CITY OF SANIBEL
GENERAL EMPLOYEES' RETIREMENT PLAN

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2022

CONTRIBUTIONS APPLICABLE TO THE
PLAN/FISCAL YEAR ENDING SEPTEMBER 30, 2024

GASB 67/68 DISCLOSURE INFORMATION
AS OF SEPTEMBER 30, 2022

FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

January 23, 2023

Board of Trustees
City of Sanibel
General Employees' Pension Board

Re: City of Sanibel General Employees' Retirement Plan

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Sanibel General Employees' Retirement Plan. Included are the related results for GASB Statements No. 67 and No. 68. The funding valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year. The calculation of the liability for GASB results was performed for the purpose of satisfying the requirements of GASB Statements No. 67 and No. 68. Use of the results for other purposes may not be applicable and may produce significantly different results.

The valuations have been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflect laws and regulations issued to date pursuant to the provisions of Chapter 112, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in the valuations, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience.

The funding percentages and unfunded accrued liability are measured based on the actuarial value of assets. These measures, as provided, are appropriate for determining the adequacy of future contributions, but may not be appropriate for the purpose of settling a portion or all of its liabilities. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations. Due to the limited scope of the valuations, we did not perform an analysis of the potential range of such future measurements.

In conducting the valuations, we have relied on personnel, plan design, and asset information supplied by the City of Sanibel, financial reports prepared by the custodian bank, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

Additionally, we used third-party software to model (calculate) the underlying liabilities and costs. These results are reviewed in the aggregate and for individual sample lives. The output from the software is either used directly or input into internally developed models that apply the funding and accounting rules to generate the results. All internally developed models are reviewed as part of the valuation process. As a result of this review, we believe that the models have produced reasonable results. We do not believe there are any material inconsistencies among assumptions or unreasonable output produced due to the aggregation of assumptions.

The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on an actuarial valuation performed as of October 1, 2021. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ending September 30, 2022 using generally accepted actuarial principles. It is our opinion that the assumptions used for this purpose are internally consistent, reasonable, and comply with the requirements under GASB No. 67 and No. 68.

The undersigned are familiar with the immediate and long-term aspects of pension valuations, and meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Sanibel, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the General Employees' Retirement Plan. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact us at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.

By: Sara Carlson

Sara E. Carlson, ASA, EA, MAAA
Enrolled Actuary #20-8546

By: Braeleen M. Scott

Braeleen M. Scott, ASA, MAAA

Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Sanibel General Employees' Retirement Plan, performed as of October 1, 2022, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ending September 30, 2024.

The contribution requirements, compared with those set forth in the October 1, 2021 actuarial valuation report, are as follows:

Valuation Date	10/1/2022	10/1/2021
Applicable to Fiscal Year Ending	9/30/2024	9/30/2023
Minimum Required Contribution	$846,154	$110,015
Member Contributions (Est.)	34,342	33,280
City Required Contribution	$811,812	$76,735

[1] Please note that the City has access to a prepaid contribution of $226,609.00 that is available to offset a portion of the above stated requirements for the fiscal year ending September 30, 2023.

As you can see, the Minimum Required Contribution shows an increase when compared to the results determined in the October 1, 2021 actuarial valuation report. The increase is mainly attributable to unfavorable actuarial experience as described below. The increase was offset in part by several amortization charges being fully paid off.

Plan experience was unfavorable overall on the basis of the plan's actuarial assumptions. Sources of actuarial loss included an investment return of -15.71% (Actuarial Asset Basis) which fell short of the 6.50% assumption, more retirements than expected, inactive mortality experience, and an average salary increase of 11.71% which exceeded the 4.11% assumption. There were no significant sources of actuarial gain.

CHANGES SINCE PRIOR VALUATION

Plan Changes

There have been no changes in benefits since the prior valuation.

Actuarial Assumption/Method Changes

There have been no assumption or method changes since the prior valuation.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	10/1/2022	10/1/2021
A. Participant Data		
Actives	8	9
Service Retirees	90	85
DROP Retirees	2	4
Beneficiaries	9	9
Terminated Vested	38	42
Total	147	149
Payroll Under Assumed Ret. Age	638,773	619,609
Annual Rate of Payments to:		
Service Retirees	2,281,043	2,135,222
DROP Retirees	53,565	98,659
Beneficiaries	174,619	143,859
Terminated Vested	333,615	395,848
B. Assets		
Actuarial Value (AVA) [1]	31,173,856	39,188,179
Market Value (MVA) [1]	31,173,856	39,188,179
C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	1,629,099	1,571,226
Death Benefits	21,999	19,849
Vested Benefits	658,788	608,006
Refund of Contributions	0	0
Service Retirees	28,770,417	26,990,492
DROP Retirees [1]	960,313	1,834,631
Beneficiaries	1,578,518	1,292,030
Terminated Vested	3,395,762	4,092,191
Total	37,014,896	36,408,425

C. Liabilities - (Continued)	10/1/2022	10/1/2021
Present Value of Future Salaries	4,844,314	4,604,539
Present Value of Future Member Contributions	242,216	230,227
Normal Cost (Retirement)	37,271	38,066
Normal Cost (Death)	642	682
Normal Cost (Vesting)	28,047	25,995
Normal Cost (Refunds)	0	0
Total Normal Cost	65,960	64,743
Present Value of Future Normal Costs	408,739	400,299
Accrued Liability (Retirement)	1,392,024	1,337,741
Accrued Liability (Death)	29,803	33,009
Accrued Liability (Vesting)	479,320	428,032
Accrued Liability (Refunds)	0	0
Accrued Liability (Inactives) [1]	34,705,010	34,209,344
Total Actuarial Accrued Liability (EAN AL)	36,606,157	36,008,126
Unfunded Actuarial Accrued Liability (UAAL)	5,432,301	(3,180,053)
Funded Ratio (AVA / EAN AL)	85.2%	108.8%

D. Actuarial Present Value of Accrued Benefits

	10/1/2022	10/1/2021
Vested Accrued Benefits		
Inactives [1]	34,705,010	34,209,344
Actives	1,062,233	1,041,883
Member Contributions	360,338	361,166
Total	36,127,581	35,612,393
Non-vested Accrued Benefits	0	0
Total Present Value Accrued Benefits (PVAB)	36,127,581	35,612,393
Funded Ratio (MVA / PVAB)	86.3%	110.0%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
Plan Experience	880,819	
Benefits Paid	(2,596,064)	
Interest	2,230,433	
Other	0	
Total	515,188	

Valuation Date	10/1/2022	10/1/2021
Applicable to Fiscal Year Ending	9/30/2024	9/30/2023
E. Pension Cost		
Normal Cost [2]	$70,923	$69,548
Administrative Expenses [2]	40,182	40,467
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 10 years (as of 10/1/2022) [2]	735,049	(232,158)
Minimum Required Contribution [3]	846,154	110,015
Expected Member Contributions [2]	34,342	33,280
Expected City Contribution	811,812	76,735
F. Past Contributions		
Plan Years Ending:	9/30/2022	
City Requirement	637,447	
Actual Contributions Made:		
City	637,447	
G. Net Actuarial (Gain)/Loss	9,402,369	

[1] The asset values and liabilities include accumulated DROP Plan Balances as of 9/30/2022 and 9/30/2021.

[2] Contributions developed as of 10/1/2022 displayed above have been adjusted to account for assumed salary increase and interest components.

[3] Reflects normal cost minimum funding requirements of Chapter 112, Florida Statutes.

