

April 17, 2018

VIA EMAIL

Ms. Beatrice Galvan
City of Sanibel
800 Dunlop Road
Sanibel, FL 33957

Re: City of Sanibel Municipal Police Officers' Retirement Trust Fund
Section 112.664, Florida Statutes Compliance

Dear Beatrice:

Please find enclosed the annual disclosures that satisfy the October 1, 2017 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: 

Christine M. O'Neal, FSA, EA, MAAA
Enrolled Actuary #17-7916

CMON/lke
Enclosures

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

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: Christine M. O'Neal Date: 4/17/2018

Christine M. O'Neal, FSA, EA, MAAA
Enrolled Actuary #17-7916



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, 2017 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, 2017

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.50% RP-2000 Generational	5.50% RP-2000 Generational
<u>Total Pension Liability</u>		
Service Cost	432,384	686,264
Interest	1,688,084	1,621,027
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	(35,929)	(39,040)
Changes of Assumptions	-	-
Contributions - Buy Back	-	-
Benefit Payments, Including Refunds of Employee Contributions	(2,043,514)	(2,043,514)
Net Change in Total Pension Liability	41,025	224,737
Total Pension Liability - Beginning	23,097,159	29,808,708
Total Pension Liability - Ending (a)	<u>\$ 23,138,184</u>	<u>\$ 30,033,445</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	1,124,726	1,124,726
Contributions - State	82,263	82,263
Contributions - Employee	134,446	134,446
Net Investment Income	1,682,372	1,682,372
Benefit Payments, Including Refunds of Employee Contributions	(2,043,514)	(2,043,514)
Administrative Expenses	(45,206)	(45,206)
Net Change in Plan Fiduciary Net Position	935,087	935,087
Plan Fiduciary Net Position - Beginning	17,505,610	17,505,610
Plan Fiduciary Net Position - Ending (b)	<u>\$ 18,440,697</u>	<u>\$ 18,440,697</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 4,697,487</u>	<u>\$ 11,592,748</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan 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
2017	18,440,697	-	1,503,885	-	1,326,657	18,263,469
2018	18,263,469	-	1,299,703	-	1,321,021	18,284,787
2019	18,284,787	-	1,363,437	-	1,320,230	18,241,580
2020	18,241,580	-	1,375,935	-	1,316,521	18,182,166
2021	18,182,166	-	1,545,844	-	1,305,693	17,942,015
2022	17,942,015	-	1,571,361	-	1,286,725	17,657,379
2023	17,657,379	-	1,623,605	-	1,263,418	17,297,192
2024	17,297,192	-	1,681,336	-	1,234,239	16,850,095
2025	16,850,095	-	1,731,861	-	1,198,812	16,317,046
2026	16,317,046	-	1,750,180	-	1,158,147	15,725,013
2027	15,725,013	-	1,745,533	-	1,113,918	15,093,398
2028	15,093,398	-	1,735,969	-	1,066,906	14,424,335
2029	14,424,335	-	1,763,433	-	1,015,696	13,676,598
2030	13,676,598	-	1,793,167	-	958,501	12,841,932
2031	12,841,932	-	1,798,885	-	895,687	11,938,734
2032	11,938,734	-	1,799,159	-	827,937	10,967,512
2033	10,967,512	-	1,808,111	-	754,759	9,914,160
2034	9,914,160	-	1,851,428	-	674,133	8,736,865
2035	8,736,865	-	1,856,228	-	585,656	7,466,293
2036	7,466,293	-	1,870,692	-	489,821	6,085,422
2037	6,085,422	-	1,866,456	-	386,415	4,605,381
2038	4,605,381	-	1,877,302	-	275,005	3,003,084
2039	3,003,084	-	1,876,452	-	154,864	1,281,496
2040	1,281,496	-	1,875,071	-	-	-

*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 23.68

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: 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
2017	18,440,697	-	1,503,885	-	972,881	17,909,693
2018	17,909,693	-	1,299,703	-	949,291	17,559,281
2019	17,559,281	-	1,363,437	-	928,266	17,124,110
2020	17,124,110	-	1,375,935	-	903,988	16,652,163
2021	16,652,163	-	1,545,844	-	873,358	15,979,677
2022	15,979,677	-	1,571,361	-	835,670	15,243,986
2023	15,243,986	-	1,623,605	-	793,770	14,414,151
2024	14,414,151	-	1,681,336	-	746,542	13,479,357
2025	13,479,357	-	1,731,861	-	693,738	12,441,234
2026	12,441,234	-	1,750,180	-	636,138	11,327,192
2027	11,327,192	-	1,745,533	-	574,993	10,156,652
2028	10,156,652	-	1,735,969	-	510,877	8,931,560
2029	8,931,560	-	1,763,433	-	442,741	7,610,868
2030	7,610,868	-	1,793,167	-	369,286	6,186,987
2031	6,186,987	-	1,798,885	-	290,815	4,678,917
2032	4,678,917	-	1,799,159	-	207,864	3,087,622
2033	3,087,622	-	1,808,111	-	120,096	1,399,607
2034	1,399,607	-	1,851,428	-	-	-

*All DROP Balances paid in 2017.

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, 2019

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL
	7.50%	5.50%
	RP-2000	RP-2000
	Generational	Generational
<u>PENSION COST</u>		
Normal Cost (with interest)	583,526	910,135
Administrative Expenses (with interest)	46,901	46,449
Payment Required To Amortize UAAL (with interest)	795,483	1,220,837
Total Required Contribution	\$1,425,910	\$2,177,421

¹ The asset values and liabilities include accumulated DROP Balances as of 9/30/2017.