

July 2, 2019

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, 2018 financial reporting requirements made under Section 112.664.


Our office will submit this information electronically to the Department of Management Services. However, it is important for you to be aware that this report must also be made available on the Plan or Plan Sponsor's website, if such website exists. A deadline for this website publication is not made clear in the law.

In addition to the enclosed report, the Plan or Plan Sponsor's website must provide a link to the Division of Retirement's Actuarial Summary Fact Sheet for the Plan, and also report the previous five years' assumed and actual rates of return, along with their respective asset allocations. The Board should contact its Investment Consultant for this information.

If there are any questions, concerns, or comments about any of the items contained in this report, please feel free to contact me.

Respectfully submitted,

Foster & Foster, Inc.

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

DHL/ike  
Enclosures

cc via email: Mark Floyd, 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: 7/2/2019  
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, 2018 Actuarial Valuation Report, as adopted by the Board of Trustees, are reasonable individually and in the aggregate, and represent our best estimate of future Plan experience.
- 5) The “Number of Years Expected Benefit Payments Sustained” calculated in Section II: Asset Sustainability should not be interpreted as the number of years the Plan has left until it is insolvent. This calculation is required by 112.664, Florida Statutes, but the numeric result is irrelevant, since in its calculation we are to assume there will be no further contributions to the Fund. As long as the Actuarially Determined Contribution is made each year the Plan will never become insolvent.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY  
FISCAL YEAR SEPTEMBER 30, 2018

	ACTUAL	HYPOTHETICAL	
	7.65% RP-2000 Generational	5.65% RP-2000 Generational	9.65% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	8,645,641	13,383,931	5,845,258
Interest	25,456,382	24,118,181	25,949,202
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	6,086,590	8,939,649	4,109,192
Changes of Assumptions	-	-	-
Contributions - Buy Back	52,107	52,107	52,107
Benefit Payments, Including Refunds of Employee Contributions	(15,636,445)	(15,636,445)	(15,636,445)
Net Change in Total Pension Liability	24,604,275	30,857,423	20,319,314
Total Pension Liability - Beginning	331,935,748	421,304,745	270,876,614
Total Pension Liability - Ending (a)	<u>\$ 356,540,023</u>	<u>\$ 452,162,168</u>	<u>\$ 291,195,928</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	20,688,397	20,688,397	20,688,397
Contributions - Employee	4,819,442	4,819,442	4,819,442
Contributions - Buy Back	52,107	52,107	52,107
Net Investment Income	17,805,569	17,805,569	17,805,569
Benefit Payments, Including Refunds of Employee Contributions	(15,636,445)	(15,636,445)	(15,636,445)
Administrative Expenses	(279,364)	(279,364)	(279,364)
Net Change in Plan Fiduciary Net Position	27,449,706	27,449,706	27,449,706
Plan Fiduciary Net Position - Beginning	261,867,706	261,867,706	261,867,706
Plan Fiduciary Net Position - Ending (b)	<u>\$ 289,317,412</u>	<u>\$ 289,317,412</u>	<u>\$ 289,317,412</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 67,222,611</u>	<u>\$ 162,844,756</u>	<u>\$ 1,878,516</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
2018	289,305,621	-	36,083,382	-	20,751,691	273,973,930
2019	273,973,930	-	18,525,505	-	20,250,405	275,698,830
2020	275,698,830	-	19,462,101	-	20,346,535	276,583,264
2021	276,583,264	-	20,499,866	-	20,374,500	276,457,898
2022	276,457,898	-	21,454,241	-	20,328,404	275,332,061
2023	275,332,061	-	22,164,248	-	20,215,120	273,382,933
2024	273,382,933	-	23,017,677	-	20,033,368	270,398,624
2025	270,398,624	-	23,728,608	-	19,777,875	266,447,891
2026	266,447,891	-	24,449,976	-	19,448,052	261,445,967
2027	261,445,967	-	25,141,420	-	19,038,957	255,343,504
2028	255,343,504	-	25,591,944	-	18,554,886	248,306,446
2029	248,306,446	-	26,003,770	-	18,000,799	240,303,475
2030	240,303,475	-	26,346,984	-	17,375,444	231,331,935
2031	231,331,935	-	26,761,079	-	16,673,282	221,244,138
2032	221,244,138	-	26,987,486	-	15,892,905	210,149,557
2033	210,149,557	-	27,191,378	-	15,036,371	197,994,550
2034	197,994,550	-	27,317,344	-	14,101,695	184,778,901
2035	184,778,901	-	27,358,026	-	13,089,141	170,510,016
2036	170,510,016	-	27,316,678	-	11,999,153	155,192,491
2037	155,192,491	-	27,267,510	-	10,829,243	138,754,224
2038	138,754,224	-	27,140,806	-	9,576,562	121,189,980
2039	121,189,980	-	26,933,833	-	8,240,814	102,496,961
2040	102,496,961	-	26,622,986	-	6,822,688	82,696,663
2041	82,696,663	-	26,253,050	-	5,322,116	61,765,729
2042	61,765,729	-	25,833,515	-	3,736,946	39,669,160
2043	39,669,160	-	25,380,160	-	2,063,900	16,352,900
2044	16,352,900	-	24,837,255	-	-	-

