

April 19, 2019

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, 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: 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: Sara Carlson Date: 4/19/2019

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	
	6.75% RP-2000 Generational	4.75% RP-2000 Generational	8.75% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	129,594	207,005	84,111
Interest	2,220,510	1,971,351	2,351,319
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(759,405)	(816,380)	(713,964)
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,701,567)	(1,701,567)	(1,701,567)
Net Change in Total Pension Liability	(110,868)	(339,591)	19,899
Total Pension Liability - Beginning	33,617,634	42,145,907	27,638,892
Total Pension Liability - Ending (a)	<u>\$ 33,506,766</u>	<u>\$ 41,806,316</u>	<u>\$ 27,658,791</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	1,947,323	1,947,323	1,947,323
Contributions - Employee	51,991	51,991	51,991
Net Investment Income	1,992,543	1,992,543	1,992,543
Benefit Payments, Including Refunds of Employee Contributions	(1,701,567)	(1,701,567)	(1,701,567)
Administrative Expenses	(40,535)	(40,535)	(40,535)
Net Change in Plan Fiduciary Net Position	2,249,755	2,249,755	2,249,755
Plan Fiduciary Net Position - Beginning	29,028,391	29,028,391	29,028,391
Plan Fiduciary Net Position - Ending (b)	<u>\$ 31,278,146</u>	<u>\$ 31,278,146</u>	<u>\$ 31,278,146</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 2,228,620</u>	<u>\$ 10,528,170</u>	<u>\$ (3,619,355)</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
2018	31,278,146	-	2,005,327	-	2,043,595	31,316,414
2019	31,316,414	-	2,228,797	-	2,038,636	31,126,253
2020	31,126,253	-	2,292,059	-	2,023,665	30,857,859
2021	30,857,859	-	2,353,428	-	2,003,477	30,507,908
2022	30,507,908	-	2,425,075	-	1,977,438	30,060,271
2023	30,060,271	-	2,461,537	-	1,945,991	29,544,725
2024	29,544,725	-	2,518,552	-	1,909,268	28,935,441
2025	28,935,441	-	2,550,472	-	1,867,064	28,252,033
2026	28,252,033	-	2,621,137	-	1,818,549	27,449,445
2027	27,449,445	-	2,639,264	-	1,763,762	26,573,943
2028	26,573,943	-	2,652,486	-	1,704,220	25,625,677
2029	25,625,677	-	2,638,704	-	1,640,677	24,627,650
2030	24,627,650	-	2,644,115	-	1,573,127	23,556,662
2031	23,556,662	-	2,637,553	-	1,501,057	22,420,166
2032	22,420,166	-	2,630,151	-	1,424,594	21,214,609
2033	21,214,609	-	2,614,306	-	1,343,753	19,944,056
2034	19,944,056	-	2,589,429	-	1,258,831	18,613,458
2035	18,613,458	-	2,562,230	-	1,169,933	17,221,161
2036	17,221,161	-	2,525,073	-	1,077,207	15,773,295
2037	15,773,295	-	2,469,155	-	981,363	14,285,503
2038	14,285,503	-	2,411,585	-	882,880	12,756,798
2039	12,756,798	-	2,361,922	-	781,369	11,176,245
2040	11,176,245	-	2,287,440	-	677,195	9,566,000
2041	9,566,000	-	2,200,839	-	571,427	7,936,588
2042	7,936,588	-	2,105,568	-	464,657	6,295,677
2043	6,295,677	-	2,004,706	-	357,299	4,648,270
2044	4,648,270	-	1,903,187	-	249,526	2,994,609
2045	2,994,609	-	1,792,358	-	141,644	1,343,895
2046	1,343,895	-	1,681,806	-	-	-

*All DROP Balances paid in 2018.

Number of Years Expected Benefit Payments Sustained: 28.80

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
2018	31,278,146	-	2,005,327	-	1,438,085	30,710,904
2019	30,710,904	-	2,228,797	-	1,405,834	29,887,941
2020	29,887,941	-	2,292,059	-	1,365,241	28,961,123
2021	28,961,123	-	2,353,428	-	1,319,759	27,927,454
2022	27,927,454	-	2,425,075	-	1,268,959	26,771,338
2023	26,771,338	-	2,461,537	-	1,213,177	25,522,978
2024	25,522,978	-	2,518,552	-	1,152,526	24,156,952
2025	24,156,952	-	2,550,472	-	1,086,882	22,693,362
2026	22,693,362	-	2,621,137	-	1,015,683	21,087,908
2027	21,087,908	-	2,639,264	-	938,993	19,387,637
2028	19,387,637	-	2,652,486	-	857,916	17,593,067
2029	17,593,067	-	2,638,704	-	773,001	15,727,364
2030	15,727,364	-	2,644,115	-	684,252	13,767,501
2031	13,767,501	-	2,637,553	-	591,314	11,721,262
2032	11,721,262	-	2,630,151	-	494,294	9,585,405
2033	9,585,405	-	2,614,306	-	393,217	7,364,316
2034	7,364,316	-	2,589,429	-	288,306	5,063,193
2035	5,063,193	-	2,562,230	-	179,649	2,680,612
2036	2,680,612	-	2,525,073	-	67,359	222,898
2037	222,898	-	2,469,155	-	-	-

*All DROP Balances paid in 2018.

