

April 12, 2016

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, 2015 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.

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: 4/12/2016

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, 2015 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.

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Static 9/30/2015	7.50% RP-2000 Generational 9/30/2015	5.50% RP-2000 Generational 9/30/2015
<b><u>GASB 67: Schedule of Changes in Net Pension Liability</u></b>			
<b><u>Total Pension Liability</u></b>			
Service Cost	469,734	500,648	778,600
Interest	1,528,830	1,604,881	1,547,445
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	58,554	411	(10,010)
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(854,438)	(854,438)	(854,438)
Net Change in Total Pension Liability	1,202,680	1,251,502	1,461,597
Total Pension Liability - Beginning	20,369,200	21,352,295	27,811,307
Total Pension Liability - Ending (a)	<u>\$ 21,571,880</u>	<u>\$ 22,603,797</u>	<u>\$ 29,272,904</u>
<b><u>Plan Fiduciary Net Position</u></b>			
Contributions - Employer	1,138,692	1,138,692	1,138,692
Contributions - State	77,754	77,754	77,754
Contributions - Employee	108,536	108,536	108,536
Net Investment Income	(730,080)	(730,080)	(730,080)
Benefit Payments, Including Refunds of Employee Contributions	(854,438)	(854,438)	(854,438)
Administrative Expenses	(41,503)	(41,503)	(41,503)
Net Change in Plan Fiduciary Net Position	(301,039)	(301,039)	(301,039)
Plan Fiduciary Net Position - Beginning	15,856,528	15,856,528	15,856,528
Plan Fiduciary Net Position - Ending (b)	<u>\$ 15,555,489</u>	<u>\$ 15,555,489</u>	<u>\$ 15,555,489</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 6,016,391</u>	<u>\$ 7,048,308</u>	<u>\$ 13,717,415</u>

**GASB 68: Pension Expense for Fiscal Year Ending September 30, 2015**

Pension Expense	<u>\$ 652,420</u>	<u>\$ 754,274</u>	<u>\$ 1,245,411</u>
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## 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
2015	15,555,489	-	1,801,656	-	1,099,100	14,852,933
2016	14,852,933	-	1,063,368	-	1,074,094	14,863,659
2017	14,863,659	-	1,189,471	-	1,070,169	14,744,357
2018	14,744,357	-	1,203,878	-	1,060,681	14,601,160
2019	14,601,160	-	1,265,071	-	1,047,647	14,383,736
2020	14,383,736	-	1,345,444	-	1,028,326	14,066,618
2021	14,066,618	-	1,489,046	-	999,157	13,576,729
2022	13,576,729	-	1,511,129	-	961,587	13,027,187
2023	13,027,187	-	1,541,561	-	919,230	12,404,856
2024	12,404,856	-	1,595,116	-	870,547	11,680,287
2025	11,680,287	-	1,633,466	-	814,767	10,861,588
2026	10,861,588	-	1,640,884	-	753,086	9,973,790
2027	9,973,790	-	1,626,193	-	687,052	9,034,649
2028	9,034,649	-	1,609,985	-	617,224	8,041,888
2029	8,041,888	-	1,622,309	-	542,305	6,961,884
2030	6,961,884	-	1,634,819	-	460,836	5,787,901
2031	5,787,901	-	1,636,432	-	372,726	4,524,195
2032	4,524,195	-	1,625,507	-	278,358	3,177,046
2033	3,177,046	-	1,624,664	-	177,354	1,729,736
2034	1,729,736	-	1,645,972	-	68,006	151,770
2035	151,770	-	1,638,505	-	-	-

\*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 20.09

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
2015	15,555,489	-	1,802,101	-	1,099,083	14,852,471
2016	14,852,471	-	1,064,988	-	1,073,998	14,861,481
2017	14,861,481	-	1,192,638	-	1,069,887	14,738,730
2018	14,738,730	-	1,208,694	-	1,060,079	14,590,115
2019	14,590,115	-	1,271,603	-	1,046,574	14,365,086
2020	14,365,086	-	1,354,590	-	1,026,584	14,037,080
2021	14,037,080	-	1,500,973	-	996,495	13,532,602
2022	13,532,602	-	1,525,553	-	957,737	12,964,786
2023	12,964,786	-	1,558,804	-	913,904	12,319,886
2024	12,319,886	-	1,615,525	-	863,409	11,567,770
2025	11,567,770	-	1,657,716	-	805,418	10,715,472
2026	10,715,472	-	1,668,372	-	741,096	9,788,196
2027	9,788,196	-	1,659,987	-	671,865	8,800,074
2028	8,800,074	-	1,648,041	-	598,204	7,750,237
2029	7,750,237	-	1,666,939	-	518,758	6,602,056
2030	6,602,056	-	1,686,787	-	431,900	5,347,169
2031	5,347,169	-	1,697,799	-	337,370	3,986,740
2032	3,986,740	-	1,694,592	-	235,458	2,527,606
2033	2,527,606	-	1,702,482	-	125,727	950,851
2034	950,851	-	1,733,717	-	-	-

