

April 2, 2019

VIA EMAIL

Ms. Amber McNeill, Administrator
City of Marco Island Police Officers' Pension Plan
Resource Centers, LLC
P.O. Box 152665
Cape Coral, FL 33915-2665

Re: City of Marco Island Police Officers' Pension Plan
Section 112.664, Florida Statutes Compliance

Dear Amber:

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 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: Sara Carlson Date: 4/2/2019

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
	7.00% RP-2000 Generational	5.00% RP-2000 Generational
<u>Total Pension Liability</u>		
Service Cost	600,807	941,432
Interest	1,008,497	986,556
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	202,493	313,455
Changes of Assumptions	-	-
Contributions - Buy Back	-	-
Benefit Payments, Including Refunds of Employee Contributions	(277,393)	(277,393)
Net Change in Total Pension Liability	1,534,404	1,964,050
Total Pension Liability - Beginning	13,944,996	18,928,386
Total Pension Liability - Ending (a)	<u>\$ 15,479,400</u>	<u>\$ 20,892,436</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	715,411	715,411
Contributions - State	201,135	201,135
Contributions - Employee	11,495	11,495
Net Investment Income	1,072,926	1,072,926
Benefit Payments, Including Refunds of Employee Contributions	(277,393)	(277,393)
Administrative Expenses	(40,574)	(40,574)
Net Change in Plan Fiduciary Net Position	1,683,000	1,683,000
Plan Fiduciary Net Position - Beginning	14,674,942	14,674,942
Plan Fiduciary Net Position - Ending (b)	<u>\$ 16,357,942</u>	<u>\$ 16,357,942</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ (878,542)</u>	<u>\$ 4,534,494</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.00% 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	16,357,942	-	419,586	-	1,130,370	17,068,726
2019	17,068,726	-	481,426	-	1,177,961	17,765,261
2020	17,765,261	-	592,804	-	1,222,820	18,395,277
2021	18,395,277	-	706,106	-	1,262,956	18,952,127
2022	18,952,127	-	787,445	-	1,299,088	19,463,770
2023	19,463,770	-	846,420	-	1,332,839	19,950,189
2024	19,950,189	-	886,121	-	1,365,499	20,429,567
2025	20,429,567	-	973,933	-	1,395,982	20,851,616
2026	20,851,616	-	1,070,448	-	1,422,147	21,203,315
2027	21,203,315	-	1,115,945	-	1,445,174	21,532,544
2028	21,532,544	-	1,128,052	-	1,467,796	21,872,288
2029	21,872,288	-	1,152,684	-	1,490,716	22,210,320
2030	22,210,320	-	1,164,640	-	1,513,960	22,559,640
2031	22,559,640	-	1,183,424	-	1,537,755	22,913,971
2032	22,913,971	-	1,202,775	-	1,561,881	23,273,077
2033	23,273,077	-	1,234,064	-	1,585,923	23,624,936
2034	23,624,936	-	1,259,611	-	1,609,659	23,974,984
2035	23,974,984	-	1,277,978	-	1,633,520	24,330,526
2036	24,330,526	-	1,293,365	-	1,657,869	24,695,030
2037	24,695,030	-	1,310,361	-	1,682,789	25,067,458
2038	25,067,458	-	1,317,209	-	1,708,620	25,458,869
2039	25,458,869	-	1,322,482	-	1,735,834	25,872,221
2040	25,872,221	-	1,325,250	-	1,764,672	26,311,643
2041	26,311,643	-	1,326,162	-	1,795,399	26,780,880
2042	26,780,880	-	1,323,894	-	1,828,325	27,285,311
2043	27,285,311	-	1,317,588	-	1,863,856	27,831,579
2044	27,831,579	-	1,308,829	-	1,902,402	28,425,152
2045	28,425,152	-	1,297,075	-	1,944,363	29,072,440
2046	29,072,440	-	1,281,895	-	1,990,204	29,780,749
2047	29,780,749	-	1,263,514	-	2,040,429	30,557,664
2048	30,557,664	-	1,242,386	-	2,095,553	31,410,831
2049	31,410,831	-	1,217,761	-	2,156,137	32,349,207
2050	32,349,207	-	1,189,860	-	2,222,799	33,382,146
2051	33,382,146	-	1,158,508	-	2,296,202	34,519,840
2052	34,519,840	-	1,123,771	-	2,377,057	35,773,126
2053	35,773,126	-	1,085,585	-	2,466,123	37,153,664
2054	37,153,664	-	1,044,308	-	2,564,206	38,673,562
2055	38,673,562	-	1,000,191	-	2,672,143	40,345,514
2056	40,345,514	-	953,610	-	2,790,810	42,182,714
2057	42,182,714	-	904,999	-	2,921,115	44,198,830
2058	44,198,830	-	854,735	-	3,064,002	46,408,097
2059	46,408,097	-	802,962	-	3,220,463	48,825,598
2060	48,825,598	-	749,842	-	3,391,547	51,467,303
2061	51,467,303	-	695,809	-	3,578,358	54,349,852
2062	54,349,852	-	641,307	-	3,782,044	57,490,589
2063	57,490,589	-	587,394	-	4,003,782	60,906,977
2064	60,906,977	-	534,527	-	4,244,780	64,617,230
2065	64,617,230	-	483,104	-	4,506,297	68,640,423
2066	68,640,423	-	433,598	-	4,789,654	72,996,479
2067	72,996,479	-	386,132	-	5,096,239	77,706,586

