

CITY OF SEMINOLE
MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND

SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2020 VALUATION DATE



May 17, 2021

VIA EMAIL

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

Re: City of Seminole Municipal Firefighters' Pension Trust Fund
Section 112.664, Florida Statutes Compliance

Dear Kim:

Please find enclosed the annual disclosures that satisfy the October 1, 2020 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 #20-7778

Enclosures

cc via email: Scott R. Christiansen, 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, 2020 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, 2020

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Discount Rate:	7.00%	5.00%
<u>Total Pension Liability</u>		
Service Cost	782,507	1,202,548
Interest	3,301,026	3,078,860
Change in Excess State Money	(3,356)	(3,356)
Change in Funding Standard Account	(397,667)	(397,667)
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	(356,441)	(449,465)
Changes of Assumptions	2,979,917	4,054,849
Benefit Payments, Including Refunds of Employee Contributions	(3,511,950)	(3,511,950)
Net Change in Total Pension Liability	2,794,036	3,973,819
Total Pension Liability - Beginning	43,570,712	54,102,170
Total Pension Liability - Ending (a)	<u>\$ 46,364,748</u>	<u>\$ 58,075,989</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	1,011,056	1,011,056
Contributions - State	248,136	248,136
Contributions - Employee	570,477	570,477
Net Investment Income	2,258,024	2,258,024
Benefit Payments, Including Refunds of Employee Contributions	(3,511,950)	(3,511,950)
Administrative Expenses	(90,485)	(90,485)
Net Change in Plan Fiduciary Net Position	485,258	485,258
Plan Fiduciary Net Position - Beginning	38,096,060	38,096,060
Plan Fiduciary Net Position - Ending (b)	<u>\$ 38,581,318</u>	<u>\$ 38,581,318</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 7,783,430</u>	<u>\$ 19,494,671</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
2020	38,581,318	-	3,270,515	-	2,586,224	37,897,027
2021	37,897,027	-	3,233,863	-	2,539,607	37,202,771
2022	37,202,771	-	3,275,100	-	2,489,565	36,417,236
2023	36,417,236	-	3,253,618	-	2,435,330	35,598,948
2024	35,598,948	-	3,233,380	-	2,378,758	34,744,326
2025	34,744,326	-	3,310,338	-	2,316,241	33,750,229
2026	33,750,229	-	3,354,170	-	2,245,120	32,641,179
2027	32,641,179	-	3,427,335	-	2,164,926	31,378,770
2028	31,378,770	-	3,417,247	-	2,076,910	30,038,433
2029	30,038,433	-	3,475,411	-	1,981,051	28,544,073
2030	28,544,073	-	3,450,596	-	1,877,314	26,970,791
2031	26,970,791	-	3,452,856	-	1,767,105	25,285,040
2032	25,285,040	-	3,427,466	-	1,649,991	23,507,565
2033	23,507,565	-	3,403,829	-	1,526,396	21,630,132
2034	21,630,132	-	3,359,905	-	1,396,513	19,666,740
2035	19,666,740	-	3,328,527	-	1,260,173	17,598,386
2036	17,598,386	-	3,303,392	-	1,116,268	15,411,262
2037	15,411,262	-	3,286,362	-	963,766	13,088,666
2038	13,088,666	-	3,234,243	-	803,008	10,657,431
2039	10,657,431	-	3,169,816	-	635,077	8,122,692
2040	8,122,692	-	3,099,169	-	460,118	5,483,641
2041	5,483,641	-	3,035,462	-	277,614	2,725,793
2042	2,725,793	-	2,954,891	-	-	-

Number of Years Expected Benefit Payments Sustained: 22.92

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
2020	38,581,318	-	3,270,515	-	1,847,303	37,158,106
2021	37,158,106	-	3,233,863	-	1,777,059	35,701,302
2022	35,701,302	-	3,275,100	-	1,703,188	34,129,390
2023	34,129,390	-	3,253,618	-	1,625,129	32,500,901
2024	32,500,901	-	3,233,380	-	1,544,211	30,811,732
2025	30,811,732	-	3,310,338	-	1,457,828	28,959,222
2026	28,959,222	-	3,354,170	-	1,364,107	26,969,159
2027	26,969,159	-	3,427,335	-	1,262,775	24,804,599
2028	24,804,599	-	3,417,247	-	1,154,799	22,542,151
2029	22,542,151	-	3,475,411	-	1,040,222	20,106,962
2030	20,106,962	-	3,450,596	-	919,083	17,575,449
2031	17,575,449	-	3,452,856	-	792,451	14,915,044
2032	14,915,044	-	3,427,466	-	660,066	12,147,644
2033	12,147,644	-	3,403,829	-	522,286	9,266,101
2034	9,266,101	-	3,359,905	-	379,307	6,285,503
2035	6,285,503	-	3,328,527	-	231,062	3,188,038
2036	3,188,038	-	3,303,392	-	-	-

Number of Years Expected Benefit Payments Sustained: 16.97

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, 2022

Valuation Date: 10/1/2020

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Investment Rate of Return:	7.00%	5.00%
Minimum Required Contribution (Fixed \$)	\$2,047,541	\$3,296,839
Minimum Required Contribution (% of Payroll)	43.4%	69.8%
Expected Member Contribution	611,191	605,285
Expected State Money	248,136	248,136
Expected Sponsor Contribution (Fixed \$)	\$1,188,214	\$2,443,418
Expected Sponsor Contribution (% of Payroll)	25.4%	51.8%

ASSETS

Actuarial Value ¹	39,975,706	39,975,706
Market Value ¹	38,581,318	38,581,318

LIABILITIES

Present Value of Benefits		
Active Members		
Retirement Benefits	18,540,681	28,553,614
Disability Benefits	1,619,253	2,336,421
Death Benefits	114,403	153,142
Vested Benefits	735,934	1,190,336
Refund of Contributions	326,825	346,310
Service Retirees	31,133,301	37,925,965
Beneficiaries	932,898	1,101,972
Disability Retirees	1,937,048	2,260,556
Terminated Vested	447,122	606,147
Share Plan Balances ¹	0	0
Excess State Monies Reserve	3,356	3,356
Total:	<u>55,790,821</u>	<u>74,477,819</u>
Present Value of Future Salaries	41,240,736	47,104,878
Present Value of Future Member Contributions	5,155,092	5,888,110
Total Normal Cost	937,822	1,460,169
Present Value of Future Normal Costs (Entry Age Normal)	8,224,596	14,875,057
Total Actuarial Accrued Liability ¹	47,566,225	59,602,762
Unfunded Actuarial Accrued Liability (UAAL)	7,590,519	19,627,056

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2022

Valuation Date: 10/1/2020

	ACTUAL	HYPOTHETICAL
Investment Rate of Return:	7.00%	5.00%
<u>PENSION COST</u>		
Normal Cost ²	1,013,548	1,562,826
Administrative Expenses ²	92,440	91,546
Payment Required To Amortize UAAL ²	941,553	1,642,467
Minimum Required Contribution	\$2,047,541	\$3,296,839

¹ The asset values and liabilities include accumulated Share Plan Balances as of 9/30/2020.

² Contributions developed as of 10/1/2020 displayed above have been adjusted to account for assumed salary increase and interest components.