

CITY OF SANFORD
POLICE OFFICERS' RETIREMENT SYSTEM

SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2023 VALUATION DATE

June 3, 2024

VIA EMAIL

Ms. Susy Pita, Plan Administrator
233 Seaside Landings Dr. S.
Flagler Beach, FL 32136

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, 2023 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, 2023 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, 2023

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>	<u>HYPOTHETICAL</u>
Discount Rate:	6.60%	4.60%	8.60%
<u>Total Pension Liability</u>			
Service Cost	731,711	1,157,656	483,108
Interest	3,666,722	3,255,983	3,870,342
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	366,590	448,838	308,911
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(3,253,252)	(3,253,252)	(3,253,252)
Net Change in Total Pension Liability	1,511,771	1,609,225	1,409,109
Total Pension Liability - Beginning	56,451,307	71,251,203	46,147,499
Total Pension Liability - Ending (a)	<u>\$ 57,963,078</u>	<u>\$ 72,860,428</u>	<u>\$ 47,556,608</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	643,780	643,780	643,780
Contributions - State	672,756	672,756	672,756
Contributions - Employee	223,512	223,512	223,512
Net Investment Income	4,394,915	4,394,915	4,394,915
Benefit Payments, Including Refunds of Employee Contributions	(3,253,252)	(3,253,252)	(3,253,252)
Administrative Expenses	(70,715)	(70,715)	(70,715)
Net Change in Plan Fiduciary Net Position	2,610,996	2,610,996	2,610,996
Plan Fiduciary Net Position - Beginning	50,462,851	50,462,851	50,462,851
Plan Fiduciary Net Position - Ending (b)	<u>\$ 53,073,847</u>	<u>\$ 53,073,847</u>	<u>\$ 53,073,847</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 4,889,231</u>	<u>\$ 19,786,581</u>	<u>\$ (5,517,239)</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
2023	53,073,847	-	4,225,376	-	3,363,436	52,211,907
2024	52,211,907	-	3,610,209	-	3,326,849	51,928,547
2025	51,928,547	-	3,667,406	-	3,306,260	51,567,401
2026	51,567,401	-	3,782,098	-	3,278,639	51,063,942
2027	51,063,942	-	3,838,787	-	3,243,540	50,468,695
2028	50,468,695	-	3,884,748	-	3,202,737	49,786,684
2029	49,786,684	-	3,970,645	-	3,154,890	48,970,929
2030	48,970,929	-	4,020,380	-	3,099,409	48,049,958
2031	48,049,958	-	4,165,083	-	3,033,849	46,918,724
2032	46,918,724	-	4,212,446	-	2,957,625	45,663,903
2033	45,663,903	-	4,274,773	-	2,872,750	44,261,880
2034	44,261,880	-	4,257,571	-	2,780,784	42,785,093
2035	42,785,093	-	4,216,237	-	2,684,680	41,253,536
2036	41,253,536	-	4,144,579	-	2,585,962	39,694,919
2037	39,694,919	-	4,096,146	-	2,484,692	38,083,465
2038	38,083,465	-	4,047,150	-	2,379,953	36,416,268
2039	36,416,268	-	3,975,316	-	2,272,288	34,713,240
2040	34,713,240	-	3,894,495	-	2,162,556	32,981,301
2041	32,981,301	-	3,794,093	-	2,051,561	31,238,769
2042	31,238,769	-	3,688,678	-	1,940,032	29,490,123
2043	29,490,123	-	3,578,083	-	1,828,271	27,740,311
2044	27,740,311	-	3,465,751	-	1,716,491	25,991,051
2045	25,991,051	-	3,350,928	-	1,604,829	24,244,952
2046	24,244,952	-	3,233,969	-	1,493,446	22,504,429
2047	22,504,429	-	3,113,186	-	1,382,557	20,773,800
2048	20,773,800	-	2,989,556	-	1,272,415	19,056,659
2049	19,056,659	-	2,864,578	-	1,163,208	17,355,289
2050	17,355,289	-	2,738,467	-	1,055,080	15,671,902
2051	15,671,902	-	2,611,776	-	948,157	14,008,283
2052	14,008,283	-	2,484,872	-	842,546	12,365,957
2053	12,365,957	-	2,358,169	-	738,334	10,746,122
2054	10,746,122	-	2,232,153	-	635,583	9,149,552
2055	9,149,552	-	2,107,279	-	534,330	7,576,603
2056	7,576,603	-	1,983,878	-	434,588	6,027,313
2057	6,027,313	-	1,862,270	-	336,348	4,501,391
2058	4,501,391	-	1,742,796	-	239,580	2,998,175
2059	2,998,175	-	1,625,827	-	144,227	1,516,575
2060	1,516,575	-	1,511,750	-	50,206	55,031
2061	55,031	-	1,400,901	-	-	-

