

CITY OF SANFORD
POLICE OFFICERS' RETIREMENT SYSTEM

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

April 7, 2023

VIA EMAIL

Susy Pita, Plan Administrator
City of Sanford
Police Officers' Retirement System
22233 Drawbridge Dr.
Leesburg, FL 34748

Re: City of Sanford Police Officers' Retirement System
Section 112.664, Florida Statutes Compliance

Dear Susy:

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: 

Sara E. Carlson, ASA, EA, MAAA
Enrolled Actuary #23-8546

Enclosures

cc via email: Pedro Herrera, Board Attorney
cc via email: Jessica A. De la Torre Vila, Legal Assistant

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	
	6.60%	4.60%	8.60%
Discount Rate:	6.60%	4.60%	8.60%
<u>Total Pension Liability</u>			
Service Cost	765,514	1,206,802	507,141
Interest	3,549,225	3,160,805	3,735,484
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	715,562	966,867	565,782
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(3,179,244)	(3,179,244)	(3,179,244)
Net Change in Total Pension Liability	1,851,057	2,155,230	1,629,163
Total Pension Liability - Beginning	54,600,250	69,095,973	44,518,336
Total Pension Liability - Ending (a)	<u>\$ 56,451,307</u>	<u>\$ 71,251,203</u>	<u>\$ 46,147,499</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	358,598	358,598	358,598
Contributions - State	565,122	565,122	565,122
Contributions - Employee	226,061	226,061	226,061
Net Investment Income	(5,817,316)	(5,817,316)	(5,817,316)
Benefit Payments, Including Refunds of Employee Contributions	(3,179,244)	(3,179,244)	(3,179,244)
Administrative Expenses	(80,199)	(80,199)	(80,199)
Net Change in Plan Fiduciary Net Position	(7,926,978)	(7,926,978)	(7,926,978)
Plan Fiduciary Net Position - Beginning	58,389,829	58,389,829	58,389,829
Plan Fiduciary Net Position - Ending (b)	<u>\$ 50,462,851</u>	<u>\$ 50,462,851</u>	<u>\$ 50,462,851</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 5,988,456</u>	<u>\$ 20,788,352</u>	<u>\$ (4,315,352)</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: Discount Rate = 6.60%

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	50,462,851	-	3,697,415	-	3,208,533	49,973,969
2023	49,973,969	-	3,445,654	-	3,184,575	49,712,890
2024	49,712,890	-	3,499,160	-	3,165,578	49,379,308
2025	49,379,308	-	3,585,807	-	3,140,703	48,934,204
2026	48,934,204	-	3,688,756	-	3,107,929	48,353,377
2027	48,353,377	-	3,747,811	-	3,067,645	47,673,211
2028	47,673,211	-	3,819,965	-	3,020,373	46,873,619
2029	46,873,619	-	3,906,304	-	2,964,751	45,932,066
2030	45,932,066	-	3,952,144	-	2,901,096	44,881,018
2031	44,881,018	-	4,077,711	-	2,827,583	43,630,890
2032	43,630,890	-	4,100,430	-	2,744,325	42,274,785
2033	42,274,785	-	4,146,644	-	2,653,297	40,781,438
2034	40,781,438	-	4,123,625	-	2,555,495	39,213,308
2035	39,213,308	-	4,075,816	-	2,453,576	37,591,068
2036	37,591,068	-	4,004,032	-	2,348,877	35,935,913
2037	35,935,913	-	3,951,457	-	2,241,372	34,225,828
2038	34,225,828	-	3,894,490	-	2,130,386	32,461,724
2039	32,461,724	-	3,819,163	-	2,016,441	30,659,002
2040	30,659,002	-	3,742,147	-	1,900,003	28,816,858
2041	28,816,858	-	3,643,559	-	1,781,675	26,954,974
2042	26,954,974	-	3,540,032	-	1,662,207	25,077,149
2043	25,077,149	-	3,431,398	-	1,541,856	23,187,607
2044	23,187,607	-	3,320,908	-	1,420,792	21,287,491
2045	21,287,491	-	3,207,961	-	1,299,112	19,378,642
2046	19,378,642	-	3,092,810	-	1,176,928	17,462,760
2047	17,462,760	-	2,974,036	-	1,054,399	15,543,123
2048	15,543,123	-	2,852,680	-	931,708	13,622,151
2049	13,622,151	-	2,729,938	-	808,974	11,701,187
2050	11,701,187	-	2,605,834	-	686,286	9,781,639
2051	9,781,639	-	2,481,401	-	563,702	7,863,940
2052	7,863,940	-	2,356,930	-	441,241	5,948,251
2053	5,948,251	-	2,232,897	-	318,899	4,034,253
2054	4,034,253	-	2,109,838	-	196,636	2,121,051
2055	2,121,051	-	1,988,253	-	74,377	207,175
2056	207,175	-	1,868,524	-	-	-

