

May 1, 2017

VIA EMAIL

Mr. Robert Kovacs, Administrator
The Resource Centers
P. O. Box 152665
Cape Coral, FL 33915-2665

Re: City of Cape Coral Municipal Police Officers' Retirement Plan
Senate Bill 534 (Section 112.664, Florida Statutes) Compliance

Dear Robert:

Please find enclosed the annual disclosures that satisfy the October 1, 2016 financial reporting requirements made under Section 112.664.

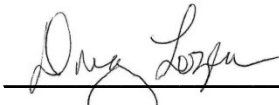
Our office will submit this information electronically to the Department of Management Services. However, it is important for you to be aware that this report must also be made available on the Plan or Plan Sponsor's website, if such website exists. A deadline for this website publication is not made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

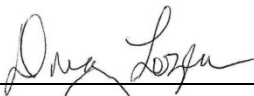
cc via email: H. Lee Dehner, Board Attorney

CITY OF CAPE CORAL
MUNICIPAL POLICE OFFICERS' 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:



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

Date: 5/1/2017



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

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, 2016 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.

GASB 67: SCHEDULE OF CHANGES IN NET PENSION LIABILITY

FISCAL YEAR SEPTEMBER 30, 2016

	ACTUAL	HYPOTHETICAL	
	7.75% RP-2000 Generational	5.75% RP-2000 Generational	9.75% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	4,597,357	7,637,452	3,223,181
Interest	11,714,484	12,096,671	12,257,969
Change in Excess State Money	379,832	379,832	379,832
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	2,017,708	2,833,712	1,377,212
Changes of Assumptions	6,709,188	(1,792,606)	(1,988,579)
Contributions - Buy Back	105,656	105,656	105,656
Benefit Payments, Including Refunds of Employee Contributions	(6,370,968)	(6,370,968)	(6,370,968)
Net Change in Total Pension Liability	19,153,257	14,889,749	8,984,303
Total Pension Liability - Beginning	151,016,236	207,198,401	126,958,549
Total Pension Liability - Ending (a)	<u>\$ 170,169,493</u>	<u>\$ 222,088,150</u>	<u>\$ 135,942,852</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	6,875,656	6,875,656	6,875,656
Contributions - State	1,256,354	1,256,354	1,256,354
Contributions - Employee	1,553,768	1,553,768	1,553,768
Contributions - Buy Back	105,656	105,656	105,656
Net Investment Income	10,749,925	10,749,925	10,749,925
Benefit Payments, Including Refunds of Employee Contributions	(6,370,968)	(6,370,968)	(6,370,968)
Administrative Expenses	(112,350)	(112,350)	(112,350)
Net Change in Plan Fiduciary Net Position	14,058,041	14,058,041	14,058,041
Plan Fiduciary Net Position - Beginning	126,153,928	126,153,928	126,153,928
Plan Fiduciary Net Position - Ending (b)	<u>\$ 140,211,969</u>	<u>\$ 140,211,969</u>	<u>\$ 140,211,969</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 29,957,524</u>	<u>\$ 81,876,181</u>	<u>\$ (4,269,117)</u>

GASB 68: PENSION EXPENSE

FISCAL YEAR SEPTEMBER 30, 2016

	ACTUAL	HYPOTHETICAL	
	7.75% RP-2000 Generational	5.75% RP-2000 Generational	9.75% RP-2000 Generational
Pension Expense	<u>\$ 7,673,315</u>	<u>\$ 10,699,308</u>	<u>\$ 4,243,270</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.75% 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
2016	139,634,590	-	13,790,785	-	10,287,288	136,131,093
2017	136,131,093	-	7,813,929	-	10,247,370	138,564,534
2018	138,564,534	-	8,285,614	-	10,417,684	140,696,604
2019	140,696,604	-	8,752,291	-	10,564,836	142,509,149
2020	142,509,149	-	9,335,324	-	10,682,715	143,856,540
2021	143,856,540	-	9,921,407	-	10,764,427	144,699,560
2022	144,699,560	-	10,451,604	-	10,809,216	145,057,172
2023	145,057,172	-	10,983,865	-	10,816,306	144,889,613
2024	144,889,613	-	11,411,782	-	10,786,738	144,264,569
2025	144,264,569	-	11,818,177	-	10,722,550	143,168,942
2026	143,168,942	-	12,207,468	-	10,622,554	141,584,028
2027	141,584,028	-	12,606,402	-	10,484,264	139,461,890
2028	139,461,890	-	12,988,005	-	10,305,011	136,778,896
2029	136,778,896	-	13,286,515	-	10,085,512	133,577,893
2030	133,577,893	-	13,718,561	-	9,820,692	129,680,024
2031	129,680,024	-	14,110,059	-	9,503,437	125,073,402
2032	125,073,402	-	14,433,978	-	9,133,872	119,773,296
2033	119,773,296	-	14,661,075	-	8,714,314	113,826,535
2034	113,826,535	-	14,843,793	-	8,246,359	107,229,101
2035	107,229,101	-	15,002,536	-	7,728,907	99,955,472
2036	99,955,472	-	15,115,195	-	7,160,835	92,001,112
2037	92,001,112	-	15,218,230	-	6,540,380	83,323,262
2038	83,323,262	-	15,297,968	-	5,864,757	73,890,051
2039	73,890,051	-	15,365,566	-	5,131,063	63,655,548
2040	63,655,548	-	15,398,421	-	4,336,616	52,593,743
2041	52,593,743	-	15,408,668	-	3,478,929	40,664,004
2042	40,664,004	-	15,393,092	-	2,554,978	27,825,890
2043	27,825,890	-	15,355,820	-	1,561,468	14,031,538
2044	14,031,538	-	15,294,242	-	-	-