Number of Years Expected Benefit Payments Sustained: 19.09

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
2018	31,278,146	-	2,005,327	-	2,649,105	31,921,924
2019	31,921,924	-	2,228,797	-	2,695,658	32,388,785
2020	32,388,785	-	2,292,059	-	2,733,741	32,830,467
2021	32,830,467	-	2,353,428	-	2,769,703	33,246,742
2022	33,246,742	-	2,425,075	-	2,802,993	33,624,660
2023	33,624,660	-	2,461,537	-	2,834,466	33,997,589
2024	33,997,589	-	2,518,552	-	2,864,602	34,343,639
2025	34,343,639	-	2,550,472	-	2,893,485	34,686,652
2026	34,686,652	-	2,621,137	-	2,920,407	34,985,922
2027	34,985,922	-	2,639,264	-	2,945,800	35,292,458
2028	35,292,458	-	2,652,486	-	2,972,044	35,612,016
2029	35,612,016	-	2,638,704	-	3,000,608	35,973,920
2030	35,973,920	-	2,644,115	-	3,032,038	36,361,843
2031	36,361,843	-	2,637,553	-	3,066,268	36,790,558
2032	36,790,558	-	2,630,151	-	3,104,105	37,264,512
2033	37,264,512	-	2,614,306	-	3,146,269	37,796,475
2034	37,796,475	-	2,589,429	-	3,193,904	38,400,950
2035	38,400,950	-	2,562,230	-	3,247,986	39,086,706
2036	39,086,706	-	2,525,073	-	3,309,615	39,871,248
2037	39,871,248	-	2,469,155	-	3,380,709	40,782,802
2038	40,782,802	-	2,411,585	-	3,462,988	41,834,205
2039	41,834,205	-	2,361,922	-	3,557,159	43,029,442
2040	43,029,442	-	2,287,440	-	3,665,001	44,407,003
2041	44,407,003	-	2,200,839	-	3,789,326	45,995,490
2042	45,995,490	-	2,105,568	-	3,932,487	47,822,409
2043	47,822,409	-	2,004,706	-	4,096,755	49,914,458
2044	49,914,458	-	1,903,187	-	4,284,251	52,295,522
2045	52,295,522	-	1,792,358	-	4,497,443	55,000,607
2046	55,000,607	-	1,681,806	-	4,738,974	58,057,775
2047	58,057,775	-	1,563,051	-	5,011,672	61,506,396
2048	61,506,396	-	1,440,037	-	5,318,808	65,385,167
2049	65,385,167	-	1,315,603	-	5,663,644	69,733,208
2050	69,733,208	-	1,194,778	-	6,049,384	74,587,814
2051	74,587,814	-	1,077,625	-	6,479,288	79,989,477
2052	79,989,477	-	965,521	-	6,956,838	85,980,794
2053	85,980,794	-	860,059	-	7,485,692	92,606,427
2054	92,606,427	-	761,197	-	8,069,760	99,914,990
2055	99,914,990	-	668,977	-	8,713,294	107,959,307
2056	107,959,307	-	584,574	-	9,420,864	116,795,597
2057	116,795,597	-	508,508	-	10,197,368	126,484,457
2058	126,484,457	-	440,773	-	11,048,106	137,091,790
2059	137,091,790	-	380,782	-	11,978,872	148,689,880
2060	148,689,880	-	328,290	-	12,996,002	161,357,592
2061	161,357,592	-	282,191	-	14,106,443	175,181,844
2062	175,181,844	-	242,290	-	15,317,811	190,257,365
2063	190,257,365	-	207,834	-	16,638,427	206,687,958
2064	206,687,958	-	178,323	-	18,077,395	224,587,030
2065	224,587,030	-	152,890	-	19,644,676	244,078,816
2066	244,078,816	-	130,909	-	21,351,169	265,299,076
2067	265,299,076	-	111,623	-	23,208,786	288,396,239
2068	288,396,239	-	94,798	-	25,230,524	313,531,965
2069	313,531,965	-	80,060	-	27,430,544	340,882,449

