

City of Sunrise Police Officer's Retirement System

Chapter 112.664, F.S. Compliance Report

In Connection with the October 1, 2017 Funding Actuarial
Valuation Report and the Plan's Financial Reporting for the Year
Ending September 30, 2017



July 9, 2018

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, 2017. 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, 2017 actuarial valuation report. This report is also based on the Plan Provisions, census data, and financial information as summarized in our October 1, 2017 actuarial valuation report. Please refer to the October 1, 2017 actuarial valuation report, dated April 13, 2018, 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. 17-6599
Senior Consultant & Actuary


By 
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Enrolled Actuary No. 17-8010
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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>2017</u>
1. Total pension liability	
a. Service Cost	\$ 4,599,186
b. Interest	14,481,168
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	2,023,747
e. Assumption Changes	(1,393,066)
f. Benefit Payments	(9,946,162)
g. Contribution Refunds	(29,030)
h. Net Change in Total Pension Liability	<u>9,735,843</u>
i. Total Pension Liability - Beginning	<u>186,044,406</u>
j. Total Pension Liability - Ending	<u>\$ 195,780,249</u>
2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 9,199,456
b. Contributions - Employer (from State)	724,891
c. Contributions - Member	1,664,869
d. Net Investment Income	14,258,027
e. Benefit Payments	(9,946,162)
f. Contribution Refunds	(29,030)
g. Administrative Expense	(316,694)
h. Other	-
i. Net Change in Plan Fiduciary Net Position	<u>15,555,357</u>
j. Plan Fiduciary Net Position - Beginning	<u>122,661,859</u>
k. Plan Fiduciary Net Position - Ending	<u>\$ 138,217,216</u>
3. Net Pension Liability / (Asset)	57,563,033
Certain Key Assumptions	
Valuation Date	10/01/2016
Measurement Date	09/30/2017
Investment Return Assumption	7.75%
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,	<u>2017</u>
1. Total pension liability	
a. Service Cost	\$ 4,599,186
b. Interest	14,481,168
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	2,023,747
e. Assumption Changes	(1,393,066)
f. Benefit Payments	(9,946,162)
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a. Contributions - Employer	\$ 9,199,456
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d. Net Investment Income	14,258,027
e. Benefit Payments	(9,946,162)
f. Contribution Refunds	(29,030)
g. Administrative Expense	(316,694)
h. Other	-
i. Net Change in Plan Fiduciary Net Position	<u>15,555,357</u>
j. Plan Fiduciary Net Position - Beginning	<u>122,661,859</u>
k. Plan Fiduciary Net Position - Ending	<u>\$ 138,217,216</u>
3. Net Pension Liability / (Asset)	57,563,033
Certain Key Assumptions	
Valuation Date	10/01/2016
Measurement Date	09/30/2017
Investment Return Assumption	7.75%
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>2017</u>
1. Total pension liability	
a. Service Cost	\$ 7,302,934
b. Interest	14,091,608
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	-
e. Assumption Changes	-
f. Benefit Payments	(9,946,162)
g. Contribution Refunds	(29,030)
h. Net Change in Total Pension Liability	<u>11,419,350</u>
i. Total Pension Liability - Beginning	<u>242,756,114</u>
j. Total Pension Liability - Ending	<u><u>\$ 254,175,464</u></u>
2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 9,199,456
b. Contributions - Employer (from State)	724,891
c. Contributions - Member	1,664,869
d. Net Investment Income	14,258,027
e. Benefit Payments	(9,946,162)
f. Contribution Refunds	(29,030)
g. Administrative Expense	(316,694)
h. Other	-
i. Net Change in Plan Fiduciary Net Position	<u>15,555,357</u>
j. Plan Fiduciary Net Position - Beginning	<u>122,661,859</u>
k. Plan Fiduciary Net Position - Ending	<u><u>\$ 138,217,216</u></u>
3. Net Pension Liability / (Asset)	115,958,248
Certain Key Assumptions	
Valuation Date	10/01/2016
Measurement Date	09/30/2017
Investment Return Assumption	5.75%
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>2017</u>
1. Total pension liability	
a. Service Cost	\$ 2,988,091
b. Interest	14,411,114
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	-
e. Assumption Changes	-
f. Benefit Payments	(9,946,162)
g. Contribution Refunds	(29,030)
h. Net Change in Total Pension Liability	<u>7,424,013</u>
i. Total Pension Liability - Beginning	<u>149,805,806</u>
j. Total Pension Liability - Ending	<u>\$ 157,229,819</u>
2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 9,199,456
b. Contributions - Employer (from State)	724,891
c. Contributions - Member	1,664,869
d. Net Investment Income	14,258,027
e. Benefit Payments	(9,946,162)
f. Contribution Refunds	(29,030)
g. Administrative Expense	(316,694)
h. Other	-
i. Net Change in Plan Fiduciary Net Position	<u>15,555,357</u>
j. Plan Fiduciary Net Position - Beginning	<u>122,661,859</u>
k. Plan Fiduciary Net Position - Ending	<u>\$ 138,217,216</u>
3. Net Pension Liability / (Asset)	19,012,603
Certain Key Assumptions	
Valuation Date	10/01/2016
Measurement Date	09/30/2017
Investment Return Assumption	9.75%
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)
2018	132,211,858	9,841,339	8,804,513	133,248,684
2019	133,248,684	9,899,266	9,373,578	133,774,372
2020	133,774,372	9,903,589	10,312,678	133,365,283
2021	133,365,283	9,835,636	11,259,499	131,941,420
2022	131,941,420	9,698,319	11,978,459	129,661,280
2023	129,661,280	9,495,564	12,684,525	126,472,319
2024	126,472,319	9,232,588	13,137,169	122,567,737
2025	122,567,737	8,912,364	13,645,496	117,834,606
2026	117,834,606	8,528,017	14,162,270	112,200,353
2027	112,200,353	8,080,090	14,528,230	105,752,213
2028	105,752,213	7,572,230	14,823,127	98,501,316
2029	98,501,316	7,001,073	15,156,578	90,345,811
2030	90,345,811	6,363,450	15,407,197	81,302,065
2031	81,302,065	5,658,929	15,618,973	71,342,020
2032	71,342,020	4,883,274	15,845,767	60,379,527
2033	60,379,527	4,032,340	16,022,960	48,388,906
2034	48,388,906	3,100,706	16,239,996	35,249,616
2035	35,249,616	2,081,520	16,433,779	20,897,357
2036	20,897,357	969,901	16,602,487	5,264,771
2037	5,264,771	-	16,758,766	-
2038	-	-	16,895,014	-
2039	-	-	16,995,147	-
2040	-	-	17,095,938	-
2041	-	-	17,174,828	-
2042	-	-	17,238,658	-
2043	-	-	17,276,745	-

