



# **City of Sebastian Police Officers' Retirement System**

**GASB Disclosure Information**  
Statements 67/68

*Measurement Date: September 30, 2025*  
*GASB 68 Expense*  
*Reporting Date: September 30, 2025*

**FOSTER & FOSTER**  
ACTUARIES AND CONSULTANTS

January 14, 2026

Board of Trustees  
City of Sebastian  
Police Officers' Pension Board

Re: GASB 67/68 Disclosures – City of Sebastian Police Officers' Retirement System

Dear Board,

We are pleased to present this report of the disclosure information required by GASB Statements 67/68 measured as of September 30, 2025. GASB 68 Expense is determined for the reporting period ending September 30, 2025.

The calculation of the liability associated with the benefits referenced in this report was performed to satisfy the requirements of GASB 67/68 and is not applicable for other purposes, such as determining the plan's funding requirements. Use of the results for other purposes may not be applicable and may produce significantly different results.

The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on an actuarial valuation performed as of October 1, 2024. The total pension liability was rolled forward from the valuation date to the plan's fiscal year ending September 30, 2025 using generally accepted actuarial principles. It is our opinion that the assumptions used for this purpose are internally consistent, reasonable, and comply with the requirements under GASB 67/68.

#### **DATA AND ASSUMPTIONS**

In conducting the valuation, we have relied on personnel, and plan design information supplied by the City and asset information supplied by the custodian bank. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report. The actuarial assumptions and methods are described in the Assumptions section of this report.

#### **DISCLOSURES AND LIMITATIONS**

Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such 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); and changes in plan provisions or applicable law. Due to the limited scope of this report, we did not provide an analysis of these potential differences.

In performing the analysis, we used third-party software to model (calculate) the underlying liabilities and costs. These results are reviewed in the aggregate and for individual sample lives. The output from the software is either used directly or input into internally developed models to generate the results. All internally developed models are reviewed as part of the process. As a result of this review, we believe that the models have produced reasonable results. We do not believe there are any material inconsistencies among assumptions or unreasonable output produced due to the aggregation of assumptions.

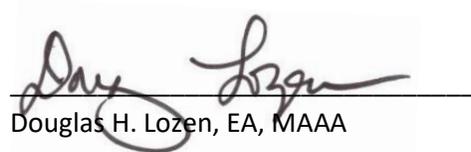
#### **ACTUARIAL CERTIFICATION**

The valuation has been conducted in accordance with all applicable laws and regulations, as well as generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board.

The undersigned are familiar with the immediate and long-term aspects of pension valuations and meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

To our knowledge, no associate of Foster & Foster, Inc. working on this report has any direct financial interest or indirect material interest in City of Sebastian Police Officers' Pension Board, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Sebastian Police Officers' Retirement System. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

Respectfully submitted,  
Foster & Foster, Inc.



Douglas H. Lozen, EA, MAAA

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## SUMMARY

Valuation Date	10/01/2024	10/01/2023
GASB 67/68 Measurement Date	09/30/2025	09/30/2024
GASB 68 Reporting Date	09/30/2025	09/30/2024

### PLAN MEMBERSHIP

Inactives Currently Receiving Benefits	24	23
Inactives Not Yet Receiving Benefits	14	16
Active Plan Members	<u>40</u>	<u>36</u>

Total	78	75
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Covered Payroll	\$ 3,619,789	\$ 3,064,776
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### NET PENSION LIABILITY/(ASSET)

Total Pension Liability	\$ 28,908,260	\$ 26,808,488
Plan Fiduciary Net Position	<u>27,760,010</u>	<u>25,283,572</u>
Net Pension Liability/(Asset)	\$ 1,148,250	\$ 1,524,916

Plan Fiduciary Net Position As a % of Total Pension Liability	96.03%	94.31%
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Net Pension Liability/(Asset) As a % of Covered Payroll	31.72%	49.76%
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Total Pension Expense/(Income)	\$ 355,631	\$ 523,765
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### DEVELOPMENT OF SINGLE DISCOUNT RATE

Single Discount Rate	7.10%	7.10%
Long-Term Expected Rate of Return	7.10%	7.10%
High-quality Municipal Bond Rate	4.50%	4.06%
Number of Years Future Benefit Payments Are Expected to be Paid	All Years	All Years

## FIDUCIARY NET POSITION

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### STATEMENT OF FIDUCIARY NET POSITION