*All DROP Balances paid in 2023.

Number of Years Expected Benefit Payments Sustained: 38.04

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
2023	53,073,847	-	4,225,376	-	2,344,213	51,192,684
2024	51,192,684	-	3,610,209	-	2,271,829	49,854,304
2025	49,854,304	-	3,667,406	-	2,208,948	48,395,846
2026	48,395,846	-	3,782,098	-	2,139,221	46,752,969
2027	46,752,969	-	3,838,787	-	2,062,344	44,976,526
2028	44,976,526	-	3,884,748	-	1,979,571	43,071,349
2029	43,071,349	-	3,970,645	-	1,889,957	40,990,661
2030	40,990,661	-	4,020,380	-	1,793,102	38,763,383
2031	38,763,383	-	4,165,083	-	1,687,319	36,285,619
2032	36,285,619	-	4,212,446	-	1,572,252	33,645,425
2033	33,645,425	-	4,274,773	-	1,449,370	30,820,022
2034	30,820,022	-	4,257,571	-	1,319,797	27,882,248
2035	27,882,248	-	4,216,237	-	1,185,610	24,851,621
2036	24,851,621	-	4,144,579	-	1,047,849	21,754,891
2037	21,754,891	-	4,096,146	-	906,514	18,565,259
2038	18,565,259	-	4,047,150	-	760,917	15,279,026
2039	15,279,026	-	3,975,316	-	611,403	11,915,113
2040	11,915,113	-	3,894,495	-	458,522	8,479,140
2041	8,479,140	-	3,794,093	-	302,776	4,987,823
2042	4,987,823	-	3,688,678	-	144,600	1,443,745
2043	1,443,745	-	3,578,083	-	-	-

*All DROP Balances paid in 2023.