*All DROP Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 34.11

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 6.60% 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 = 4.60%

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	50,462,851	-	3,697,415	-	2,236,251	49,001,687
2023	49,001,687	-	3,445,654	-	2,174,828	47,730,861
2024	47,730,861	-	3,499,160	-	2,115,139	46,346,840
2025	46,346,840	-	3,585,807	-	2,049,481	44,810,514
2026	44,810,514	-	3,688,756	-	1,976,442	43,098,200
2027	43,098,200	-	3,747,811	-	1,896,318	41,246,707
2028	41,246,707	-	3,819,965	-	1,809,489	39,236,231
2029	39,236,231	-	3,906,304	-	1,715,022	37,044,949
2030	37,044,949	-	3,952,144	-	1,613,168	34,705,973
2031	34,705,973	-	4,077,711	-	1,502,687	32,130,949
2032	32,130,949	-	4,100,430	-	1,383,714	29,414,233
2033	29,414,233	-	4,146,644	-	1,257,682	26,525,271
2034	26,525,271	-	4,123,625	-	1,125,319	23,526,965
2035	23,526,965	-	4,075,816	-	988,497	20,439,646
2036	20,439,646	-	4,004,032	-	848,131	17,283,745
2037	17,283,745	-	3,951,457	-	704,169	14,036,457
2038	14,036,457	-	3,894,490	-	556,104	10,698,071
2039	10,698,071	-	3,819,163	-	404,271	7,283,179
2040	7,283,179	-	3,742,147	-	248,957	3,789,989
2041	3,789,989	-	3,643,559	-	90,538	236,968
2042	236,968	-	3,540,032	-	-	-

*All DROP Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 20.07

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 4.60% 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 = 8.60%