	Market Value SEPTEMBER 30, 2025
<b>ASSETS</b>	
Cash and Cash Equivalents:	
Short Term Investments	1,285,624
Total Cash and Equivalents	1,285,624
<b>RECEIVABLES:</b>	
Investment Income	48,572
Total Receivables	48,572
<b>INVESTMENTS:</b>	
U. S. Bonds and Bills	2,473,428
Federal Agency Guaranteed Securities	784,935
Corporate Bonds	2,483,451
Municipal Obligations	129,525
Stocks	12,156,651
Mutual Funds:	
Equity	7,710,610
Pooled/Common/Commingled Funds:	
Real Estate	687,214
Total Investments	26,425,814
<b>TOTAL ASSETS</b>	<b>27,760,010</b>
<b>LIABILITIES</b>	
Total Liabilities	0
<b>NET ASSETS:</b>	<b>27,760,010</b>

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

		Year Ended SEPTEMBER 30, 2025
<b>ADDITIONS</b>		
Contributions:		
Member	289,583	
City	882,841	
State	338,304	
Total Contributions		1,510,728
Investment Income:		
Net Increase in Fair Value of Investments	2,287,721	
Interest & Dividends	617,672	
Less Investment Expense <sup>1</sup>	(149,939)	
Net Investment Income		2,755,454
Total Additions		4,266,182
<b>DEDUCTIONS</b>		
Distributions to Members:		
Benefit Payments	1,055,658	
Lump Sum DROP Distributions	657,601	
Refunds of Member Contributions	1,349	
Total Distributions		1,714,608
Administrative Expense		75,136
Total Deductions		1,789,744
Net Increase in Net Position		2,476,438
<b>NET POSITION RESTRICTED FOR PENSIONS</b>		
Beginning of the Year		25,283,572
End of the Year		27,760,010

<sup>1</sup> Investment related expenses include investment advisory, custodial and performance monitoring fees.

## GASB EXHIBITS

### SCHEDULE OF CHANGES IN NET PENSION LIABILITY

GASB 67/68 Measurement Date	09/30/2025	09/30/2024
GASB 68 Reporting Period Ending	09/30/2025	09/30/2024

#### TOTAL PENSION LIABILITY

Service Cost	687,973	610,193
Interest	1,891,380	1,816,283
Changes in Benefit Terms	0	0
Experience (Gains)/Losses	(88,933)	(63,675)
Changes of Assumptions	1,323,960	0
Benefit Payments	(1,714,608)	(1,051,129)
Net Change in Total Pension Liability	<u>2,099,772</u>	<u>1,311,672</u>
Total Pension Liability – Beginning	26,808,488	25,496,816
Total Pension Liability – Ending (a)	<u>\$ 28,908,260</u>	<u>\$ 26,808,488</u>

#### PLAN FIDUCIARY NET POSITION

Contributions – Employer	882,841	854,737
Contributions – State	338,304	307,681
Contributions – Employee	289,583	245,182
Net Investment Income	2,755,454	4,230,132
Benefit Payments	(1,714,608)	(1,051,129)
Administrative Expense	(75,136)	(69,082)
Other	<u>0</u>	<u>0</u>
Net Change in Plan Fiduciary Net Position	2,476,438	4,517,521
Plan Fiduciary Net Position – Beginning	25,283,572	20,766,051
Adjustment to beginning of year	<u>0</u>	<u>0</u>
Plan Fiduciary Net Position – Ending (b)	<u>\$ 27,760,010</u>	<u>\$ 25,283,572</u>

Net Pension Liability – Ending (a) – (b)      \$ 1,148,250      \$ 1,524,916

#### Plan Fiduciary Net Position

As % of Total Pension Liability      96.03%      94.31%

Covered Payroll      \$ 3,619,789      \$ 3,064,776

#### Net Pension Liability

As % of Covered Payroll      31.72%      49.76%

## SENSITIVITY TO CHANGES IN DISCOUNT RATE

GASB 67/68 Measurement Date	09/30/2025	09/30/2024
GASB 68 Reporting Date	09/30/2025	09/30/2024
Discount Rate	7.10%	7.10%
+ 1% Discount Rate	8.10%	8.10%
- 1% Discount Rate	6.10%	6.10%
Net Pension Liability		
Current Discount Rate	\$ 1,148,250	\$ 1,524,916
1% Increase in Discount Rate	(1,811,744)	(1,047,402)
1% Decrease in Discount Rate	4,713,812	4,612,964

## PENSION EXPENSE YEAR-END SEPTEMBER 30, 2025

For the year ended September 30, 2025, the Sponsor will recognize a Pension Expense/(Income) of \$355,631. Below is a summary of the components of the Pension Expense.

