

July 7, 2015

VIA EMAIL

Ms. Jocelyn Upchurch
City of Sanibel
800 Dunlop Road
Sanibel, FL 33957

Re: City of Sanibel Municipal Police Officers' Retirement Trust Fund
Senate Bill 534 (Section 112.664, Florida Statutes) Compliance

Dear Jocelyn:

Please find enclosed the annual disclosures that satisfy the October 1, 2014 financial reporting requirements made under Section 112.664.

Our office will submit this information electronically to the Department of Management Services by the July 12, 2015 deadline. 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.

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:



Douglas H. Lozen, EA, MAAA
Enrolled Actuary #14-7778

DHL/lke
Enclosures

cc via email: Pedro Herrera, Board Attorney

CITY OF SANIBEL
MUNICIPAL POLICE OFFICERS' RETIREMENT TRUST FUND

SECTION 112.664, FLORIDA STATUTES
COMPLIANCE

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.

By:



Date: 7/7/2015

Douglas H. Lozen, EA, MAAA
Enrolled Actuary #14-7778



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, 2014 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 AND RELATED RATIOS

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Static 9/30/2014	7.50% RP-2000 Generational 9/30/2014	5.50% RP-2000 Generational 9/30/2014
<u>Total Pension Liability</u>			
Service Cost	509,101	542,367	853,621
Interest	1,445,430	1,514,018	1,468,053
Change in Excess State Money	-	-	-
Change in Funding Standard Account	-	-	-
Share Plan Allocation	-	-	-
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	-	-	-
Changes of Assumptions	-	-	-
Contributions - Buy Back	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(751,882)	(751,882)	(751,882)
Net Change in Total Pension Liability	1,202,649	1,304,503	1,569,792
Total Pension Liability - Beginning	19,166,551	20,047,792	26,241,515
Total Pension Liability - Ending (a)	<u>20,369,200</u>	<u>\$ 21,352,295</u>	<u>\$ 27,811,307</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	961,952	961,952	961,952
Contributions - State	65,862	65,862	65,862
Contributions - Employee	114,679	114,679	114,679
Contributions - Buy Back	-	-	-
Net Investment Income	1,564,849	1,564,849	1,564,849
Benefit Payments, Including Refunds of Employee Contributions	(751,882)	(751,882)	(751,882)
Administrative Expense	(38,332)	(38,332)	(38,332)
Other	-	-	-
Net Change in Plan Fiduciary Net Position	1,917,128	1,917,128	1,917,128
Plan Fiduciary Net Position - Beginning	13,939,400	13,939,400	13,939,400
Plan Fiduciary Net Position - Ending (b)	<u>\$ 15,856,528</u>	<u>\$ 15,856,528</u>	<u>\$ 15,856,528</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 4,512,672</u>	<u>\$ 5,495,767</u>	<u>\$ 11,954,779</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.50% and RP-2000 Static Mortality

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
2014	15,856,528	-	1,521,979	-	1,132,165	15,466,714
2015	15,466,714	-	1,010,340	-	1,122,116	15,578,490
2016	15,578,490	-	1,024,992	-	1,129,950	15,683,448
2017	15,683,448	-	1,142,983	-	1,133,397	15,673,862
2018	15,673,862	-	1,171,608	-	1,131,604	15,633,858
2019	15,633,858	-	1,231,738	-	1,126,349	15,528,469
2020	15,528,469	-	1,307,067	-	1,115,620	15,337,022
2021	15,337,022	-	1,443,130	-	1,096,159	14,990,051
2022	14,990,051	-	1,464,951	-	1,069,318	14,594,418
2023	14,594,418	-	1,489,193	-	1,038,737	14,143,962
2024	14,143,962	-	1,542,252	-	1,002,963	13,604,673
2025	13,604,673	-	1,580,832	-	961,069	12,984,910
2026	12,984,910	-	1,586,941	-	914,358	12,312,327
2027	12,312,327	-	1,574,651	-	864,375	11,602,051
2028	11,602,051	-	1,558,263	-	811,719	10,855,507
2029	10,855,507	-	1,568,784	-	755,334	10,042,057
2030	10,042,057	-	1,579,905	-	693,908	9,156,060
2031	9,156,060	-	1,595,483	-	626,874	8,187,451
2032	8,187,451	-	1,606,163	-	553,828	7,135,116
2033	7,135,116	-	1,607,757	-	474,843	6,002,202
2034	6,002,202	-	1,626,619	-	389,167	4,764,750
2035	4,764,750	-	1,621,339	-	296,556	3,439,967
2036	3,439,967	-	1,618,322	-	197,310	2,018,955
2037	2,018,955	-	1,601,766	-	91,355	508,544
2038	508,544	-	1,596,069	-	-	-

*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 24.32

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.50% 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: 7.50% and RP-2000 Generational Mortality