H. Schedule Illustrating the Amortization of the Total Unfunded Actuarial Accrued Liability as of:

Year	Projected Unfunded Actuarial Accrued Liability
2022	5,432,301
2023	5,057,355
2024	4,572,541
2026	3,523,711
2028	2,785,920
2030	1,782,445
2032	0

I. (i) 5 Year Comparison of Actual and Assumed Salary Increases

		Actual	Assumed
Year Ended	9/30/2022	11.71%	4.11%
Year Ended	9/30/2021	3.07%	4.03%
Year Ended	9/30/2020	4.71%	3.84%
Year Ended	9/30/2019	1.61%	3.73%
Year Ended	9/30/2018	7.66%	3.73%

(ii) 5 Year Comparison of Investment Return on Market Value and Actuarial Value

		Market Value	Actuarial Value	Assumed
Year Ended	9/30/2022	-15.71%	-15.71%	6.50%
Year Ended	9/30/2021	20.09%	20.09%	6.75%
Year Ended	9/30/2020	8.46%	8.46%	6.75%
Year Ended	9/30/2019	3.60%	3.60%	6.75%
Year Ended	9/30/2018	6.80%	6.80%	6.75%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2022	$638,773
	10/1/2012	1,325,935
(b) Total Increase		-51.82%
(c) Number of Years		10.00
(d) Average Annual Rate		-7.04%

STATEMENT BY ENROLLED ACTUARY

This actuarial valuation was 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, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

Sara Carlson

Sara E. Carlson, ASA, EA, MAAA
Enrolled Actuary #20-8546

Please let us know when the report is approved by the Board and unless otherwise directed we will provide a copy of the report to the following office to comply with Chapter 112, Florida Statutes:

Mr. Keith Brinkman
Bureau of Local
Retirement Systems
Post Office Box 9000
Tallahassee, FL 32315-9000

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

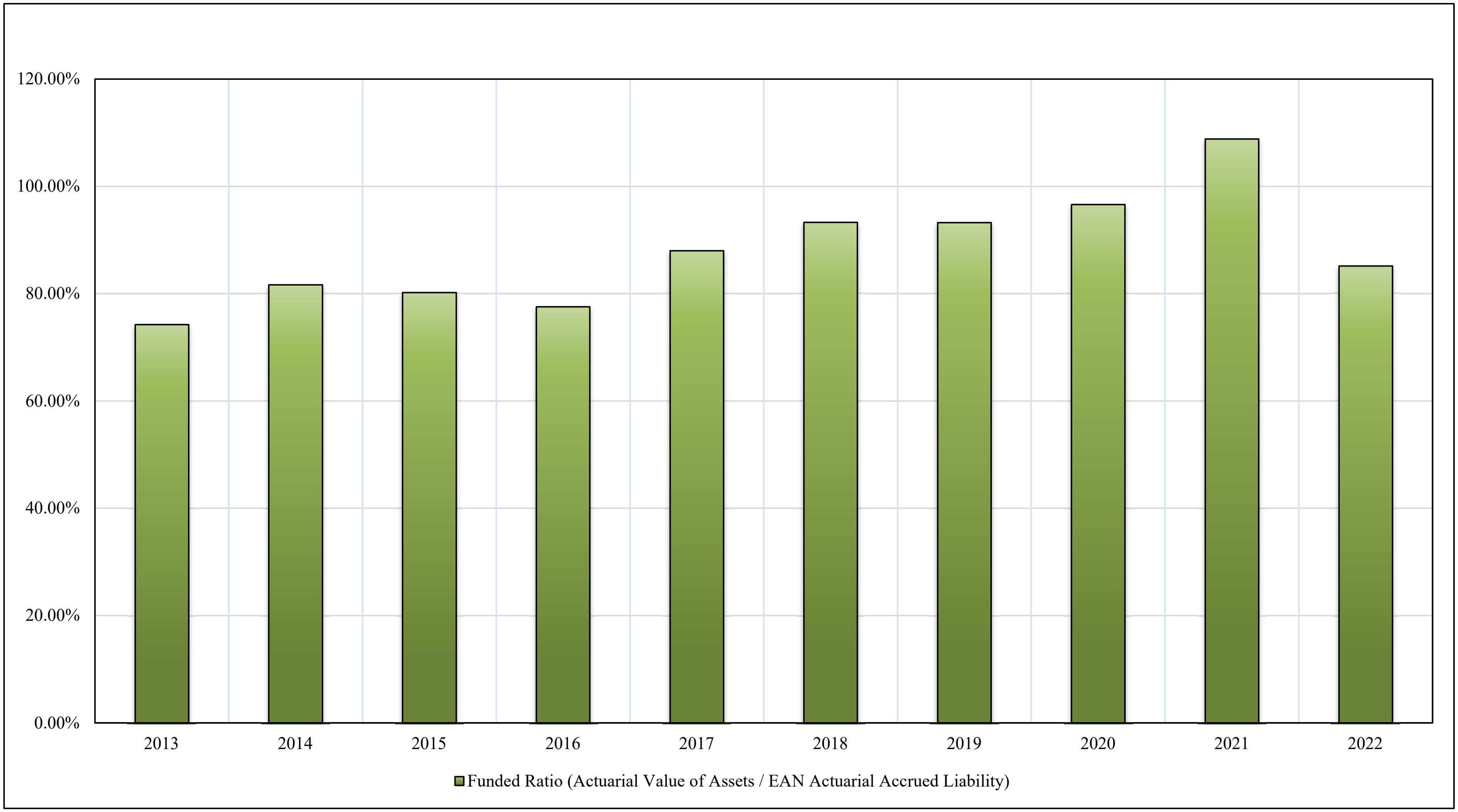
(1)	Unfunded Actuarial Accrued Liability as of October 1, 2021	($3,180,053)
(2)	Sponsor Normal Cost developed as of October 1, 2021	33,763
(3)	Expected administrative expenses for the year ended September 30, 2022	37,671
(4)	Expected interest on (1), (2) and (3)	(203,285)
(5)	Sponsor contributions to the System during the year ended September 30, 2022	637,447
(6)	Expected interest on (5)	20,717
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2022 (1)+(2)+(3)+(4)-(5)-(6)	(3,970,068)
(8)	Change to UAAL due to Assumption Change	0
(9)	Change to UAAL due to Actuarial (Gain)/Loss	9,402,369
(10)	Unfunded Actuarial Accrued Liability as of October 1, 2022	5,432,301

Type of Base	Date Established	Years Remaining	10/1/2022 Amount	Amortization Amount
Actuarial Gain	10/1/2013	1	(75,323)	(75,323)
Assum. Change	10/1/2013	1	(4,957)	(4,957)
Actuarial Gain	10/1/2014	2	(142,381)	(73,431)
Actuarial Loss	10/1/2015	3	473,752	167,960
Assum. Change	10/1/2016	4	564,068	154,604
Actuarial Loss	10/1/2016	4	233,124	63,896
Actuarial Gain	10/1/2017	5	(911,009)	(205,841)
Actuarial Gain	10/1/2018	6	(34,349)	(6,662)
Reconciliation Base	10/1/2019	7	(447,550)	(76,622)
Actuarial Loss	10/1/2019	7	674,108	115,409
COLA Interpretation	10/1/2019	7	220,311	37,718
Actuarial Gain	10/1/2020	8	(266,742)	(41,135)
Assum. Change	10/1/2020	8	(8,505)	(1,312)
Actuarial Gain	10/1/2021	9	(5,279,564)	(744,781)
Assum. Change	10/1/2021	9	1,034,950	145,999
Actuarial Loss	10/1/2022	10	9,402,369	1,228,088
			5,432,301	683,610