\*All DROP Balances paid in 2018.

Number of Years Expected Benefit Payments Sustained: 26.66

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
2018	289,305,621	-	36,083,382	-	15,326,412	268,548,651
2019	268,548,651	-	18,525,505	-	14,649,653	264,672,799
2020	264,672,799	-	19,462,101	-	14,404,209	259,614,907
2021	259,614,907	-	20,499,866	-	14,089,121	253,204,162
2022	253,204,162	-	21,454,241	-	13,699,953	245,449,874
2023	245,449,874	-	22,164,248	-	13,241,778	236,527,404
2024	236,527,404	-	23,017,677	-	12,713,549	226,223,276
2025	226,223,276	-	23,728,608	-	12,111,282	214,605,950
2026	214,605,950	-	24,449,976	-	11,434,524	201,590,498
2027	201,590,498	-	25,141,420	-	10,679,618	187,128,696
2028	187,128,696	-	25,591,944	-	9,849,799	171,386,551
2029	171,386,551	-	26,003,770	-	8,948,734	154,331,515
2030	154,331,515	-	26,346,984	-	7,975,428	135,959,959
2031	135,959,959	-	26,761,079	-	6,925,737	116,124,617
2032	116,124,617	-	26,987,486	-	5,798,644	94,935,775
2033	94,935,775	-	27,191,378	-	4,595,715	72,340,112
2034	72,340,112	-	27,317,344	-	3,315,501	48,338,269
2035	48,338,269	-	27,358,026	-	1,958,248	22,938,491
2036	22,938,491	-	27,316,678	-	-	-

\*All DROP Balances paid in 2018.

Number of Years Expected Benefit Payments Sustained: 18.84

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
2018	289,305,621	-	36,083,382	-	26,176,969	279,399,208
2019	279,399,208	-	18,525,505	-	26,068,168	286,941,871
2020	286,941,871	-	19,462,101	-	26,750,844	294,230,614
2021	294,230,614	-	20,499,866	-	27,404,136	301,134,884
2022	301,134,884	-	21,454,241	-	28,024,349	307,704,992
2023	307,704,992	-	22,164,248	-	28,624,107	314,164,851
2024	314,164,851	-	23,017,677	-	29,206,305	320,353,479
2025	320,353,479	-	23,728,608	-	29,769,205	326,394,076
2026	326,394,076	-	24,449,976	-	30,317,317	332,261,417
2027	332,261,417	-	25,141,420	-	30,850,153	337,970,150
2028	337,970,150	-	25,591,944	-	31,379,308	343,757,514
2029	343,757,514	-	26,003,770	-	31,917,918	349,671,662
2030	349,671,662	-	26,346,984	-	32,472,073	355,796,751
2031	355,796,751	-	26,761,079	-	33,043,164	362,078,836
2032	362,078,836	-	26,987,486	-	33,638,461	368,729,811
2033	368,729,811	-	27,191,378	-	34,270,443	375,808,876
2034	375,808,876	-	27,317,344	-	34,947,495	383,439,027
2035	383,439,027	-	27,358,026	-	35,681,841	391,762,842
2036	391,762,842	-	27,316,678	-	36,487,085	400,933,249
2037	400,933,249	-	27,267,510	-	37,374,401	411,040,140
2038	411,040,140	-	27,140,806	-	38,355,830	422,255,164
2039	422,255,164	-	26,933,833	-	39,448,066	434,769,397
2040	434,769,397	-	26,622,986	-	40,670,688	448,817,099
2041	448,817,099	-	26,253,050	-	42,044,140	464,608,189
2042	464,608,189	-	25,833,515	-	43,588,223	482,362,897
2043	482,362,897	-	25,380,160	-	45,323,427	502,306,164
2044	502,306,164	-	24,837,255	-	47,274,147	524,743,056
2045	524,743,056	-	24,231,850	-	49,468,518	549,979,724
2046	549,979,724	-	23,553,192	-	51,936,602	578,363,134
2047	578,363,134	-	22,837,626	-	54,710,127	610,235,635
2048	610,235,635	-	22,000,258	-	57,826,226	646,061,603
2049	646,061,603	-	21,119,557	-	61,325,926	686,267,972
2050	686,267,972	-	20,203,170	-	65,250,056	731,314,858
2051	731,314,858	-	19,240,800	-	69,643,515	781,717,573
2052	781,717,573	-	18,260,640	-	74,554,670	838,011,603
2053	838,011,603	-	17,245,052	-	80,036,046	900,802,597
2054	900,802,597	-	16,231,699	-	86,144,271	970,715,169
2055	970,715,169	-	15,205,026	-	92,940,371	1,048,450,514
2056	1,048,450,514	-	14,168,352	-	100,491,852	1,134,774,014
2057	1,134,774,014	-	13,156,081	-	108,870,911	1,230,488,844
2058	1,230,488,844	-	12,156,601	-	118,155,617	1,336,487,860
2059	1,336,487,860	-	11,186,180	-	128,431,345	1,453,733,025
2060	1,453,733,025	-	10,244,949	-	139,790,918	1,583,278,994
2061	1,583,278,994	-	9,344,765	-	152,335,538	1,726,269,767
2062	1,726,269,767	-	8,489,904	-	166,175,395	1,883,955,258
2063	1,883,955,258	-	7,686,374	-	181,430,815	2,057,699,699
2064	2,057,699,699	-	6,934,329	-	198,233,440	2,248,998,810
2065	2,248,998,810	-	6,235,992	-	216,727,499	2,459,490,317

