

July 20, 2015

VIA EMAIL

Ms. Jocelyn Upchurch
City of Sanibel
800 Dunlop Road
Sanibel, FL 33957

Re: City of Sanibel General Employees' Plan
Senate Bill 534 (Section 112.664, Florida Statutes) Compliance

Dear Jocelyn:

Please find enclosed the annual disclosures that satisfy the October 1, 2014 financial reporting requirements made under Section 112.664.

Our office will submit this information electronically to the Department of Management Services by the July 19, 2015 deadline. 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/1ke
Enclosures

cc via email: Ron Cohen, Board Attorney

CITY OF SANIBEL
GENERAL EMPLOYEES' RETIREMENT 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: 7/20/2015

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, 2014 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 AND RELATED RATIOS

	ACTUAL	HYPOTHETICAL		
	6.75% RP-2000 Static 9/30/2014	6.75% RP-2000 Generational 9/30/2014	4.75% RP-2000 Generational 9/30/2014	8.75% RP-2000 Generational 9/30/2014
<u>Total Pension Liability</u>				
Service Cost	196,178	201,810	303,721	139,058
Interest	1,895,908	1,943,675	1,758,012	2,022,980
Change in Excess State Money	-	-	-	-
Change in Funding Standard Account	-	-	-	-
Share Plan Allocation	-	-	-	-
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	-	-	-	-
Changes of Assumptions	-	-	-	-
Contributions - Buy Back	-	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,276,944)	(1,276,944)	(1,276,944)	(1,276,944)
Net Change in Total Pension Liability	815,142	868,541	784,789	885,094
Total Pension Liability - Beginning	28,529,824	29,231,851	37,345,534	23,619,183
Total Pension Liability - Ending (a)	<u>29,344,966</u>	<u>\$ 30,100,392</u>	<u>\$ 38,130,323</u>	<u>\$ 24,504,277</u>
<u>Plan Fiduciary Net Position</u>				
Contributions - Employer	1,681,948	1,681,948	1,681,948	1,681,948
Contributions - State	-	-	-	-
Contributions - Employee	65,431	65,431	65,431	65,431
Contributions - Buy Back	-	-	-	-
Net Investment Income	2,424,391	2,424,391	2,424,391	2,424,391
Benefit Payments, Including Refunds of Employee Contributions	(1,276,944)	(1,276,944)	(1,276,944)	(1,276,944)
Administrative Expense	(27,489)	(27,489)	(27,489)	(27,489)
Other	-	-	-	-
Net Change in Plan Fiduciary Net Position	2,867,337	2,867,337	2,867,337	2,867,337
Plan Fiduciary Net Position - Beginning	21,346,473	21,346,473	21,346,473	21,346,473
Plan Fiduciary Net Position - Ending (b)	<u>\$ 24,213,810</u>	<u>\$ 24,213,810</u>	<u>\$ 24,213,810</u>	<u>\$ 24,213,810</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 5,131,156</u>	<u>\$ 5,886,582</u>	<u>\$ 13,916,513</u>	<u>\$ 290,467</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 6.75% 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
2014	24,213,810	-	1,617,822	-	1,579,831	24,175,819
2015	24,175,819	-	1,730,461	-	1,573,465	24,018,823
2016	24,018,823	-	1,815,380	-	1,560,001	23,763,444
2017	23,763,444	-	1,878,769	-	1,540,624	23,425,299
2018	23,425,299	-	2,020,244	-	1,513,024	22,918,079
2019	22,918,079	-	2,091,055	-	1,476,397	22,303,421
2020	22,303,421	-	2,218,566	-	1,430,604	21,515,459
2021	21,515,459	-	2,296,808	-	1,374,776	20,593,427
2022	20,593,427	-	2,389,693	-	1,309,404	19,513,138
2023	19,513,138	-	2,407,191	-	1,235,894	18,341,841
2024	18,341,841	-	2,451,147	-	1,155,348	17,046,042
2025	17,046,042	-	2,434,560	-	1,068,441	15,679,923
2026	15,679,923	-	2,471,902	-	974,968	14,182,989
2027	14,182,989	-	2,473,864	-	873,859	12,582,984
2028	12,582,984	-	2,469,173	-	766,017	10,879,828
2029	10,879,828	-	2,454,791	-	651,539	9,076,576
2030	9,076,576	-	2,425,699	-	530,802	7,181,679
2031	7,181,679	-	2,400,013	-	403,763	5,185,429
2032	5,185,429	-	2,361,843	-	270,304	3,093,890
2033	3,093,890	-	2,316,615	-	130,652	907,927
2034	907,927	-	2,259,648	-	-	-