\*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 19.55

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
2015	15,555,489	-	1,802,101	-	805,994	14,559,382
2016	14,559,382	-	1,064,988	-	771,479	14,265,873
2017	14,265,873	-	1,192,638	-	751,825	13,825,060
2018	13,825,060	-	1,208,694	-	727,139	13,343,505
2019	13,343,505	-	1,271,603	-	698,924	12,770,826
2020	12,770,826	-	1,354,590	-	665,144	12,081,380
2021	12,081,380	-	1,500,973	-	623,199	11,203,606
2022	11,203,606	-	1,525,553	-	574,246	10,252,299
2023	10,252,299	-	1,558,804	-	521,009	9,214,504
2024	9,214,504	-	1,615,525	-	462,371	8,061,350
2025	8,061,350	-	1,657,716	-	397,787	6,801,421
2026	6,801,421	-	1,668,372	-	328,198	5,461,247
2027	5,461,247	-	1,659,987	-	254,719	4,055,979
2028	4,055,979	-	1,648,041	-	177,758	2,585,696
2029	2,585,696	-	1,666,939	-	96,372	1,015,129
2030	1,015,129	-	1,686,787	-	-	-

\*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 15.60

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, 2017

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Static	7.50% RP-2000 Generational	5.50% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$1,133,796	\$1,248,624	\$1,909,560
Total Required Contribution (% of Payroll)	79.82%	87.90%	134.44%
Expected Member Contribution	106,817	106,817	106,817
Expected State Money	77,754	77,754	77,754
Expected Sponsor Contribution (Fixed \$)	\$949,225	\$1,064,053	\$1,724,989
Expected Sponsor Contribution (% of Payroll)	66.83%	74.91%	121.45%

**ASSETS**

Actuarial Value <sup>1</sup>	16,559,054	16,559,054	16,559,054
Market Value <sup>1</sup>	15,555,489	15,555,489	15,555,489

**LIABILITIES**

Present Value of Benefits			
Active Members			
Retirement Benefits	10,195,039	10,930,610	17,131,659
Disability Benefits	264,117	277,368	390,907
Death Benefits	70,066	48,085	62,430
Vested Benefits	0	0	0
Refund of Contributions	30,824	30,856	31,834
Service Retirees	9,582,516	10,004,355	12,539,156
DROP Retirees <sup>1</sup>	4,021,832	4,109,716	5,214,387
Beneficiaries	358,663	374,100	439,707
Disability Retirees	532,030	551,024	644,002
Terminated Vested	608,937	641,446	885,659
Excess State Monies Reserve	27,317	27,317	27,317
Total:	25,691,341	26,994,877	37,367,058
Present Value of Future Salaries	12,642,335	12,669,237	14,470,720
Present Value of Future Member Contributions	1,011,387	1,013,539	1,157,658
Total Normal Cost	490,150	523,315	823,050
Present Value of Future Normal Costs (Entry Age Normal)	4,323,418	4,642,827	8,569,392
Total Actuarial Accrued Liability <sup>1</sup>	21,367,923	22,352,050	28,797,666
Unfunded Actuarial Accrued Liability (UAAL)	4,808,869	5,792,996	12,238,612

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2017

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Static	7.50% RP-2000 Generational	5.50% RP-2000 Generational
<b><u>PENSION COST</u></b>			
Normal Cost (with interest)	508,531	542,939	845,684
Administrative Expenses (with interest)	43,059	43,059	42,644
Payment Required To Amortize UAAL (with interest)	582,206	662,626	1,021,232
Total Required Contribution	\$1,133,796	\$1,248,624	\$1,909,560

<sup>1</sup> The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2015.