

April 20, 2018

VIA EMAIL

Ms. Ferrell Jenne, Plan Administrator
2503 Del Prado Blvd S., Suite 502
Cape Coral, FL 33904

Re: City of Cape Coral Municipal General Employees' Retirement Plan
Section 112.664, Florida Statutes Compliance

Dear Ferrell:

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: 

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

DHL/lke
Enclosures


cc via email: H. Lee Dehner, Board Attorney

CITY OF CAPE CORAL
MUNICIPAL GENERAL EMPLOYEES' RETIREMENT PLAN

SECTION 112.664, FLORIDA STATUTES
COMPLIANCE

With respect to the reporting standards for defined benefit retirement plans or systems contained in Section 112.664(1), F.S., the actuarial disclosures required under this section were prepared and completed by me or under my direct supervision and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, meet the requirements of Section 112.664(1), Florida Statutes, and Rule 60T-1.0035, Florida Administrative Code.

By:



Date: 4/20/2018

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



When reviewing the following schedules, please note the following:

- 1) The purpose of producing this report is solely to satisfy the requirements set forth by Section 112.664, Florida Statutes, and is mandatory for every Florida public pension fund, excluding the Florida Retirement System (FRS).
- 2) None of the schedules shown have any impact on the funding requirements of the Plan. These schedules are for statutory compliance purposes only.
- 3) In the schedules that follow, the columns labeled “ACTUAL” represent the final recorded GASB 67/68 results. The columns labeled “HYPOTHETICAL” illustrate what the results would have been if different assumptions were used.
- 4) It is our opinion that the Plan’s actual assumptions utilized in the October 1, 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	
	7.65% RP-2000 Generational	5.65% RP-2000 Generational	9.65% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	7,581,291	11,814,658	5,067,242
Interest	23,613,678	22,460,278	24,004,621
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	4,417,837	7,061,446	2,616,457
Changes of Assumptions	5,853,087	7,810,968	4,695,763
Contributions - Buy Back	116,662	116,662	116,662
Benefit Payments, Including Refunds of Employee Contributions	(13,516,268)	(13,516,268)	(13,516,268)
Net Change in Total Pension Liability	28,066,287	35,747,744	22,984,477
Total Pension Liability - Beginning	303,869,461	385,557,001	247,892,137
Total Pension Liability - Ending (a)	<u>\$ 331,935,748</u>	<u>\$ 421,304,745</u>	<u>\$ 270,876,614</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	18,745,018	18,745,018	18,745,018
Contributions - Employee	4,575,819	4,575,819	4,575,819
Contributions - Buy Back	116,662	116,662	116,662
Net Investment Income	27,633,022	27,633,022	27,633,022
Benefit Payments, Including Refunds of Employee Contributions	(13,516,268)	(13,516,268)	(13,516,268)
Administrative Expenses	(211,781)	(211,781)	(211,781)
Net Change in Plan Fiduciary Net Position	37,342,472	37,342,472	37,342,472
Plan Fiduciary Net Position - Beginning	224,525,234	224,525,234	224,525,234
Plan Fiduciary Net Position - Ending (b)	<u>\$ 261,867,706</u>	<u>\$ 261,867,706</u>	<u>\$ 261,867,706</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 70,068,042</u>	<u>\$ 159,437,039</u>	<u>\$ 9,008,908</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.65% 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	261,867,706	-	32,947,939	-	18,772,621	247,692,388
2018	247,692,388	-	17,364,407	-	18,284,279	248,612,260
2019	248,612,260	-	18,116,163	-	18,325,895	248,821,992
2020	248,821,992	-	19,073,987	-	18,305,302	248,053,307
2021	248,053,307	-	20,082,555	-	18,207,920	246,178,672
2022	246,178,672	-	20,961,320	-	18,030,898	243,248,250
2023	243,248,250	-	21,634,232	-	17,780,982	239,395,000
2024	239,395,000	-	22,388,822	-	17,457,345	234,463,523
2025	234,463,523	-	23,014,974	-	17,056,137	228,504,686
2026	228,504,686	-	23,631,781	-	16,576,693	221,449,598
2027	221,449,598	-	24,120,129	-	16,018,299	213,347,768
2028	213,347,768	-	24,581,026	-	15,380,880	204,147,622
2029	204,147,622	-	24,935,140	-	14,663,524	193,876,006
2030	193,876,006	-	25,228,444	-	13,866,526	182,514,088
2031	182,514,088	-	25,559,868	-	12,984,663	169,938,883
2032	169,938,883	-	25,754,035	-	12,015,233	156,200,081
2033	156,200,081	-	25,902,644	-	10,958,530	141,255,967
2034	141,255,967	-	25,983,927	-	9,812,196	125,084,236
2035	125,084,236	-	25,986,805	-	8,574,949	107,672,380
2036	107,672,380	-	25,913,480	-	7,245,746	89,004,646
2037	89,004,646	-	25,820,831	-	5,821,209	69,005,024
2038	69,005,024	-	25,660,905	-	4,297,355	47,641,474
2039	47,641,474	-	25,422,994	-	2,672,143	24,890,623
2040	24,890,623	-	25,086,348	-	-	-