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1)	Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2021	($3,180,053)
(2)	Expected UAAL as of October 1, 2022	(3,970,068)
(3)	Summary of Actuarial (Gain)/Loss, by component:	
	Investment Return (Actuarial Asset Basis)	8,552,527
	Salary Increases	110,820
	Active Decrements	519,953
	Inactive Mortality	271,419
	Other	(52,350)
	Increase in UAAL due to (Gain)/Loss	9,402,369
	Assumption Changes	0
(4)	Actual UAAL as of October 1, 2022	$5,432,301

HISTORY OF FUNDING PROGRESS



ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate	*Healthy Active Lives:* **Female:** PubG.H-2010 for Employees. **Male:** PubG.H-2010 for Employees, set back one year. *Healthy Retiree Lives:* **Female:** PubG.H-2010 for Healthy Retirees. **Male:** PubG.H-2010 for Healthy Retirees, set back one year. *Beneficiary Lives:* **Female:** PubG.H-2010 for Healthy Retirees. **Male:** PubG.H-2010 for Healthy Retirees, set back one year. *Disabled Lives:* PubG.H-2010 for Disabled Retirees, set forward three years. All rates are projected generationally with Mortality Improvement Scale MP-2018. We feel this assumption sufficiently accommodates future mortality improvements. The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2021 FRS valuation report for non-special-risk employees.
Interest Rate	6.50% per year compounded annually, net of investment related expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.

Salary Increases

See sample rates below. These rates are consistent with long term Plan experience.

Salary Scale	
Age	Rate
20	7.78%
30	6.25%
40	5.40%
50	4.80%
60+	2.78%

Payroll Growth

0.00% for purposes of amortizing the Unfunded Actuarial Accrued Liability. This assumption cannot exceed the ten-year average payroll growth, in compliance with Part VII of Chapter 112, Florida Statutes.

Administrative Expenses

$37,370 annually, based on the average of actual expenses incurred in the prior two fiscal years.

Amortization Method

New UAAL amortization bases are amortized over 10 years.

Bases established prior to the valuation date are adjusted proportionally to match the Expected Unfunded Actuarial Accrued Liability as of the valuation date, in order to align prior year bases with the portion of the current year UAAL associated with prior year sources.

Funding Method

Entry Age Normal Actuarial Cost Method. The following loads are applied for determining the minimum required contribution:

Interest - a half year, based on current 6.50% assumption.

Salary - A full year, based on current 4.14% assumption.

Retirement Age

One year following satisfaction of the Plan's requirement for Normal Retirement. This assumption is consistent with historical Plan experience.

Early Retirement

Commencing upon eligibility for Early Retirement, Members are assumed to retire with an immediate benefit at the rate of 5% per year. This assumption is consistent with historical Plan experience.

Termination Rates

See sample rates below, adopted by the Board with the October 1, 2013 valuation, based on historical experience.

% Terminating During the Year	
Age	Rate
20	9.3%
30	5.5%
40	4.6%
50	4.1%
60	3.6%
70+	3.1%

Disability Rates

See sample rates below. These rates are consistent with other municipal Florida non-special-risk plans.

% Becoming Disabled During the Year	
Age	Rate
20	0.14%
30	0.18%
40	0.30%
50	1.00%
60+	2.09%

Cost-of-Living Adjustment

2% for 25 years, beginning 5 years after retirement, payable to Normal and Early Retirees. For Members who retired prior to May 1, 2011, the adjustments are 2.75% annually for 25 years, beginning 3 years after retirement.

Asset Methodology

Fair Market Value, net of investment-related expenses.

GLOSSARY

Actuarial Value of Assets is the asset value used in the valuation to determine contribution requirements. It represents the plan's Market Value of Assets (see below), with adjustments according to the plan's Actuarial Asset Method. These adjustments produce a "smoothed" value that is likely to be less volatile from year to year than the Market Value of Assets.

Entry Age Normal Cost Method - Under this method, the normal cost is the sum of the individual normal costs for all active participants. For an active participant, the normal cost is the participant's normal cost accrual rate, multiplied by the participant's current compensation.

(a) The normal cost accrual rate equals:

(i) the present value of future benefits for the participant, determined as of the participant's entry age, divided by

(ii) the present value of the compensation expected to be paid to the participant for each year of the participant's anticipated future service, determined as of the participant's entry age.

(b) In calculating the present value of future compensation, the salary scale is applied both retrospectively and prospectively to estimate compensation in years prior to and subsequent to the valuation year based on the compensation used for the valuation.

(c) The accrued liability is the sum of the individual accrued liabilities for all participants and beneficiaries. A participant's accrued liability equals the present value, at the participant's attained age, of future benefits less the present value at the participant's attained age of the individual normal costs payable in the future. A beneficiary's accrued liability equals the present value, at the beneficiary's attained age, of future benefits. The unfunded accrued liability equals the total accrued liability less the actuarial value of assets.

(d) Under this method, the entry age used for each active participant is the participant's age at the time he or she would have commenced participation if the plan had always been in existence under current terms, or the age as of which he or she first earns service credits for purposes of benefit accrual under the current terms of the plan.

Market Value of Assets is the fair market value of plan assets as of the valuation date. This amount may be adjusted to produce an Actuarial Value of Assets for plan funding purposes.

Normal (Current Year's) Cost is the current year's cost for benefits yet to be funded. Under the Entry Age Normal cost method, it is determined for each participant as the present value of future benefits, determined as of the Member's entry age, amortized as a level percentage of compensation over the anticipated number of years of participation, determined as of the entry age.

Present Value of Benefits is the single sum value on the valuation date of all future benefits to be paid to current plan participants.

Total Annual Payroll is the projected annual rate of pay for the fiscal year beginning on the valuation date of all covered Members.

Total Required Contribution is equal to the Normal Cost plus an amount sufficient to amortize the Unfunded Accrued Liability over no more than 30 years. The required amount is adjusted for interest according to the timing of contributions during the year.

Unfunded Actuarial Accrued Liability (UAAL) is the difference between the actuarial accrued liability (described above) and the Actuarial Value of Assets. Under the Entry Age Normal Actuarial Cost Method, an actuarial gain or loss, based on actual versus expected UAAL, is determined in conjunction with each valuation of the plan.

DISCUSSION OF RISK

ASOP No. 51, Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions, states that the actuary should identify risks that, in the actuary's professional judgment, may reasonably be anticipated to significantly affect the plan's future financial condition.

Throughout this report, actuarial results are determined using various actuarial assumptions. These results are based on the premise that all future plan experience will align with the plan's actuarial assumptions; however, there is no guarantee that actual plan experience will align with the plan's assumptions. It is possible that actual plan experience will differ from anticipated experience in an unfavorable manner that will negatively impact the plan's funded position.

Below are examples of ways in which plan experience can deviate from assumptions and the potential impact of that deviation. Typically, this results in an actuarial gain or loss representing the current-year financial impact on the plan's unfunded liability of the experience differing from assumptions; this gain or loss is amortized over a period of time determined by the plan's amortization method. When assumptions are selected that adequately reflect plan experience, gains and losses typically offset one another in the long term, resulting in a relatively low impact on the plan's contribution requirements associated with plan experience. When assumptions are too optimistic, losses can accumulate over time and the plan's amortization payment could potentially grow to an unmanageable level.

- Investment Return: When the rate of return on the Actuarial Value of Assets falls short of the assumption, this produces a loss representing assumed investment earnings that were not realized. Further, it is unlikely that the plan will experience a scenario that matches the assumed return in each year as capital markets can be volatile from year to year. Therefore, contribution amounts can vary in the future.

- Salary Increases: When a plan participant experiences a salary increase that was greater than assumed, this produces a loss representing the cost of an increase in anticipated plan benefits for the participant as compared to the previous year. The total gain or loss associated with salary increases for the plan is the sum of salary gains and losses for all active participants.

