

City of Sunrise Police Officer's Retirement System

Chapter 112.664, F.S. Compliance Report

In Connection with the October 1, 2019 Funding Actuarial
Valuation Report and the Plan's Financial Reporting for the Year
Ending September 30, 2019





July 2, 2020

Board of Trustees
City of Sunrise Police Officers' Retirement System
Sunrise, Florida

Dear Board Members:

Gabriel, Roeder, Smith & Company (GRS) has been engaged by the City of Sunrise Police Officers' Retirement System (Plan) to prepare a disclosure report to satisfy the requirements set forth in Ch. 112.664, F.S. and as further required pursuant to Ch. 60T-1.0035, F.A.C.

This report was prepared at the request of the Board and is intended for use by the Retirement System and those designated or approved by the Board. This report may be provided to parties other than the System only in its entirety and only with the permission of the Board.

The purpose of the report is to provide the required information specified in Ch. 112.664, F.S. as well as supplement this information with additional exhibits. This report should not be relied on for any purpose other than the purpose described above.

The findings in this report are based on data or other information through September 30, 2019. 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. The scope of this engagement does not include an analysis of the potential range of such measurements.

This report was based upon information furnished by the City and Plan Administrator concerning Plan benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal and year-to-year consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by the City and Plan Administrator.

Except as otherwise indicated as required for the disclosures contained herein, this report was prepared using certain assumptions selected by the Board as described in our October 1, 2019 actuarial valuation report. This report is also based on the Plan Provisions, census data, and financial information as summarized in our October 1, 2019 actuarial valuation report. Please refer to the October 1, 2019 actuarial valuation report, dated May 27, 2020, for summaries and descriptions of this information.

The use of an investment return assumption that is 2% higher than the investment return assumption used to determine the funding requirements does not represent an estimate of future Plan experience nor does it reflect an observation of future return estimates inherent in financial market data. The use of this investment return assumption is provided as a counterpart to the Chapter 112.664, Florida Statutes requirement to utilize an investment return assumption that is 2% lower than the assumption used to determine the funding requirements. The inclusion of the additional exhibits showing the effect of using a 2% higher investment return assumption shows a more complete assessment of the range of possible results as opposed to showing a one-sided range as required by Florida Statutes.

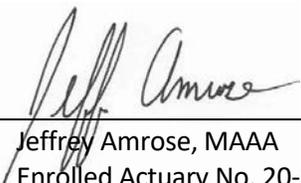
Jeffrey Amrose and Trisha Amrose are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. The signing actuaries are independent of the plan sponsor.

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 Retirement 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 Standards Board and with applicable statutes.

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), F.S. and Section 60T-1.0035, F.A.C.

Respectfully submitted,

GABRIEL, ROEDER, SMITH AND COMPANY

By 
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Enrolled Actuary No. 20-6599
Senior Consultant & Actuary

By 
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Enrolled Actuary No. 20-8010
Consultant & Actuary



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RESULTS

**Schedule of Changes in the Employers' Net Pension Liability
Using Financial Reporting Assumptions per GASB Statement No. 67**

Fiscal year ending September 30,

	<u>2019</u>
1. Total pension liability	
a. Service Cost	\$ 4,985,444
b. Interest	16,247,834
c. Benefit Changes	1,620,550
d. Difference between actual & expected experience & Other	3,218,834
e. Assumption Changes	1,367,814
f. Benefit Payments	(10,271,348)
g. Contribution Refunds	(13,426)
h. Net Change in Total Pension Liability	<u>17,155,702</u>
i. Total Pension Liability - Beginning	<u>211,167,770</u>
j. Total Pension Liability - Ending	<u><u>\$ 228,323,472</u></u>
2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 10,207,194
b. Contributions - Employer (from State)	858,107
c. Contributions - Member	1,679,931
d. Net Investment Income	5,221,593
e. Benefit Payments	(10,271,348)
f. Contribution Refunds	(13,426)
g. Administrative Expense	(292,849)
h. Other	-
i. Net Change in Plan Fiduciary Net Position	<u>7,389,202</u>
j. Plan Fiduciary Net Position - Beginning	<u>151,246,213</u>
k. Plan Fiduciary Net Position - Ending	<u><u>\$ 158,635,415</u></u>
3. Net Pension Liability / (Asset)	69,688,057
Certain Key Assumptions	
Valuation Date	10/01/2018
Measurement Date	09/30/2019
Investment Return Assumption	7.65%
Mortality Table	FRS Mortality Rates from 7/1/16 FRS Valuation



