

April 27, 2018

VIA EMAIL

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

Re: City of Cape Coral Municipal Firefighters' 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

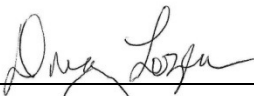
DHL/1ke  
Enclosures

cc via email: Bonni Jensen, Board Attorney

CITY OF CAPE CORAL  
MUNICIPAL FIREFIGHTERS' 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: 4/27/2018  
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	
	7.70% RP-2000 Generational	5.70% RP-2000 Generational	9.70% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	4,266,311	6,956,624	2,743,313
Interest	15,178,381	14,798,447	15,328,548
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	1,557,771	1,730,914	(126,005)
Changes of Assumptions	(3,502,874)	(5,527,969)	(2,376,102)
Benefit Payments, Including Refunds of Employee Contributions	(7,933,230)	(7,933,230)	(7,933,230)
Net Change in Total Pension Liability	9,566,359	10,024,786	7,636,524
Total Pension Liability - Beginning	196,822,130	256,631,862	159,249,573
Total Pension Liability - Ending (a)	<u>\$ 206,388,489</u>	<u>\$ 266,656,648</u>	<u>\$ 166,886,097</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	8,759,719	8,759,719	8,759,719
Contributions - State	1,445,431	1,445,431	1,445,431
Contributions - Employee	1,450,606	1,450,606	1,450,606
Net Investment Income	17,336,661	17,336,661	17,336,661
Benefit Payments, Including Refunds of Employee Contributions	(7,933,230)	(7,933,230)	(7,933,230)
Administrative Expenses	(161,973)	(161,973)	(161,973)
Net Change in Plan Fiduciary Net Position	20,897,214	20,897,214	20,897,214
Plan Fiduciary Net Position - Beginning	148,103,521	148,103,521	148,103,521
Plan Fiduciary Net Position - Ending (b)	<u>\$ 169,000,735</u>	<u>\$ 169,000,735</u>	<u>\$ 169,000,735</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 37,387,754</u>	<u>\$ 97,655,913</u>	<u>\$ (2,114,638)</u>

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

Table 1  
Plan Assumptions: 7.70% 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	168,724,715	-	26,742,101	-	11,962,232	153,944,846
2018	153,944,846	-	9,939,227	-	11,471,093	155,476,712
2019	155,476,712	-	10,437,424	-	11,569,866	156,609,154
2020	156,609,154	-	10,805,419	-	11,642,896	157,446,631
2021	157,446,631	-	11,206,312	-	11,691,948	157,932,267
2022	157,932,267	-	11,683,888	-	11,710,955	157,959,334
2023	157,959,334	-	12,229,039	-	11,692,051	157,422,346
2024	157,422,346	-	12,577,356	-	11,637,292	156,482,282
2025	156,482,282	-	12,962,687	-	11,550,072	155,069,667
2026	155,069,667	-	13,352,375	-	11,426,298	153,143,590
2027	153,143,590	-	13,771,182	-	11,261,866	150,634,274
2028	150,634,274	-	14,187,642	-	11,052,615	147,499,247
2029	147,499,247	-	14,626,470	-	10,794,323	143,667,100
2030	143,667,100	-	15,268,962	-	10,474,512	138,872,650
2031	138,872,650	-	15,733,892	-	10,087,439	133,226,197
2032	133,226,197	-	16,149,454	-	9,636,663	126,713,406
2033	126,713,406	-	16,629,613	-	9,116,692	119,200,485
2034	119,200,485	-	17,076,135	-	8,521,006	110,645,356
2035	110,645,356	-	17,344,221	-	7,851,940	101,153,075
2036	101,153,075	-	17,580,166	-	7,111,950	90,684,859
2037	90,684,859	-	17,793,416	-	6,297,688	79,189,131
2038	79,189,131	-	17,954,390	-	5,406,319	66,641,060
2039	66,641,060	-	18,083,805	-	4,435,135	52,992,390
2040	52,992,390	-	18,186,721	-	3,380,225	38,185,894
2041	38,185,894	-	18,249,312	-	2,237,715	22,174,297
2042	22,174,297	-	18,273,967	-	1,003,873	4,904,203
2043	4,904,203	-	18,259,054	-	-	-

