

CITY OF CAPE CORAL  
MUNICIPAL FIREFIGHTERS' RETIREMENT PLAN

SECTION 112.664, FLORIDA STATUTES COMPLIANCE  
DETERMINED AS OF THE  
OCTOBER 1, 2020 VALUATION DATE



July 23, 2021

VIA E-MAIL

Ms. Ferrell Jenne, 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, 2020 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.

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.

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 #20-7778

Enclosures

cc via email: Bonni Jensen, Board Attorney

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, 2020 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, 2020

	ACTUAL	HYPOTHETICAL	
Discount Rate:	7.25%	5.25%	9.25%
<u>Total Pension Liability</u>			
Service Cost	5,758,437	9,338,727	3,715,999
Interest	17,469,387	16,623,886	17,753,714
Change in Extra Benefits Reserve	166,023	166,023	166,023
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(1,111,697)	(762,980)	(1,502,028)
Changes of Assumptions	5,369,128	7,774,967	3,841,376
Contributions - Buy Back	29,976	29,976	29,976
Benefit Payments, Including Refunds of Employee Contributions	(11,303,750)	(11,303,750)	(11,303,750)
Net Change in Total Pension Liability	16,377,504	21,866,849	12,701,310
Total Pension Liability - Beginning	241,053,060	313,161,153	194,070,480
Total Pension Liability - Ending (a)	<u>\$ 257,430,564</u>	<u>\$ 335,028,002</u>	<u>\$ 206,771,790</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	9,833,401	9,833,401	9,833,401
Contributions - State	1,646,987	1,646,987	1,646,987
Contributions - Employee	1,781,178	1,781,178	1,781,178
Contributions - Buy Back	29,976	29,976	29,976
Net Investment Income	13,999,209	13,999,209	13,999,209
Benefit Payments, Including Refunds of Employee Contributions	(11,303,750)	(11,303,750)	(11,303,750)
Administrative Expenses	(140,915)	(140,915)	(140,915)
Net Change in Plan Fiduciary Net Position	15,846,086	15,846,086	15,846,086
Plan Fiduciary Net Position - Beginning	192,897,895	192,897,895	192,897,895
Plan Fiduciary Net Position - Ending (b)	<u>\$ 208,743,981</u>	<u>\$ 208,743,981</u>	<u>\$ 208,743,981</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 48,686,583</u>	<u>\$ 126,284,021</u>	<u>\$ (1,972,191)</u>

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

Table 1  
Plan Assumptions: Discount Rate = 7.25%

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
2020	208,424,385	-	30,900,617	-	13,990,621	191,514,389
2021	191,514,389	-	11,335,220	-	13,473,891	193,653,060
2022	193,653,060	-	12,048,440	-	13,603,091	195,207,711
2023	195,207,711	-	12,648,904	-	13,694,036	196,252,843
2024	196,252,843	-	13,068,230	-	13,754,608	196,939,221
2025	196,939,221	-	13,604,396	-	13,784,934	197,119,759
2026	197,119,759	-	14,107,308	-	13,779,793	196,792,244
2027	196,792,244	-	14,757,807	-	13,732,467	195,766,904
2028	195,766,904	-	15,374,844	-	13,635,762	194,027,822
2029	194,027,822	-	15,976,920	-	13,487,854	191,538,756
2030	191,538,756	-	17,046,588	-	13,268,621	187,760,789
2031	187,760,789	-	17,662,170	-	12,972,404	183,071,023
2032	183,071,023	-	18,242,912	-	12,611,344	177,439,455
2033	177,439,455	-	18,978,377	-	12,176,394	170,637,472
2034	170,637,472	-	19,622,019	-	11,659,919	162,675,372
2035	162,675,372	-	19,966,719	-	11,070,171	153,778,824
2036	153,778,824	-	20,303,964	-	10,412,946	143,887,806
2037	143,887,806	-	20,677,031	-	9,682,324	132,893,099
2038	132,893,099	-	20,977,128	-	8,874,329	120,790,300
2039	120,790,300	-	21,222,609	-	7,987,977	107,555,668
2040	107,555,668	-	21,456,188	-	7,019,999	93,119,479
2041	93,119,479	-	21,644,163	-	5,966,561	77,441,877
2042	77,441,877	-	21,763,350	-	4,825,615	60,504,142
2043	60,504,142	-	21,835,272	-	3,595,022	42,263,892
2044	42,263,892	-	21,858,610	-	2,271,758	22,677,040
2045	22,677,040	-	21,838,080	-	852,455	1,691,415
2046	1,691,415	-	21,766,849	-	-	-

\*All DROP and Share Balances paid in 2020.