*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 23.99

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.65% interest.

It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent. Furthermore, State and local laws mandate that the Actuarially Determined Contribution be made each year.

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 2
Hypothetical Assumptions: 5.65% 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	261,867,706	-	32,947,939	-	13,864,746	242,784,513
2018	242,784,513	-	17,364,407	-	13,226,780	238,646,886
2019	238,646,886	-	18,116,163	-	12,971,767	233,502,490
2020	233,502,490	-	19,073,987	-	12,654,051	227,082,554
2021	227,082,554	-	20,082,555	-	12,262,832	219,262,831
2022	219,262,831	-	20,961,320	-	11,796,193	210,097,704
2023	210,097,704	-	21,634,232	-	11,259,353	199,722,825
2024	199,722,825	-	22,388,822	-	10,651,855	187,985,858
2025	187,985,858	-	23,014,974	-	9,971,028	174,941,912
2026	174,941,912	-	23,631,781	-	9,216,620	160,526,751
2027	160,526,751	-	24,120,129	-	8,388,368	144,794,990
2028	144,794,990	-	24,581,026	-	7,486,503	127,700,467
2029	127,700,467	-	24,935,140	-	6,510,659	109,275,986
2030	109,275,986	-	25,228,444	-	5,461,390	89,508,932
2031	89,508,932	-	25,559,868	-	4,335,188	68,284,252
2032	68,284,252	-	25,754,035	-	3,130,509	45,660,726
2033	45,660,726	-	25,902,644	-	1,848,081	21,606,163
2034	21,606,163	-	25,983,927	-	-	-

*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 17.83

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.65% interest.

It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent. Furthermore, State and local laws mandate that the Actuarially Determined Contribution be made each year.