\*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 26.27

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.70% 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: 5.70% 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	168,724,715	-	26,742,101	-	8,855,159	150,837,773
2018	150,837,773	-	9,939,227	-	8,314,485	149,213,031
2019	149,213,031	-	10,437,424	-	8,207,676	146,983,283
2020	146,983,283	-	10,805,419	-	8,070,093	144,247,957
2021	144,247,957	-	11,206,312	-	7,902,754	140,944,399
2022	140,944,399	-	11,683,888	-	7,700,840	136,961,351
2023	136,961,351	-	12,229,039	-	7,458,269	132,190,581
2024	132,190,581	-	12,577,356	-	7,176,408	126,789,633
2025	126,789,633	-	12,962,687	-	6,857,573	120,684,519
2026	120,684,519	-	13,352,375	-	6,498,475	113,830,619
2027	113,830,619	-	13,771,182	-	6,095,867	106,155,304
2028	106,155,304	-	14,187,642	-	5,646,505	97,614,167
2029	97,614,167	-	14,626,470	-	5,147,153	88,134,850
2030	88,134,850	-	15,268,962	-	4,588,521	77,454,409
2031	77,454,409	-	15,733,892	-	3,966,485	65,687,002
2032	65,687,002	-	16,149,454	-	3,283,900	52,821,448
2033	52,821,448	-	16,629,613	-	2,536,879	38,728,714
2034	38,728,714	-	17,076,135	-	1,720,867	23,373,446
2035	23,373,446	-	17,344,221	-	837,976	6,867,201
2036	6,867,201	-	17,580,166	-	-	-

\*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 19.39

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.70% 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: 9.70% 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	168,724,715	-	26,742,101	-	15,069,305	157,051,919
2018	157,051,919	-	9,939,227	-	14,751,984	161,864,676
2019	161,864,676	-	10,437,424	-	15,194,659	166,621,911
2020	166,621,911	-	10,805,419	-	15,638,263	171,454,755
2021	171,454,755	-	11,206,312	-	16,087,605	176,336,048
2022	176,336,048	-	11,683,888	-	16,537,928	181,190,088
2023	181,190,088	-	12,229,039	-	16,982,330	185,943,379
2024	185,943,379	-	12,577,356	-	17,426,506	190,792,529
2025	190,792,529	-	12,962,687	-	17,878,185	195,708,027
2026	195,708,027	-	13,352,375	-	18,336,088	200,691,740
2027	200,691,740	-	13,771,182	-	18,799,196	205,719,754
2028	205,719,754	-	14,187,642	-	19,266,716	210,798,828
2029	210,798,828	-	14,626,470	-	19,738,103	215,910,461
2030	215,910,461	-	15,268,962	-	20,202,770	220,844,269
2031	220,844,269	-	15,733,892	-	20,658,800	225,769,177
2032	225,769,177	-	16,149,454	-	21,116,362	230,736,085
2033	230,736,085	-	16,629,613	-	21,574,864	235,681,336
2034	235,681,336	-	17,076,135	-	22,032,897	240,638,098
2035	240,638,098	-	17,344,221	-	22,500,701	245,794,578
2036	245,794,578	-	17,580,166	-	22,989,436	251,203,848
2037	251,203,848	-	17,793,416	-	23,503,793	256,914,225
2038	256,914,225	-	17,954,390	-	24,049,892	263,009,727
2039	263,009,727	-	18,083,805	-	24,634,879	269,560,801
2040	269,560,801	-	18,186,721	-	25,265,342	276,639,422
2041	276,639,422	-	18,249,312	-	25,948,932	284,339,042
2042	284,339,042	-	18,273,967	-	26,694,600	292,759,675
2043	292,759,675	-	18,259,054	-	27,512,124	302,012,745
2044	302,012,745	-	18,205,315	-	28,412,278	312,219,708
2045	312,219,708	-	18,123,878	-	29,406,304	323,502,134
2046	323,502,134	-	18,001,898	-	30,506,615	336,006,851
2047	336,006,851	-	17,836,202	-	31,727,609	349,898,258
2048	349,898,258	-	17,626,045	-	33,085,268	365,357,481
2049	365,357,481	-	17,368,015	-	34,597,327	382,586,793
2050	382,586,793	-	17,058,654	-	36,283,574	401,811,713
2051	401,811,713	-	16,698,197	-	38,165,874	423,279,390
2052	423,279,390	-	16,285,365	-	40,268,261	447,262,286
2053	447,262,286	-	15,819,820	-	42,617,180	474,059,646
2054	474,059,646	-	15,303,049	-	45,241,588	503,998,185
2055	503,998,185	-	14,737,511	-	48,173,055	537,433,729
2056	537,433,729	-	14,126,631	-	51,445,930	574,753,028
2057	574,753,028	-	13,474,599	-	55,097,526	616,375,955
2058	616,375,955	-	12,787,171	-	59,168,290	662,757,074
2059	662,757,074	-	12,073,214	-	63,701,885	714,385,745
2060	714,385,745	-	11,344,274	-	68,745,220	771,786,691
2061	771,786,691	-	10,612,661	-	74,348,595	835,522,625
2062	835,522,625	-	9,890,410	-	80,566,010	906,198,225
2063	906,198,225	-	9,186,616	-	87,455,677	984,467,286
2064	984,467,286	-	8,507,095	-	95,080,733	1,071,040,924
2065	1,071,040,924	-	7,859,806	-	103,509,769	1,166,690,887
2066	1,166,690,887	-	7,253,290	-	112,817,231	1,272,254,828