Number of Years Expected Benefit Payments Sustained: 26.08

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.25% 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: Discount Rate = 5.25%

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
2020	208,424,385	-	30,900,617	-	10,131,139	187,654,907
2021	187,654,907	-	11,335,220	-	9,554,333	185,874,020
2022	185,874,020	-	12,048,440	-	9,442,115	183,267,695
2023	183,267,695	-	12,648,904	-	9,289,520	179,908,311
2024	179,908,311	-	13,068,230	-	9,102,145	175,942,226
2025	175,942,226	-	13,604,396	-	8,879,851	171,217,681
2026	171,217,681	-	14,107,308	-	8,618,611	165,728,984
2027	165,728,984	-	14,757,807	-	8,313,379	159,284,556
2028	159,284,556	-	15,374,844	-	7,958,850	151,868,562
2029	151,868,562	-	15,976,920	-	7,553,705	143,445,347
2030	143,445,347	-	17,046,588	-	7,083,408	133,482,167
2031	133,482,167	-	17,662,170	-	6,544,182	122,364,179
2032	122,364,179	-	18,242,912	-	5,945,243	110,066,510
2033	110,066,510	-	18,978,377	-	5,280,309	96,368,442
2034	96,368,442	-	19,622,019	-	4,544,265	81,290,688
2035	81,290,688	-	19,966,719	-	3,743,635	65,067,604
2036	65,067,604	-	20,303,964	-	2,883,070	47,646,710
2037	47,646,710	-	20,677,031	-	1,958,680	28,928,359
2038	28,928,359	-	20,977,128	-	968,089	8,919,320
2039	8,919,320	-	21,222,609	-	-	-

\*All DROP and Share Balances paid in 2020.

Number of Years Expected Benefit Payments Sustained: 19.42

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.25% 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: Discount Rate = 9.25%

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
2020	208,424,385	-	30,900,617	-	17,850,102	195,373,870
2021	195,373,870	-	11,335,220	-	17,547,829	201,586,479
2022	201,586,479	-	12,048,440	-	18,089,509	207,627,548
2023	207,627,548	-	12,648,904	-	18,620,536	213,599,180
2024	213,599,180	-	13,068,230	-	19,153,519	219,684,469
2025	219,684,469	-	13,604,396	-	19,691,610	225,771,683
2026	225,771,683	-	14,107,308	-	20,231,418	231,895,793
2027	231,895,793	-	14,757,807	-	20,767,812	237,905,798
2028	237,905,798	-	15,374,844	-	21,295,200	243,826,154
2029	243,826,154	-	15,976,920	-	21,814,987	249,664,221
2030	249,664,221	-	17,046,588	-	22,305,536	254,923,169
2031	254,923,169	-	17,662,170	-	22,763,518	260,024,517
2032	260,024,517	-	18,242,912	-	23,208,533	264,990,138
2033	264,990,138	-	18,978,377	-	23,633,838	269,645,599
2034	269,645,599	-	19,622,019	-	24,034,700	274,058,280
2035	274,058,280	-	19,966,719	-	24,426,930	278,518,491
2036	278,518,491	-	20,303,964	-	24,823,902	283,038,429
2037	283,038,429	-	20,677,031	-	25,224,742	287,586,140
2038	287,586,140	-	20,977,128	-	25,631,526	292,240,538
2039	292,240,538	-	21,222,609	-	26,050,704	297,068,633
2040	297,068,633	-	21,456,188	-	26,486,500	302,098,945
2041	302,098,945	-	21,644,163	-	26,943,110	307,397,892
2042	307,397,892	-	21,763,350	-	27,427,750	313,062,292
2043	313,062,292	-	21,835,272	-	27,948,381	319,175,401
2044	319,175,401	-	21,858,610	-	28,512,764	325,829,555
2045	325,829,555	-	21,838,080	-	29,129,223	333,120,698
2046	333,120,698	-	21,766,849	-	29,806,948	341,160,797
2047	341,160,797	-	21,642,683	-	30,556,400	350,074,514
2048	350,074,514	-	21,465,533	-	31,389,112	359,998,093
2049	359,998,093	-	21,233,814	-	32,317,760	371,082,039
2050	371,082,039	-	20,943,836	-	33,356,436	383,494,639
2051	383,494,639	-	20,596,682	-	34,520,658	397,418,615
2052	397,418,615	-	20,192,265	-	35,827,330	413,053,680
2053	413,053,680	-	19,730,346	-	37,294,937	430,618,271
2054	430,618,271	-	19,213,470	-	38,943,567	450,348,368
2055	450,348,368	-	18,644,704	-	40,794,906	472,498,570
2056	472,498,570	-	18,028,295	-	42,872,309	497,342,584
2057	497,342,584	-	17,369,228	-	45,200,862	525,174,218
2058	525,174,218	-	16,673,506	-	47,807,466	556,308,178
2059	556,308,178	-	15,948,429	-	50,720,892	591,080,641
2060	591,080,641	-	15,202,106	-	53,971,862	629,850,397
2061	629,850,397	-	14,443,188	-	57,593,164	673,000,373
2062	673,000,373	-	13,680,397	-	61,619,816	720,939,792
2063	720,939,792	-	12,921,801	-	66,089,297	774,107,288
2064	774,107,288	-	12,174,317	-	71,041,862	832,974,833
2065	832,974,833	-	11,443,871	-	76,520,893	898,051,855
2066	898,051,855	-	10,735,189	-	82,573,294	969,889,960
2067	969,889,960	-	10,051,224	-	89,249,952	1,049,088,688