Fiscal Year End	09/30/2025
Beginning of Measurement Period	10/01/2024
End of Measurement Period	09/30/2025
Service Cost	\$ 687,973
Interest on Total Pension Liability	1,891,380
Changes in Benefit Terms	0
Contributions – Employee	(289,583)
Projected Earnings on Investments	(1,785,229)
Administrative Expenses	75,136
Recognition of Deferred Outflows/(Inflows)	
Experience (Gains)/Losses	36,773
Assumption Changes	235,907
Investment Returns	(496,726)
Total Pension Expense	\$ 355,631

## PENSION DEFERRED OUTFLOWS/INFLOWS - YEAR-END SEPTEMBER 30, 2025

On September 30, 2025, the Sponsor will report deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Actual and Expected Experience	42,822	142,824
Changes of Assumptions	1,104,914	0
Net Difference Between Projected and Actual Earnings on pension Plan Investments	0	1,774,556
<b>Total</b>	<b>\$ 1,147,736</b>	<b>\$ 1,917,380</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year-Ended September 30:	
2026	\$ 356,644
2027	(683,100)
2028	(496,148)
2029	52,960
2030	0
Thereafter	0

## SUPPLEMENTARY GASB 68 EXPENSE DETAIL

### AMORTIZATION SCHEDULE – EXPERIENCE

Year	Initial Base	Recognition Period	2025	2026	2027	2028	2029	Thereafter
2025	\$ (88,933)	5	\$ (17,785)	\$ (17,787)	\$ (17,787)	\$ (17,787)	\$ (17,787)	0
2024	(63,675)	4	(15,919)	(15,919)	(15,919)	0	0	0
2023	3,289	5	658	658	658	0	0	0
2022	(199,190)	5	(39,838)	(39,838)	0	0	0	0
2021	249,038	6	41,506	41,506	0	0	0	0
2020	408,904	6	68,151	0	0	0	0	0
Net Increase/(Decrease) in Pension Expense			\$ 36,773	\$ (31,380)	\$ (33,048)	\$ (17,787)	\$ (17,787)	0

**AMORTIZATION SCHEDULE – CHANGES OF ASSUMPTIONS**

Year	Initial Base	Recognition Period	2025	2026	2027	2028	2029	Thereafter
2025	\$ 1,323,960	5	\$ 264,792	\$ 264,792	\$ 264,792	\$ 264,792	\$ 264,792	0
2021	274,475	6	45,746	45,746	0	0	0	0
2020	(447,786)	6	(74,631)	0	0	0	0	0
Net Increase/(Decrease) in Pension Expense			\$ 235,907	\$ 310,538	\$ 264,792	\$ 264,792	\$ 264,792	0

**AMORTIZATION SCHEDULE – INVESTMENTS**

Year	Initial Base	Recognition Period	2025	2026	2027	2028	2029	Thereafter
2025	\$ (970,225)	5	\$ (194,045)	\$ (194,045)	\$ (194,045)	\$ (194,045)	\$ (194,045)	0
2024	(2,745,540)	5	(549,108)	(549,108)	(549,108)	(549,108)	0	0
2023	(858,453)	5	(171,691)	(171,691)	(171,691)	0	0	0
2022	4,961,648	5	992,330	992,330	0	0	0	0
2021	(2,871,059)	5	(574,212)	0	0	0	0	0
Net Increase/(Decrease) in Pension Expense			\$ (496,726)	\$ 77,486	\$ (914,844)	\$ (743,153)	\$ (194,045)	0

## ADDITIONAL EXHIBITS

### SCHEDULE OF CONTRIBUTIONS

Plan Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contrib. as % of Covered Payroll
09/30/2025	\$ 1,132,994	\$ 1,221,145	\$ (88,151)	\$ 3,619,789	33.74%
09/30/2024	\$ 959,275	\$ 1,162,418	\$ (203,143)	\$ 3,064,776	37.93%

The following assumptions were used to determine the Actuarially Determined Contribution for the plan year ended September 30, 2025:

Calculation Timing	The Actuarially Determined Contribution is calculated using a October 1, 2023 valuation date.
Interest Rate	7.10%
Assumptions	All other assumptions and methods used for determining the Actuarially Determined Contribution can be found in the October 1, 2023 Actuarial Valuation Report for the City of Sebastian Police Officers' Retirement System prepared by Foster & Foster Actuaries and Consultants.

## INVESTMENT DISCLOSURES

### SCHEDULE OF INVESTMENT RETURNS

For the year ended September 30, 2025, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 11.00 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Fiscal Year Ended	Annual Money-Weighted Rate of Return Net of Investment Expense
09/30/2025	11.00%
09/30/2024	20.16%

### SUPPORT FOR LONG-TERM EXPECTED RATE OF RETURN

The Long-Term Expected Rate of Return on Pension Plan investments can be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Pension Plan investment expenses and inflation) are developed for each major asset class.