- Demographic Assumptions: Actuarial results take into account various potential events that could happen to a plan participant, such as retirement, termination, disability, and death. Each of these potential events is assigned a liability based on the likelihood of the event and the financial consequence of the event for the plan. Accordingly, actuarial liabilities reflect a blend of financial consequences associated with various possible outcomes (such as retirement at one of various possible ages). Once the outcome is known (e.g. the participant retires) the liability is adjusted to reflect the known outcome. This adjustment produces a gain or loss depending on whether the outcome was more or less favorable than other outcomes that could have occurred.

Impact of Plan Maturity on Risk

For newer pension plans, most of the participants and associated liabilities are related to active members who have not yet reached retirement age. As pension plans continue in operation and active members reach retirement ages, liabilities begin to shift from being primarily related to active members to being shared amongst active and retired members. Plan maturity is a measure of the extent to which this shift has occurred. It is important to understand that plan maturity can have an impact on risk tolerance and the overall risk characteristics of the plan. For example, closed plans with a large amount of retired liability do not have as long of a time horizon to recover from losses (such as losses on investments due to lower than expected investment returns) as plans where the majority of the liability is attributable to active members. For this reason, less tolerance for investment risk may be warranted for highly mature closed plans with a substantial inactive liability. Similarly, mature closed plans paying substantial retirement benefits resulting in a small positive or net negative cash flow can be more sensitive to near term investment volatility, particularly if the size of the fund is shrinking, which can result in less assets being available for investment in the market.

To assist with determining the maturity of the plan, we have provided some relevant metrics in the table following titled “Plan Maturity Measures and Other Risk Metrics”. Highlights of this information are discussed below:

- The Support Ratio, determined as the ratio of active to inactive members, has decreased from 19.4% on October 1, 2012 to 5.8% on October 1, 2022, indicating that the plan has been maturing during the period.

- The Accrued Liability Ratio, determined as the ratio of the Inactive Accrued Liability, which is the liability associated with members who are no longer employed but are due a benefit from the plan, to the Total Accrued Liability, is 94.8%. With a plan of this maturity, losses due to lower than expected investment returns or demographic factors may result in larger increases in contribution requirements than would be needed for a less mature plan. Please note Chapter 112, Florida Statutes, requires that the plan sponsor contributes the minimum required contribution; thus, there is minimal solvency risk to the plan.

- The Funded Ratio, determined as the ratio of the Actuarial Value of Assets to the Total Accrued Liability, has increased from 66.6% on October 1, 2012 to 85.2% on October 1, 2022.

- The Net Cash Flow Ratio, determined as the ratio of the Net Cash Flow (contributions minus benefit payments and administrative expenses) to the Market Value of Assets, decreased from 24.9% on October 1, 2012 to -6.3% on October 1, 2022. The current Net Cash Flow Ratio of -6.3% indicates that contributions are not currently covering the plan's benefit payments and administrative expenses.

It is important to note that the actuary has identified the risks in this section as the most significant risks based on the characteristics of the plan and the nature of the project, however, it is not an exhaustive list of potential risks that could be considered. Additional advanced modeling, as well as the identification of additional risks, can be provided at the request of the audience addressed on page 2 of this report.

PLAN MATURITY MEASURES AND OTHER RISK METRICS

	10/1/2022	10/1/2021	10/1/2017	10/1/2012
Support Ratio				
Total Actives	8	9	17	26
Total Inactives [1]	138	139	135	134
Actives / Inactives [1]	5.8%	6.5%	12.6%	19.4%
Asset Volatility Ratio				
Market Value of Assets (MVA)	31,173,856	39,188,179	29,028,391	18,689,248
Total Annual Payroll	638,773	619,609	970,082	1,325,935
MVA / Total Annual Payroll	4,880.3%	6,324.7%	2,992.4%	1,409.5%
Accrued Liability (AL) Ratio				
Inactive Accrued Liability	34,705,010	34,209,344	29,592,081	25,047,575
Total Accrued Liability (EAN)	36,606,157	36,008,126	32,993,405	28,065,758
Inactive AL / Total AL	94.8%	95.0%	89.7%	89.2%
Funded Ratio				
Actuarial Value of Assets (AVA)	31,173,856	39,188,179	29,028,391	18,689,248
Total Accrued Liability (EAN)	36,606,157	36,008,126	32,993,405	28,065,758
AVA / Total Accrued Liability (EAN)	85.2%	108.8%	88.0%	66.6%
Net Cash Flow Ratio				
Net Cash Flow [2]	(1,964,786)	(1,300,622)	28,895	4,658,573
Market Value of Assets (MVA)	31,173,856	39,188,179	29,028,391	18,689,248
Ratio	-6.3%	-3.3%	0.1%	24.9%

[1] Excludes terminated participants awaiting a refund of member contributions.

[2] Determined as total contributions minus benefit payments and administrative expenses.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2022

ASSETS	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	1,039,664.00	1,039,664.00
Pooled Cash	(1,706.40)	(1,706.40)
Cash	2.98	2.98
Total Cash and Equivalents	1,037,960.58	1,037,960.58
Receivables:		
From Broker for Investments Sold	36,599.81	36,599.81
Investment Income	57,207.81	57,207.81
Total Receivable	93,807.62	93,807.62
Investments:		
Fixed Income	11,430,622.10	10,392,385.12
Equities	13,978,992.74	14,837,357.33
Mutual Funds:		
Equity	891,803.39	2,456,018.76
Pooled/Common/Commingled Funds:		
Real Estate	1,966,119.71	2,731,814.07
Total Investments	28,267,537.94	30,417,575.28
Total Assets	29,399,306.14	31,549,343.48
LIABILITIES		
Payables:		
Investment Expenses	34,878.16	34,878.16
To Broker for Investments Purchased	114,000.18	114,000.18
Prepaid City Contribution	226,609.00	226,609.00
Total Liabilities	375,487.34	375,487.34
NET POSITION RESTRICTED FOR PENSIONS	29,023,818.80	31,173,856.14

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2022
Market Value Basis

ADDITIONS			
Contributions:			
Member		31,776.98	
City		637,447.00	
Total Contributions			669,223.98
Investment Income:			
Net Realized Gain (Loss)	267,046.59		
Unrealized Gain (Loss)	(7,431,675.37)		
Net Increase in Fair Value of Investments		(7,164,628.78)	
Interest & Dividends		1,301,141.10	
Less Investment Expense[1]		(186,048.72)	
Net Investment Income			(6,049,536.40)
Total Additions			(5,380,312.42)
DEDUCTIONS			
Distributions to Members:			
Benefit Payments		2,337,049.63	
Lump Sum DROP Distributions		259,014.44	
Refunds of Member Contributions		0.00	
Total Distributions			2,596,064.07
Administrative Expense			37,946.02
Total Deductions			2,634,010.09
Net Increase in Net Position			(8,014,322.51)
NET POSITION RESTRICTED FOR PENSIONS			
Beginning of the Year			39,188,178.65
End of the Year			31,173,856.14
Actuarial Asset Rate of Return			-15.7%
Actuarial Gain/(Loss) due to Investment Return			(8,552,527.27)

[1]Investment related expenses include investment advisory, custodial and performance monitoring fees.