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

Table 3  
Hypothetical Assumptions: 9.70% 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	1,272,254,828	-	6,688,869	-	123,084,308	1,388,650,267
2068	1,388,650,267	-	6,165,046	-	134,400,071	1,516,885,292
2069	1,516,885,292	-	5,681,549	-	146,862,318	1,658,066,061
2070	1,658,066,061	-	5,234,418	-	160,578,539	1,813,410,182
2071	1,813,410,182	-	4,818,865	-	175,667,073	1,984,258,390
2072	1,984,258,390	-	4,428,735	-	192,258,270	2,172,087,925
2073	2,172,087,925	-	4,058,213	-	210,495,705	2,378,525,417
2074	2,378,525,417	-	3,703,350	-	230,537,353	2,605,359,420
2075	2,605,359,420	-	3,362,347	-	252,556,790	2,854,553,863
2076	2,854,553,863	-	3,032,293	-	276,744,659	3,128,266,229
2077	3,128,266,229	-	2,712,012	-	303,310,292	3,428,864,509
2078	3,428,864,509	-	2,404,149	-	332,483,256	3,758,943,616
2079	3,758,943,616	-	2,110,860	-	364,515,154	4,121,347,910
2080	4,121,347,910	-	1,833,502	-	399,681,822	4,519,196,230
2081	4,519,196,230	-	1,573,214	-	438,285,733	4,955,908,749
2082	4,955,908,749	-	1,331,505	-	480,658,571	5,435,235,815
2083	5,435,235,815	-	1,110,843	-	527,163,998	5,961,288,970
2084	5,961,288,970	-	914,645	-	578,200,670	6,538,574,995
2085	6,538,574,995	-	742,321	-	634,205,772	7,172,038,446
2086	7,172,038,446	-	593,205	-	695,658,959	7,867,104,200
2087	7,867,104,200	-	467,573	-	763,086,430	8,629,723,057
2088	8,629,723,057	-	363,289	-	837,065,517	9,466,425,285
2089	9,466,425,285	-	278,238	-	918,229,758	10,384,376,805
2090	10,384,376,805	-	209,892	-	1,007,274,370	11,391,441,283
2091	11,391,441,283	-	155,958	-	1,104,962,240	12,496,247,565
2092	12,496,247,565	-	113,954	-	1,212,130,487	13,708,264,098
2093	13,708,264,098	-	81,992	-	1,329,697,641	15,037,879,747
2094	15,037,879,747	-	57,935	-	1,458,671,526	16,496,493,338
2095	16,496,493,338	-	40,031	-	1,600,157,912	18,096,611,219
2096	18,096,611,219	-	27,228	-	1,755,369,968	19,851,953,959
2097	19,851,953,959	-	18,244	-	1,925,638,649	21,777,574,364
2098	21,777,574,364	-	12,038	-	2,112,424,129	23,889,986,455
2099	23,889,986,455	-	7,835	-	2,317,328,306	26,207,306,926
2100	26,207,306,926	-	5,032	-	2,542,108,528	28,749,410,422
2101	28,749,410,422	-	3,195	-	2,788,692,656	31,538,099,883
2102	31,538,099,883	-	2,010	-	3,059,195,591	34,597,293,464
2103	34,597,293,464	-	1,253	-	3,355,937,405	37,953,229,616
2104	37,953,229,616	-	774	-	3,681,463,235	41,634,692,077
2105	41,634,692,077	-	471	-	4,038,565,109	45,673,256,715
2106	45,673,256,715	-	276	-	4,430,305,888	50,103,562,327
2107	50,103,562,327	-	158	-	4,860,045,538	54,963,607,707
2108	54,963,607,707	-	96	-	5,331,469,943	60,295,077,554
2109	60,295,077,554	-	45	-	5,848,622,521	66,143,700,030
2110	66,143,700,030	-	13	-	6,415,938,902	72,559,638,919
2111	72,559,638,919	-	7	-	7,038,284,975	79,597,923,887
2112	79,597,923,887	-	4	-	7,720,998,617	87,318,922,500
2113	87,318,922,500	-	2	-	8,469,935,482	95,788,857,980



PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3  
Hypothetical Assumptions: 9.70% 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
2114	95,788,857,980	-	1	-	9,291,519,224	105,080,377,203
2115	105,080,377,203	-	-	-	10,192,796,589	115,273,173,792

\*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 9.70% 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	
	7.70% RP-2000 Generational	5.70% RP-2000 Generational	9.70% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$13,421,319	\$19,740,631	\$8,458,669
Total Required Contribution (% of Payroll)	80.9%	118.9%	50.9%
Expected Member Contribution	1,723,753	1,707,154	1,740,351
Expected State Money	1,360,435	1,360,435	1,360,435
Expected Sponsor Contribution (Fixed \$)	\$10,337,131	\$16,673,042	\$5,357,883
Expected Sponsor Contribution (% of Payroll)	62.7%	100.7%	32.7%
<b><u>ASSETS</u></b>			
Actuarial Value <sup>1</sup>	165,325,368	165,325,368	165,325,368
Market Value <sup>1</sup>	168,724,715	168,724,715	168,724,715
<b><u>LIABILITIES</u></b>			
Present Value of Benefits			
Active Members			
Retirement Benefits	91,622,503	148,950,502	60,114,482
Disability Benefits	4,747,339	6,946,150	3,403,696
Death Benefits	1,186,320	2,042,121	741,947
Vested Benefits	1,054,232	1,955,876	602,077
Refund of Contributions	235,314	248,030	223,873
Service Retirees	98,782,848	125,583,796	80,571,373
DROP Retirees <sup>1</sup>	43,971,003	52,679,470	38,367,307
Beneficiaries	1,953,665	2,446,573	1,617,597
Disability Retirees	10,145,147	12,986,283	8,290,634
Terminated Vested	691,600	1,022,620	498,596
Total:	254,389,971	354,861,421	194,431,582
Present Value of Future Salaries	175,825,818	201,384,281	155,378,571
Present Value of Future Member Contributions	17,582,582	20,138,428	15,537,857
Total Normal Cost	4,563,443	7,333,480	2,961,903
Present Value of Future Normal Costs (Entry Age Normal)	47,042,278	86,912,421	26,879,856
Total Actuarial Accrued Liability <sup>1</sup>	207,347,693	267,949,000	167,551,726
Unfunded Actuarial Accrued Liability (UAAL)	42,022,325	102,623,632	2,226,358

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

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL	
	7.70% RP-2000 Generational	5.70% RP-2000 Generational	9.70% RP-2000 Generational
<b><u>PENSION COST</u></b>			
Normal Cost <sup>2</sup>	5,094,571	8,108,170	3,338,472
Administrative Expenses <sup>2</sup>	180,825	179,083	182,566
Payment Required To Amortize UAAL <sup>2</sup>	8,145,923	11,453,378	4,937,631
Total Required Contribution	\$13,421,319	\$19,740,631	\$8,458,669

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

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