**Schedule of Changes in the Employers' Net Pension Liability
Using Assumptions required under 112.664(1)(a), F.S.**

Fiscal year ending September 30,	2019
1. Total pension liability	
a. Service Cost	\$ 4,985,444
b. Interest	16,247,834
c. Benefit Changes	1,620,550
d. Difference between actual & expected experience & Other	3,218,834
e. Assumption Changes	1,367,814
f. Benefit Payments	(10,271,348)
g. Contribution Refunds	(13,426)
h. Net Change in Total Pension Liability	17,155,702
i. Total Pension Liability - Beginning	211,167,770
j. Total Pension Liability - Ending	\$ 228,323,472
 2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 10,207,194
b. Contributions - Employer (from State)	858,107
c. Contributions - Member	1,679,931
d. Net Investment Income	5,221,593
e. Benefit Payments	(10,271,348)
f. Contribution Refunds	(13,426)
g. Administrative Expense	(292,849)
h. Other	-
i. Net Change in Plan Fiduciary Net Position	7,389,202
j. Plan Fiduciary Net Position - Beginning	151,246,213
k. Plan Fiduciary Net Position - Ending	\$ 158,635,415
 3. Net Pension Liability / (Asset)	69,688,057
 Certain Key Assumptions	
Valuation Date	10/01/2018
Measurement Date	09/30/2019
Investment Return Assumption	7.65%
Mortality Table	FRS Mortality Rates from 7/1/16 FRS Valuation



**Schedule of Changes in the Employers' Net Pension Liability
Using Assumptions required under 112.664(1)(b), F.S.**

Fiscal year ending September 30,	<u>2019</u>
1. Total pension liability	
a. Service Cost	\$ 8,178,430
b. Interest	16,164,472
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	-
e. Assumption Changes	-
f. Benefit Payments	(10,271,348)
g. Contribution Refunds	(13,426)
h. Net Change in Total Pension Liability	<u>14,058,128</u>
i. Total Pension Liability - Beginning	<u>283,060,811</u>
j. Total Pension Liability - Ending	<u>\$ 297,118,939</u>
2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 10,207,194
b. Contributions - Employer (from State)	858,107
c. Contributions - Member	1,679,931
d. Net Investment Income	5,221,593
e. Benefit Payments	(10,271,348)
f. Contribution Refunds	(13,426)
g. Administrative Expense	(292,849)
h. Other	-
i. Net Change in Plan Fiduciary Net Position	<u>7,389,202</u>
j. Plan Fiduciary Net Position - Beginning	<u>151,246,213</u>
k. Plan Fiduciary Net Position - Ending	<u>\$ 158,635,415</u>
3. Net Pension Liability / (Asset)	138,483,524
Certain Key Assumptions	
Valuation Date	10/01/2018
Measurement Date	09/30/2019
Investment Return Assumption	5.65%
Mortality Table	FRS Mortality Rates from 7/1/16 FRS Valuation



Schedule of Changes in the Employers' Net Pension Liability
Using Assumptions under 112.664(1)(b), F.S. except 2% higher investment return assumption

Fiscal year ending September 30,	<u>2019</u>
1. Total pension liability	
a. Service Cost	\$ 3,334,700
b. Interest	16,553,059
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	-
e. Assumption Changes	-
f. Benefit Payments	(10,271,348)
g. Contribution Refunds	(13,426)
h. Net Change in Total Pension Liability	<u>9,602,985</u>
i. Total Pension Liability - Beginning	<u>173,341,981</u>
j. Total Pension Liability - Ending	<u><u>\$ 182,944,966</u></u>
2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 10,207,194
b. Contributions - Employer (from State)	858,107
c. Contributions - Member	1,679,931
d. Net Investment Income	5,221,593
e. Benefit Payments	(10,271,348)
f. Contribution Refunds	(13,426)
g. Administrative Expense	(292,849)
h. Other	-
i. Net Change in Plan Fiduciary Net Position	<u>7,389,202</u>
j. Plan Fiduciary Net Position - Beginning	<u>151,246,213</u>
k. Plan Fiduciary Net Position - Ending	<u><u>\$ 158,635,415</u></u>
3. Net Pension Liability / (Asset)	24,309,551
Certain Key Assumptions	
Valuation Date	10/01/2018
Measurement Date	09/30/2019
Investment Return Assumption	9.65%
Mortality Table	FRS Mortality Rates from 7/1/16 FRS Valuation