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	50,462,851	-	3,697,415	-	4,180,816	50,946,252
2023	50,946,252	-	3,445,654	-	4,233,215	51,733,813
2024	51,733,813	-	3,499,160	-	4,298,644	52,533,297
2025	52,533,297	-	3,585,807	-	4,363,674	53,311,164
2026	53,311,164	-	3,688,756	-	4,426,144	54,048,552
2027	54,048,552	-	3,747,811	-	4,487,020	54,787,761
2028	54,787,761	-	3,819,965	-	4,547,489	55,515,285
2029	55,515,285	-	3,906,304	-	4,606,343	56,215,324
2030	56,215,324	-	3,952,144	-	4,664,576	56,927,756
2031	56,927,756	-	4,077,711	-	4,720,445	57,570,490
2032	57,570,490	-	4,100,430	-	4,774,744	58,244,804
2033	58,244,804	-	4,146,644	-	4,830,747	58,928,907
2034	58,928,907	-	4,123,625	-	4,890,570	59,695,852
2035	59,695,852	-	4,075,816	-	4,958,583	60,578,619
2036	60,578,619	-	4,004,032	-	5,037,588	61,612,175
2037	61,612,175	-	3,951,457	-	5,128,734	62,789,452
2038	62,789,452	-	3,894,490	-	5,232,430	64,127,392
2039	64,127,392	-	3,819,163	-	5,350,732	65,658,961
2040	65,658,961	-	3,742,147	-	5,485,758	67,402,572
2041	67,402,572	-	3,643,559	-	5,639,948	69,398,961
2042	69,398,961	-	3,540,032	-	5,816,089	71,675,018
2043	71,675,018	-	3,431,398	-	6,016,501	74,260,121
2044	74,260,121	-	3,320,908	-	6,243,571	77,182,784
2045	77,182,784	-	3,207,961	-	6,499,777	80,474,600
2046	80,474,600	-	3,092,810	-	6,787,825	84,169,615
2047	84,169,615	-	2,974,036	-	7,110,703	88,306,282
2048	88,306,282	-	2,852,680	-	7,471,675	92,925,277
2049	92,925,277	-	2,729,938	-	7,874,186	98,069,525
2050	98,069,525	-	2,605,834	-	8,321,928	103,785,619
2051	103,785,619	-	2,481,401	-	8,818,863	110,123,081
2052	110,123,081	-	2,356,930	-	9,369,237	117,135,388
2053	117,135,388	-	2,232,897	-	9,977,629	124,880,120
2054	124,880,120	-	2,109,838	-	10,648,967	133,419,249
2055	133,419,249	-	1,988,253	-	11,388,561	142,819,557
2056	142,819,557	-	1,868,524	-	12,202,135	153,153,168
2057	153,153,168	-	1,751,011	-	13,095,879	164,498,036
2058	164,498,036	-	1,636,093	-	14,076,479	176,938,422
2059	176,938,422	-	1,524,161	-	15,151,165	190,565,426
2060	190,565,426	-	1,415,590	-	16,327,756	205,477,592
2061	205,477,592	-	1,310,681	-	17,614,714	221,781,625
2062	221,781,625	-	1,209,595	-	19,021,207	239,593,237
2063	239,593,237	-	1,112,412	-	20,557,185	259,038,010
2064	259,038,010	-	1,019,217	-	22,233,443	280,252,236
2065	280,252,236	-	930,065	-	24,061,700	303,383,871
2066	303,383,871	-	845,004	-	26,054,678	328,593,545
2067	328,593,545	-	764,097	-	28,226,189	356,055,637
2068	356,055,637	-	687,421	-	30,591,226	385,959,442
2069	385,959,442	-	615,070	-	33,166,064	418,510,436
2070	418,510,436	-	547,131	-	35,968,371	453,931,676
2071	453,931,676	-	483,667	-	39,017,326	492,465,335
2072	492,465,335	-	424,717	-	42,333,756	534,374,374
2073	534,374,374	-	370,296	-	45,940,273	579,944,351

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3
Hypothetical Assumptions: Discount Rate = 8.60%

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
2074	579,944,351	-	320,407	-	49,861,437	629,485,381
2075	629,485,381	-	275,010	-	54,123,917	683,334,288
2076	683,334,288	-	234,040	-	58,756,685	741,856,933
2077	741,856,933	-	197,434	-	63,791,207	805,450,706
2078	805,450,706	-	165,051	-	69,261,664	874,547,319
2079	874,547,319	-	136,698	-	75,205,191	949,615,812
2080	949,615,812	-	112,122	-	81,662,139	1,031,165,829
2081	1,031,165,829	-	91,027	-	88,676,347	1,119,751,149
2082	1,119,751,149	-	73,097	-	96,295,456	1,215,973,508
2083	1,215,973,508	-	58,017	-	104,571,227	1,320,486,718
2084	1,320,486,718	-	45,477	-	113,559,902	1,434,001,143
2085	1,434,001,143	-	35,170	-	123,322,586	1,557,288,559
2086	1,557,288,559	-	26,812	-	133,925,663	1,691,187,410
2087	1,691,187,410	-	20,132	-	145,441,252	1,836,608,530
2088	1,836,608,530	-	14,871	-	157,947,694	1,994,541,353
2089	1,994,541,353	-	10,796	-	171,530,092	2,166,060,649
2090	2,166,060,649	-	7,695	-	186,280,885	2,352,333,839
2091	2,352,333,839	-	5,378	-	202,300,479	2,554,628,940
2092	2,554,628,940	-	3,681	-	219,697,931	2,774,323,190
2093	2,774,323,190	-	2,466	-	238,591,688	3,012,912,412
2094	3,012,912,412	-	1,615	-	259,110,398	3,272,021,195
2095	3,272,021,195	-	1,034	-	281,393,778	3,553,413,939
2096	3,553,413,939	-	647	-	305,593,571	3,859,006,863
2097	3,859,006,863	-	395	-	331,874,573	4,190,881,041
2098	4,190,881,041	-	235	-	360,415,759	4,551,296,565
2099	4,551,296,565	-	137	-	391,411,499	4,942,707,927
2100	4,942,707,927	-	78	-	425,072,878	5,367,780,727
2101	5,367,780,727	-	43	-	461,629,141	5,829,409,825
2102	5,829,409,825	-	23	-	501,329,244	6,330,739,046
2103	6,330,739,046	-	12	-	544,443,557	6,875,182,591
2104	6,875,182,591	-	6	-	591,265,703	7,466,448,288
2105	7,466,448,288	-	3	-	642,114,553	8,108,562,838
2106	8,108,562,838	-	1	-	697,336,404	8,805,899,241
2107	8,805,899,241	-	1	-	757,307,335	9,563,206,575
2108	9,563,206,575	-	-	-	822,435,765	10,385,642,340

