

April 11, 2017

VIA EMAIL

Ms. Beatrice Galvan
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 Beatrice:

Please find enclosed the annual disclosures that satisfy the October 1, 2016 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: 

Douglas H. Lozen, EA, MAAA
Enrolled Actuary #17-7778

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: 4/11/2017

Douglas H. Lozen, EA, MAAA
Enrolled Actuary #17-7778



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, 2016 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.

GASB 67: SCHEDULE OF CHANGES IN NET PENSION LIABILITY

FISCAL YEAR SEPTEMBER 30, 2016

	ACTUAL	HYPOTHETICAL	
	6.75% RP-2000 Generational	4.75% RP-2000 Generational	8.75% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	174,845	273,682	121,859
Interest	1,993,132	1,820,887	2,155,826
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(230,237)	(264,507)	(305,075)
Changes of Assumptions	1,738,848	1,632,277	632,472
Benefit Payments, Including Refunds of Employee Contributions	(1,480,739)	(1,480,739)	(1,480,739)
Net Change in Total Pension Liability	2,195,849	1,981,600	1,124,343
Total Pension Liability - Beginning	30,093,410	38,801,155	25,256,519
Total Pension Liability - Ending (a)	<u>\$ 32,289,259</u>	<u>\$ 40,782,755</u>	<u>\$ 26,380,862</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	1,457,341	1,457,341	1,457,341
Contributions - Employee	60,710	60,710	60,710
Net Investment Income	1,509,708	1,509,708	1,509,708
Benefit Payments, Including Refunds of Employee Contributions	(1,480,739)	(1,480,739)	(1,480,739)
Administrative Expenses	(34,576)	(34,576)	(34,576)
Net Change in Plan Fiduciary Net Position	1,512,444	1,512,444	1,512,444
Plan Fiduciary Net Position - Beginning	24,045,815	24,045,815	24,045,815
Plan Fiduciary Net Position - Ending (b)	<u>\$ 25,558,259</u>	<u>\$ 25,558,259</u>	<u>\$ 25,558,259</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 6,731,000</u>	<u>\$ 15,224,496</u>	<u>\$ 822,603</u>

GASB 68: PENSION EXPENSE

FISCAL YEAR SEPTEMBER 30, 2016

	ACTUAL	HYPOTHETICAL	
	6.75%	4.75%	8.75%
Pension Expense	<u>\$ 757,815</u>	<u>\$ 984,436</u>	<u>\$ 457,378</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.75% 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
2016	25,558,259	-	1,725,732	-	1,913,893	25,746,420
2017	25,746,420	-	1,986,913	-	1,918,355	25,677,862
2018	25,677,862	-	2,148,901	-	1,906,764	25,435,725
2019	25,435,725	-	2,234,286	-	1,884,690	25,086,129
2020	25,086,129	-	2,307,787	-	1,854,748	24,633,090
2021	24,633,090	-	2,363,682	-	1,817,472	24,086,880
2022	24,086,880	-	2,475,584	-	1,770,804	23,382,100
2023	23,382,100	-	2,507,841	-	1,714,934	22,589,193
2024	22,589,193	-	2,574,036	-	1,650,919	21,666,076
2025	21,666,076	-	2,609,026	-	1,578,021	20,635,071
2026	20,635,071	-	2,670,329	-	1,495,743	19,460,485
2027	19,460,485	-	2,633,367	-	1,406,145	18,233,263
2028	18,233,263	-	2,642,050	-	1,310,698	16,901,911
2029	16,901,911	-	2,644,295	-	1,207,432	15,465,048
2030	15,465,048	-	2,637,819	-	1,096,326	13,923,555
2031	13,923,555	-	2,628,198	-	977,233	12,272,590
2032	12,272,590	-	2,610,929	-	849,952	10,511,613
2033	10,511,613	-	2,589,235	-	714,317	8,636,695
2034	8,636,695	-	2,557,167	-	570,254	6,649,782
2035	6,649,782	-	2,521,539	-	417,648	4,545,891
2036	4,545,891	-	2,476,569	-	256,340	2,325,662
2037	2,325,662	-	2,414,956	-	-	-