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
2070	340,882,449	-	67,174	-	29,824,275	370,639,550
2071	370,639,550	-	55,945	-	32,428,513	403,012,118
2072	403,012,118	-	46,246	-	35,261,537	438,227,409
2073	438,227,409	-	37,856	-	38,343,242	476,532,795
2074	476,532,795	-	30,637	-	41,695,279	518,197,437
2075	518,197,437	-	24,437	-	45,341,207	563,514,207
2076	563,514,207	-	19,201	-	49,306,653	612,801,659
2077	612,801,659	-	14,863	-	53,619,495	666,406,291
2078	666,406,291	-	11,356	-	58,310,054	724,704,989
2079	724,704,989	-	8,530	-	63,411,313	788,107,772
2080	788,107,772	-	6,312	-	68,959,154	857,060,614
2081	857,060,614	-	4,572	-	74,992,604	932,048,646
2082	932,048,646	-	3,249	-	81,554,114	1,013,599,511
2083	1,013,599,511	-	2,247	-	88,689,859	1,102,287,123
2084	1,102,287,123	-	1,523	-	96,450,057	1,198,735,657
2085	1,198,735,657	-	1,006	-	104,889,326	1,303,623,977
2086	1,303,623,977	-	655	-	114,067,069	1,417,690,391
2087	1,417,690,391	-	420	-	124,047,891	1,541,737,862
2088	1,541,737,862	-	265	-	134,902,051	1,676,639,648
2089	1,676,639,648	-	165	-	146,705,962	1,823,345,445
2090	1,823,345,445	-	102	-	159,542,722	1,982,888,065
2091	1,982,888,065	-	62	-	173,502,703	2,156,390,706
2092	2,156,390,706	-	37	-	188,684,185	2,345,074,854
2093	2,345,074,854	-	22	-	205,194,049	2,550,268,881
2094	2,550,268,881	-	13	-	223,148,527	2,773,417,395
2095	2,773,417,395	-	8	-	242,674,022	3,016,091,409
2096	3,016,091,409	-	4	-	263,907,998	3,279,999,403
2097	3,279,999,403	-	2	-	286,999,948	3,566,999,349
2098	3,566,999,349	-	1	-	312,112,443	3,879,111,791
2099	3,879,111,791	-	-	-	339,422,282	4,218,534,073

*All DROP Balances paid in 2018.

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, 2020

Valuation Date: 10/1/2018

	ACTUAL	HYPOTHETICAL	
	6.75% RP-2000 Generational	4.75% RP-2000 Generational	8.75% RP-2000 Generational
Minimum Required Contribution (Fixed \$)	\$1,006,864	\$1,594,814	\$427,054
Minimum Required Contribution (% of Payroll)	98.2%	155.5%	41.6%
Expected Member Contribution	53,018	52,505	53,531
Expected Sponsor Contribution (Fixed \$)	\$953,846	\$1,542,309	\$373,523
Expected Sponsor Contribution (% of Payroll)	93.2%	150.5%	36.6%

ASSETS

Actuarial Value ¹	31,278,146	31,278,146	31,278,146
Market Value ¹	31,278,146	31,278,146	31,278,146

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	3,430,437	4,709,957	2,612,232
Death Benefits	36,834	54,554	26,244
Vested Benefits	494,191	768,690	331,177
Refund of Contributions	0	0	0
Service Retirees	23,191,966	28,341,696	19,478,579
DROP Retirees ¹	752,043	948,826	620,047
Beneficiaries	318,134	364,463	282,042
Terminated Vested	5,803,898	7,780,359	4,494,841
Total:	34,027,503	42,968,545	27,845,162
Present Value of Future Salaries	5,684,186	6,330,453	5,163,390
Present Value of Future Member Contributions	284,209	316,523	258,170
Total Normal Cost	103,929	169,994	65,600
Present Value of Future Normal Costs (Entry Age Normal)	496,261	949,799	271,113
Total Actuarial Accrued Liability ¹	33,531,242	42,018,746	27,574,049
Unfunded Actuarial Accrued Liability (UAAL)	2,253,096	10,740,600	(3,704,097)

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

Valuation Date: 10/1/2018

	ACTUAL	HYPOTHETICAL	
	6.75% RP-2000 Generational	4.75% RP-2000 Generational	8.75% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost ²	111,294	180,279	70,928
Administrative Expenses ²	43,407	42,987	43,827
Payment Required To Amortize UAAL ²	852,163	1,371,548	312,299
Minimum Required Contribution	\$1,006,864	\$1,594,814	\$427,054

¹ The asset values and liabilities include accumulated DROP Balances as of 9/30/2018.

² Contributions developed as of 10/1/2018 displayed above have been adjusted to account for assumed salary increase and interest components.