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

Table 3  
Hypothetical Assumptions: Discount Rate = 9.25%

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
2068	1,049,088,688	-	9,393,768	-	96,606,242	1,136,301,162
2069	1,136,301,162	-	8,763,256	-	104,702,557	1,232,240,463
2070	1,232,240,463	-	8,158,819	-	113,604,897	1,337,686,541
2071	1,337,686,541	-	7,578,929	-	123,385,480	1,453,493,092
2072	1,453,493,092	-	7,021,567	-	134,123,364	1,580,594,889
2073	1,580,594,889	-	6,484,436	-	145,905,122	1,720,015,575
2074	1,720,015,575	-	5,965,674	-	158,825,528	1,872,875,429
2075	1,872,875,429	-	5,463,668	-	172,988,283	2,040,400,044
2076	2,040,400,044	-	4,977,348	-	188,506,802	2,223,929,498
2077	2,223,929,498	-	4,506,490	-	205,505,053	2,424,928,061
2078	2,424,928,061	-	4,051,815	-	224,118,449	2,644,994,695
2079	2,644,994,695	-	3,615,056	-	244,494,813	2,885,874,452
2080	2,885,874,452	-	3,198,444	-	266,795,459	3,149,471,467
2081	3,149,471,467	-	2,804,322	-	291,196,411	3,437,863,556
2082	3,437,863,556	-	2,434,583	-	317,889,779	3,753,318,752
2083	3,753,318,752	-	2,091,303	-	347,085,262	4,098,312,711
2084	4,098,312,711	-	1,776,549	-	379,011,760	4,475,547,922
2085	4,475,547,922	-	1,491,780	-	413,919,188	4,887,975,330
2086	4,887,975,330	-	1,237,721	-	452,080,473	5,338,818,082
2087	5,338,818,082	-	1,014,169	-	493,793,767	5,831,597,680
2088	5,831,597,680	-	820,258	-	539,384,848	6,370,162,270
2089	6,370,162,270	-	654,639	-	589,209,733	6,958,717,364
2090	6,958,717,364	-	515,436	-	643,657,517	7,601,859,445
2091	7,601,859,445	-	400,202	-	703,153,489	8,304,612,732
2092	8,304,612,732	-	306,298	-	768,162,511	9,072,468,945
2093	9,072,468,945	-	231,053	-	839,192,691	9,911,430,583
2094	9,911,430,583	-	171,751	-	916,799,385	10,828,058,217
2095	10,828,058,217	-	125,770	-	1,001,589,568	11,829,522,015
2096	11,829,522,015	-	90,732	-	1,094,226,590	12,923,657,873
2097	12,923,657,873	-	64,496	-	1,195,435,370	14,119,028,747
2098	14,119,028,747	-	45,169	-	1,306,008,070	15,424,991,648
2099	15,424,991,648	-	31,138	-	1,426,810,287	16,851,770,797
2100	16,851,770,797	-	21,117	-	1,558,787,822	18,410,537,502
2101	18,410,537,502	-	14,096	-	1,702,974,067	20,113,497,473
2102	20,113,497,473	-	9,269	-	1,860,498,088	21,973,986,292
2103	21,973,986,292	-	5,993	-	2,032,593,455	24,006,573,754
2104	24,006,573,754	-	3,800	-	2,220,607,896	26,227,177,850
2105	26,227,177,850	-	2,358	-	2,426,013,842	28,653,189,334
2106	28,653,189,334	-	1,432	-	2,650,419,947	31,303,607,849
2107	31,303,607,849	-	853	-	2,895,583,687	34,199,190,683
2108	34,199,190,683	-	496	-	3,163,425,115	37,362,615,302
2109	37,362,615,302	-	280	-	3,456,041,902	40,818,656,924
2110	40,818,656,924	-	153	-	3,775,725,758	44,594,382,529
2111	44,594,382,529	-	83	-	4,124,980,380	48,719,362,826
2112	48,719,362,826	-	43	-	4,506,541,059	53,225,903,842
2113	53,225,903,842	-	22	-	4,923,396,104	58,149,299,924
2114	58,149,299,924	-	11	-	5,378,810,242	63,528,110,155
2115	63,528,110,155	-	5	-	5,876,350,189	69,404,460,339