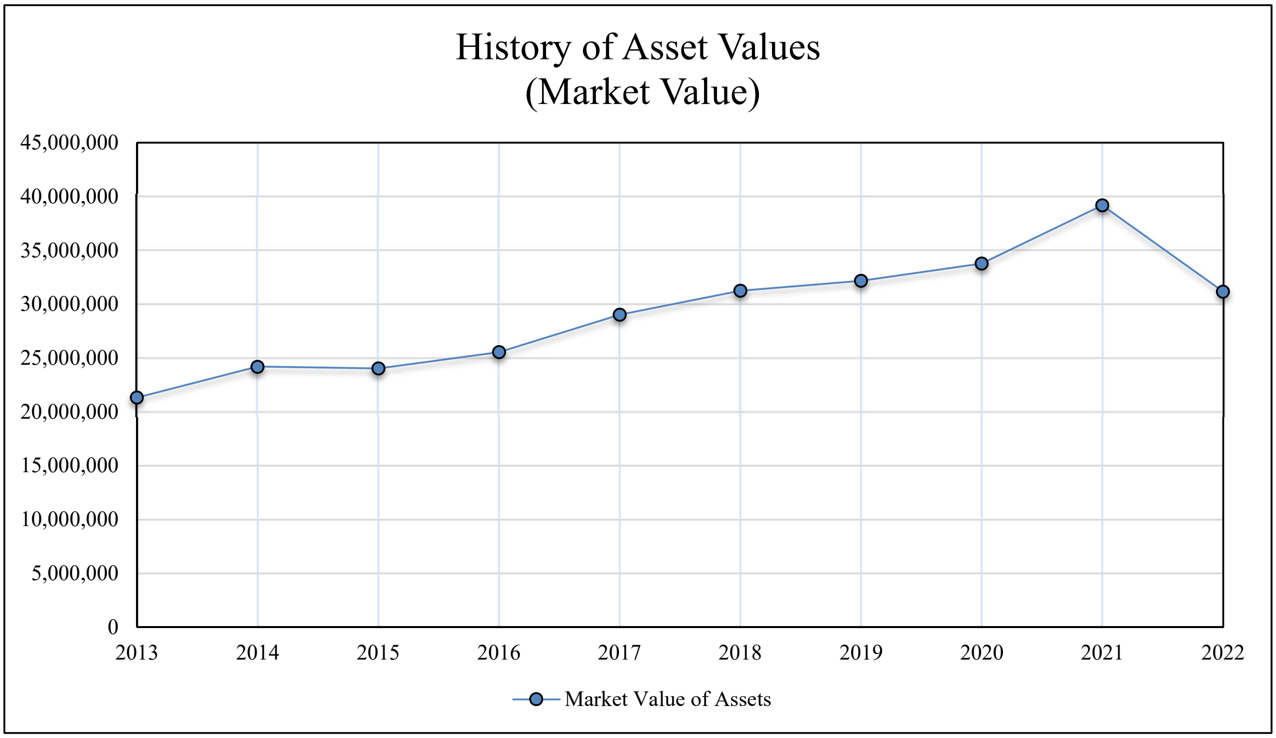
DEFERRED RETIREMENT OPTION PLAN ACTIVITY
October 1, 2021 to September 30, 2022

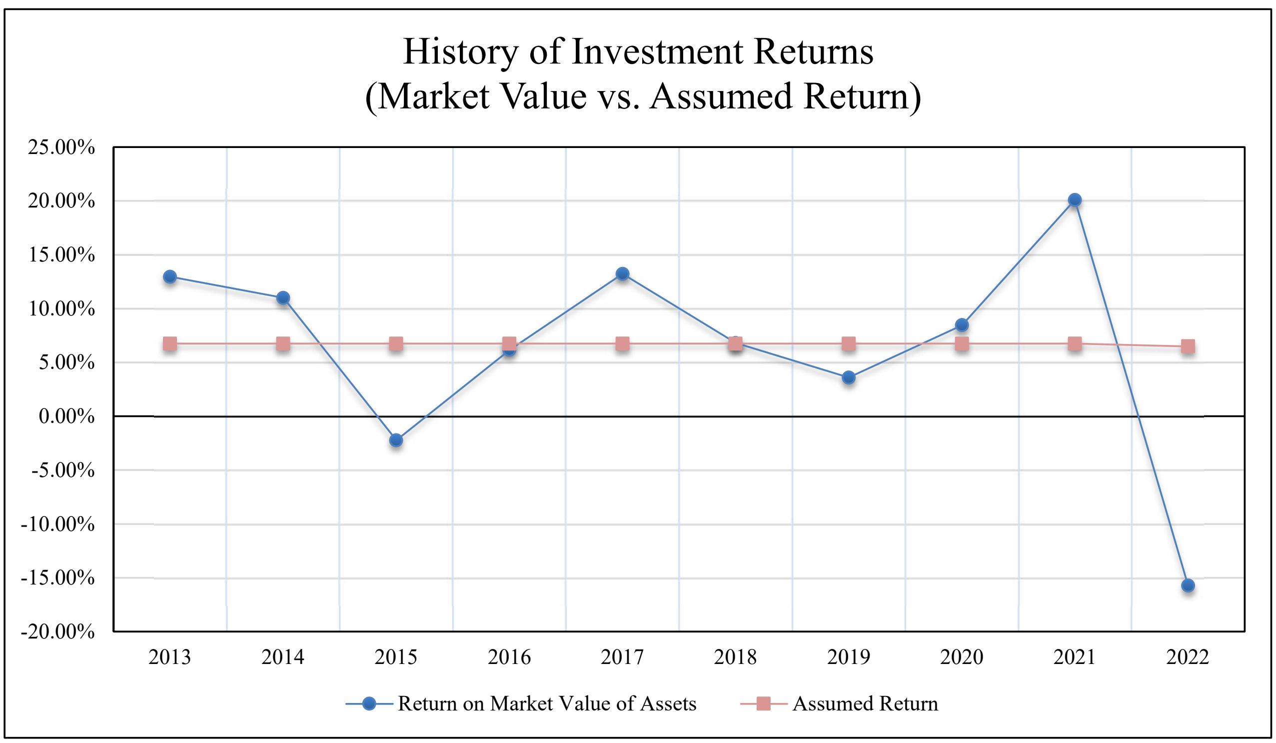
Beginning of the Year Balance	272,729.82
Plus Additions	77,448.65
Investment Return Earned	11,901.89
Less Distributions	(259,014.44)
End of the Year Balance	103,065.92

RECONCILIATION OF CITY SHORTFALL/(PREPAID) CONTRIBUTION
FOR THE FISCAL YEAR ENDED (FYE) SEPTEMBER 30, 2022

(1)	Required City Contributions	$637,447.00
(2)	Less 2021 Prepaid Contribution	0.00
(3)	Less Actual City Contributions	(864,056.00)
(4)	Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2022	($226,609.00)

HISTORY OF ASSET VALUES AND INVESTMENT RETURNS





STATISTICAL DATA

	10/1/2022	10/1/2021	10/1/2020	10/1/2019
Actives				
Number	8	9	11	12
Average Current Age	53.2	53.6	54.8	54.8
Average Age at Employment	34.1	35.6	37.4	38.1
Average Past Service	19.1	18.0	17.4	16.7
Average Annual Salary	$79,847	$68,845	$66,247	$66,696
Service Retirees				
Number	90	85	83	82
Average Current Age	70.8	70.8	70.5	69.6
Average Annual Benefit	$25,345	$25,120	$23,509	$23,258
DROP Retirees				
Number	2	4	4	3
Average Current Age	65.0	66.8	67.4	66.8
Average Annual Benefit	$26,783	$24,665	$24,180	$18,008
Beneficiaries				
Number	9	9	7	7
Average Current Age	70.4	69.5	67.8	66.8
Average Annual Benefit	$19,402	$15,984	$13,262	$13,214
Terminated Vested				
Number	38	42	47	49
Average Annual Benefit [1]	$9,017	$9,655	$12,512	$12,487

[1] The Average Annual Benefit exclude participants awaiting a refund of contributions.