*All DROP Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 28.92

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.75% 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: 5.75% 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
2016	139,634,590	-	13,790,785	-	7,632,504	133,476,309
2017	133,476,309	-	7,813,929	-	7,450,237	133,112,617
2018	133,112,617	-	8,285,614	-	7,415,764	132,242,767
2019	132,242,767	-	8,752,291	-	7,352,331	130,842,807
2020	130,842,807	-	9,335,324	-	7,255,071	128,762,554
2021	128,762,554	-	9,921,407	-	7,118,606	125,959,753
2022	125,959,753	-	10,451,604	-	6,942,202	122,450,351
2023	122,450,351	-	10,983,865	-	6,725,109	118,191,595
2024	118,191,595	-	11,411,782	-	6,467,928	113,247,741
2025	113,247,741	-	11,818,177	-	6,171,973	107,601,537
2026	107,601,537	-	12,207,468	-	5,836,124	101,230,193
2027	101,230,193	-	12,606,402	-	5,458,302	94,082,093
2028	94,082,093	-	12,988,005	-	5,036,315	86,130,403
2029	86,130,403	-	13,286,515	-	4,570,511	77,414,399
2030	77,414,399	-	13,718,561	-	4,056,919	67,752,757
2031	67,752,757	-	14,110,059	-	3,490,119	57,132,817
2032	57,132,817	-	14,433,978	-	2,870,160	45,568,999
2033	45,568,999	-	14,661,075	-	2,198,712	33,106,636
2034	33,106,636	-	14,843,793	-	1,476,873	19,739,716
2035	19,739,716	-	15,002,536	-	703,711	5,440,891
2036	5,440,891	-	15,115,195	-	-	-