*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 20.40

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 6.75% 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: 6.75% 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
2014	24,213,810	-	1,617,822	-	1,579,831	24,175,819
2015	24,175,819	-	1,730,519	-	1,573,463	24,018,763
2016	24,018,763	-	1,815,647	-	1,559,988	23,763,104
2017	23,763,104	-	1,879,417	-	1,540,579	23,424,266
2018	23,424,266	-	2,021,517	-	1,512,912	22,915,661
2019	22,915,661	-	2,093,200	-	1,476,162	22,298,623
2020	22,298,623	-	2,221,852	-	1,430,170	21,506,941
2021	21,506,941	-	2,301,539	-	1,374,042	20,579,444
2022	20,579,444	-	2,396,276	-	1,308,238	19,491,406
2023	19,491,406	-	2,416,124	-	1,234,126	18,309,408
2024	18,309,408	-	2,463,404	-	1,152,745	16,998,749
2025	16,998,749	-	2,453,128	-	1,064,622	15,610,243
2026	15,610,243	-	2,495,983	-	969,452	14,083,712
2027	14,083,712	-	2,503,883	-	866,145	12,445,974
2028	12,445,974	-	2,506,553	-	755,507	10,694,928
2029	10,694,928	-	2,500,383	-	637,520	8,832,065
2030	8,832,065	-	2,480,835	-	512,436	6,863,666
2031	6,863,666	-	2,465,530	-	380,086	4,778,222
2032	4,778,222	-	2,438,810	-	240,220	2,579,632
2033	2,579,632	-	2,404,568	-	92,971	268,035
2034	268,035	-	2,359,791	-	-	-

*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 20.11

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 6.75% 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: 4.75% 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
2014	24,213,810	-	1,617,822	-	1,111,733	23,707,721
2015	23,707,721	-	1,730,519	-	1,085,017	23,062,219
2016	23,062,219	-	1,815,647	-	1,052,334	22,298,906
2017	22,298,906	-	1,879,417	-	1,014,562	21,434,051
2018	21,434,051	-	2,021,517	-	970,106	20,382,640
2019	20,382,640	-	2,093,200	-	918,462	19,207,902
2020	19,207,902	-	2,221,852	-	859,606	17,845,656
2021	17,845,656	-	2,301,539	-	793,007	16,337,124
2022	16,337,124	-	2,396,276	-	719,102	14,659,950
2023	14,659,950	-	2,416,124	-	638,965	12,882,791
2024	12,882,791	-	2,463,404	-	553,427	10,972,814
2025	10,972,814	-	2,453,128	-	462,947	8,982,633
2026	8,982,633	-	2,495,983	-	367,395	6,854,045
2027	6,854,045	-	2,503,883	-	266,100	4,616,262
2028	4,616,262	-	2,506,553	-	159,742	2,269,451
2029	2,269,451	-	2,500,383	-	-	-