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19												0
20 - 24												0
25 - 29												0
30 - 34												0
35 - 39												0
40 - 44									1			1
45 - 49								1		1		2
50 - 54									1			1
55 - 59							1	2				3
60 - 64								1				1
65+												0
Total	0	0	0	0	0	0	1	4	2	1	0	8

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2021	9
b. Terminations	
i. Vested (partial or full) with deferred annuity	0
ii. Vested in refund of member contributions only	0
iii. Refund of member contributions or full lump sum distribution received	0
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	(1)
f. DROP	0
g. Continuing participants	8
h. New entrants / Rehires	0
i. Total active life participants in valuation	8

2. Non-Active lives (including beneficiaries receiving benefits)

	Service Retirees, Vested Receiving Benefits	DROP Benefits	Receiving Death Benefits	Receiving Disability Benefits	Vested (Deferred Annuity)	Vested (Due Refund)	Total
a. Number prior valuation	85	4	9	0	41	1	140
Retired	8	(2)	0	0	(4)	0	2
DROP	0	0	0	0	0	0	0
Vested (Deferred Annuity)	0	0	0	0	0	0	0
Vested (Due Refund)	0	0	0	0	0	0	0
Hired/Terminated in Same Year	0	0	0	0	0	0	0
Death, With Survivor	(2)	0	2	0	0	0	0
Death, No Survivor	(1)	0	0	0	0	0	(1)
Disabled	0	0	0	0	0	0	0
Refund of Contributions	0	0	0	0	0	0	0
Rehires	0	0	0	0	0	0	0
Expired Annuities	0	0	(2)	0	0	0	(2)
Data Corrections	0	0	0	0	0	0	0
b. Number current valuation	90	2	9	0	37	1	139

SUMMARY OF CURRENT PLAN

Effective Date of Latest Amendment	November 1, 2011
Eligibility	Participants who are not sworn police officers enter on date of employment.
Salary	Compensation means an employee's fixed rate of pay from the City of Sanibel as determined on June 1st immediately after an employee's hire date and on June 1st of each following year during which he/she is an employee. Effective on the effective date of the ordinance from which this article derives, compensation for employees who are not included in any bargaining unit means fixed rate of pay. Notwithstanding the preceding sentence, effective May 1, 2011 compensation for employees (other than police dispatchers) who are included in a bargaining unit shall mean fixed rate of pay if the union representing such employees agrees to this definition in writing on or before that date. Effective on November 1, 2011 compensation for police dispatchers shall mean fixed rate of pay.
Average Compensation	Career monthly average Salary for Plan B Members, and the average of the highest consecutive five years for Plan A Members.
Credited Service	Years and fractional parts of years of service with the City as a General Employee.
Normal Retirement	
Date	Attainment of age 65 with 6 years of Credited Service. For Members with 15 years or more of Credited Service as of 9/30/11 (12/31/11 for Police Dispatchers), it is the attainment of age 60 with 5 years of Credited Service. Additionally, those Members who attained age 60 with 5 years of Credited Service prior to 10/1/11 (1/1/12 for Police Dispatchers) remain under the prior eligibility requirements for the Normal Retirement Date.
Benefit	3.0% of Average Final Compensation times Credited Service before 5/1/11 (1/1/12 for Police Dispatchers) plus 1.68% of Average Final Compensation times Credited Service after 4/30/11 (12/31/11 for Police Dispatchers).
Form of Benefit	10 Year Certain and Life (options available).

Early Retirement

Date	Attainment of age 60 with 6 years of Credited Service. For Members with 15 years or more of Credited Service as of 9/30/11 (12/31/11 for Police Dispatchers), it is the attainment of age 55 with 5 years of Credited Service. Additionally, those Members who attained age 55 with 5 years of Credited Service prior to 10/1/11 (1/1/12 for Police Dispatchers) remain under the prior eligibility requirements for the Early Retirement Date.
Benefit	Accrued Benefit on Early Retirement Date, reduced 5.0% for each year that Early Retirement Date precedes the Normal Retirement Date.
Form of Benefit	10 Year Certain and Life (options available).

Pre-Retirement Death Benefit

Eligibility	5 Years of Credited Service.
Benefit	½ of the actuarially reduced accrued benefit payable for the life of the spouse or beneficiary beginning at the Member's otherwise Early Retirement Date.

Employee Contributions

Plan A Members	5% of base pay.
Plan B Members	None.

Termination of Employment

Vesting Schedule

Years of Service	Vested %
Less than 6	0%
6 or more	100

Additionally, Members with at least 5 years of Credited Service as of 9/30/11 (12/31/11 for Police Dispatchers), are 100% vested in their accrued benefit.

Benefit	Vested Accrued benefit payable at the Normal Retirement Date (unreduced) or the Early Retirement Date (reduced).

Cost-of-Living Adjustment	To all Normal and Early Retirees after October 17, 2006, 2% automatic COLA for 25 years, beginning on the first October 1 following 5 years of retirement (including DROP Retirees). For Members retiring prior to May 1, 2011, the adjustments are 2.75% annually for 25 years, beginning 3 years after retirement.
Deferred Retirement Option Plan (DROP)	
Eligibility	Satisfaction of Normal Retirement Requirements.
Participation	Not to exceed 60 months.
Rate of Return	6% annual rate, credited monthly.
Distribution	Lump sum at termination of employment.
Board of Trustees	2 Members of the Plan (1 with under 15 years of service, 1 with 15 years of service or more), 1 Department Director appointed by the City Manager, 3 Council appointees, 1 chosen by the other 6 Members of the Board.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2022

ASSETS	MARKET VALUE
Cash and Cash Equivalents:	
Short Term Investments	1,039,664
Pooled Cash	(1,707)
Cash	3
Total Cash and Equivalents	1,037,960
Receivables:	
From Broker for Investments Sold	36,600
Investment Income	57,208
Total Receivable	93,808
Investments:	
Fixed Income	10,392,385
Equities	14,837,357
Mutual Funds:	
Equity	2,456,019
Pooled/Common/Commingled Funds:	
Real Estate	2,731,814
Total Investments	30,417,575
Total Assets	31,549,343
LIABILITIES	
Payables:	
Investment Expenses	34,878
To Broker for Investments Purchased	114,000
Total Liabilities	148,878
NET POSITION RESTRICTED FOR PENSIONS	31,400,465

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2022
Market Value Basis

<u>ADDITIONS</u>		
Contributions:		
Member	31,777	
City	864,056	
Total Contributions		895,833
Investment Income:		
Net Increase in Fair Value of Investments	(7,164,629)	
Interest & Dividends	1,301,141	
Less Investment Expense[1]	(186,049)	
Net Investment Income		(6,049,537)
Total Additions		(5,153,704)
<u>DEDUCTIONS</u>		
Distributions to Members:		
Benefit Payments	2,337,050	
Lump Sum DROP Distributions	259,014	
Refunds of Member Contributions	0	
Total Distributions		2,596,064
Administrative Expense		37,946
Total Deductions		2,634,010
Net Increase in Net Position		(7,787,714)
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		39,188,179
End of the Year		31,400,465

[1]Investment related expenses include investment advisory, custodial and performance monitoring fees.

NOTES TO THE FINANCIAL STATEMENTS

(For the Year Ended September 30, 2022)

Plan Administration

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of:
Two Members of the Plan (1 with under 15 years of service, 1 with 15 years of service or more), one Department Director appointed by the City Manager, three Council appointees, one chosen by the other six Members of the Board.
All employees hired on or after February 7, 2012 are not eligible for participation in the plan.