*All DROP Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 20.36

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.75% 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: 9.75% 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
2016	139,634,590	-	13,790,785	-	12,942,072	138,785,877
2017	138,785,877	-	7,813,929	-	13,150,694	144,122,642
2018	144,122,642	-	8,285,614	-	13,648,034	149,485,062
2019	149,485,062	-	8,752,291	-	14,148,119	154,880,890
2020	154,880,890	-	9,335,324	-	14,645,790	160,191,356
2021	160,191,356	-	9,921,407	-	15,134,989	165,404,938
2022	165,404,938	-	10,451,604	-	15,617,466	170,570,800
2023	170,570,800	-	10,983,865	-	16,095,190	175,682,125
2024	175,682,125	-	11,411,782	-	16,572,683	180,843,026
2025	180,843,026	-	11,818,177	-	17,056,059	186,080,908
2026	186,080,908	-	12,207,468	-	17,547,774	191,421,214
2027	191,421,214	-	12,606,402	-	18,049,006	196,863,818
2028	196,863,818	-	12,988,005	-	18,561,057	202,436,870
2029	202,436,870	-	13,286,515	-	19,089,877	208,240,232
2030	208,240,232	-	13,718,561	-	19,634,643	214,156,314
2031	214,156,314	-	14,110,059	-	20,192,375	220,238,630
2032	220,238,630	-	14,433,978	-	20,769,610	226,574,262
2033	226,574,262	-	14,661,075	-	21,376,263	233,289,450
2034	233,289,450	-	14,843,793	-	22,022,086	240,467,743
2035	240,467,743	-	15,002,536	-	22,714,231	248,179,438
2036	248,179,438	-	15,115,195	-	23,460,629	256,524,872
2037	256,524,872	-	15,218,230	-	24,269,286	265,575,928
2038	265,575,928	-	15,297,968	-	25,147,877	275,425,837
2039	275,425,837	-	15,365,566	-	26,104,948	286,165,219
2040	286,165,219	-	15,398,421	-	27,150,436	297,917,234
2041	297,917,234	-	15,408,668	-	28,295,758	310,804,324
2042	310,804,324	-	15,393,092	-	29,553,008	324,964,240
2043	324,964,240	-	15,355,820	-	30,935,417	340,543,837
2044	340,543,837	-	15,294,242	-	32,457,430	357,707,025
2045	357,707,025	-	15,205,036	-	34,135,189	376,637,178
2046	376,637,178	-	15,087,464	-	35,986,611	397,536,325
2047	397,536,325	-	14,937,445	-	38,031,591	420,630,471
2048	420,630,471	-	14,754,060	-	40,292,210	446,168,621
2049	446,168,621	-	14,534,323	-	42,792,892	474,427,190
2050	474,427,190	-	14,278,037	-	45,560,597	505,709,750
2051	505,709,750	-	13,985,101	-	48,624,927	540,349,576
2052	540,349,576	-	13,654,318	-	52,018,436	578,713,694
2053	578,713,694	-	13,284,521	-	55,776,965	621,206,138
2054	621,206,138	-	12,875,482	-	59,939,919	668,270,575
2055	668,270,575	-	12,426,737	-	64,550,578	720,394,416
2056	720,394,416	-	11,939,708	-	69,656,395	778,111,103
2057	778,111,103	-	11,417,382	-	75,309,235	842,002,956
2058	842,002,956	-	10,861,058	-	81,565,812	912,707,710
2059	912,707,710	-	10,274,956	-	88,488,098	990,920,852
2060	990,920,852	-	9,664,627	-	96,143,633	1,077,399,858
2061	1,077,399,858	-	9,034,043	-	104,606,077	1,172,971,892
2062	1,172,971,892	-	8,389,826	-	113,955,755	1,278,537,821
2063	1,278,537,821	-	7,740,119	-	124,280,107	1,395,077,809
2064	1,395,077,809	-	7,095,178	-	135,674,196	1,523,656,827
2065	1,523,656,827	-	6,463,303	-	148,241,455	1,665,434,979
2066	1,665,434,979	-	5,851,896	-	162,094,631	1,821,677,714
2067	1,821,677,714	-	5,265,506	-	177,356,884	1,993,769,092

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3
Hypothetical Assumptions: 9.75% 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
2068	1,993,769,092	-	4,710,578	-	194,162,846	2,183,221,360
2069	2,183,221,360	-	4,191,348	-	212,659,754	2,391,689,766
2070	2,391,689,766	-	3,707,638	-	233,009,005	2,620,991,133
2071	2,620,991,133	-	3,260,822	-	255,387,670	2,873,117,981
2072	2,873,117,981	-	2,849,693	-	279,990,081	3,150,258,369
2073	3,150,258,369	-	2,473,485	-	307,029,609	3,454,814,493
2074	3,454,814,493	-	2,130,456	-	336,740,553	3,789,424,590
2075	3,789,424,590	-	1,819,978	-	369,380,174	4,156,984,786
2076	4,156,984,786	-	1,539,762	-	405,230,953	4,560,675,977
2077	4,560,675,977	-	1,288,317	-	444,603,102	5,003,990,762
2078	5,003,990,762	-	1,065,305	-	487,837,166	5,490,762,623
2079	5,490,762,623	-	870,953	-	535,306,897	6,025,198,567
2080	6,025,198,567	-	703,693	-	587,422,555	6,611,917,429
2081	6,611,917,429	-	562,033	-	644,634,550	7,255,989,946
2082	7,255,989,946	-	443,554	-	707,437,396	7,962,983,788
2083	7,962,983,788	-	346,025	-	776,374,051	8,739,011,814
2084	8,739,011,814	-	266,784	-	852,040,646	9,590,785,676
2085	9,590,785,676	-	203,042	-	935,091,705	10,525,674,339
2086	10,525,674,339	-	152,441	-	1,026,245,817	11,551,767,715
2087	11,551,767,715	-	112,888	-	1,126,291,849	12,677,946,676
2088	12,677,946,676	-	82,678	-	1,236,095,770	13,913,959,768
2089	13,913,959,768	-	59,764	-	1,356,608,164	15,270,508,168
2090	15,270,508,168	-	42,725	-	1,488,872,464	16,759,337,907
2091	16,759,337,907	-	30,133	-	1,634,033,977	18,393,341,751
2092	18,393,341,751	-	21,023	-	1,793,349,796	20,186,670,524
2093	20,186,670,524	-	14,452	-	1,968,199,672	22,154,855,744
2094	22,154,855,744	-	9,786	-	2,160,097,958	24,314,943,916
2095	24,314,943,916	-	6,512	-	2,370,706,714	26,685,644,118
2096	26,685,644,118	-	4,275	-	2,601,850,093	29,287,489,936
2097	29,287,489,936	-	2,768	-	2,855,530,134	32,143,017,302
2098	32,143,017,302	-	1,779	-	3,133,944,100	35,276,959,623
2099	35,276,959,623	-	1,131	-	3,439,503,508	38,716,462,000
2100	38,716,462,000	-	708	-	3,774,855,010	42,491,316,302
2101	42,491,316,302	-	432	-	4,142,903,318	46,634,219,188
2102	46,634,219,188	-	260	-	4,546,836,358	51,181,055,286
2103	51,181,055,286	-	155	-	4,990,152,883	56,171,208,014
2104	56,171,208,014	-	90	-	5,476,692,777	61,647,900,701
2105	61,647,900,701	-	53	-	6,010,670,316	67,658,570,964
2106	67,658,570,964	-	30	-	6,596,710,668	74,255,281,602
2107	74,255,281,602	-	18	-	7,239,889,955	81,495,171,539
2108	81,495,171,539	-	11	-	7,945,779,225	89,440,950,753
2109	89,440,950,753	-	6	-	8,720,492,698	98,161,443,445
2110	98,161,443,445	-	2	-	9,570,740,736	107,732,184,179
2111	107,732,184,179	-	1	-	10,503,887,957	118,236,072,135
2112	118,236,072,135	-	-	-	11,528,017,033	129,764,089,168