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.00% 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
2068	77,706,586	-	341,771	-	5,427,499	82,792,314
2069	82,792,314	-	300,980	-	5,784,928	88,276,262
2070	88,276,262	-	264,141	-	6,170,093	94,182,214
2071	94,182,214	-	231,300	-	6,584,659	100,535,573
2072	100,535,573	-	202,203	-	7,030,413	107,363,783
2073	107,363,783	-	176,672	-	7,509,281	114,696,392
2074	114,696,392	-	154,211	-	8,023,350	122,565,531
2075	122,565,531	-	134,343	-	8,574,885	131,006,073
2076	131,006,073	-	116,636	-	9,166,343	140,055,780
2077	140,055,780	-	100,757	-	9,800,378	149,755,401
2078	149,755,401	-	86,391	-	10,479,854	160,148,864
2079	160,148,864	-	73,287	-	11,207,855	171,283,432
2080	171,283,432	-	61,344	-	11,987,693	183,209,781
2081	183,209,781	-	50,535	-	12,822,916	195,982,162
2082	195,982,162	-	40,958	-	13,717,318	209,658,522
2083	209,658,522	-	32,578	-	14,674,956	224,300,900
2084	224,300,900	-	25,371	-	15,700,175	239,975,704
2085	239,975,704	-	19,352	-	16,797,622	256,753,974
2086	256,753,974	-	14,481	-	17,972,271	274,711,764
2087	274,711,764	-	10,594	-	19,229,453	293,930,623
2088	293,930,623	-	7,601	-	20,574,878	314,497,900
2089	314,497,900	-	5,329	-	22,014,666	336,507,237
2090	336,507,237	-	3,679	-	23,555,378	360,058,936
2091	360,058,936	-	2,498	-	25,204,038	385,260,476
2092	385,260,476	-	1,685	-	26,968,174	412,226,965
2093	412,226,965	-	1,124	-	28,855,848	441,081,689
2094	441,081,689	-	750	-	30,875,692	471,956,631
2095	471,956,631	-	500	-	33,036,947	504,993,078
2096	504,993,078	-	331	-	35,349,504	540,342,251
2097	540,342,251	-	218	-	37,823,950	578,165,983
2098	578,165,983	-	142	-	40,471,614	618,637,455
2099	618,637,455	-	92	-	43,304,619	661,941,982
2100	661,941,982	-	59	-	46,335,937	708,277,860
2101	708,277,860	-	37	-	49,579,449	757,857,272
2102	757,857,272	-	23	-	53,050,008	810,907,257
2103	810,907,257	-	14	-	56,763,508	867,670,751
2104	867,670,751	-	8	-	60,736,952	928,407,695
2105	928,407,695	-	5	-	64,988,538	993,396,228
2106	993,396,228	-	3	-	69,537,736	1,062,933,961
2107	1,062,933,961	-	2	-	74,405,377	1,137,339,336
2108	1,137,339,336	-	1	-	79,613,753	1,216,953,088
2109	1,216,953,088	-	-	-	85,186,716	1,302,139,804