Asset and Benefit Payment Projection
Not Reflecting Any Contributions from the Employer, State or Employee
Using Assumptions per the Plan's latest Actuarial Valuation

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2020	154,004,594	10,933,292	10,504,653	154,433,233
2021	154,433,233	10,920,997	11,696,481	153,657,749
2022	153,657,749	10,829,454	12,636,489	151,850,714
2023	151,850,714	10,662,837	13,556,216	148,957,335
2024	148,957,335	10,432,081	14,048,527	145,340,889
2025	145,340,889	10,141,141	14,732,359	140,749,671
2026	140,749,671	9,776,777	15,464,607	135,061,841
2027	135,061,841	9,340,576	15,958,340	128,444,077
2028	128,444,077	8,838,245	16,391,680	120,890,642
2029	120,890,642	8,265,982	16,856,617	112,300,007
2030	112,300,007	7,622,532	17,184,168	102,738,371
2031	102,738,371	6,909,890	17,452,528	92,195,733
2032	92,195,733	6,124,464	17,739,393	80,580,804
2033	80,580,804	5,262,557	17,962,776	67,880,585
2034	67,880,585	4,319,352	18,227,794	53,972,143
2035	53,972,143	3,288,171	18,470,255	38,790,059
2036	38,790,059	2,165,171	18,663,890	22,291,340
2037	22,291,340	945,855	18,845,130	4,392,065
2038	4,392,065	-	19,002,106	-
2039	-	-	19,098,595	-
2040	-	-	19,219,070	-
2041	-	-	19,295,364	-
2042	-	-	19,350,054	-
2043	-	-	19,408,866	-
2044	-	-	19,417,134	-
2045	-	-	19,413,203	-

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits, **reflecting no contributions from the Employer, Employee or State, contrary to Florida Statutes and Plan provisions:** 18.25

Certain Key Assumptions

Valuation Investment return assumption 7.35%
 Valuation Mortality Table FRS Mortality Rates from 7/1/19 FRS Valuation

Note: As required in Section 112.664(1)(c) of the Florida Statutes, the projection of the Fund assets do not include contributions from the Employer, Employee or State, which is contrary to Florida Statutes and Plan provisions. For this reason, these projections should not be viewed as a representation of the amount of time the Fund can sustain benefit payments. Under the GASB standards which DO include contributions from the employer, employee and State, the Fund is expected to be able to sustain the benefit payment demands in the near-term and long-term future.



Asset and Benefit Payment Projection
Not Reflecting Any Contributions from the Employer, State or Employee
Using Assumptions required under 112.664(1)(a), F.S.

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2020	154,004,594	10,933,292	10,504,653	154,433,233
2021	154,433,233	10,920,997	11,696,481	153,657,749
2022	153,657,749	10,829,454	12,636,489	151,850,714
2023	151,850,714	10,662,837	13,556,216	148,957,335
2024	148,957,335	10,432,081	14,048,527	145,340,889
2025	145,340,889	10,141,141	14,732,359	140,749,671
2026	140,749,671	9,776,777	15,464,607	135,061,841
2027	135,061,841	9,340,576	15,958,340	128,444,077
2028	128,444,077	8,838,245	16,391,680	120,890,642
2029	120,890,642	8,265,982	16,856,617	112,300,007
2030	112,300,007	7,622,532	17,184,168	102,738,371
2031	102,738,371	6,909,890	17,452,528	92,195,733
2032	92,195,733	6,124,464	17,739,393	80,580,804
2033	80,580,804	5,262,557	17,962,776	67,880,585
2034	67,880,585	4,319,352	18,227,794	53,972,143
2035	53,972,143	3,288,171	18,470,255	38,790,059
2036	38,790,059	2,165,171	18,663,890	22,291,340
2037	22,291,340	945,855	18,845,130	4,392,065
2038	4,392,065	-	19,002,106	-
2039	-	-	19,098,595	-
2040	-	-	19,219,070	-
2041	-	-	19,295,364	-
2042	-	-	19,350,054	-
2043	-	-	19,408,866	-
2044	-	-	19,417,134	-
2045	-	-	19,413,203	-