*All DROP Balances paid in 2016.

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 9.75% 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, 2018**

Valuation Date: 10/1/2016

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>	
	7.75% RP-2000 Generational	5.75% RP-2000 Generational	9.75% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$10,479,264	\$15,907,302	\$6,263,609
Total Required Contribution (% of Payroll)	58.3%	88.5%	34.8%
Expected Member Contribution	1,866,966	1,848,993	1,884,939
Expected State Money	876,522	876,522	876,522
Expected Sponsor Contribution (Fixed \$)	\$7,735,776	\$13,181,787	\$3,502,148
Expected Sponsor Contribution (% of Payroll)	43.0%	73.3%	19.5%

ASSETS

Actuarial Value ¹	142,210,869	142,210,869	142,210,869
Market Value ¹	139,634,590	139,634,590	139,634,590

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	93,047,518	145,224,499	63,345,220
Disability Benefits	5,182,911	7,134,006	3,914,451
Death Benefits	1,800,886	2,805,462	1,221,456
Vested Benefits	1,838,338	3,132,711	1,111,705
Refund of Contributions	283,272	307,055	283,272
Service Retirees	81,660,961	103,171,636	67,003,564
DROP Retirees ¹	18,496,473	22,429,756	15,963,921
Beneficiaries	99,630	103,744	95,721
Disability Retirees	6,449,627	7,994,187	5,386,324
Terminated Vested	1,510,126	2,160,695	1,104,382
Excess State Monies Reserve	1,653,314	1,653,314	1,653,314
Total:	212,023,056	296,117,065	161,083,330
Present Value of Future Salaries	157,223,069	178,122,433	140,541,715
Present Value of Future Member Contributions	15,722,307	17,812,243	14,054,172
Total Normal Cost	4,641,620	7,406,076	3,038,879
Present Value of Future Normal Costs (Entry Age Normal)	38,470,216	69,345,197	22,553,041
Total Actuarial Accrued Liability ¹	173,552,840	226,771,868	138,530,289
Unfunded Actuarial Accrued Liability (UAAL)	31,341,971	84,560,999	(3,680,580)

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2018

Valuation Date: 10/1/2016

	ACTUAL	HYPOTHETICAL	
	7.75% RP-2000 Generational	5.75% RP-2000 Generational	9.75% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost ²	5,181,165	8,187,378	3,424,776
Administrative Expenses ²	125,410	124,202	126,617
Payment Required To Amortize UAAL ²	5,172,689	7,595,722	2,712,216
Total Required Contribution	\$10,479,264	\$15,907,302	\$6,263,609

¹ The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2016.

² Contributions developed as of 10/1/2016 displayed above have been adjusted to account for assumed salary increase and interest components.