Number of Years Expected Benefit Payments Sustained: 21.96

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.75% 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: 5.75% 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
2016	25,558,259	-	1,725,732	-	1,419,985	25,252,512
2017	25,252,512	-	1,986,913	-	1,394,896	24,660,495
2018	24,660,495	-	2,148,901	-	1,356,198	23,867,792
2019	23,867,792	-	2,234,286	-	1,308,162	22,941,668
2020	22,941,668	-	2,307,787	-	1,252,797	21,886,678
2021	21,886,678	-	2,363,682	-	1,190,528	20,713,524
2022	20,713,524	-	2,475,584	-	1,119,855	19,357,795
2023	19,357,795	-	2,507,841	-	1,040,973	17,890,927
2024	17,890,927	-	2,574,036	-	954,725	16,271,616
2025	16,271,616	-	2,609,026	-	860,608	14,523,198
2026	14,523,198	-	2,670,329	-	758,312	12,611,181
2027	12,611,181	-	2,633,367	-	649,434	10,627,248
2028	10,627,248	-	2,642,050	-	535,108	8,520,306
2029	8,520,306	-	2,644,295	-	413,894	6,289,905
2030	6,289,905	-	2,637,819	-	285,832	3,937,918
2031	3,937,918	-	2,628,198	-	150,870	1,460,590
2032	1,460,590	-	2,610,929	-	-	-

Number of Years Expected Benefit Payments Sustained: 16.56

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.75% 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: 9.75% 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
2016	25,558,259	-	1,725,732	-	2,407,801	26,240,328
2017	26,240,328	-	1,986,913	-	2,461,570	26,714,985
2018	26,714,985	-	2,148,901	-	2,499,952	27,066,036
2019	27,066,036	-	2,234,286	-	2,530,017	27,361,767
2020	27,361,767	-	2,307,787	-	2,555,268	27,609,248
2021	27,609,248	-	2,363,682	-	2,576,672	27,822,238
2022	27,822,238	-	2,475,584	-	2,591,983	27,938,637
2023	27,938,637	-	2,507,841	-	2,601,760	28,032,556
2024	28,032,556	-	2,574,036	-	2,607,690	28,066,210
2025	28,066,210	-	2,609,026	-	2,609,265	28,066,449
2026	28,066,449	-	2,670,329	-	2,606,300	28,002,420
2027	28,002,420	-	2,633,367	-	2,601,859	27,970,912
2028	27,970,912	-	2,642,050	-	2,598,364	27,927,226
2029	27,927,226	-	2,644,295	-	2,593,995	27,876,926
2030	27,876,926	-	2,637,819	-	2,589,407	27,828,514
2031	27,828,514	-	2,628,198	-	2,585,155	27,785,471
2032	27,785,471	-	2,610,929	-	2,581,801	27,756,343
2033	27,756,343	-	2,589,235	-	2,580,018	27,747,126
2034	27,747,126	-	2,557,167	-	2,580,683	27,770,642
2035	27,770,642	-	2,521,539	-	2,584,713	27,833,816
2036	27,833,816	-	2,476,569	-	2,593,064	27,950,311
2037	27,950,311	-	2,414,956	-	2,607,426	28,142,781
2038	28,142,781	-	2,349,214	-	2,629,397	28,422,964
2039	28,422,964	-	2,292,498	-	2,659,480	28,789,946
2040	28,789,946	-	2,212,332	-	2,699,169	29,276,783
2041	29,276,783	-	2,120,143	-	2,751,129	29,907,769
2042	29,907,769	-	2,019,320	-	2,817,566	30,706,015
2043	30,706,015	-	1,913,503	-	2,900,553	31,693,065
2044	31,693,065	-	1,806,664	-	3,001,999	32,888,400
2045	32,888,400	-	1,692,095	-	3,124,129	34,320,434
2046	34,320,434	-	1,576,695	-	3,269,378	36,013,117
2047	36,013,117	-	1,456,784	-	3,440,261	37,996,594
2048	37,996,594	-	1,336,821	-	3,639,498	40,299,271
2049	40,299,271	-	1,216,022	-	3,869,898	42,953,147
2050	42,953,147	-	1,101,207	-	4,134,248	45,986,188
2051	45,986,188	-	990,063	-	4,435,388	49,431,513
2052	49,431,513	-	884,808	-	4,776,438	53,323,143
2053	53,323,143	-	786,440	-	5,160,667	57,697,370
2054	57,697,370	-	694,546	-	5,591,634	62,594,458
2055	62,594,458	-	608,950	-	6,073,273	68,058,781
2056	68,058,781	-	530,838	-	6,609,853	74,137,796
2057	74,137,796	-	460,649	-	7,205,978	80,883,125
2058	80,883,125	-	398,301	-	7,866,688	88,351,512
2059	88,351,512	-	343,432	-	8,597,530	96,605,610
2060	96,605,610	-	295,562	-	9,404,638	105,714,686
2061	105,714,686	-	253,587	-	10,294,820	115,755,919
2062	115,755,919	-	217,351	-	11,275,606	126,814,174
2063	126,814,174	-	186,158	-	12,355,307	138,983,323
2064	138,983,323	-	159,560	-	13,543,095	152,366,858
2065	152,366,858	-	136,740	-	14,849,103	167,079,221
2066	167,079,221	-	117,124	-	16,284,514	183,246,611
2067	183,246,611	-	99,980	-	17,861,671	201,008,302

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3
Hypothetical Assumptions: 9.75% 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
2068	201,008,302	-	85,046	-	19,594,163	220,517,419
2069	220,517,419	-	71,986	-	21,496,939	241,942,372
2070	241,942,372	-	60,572	-	23,586,428	265,468,228
2071	265,468,228	-	50,606	-	25,880,685	291,298,307
2072	291,298,307	-	41,968	-	28,399,539	319,655,878
2073	319,655,878	-	34,466	-	31,164,768	350,786,180
2074	350,786,180	-	27,982	-	34,200,288	384,958,486
2075	384,958,486	-	22,402	-	37,532,360	422,468,444
2076	422,468,444	-	17,675	-	41,189,812	463,640,581
2077	463,640,581	-	13,746	-	45,204,287	508,831,122
2078	508,831,122	-	10,557	-	49,610,520	558,431,085
2079	558,431,085	-	7,977	-	54,446,642	612,869,750
2080	612,869,750	-	5,939	-	59,754,511	672,618,322
2081	672,618,322	-	4,328	-	65,580,075	738,194,069
2082	738,194,069	-	3,094	-	71,973,771	810,164,746
2083	810,164,746	-	2,153	-	78,990,958	889,153,551
2084	889,153,551	-	1,468	-	86,692,400	975,844,483
2085	975,844,483	-	975	-	95,144,790	1,070,988,298
2086	1,070,988,298	-	638	-	104,421,328	1,175,408,988
2087	1,175,408,988	-	411	-	114,602,356	1,290,010,933
2088	1,290,010,933	-	260	-	125,776,053	1,415,786,726
2089	1,415,786,726	-	163	-	138,039,198	1,553,825,761
2090	1,553,825,761	-	101	-	151,498,007	1,705,323,667
2091	1,705,323,667	-	61	-	166,269,055	1,871,592,661
2092	1,871,592,661	-	37	-	182,480,283	2,054,072,907
2093	2,054,072,907	-	22	-	200,272,107	2,254,344,992
2094	2,254,344,992	-	13	-	219,798,636	2,474,143,615
2095	2,474,143,615	-	8	-	241,229,002	2,715,372,609
2096	2,715,372,609	-	4	-	264,748,829	2,980,121,434
2097	2,980,121,434	-	2	-	290,561,840	3,270,683,272
2098	3,270,683,272	-	1	-	318,891,619	3,589,574,890
2099	3,589,574,890	-	-	-	349,983,552	3,939,558,442

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 9.75% 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, 2018

Valuation Date: 10/1/2016

	ACTUAL	HYPOTHETICAL	
	6.75% RP-2000 Generational	4.75% RP-2000 Generational	8.75% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$2,007,929	\$2,568,128	\$1,467,904
Total Required Contribution (% of Payroll)	171.2%	219.0%	125.2%
Expected Member Contribution	60,609	60,022	61,195
Expected Sponsor Contribution (Fixed \$)	\$1,947,320	\$2,508,106	\$1,406,709
Expected Sponsor Contribution (% of Payroll)	166.1%	213.9%	120.0%

ASSETS

Actuarial Value ¹	25,558,259	25,558,259	25,558,259
Market Value ¹	25,558,259	25,558,259	25,558,259

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	4,107,621	5,625,899	3,130,423
Death Benefits	57,577	84,959	41,261
Vested Benefits	495,029	769,916	333,469
Service Retirees	19,885,746	24,377,913	16,666,014
DROP Retirees ¹	0	0	0
Beneficiaries	52,666	60,860	46,520
Terminated Vested	8,976,794	11,901,313	7,023,992
Total:	33,575,433	42,820,860	27,241,679
Present Value of Future Salaries	6,409,323	7,113,197	5,842,618
Present Value of Future Member Contributions	320,466	355,660	292,131
Total Normal Cost	135,585	217,296	87,487
Present Value of Future Normal Costs (Entry Age Normal)	610,484	1,135,418	344,146
Total Actuarial Accrued Liability ¹	32,964,949	41,685,442	26,897,533
Unfunded Actuarial Accrued Liability (UAAL)	7,406,690	16,127,183	1,339,274

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2018

Valuation Date: 10/1/2016

	ACTUAL	HYPOTHETICAL	
	6.75% RP-2000 Generational	4.75% RP-2000 Generational	8.75% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost ²	145,081	230,265	94,520
Administrative Expenses ²	36,998	36,640	37,355
Payment Required To Amortize UAAL ²	1,825,850	2,301,223	1,336,029
Total Required Contribution	\$2,007,929	\$2,568,128	\$1,467,904

¹ The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2016.

² Contributions developed as of 10/1/2016 displayed above have been adjusted to account for assumed salary increase and interest components.