

CITY OF CAPE CORAL
MUNICIPAL GENERAL EMPLOYEES' RETIREMENT PLAN

SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2023 VALUATION DATE



May 29, 2024

VIA E-MAIL

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, 2023 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 #23-7778

Enclosures

cc via email: Mark Floyd, 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, 2023 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, 2023

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>	<u>HYPOTHETICAL</u>
Discount Rate:	6.85%	4.85%	8.85%
<u>Total Pension Liability</u>			
Service Cost	11,471,969	18,011,143	7,677,304
Interest	32,995,487	30,174,657	34,317,578
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	1,870,570	3,729,912	545,775
Changes of Assumptions	-	-	-
Contributions - Buy Back	169,939	169,939	169,939
Benefit Payments, Including Refunds of Employee Contributions	(23,752,121)	(23,752,121)	(23,752,121)
Net Change in Total Pension Liability	22,755,844	28,333,530	18,958,475
Total Pension Liability - Beginning	482,090,026	616,022,799	391,967,995
Total Pension Liability - Ending (a)	<u>\$ 504,845,870</u>	<u>\$ 644,356,329</u>	<u>\$ 410,926,470</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	16,935,472	16,935,472	16,935,472
Contributions - Employee	6,534,848	6,534,848	6,534,848
Contributions - Buy Back	169,939	169,939	169,939
Net Investment Income	33,677,071	33,677,071	33,677,071
Benefit Payments, Including Refunds of Employee Contributions	(23,752,121)	(23,752,121)	(23,752,121)
Administrative Expenses	(330,514)	(330,514)	(330,514)
Net Change in Plan Fiduciary Net Position	33,234,695	33,234,695	33,234,695
Plan Fiduciary Net Position - Beginning	368,277,285	368,277,285	368,277,285
Plan Fiduciary Net Position - Ending (b)	<u>\$ 401,511,980</u>	<u>\$ 401,511,980</u>	<u>\$ 401,511,980</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 103,333,890</u>	<u>\$ 242,844,349</u>	<u>\$ 9,414,490</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: Discount Rate = 6.85%

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
2023	400,017,534	-	55,080,721	-	25,514,686	370,451,499
2024	370,451,499	-	26,138,266	-	24,480,692	368,793,925
2025	368,793,925	-	27,325,139	-	24,326,498	365,795,284
2026	365,795,284	-	28,322,708	-	24,086,924	361,559,500
2027	361,559,500	-	29,313,494	-	23,762,839	356,008,845
2028	356,008,845	-	30,310,655	-	23,348,466	349,046,656
2029	349,046,656	-	30,916,383	-	22,850,810	340,981,083
2030	340,981,083	-	31,600,840	-	22,274,875	331,655,118
2031	331,655,118	-	32,523,320	-	21,604,452	320,736,250
2032	320,736,250	-	33,438,343	-	20,825,170	308,123,077
2033	308,123,077	-	33,897,467	-	19,945,443	294,171,053
2034	294,171,053	-	34,280,035	-	18,976,626	278,867,644
2035	278,867,644	-	34,516,423	-	17,920,246	262,271,467
2036	262,271,467	-	34,652,838	-	16,778,736	244,397,365
2037	244,397,365	-	34,798,312	-	15,549,377	225,148,430
2038	225,148,430	-	34,882,832	-	14,227,930	204,493,528
2039	204,493,528	-	34,876,513	-	12,813,286	182,430,301
2040	182,430,301	-	34,740,427	-	11,306,616	158,996,490
2041	158,996,490	-	34,583,489	-	9,706,775	134,119,776
2042	134,119,776	-	34,328,285	-	8,011,461	107,802,952
2043	107,802,952	-	34,051,794	-	6,218,228	79,969,386
2044	79,969,386	-	33,630,647	-	4,326,053	50,664,792
2045	50,664,792	-	33,131,825	-	2,335,773	19,868,740
2046	19,868,740	-	32,525,541	-	-	-

*All DROP Balances paid in 2023.