*All DROP Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 999.99

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 8.60% 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

	ACTUAL	HYPOTHETICAL	
	6.60%	4.60%	8.60%
Investment Rate of Return:	6.60%	4.60%	8.60%
Minimum Required Contribution (Fixed \$)	\$1,081,392	\$2,457,206	\$551,873
Minimum Required Contribution (% of Payroll)	32.1%	73.0%	16.4%
Expected Member Contribution	241,822	239,481	244,163
Expected State Money	176,349	176,349	176,349
Expected Sponsor Contribution (Fixed \$)	\$663,221	\$2,041,376	\$131,361
Expected Sponsor Contribution (% of Payroll)	20.5%	61.4%	4.8%

ASSETS

Actuarial Value ¹	54,904,888	54,904,888	54,904,888
Market Value ¹	50,462,851	50,462,851	50,462,851

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	18,435,442	26,764,166	13,272,934
Disability Benefits	2,698,432	3,674,070	2,062,020
Death Benefits	119,304	145,053	99,406
Vested Benefits	1,204,952	1,893,493	802,233
Refund of Contributions	34,118	34,638	33,625
Service Retirees	30,396,249	36,847,795	25,753,589
DROP Retirees ¹	2,674,820	3,305,100	2,249,342
Beneficiaries	711,987	871,096	601,236
Disability Retirees	3,449,618	4,273,608	2,881,070
Terminated Vested	2,282,834	2,958,812	1,826,984
Share Plan Balances ¹	0	0	0
Total:	62,007,756	80,767,831	49,582,439
Present Value of Future Salaries	23,247,591	25,433,401	21,401,869
Present Value of Future Member Contributions	1,615,718	1,767,632	1,487,439
Total Normal Cost	679,773	1,099,052	436,435
Present Value of Future Normal Costs (Entry Age Normal)	4,612,604	8,197,160	2,709,398
Total Actuarial Accrued Liability (EAN) ¹	57,395,152	72,570,671	46,873,041
Unfunded Actuarial Accrued Liability (UAAL)	2,490,264	17,665,783	(8,031,847)

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

Valuation Date: 10/1/2022

	ACTUAL	HYPOTHETICAL	
	6.60%	4.60%	8.60%
Investment Rate of Return:	6.60%	4.60%	8.60%
<u>PENSION COST</u>			
Normal Cost ²	735,560	1,177,736	476,824
Administrative Expenses ²	74,329	73,610	75,049
Payment Required To Amortize UAAL ²	271,503	1,205,860	(689,616)
Minimum Required Contribution	\$1,081,392	\$2,457,206	\$551,873 ³

¹ The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2022.

² Contributions developed as of 10/1/2022 displayed above have been adjusted to account for assumed salary increase and interest components.

³ Reflects normal cost minimum funding requirements of Chapter 112, Florida Statutes.