Sponsor Contribution (% of Payroll)	37.4%	58.0%	20.5%

**ASSETS**

Actuarial Value <sup>1</sup>	7,914,873	7,914,873	7,914,873
Market Value <sup>1</sup>	6,944,289	6,944,289	6,944,289

**LIABILITIES**

Present Value of Benefits

Actives

Retirement Benefits	6,643,325	9,432,226	4,930,357
Disability Benefits	152,295	216,186	112,517
Death Benefits	27,913	38,056	21,072
Vested Benefits	394,597	647,924	252,930
Refund of Contributions	36,694	38,326	35,208
Service Retirees	4,632,480	5,432,354	4,025,638
DROP Retirees <sup>1</sup>	0	0	0
Beneficiaries	619,143	716,517	544,436
Disability Retirees	127,169	146,399	112,198
Terminated Vested	14,589	14,589	14,589
Share Plan Balances <sup>1</sup>	11,289	11,289	11,289
Total:	12,659,494	16,693,866	10,060,234

Present Value of Future Salaries	10,690,475	12,096,701	9,572,694
----------------------------------	------------	------------	-----------

Present Value of Future

Member Contributions	641,429	725,802	574,362
----------------------	---------	---------	---------

Total Normal Cost	230,611	362,636	151,740
-------------------	---------	---------	---------

Present Value of Future

Normal Costs (Entry Age Normal)	1,805,967	3,274,321	1,043,140
---------------------------------	-----------	-----------	-----------

Total Actuarial Accrued Liability (EAN) <sup>1</sup>	10,853,527	13,419,545	9,017,094
--	------------	------------	-----------

Unfunded Actuarial Accrued Liability (UAAL)	2,938,654	5,504,672	1,102,221
---	-----------	-----------	-----------



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

Valuation Date: 10/1/2022

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>	<u>HYPOTHETICAL</u>
Investment Rate of Return:	7.25%	5.25%	9.25%
<b><u>PENSION COST</u></b>			
Normal Cost <sup>2</sup>	250,561	390,205	166,458
Administrative Expenses <sup>2</sup>	45,674	45,233	46,114
Payment Required To Amortize UAAL <sup>2</sup>	<u>339,991</u>	<u>477,133</u>	<u>196,762</u>
Minimum Required Contribution	\$636,226	\$912,571	\$409,334

<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.