Number of Years Expected Benefit Payments Sustained: 20.40

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
2023	53,073,847	-	4,225,376	-	4,382,660	53,231,131
2024	53,231,131	-	3,610,209	-	4,422,638	54,043,560
2025	54,043,560	-	3,667,406	-	4,490,048	54,866,202
2026	54,866,202	-	3,782,098	-	4,555,863	55,639,967
2027	55,639,967	-	3,838,787	-	4,619,969	56,421,149
2028	56,421,149	-	3,884,748	-	4,685,175	57,221,576
2029	57,221,576	-	3,970,645	-	4,750,318	58,001,249
2030	58,001,249	-	4,020,380	-	4,815,231	58,796,100
2031	58,796,100	-	4,165,083	-	4,877,366	59,508,383
2032	59,508,383	-	4,212,446	-	4,936,586	60,232,523
2033	60,232,523	-	4,274,773	-	4,996,182	60,953,932
2034	60,953,932	-	4,257,571	-	5,058,963	61,755,324
2035	61,755,324	-	4,216,237	-	5,129,660	62,668,747
2036	62,668,747	-	4,144,579	-	5,211,295	63,735,463
2037	63,735,463	-	4,096,146	-	5,305,116	64,944,433
2038	64,944,433	-	4,047,150	-	5,411,194	66,308,477
2039	66,308,477	-	3,975,316	-	5,531,590	67,864,751
2040	67,864,751	-	3,894,495	-	5,668,905	69,639,161
2041	69,639,161	-	3,794,093	-	5,825,822	71,670,890
2042	71,670,890	-	3,688,678	-	6,005,083	73,987,295
2043	73,987,295	-	3,578,083	-	6,209,050	76,618,262
2044	76,618,262	-	3,465,751	-	6,440,143	79,592,654
2045	79,592,654	-	3,350,928	-	6,700,878	82,942,604
2046	82,942,604	-	3,233,969	-	6,994,003	86,702,638
2047	86,702,638	-	3,113,186	-	7,322,560	90,912,012
2048	90,912,012	-	2,989,556	-	7,689,882	95,612,338
2049	95,612,338	-	2,864,578	-	8,099,484	100,847,244
2050	100,847,244	-	2,738,467	-	8,555,109	106,663,886
2051	106,663,886	-	2,611,776	-	9,060,788	113,112,898
2052	113,112,898	-	2,484,872	-	9,620,860	120,248,886
2053	120,248,886	-	2,358,169	-	10,240,003	128,130,720
2054	128,130,720	-	2,232,153	-	10,923,259	136,821,826
2055	136,821,826	-	2,107,279	-	11,676,064	146,390,611
2056	146,390,611	-	1,983,878	-	12,504,286	156,911,019
2057	156,911,019	-	1,862,270	-	13,414,270	168,463,019
2058	168,463,019	-	1,742,796	-	14,412,879	181,133,102
2059	181,133,102	-	1,625,827	-	15,507,536	195,014,811
2060	195,014,811	-	1,511,750	-	16,706,268	210,209,329
2061	210,209,329	-	1,400,901	-	18,017,764	226,826,192
2062	226,826,192	-	1,293,516	-	19,451,431	244,984,107
2063	244,984,107	-	1,189,781	-	21,017,473	264,811,799
2064	264,811,799	-	1,089,905	-	22,726,949	286,448,843
2065	286,448,843	-	994,053	-	24,591,856	310,046,646
2066	310,046,646	-	902,357	-	26,625,210	335,769,499
2067	335,769,499	-	814,959	-	28,841,134	363,795,674
2068	363,795,674	-	732,006	-	31,254,952	394,318,620
2069	394,318,620	-	653,673	-	33,883,293	427,548,240
2070	427,548,240	-	580,130	-	36,744,203	463,712,313
2071	463,712,313	-	511,495	-	39,857,265	503,058,083
2072	503,058,083	-	447,848	-	43,243,738	545,853,973

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
2073	545,853,973	-	389,225	-	46,926,705	592,391,453
2074	592,391,453	-	335,635	-	50,931,233	642,987,051
2075	642,987,051	-	287,022	-	55,284,544	697,984,573
2076	697,984,573	-	243,292	-	60,016,212	757,757,493
2077	757,757,493	-	204,350	-	65,158,357	822,711,500
2078	822,711,500	-	170,022	-	70,745,878	893,287,356
2079	893,287,356	-	140,087	-	76,816,689	969,963,958
2080	969,963,958	-	114,253	-	83,411,988	1,053,261,693
2081	1,053,261,693	-	92,184	-	90,576,542	1,143,746,051
2082	1,143,746,051	-	73,527	-	98,358,999	1,242,031,523
2083	1,242,031,523	-	57,930	-	106,812,220	1,348,785,813
2084	1,348,785,813	-	45,052	-	115,993,643	1,464,734,404
2085	1,464,734,404	-	34,551	-	125,965,673	1,590,665,526
2086	1,590,665,526	-	26,111	-	136,796,112	1,727,435,527
2087	1,727,435,527	-	19,430	-	148,558,620	1,875,974,717
2088	1,875,974,717	-	14,221	-	161,333,214	2,037,293,710
2089	2,037,293,710	-	10,227	-	175,206,819	2,212,490,302
2090	2,212,490,302	-	7,222	-	190,273,855	2,402,756,935
2091	2,402,756,935	-	5,002	-	206,636,881	2,609,388,814
2092	2,609,388,814	-	3,395	-	224,407,292	2,833,792,711
2093	2,833,792,711	-	2,256	-	243,706,076	3,077,496,531
2094	3,077,496,531	-	1,468	-	264,664,639	3,342,159,702
2095	3,342,159,702	-	934	-	287,425,694	3,629,584,462
2096	3,629,584,462	-	582	-	312,144,239	3,941,728,119
2097	3,941,728,119	-	355	-	338,988,603	4,280,716,367
2098	4,280,716,367	-	211	-	368,141,598	4,648,857,754
2099	4,648,857,754	-	123	-	399,801,762	5,048,659,393
2100	5,048,659,393	-	70	-	434,184,705	5,482,844,028
2101	5,482,844,028	-	39	-	471,524,585	5,954,368,574
2102	5,954,368,574	-	21	-	512,075,696	6,466,444,249
2103	6,466,444,249	-	11	-	556,114,205	7,022,558,443
2104	7,022,558,443	-	6	-	603,940,026	7,626,498,463
2105	7,626,498,463	-	3	-	655,878,868	8,282,377,328
2106	8,282,377,328	-	1	-	712,284,450	8,994,661,777
2107	8,994,661,777	-	1	-	773,540,913	9,768,202,689
2108	9,768,202,689	-	-	-	840,065,431	10,608,268,120

