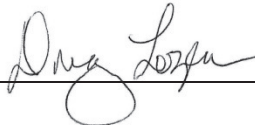


CITY OF MARCO ISLAND
POLICE OFFICERS' PENSION PLAN

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: 4/4/2016

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
<u>GASB 67: Schedule of Changes in Net Pension Liability</u>			
<u>Total Pension Liability</u>			
Service Cost	621,176	664,563	1,006,829
Interest	754,375	803,581	811,592
Change in Excess State Money	7,624	7,624	7,624
Differences Between Expected and Actual Experience	72,789	72,808	42,086
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(186,343)	(186,343)	(186,343)
Net Change in Total Pension Liability	1,269,621	1,362,233	1,681,788
Total Pension Liability - Beginning	9,530,334	10,143,023	13,842,563
Total Pension Liability - Ending (a)	<u>\$ 10,799,955</u>	<u>\$ 11,505,256</u>	<u>\$ 15,524,351</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	1,615,420	1,615,420	1,615,420
Contributions - State	161,276	161,276	161,276
Contributions - Employee	10,596	10,596	10,596
Contributions - Buy Back	-	-	-
Net Investment Income	(74,409)	(74,409)	(74,409)
Benefit Payments, Including Refunds of Employee Contributions	(186,343)	(186,343)	(186,343)
Administrative Expenses	(56,617)	(56,617)	(56,617)
Net Change in Plan Fiduciary Net Position	1,469,923	1,469,923	1,469,923
Plan Fiduciary Net Position - Beginning	7,254,092	7,254,092	7,254,092
Plan Fiduciary Net Position - Ending (b)	<u>\$ 8,724,015</u>	<u>\$ 8,724,015</u>	<u>\$ 8,724,015</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 2,075,940</u>	<u>\$ 2,781,241</u>	<u>\$ 6,800,336</u>

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

Pension Expense	<u>\$ 618,456</u>	<u>\$ 701,169</u>	<u>\$ 1,137,586</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	8,724,015	-	256,462	-	644,684	9,112,237
2016	9,112,237	-	323,977	-	671,269	9,459,529
2017	9,459,529	-	348,726	-	696,387	9,807,190
2018	9,807,190	-	437,946	-	719,116	10,088,360
2019	10,088,360	-	453,431	-	739,623	10,374,552
2020	10,374,552	-	564,977	-	756,905	10,566,480
2021	10,566,480	-	628,159	-	768,930	10,707,251
2022	10,707,251	-	708,446	-	776,477	10,775,282
2023	10,775,282	-	734,732	-	780,594	10,821,144
2024	10,821,144	-	755,040	-	783,272	10,849,376
2025	10,849,376	-	824,345	-	782,790	10,807,821
2026	10,807,821	-	878,488	-	777,643	10,706,976
2027	10,706,976	-	905,765	-	769,057	10,570,268
2028	10,570,268	-	916,172	-	758,414	10,412,510
2029	10,412,510	-	933,295	-	745,940	10,225,155
2030	10,225,155	-	937,817	-	731,718	10,019,056
2031	10,019,056	-	962,323	-	715,342	9,772,075
2032	9,772,075	-	969,836	-	696,537	9,498,776
2033	9,498,776	-	975,927	-	675,811	9,198,660
2034	9,198,660	-	984,650	-	652,975	8,866,985
2035	8,866,985	-	986,994	-	628,012	8,508,003
2036	8,508,003	-	987,295	-	601,077	8,121,785
2037	8,121,785	-	986,638	-	572,135	7,707,282
2038	7,707,282	-	981,097	-	541,255	7,267,440
2039	7,267,440	-	973,335	-	508,558	6,802,663
2040	6,802,663	-	962,281	-	474,114	6,314,496
2041	6,314,496	-	947,520	-	438,055	5,805,031
2042	5,805,031	-	930,170	-	400,496	5,275,357
2043	5,275,357	-	909,883	-	361,531	4,727,005
2044	4,727,005	-	886,234	-	321,292	4,162,063
2045	4,162,063	-	859,538	-	279,922	3,582,447
2046	3,582,447	-	829,708	-	237,569	2,990,308
2047	2,990,308	-	797,012	-	194,385	2,387,681
2048	2,387,681	-	761,822	-	150,508	1,776,367
2049	1,776,367	-	724,190	-	106,070	1,158,247
2050	1,158,247	-	684,554	-	61,198	534,891
2051	534,891	-	643,240	-	-	-