## 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
2066	2,459,490,317	-	5,592,580	-	237,070,974	2,690,968,711
2067	2,690,968,711	-	5,000,445	-	259,437,209	2,945,405,475
2068	2,945,405,475	-	4,457,934	-	284,016,533	3,224,964,074
2069	3,224,964,074	-	3,962,912	-	311,017,823	3,532,018,985
2070	3,532,018,985	-	3,513,598	-	340,670,301	3,869,175,688
2071	3,869,175,688	-	3,106,485	-	373,225,566	4,239,294,769
2072	4,239,294,769	-	2,738,283	-	408,959,823	4,645,516,309
2073	4,645,516,309	-	2,405,277	-	448,176,269	5,091,287,301
2074	5,091,287,301	-	2,104,275	-	491,207,693	5,580,390,719
2075	5,580,390,719	-	1,833,220	-	538,419,252	6,116,976,751
2076	6,116,976,751	-	1,589,494	-	590,211,563	6,705,598,820
2077	6,705,598,820	-	1,370,763	-	647,024,147	7,351,252,204
2078	7,351,252,204	-	1,174,344	-	709,339,176	8,059,417,036
2079	8,059,417,036	-	998,392	-	777,685,572	8,836,104,216
2080	8,836,104,216	-	841,185	-	852,643,470	9,687,906,501
2081	9,687,906,501	-	702,045	-	934,849,104	10,622,053,560
2082	10,622,053,560	-	580,265	-	1,025,000,171	11,646,473,466
2083	11,646,473,466	-	474,865	-	1,123,861,777	12,769,860,378
2084	12,769,860,378	-	385,009	-	1,232,272,950	14,001,748,319
2085	14,001,748,319	-	309,329	-	1,351,153,788	15,352,592,778
2086	15,352,592,778	-	246,417	-	1,481,513,313	16,833,859,674
2087	16,833,859,674	-	194,378	-	1,624,458,080	18,458,123,376
2088	18,458,123,376	-	151,840	-	1,781,201,580	20,239,173,116
2089	20,239,173,116	-	117,276	-	1,953,074,547	22,192,130,387
2090	22,192,130,387	-	89,688	-	2,141,536,255	24,333,576,954
2091	24,333,576,954	-	67,887	-	2,348,186,901	26,681,695,968
2092	26,681,695,968	-	50,821	-	2,574,781,209	29,256,426,356
2093	29,256,426,356	-	37,630	-	2,823,243,328	32,079,632,054
2094	32,079,632,054	-	27,551	-	3,095,683,164	35,175,287,667
2095	35,175,287,667	-	19,901	-	3,394,414,300	38,569,682,066
2096	38,569,682,066	-	14,145	-	3,721,973,637	42,291,641,558
2097	42,291,641,558	-	9,872	-	4,081,142,934	46,372,774,620
2098	46,372,774,620	-	6,767	-	4,474,972,424	50,847,740,277
2099	50,847,740,277	-	4,559	-	4,906,806,717	55,754,542,435
2100	55,754,542,435	-	3,026	-	5,380,313,199	61,134,852,608
2101	61,134,852,608	-	1,972	-	5,899,513,182	67,034,363,818
2102	67,034,363,818	-	1,267	-	6,468,816,047	73,503,178,598
2103	73,503,178,598	-	801	-	7,093,056,696	80,596,234,493
2104	80,596,234,493	-	500	-	7,777,536,604	88,373,770,597
2105	88,373,770,597	-	309	-	8,528,068,848	96,901,839,136
2106	96,901,839,136	-	187	-	9,351,027,468	106,252,866,417
2107	106,252,866,417	-	113	-	10,253,401,604	116,506,267,908
2108	116,506,267,908	-	68	-	11,242,854,850	127,749,122,690
2109	127,749,122,690	-	41	-	12,327,790,338	140,076,912,987
2110	140,076,912,987	-	24	-	13,517,422,102	153,594,335,065
2111	153,594,335,065	-	14	-	14,821,853,333	168,416,188,384
2112	168,416,188,384	-	8	-	16,252,162,179	184,668,350,555
2113	184,668,350,555	-	4	-	17,820,495,828	202,488,846,379
2114	202,488,846,379	-	2	-	19,540,173,675	222,029,020,052
2115	222,029,020,052	-	1	-	21,425,800,435	243,454,820,486