*All DROP Balances paid in 2023.

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, 2025

Valuation Date: 10/1/2023

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>	<u>HYPOTHETICAL</u>
Investment Rate of Return:	6.60%	4.60%	8.60%
Minimum Required Contribution (Fixed \$)	\$1,141,018	\$2,497,884	\$518,595
Minimum Required Contribution (% of Payroll)	35.8%	78.2%	16.3%
Expected Member Contribution	238,277	199,365	203,263
Expected State Money	176,349	176,349	176,349
Expected Sponsor Contribution (Fixed \$)	\$726,392	\$2,122,170	\$138,983
Expected Sponsor Contribution (% of Payroll)	23.9%	66.3%	4.4%

ASSETS

Actuarial Value ¹	56,231,717	56,231,717	56,231,717
Market Value ¹	53,073,847	53,073,847	53,073,847

LIABILITIES

Present Value of Benefits

Actives

Retirement Benefits	18,365,286	26,560,056	13,258,048
Disability Benefits	2,389,987	3,196,571	1,848,719
Death Benefits	113,490	137,389	94,908
Vested Benefits	1,119,199	1,738,261	753,499
Refund of Contributions	16,216	16,359	16,079
Service Retirees	32,853,477	39,848,936	27,828,294
DROP Retirees ¹	4,059,332	4,946,611	3,453,224
Beneficiaries	699,762	853,887	592,069
Disability Retirees	3,619,800	4,426,503	3,050,401
Terminated Vested	617,862	849,858	469,256
Share Plan Balances ¹	0	0	0

Total:	63,854,411	82,574,431	51,364,497
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Present Value of Future Salaries	21,810,281	23,758,644	20,152,549
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Total Normal Cost	627,693	1,022,604	399,211
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Present Value of Future Normal Costs (Entry Age Normal)	4,211,226	7,472,943	2,471,257
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Total Actuarial Accrued Liability (EAN) ¹	59,643,185	75,101,488	48,893,240
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Unfunded Actuarial Accrued Liability (UAAL)	3,411,468	18,869,771	(7,338,477)
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ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2025

Valuation Date: 10/1/2023

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>	<u>HYPOTHETICAL</u>
Investment Rate of Return:	6.60%	4.60%	8.60%
<u>PENSION COST</u>			
Normal Cost ²	679,206	1,095,815	436,155
Administrative Expenses ²	81,650	80,859	82,440
Payment Required To Amortize UAAL ²	<u>380,162</u>	<u>1,321,210</u>	<u>(590,678)</u>
Minimum Required Contribution ³	\$1,141,018	\$2,497,884	\$518,595

¹ The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2023.

² Contributions developed as of 10/1/2023 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.