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:** 19.33

Certain Key Assumptions

Valuation Investment return assumption 7.70%
 Valuation Mortality Table FRS Mortality Rates from 7/1/16 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)
2018	132,211,858	9,841,339	8,804,513	133,248,684
2019	133,248,684	9,899,266	9,373,578	133,774,372
2020	133,774,372	9,903,589	10,312,678	133,365,283
2021	133,365,283	9,835,636	11,259,499	131,941,420
2022	131,941,420	9,698,319	11,978,459	129,661,280
2023	129,661,280	9,495,564	12,684,525	126,472,319
2024	126,472,319	9,232,588	13,137,169	122,567,737
2025	122,567,737	8,912,364	13,645,496	117,834,606
2026	117,834,606	8,528,017	14,162,270	112,200,353
2027	112,200,353	8,080,090	14,528,230	105,752,213
2028	105,752,213	7,572,230	14,823,127	98,501,316
2029	98,501,316	7,001,073	15,156,578	90,345,811
2030	90,345,811	6,363,450	15,407,197	81,302,065
2031	81,302,065	5,658,929	15,618,973	71,342,020
2032	71,342,020	4,883,274	15,845,767	60,379,527
2033	60,379,527	4,032,340	16,022,960	48,388,906
2034	48,388,906	3,100,706	16,239,996	35,249,616
2035	35,249,616	2,081,520	16,433,779	20,897,357
2036	20,897,357	969,901	16,602,487	5,264,771
2037	5,264,771	-	16,758,766	-
2038	-	-	16,895,014	-
2039	-	-	16,995,147	-
2040	-	-	17,095,938	-
2041	-	-	17,174,828	-
2042	-	-	17,238,658	-
2043	-	-	17,276,745	-

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: 19.33

Certain Key Assumptions

Valuation Investment return assumption 7.70%
 Valuation Mortality Table FRS Mortality Rates from 7/1/16 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)
2018	132,211,858	7,285,147	8,804,513	130,692,492
2019	130,692,492	7,182,325	9,373,578	128,501,239
2020	128,501,239	7,030,659	10,312,678	125,219,221
2021	125,219,221	6,816,600	11,259,499	120,776,322
2022	120,776,322	6,542,864	11,978,459	115,340,727
2023	115,340,727	6,212,912	12,684,525	108,869,114
2024	108,869,114	5,831,130	13,137,169	101,563,075
2025	101,563,075	5,400,199	13,645,496	93,317,778
2026	93,317,778	4,915,489	14,162,270	84,070,997
2027	84,070,997	4,377,992	14,528,230	73,920,759
2028	73,920,759	3,791,024	14,823,127	62,888,656
2029	62,888,656	3,152,691	15,156,578	50,884,769
2030	50,884,769	2,461,327	15,407,197	37,938,899
2031	37,938,899	1,717,377	15,618,973	24,037,302
2032	24,037,302	918,522	15,845,767	9,110,057
2033	9,110,057	62,619	16,022,960	-
2034	-	-	16,239,996	-
2035	-	-	16,433,779	-
2036	-	-	16,602,487	-
2037	-	-	16,758,766	-
2038	-	-	16,895,014	-
2039	-	-	16,995,147	-
2040	-	-	17,095,938	-
2041	-	-	17,174,828	-
2042	-	-	17,238,658	-
2043	-	-	17,276,745	-