*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 15.91

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 4.75% 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 4
Hypothetical Assumptions: 8.75% 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
2014	24,213,810	-	1,617,822	-	2,047,929	24,643,917
2015	24,643,917	-	1,730,519	-	2,080,633	24,994,031
2016	24,994,031	-	1,815,647	-	2,107,543	25,285,927
2017	25,285,927	-	1,879,417	-	2,130,294	25,536,804
2018	25,536,804	-	2,021,517	-	2,146,029	25,661,316
2019	25,661,316	-	2,093,200	-	2,153,788	25,721,904
2020	25,721,904	-	2,221,852	-	2,153,461	25,653,513
2021	25,653,513	-	2,301,539	-	2,143,990	25,495,964
2022	25,495,964	-	2,396,276	-	2,126,060	25,225,748
2023	25,225,748	-	2,416,124	-	2,101,548	24,911,172
2024	24,911,172	-	2,463,404	-	2,071,954	24,519,722
2025	24,519,722	-	2,453,128	-	2,038,151	24,104,745
2026	24,104,745	-	2,495,983	-	1,999,966	23,608,728
2027	23,608,728	-	2,503,883	-	1,956,219	23,061,064
2028	23,061,064	-	2,506,553	-	1,908,181	22,462,692
2029	22,462,692	-	2,500,383	-	1,856,094	21,818,403
2030	21,818,403	-	2,480,835	-	1,800,574	21,138,142
2031	21,138,142	-	2,465,530	-	1,741,720	20,414,332
2032	20,414,332	-	2,438,810	-	1,679,556	19,655,078
2033	19,655,078	-	2,404,568	-	1,614,619	18,865,129
2034	18,865,129	-	2,359,791	-	1,547,458	18,052,796
2035	18,052,796	-	2,309,341	-	1,478,586	17,222,041
2036	17,222,041	-	2,249,507	-	1,408,513	16,381,047
2037	16,381,047	-	2,172,736	-	1,338,284	15,546,595
2038	15,546,595	-	2,092,404	-	1,268,784	14,722,975
2039	14,722,975	-	2,022,058	-	1,199,795	13,900,712
2040	13,900,712	-	1,926,829	-	1,132,014	13,105,897
2041	13,105,897	-	1,824,564	-	1,066,941	12,348,274
2042	12,348,274	-	1,712,773	-	1,005,540	11,641,041
2043	11,641,041	-	1,598,502	-	948,657	10,991,196
2044	10,991,196	-	1,482,439	-	896,873	10,405,630
2045	10,405,630	-	1,364,437	-	850,799	9,891,992
2046	9,891,992	-	1,248,134	-	810,943	9,454,801
2047	9,454,801	-	1,134,608	-	777,656	9,097,849
2048	9,097,849	-	1,024,978	-	751,219	8,824,090
2049	8,824,090	-	917,764	-	731,956	8,638,282
2050	8,638,282	-	817,644	-	720,078	8,540,716
2051	8,540,716	-	723,479	-	715,660	8,532,897
2052	8,532,897	-	636,955	-	718,762	8,614,704
2053	8,614,704	-	558,205	-	729,365	8,785,864
2054	8,785,864	-	486,779	-	747,467	9,046,552
2055	9,046,552	-	422,133	-	773,105	9,397,524
2056	9,397,524	-	364,603	-	806,332	9,839,253
2057	9,839,253	-	313,727	-	847,209	10,372,735
2058	10,372,735	-	269,401	-	895,828	10,999,162
2059	10,999,162	-	230,835	-	952,328	11,720,655
2060	11,720,655	-	197,467	-	1,016,918	12,540,106
2061	12,540,106	-	168,112	-	1,089,904	13,461,898
2062	13,461,898	-	142,822	-	1,171,668	14,490,744
2063	14,490,744	-	120,995	-	1,262,647	15,632,396
2064	15,632,396	-	102,122	-	1,363,367	16,893,641
2065	16,893,641	-	85,834	-	1,474,438	18,282,245

