

April 19, 2019

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, 2018 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: 

Sara E. Carlson, ASA, EA, MAAA
Enrolled Actuary #17-8546

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: Sara Carlson Date: 4/19/2019

Sara E. Carlson, ASA, EA, MAAA
Enrolled Actuary #17-8546



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, 2018 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, 2018

	ACTUAL	HYPOTHETICAL
	7.50% RP-2000 Generational	5.50% RP-2000 Generational
<u>Total Pension Liability</u>		
Service Cost	559,426	881,344
Interest	1,733,759	1,668,368
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	1,353,706	1,885,041
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,161,658)	(1,161,658)
Net Change in Total Pension Liability	2,485,233	3,273,095
Total Pension Liability - Beginning	23,138,184	30,033,445
Total Pension Liability - Ending (a)	<u>\$ 25,623,417</u>	<u>\$ 33,306,540</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	1,248,046	1,248,046
Contributions - State	90,240	90,240
Contributions - Employee	148,719	148,719
Net Investment Income	1,089,790	1,089,790
Benefit Payments, Including Refunds of Employee Contributions	(1,161,658)	(1,161,658)
Administrative Expenses	(44,763)	(44,763)
Net Change in Plan Fiduciary Net Position	1,370,374	1,370,374
Plan Fiduciary Net Position - Beginning	18,440,697	18,440,697
Plan Fiduciary Net Position - Ending (b)	<u>\$ 19,811,071</u>	<u>\$ 19,811,071</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 5,812,346</u>	<u>\$ 13,495,469</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
2018	19,811,071	-	1,679,702	-	1,422,842	19,554,211
2019	19,554,211	-	1,374,020	-	1,415,040	19,595,231
2020	19,595,231	-	1,387,010	-	1,417,629	19,625,850
2021	19,625,850	-	1,574,264	-	1,412,904	19,464,490
2022	19,464,490	-	1,598,916	-	1,399,877	19,265,451
2023	19,265,451	-	1,664,640	-	1,382,485	18,983,296
2024	18,983,296	-	1,723,635	-	1,359,111	18,618,772
2025	18,618,772	-	1,782,256	-	1,329,573	18,166,089
2026	18,166,089	-	1,805,322	-	1,294,757	17,655,524
2027	17,655,524	-	1,804,356	-	1,256,501	17,107,669
2028	17,107,669	-	1,795,391	-	1,215,748	16,528,026
2029	16,528,026	-	1,828,798	-	1,171,022	15,870,250
2030	15,870,250	-	1,863,480	-	1,120,388	15,127,158
2031	15,127,158	-	1,868,264	-	1,064,477	14,323,371
2032	14,323,371	-	1,869,954	-	1,004,130	13,457,547
2033	13,457,547	-	1,878,636	-	938,867	12,517,778
2034	12,517,778	-	1,931,355	-	866,408	11,452,831
2035	11,452,831	-	1,936,426	-	786,346	10,302,751
2036	10,302,751	-	1,954,090	-	699,428	9,048,089
2037	9,048,089	-	1,951,178	-	605,438	7,702,349
2038	7,702,349	-	1,963,584	-	504,042	6,242,807
2039	6,242,807	-	1,963,034	-	394,597	4,674,370
2040	4,674,370	-	1,962,266	-	276,993	2,989,097
2041	2,989,097	-	1,985,139	-	149,740	1,153,698
2042	1,153,698	-	2,001,431	-	-	-

*All DROP Balances paid in 2018.

Number of Years Expected Benefit Payments Sustained: 24.58

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
2018	19,811,071	-	1,679,702	-	1,043,417	19,174,786
2019	19,174,786	-	1,374,020	-	1,016,828	18,817,594
2020	18,817,594	-	1,387,010	-	996,825	18,427,409
2021	18,427,409	-	1,574,264	-	970,215	17,823,360
2022	17,823,360	-	1,598,916	-	936,315	17,160,759
2023	17,160,759	-	1,664,640	-	898,064	16,394,183
2024	16,394,183	-	1,723,635	-	854,280	15,524,828
2025	15,524,828	-	1,782,256	-	804,854	14,547,426
2026	14,547,426	-	1,805,322	-	750,462	13,492,566
2027	13,492,566	-	1,804,356	-	692,471	12,380,681
2028	12,380,681	-	1,795,391	-	631,564	11,216,854
2029	11,216,854	-	1,828,798	-	566,635	9,954,691
2030	9,954,691	-	1,863,480	-	496,262	8,587,473
2031	8,587,473	-	1,868,264	-	420,934	7,140,143
2032	7,140,143	-	1,869,954	-	341,284	5,611,473
2033	5,611,473	-	1,878,636	-	256,969	3,989,806
2034	3,989,806	-	1,931,355	-	166,327	2,224,778
2035	2,224,778	-	1,936,426	-	69,111	357,463
2036	357,463	-	1,954,090	-	-	-

*All DROP Balances paid in 2018.

Number of Years Expected Benefit Payments Sustained: 18.18

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, 2020

Valuation Date: 10/1/2018

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.50%	5.50%
	RP-2000	RP-2000
	Generational	Generational
Minimum Required Contribution (Fixed \$)	\$1,478,420	\$2,279,948
Minimum Required Contribution (% of Payroll)	76.18%	117.49%
Expected Member Contribution	155,249	155,249
Expected State Money	90,240	90,240
Expected Sponsor Contribution (Fixed \$)	\$1,232,931	\$2,034,459
Expected Sponsor Contribution (% of Payroll)	63.53%	104.84%

ASSETS

Actuarial Value ¹	19,811,071	19,811,071
Market Value ¹	19,811,071	19,811,071

LIABILITIES

Present Value of Benefits		
Active Members		
Retirement Benefits	11,745,143	18,948,687
Disability Benefits	312,845	439,346
Death Benefits	89,047	118,813
Vested Benefits	0	0
Refund of Contributions	43,753	44,872
Service Retirees	15,018,896	19,154,921
DROP Retirees ¹	2,196,968	2,699,831
Beneficiaries	391,868	459,448
Disability Retirees	491,964	566,429
Terminated Vested	794,900	1,034,750
Total:	<u>31,085,384</u>	<u>43,467,097</u>
Present Value of Future Salaries	17,345,378	19,922,758
Present Value of Future Member Contributions	1,387,630	1,593,821
Total Normal Cost	589,550	938,841
Present Value of Future Normal Costs (Entry Age Normal)	5,144,798	9,754,453
Total Actuarial Accrued Liability ¹	25,940,586	33,712,644
Unfunded Actuarial Accrued Liability (UAAL)	6,129,515	13,901,573

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2020

Valuation Date: 10/1/2018

	ACTUAL	HYPOTHETICAL
	7.50%	5.50%
	RP-2000	RP-2000
	Generational	Generational
PENSION COST		
Normal Cost (with interest)	611,658	964,659
Administrative Expenses (with interest)	46,442	45,994
Payment Required To Amortize UAAL (with interest)	820,320	1,269,295
Minimum Required Contribution	\$1,478,420	\$2,279,948

¹ The asset values and liabilities include accumulated DROP Balances as of 9/30/2018.