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits, reflecting no contributions from the Employer, Employee or State, contrary to Florida Statutes and Plan provisions: 18.25

Certain Key Assumptions

Valuation Investment return assumption 7.35%
 Valuation Mortality Table FRS Mortality Rates from 7/1/19 FRS Valuation

Note: As required in Section 112.664(1)(c) of the Florida Statutes, the projection of the Fund assets do not include contributions from the Employer, Employee or State, which is contrary to Florida Statutes and Plan provisions. For this reason, these projections should not be viewed as a representation of the amount of time the Fund can sustain benefit payments. Under the GASB standards which DO include contributions from the employer, employee and State, the Fund is expected to be able to sustain the benefit payment demands in the near-term and long-term future.



Asset and Benefit Payment Projection
Not Reflecting Any Contributions from the Employer, State or Employee
Using Assumptions required under 112.664(1)(b), F.S.

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2020	154,004,594	7,958,246	10,504,653	151,458,187
2021	151,458,187	7,790,132	11,696,481	147,551,838
2022	147,551,838	7,555,997	12,636,489	142,471,346
2023	142,471,346	7,259,588	13,556,216	136,174,718
2024	136,174,718	6,909,549	14,048,527	129,035,740
2025	129,035,740	6,509,321	14,732,359	120,812,702
2026	120,812,702	6,049,801	15,464,607	111,397,896
2027	111,397,896	5,532,902	15,958,340	100,972,458
2028	100,972,458	4,963,549	16,391,680	89,544,327
2029	89,544,327	4,339,707	16,856,617	77,027,417
2030	77,027,417	3,661,290	17,184,168	63,504,539
2031	63,504,539	2,930,638	17,452,528	48,982,649
2032	48,982,649	2,146,043	17,739,393	33,389,299
2033	33,389,299	1,305,823	17,962,776	16,732,346
2034	16,732,346	407,587	18,227,794	-
2035	-	-	18,470,255	-
2036	-	-	18,663,890	-
2037	-	-	18,845,130	-
2038	-	-	19,002,106	-
2039	-	-	19,098,595	-
2040	-	-	19,219,070	-
2041	-	-	19,295,364	-
2042	-	-	19,350,054	-
2043	-	-	19,408,866	-
2044	-	-	19,417,134	-
2045	-	-	19,413,203	-

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits, reflecting no contributions from the Employer, Employee or State, contrary to Florida Statutes and Plan provisions: 14.92

Certain Key Assumptions

Valuation Investment return assumption	5.35%
Valuation Mortality Table	FRS Mortality Rates from 7/1/19 FRS Valuation

Note: As required in Section 112.664(1)(c) of the Florida Statutes, the projection of the Fund assets do not include contributions from the Employer, Employee or State, which is contrary to Florida Statutes and Plan provisions. For this reason, these projections should not be viewed as a representation of the amount of time the Fund can sustain benefit payments. Under the GASB standards which DO include contributions from the employer, employee and State, the Fund is expected to be able to sustain the benefit payment demands in the near-term and long-term future.



Asset and Benefit Payment Projection
Not Reflecting Any Contributions from the Employer, State or Employee
Using Assumptions under 112.664(1)(b), F.S. except 2% higher investment return assumption