## 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
2116	243,454,820,486	-	1	-	23,493,390,177	266,948,210,662
2117	266,948,210,662	-	-	-	25,760,502,329	292,708,712,991

\*All DROP Balances paid in 2018.

Number of Years Expected Benefit Payments Sustained: 999.99

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 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, 2020

Valuation Date: 10/1/2018

	ACTUAL	HYPOTHETICAL	
	7.65% RP-2000 Generational	5.65% RP-2000 Generational	9.65% RP-2000 Generational
Minimum Required Contribution (Fixed \$)	\$24,403,711	\$34,863,702	\$15,985,106
Minimum Required Contribution (% of Payroll)	48.9%	69.9%	32.0%
Expected Member Contribution	5,444,318	5,391,880	5,496,755
Expected Sponsor Contribution (Fixed \$)	\$18,959,393	\$29,471,822	\$10,488,351
Expected Sponsor Contribution (% of Payroll)	38.4%	59.4%	21.5%

**ASSETS**

Actuarial Value <sup>1</sup>	283,779,401	283,779,401	283,779,401
Market Value <sup>1</sup>	289,305,621	289,305,621	289,305,621

**LIABILITIES**

Present Value of Benefits			
Active Members			
Retirement Benefits	182,971,354	274,017,010	128,848,120
Death Benefits	2,266,784	3,350,916	1,609,324
Vested Benefits	4,375,856	8,398,632	2,401,587
Refund of Contributions	2,765,855	2,939,853	2,610,320
Service Retirees	169,157,610	206,740,282	142,242,425
DROP Retirees <sup>1</sup>	52,712,840	62,592,212	46,047,163
Beneficiaries	6,414,925	7,672,570	5,517,469
Terminated Vested	2,007,064	2,474,546	1,701,330
Total:	422,672,288	568,186,021	330,977,738
Present Value of Future Salaries	370,055,254	413,490,737	334,891,052
Present Value of Future Member Contributions	38,929,813	43,499,226	35,230,539
Total Normal Cost	8,603,891	13,387,178	5,775,411
Present Value of Future Normal Costs (Entry Age Normal)	62,525,602	110,034,510	37,602,590
Total Actuarial Accrued Liability <sup>1</sup>	360,146,686	458,151,511	293,375,148
Unfunded Actuarial Accrued Liability (UAAL)	76,367,285	174,372,110	9,595,747

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

Valuation Date: 10/1/2018

	ACTUAL	HYPOTHETICAL	
	7.65% RP-2000 Generational	5.65% RP-2000 Generational	9.65% RP-2000 Generational
<b><u>PENSION COST</u></b>			
Normal Cost <sup>2</sup>	9,487,728	14,620,195	6,430,033
Administrative Expenses <sup>2</sup>	308,062	305,095	311,029
Payment Required To Amortize UAAL <sup>2</sup>	14,607,921	19,938,412	9,244,044
Minimum Required Contribution	\$24,403,711	\$34,863,702	\$15,985,106

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

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