Number of Years Expected Benefit Payments Sustained: 999.99

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.00% 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: 5.00% 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	16,357,942	-	419,586	-	807,407	16,745,763
2019	16,745,763	-	481,426	-	825,253	17,089,590
2020	17,089,590	-	592,804	-	839,659	17,336,445
2021	17,336,445	-	706,106	-	849,170	17,479,509
2022	17,479,509	-	787,445	-	854,289	17,546,353
2023	17,546,353	-	846,420	-	856,157	17,556,090
2024	17,556,090	-	886,121	-	855,651	17,525,620
2025	17,525,620	-	973,933	-	851,933	17,403,620
2026	17,403,620	-	1,070,448	-	843,420	17,176,592
2027	17,176,592	-	1,115,945	-	830,931	16,891,578
2028	16,891,578	-	1,128,052	-	816,378	16,579,904
2029	16,579,904	-	1,152,684	-	800,178	16,227,398
2030	16,227,398	-	1,164,640	-	782,254	15,845,012
2031	15,845,012	-	1,183,424	-	762,665	15,424,253
2032	15,424,253	-	1,202,775	-	741,143	14,962,621
2033	14,962,621	-	1,234,064	-	717,279	14,445,836
2034	14,445,836	-	1,259,611	-	690,802	13,877,027
2035	13,877,027	-	1,277,978	-	661,902	13,260,951
2036	13,260,951	-	1,293,365	-	630,713	12,598,299
2037	12,598,299	-	1,310,361	-	597,156	11,885,094
2038	11,885,094	-	1,317,209	-	561,324	11,129,209
2039	11,129,209	-	1,322,482	-	523,398	10,330,125
2040	10,330,125	-	1,325,250	-	483,375	9,488,250
2041	9,488,250	-	1,326,162	-	441,258	8,603,346
2042	8,603,346	-	1,323,894	-	397,070	7,676,522
2043	7,676,522	-	1,317,588	-	350,886	6,709,820
2044	6,709,820	-	1,308,829	-	302,770	5,703,761
2045	5,703,761	-	1,297,075	-	252,761	4,659,447
2046	4,659,447	-	1,281,895	-	200,925	3,578,477
2047	3,578,477	-	1,263,514	-	147,336	2,462,299
2048	2,462,299	-	1,242,386	-	92,055	1,311,968
2049	1,311,968	-	1,217,761	-	35,154	129,361
2050	129,361	-	1,189,860	-	-	-

Number of Years Expected Benefit Payments Sustained: 32.11

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.00% 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>
	7.00%	5.00%
	RP-2000	RP-2000
	Generational	Generational
Minimum Required Contribution (Fixed \$)	\$578,796	\$1,252,774
Minimum Required Contribution (% of Payroll)	26.61%	57.61%
Expected Member Contribution	10,873	10,873
Expected State Money	201,135	201,135
Expected Sponsor Contribution (Fixed \$)	\$366,788	\$1,040,766
Expected Sponsor Contribution (% of Payroll)	16.86%	47.86%

ASSETS

Actuarial Value	15,575,849	15,575,849
Market Value	16,357,942	16,357,942

LIABILITIES

Present Value of Benefits		
Active Members		
Retirement Benefits	10,386,615	15,056,261
Disability Benefits	250,971	340,507
Death Benefits	50,018	62,563
Vested Benefits	1,235,138	2,125,041
Refund of Contributions	3,539	3,663
Service Retirees	3,751,971	4,711,917
Beneficiaries	0	0
Disability Retirees	458,818	571,449
Terminated Vested	2,092,310	3,050,032
Total:	18,229,380	25,921,433
Present Value of Future Salaries	11,932,451	13,000,354
Present Value of Future		
Member Contributions	59,662	65,002
Total Normal Cost	519,595	832,917
Present Value of Future		
Normal Costs (Entry Age Normal)	2,685,812	4,740,780
Total Actuarial Accrued Liability	15,543,568	21,180,653
Unfunded Actuarial Accrued	(32,281)	5,604,804
Liability (UAAL)		

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

Valuation Date: 10/1/2018

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.00%	5.00%
	RP-2000	RP-2000
	Generational	Generational
<u>PENSION COST</u>		
Normal Cost (with interest)	537,781	853,740
Administrative Expenses (with interest)	41,994	41,588
Payment Required To Amortize UAAL (with interest)	<u>(979)</u>	<u>357,446</u>
Minimum Required Contribution	\$578,796	\$1,252,774