Number of Years Expected Benefit Payments Sustained: 23.61

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 6.85% 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 = 4.85%

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
2023	400,017,534	-	55,080,721	-	18,065,143	363,001,956
2024	363,001,956	-	26,138,266	-	16,971,742	353,835,432
2025	353,835,432	-	27,325,139	-	16,498,384	343,008,677
2026	343,008,677	-	28,322,708	-	15,949,095	330,635,064
2027	330,635,064	-	29,313,494	-	15,324,948	316,646,518
2028	316,646,518	-	30,310,655	-	14,622,323	300,958,186
2029	300,958,186	-	30,916,383	-	13,846,750	283,888,553
2030	283,888,553	-	31,600,840	-	13,002,274	265,289,987
2031	265,289,987	-	32,523,320	-	12,077,874	244,844,541
2032	244,844,541	-	33,438,343	-	11,064,080	222,470,278
2033	222,470,278	-	33,897,467	-	9,967,795	198,540,606
2034	198,540,606	-	34,280,035	-	8,797,929	173,058,500
2035	173,058,500	-	34,516,423	-	7,556,314	146,098,391
2036	146,098,391	-	34,652,838	-	6,245,441	117,690,994
2037	117,690,994	-	34,798,312	-	4,864,154	87,756,836
2038	87,756,836	-	34,882,832	-	3,410,298	56,284,302
2039	56,284,302	-	34,876,513	-	1,884,033	23,291,822
2040	23,291,822	-	34,740,427	-	-	-

*All DROP Balances paid in 2023.

Number of Years Expected Benefit Payments Sustained: 17.67

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 4.85% 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 = 8.85%

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
2023	400,017,534	-	55,080,721	-	32,964,230	377,901,043
2024	377,901,043	-	26,138,266	-	32,287,624	384,050,401
2025	384,050,401	-	27,325,139	-	32,779,323	389,504,585
2026	389,504,585	-	28,322,708	-	33,217,876	394,399,753
2027	394,399,753	-	29,313,494	-	33,607,256	398,693,515
2028	398,693,515	-	30,310,655	-	33,943,130	402,325,990
2029	402,325,990	-	30,916,383	-	34,237,800	405,647,407
2030	405,647,407	-	31,600,840	-	34,501,458	408,548,025
2031	408,548,025	-	32,523,320	-	34,717,343	410,742,048
2032	410,742,048	-	33,438,343	-	34,871,025	412,174,730
2033	412,174,730	-	33,897,467	-	34,977,501	413,254,764
2034	413,254,764	-	34,280,035	-	35,056,155	414,030,884
2035	414,030,884	-	34,516,423	-	35,114,382	414,628,843
2036	414,628,843	-	34,652,838	-	35,161,265	415,137,270
2037	415,137,270	-	34,798,312	-	35,199,823	415,538,781
2038	415,538,781	-	34,882,832	-	35,231,617	415,887,566
2039	415,887,566	-	34,876,513	-	35,262,764	416,273,817
2040	416,273,817	-	34,740,427	-	35,302,969	416,836,359
2041	416,836,359	-	34,583,489	-	35,359,698	417,612,568
2042	417,612,568	-	34,328,285	-	35,439,686	418,723,969
2043	418,723,969	-	34,051,794	-	35,550,279	420,222,454
2044	420,222,454	-	33,630,647	-	35,701,531	422,293,338
2045	422,293,338	-	33,131,825	-	35,906,877	425,068,390
2046	425,068,390	-	32,525,541	-	36,179,297	428,722,146
2047	428,722,146	-	31,872,444	-	36,531,554	433,381,256
2048	433,381,256	-	31,059,773	-	36,979,846	439,301,329
2049	439,301,329	-	30,195,529	-	37,542,015	446,647,815
2050	446,647,815	-	29,282,877	-	38,232,564	455,597,502
2051	455,597,502	-	28,276,535	-	39,069,142	466,390,109
2052	466,390,109	-	27,244,485	-	40,069,956	479,215,580
2053	479,215,580	-	26,155,331	-	41,253,205	494,313,454
2054	494,313,454	-	25,062,412	-	42,637,729	511,888,771
2055	511,888,771	-	23,937,893	-	44,242,904	532,193,782
2056	532,193,782	-	22,751,602	-	46,092,391	555,534,571
2057	555,534,571	-	21,594,740	-	48,209,242	582,149,073
2058	582,149,073	-	20,430,742	-	50,616,133	612,334,464
2059	612,334,464	-	19,269,995	-	53,338,903	646,403,372
2060	646,403,372	-	18,105,498	-	56,405,530	684,703,404
2061	684,703,404	-	16,964,878	-	59,845,555	727,584,081
2062	727,584,081	-	15,842,890	-	63,690,143	775,431,334
2063	775,431,334	-	14,755,745	-	67,972,731	828,648,320
2064	828,648,320	-	13,707,538	-	72,728,818	887,669,600
2065	887,669,600	-	12,703,139	-	77,996,646	952,963,107
2066	952,963,107	-	11,746,657	-	83,817,445	1,025,033,895
2067	1,025,033,895	-	10,833,541	-	90,236,116	1,104,436,470
2068	1,104,436,470	-	9,967,729	-	97,301,556	1,191,770,297
2069	1,191,770,297	-	9,148,256	-	105,066,861	1,287,688,902
2070	1,287,688,902	-	8,374,527	-	113,589,895	1,392,904,270
2071	1,392,904,270	-	7,644,311	-	122,933,767	1,508,193,726
2072	1,508,193,726	-	6,956,877	-	133,167,303	1,634,404,152
2073	1,634,404,152	-	6,309,919	-	144,365,554	1,772,459,787