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2020	154,004,594	13,908,337	10,504,653	157,408,278
2021	157,408,278	14,170,864	11,696,481	159,882,661
2022	159,882,661	14,358,273	12,636,489	161,604,445
2023	161,604,445	14,476,263	13,556,216	162,524,492
2024	162,524,492	14,539,271	14,048,527	163,015,236
2025	163,015,236	14,553,187	14,732,359	162,836,064
2026	162,836,064	14,502,202	15,464,607	161,873,659
2027	161,873,659	14,389,135	15,958,340	160,304,454
2028	160,304,454	14,222,155	16,391,680	158,134,929
2029	158,134,929	13,997,569	16,856,617	155,275,881
2030	155,275,881	13,714,935	17,184,168	151,806,648
2031	151,806,648	13,378,016	17,452,528	147,732,136
2032	147,732,136	12,983,638	17,739,393	142,976,381
2033	142,976,381	12,528,532	17,962,776	137,542,137
2034	137,542,137	12,008,040	18,227,794	131,322,383
2035	131,322,383	11,415,158	18,470,255	124,267,286
2036	124,267,286	10,746,454	18,663,890	116,349,850
2037	116,349,850	9,997,701	18,845,130	107,502,421
2038	107,502,421	9,163,128	19,002,106	97,663,443
2039	97,663,443	8,238,673	19,098,595	86,803,521
2040	86,803,521	7,217,638	19,219,070	74,802,089
2041	74,802,089	6,091,937	19,295,364	61,598,662
2042	61,598,662	4,854,860	19,350,054	47,103,468
2043	47,103,468	3,496,810	19,408,866	31,191,412
2044	31,191,412	2,008,646	19,417,134	13,782,924
2045	13,782,924	381,136	19,413,203	-

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits, **reflecting no contributions from the Employer, Employee or State, contrary to Florida Statutes and Plan provisions:** 25.75

Certain Key Assumptions

Valuation Investment return assumption 9.35%
 Valuation Mortality Table FRS Mortality Rates from 7/1/19 FRS Valuation

Note: As required in Section 112.664(1)(c) of the Florida Statutes, the projection of the Fund assets do not include contributions from the Employer, Employee or State, which is contrary to Florida Statutes and Plan provisions. For this reason, these projections should not be viewed as a representation of the amount of time the Fund can sustain benefit payments. Under the GASB standards which DO include contributions from the employer, employee and State, the Fund is expected to be able to sustain the benefit payment demands in the near-term and long-term future.



ACTUARIALLY DETERMINED CONTRIBUTION

	Plan's Latest Actuarial Valuation Assumptions	112.664(1)(a) F.S. Assumptions	112.664(1)(b) F.S. Assumptions	112.664(1)(b) F.S. Except 2% Higher Investment Return Assumption
A. Valuation Date	October 1, 2019	October 1, 2019	October 1, 2019	October 1, 2019
B. Actuarially Determined Contribution (ADC) to Be Paid During Fiscal Year Ending	9/30/2021	9/30/2021	9/30/2021	9/30/2021
C. Assumed Dates of Employer Contributions	Biweekly	Biweekly	Biweekly	Biweekly
D. Annual Payment to Amortize Unfunded Actuarial Liability	\$ 6,920,387	\$ 6,920,387	\$ 10,584,067	\$ 3,723,516
E. Employer Normal Cost	3,965,263	3,965,263	7,242,811	2,085,462
F. Employer ADC if Paid on Valuation Date: D + E	10,885,650	10,885,650	17,826,878	5,808,978
G. Employer ADC Adjusted for Frequency of Payments	11,286,895	11,286,895	18,309,630	6,078,863
H. Employer ADC Adjusted for Frequency of Payments as % of Covered Payroll	61.64 %	61.64 %	99.99 %	33.20 %
I. Assumed Rate of Increase in Covered Payroll to Contribution Year	3.00 %	3.00 %	3.00 %	3.00 %
J. Covered Payroll for Contribution Year	18,860,750	18,860,750	18,860,750	18,860,750
K. ADC for Contribution Year: H x J	11,625,766	11,625,766	18,858,864	6,261,769
L. Allowable Credit for State Revenue in Contribution Year	858,107	858,107	858,107	858,107
M. Net Employer ADC After State Revenue in Contribution Year	10,767,659	10,767,659	18,000,757	5,403,662
N. Net Employer ADC as % of Covered Payroll in Contribution Year: M ÷ J	57.09 %	57.09 %	95.44 %	28.65 %
O. Expected Member Contributions	1,807,060	1,807,060	1,807,060	1,807,060
P. Total Contribution (including Members) in Contributing Year: K + O	13,432,826	13,432,826	20,665,924	8,068,829
Q. Total Contribution as a % of covered payroll in Contribution Year: P ÷ J	71.22 %	71.22 %	109.57 %	42.78 %
R. Certain Key Assumptions				
Investment Return Assumption	7.35%	7.35%	5.35%	9.35%
Mortality Table	FRS Mortality	FRS Mortality	FRS Mortality	FRS Mortality