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3
Hypothetical Assumptions: 9.65% 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	261,867,706	-	32,947,939	-	23,680,496	252,600,263
2018	252,600,263	-	17,364,407	-	23,538,093	258,773,949
2019	258,773,949	-	18,116,163	-	24,097,581	264,755,367
2020	264,755,367	-	19,073,987	-	24,628,573	270,309,953
2021	270,309,953	-	20,082,555	-	25,115,927	275,343,325
2022	275,343,325	-	20,961,320	-	25,559,247	279,941,252
2023	279,941,252	-	21,634,232	-	25,970,479	284,277,499
2024	284,277,499	-	22,388,822	-	26,352,518	288,241,195
2025	288,241,195	-	23,014,974	-	26,704,803	291,931,024
2026	291,931,024	-	23,631,781	-	27,031,110	295,330,353
2027	295,330,353	-	24,120,129	-	27,335,583	298,545,807
2028	298,545,807	-	24,581,026	-	27,623,636	301,588,417
2029	301,588,417	-	24,935,140	-	27,900,162	304,553,439
2030	304,553,439	-	25,228,444	-	28,172,134	307,497,129
2031	307,497,129	-	25,559,868	-	28,440,209	310,377,470
2032	310,377,470	-	25,754,035	-	28,708,794	313,332,229
2033	313,332,229	-	25,902,644	-	28,986,758	316,416,343
2034	316,416,343	-	25,983,927	-	29,280,453	319,712,869
2035	319,712,869	-	25,986,805	-	29,598,429	323,324,493
2036	323,324,493	-	25,913,480	-	29,950,488	327,361,501
2037	327,361,501	-	25,820,831	-	30,344,530	331,885,200
2038	331,885,200	-	25,660,905	-	30,788,783	337,013,078
2039	337,013,078	-	25,422,994	-	31,295,103	342,885,187
2040	342,885,187	-	25,086,348	-	31,878,004	349,676,843
2041	349,676,843	-	24,689,270	-	32,552,558	357,540,131
2042	357,540,131	-	24,237,818	-	33,333,148	366,635,461
2043	366,635,461	-	23,770,695	-	34,233,386	377,098,152
2044	377,098,152	-	23,211,807	-	35,270,002	389,156,347
2045	389,156,347	-	22,598,399	-	36,463,215	403,021,163
2046	403,021,163	-	21,915,377	-	37,834,125	418,939,911
2047	418,939,911	-	21,187,888	-	39,405,386	437,157,409
2048	437,157,409	-	20,353,180	-	41,203,649	458,007,878
2049	458,007,878	-	19,485,175	-	43,257,601	481,780,304
2050	481,780,304	-	18,574,433	-	45,595,583	508,801,454
2051	508,801,454	-	17,629,054	-	48,248,738	539,421,138
2052	539,421,138	-	16,670,794	-	51,249,774	574,000,118
2053	574,000,118	-	15,684,343	-	54,634,242	612,950,017
2054	612,950,017	-	14,689,210	-	58,440,922	656,701,729
2055	656,701,729	-	13,703,509	-	62,710,523	705,708,743
2056	705,708,743	-	12,721,864	-	67,487,064	760,473,943
2057	760,473,943	-	11,755,905	-	72,818,513	821,536,551
2058	821,536,551	-	10,816,138	-	78,756,399	889,476,812
2059	889,476,812	-	9,907,887	-	85,356,457	964,925,382
2060	964,925,382	-	9,038,149	-	92,679,209	1,048,566,442
2061	1,048,566,442	-	8,210,608	-	100,790,500	1,141,146,334
2062	1,141,146,334	-	7,429,051	-	109,762,170	1,243,479,453
2063	1,243,479,453	-	6,697,727	-	119,672,602	1,356,454,328
2064	1,356,454,328	-	6,017,406	-	130,607,503	1,481,044,425
2065	1,481,044,425	-	5,387,985	-	142,660,817	1,618,317,257
2066	1,618,317,257	-	4,810,601	-	155,935,504	1,769,442,160

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3
Hypothetical Assumptions: 9.65% 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	1,769,442,160	-	4,283,109	-	170,544,508	1,935,703,559
2068	1,935,703,559	-	3,802,091	-	186,611,943	2,118,513,411
2069	2,118,513,411	-	3,365,687	-	204,274,150	2,319,421,874
2070	2,319,421,874	-	2,971,451	-	223,680,838	2,540,131,261
2071	2,540,131,261	-	2,616,114	-	244,996,439	2,782,511,586
2072	2,782,511,586	-	2,296,198	-	268,401,576	3,048,616,964
2073	3,048,616,964	-	2,008,031	-	294,094,650	3,340,703,583
2074	3,340,703,583	-	1,748,601	-	322,293,526	3,661,248,508
2075	3,661,248,508	-	1,515,927	-	353,237,338	4,012,969,919
2076	4,012,969,919	-	1,307,504	-	387,188,510	4,398,850,925
2077	4,398,850,925	-	1,121,141	-	424,435,019	4,822,164,803
2078	4,822,164,803	-	954,360	-	465,292,856	5,286,503,299
2079	5,286,503,299	-	805,480	-	510,108,704	5,795,806,523
2080	5,795,806,523	-	672,935	-	559,262,860	6,354,396,448
2081	6,354,396,448	-	556,135	-	613,172,424	6,967,012,737
2082	6,967,012,737	-	454,439	-	672,294,802	7,638,853,100
2083	7,638,853,100	-	367,004	-	737,131,616	8,375,617,712
2084	8,375,617,712	-	293,081	-	808,232,968	9,183,557,599
2085	9,183,557,599	-	231,419	-	886,202,142	10,069,528,322
2086	10,069,528,322	-	180,740	-	971,700,762	11,041,048,344
2087	11,041,048,344	-	139,412	-	1,065,454,439	12,106,363,371
2088	12,106,363,371	-	106,237	-	1,168,258,939	13,274,516,073
2089	13,274,516,073	-	79,844	-	1,280,986,949	14,555,423,178
2090	14,555,423,178	-	59,308	-	1,404,595,475	15,959,959,345
2091	15,959,959,345	-	43,528	-	1,540,133,977	17,500,049,794
2092	17,500,049,794	-	31,579	-	1,688,753,281	19,188,771,496
2093	19,188,771,496	-	22,660	-	1,851,715,356	21,040,464,192
2094	21,040,464,192	-	16,096	-	2,030,404,018	23,070,852,114
2095	23,070,852,114	-	11,286	-	2,226,336,684	25,297,177,512
2096	25,297,177,512	-	7,790	-	2,441,177,254	27,738,346,976
2097	27,738,346,976	-	5,281	-	2,676,750,228	30,415,091,923
2098	30,415,091,923	-	3,518	-	2,935,056,201	33,350,144,606
2099	33,350,144,606	-	2,307	-	3,218,288,843	36,568,431,142
2100	36,568,431,142	-	1,491	-	3,528,853,533	40,097,283,184
2101	40,097,283,184	-	948	-	3,869,387,782	43,966,670,018
2102	43,966,670,018	-	594	-	4,242,783,628	48,209,453,052
2103	48,209,453,052	-	367	-	4,652,212,202	52,861,664,887
2104	52,861,664,887	-	222	-	5,101,150,651	57,962,815,316
2105	57,962,815,316	-	133	-	5,593,411,672	63,556,226,855
2106	63,556,226,855	-	77	-	6,133,175,888	69,689,402,666
2107	69,689,402,666	-	45	-	6,725,027,355	76,414,429,976
2108	76,414,429,976	-	27	-	7,373,992,491	83,788,422,440
2109	83,788,422,440	-	16	-	8,085,582,765	91,874,005,189
2110	91,874,005,189	-	9	-	8,865,841,500	100,739,846,680
2111	100,739,846,680	-	5	-	9,721,395,204	110,461,241,879
2112	110,461,241,879	-	3	-	10,659,509,841	121,120,751,717