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3
Hypothetical Assumptions: Discount Rate = 8.85%

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
2074	1,772,459,787	-	5,701,773	-	156,610,388	1,923,368,402
2075	1,923,368,402	-	5,131,249	-	169,991,046	2,088,228,199
2076	2,088,228,199	-	4,597,970	-	184,604,735	2,268,234,964
2077	2,268,234,964	-	4,101,662	-	200,557,296	2,464,690,598
2078	2,464,690,598	-	3,641,978	-	217,963,960	2,679,012,580
2079	2,679,012,580	-	3,218,240	-	236,950,206	2,912,744,546
2080	2,912,744,546	-	2,829,595	-	257,652,683	3,167,567,634
2081	3,167,567,634	-	2,475,053	-	280,220,215	3,445,312,796
2082	3,445,312,796	-	2,153,538	-	304,814,888	3,747,974,146
2083	3,747,974,146	-	1,863,755	-	331,613,241	4,077,723,632
2084	4,077,723,632	-	1,604,158	-	360,807,557	4,436,927,031
2085	4,436,927,031	-	1,373,199	-	392,607,278	4,828,161,110
2086	4,828,161,110	-	1,169,230	-	427,240,520	5,254,232,400
2087	5,254,232,400	-	990,484	-	464,955,738	5,718,197,654
2088	5,718,197,654	-	834,927	-	506,023,547	6,223,386,274
2089	6,223,386,274	-	700,414	-	550,738,692	6,773,424,552
2090	6,773,424,552	-	584,857	-	599,422,193	7,372,261,888
2091	7,372,261,888	-	486,234	-	652,423,661	8,024,199,315
2092	8,024,199,315	-	402,478	-	710,123,830	8,733,920,667
2093	8,733,920,667	-	331,623	-	772,937,305	9,506,526,349
2094	9,506,526,349	-	271,915	-	841,315,550	10,347,569,984
2095	10,347,569,984	-	221,836	-	915,750,127	11,263,098,275
2096	11,263,098,275	-	180,024	-	996,776,231	12,259,694,482
2097	12,259,694,482	-	145,283	-	1,084,976,533	13,344,525,732
2098	13,344,525,732	-	116,578	-	1,180,985,369	14,525,394,523
2099	14,525,394,523	-	93,037	-	1,285,493,298	15,810,794,784
2100	15,810,794,784	-	73,902	-	1,399,252,068	17,209,972,950
2101	17,209,972,950	-	58,491	-	1,523,080,018	18,732,994,477
2102	18,732,994,477	-	46,151	-	1,657,867,969	20,390,816,295
2103	20,390,816,295	-	36,325	-	1,804,585,635	22,195,365,605
2104	22,195,365,605	-	28,539	-	1,964,288,593	24,159,625,659
2105	24,159,625,659	-	22,379	-	2,138,125,881	26,297,729,161
2106	26,297,729,161	-	17,504	-	2,327,348,256	28,625,059,913
2107	28,625,059,913	-	13,634	-	2,533,317,199	31,158,363,478
2108	31,158,363,478	-	10,546	-	2,757,514,701	33,915,867,633
2109	33,915,867,633	-	8,072	-	3,001,553,928	36,917,413,489
2110	36,917,413,489	-	6,095	-	3,267,190,824	40,184,598,218
2111	40,184,598,218	-	4,521	-	3,556,336,742	43,740,930,439
2112	43,740,930,439	-	3,278	-	3,871,072,199	47,611,999,360
2113	47,611,999,360	-	2,311	-	4,213,661,841	51,825,658,890
2114	51,825,658,890	-	1,583	-	4,586,570,742	56,412,228,049
2115	56,412,228,049	-	1,048	-	4,992,482,136	61,404,709,137
2116	61,404,709,137	-	667	-	5,434,316,729	66,839,025,199
2117	66,839,025,199	-	407	-	5,915,253,712	72,754,278,504

*All DROP Balances paid in 2023.

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 8.85% 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, 2025

Valuation Date: 10/1/2023

	ACTUAL	HYPOTHETICAL	HYPOTHETICAL
Investment Rate of Return:	6.85%	4.85%	8.85%
Minimum Required Contribution (Fixed \$)	\$27,228,707	\$43,380,100	\$14,350,828
Minimum Required Contribution (% of Payroll)	38.3%	60.9%	20.2%
Expected Member Contribution	7,525,937	7,453,170	7,598,704
Expected Sponsor Contribution (Fixed \$)	\$19,702,770	\$35,926,930	\$6,752,124
Expected Sponsor Contribution (% of Payroll)	28.1%	50.7%	10.0%

ASSETS

Actuarial Value ¹	423,609,718	423,609,718	423,609,718
Market Value ¹	400,017,534	400,017,534	400,017,534

LIABILITIES

Present Value of Benefits			
Actives			
Retirement Benefits	256,069,863	392,961,691	176,765,001
Death Benefits	1,945,266	2,949,751	1,355,346
Vested Benefits	6,666,836	13,150,086	3,564,784
Refund of Contributions	5,693,687	6,067,043	5,361,669
Service Retirees	249,461,178	307,128,434	208,596,519
DROP Retirees ¹	81,398,433	97,057,600	70,981,500
Beneficiaries	11,334,131	13,568,449	9,720,853
Terminated Vested	4,254,320	5,258,470	3,596,724
Total:	616,823,714	838,141,524	479,942,396
Present Value of Future Salaries	549,574,897	616,600,545	495,586,470
Present Value of Future Member Contributions	56,221,512	63,078,236	50,698,496
Total Normal Cost	12,581,514	19,675,921	8,443,123
Present Value of Future Normal Costs (Entry Age Normal)	94,399,416	168,670,087	56,256,693
Total Actuarial Accrued Liability (EAN) ¹	522,424,298	669,471,437	423,685,703
Unfunded Actuarial Accrued Liability (UAAL)	98,814,580	245,861,719	75,985

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2025

	Valuation Date: 10/1/2023		
	ACTUAL	HYPOTHETICAL	HYPOTHETICAL
Investment Rate of Return:	6.85%	4.85%	8.85%
<u>PENSION COST</u>			
Normal Cost ²	13,845,226	21,442,858	9,381,002
Administrative Expenses ²	360,211	356,728	363,694
Payment Required To Amortize UAAL ²	13,023,270	21,580,514	4,606,132
Minimum Required Contribution	\$27,228,707	\$43,380,100	\$14,350,828

¹ The asset values and liabilities include accumulated DROP Plan Balances as of 9/30/2023.

² Contributions developed as of 10/1/2023 displayed above have been adjusted to account for assumed salary increase and interest components.