

April 17, 2018

VIA EMAIL

Ms. Beatrice Galvan  
City of Sanibel  
800 Dunlop Road  
Sanibel, FL 33957

Re: City of Sanibel General Employees' Plan  
Section 112.664, Florida Statutes Compliance

Dear Beatrice:

Please find enclosed the annual disclosures that satisfy the October 1, 2017 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: 

Christine M. O'Neal, FSA, EA, MAAA  
Enrolled Actuary #17-7916

CMON/Ike  
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: Christine M. O'Neal Date: 4/17/2018

Christine M. O'Neal, FSA, EA, MAAA  
Enrolled Actuary #17-7916



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, 2017 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, 2017

	ACTUAL	HYPOTHETICAL	
	6.75% RP-2000 Generational	4.75% RP-2000 Generational	8.75% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	161,673	253,568	106,908
Interest	2,137,003	1,911,623	2,248,412
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	612,956	781,218	485,967
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,583,257)	(1,583,257)	(1,583,257)
Net Change in Total Pension Liability	1,328,375	1,363,152	1,258,030
Total Pension Liability - Beginning	32,289,259	40,782,755	26,380,862
Total Pension Liability - Ending (a)	<u>\$ 33,617,634</u>	<u>\$ 42,145,907</u>	<u>\$ 27,638,892</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	1,595,492	1,595,492	1,595,492
Contributions - Employee	52,815	52,815	52,815
Net Investment Income	3,441,237	3,441,237	3,441,237
Benefit Payments, Including Refunds of Employee Contributions	(1,583,257)	(1,583,257)	(1,583,257)
Administrative Expenses	(36,155)	(36,155)	(36,155)
Net Change in Plan Fiduciary Net Position	3,470,132	3,470,132	3,470,132
Plan Fiduciary Net Position - Beginning	25,558,259	25,558,259	25,558,259
Plan Fiduciary Net Position - Ending (b)	<u>\$ 29,028,391</u>	<u>\$ 29,028,391</u>	<u>\$ 29,028,391</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 4,589,243</u>	<u>\$ 13,117,516</u>	<u>\$ (1,389,499)</u>

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1  
Plan 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
2017	29,028,391	-	1,791,201	-	1,898,963	29,136,153
2018	29,136,153	-	2,143,933	-	1,894,333	28,886,553
2019	28,886,553	-	2,230,673	-	1,874,557	28,530,437
2020	28,530,437	-	2,296,807	-	1,848,287	28,081,917
2021	28,081,917	-	2,359,184	-	1,815,907	27,538,640
2022	27,538,640	-	2,430,460	-	1,776,830	26,885,010
2023	26,885,010	-	2,464,430	-	1,731,564	26,152,144
2024	26,152,144	-	2,534,096	-	1,679,744	25,297,792
2025	25,297,792	-	2,565,723	-	1,621,008	24,353,077
2026	24,353,077	-	2,633,130	-	1,554,965	23,274,912
2027	23,274,912	-	2,641,536	-	1,481,905	22,115,281
2028	22,115,281	-	2,615,856	-	1,404,496	20,903,921
2029	20,903,921	-	2,618,709	-	1,322,633	19,607,845
2030	19,607,845	-	2,619,383	-	1,235,125	18,223,587
2031	18,223,587	-	2,607,754	-	1,142,080	16,757,913
2032	16,757,913	-	2,595,806	-	1,043,551	15,205,658
2033	15,205,658	-	2,574,962	-	939,477	13,570,173
2034	13,570,173	-	2,543,977	-	830,127	11,856,323
2035	11,856,323	-	2,510,781	-	715,563	10,061,105
2036	10,061,105	-	2,467,987	-	595,830	8,188,948
2037	8,188,948	-	2,407,181	-	471,512	6,253,279
2038	6,253,279	-	2,343,872	-	342,991	4,252,398
2039	4,252,398	-	2,289,237	-	209,775	2,172,936
2040	2,172,936	-	2,210,313	-	-	-

\*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 23.98

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: 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
2017	29,028,391	-	1,791,201	-	1,336,308	28,573,498
2018	28,573,498	-	2,143,933	-	1,306,323	27,735,888
2019	27,735,888	-	2,230,673	-	1,264,476	26,769,691
2020	26,769,691	-	2,296,807	-	1,217,011	25,689,895
2021	25,689,895	-	2,359,184	-	1,164,239	24,494,950
2022	24,494,950	-	2,430,460	-	1,105,787	23,170,277
2023	23,170,277	-	2,464,430	-	1,042,058	21,747,905
2024	21,747,905	-	2,534,096	-	972,841	20,186,650
2025	20,186,650	-	2,565,723	-	897,930	18,518,857
2026	18,518,857	-	2,633,130	-	817,109	16,702,836
2027	16,702,836	-	2,641,536	-	730,648	14,791,948
2028	14,791,948	-	2,615,856	-	640,491	12,816,583
2029	12,816,583	-	2,618,709	-	546,593	10,744,467
2030	10,744,467	-	2,619,383	-	448,152	8,573,236
2031	8,573,236	-	2,607,754	-	345,295	6,310,777
2032	6,310,777	-	2,595,806	-	238,112	3,953,083
2033	3,953,083	-	2,574,962	-	126,616	1,504,737
2034	1,504,737	-	2,543,977	-	-	-