Plan Membership as of October 1, 2021:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	98
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	42
Active Plan Members	9
	149

Benefits Provided

The Plan provides retirement, termination and death benefits.
A summary of the benefit provisions can be found in the October 1, 2021 Actuarial Valuation Report for the City of Sanibel General Employees' Retirement Plan prepared by Foster & Foster Actuaries and Consultants.

Contributions

Employee Contributions: Plan A Members: 5% of base pay. Plan B Members: None.
City Contributions: Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes.

Investment Policy:

The following was the Board's adopted asset allocation policy as of September 30, 2022:

Asset Class	Target Allocation
Domestic Equity	38.0%
International Equity	15.0%
Bonds	23.0%
TIPS	2.0%
Convertibles	10.0%
Private Real Estate	5.0%
Infrastructure	5.0%
Cash	2.0%
Total	100.0%

Concentrations:

The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan's Fiduciary Net Position.

Rate of Return:

For the year ended September 30, 2022, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was -15.71 percent.
The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

<u>Deferred Retirement Option Program</u>

Eligibility: Satisfaction of Normal Retirement requirements.
Participation: Not to exceed 60 months.
Rate of Return: 6% annual rate, credited monthly.
The DROP balance as September 30, 2022 is $103,066.

NET PENSION LIABILITY OF THE SPONSOR

The components of the Net Pension Liability of the Sponsor on September 30, 2022 were as follows:

Total Pension Liability	$ 35,668,006
Plan Fiduciary Net Position	$ (31,400,465)
Sponsor's Net Pension Liability	$ 4,267,541
Plan Fiduciary Net Position as a percentage of Total Pension Liability	88.04%

Actuarial Assumptions:
The Total Pension Liability was determined by an actuarial valuation as of October 1, 2021 updated to September 30, 2022 using the following actuarial assumptions:

Inflation	2.70%
Salary Increases	Age based
Discount Rate	6.50%
Investment Rate of Return	6.50%

Mortality Rate Healthy Active Lives:
Female: PubG.H-2010 for Employees.
Male: PubG.H-2010 for Employees, set back one year.
Mortality Rate Healthy Retiree Lives:
Female: PubG.H-2010 for Healthy Retirees.
Male: PubG.H-2010 for Healthy Retirees, set back one year.
Mortality Rate Beneficiary Lives:
Female: PubG.H-2010 for Healthy Retirees.
Male: PubG.H-2010 for Healthy Retirees, set back one year.
Mortality Rate Disabled Lives:
PubG.H-2010 for Disabled Retirees, set forward three years.

All rates are projected generationally with Mortality Improvement Scale MP-2018. We feel this assumption sufficiently accommodates future mortality improvements.

The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2021 FRS valuation report for non-special-risk employees.

The most recent actuarial experience study used to review the other significant assumptions was dated December 4, 2008.

The Long-Term Expected Rate of Return on Pension Plan investments can be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Pension Plan investment expenses and inflation) are developed for each major asset class.
For 2022 the inflation rate assumption of the investment advisor was 2.50%.
These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2022 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return[1]
Domestic Equity	7.10%
International Equity	3.10%
Bonds	2.00%
TIPS	2.30%
Convertibles	6.40%
Private Real Estate	6.40%
Infrastructure	5.60%
Cash	-0.10%

[1] Source: Burgess Chambers

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 6.50 percent.

The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Sponsor's Net Pension Liability	$ 8,022,402	$ 4,267,541	$ 1,087,317

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 2 Fiscal Years

	09/30/2022	09/30/2021
Total Pension Liability		
Service Cost	69,319	84,676
Interest	2,261,945	2,282,775
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(95,062)	139,833
Changes of assumptions	-	867,306
Benefit Payments, including Refunds of Employee Contributions	(2,596,064)	(2,161,884)
Net Change in Total Pension Liability	(359,862)	1,212,706
Total Pension Liability - Beginning	36,027,868	34,815,162
Total Pension Liability - Ending (a)	$ 35,668,006	$ 36,027,868
Plan Fiduciary Net Position		
Contributions - Employer	864,056	864,056
Contributions - Employee	31,777	33,999
Net Investment Income	(6,049,537)	6,689,064
Benefit Payments, including Refunds of Employee Contributions	(2,596,064)	(2,161,884)
Administrative Expense	(37,946)	(36,793)
Net Change in Plan Fiduciary Net Position	(7,787,714)	5,388,442
Plan Fiduciary Net Position - Beginning	39,188,179	33,799,737
Plan Fiduciary Net Position - Ending (b)	$ 31,400,465	$ 39,188,179
Net Pension Liability - Ending (a) - (b)	$ 4,267,541	$ (3,160,311)
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	88.04%	108.77%
Covered Payroll	$ 635,533	$ 679,996
Net Pension Liability as a percentage of Covered Payroll	671.49%	-464.75%

Notes to Schedule:

Changes of assumptions:

For measurement date 09/30/2021, the investment rate of return was lowered from 6.75% to 6.50% per year, net of investment related expenses.

SCHEDULE OF CONTRIBUTIONS

Last 2 Fiscal Years

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of Covered Payroll
09/30/2022	$ 637,447	$ 864,056	$ (226,609)	$ 635,533	135.96%
09/30/2021	$ 864,056	$ 864,056	$ -	$ 679,996	127.07%

Notes to Schedule

Valuation Date: 10/01/2020

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates can be found in the October 1, 2020 Actuarial Valuation for the City of Sanibel General Employees' Retirement Plan prepared by Foster & Foster Actuaries and Consultants.

SCHEDULE OF INVESTMENT RETURNS

Last 2 Fiscal Years

Fiscal Year Ended	Annual Money-Weighted Rate of Return Net of Investment Expense
09/30/2022	-15.71%
09/30/2021	20.09%

NOTES TO THE FINANCIAL STATEMENTS
(For the Year Ended September 30, 2022)

Plan Description
The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of:
Two Members of the Plan (1 with under 15 years of service, 1 with 15 years of service or more), one Department Director appointed by the City Manager, three Council appointees, one chosen by the other six Members of the Board.
Regular, full-time employees who are not sworn police officers enter on date of employment.
All employees hired on or after February 7, 2012 are not eligible for participation in the plan.

Plan Membership as of October 1, 2021:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	98
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	42
Active Plan Members	9
	149

Benefits Provided
The Plan provides retirement, termination and death benefits.
A summary of the benefit provisions can be found in the October 1, 2021 Actuarial Valuation Report for the City of Sanibel General Employees' Retirement Plan prepared by Foster & Foster Actuaries and Consultants.

Contributions
Employee Contributions: Plan A Members: 5% of base pay. Plan B Members: None.
City Contributions: Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes.

Net Pension Liability

The measurement date is September 30, 2022.
The measurement period for the pension expense was October 1, 2021 to September 30, 2022.
The reporting period is October 1, 2021 through September 30, 2022.

The Sponsor's Net Pension Liability was measured as of September 30, 2022.
The Total Pension Liability used to calculate the Net Pension Liability was determined as of that date.

Actuarial Assumptions:
The Total Pension Liability was determined by an actuarial valuation as of October 1, 2021 updated to September 30, 2022 using the following actuarial assumptions:

Inflation	2.70%
Salary Increases	Age based
Discount Rate	6.50%
Investment Rate of Return	6.50%

Mortality Rate Healthy Active Lives:
Female: PubG.H-2010 for Employees.
Male: PubG.H-2010 for Employees, set back one year.
Mortality Rate Healthy Retiree Lives:
Female: PubG.H-2010 for Healthy Retirees.
Male: PubG.H-2010 for Healthy Retirees, set back one year.
Mortality Rate Beneficiary Lives:
Female: PubG.H-2010 for Healthy Retirees.
Male: PubG.H-2010 for Healthy Retirees, set back one year.
Mortality Rate Disabled Lives:
PubG.H-2010 for Disabled Retirees, set forward three years.