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 4
Hypothetical Assumptions: 8.75% 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
2066	18,282,245	-	71,770	-	1,596,557	19,807,032
2067	19,807,032	-	59,637	-	1,730,506	21,477,901
2068	21,477,901	-	49,242	-	1,877,162	23,305,821
2069	23,305,821	-	40,286	-	2,037,497	25,303,032
2070	25,303,032	-	32,698	-	2,212,585	27,482,919
2071	27,482,919	-	26,295	-	2,403,605	29,860,229
2072	29,860,229	-	20,887	-	2,611,856	32,451,198
2073	32,451,198	-	16,416	-	2,838,762	35,273,544
2074	35,273,544	-	12,752	-	3,085,877	38,346,669
2075	38,346,669	-	9,762	-	3,354,906	41,691,813
2076	41,691,813	-	7,397	-	3,647,710	45,332,126
2077	45,332,126	-	5,526	-	3,966,319	49,292,919
2078	49,292,919	-	4,071	-	4,312,952	53,601,800
2079	53,601,800	-	2,961	-	4,690,028	58,288,867
2080	58,288,867	-	2,122	-	5,100,183	63,386,928
2081	63,386,928	-	1,492	-	5,546,291	68,931,727
2082	68,931,727	-	1,035	-	6,031,481	74,962,173
2083	74,962,173	-	708	-	6,559,159	81,520,624
2084	81,520,624	-	477	-	7,133,034	88,653,181
2085	88,653,181	-	317	-	7,757,139	96,410,003
2086	96,410,003	-	207	-	8,435,866	104,845,662
2087	104,845,662	-	134	-	9,173,990	114,019,518
2088	114,019,518	-	85	-	9,976,704	123,996,137
2089	123,996,137	-	53	-	10,849,660	134,845,744
2090	134,845,744	-	33	-	11,799,001	146,644,712
2091	146,644,712	-	20	-	12,831,411	159,476,103
2092	159,476,103	-	12	-	13,954,158	173,430,249
2093	173,430,249	-	7	-	15,175,146	188,605,388
2094	188,605,388	-	4	-	16,502,971	205,108,355
2095	205,108,355	-	3	-	17,946,981	223,055,333
2096	223,055,333	-	1	-	19,517,342	242,572,674
2097	242,572,674	-	1	-	21,225,109	263,797,782
2098	263,797,782	-	-	-	23,082,306	286,880,088

*All DROP Balances paid in 2014.

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 8.75% 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, 2016

Valuation Date: 10/1/2014

	ACTUAL		HYPOTHETICAL	
	6.75% RP-2000 Static	6.75% RP-2000 Generational	4.75% RP-2000 Generational	8.75% RP-2000 Generational
Total Required Contribution	\$1,525,257	\$1,572,858	\$2,122,056	\$1,047,600
Expected Member Contribution	67,916	67,916	67,259	68,573
Expected Sponsor Contribution (Fixed \$)	\$1,457,341	\$1,504,942	\$2,054,797	\$979,027
Expected Sponsor Contribution (% of Payroll)	110.9%	114.5%	156.4%	74.5%

ASSETS

Actuarial Value ¹	24,213,810	24,213,810	24,213,810	24,213,810
Market Value ¹	24,213,810	24,213,810	24,213,810	24,213,810

LIABILITIES

Present Value of Benefits				
Active Members				
Retirement Benefits	3,682,613	3,799,745	5,239,654	2,877,325
Death Benefits	37,425	34,707	50,005	25,407
Vested Benefits	565,783	589,282	939,643	389,259
Refund of Contributions	0	0	0	0
Service Retirees	16,462,661	16,760,956	20,370,023	14,140,173
DROP Retirees ¹	394,172	400,000	487,585	341,480
Beneficiaries	0	0	0	0
Terminated Vested	9,234,848	9,361,676	12,622,118	7,199,244
Total:	30,377,502	30,946,366	39,709,028	24,972,888
Present Value of Future Salaries	7,408,704	7,415,698	8,330,859	6,695,380
Present Value of Future Member Contributions	370,435	370,785	416,543	334,769
Total Normal Cost (Entry Age Normal)	167,981	172,890	265,191	116,764
Present Value of Future Normal Costs (Entry Age Normal)	723,145	754,837	1,389,636	431,338
Total Actuarial Accrued Liability ¹	29,654,357	30,191,529	38,319,392	24,541,550
Unfunded Actuarial Accrued Liability (Entry Age Normal)	5,440,547	5,977,719	14,105,582	327,740

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2016

Valuation Date: 10/1/2014

	ACTUAL	HYPOTHETICAL		
	6.75% RP-2000 Static	6.75% RP-2000 Generational	4.75% RP-2000 Generational	8.75% RP-2000 Generational
<u>PENSION COST</u>				
Normal Cost ²	179,902	185,159	281,263	126,260
Administrative Expenses ²	29,440	29,440	29,155	29,725
Payment Required To Amortize UAAL ²	1,315,915	1,358,259	1,811,638	891,615
Total Required Contribution	\$1,525,257	\$1,572,858	\$2,122,056	\$1,047,600

¹ The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2014.

² Contributions developed as of 10/1/2014 above have been adjusted to account for assumed interest and salary increase components.