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

Table 3  
Hypothetical Assumptions: Discount Rate = 9.25%

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	69,404,460,339	-	2	-	6,419,912,581	75,824,372,918
2117	75,824,372,918	-	1	-	7,013,754,495	82,838,127,412
2118	82,838,127,412	-	-	-	7,662,526,786	90,500,654,198

\*All DROP and Share Balances paid in 2020.

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 9.25% 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, 2022

Valuation Date: 10/1/2020

	ACTUAL	HYPOTHETICAL	
Investment Rate of Return:	7.25%	5.25%	9.25%
Minimum Required Contribution (Fixed \$)	\$13,116,087	\$21,649,930	\$6,549,003
Minimum Required Contribution (% of Payroll)	64.5%	106.5%	32.3%
Expected Member Contribution	2,105,254	2,084,938	2,125,570
Expected State Money	1,480,964	1,480,964	1,480,964
Expected Sponsor Contribution (Fixed \$)	\$9,529,869	\$18,084,028	\$2,942,469
Expected Sponsor Contribution (% of Payroll)	46.7%	88.7%	14.5%

**ASSETS**

Actuarial Value <sup>1</sup>	213,422,899	213,422,899	213,422,899
Market Value <sup>1</sup>	208,424,385	208,424,385	208,424,385

**LIABILITIES**

Present Value of Benefits			
Active Members			
Retirement Benefits	131,653,509	214,554,185	86,327,329
Disability Benefits	6,796,746	10,248,203	4,782,407
Death Benefits	926,500	1,610,517	575,597
Vested Benefits	1,559,263	2,813,534	922,949
Refund of Contributions	252,179	266,602	239,219
Service Retirees	136,035,181	173,674,998	110,469,846
DROP Retirees <sup>1</sup>	31,885,795	36,060,904	29,237,262
Beneficiaries	2,781,801	3,706,248	2,205,709
Disability Retirees	9,856,763	12,614,859	8,041,387
Terminated Vested	849,346	1,213,964	628,105
Share Plan Balances <sup>1</sup>	0	0	0
Extra Benefits Reserve	368,587	368,587	368,587
Total:	322,965,670	457,132,601	243,798,397
Present Value of Future Salaries	210,448,649	240,315,367	186,550,164
Present Value of Future Member Contributions	21,044,865	24,031,537	18,655,016
Total Normal Cost	6,373,752	10,413,072	4,079,842
Present Value of Future Normal Costs (Entry Age Normal)	64,131,944	119,639,236	36,381,805
Total Actuarial Accrued Liability <sup>1</sup>	258,833,726	337,493,365	207,416,592
Unfunded Actuarial Accrued Liability (UAAL)	45,410,827	124,070,466	(6,006,307)

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2022

Valuation Date: 10/1/2020

	ACTUAL	HYPOTHETICAL	
	7.25%	5.25%	9.25%
Investment Rate of Return:			
<b><u>PENSION COST</u></b>			
Normal Cost <sup>2</sup>	7,100,161	11,487,896	4,588,675
Administrative Expenses <sup>2</sup>	151,130	149,671	152,588
Payment Required To Amortize UAAL <sup>2</sup>	5,864,796	10,012,363	1,807,740
Minimum Required Contribution	\$13,116,087	\$21,649,930	\$6,549,003

<sup>1</sup> The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2020.

<sup>2</sup> Contributions developed as of 10/1/2020 displayed above have been adjusted to account for assumed salary increase and interest components.