All rates are projected generationally with Mortality Improvement Scale MP-2018. We feel this assumption sufficiently accommodates future mortality improvements.

The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2021 FRS valuation report for non-special-risk employees.

The most recent actuarial experience study used to review the other significant assumptions was dated December 4, 2008.

The Long-Term Expected Rate of Return on Pension Plan investments can be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, Net of Pension Plan investment expenses and inflation) are developed for each major asset class.
For 2022 the inflation rate assumption of the investment advisor was 2.50%.
These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return[1]
Domestic Equity	38.0%	7.10%
International Equity	15.0%	3.10%
Bonds	23.0%	2.00%
TIPS	2.0%	2.30%
Convertibles	10.0%	6.40%
Private Real Estate	5.0%	6.40%
Infrastructure	5.0%	5.60%
Cash	2.0%	-0.10%
Total	100.0%	

[1] Source: Burgess Chambers

Discount Rate:
The Discount Rate used to measure the Total Pension Liability was 6.50 percent.
The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of September 30, 2021	$ 36,027,868	$ 39,188,179	$ (3,160,311)
Changes for a Year:			
Service Cost	69,319	-	69,319
Interest	2,261,945	-	2,261,945
Differences between Expected and Actual Experience	(95,062)	-	(95,062)
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - Employer	-	864,056	(864,056)
Contributions - Employee	-	31,777	(31,777)
Net Investment Income	-	(6,049,537)	6,049,537
Benefit Payments, including Refunds of Employee Contributions	(2,596,064)	(2,596,064)	-
Administrative Expense	-	(37,946)	37,946
Net Changes	(359,862)	(7,787,714)	7,427,852
Balances as of September 30, 2022	$ 35,668,006	$ 31,400,465	$ 4,267,541

Sensitivity of the Net Pension Liability to changes in the Discount Rate.

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Sponsor's Net Pension Liability	$ 8,022,402	$ 4,267,541	$ 1,087,317

Pension Plan Fiduciary Net Position.

Detailed information about the pension Plan's Fiduciary Net Position is available in a separately issued Plan financial report.

PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS
FISCAL YEAR SEPTEMBER 30, 2022

For the year ended September 30, 2022, the Sponsor will recognize a Pension Expense of $648,743.
On September 30, 2022, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	-	-
Changes of assumptions	-	-
Net difference between Projected and Actual Earnings on Pension Plan investments	4,135,248	-
Total	$ 4,135,248	$ -

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in Pension Expense as follows:

Year ended September 30:	
2023	$ 902,004
2024	$ 707,428
2025	$ 817,760
2026	$ 1,708,056
2027	$ -
Thereafter	$ -

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 2 Fiscal Years

Measurement Date	09/30/2022	09/30/2021
Total Pension Liability		
Service Cost	69,319	84,676
Interest	2,261,945	2,282,775
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(95,062)	139,833
Changes of assumptions	-	867,306
Benefit Payments, including Refunds of Employee Contributions	(2,596,064)	(2,161,884)
Net Change in Total Pension Liability	(359,862)	1,212,706
Total Pension Liability - Beginning	36,027,868	34,815,162
Total Pension Liability - Ending (a)	$ 35,668,006	$ 36,027,868
Plan Fiduciary Net Position		
Contributions - Employer	864,056	864,056
Contributions - Employee	31,777	33,999
Net Investment Income	(6,049,537)	6,689,064
Benefit Payments, including Refunds of Employee Contributions	(2,596,064)	(2,161,884)
Administrative Expense	(37,946)	(36,793)
Net Change in Plan Fiduciary Net Position	(7,787,714)	5,388,442
Plan Fiduciary Net Position - Beginning	39,188,179	33,799,737
Plan Fiduciary Net Position - Ending (b)	$ 31,400,465	$ 39,188,179
Net Pension Liability - Ending (a) - (b)	$ 4,267,541	$ (3,160,311)
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	88.04%	108.77%
Covered Payroll	$ 635,533	$ 679,996
Net Pension Liability as a percentage of Covered Payroll	671.49%	-464.75%

<u>Notes to Schedule:</u>

Changes of assumptions:

For measurement date 09/30/2021, the investment rate of return was lowered from 6.75% to 6.50% per year, net of investment related expenses.

SCHEDULE OF CONTRIBUTIONS
Last 2 Fiscal Years

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of Covered Payroll
09/30/2022	$ 637,447	$ 864,056	$ (226,609)	$ 635,533	135.96%
09/30/2021	$ 864,056	$ 864,056	$ -	$ 679,996	127.07%

Notes to Schedule

Valuation Date: 10/01/2020

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates can be found in the October 1, 2020 Actuarial Valuation for the City of Sanibel General Employees' Retirement Plan prepared by Foster & Foster Actuaries and Consultants.

EXPENSE DEVELOPMENT AND AMORTIZATION SCHEDULES

The following information is not required to be disclosed but is provided for informational purposes.

COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2022

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	$ (3,160,311)	$ 3,897,069	$ 389,152	$ -
Total Pension Liability Factors:				
Service Cost	69,319	-	-	69,319
Interest	2,261,945	-	-	2,261,945
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(95,062)	95,062	-	-
Current year amortization of experience difference	-	(95,062)	-	(95,062)
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	-	-
Benefit Payments, including Refunds of Employee Contributions	(2,596,064)	-	-	-
Net change	(359,862)	-	-	2,236,202
Plan Fiduciary Net Position:				
Contributions - Employer	864,056	-	-	-
Contributions - Employee	31,777	-	-	(31,777)
Projected Net Investment Income	2,490,741	-	-	(2,490,741)
Difference between projected and actual earnings on Pension Plan investments	(8,540,278)	-	8,540,278	-
Current year amortization	-	(1,005,517)	(1,902,630)	897,113
Benefit Payments, including Refunds of Employee Contributions	(2,596,064)	-	-	-
Administrative Expenses	(37,946)	-	-	37,946
Net change	(7,787,714)	(1,005,517)	6,637,648	(1,587,459)
Ending Balance	$ 4,267,541	$ 2,891,552	$ 7,026,800	$ 648,743

AMORTIZATION SCHEDULE - INVESTMENTS

Plan Year Ending	Differences Between Projected and Actual Earnings	Recognition Period (Years)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
			Increase (Decrease) in Pension Expense Arising from the Recognition of the of Differences Between Projected and Actual Earnings on Pension Plan Investments									
2022	$ 8,540,278	5	$ 1,708,054	$ 1,708,056	$ 1,708,056	$ 1,708,056	$ 1,708,056	$ -	$ -	$ -	$ -	$ -
2021	$ (4,451,478)	5	$ (890,296)	$ (890,296)	$ (890,296)	$ (890,296)	$ -	$ -	$ -	$ -	$ -	$ -
2020	$ (551,660)	5	$ (110,332)	$ (110,332)	$ (110,332)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2019	$ 972,880	5	$ 194,576	$ 194,576	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2018	$ (24,446)	5	$ (4,889)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Increase (Decrease) in Pension Expense			$ 897,113	$ 902,004	$ 707,428	$ 817,760	$ 1,708,056	$ -	$ -	$ -	$ -	$ -

AMORTIZATION SCHEDULE - EXPERIENCE

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Differences between Expected and Actual Experience

Plan Year Ending	Differences Between Expected and Actual Experience	Recognition Period (Years)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
2022	$ (95,062)	1	$ (95,062)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Increase (Decrease) in Pension Expense			$ (95,062)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -