

CITY OF CAPE CORAL
MUNICIPAL FIREFIGHTERS' RETIREMENT PLAN

SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2019 VALUATION DATE



July 8, 2020

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, 2019 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.

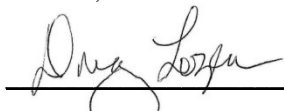
With respect to the reporting standards for defined benefit retirement plans or systems contained in Section 112.664(1), F.S., the actuarial disclosures required under this section were prepared and completed by me or under my direct supervision and I acknowledge responsibility for the results. To the 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, 2019 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, 2019

	ACTUAL	HYPOTHETICAL	
	7.25% RP-2000 Generational	5.25% RP-2000 Generational	9.25% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	4,820,664	7,736,845	3,137,380
Interest	16,655,584	16,055,809	16,834,430
Change in Excess State Money	131,691	131,691	131,691
Changes of Benefit Terms	(52,873)	(68,369)	(42,787)
Differences Between Expected and Actual Experience	734,135	1,148,778	356,403
Changes of Assumptions	12,355,862	19,274,511	8,327,630
Contributions - Buy Back	163,001	163,001	163,001
Benefit Payments, Including Refunds of Employee Contributions	(10,728,745)	(10,728,745)	(10,728,745)
Net Change in Total Pension Liability	24,079,319	33,713,521	18,179,003
Total Pension Liability - Beginning	216,973,741	279,447,632	175,891,477
Total Pension Liability - Ending (a)	<u>\$ 241,053,060</u>	<u>\$ 313,161,153</u>	<u>\$ 194,070,480</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	10,249,921	10,249,921	10,249,921
Contributions - State	1,578,325	1,578,325	1,578,325
Contributions - Employee	1,655,650	1,655,650	1,655,650
Contributions - Buy Back	163,001	163,001	163,001
Net Investment Income	5,963,225	5,963,225	5,963,225
Benefit Payments, Including Refunds of Employee Contributions	(10,728,745)	(10,728,745)	(10,728,745)
Administrative Expenses	(130,420)	(130,420)	(130,420)
Net Change in Plan Fiduciary Net Position	8,750,957	8,750,957	8,750,957
Plan Fiduciary Net Position - Beginning	184,146,938	184,146,938	184,146,938
Plan Fiduciary Net Position - Ending (b)	<u>\$ 192,897,895</u>	<u>\$ 192,897,895</u>	<u>\$ 192,897,895</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 48,155,165</u>	<u>\$ 120,263,258</u>	<u>\$ 1,172,585</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.25% 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
2019	192,637,717	-	29,502,947	-	12,896,753	176,031,523
2020	176,031,523	-	10,760,042	-	12,372,234	177,643,715
2021	177,643,715	-	11,281,791	-	12,470,204	178,832,128
2022	178,832,128	-	11,896,044	-	12,534,098	179,470,182
2023	179,470,182	-	12,464,587	-	12,559,747	179,565,342
2024	179,565,342	-	12,823,076	-	12,553,651	179,295,917
2025	179,295,917	-	13,287,979	-	12,517,265	178,525,203
2026	178,525,203	-	13,725,083	-	12,445,543	177,245,663
2027	177,245,663	-	14,289,146	-	12,332,329	175,288,846
2028	175,288,846	-	14,814,449	-	12,171,418	172,645,815
2029	172,645,815	-	15,288,004	-	11,962,631	169,320,442
2030	169,320,442	-	16,205,711	-	11,688,275	164,803,006
2031	164,803,006	-	16,727,352	-	11,341,851	159,417,505
2032	159,417,505	-	17,199,973	-	10,934,270	153,151,802
2033	153,151,802	-	17,793,282	-	10,458,499	145,817,019
2034	145,817,019	-	18,328,396	-	9,907,330	137,395,953
2035	137,395,953	-	18,613,321	-	9,286,474	128,069,106
2036	128,069,106	-	18,898,157	-	8,599,952	117,770,901
2037	117,770,901	-	19,176,174	-	7,843,254	106,437,981
2038	106,437,981	-	19,406,849	-	7,013,255	94,044,387
2039	94,044,387	-	19,586,255	-	6,108,216	80,566,348
2040	80,566,348	-	19,727,644	-	5,125,933	65,964,637
2041	65,964,637	-	19,843,460	-	4,063,111	50,184,288
2042	50,184,288	-	19,911,578	-	2,916,566	33,189,276
2043	33,189,276	-	19,924,755	-	1,683,950	14,948,471
2044	14,948,471	-	19,903,408	-	-	-

*All DROP Balances paid in 2019.

Number of Years Expected Benefit Payments Sustained: 25.75

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: 5.25% 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
2019	192,637,717	-	29,502,947	-	9,339,028	172,473,798
2020	172,473,798	-	10,760,042	-	8,772,423	170,486,179
2021	170,486,179	-	11,281,791	-	8,654,377	167,858,765
2022	167,858,765	-	11,896,044	-	8,500,314	164,463,035
2023	164,463,035	-	12,464,587	-	8,307,114	160,305,562
2024	160,305,562	-	12,823,076	-	8,079,436	155,561,922
2025	155,561,922	-	13,287,979	-	7,818,191	150,092,134
2026	150,092,134	-	13,725,083	-	7,519,554	143,886,605
2027	143,886,605	-	14,289,146	-	7,178,957	136,776,416
2028	136,776,416	-	14,814,449	-	6,791,883	128,753,850
2029	128,753,850	-	15,288,004	-	6,358,267	119,824,113
2030	119,824,113	-	16,205,711	-	5,865,366	109,483,768
2031	109,483,768	-	16,727,352	-	5,308,805	98,065,221
2032	98,065,221	-	17,199,973	-	4,696,925	85,562,173
2033	85,562,173	-	17,793,282	-	4,024,940	71,793,831
2034	71,793,831	-	18,328,396	-	3,288,056	56,753,491
2035	56,753,491	-	18,613,321	-	2,490,959	40,631,129
2036	40,631,129	-	18,898,157	-	1,637,058	23,370,030
2037	23,370,030	-	19,176,174	-	723,552	4,917,408
2038	4,917,408	-	19,406,849	-	-	-

*All DROP Balances paid in 2019.

Number of Years Expected Benefit Payments Sustained: 19.25

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: 9.25% 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
2019	192,637,717	-	29,502,947	-	16,454,478	179,589,248
2020	179,589,248	-	10,760,042	-	16,114,353	184,943,559
2021	184,943,559	-	11,281,791	-	16,585,496	190,247,264
2022	190,247,264	-	11,896,044	-	17,047,680	195,398,900
2023	195,398,900	-	12,464,587	-	17,497,911	200,432,224
2024	200,432,224	-	12,823,076	-	17,946,913	205,556,061
2025	205,556,061	-	13,287,979	-	18,399,367	210,667,449
2026	210,667,449	-	13,725,083	-	18,851,954	215,794,320
2027	215,794,320	-	14,289,146	-	19,300,102	220,805,276
2028	220,805,276	-	14,814,449	-	19,739,320	225,730,147
2029	225,730,147	-	15,288,004	-	20,172,968	230,615,111
2030	230,615,111	-	16,205,711	-	20,582,384	234,991,784
2031	234,991,784	-	16,727,352	-	20,963,100	239,227,532
2032	239,227,532	-	17,199,973	-	21,333,048	243,360,607
2033	243,360,607	-	17,793,282	-	21,687,917	247,255,242
2034	247,255,242	-	18,328,396	-	22,023,422	250,950,268
2035	250,950,268	-	18,613,321	-	22,352,034	254,688,981
2036	254,688,981	-	18,898,157	-	22,684,691	258,475,515
2037	258,475,515	-	19,176,174	-	23,022,087	262,321,428
2038	262,321,428	-	19,406,849	-	23,367,165	266,281,744
2039	266,281,744	-	19,586,255	-	23,725,197	270,420,686
2040	270,420,686	-	19,727,644	-	24,101,510	274,794,552
2041	274,794,552	-	19,843,460	-	24,500,736	279,451,828
2042	279,451,828	-	19,911,578	-	24,928,384	284,468,634
2043	284,468,634	-	19,924,755	-	25,391,829	289,935,708
2044	289,935,708	-	19,903,408	-	25,898,520	295,930,820
2045	295,930,820	-	19,856,716	-	26,455,228	302,529,332
2046	302,529,332	-	19,767,257	-	27,069,728	309,831,803
2047	309,831,803	-	19,631,768	-	27,751,473	317,951,508
2048	317,951,508	-	19,450,511	-	28,510,928	327,011,925
2049	327,011,925	-	19,222,067	-	29,359,582	337,149,440
2050	337,149,440	-	18,939,377	-	30,310,377	348,520,440
2051	348,520,440	-	18,603,478	-	31,377,730	361,294,692
2052	361,294,692	-	18,213,645	-	32,577,378	375,658,425
2053	375,658,425	-	17,768,844	-	33,926,595	391,816,176
2054	391,816,176	-	17,270,869	-	35,444,219	409,989,526
2055	409,989,526	-	16,721,440	-	37,150,665	430,418,751
2056	430,418,751	-	16,123,674	-	39,068,015	453,363,092
2057	453,363,092	-	15,481,376	-	41,220,072	479,101,788
2058	479,101,788	-	14,799,790	-	43,632,425	507,934,423
2059	507,934,423	-	14,087,442	-	46,332,390	540,179,371
2060	540,179,371	-	13,355,613	-	49,348,895	576,172,653
2061	576,172,653	-	12,616,085	-	52,712,476	616,269,044
2062	616,269,044	-	11,880,417	-	56,455,417	660,844,044
2063	660,844,044	-	11,157,264	-	60,612,051	710,298,831
2064	710,298,831	-	10,451,925	-	65,219,240	765,066,146
2065	765,066,146	-	9,771,638	-	70,316,680	825,611,188
2066	825,611,188	-	9,124,373	-	75,947,033	892,433,848
2067	892,433,848	-	8,511,353	-	82,156,481	966,078,976
2068	966,078,976	-	7,931,483	-	88,995,474	1,047,142,967
2069	1,047,142,967	-	7,384,693	-	96,519,182	1,136,277,456
2070	1,136,277,456	-	6,866,717	-	104,788,079	1,234,198,818
2071	1,234,198,818	-	6,373,324	-	113,868,624	1,341,694,118

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3
Hypothetical Assumptions: 9.25% 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
2072	1,341,694,118	-	5,899,714	-	123,833,844	1,459,628,248
2073	1,459,628,248	-	5,440,617	-	134,763,984	1,588,951,615
2074	1,588,951,615	-	4,992,888	-	146,747,103	1,730,705,830
2075	1,730,705,830	-	4,555,919	-	159,879,578	1,886,029,489
2076	1,886,029,489	-	4,127,429	-	174,266,834	2,056,168,894
2077	2,056,168,894	-	3,707,359	-	190,024,157	2,242,485,692
2078	2,242,485,692	-	3,299,759	-	207,277,313	2,446,463,246
2079	2,446,463,246	-	2,908,498	-	226,163,332	2,669,718,080
2080	2,669,718,080	-	2,536,339	-	246,831,617	2,914,013,358
2081	2,914,013,358	-	2,185,685	-	269,445,148	3,181,272,821
2082	3,181,272,821	-	1,858,742	-	294,181,769	3,473,595,848
2083	3,473,595,848	-	1,558,887	-	321,235,517	3,793,272,478
2084	3,793,272,478	-	1,290,615	-	350,818,013	4,142,799,876
2085	4,142,799,876	-	1,053,639	-	383,160,258	4,524,906,495
2086	4,524,906,495	-	847,560	-	418,514,651	4,942,573,586
2087	4,942,573,586	-	672,547	-	457,156,951	5,399,057,990
2088	5,399,057,990	-	526,162	-	499,388,529	5,897,920,357
2089	5,897,920,357	-	405,795	-	545,538,865	6,443,053,427
2090	6,443,053,427	-	308,300	-	595,968,183	7,038,713,310
2091	7,038,713,310	-	230,801	-	651,070,307	7,689,552,816
2092	7,689,552,816	-	170,016	-	711,275,772	8,400,658,572
2093	8,400,658,572	-	123,411	-	777,055,210	9,177,590,371
2094	9,177,590,371	-	88,028	-	848,923,038	10,026,425,381
2095	10,026,425,381	-	61,592	-	927,441,499	10,953,805,288
2096	10,953,805,288	-	42,440	-	1,013,225,026	11,966,987,874
2097	11,966,987,874	-	28,814	-	1,106,945,046	13,073,904,106
2098	13,073,904,106	-	19,262	-	1,209,335,239	14,283,220,083
2099	14,283,220,083	-	12,691	-	1,321,197,271	15,604,404,663
2100	15,604,404,663	-	8,247	-	1,443,407,050	17,047,803,466
2101	17,047,803,466	-	5,289	-	1,576,921,576	18,624,719,753
2102	18,624,719,753	-	3,356	-	1,722,786,422	20,347,502,819
2103	20,347,502,819	-	2,106	-	1,882,143,913	22,229,644,626
2104	22,229,644,626	-	1,312	-	2,056,242,067	24,285,885,381
2105	24,285,885,381	-	808	-	2,246,444,360	26,532,328,933
2106	26,532,328,933	-	486	-	2,454,240,404	28,986,568,851
2107	28,986,568,851	-	288	-	2,681,257,605	31,667,826,168
2108	31,667,826,168	-	176	-	2,929,273,912	34,597,099,904
2109	34,597,099,904	-	94	-	3,200,231,737	37,797,331,547
2110	37,797,331,547	-	42	-	3,496,253,166	41,293,584,671
2111	41,293,584,671	-	25	-	3,819,656,581	45,113,241,227
2112	45,113,241,227	-	14	-	4,172,974,813	49,286,216,026
2113	49,286,216,026	-	7	-	4,558,974,982	53,845,191,001
2114	53,845,191,001	-	4	-	4,980,680,167	58,825,871,164
2115	58,825,871,164	-	2	-	5,441,393,083	64,267,264,245
2116	64,267,264,245	-	1	-	5,944,721,943	70,211,986,187
2117	70,211,986,187	-	-	-	6,494,608,722	76,706,594,909

*All DROP Balances paid in 2019.

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, 2021**

Valuation Date: 10/1/2019

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>	
	7.25% RP-2000 Generational	5.25% RP-2000 Generational	9.25% RP-2000 Generational
Minimum Required Contribution (Fixed \$)	\$12,268,598	\$19,999,377	\$6,295,484
Minimum Required Contribution (% of Payroll)	64.9%	105.8%	33.3%
Expected Member Contribution	1,957,621	1,938,730	1,976,513
Expected State Money	1,444,057	1,444,057	1,444,057
Expected Sponsor Contribution (Fixed \$)	\$8,866,920	\$16,616,590	\$2,874,914
Expected Sponsor Contribution (% of Payroll)	46.7%	87.6%	15.1%

ASSETS

Actuarial Value ¹	197,155,412	197,155,412	197,155,412
Market Value ¹	192,637,717	192,637,717	192,637,717

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	116,820,869	191,738,959	76,084,945
Disability Benefits	5,892,025	8,677,350	4,207,382
Death Benefits	1,451,376	2,535,747	897,561
Vested Benefits	1,186,952	2,220,821	675,087
Refund of Contributions	234,323	248,390	221,737
Service Retirees	120,463,549	153,701,456	97,917,048
DROP Retirees ¹	41,168,811	48,625,619	36,413,276
Beneficiaries	1,697,474	2,213,638	1,360,198
Disability Retirees	10,553,230	13,636,912	8,562,371
Terminated Vested	763,807	1,095,245	564,570
Share Plan Balances ¹	0	0	0
Extra Benefits Reserve	202,565	202,565	202,565
Total:	300,434,981	424,896,702	227,106,740
Present Value of Future Salaries	201,507,423	230,766,006	178,153,955
Present Value of Future Member Contributions	20,150,742	23,076,601	17,815,396
Total Normal Cost	5,738,467	9,340,306	3,686,026
Present Value of Future Normal Costs (Entry Age Normal)	59,554,389	111,162,662	33,765,368
Total Actuarial Accrued Liability ¹	240,880,592	313,734,040	193,341,372
Unfunded Actuarial Accrued Liability (UAAL)	43,725,180	116,578,628	(3,814,040)

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2021

Valuation Date: 10/1/2019

	ACTUAL	HYPOTHETICAL	
	7.25% RP-2000 Generational	5.25% RP-2000 Generational	9.25% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost ²	6,392,473	10,304,401	4,145,743
Administrative Expenses ²	153,415	151,934	154,895
Payment Required To Amortize UAAL ²	5,722,710	9,543,042	1,994,846
Minimum Required Contribution	\$12,268,598	\$19,999,377	\$6,295,484

¹ The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2019.

² Contributions developed as of 10/1/2019 displayed above have been adjusted to account for assumed salary increase and interest components.