Number of Years Expected Benefit Payments Sustained: 36.83

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	8,724,015	-	256,400	-	644,686	9,112,301
2016	9,112,301	-	324,138	-	671,267	9,459,430
2017	9,459,430	-	349,062	-	696,367	9,806,735
2018	9,806,735	-	438,715	-	719,053	10,087,073
2019	10,087,073	-	454,543	-	739,485	10,372,015
2020	10,372,015	-	566,765	-	756,647	10,561,897
2021	10,561,897	-	630,549	-	768,497	10,699,845
2022	10,699,845	-	712,878	-	775,755	10,762,722
2023	10,762,722	-	740,598	-	779,432	10,801,556
2024	10,801,556	-	762,153	-	781,536	10,820,939
2025	10,820,939	-	833,593	-	780,311	10,767,657
2026	10,767,657	-	892,184	-	774,117	10,649,590
2027	10,649,590	-	922,631	-	764,121	10,491,080
2028	10,491,080	-	937,936	-	751,658	10,304,802
2029	10,304,802	-	958,917	-	736,901	10,082,786
2030	10,082,786	-	970,503	-	719,815	9,832,098
2031	9,832,098	-	1,001,242	-	699,861	9,530,717
2032	9,530,717	-	1,016,176	-	676,697	9,191,238
2033	9,191,238	-	1,029,307	-	650,744	8,812,675
2034	8,812,675	-	1,045,477	-	621,745	8,388,943
2035	8,388,943	-	1,056,988	-	589,534	7,921,489
2036	7,921,489	-	1,067,500	-	554,080	7,408,069
2037	7,408,069	-	1,076,443	-	515,239	6,846,865
2038	6,846,865	-	1,080,824	-	472,984	6,239,025
2039	6,239,025	-	1,083,554	-	427,294	5,582,765
2040	5,582,765	-	1,083,329	-	378,083	4,877,519
2041	4,877,519	-	1,080,099	-	325,310	4,122,730
2042	4,122,730	-	1,074,328	-	268,917	3,317,319
2043	3,317,319	-	1,065,795	-	208,832	2,460,356
2044	2,460,356	-	1,053,992	-	145,002	1,551,366
2045	1,551,366	-	1,038,727	-	77,400	590,039
2046	590,039	-	1,019,920	-	-	-

Number of Years Expected Benefit Payments Sustained: 31.58

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 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	8,724,015	-	256,400	-	472,770	8,940,385
2016	8,940,385	-	324,138	-	482,807	9,099,054
2017	9,099,054	-	349,062	-	490,849	9,240,841
2018	9,240,841	-	438,715	-	496,182	9,298,308
2019	9,298,308	-	454,543	-	498,907	9,342,672
2020	9,342,672	-	566,765	-	498,261	9,274,168
2021	9,274,168	-	630,549	-	492,739	9,136,358
2022	9,136,358	-	712,878	-	482,896	8,906,376
2023	8,906,376	-	740,598	-	469,484	8,635,262
2024	8,635,262	-	762,153	-	453,980	8,327,089
2025	8,327,089	-	833,593	-	435,066	7,928,562
2026	7,928,562	-	892,184	-	411,536	7,447,914
2027	7,447,914	-	922,631	-	384,263	6,909,546
2028	6,909,546	-	937,936	-	354,232	6,325,842
2029	6,325,842	-	958,917	-	321,551	5,688,476
2030	5,688,476	-	970,503	-	286,177	5,004,150
2031	5,004,150	-	1,001,242	-	247,694	4,250,602
2032	4,250,602	-	1,016,176	-	205,838	3,440,264
2033	3,440,264	-	1,029,307	-	160,909	2,571,866
2034	2,571,866	-	1,045,477	-	112,702	1,639,091
2035	1,639,091	-	1,056,988	-	61,083	643,186
2036	643,186	-	1,067,500	-	-	-

Number of Years Expected Benefit Payments Sustained: 21.60

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

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>	
	7.50% RP-2000 Static	7.50% RP-2000 Generational	5.50% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$766,430	\$851,351	\$1,334,809
Total Required Contribution (% of Payroll)	36.67%	40.73%	63.86%
Expected Member Contribution	10,450	10,450	10,450
Expected State Money	161,276	161,276	161,276
Expected Sponsor Contribution (Fixed \$)	\$594,704	\$679,625	\$1,163,083
Expected Sponsor Contribution (% of Payroll)	28.45%	32.51%	55.64%

ASSETS

Actuarial Value	8,773,349	8,773,349	8,773,349
Market Value	8,724,015	8,724,015	8,724,015

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	8,351,638	8,969,771	13,237,605
Disability Benefits	238,618	257,596	357,619
Death Benefits	42,527	29,496	36,541
Vested Benefits	725,083	775,414	1,257,636
Refund of Contributions	11,506	11,508	11,722
Service Retirees	2,703,973	2,864,381	3,562,753
Beneficiaries	0	0	0
Disability Retirees	0	0	0
Terminated Vested	1,528,706	1,610,842	2,326,781
Excess State Monies Reserve	7,624	7,624	7,624
Total:	<u>13,609,675</u>	<u>14,526,632</u>	<u>20,798,281</u>
Present Value of Future Salaries	12,125,413	12,143,226	13,223,381
Present Value of Future Member Contributions	60,627	60,716	66,117
Total Normal Cost	584,592	627,704	952,587
Present Value of Future Normal Costs (Entry Age Normal)	3,152,583	3,400,674	5,749,619
Total Actuarial Accrued Liability	10,457,092	11,125,958	15,048,662
Unfunded Actuarial Accrued Liability (UAAL)	1,683,743	2,352,609	6,275,313

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
<u>PENSION COST</u>			
Normal Cost (with interest)	606,514	651,243	978,783
Administrative Expenses (with interest)	58,740	58,740	58,174
Payment Required To Amortize UAAL (with interest)	101,176	141,368	297,852
Total Required Contribution	\$766,430	\$851,351	\$1,334,809