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
2014	15,856,528	-	1,522,385	-	1,132,150	15,466,293
2015	15,466,293	-	1,011,781	-	1,122,030	15,576,542
2016	15,576,542	-	1,027,534	-	1,129,708	15,678,716
2017	15,678,716	-	1,147,044	-	1,132,890	15,664,562
2018	15,664,562	-	1,177,291	-	1,130,694	15,617,965
2019	15,617,965	-	1,239,092	-	1,124,881	15,503,754
2020	15,503,754	-	1,317,083	-	1,113,391	15,300,062
2021	15,300,062	-	1,455,884	-	1,092,909	14,937,087
2022	14,937,087	-	1,480,158	-	1,064,776	14,521,705
2023	14,521,705	-	1,507,136	-	1,032,610	14,047,179
2024	14,047,179	-	1,563,423	-	994,910	13,478,666
2025	13,478,666	-	1,605,447	-	950,696	12,823,915
2026	12,823,915	-	1,614,645	-	901,244	12,110,514
2027	12,110,514	-	1,608,291	-	847,978	11,350,201
2028	11,350,201	-	1,596,116	-	791,411	10,545,496
2029	10,545,496	-	1,612,905	-	730,428	9,663,019
2030	9,663,019	-	1,631,016	-	663,563	8,695,566
2031	8,695,566	-	1,655,612	-	590,082	7,630,036
2032	7,630,036	-	1,673,821	-	509,484	6,465,699
2033	6,465,699	-	1,683,647	-	421,791	5,203,843
2034	5,203,843	-	1,712,081	-	326,085	3,817,847
2035	3,817,847	-	1,717,177	-	221,944	2,322,614
2036	2,322,614	-	1,724,639	-	109,522	707,497
2037	707,497	-	1,719,230	-	-	-

*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 23.41

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.50% 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: 5.50% and RP-2000 Generational Mortality

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
2014	15,856,528	-	1,522,385	-	830,243	15,164,386
2015	15,164,386	-	1,011,781	-	806,217	14,958,822
2016	14,958,822	-	1,027,534	-	794,478	14,725,766
2017	14,725,766	-	1,147,044	-	778,373	14,357,095
2018	14,357,095	-	1,177,291	-	757,265	13,937,069
2019	13,937,069	-	1,239,092	-	732,464	13,430,441
2020	13,430,441	-	1,317,083	-	702,454	12,815,812
2021	12,815,812	-	1,455,884	-	664,833	12,024,761
2022	12,024,761	-	1,480,158	-	620,658	11,165,261
2023	11,165,261	-	1,507,136	-	572,643	10,230,768
2024	10,230,768	-	1,563,423	-	519,698	9,187,043
2025	9,187,043	-	1,605,447	-	461,138	8,042,734
2026	8,042,734	-	1,614,645	-	397,948	6,826,037
2027	6,826,037	-	1,608,291	-	331,204	5,548,950
2028	5,548,950	-	1,596,116	-	261,299	4,214,133
2029	4,214,133	-	1,612,905	-	187,422	2,788,650
2030	2,788,650	-	1,631,016	-	108,523	1,266,157
2031	1,266,157	-	1,655,612	-	-	-

*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 17.76

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.50% 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, 2016

Valuation Date: 10/1/2014

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Static	7.50% RP-2000 Generational	5.50% RP-2000 Generational
Total Required Contribution	\$1,181,658	\$1,289,657	\$1,919,824
Expected Member Contribution	108,675	108,675	108,675
Expected State Money	65,862	65,862	65,862
Expected Sponsor Contribution (Fixed \$)	\$1,007,121	\$1,115,120	\$1,745,287
Expected Sponsor Contribution (% of Payroll)	74.14%	82.09%	128.48%

ASSETS

Actuarial Value ¹	14,852,642	14,852,642	14,852,642
Market Value ¹	15,856,528	15,856,528	15,856,528

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	10,018,647	10,743,007	16,883,825
Disability Benefits	277,605	291,317	406,176
Death Benefits	73,694	51,675	66,867
Vested Benefits	0	0	0
Refund of Contributions	17,878	17,909	18,510
Service Retirees	9,562,306	9,960,447	12,531,488
DROP Retirees ¹	3,760,091	3,842,170	4,949,645
Beneficiaries	367,247	381,868	449,976
Terminated Vested	539,378	567,069	779,347
Disability Retirees	204,360	215,449	246,780
Excess State Monies Reserve	27,317	27,317	27,317
Total:	24,848,523	26,098,228	36,359,931
Present Value of Future Salaries	12,727,819	12,753,946	14,397,755
Present Value of Future Member Contributions	1,018,226	1,020,316	1,151,821
Total Normal Cost (Entry Age Normal)	463,466	494,388	773,487
Present Value of Future Normal Costs (Entry Age Normal)	4,345,560	4,666,234	8,481,117
Total Actuarial Accrued Liability ¹	20,502,963	21,431,994	27,878,814
Unfunded Actuarial Accrued Liability (Entry Age Normal)	5,650,321	6,579,352	13,026,172

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2016

Valuation Date: 10/1/2014

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Static	7.50% RP-2000 Generational	5.50% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost (with interest)	480,846	512,928	794,758
Administrative Expenses (with interest)	39,769	39,769	39,386
Payment Required To Amortize UAAL (with interest)	661,043	736,960	1,085,680
Total Required Contribution	\$1,181,658	\$1,289,657	\$1,919,824

¹ The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2014.