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: 15.58

Certain Key Assumptions

Valuation Investment return assumption 5.70%
 Valuation Mortality Table FRS Mortality Rates from 7/1/16 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)
2018	132,211,858	12,397,531	8,804,513	135,804,876
2019	135,804,876	12,718,454	9,373,578	139,149,753
2020	139,149,753	12,997,361	10,312,678	141,834,436
2021	141,834,436	13,211,855	11,259,499	143,786,792
2022	143,786,792	13,366,364	11,978,459	145,174,696
2023	145,174,696	13,466,746	12,684,525	145,956,917
2024	145,956,917	13,520,668	13,137,169	146,340,416
2025	146,340,416	13,533,214	13,645,496	146,228,134
2026	146,228,134	13,497,259	14,162,270	145,563,123
2027	145,563,123	13,415,004	14,528,230	144,449,897
2028	144,449,897	13,292,718	14,823,127	142,919,488
2029	142,919,488	13,128,096	15,156,578	140,891,007
2030	140,891,007	12,919,179	15,407,197	138,402,988
2031	138,402,988	12,667,570	15,618,973	135,451,585
2032	135,451,585	12,370,284	15,845,767	131,976,102
2033	131,976,102	12,024,568	16,022,960	127,977,710
2034	127,977,710	11,626,198	16,239,996	123,363,912
2035	123,363,912	11,169,261	16,433,779	118,099,394
2036	118,099,394	10,650,421	16,602,487	112,147,328
2037	112,147,328	10,065,491	16,758,766	105,454,053
2038	105,454,053	9,409,635	16,895,014	97,968,674
2039	97,968,674	8,678,697	16,995,147	89,652,223
2040	89,652,223	7,867,113	17,095,938	80,423,398
2041	80,423,398	6,968,090	17,174,828	70,216,661
2042	70,216,661	5,974,941	17,238,658	58,952,944
2043	58,952,944	4,880,513	17,276,745	46,556,712
2044	46,556,712	3,677,123	17,296,455	32,937,380
2045	32,937,380	2,355,925	17,298,989	17,994,316
2046	17,994,316	907,746	17,272,213	1,629,850
2047	1,629,850	-	17,228,809	-

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: 29.08

Certain Key Assumptions

Valuation Investment return assumption 9.70%
 Valuation Mortality Table FRS Mortality Rates from 7/1/16 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, 2017	October 1, 2017	October 1, 2017	October 1, 2017
B. Actuarially Determined Contribution (ADC) to Be Paid During Fiscal Year Ending	9/30/2019	9/30/2019	9/30/2019	9/30/2019
C. Assumed Dates of Employer Contributions	Biweekly	Biweekly	Biweekly	Biweekly
D. Annual Payment to Amortize Unfunded Actuarial Liability	\$ 7,187,490	\$ 7,187,490	\$ 10,427,273	\$ 4,400,379
E. Employer Normal Cost	3,555,123	3,555,123	6,536,543	1,858,007
F. Employer ADC if Paid on Valuation Date: D + E	10,742,613	10,742,613	16,963,816	6,258,386
G. Employer ADC Adjusted for Frequency of Payments	11,156,741	11,156,741	17,452,544	6,559,540
H. Employer ADC Adjusted for Frequency of Payments as % of Covered Payroll	64.46 %	64.46 %	100.84 %	37.90 %
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	17,827,132	17,827,132	17,827,132	17,827,132
K. ADC for Contribution Year: H x J	11,491,369	11,491,369	17,976,880	6,756,483
L. Allowable Credit for State Revenue in Contribution Year	724,891	724,891	724,891	724,891
M. Net Employer ADC After State Revenue in Contribution Year	10,766,478	10,766,478	17,251,989	6,031,592
N. Net Employer ADC as % of Covered Payroll in Contribution Year: M ÷ J	60.39 %	60.39 %	96.77 %	33.83 %
O. Expected Member Contributions	1,735,256	1,735,256	1,735,256	1,735,256
P. Total Contribution (including Members) in Contributing Year: K + O	13,226,625	13,226,625	19,712,136	8,491,739
Q. Total Contribution as a % of covered payroll in Contribution Year: P ÷ J	74.19 %	74.19 %	110.57 %	47.63 %
R. Certain Key Assumptions				
Investment Return Assumption	7.70%	7.70%	5.70%	9.70%
Mortality Table	FRS Mortality	FRS Mortality	FRS Mortality	FRS Mortality