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3
Hypothetical Assumptions: 9.65% 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
2113	121,120,751,717	-	1	-	11,688,152,541	132,808,904,257
2114	132,808,904,257	-	-	-	12,816,059,261	145,624,963,518

*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 9.65% 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	
	7.65% RP-2000 Generational	5.65% RP-2000 Generational	9.65% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$27,648,231	\$37,726,426	\$19,616,935
Total Required Contribution (% of Payroll)	58.8%	80.3%	41.8%
Expected Member Contribution	5,170,992	5,121,187	5,220,797
Expected Sponsor Contribution (Fixed \$)	\$22,477,239	\$32,605,239	\$14,396,138
Expected Sponsor Contribution (% of Payroll)	48.2%	69.7%	31.2%

ASSETS

Actuarial Value ¹	257,318,432	257,318,432	257,318,432
Market Value ¹	261,867,706	261,867,706	261,867,706

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	174,195,911	262,231,159	122,122,406
Death Benefits	2,115,804	3,153,971	1,489,530
Vested Benefits	4,660,533	8,701,521	2,633,697
Refund of Contributions	1,890,586	2,013,724	1,780,718
Service Retirees	157,966,132	193,396,687	132,651,305
DROP Retirees ¹	51,658,515	61,659,791	44,909,660
Beneficiaries	6,624,032	8,035,091	5,636,324
Terminated Vested	1,844,437	2,337,280	1,524,163
Total:	400,955,950	541,529,224	312,747,803
Present Value of Future Salaries	345,200,292	385,969,453	312,263,207
Present Value of Future Member Contributions	36,591,231	40,912,762	33,099,900
Total Normal Cost	8,500,239	13,267,394	5,684,943
Present Value of Future Normal Costs (Entry Age Normal)	59,872,465	106,758,356	35,466,512
Total Actuarial Accrued Liability ¹	341,083,485	434,770,868	277,281,291
Unfunded Actuarial Accrued Liability (UAAL)	83,765,053	177,452,436	19,962,859

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

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL	
	7.65% RP-2000 Generational	5.65% RP-2000 Generational	9.65% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost ²	9,372,546	14,488,014	6,328,714
Administrative Expenses ²	233,514	231,265	235,763
Payment Required To Amortize UAAL ²	18,042,171	23,007,147	13,052,458
Total Required Contribution	\$27,648,231	\$37,726,426	\$19,616,935

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

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