\*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 17.59

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 3  
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
2017	29,028,391	-	1,791,201	-	2,461,619	29,698,809
2018	29,698,809	-	2,143,933	-	2,504,849	30,059,725
2019	30,059,725	-	2,230,673	-	2,532,634	30,361,686
2020	30,361,686	-	2,296,807	-	2,556,162	30,621,041
2021	30,621,041	-	2,359,184	-	2,576,127	30,837,984
2022	30,837,984	-	2,430,460	-	2,591,991	30,999,515
2023	30,999,515	-	2,464,430	-	2,604,639	31,139,724
2024	31,139,724	-	2,534,096	-	2,613,859	31,219,487
2025	31,219,487	-	2,565,723	-	2,619,455	31,273,219
2026	31,273,219	-	2,633,130	-	2,621,207	31,261,296
2027	31,261,296	-	2,641,536	-	2,619,796	31,239,556
2028	31,239,556	-	2,615,856	-	2,619,017	31,242,717
2029	31,242,717	-	2,618,709	-	2,619,169	31,243,177
2030	31,243,177	-	2,619,383	-	2,619,180	31,242,974
2031	31,242,974	-	2,607,754	-	2,619,671	31,254,891
2032	31,254,891	-	2,595,806	-	2,621,236	31,280,321
2033	31,280,321	-	2,574,962	-	2,624,374	31,329,733
2034	31,329,733	-	2,543,977	-	2,630,053	31,415,809
2035	31,415,809	-	2,510,781	-	2,639,037	31,544,065
2036	31,544,065	-	2,467,987	-	2,652,131	31,728,209
2037	31,728,209	-	2,407,181	-	2,670,904	31,991,932
2038	31,991,932	-	2,343,872	-	2,696,750	32,344,810
2039	32,344,810	-	2,289,237	-	2,730,017	32,785,590
2040	32,785,590	-	2,210,313	-	2,772,038	33,347,315
2041	33,347,315	-	2,119,899	-	2,825,144	34,052,560
2042	34,052,560	-	2,021,128	-	2,891,175	34,922,607
2043	34,922,607	-	1,917,443	-	2,971,840	35,977,004
2044	35,977,004	-	1,813,477	-	3,068,648	37,232,175
2045	37,232,175	-	1,701,771	-	3,183,363	38,713,767
2046	38,713,767	-	1,592,494	-	3,317,783	40,439,056
2047	40,439,056	-	1,474,542	-	3,473,906	42,438,420
2048	42,438,420	-	1,356,162	-	3,654,030	44,736,288
2049	44,736,288	-	1,236,723	-	3,860,319	47,359,884
2050	47,359,884	-	1,122,969	-	4,094,860	50,331,775
2051	50,331,775	-	1,013,428	-	4,359,693	53,678,040
2052	53,678,040	-	909,226	-	4,657,050	57,425,864
2053	57,425,864	-	811,448	-	4,989,262	61,603,678
2054	61,603,678	-	719,764	-	5,358,832	66,242,746
2055	66,242,746	-	633,894	-	5,768,507	71,377,359
2056	71,377,359	-	555,131	-	6,221,232	77,043,460
2057	77,043,460	-	484,006	-	6,720,127	83,279,581
2058	83,279,581	-	420,543	-	7,268,565	90,127,603
2059	90,127,603	-	364,213	-	7,870,231	97,633,621
2060	97,633,621	-	314,800	-	8,529,169	105,847,990
2061	105,847,990	-	271,241	-	9,249,832	114,826,581
2062	114,826,581	-	233,388	-	10,037,115	124,630,308
2063	124,630,308	-	200,564	-	10,896,377	135,326,121
2064	135,326,121	-	172,342	-	11,833,496	146,987,275
2065	146,987,275	-	147,939	-	12,854,914	159,694,250
2066	159,694,250	-	126,797	-	13,967,700	173,535,153

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3  
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
2067	173,535,153	-	108,212	-	15,179,592	188,606,533
2068	188,606,533	-	91,969	-	16,499,048	205,013,612
2069	205,013,612	-	77,723	-	17,935,291	222,871,180
2070	222,871,180	-	65,254	-	19,498,373	242,304,299
2071	242,304,299	-	54,380	-	21,199,247	263,449,166
2072	263,449,166	-	44,980	-	23,049,834	286,454,020
2073	286,454,020	-	36,842	-	25,063,115	311,480,293
2074	311,480,293	-	29,834	-	27,253,220	338,703,679
2075	338,703,679	-	23,813	-	29,635,530	368,315,396
2076	368,315,396	-	18,726	-	32,226,778	400,523,448
2077	400,523,448	-	14,507	-	35,045,167	435,554,108
2078	435,554,108	-	11,093	-	38,110,499	473,653,514
2079	473,653,514	-	8,340	-	41,444,318	515,089,492
2080	515,089,492	-	6,177	-	45,070,060	560,153,375
2081	560,153,375	-	4,479	-	49,013,224	609,162,120
2082	609,162,120	-	3,185	-	53,301,546	662,460,481
2083	662,460,481	-	2,206	-	57,965,196	720,423,471
2084	720,423,471	-	1,496	-	63,036,988	783,458,963
2085	783,458,963	-	989	-	68,552,616	852,010,590
2086	852,010,590	-	644	-	74,550,898	926,560,844
2087	926,560,844	-	413	-	81,074,056	1,007,634,487
2088	1,007,634,487	-	261	-	88,168,006	1,095,802,232
2089	1,095,802,232	-	163	-	95,882,688	1,191,684,757
2090	1,191,684,757	-	100	-	104,272,412	1,295,957,069
2091	1,295,957,069	-	61	-	113,396,241	1,409,353,249
2092	1,409,353,249	-	37	-	123,318,408	1,532,671,620
2093	1,532,671,620	-	22	-	134,108,766	1,666,780,364
2094	1,666,780,364	-	13	-	145,843,281	1,812,623,632
2095	1,812,623,632	-	7	-	158,604,567	1,971,228,192
2096	1,971,228,192	-	4	-	172,482,467	2,143,710,655
2097	2,143,710,655	-	2	-	187,574,682	2,331,285,335
2098	2,331,285,335	-	1	-	203,987,467	2,535,272,801
2099	2,535,272,801	-	-	-	221,836,370	2,757,109,171

\*All DROP Balances paid in 2017.

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, 2019

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL	
	6.75% RP-2000 Generational	4.75% RP-2000 Generational	8.75% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$1,729,031	\$2,302,871	\$1,166,799
Total Required Contribution (% of Payroll)	172.2%	229.3%	116.2%
Expected Member Contribution	51,926	51,424	52,428
Expected Sponsor Contribution (Fixed \$)	\$1,677,105	\$2,251,447	\$1,114,371
Expected Sponsor Contribution (% of Payroll)	167.2%	224.3%	111.2%

**ASSETS**

Actuarial Value <sup>1</sup>	29,028,391	29,028,391	29,028,391
Market Value <sup>1</sup>	29,028,391	29,028,391	29,028,391

**LIABILITIES**

Present Value of Benefits			
Active Members			
Retirement Benefits	3,420,211	4,745,009	2,578,563
Death Benefits	37,149	54,884	26,536
Vested Benefits	482,574	752,657	323,063
Refund of Contributions	0	0	0
Service Retirees	20,751,921	25,352,947	17,437,220
DROP Retirees <sup>1</sup>	703,376	903,331	570,180
Beneficiaries	244,531	287,454	211,889
Terminated Vested	7,892,253	10,427,579	6,191,674
Total:	33,532,015	42,523,861	27,339,125
Present Value of Future Salaries	5,871,706	6,535,594	5,336,724
Present Value of Future Member Contributions	293,585	326,780	266,836
Total Normal Cost	108,678	177,746	68,598
Present Value of Future Normal Costs (Entry Age Normal)	538,610	1,021,191	297,094
Total Actuarial Accrued Liability <sup>1</sup>	32,993,405	41,502,670	27,042,031
Unfunded Actuarial Accrued Liability (UAAL)	3,965,014	12,474,279	(1,986,360)

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2019

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL	
	6.75% RP-2000 Generational	4.75% RP-2000 Generational	8.75% RP-2000 Generational
<b><u>PENSION COST</u></b>			
Normal Cost <sup>2</sup>	116,345	188,446	74,148
Administrative Expenses <sup>2</sup>	38,706	38,331	39,080
Payment Required To Amortize UAAL <sup>2</sup>	1,573,980	2,076,094	1,053,571
Total Required Contribution	\$1,729,031	\$2,302,871	\$1,166,799

<sup>1</sup> The asset values and liabilities include accumulated DROP Balances as of 9/30/2017.

<sup>2</sup> Contributions developed as of 10/1/2017 displayed above have been adjusted to account for assumed salary increase and interest components.