These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the Pension Plan's target asset allocation adopted as of September 30, 2025, as provided by Morgan Stanley, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return <sup>1</sup>
Domestic Equity	52.50%	5.61%
International Equity	12.50%	4.48%
Fixed Income	25.00%	1.20%
Private Real Estate	5.00%	3.20%
MLP/Energy Infrastructure	5.00%	4.33%
Total	100.00%	

<sup>1</sup>Based on Secular annualized return and volatility estimates are based on a 20-year-plus time horizon.

Please note that long term expected return of the total portfolio is greater than simply multiplying each of the above "Long Term Expected Real Rate of Returns" by their target allocation % and adding them together. Not only is the time horizon longer for an actuarial valuation relative to the time horizon over which the above projected returns were generated, but also there is an additional correlation resulting from a diversified portfolio that will provide additional returns.

Inflation rate of investment advisor 2.40%

### CONCENTRATIONS

The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan's fiduciary net position.

## ASSUMPTIONS

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Valuation Date October 1, 2024

GASB 67/68 Measurement Date September 30, 2025

GASB 68 Reporting Date September 30, 2025

Discount Rate 7.10%

Long-Term Rate of Return 7.10%

Cost Method Entry Age Normal

Latest Experience Study Date July 10, 2025

### Mortality

*Healthy Active Lives:* Female: PubS-2010 for Employees  
Male: PubS-2010 for Employees, set forward 1 year

*Healthy Retiree Lives:* Female: PubS-2010 for Healthy Retirees  
Male: PubS-2010 for Healthy Retirees, set forward 1 year

*Beneficiary Lives:* Female: PubG.H-2010 for Healthy Retirees  
Male: PubG.H-2010 for Healthy Retirees, set back 1 year

*Disabled Lives:* Female: PubG.H-2010 for Disabled Retirees, set forward 1 year  
Male: PubG.H-2010 for Disabled Retirees

All rates are projected generationally with Mortality Improvement Scale MP-2021.

The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2024 FRS valuation report for special risk employees.

Salary Scale Service based

Inflation 2.50%

A summary of other assumptions reflected in the valuation can be found in the October 1, 2024 Actuarial Valuation Report for the City of Sebastian Police Officers' Retirement System prepared by Foster & Foster Actuaries and Consultants.

## CHANGES IN ASSUMPTIONS

Total Pension Liability as of the September 30, 2025 measurement date reflects the following assumption changes:

- Salary Increases – An overall increase in the assumed rates, especially during the first two years of employment.
- Retirement Rates – Adjustments to normal retirement rates, generally lower than previously assumed.
- Withdrawal Rates – Adjustments to the assumed rates of withdrawal, resulting in generally more withdrawals than previously assumed.
- As mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2024, FRS valuation report for special risk employees.

## DEVELOPMENT OF THE DISCOUNT RATE

The projection of cash flows used to determine the Discount Rate assumed that current Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate.

Based on those 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 (7.10 percent) was applied to all periods of projected benefit payments to determine the Total Pension Liability.

No projected benefit payments were discounted using a high-quality municipal bond rate of 4.50 percent. The high-quality municipal bond rate was based on the daily rate closest to, but not later than the measurement date of the S&P Municipal Bond 20-Year High Grade Rate Index.

The single equivalent Discount Rate was 7.10 percent.

## SUMMARY OF CURRENT PLAN

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### PLAN DESCRIPTION

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of:

- a. Two City Council appointees,
- b. Two Members of the System, elected by the Membership, and
- c. Fifth Trustee elected by other 4 and appointed by City Council.

Full-time employees who are classified as full-time sworn Police Officers participate in the System as a condition of employment.

### BENEFITS PROVIDED

The Plan provides retirement, termination, disability and death benefits.

A summary of the benefit provisions can be found in the Actuarial Valuation as of October 1, 2024 for the City of Sebastian Police Officers' Retirement System prepared by Foster & Foster Actuaries and Consultants.

### BENEFIT CHANGES

No benefit changes have been reflected since the prior year.

### DEFERRED RETIREMENT OPTION PROGRAM

Eligibility:	Satisfaction of Normal Retirement requirements.
Participation:	Not to exceed 60 months.
Rate of return:	1.30% annual interest, compounded monthly.
DROP balance:	The DROP balance as of September 30, 2025 is \$325,113.