

CITY OF CAPE CORAL
MUNICIPAL POLICE OFFICERS' RETIREMENT PLAN

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



May 22, 2024

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 Police Officers' 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: Scott Christiansen, 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:	7.00%	5.00%	9.00%
<u>Total Pension Liability</u>			
Service Cost	7,284,702	11,505,705	4,848,547
Interest	19,881,883	18,476,159	20,541,015
Share Plan Allocation	1,036,544	1,036,544	1,036,544
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	1,123,951	2,060,126	498,538
Changes of Assumptions	-	-	-
Contributions - Buy Back	196,722	196,722	196,722
Benefit Payments, Including Refunds of Employee Contributions	(11,521,328)	(11,521,328)	(11,521,328)
Net Change in Total Pension Liability	18,002,474	21,753,928	15,600,038
Total Pension Liability - Beginning	282,502,863	363,778,135	229,145,619
Total Pension Liability - Ending (a)	<u>\$ 300,505,337</u>	<u>\$ 385,532,063</u>	<u>\$ 244,745,657</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	9,880,446	9,880,446	9,880,446
Contributions - State	2,285,409	2,285,409	2,285,409
Contributions - Employee	2,674,874	2,674,874	2,674,874
Contributions - Buy Back	196,722	196,722	196,722
Net Investment Income	20,066,612	20,066,612	20,066,612
Benefit Payments, Including Refunds of Employee Contributions	(11,521,328)	(11,521,328)	(11,521,328)
Administrative Expenses	(165,315)	(165,315)	(165,315)
Net Change in Plan Fiduciary Net Position	23,417,420	23,417,420	23,417,420
Plan Fiduciary Net Position - Beginning	218,081,851	218,081,851	218,081,851
Plan Fiduciary Net Position - Ending (b)	<u>\$ 241,499,271</u>	<u>\$ 241,499,271</u>	<u>\$ 241,499,271</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 59,006,066</u>	<u>\$ 144,032,792</u>	<u>\$ 3,246,386</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: Discount Rate = 7.00%

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	241,499,271	-	45,892,477	-	15,298,712	210,905,506
2024	210,905,506	-	13,428,447	-	14,293,390	211,770,449
2025	211,770,449	-	14,071,516	-	14,331,428	212,030,361
2026	212,030,361	-	14,845,214	-	14,322,543	211,507,690
2027	211,507,690	-	15,658,405	-	14,257,494	210,106,779
2028	210,106,779	-	16,445,115	-	14,131,896	207,793,560
2029	207,793,560	-	17,087,623	-	13,947,482	204,653,419
2030	204,653,419	-	18,057,349	-	13,693,732	200,289,802
2031	200,289,802	-	18,914,850	-	13,358,266	194,733,218
2032	194,733,218	-	19,667,332	-	12,942,969	188,008,855
2033	188,008,855	-	20,193,425	-	12,453,850	180,269,280
2034	180,269,280	-	20,589,300	-	11,898,224	171,578,204
2035	171,578,204	-	20,917,705	-	11,278,355	161,938,854
2036	161,938,854	-	21,215,752	-	10,593,168	151,316,270
2037	151,316,270	-	21,534,614	-	9,838,427	139,620,083
2038	139,620,083	-	21,840,514	-	9,008,988	126,788,557
2039	126,788,557	-	22,126,826	-	8,100,760	112,762,491
2040	112,762,491	-	22,366,305	-	7,110,554	97,506,740
2041	97,506,740	-	22,606,372	-	6,034,249	80,934,617
2042	80,934,617	-	22,772,918	-	4,868,371	63,030,070
2043	63,030,070	-	22,893,566	-	3,610,830	43,747,334
2044	43,747,334	-	22,982,040	-	2,257,942	23,023,236
2045	23,023,236	-	23,012,466	-	806,190	816,960
2046	816,960	-	23,003,620	-	-	-

*All DROP and Share Balances paid in 2023.

Number of Years Expected Benefit Payments Sustained: 23.04

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.00% 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 = 5.00%

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	241,499,271	-	45,892,477	-	10,927,652	206,534,446
2024	206,534,446	-	13,428,447	-	9,991,011	203,097,010
2025	203,097,010	-	14,071,516	-	9,803,063	198,828,557
2026	198,828,557	-	14,845,214	-	9,570,298	193,553,641
2027	193,553,641	-	15,658,405	-	9,286,222	187,181,458
2028	187,181,458	-	16,445,115	-	8,947,945	179,684,288
2029	179,684,288	-	17,087,623	-	8,557,024	171,153,689
2030	171,153,689	-	18,057,349	-	8,106,251	161,202,591
2031	161,202,591	-	18,914,850	-	7,587,258	149,874,999
2032	149,874,999	-	19,667,332	-	7,002,067	137,209,734
2033	137,209,734	-	20,193,425	-	6,355,651	123,371,960
2034	123,371,960	-	20,589,300	-	5,653,866	108,436,526
2035	108,436,526	-	20,917,705	-	4,898,884	92,417,705
2036	92,417,705	-	21,215,752	-	4,090,491	75,292,444
2037	75,292,444	-	21,534,614	-	3,226,257	56,984,087
2038	56,984,087	-	21,840,514	-	2,303,192	37,446,765
2039	37,446,765	-	22,126,826	-	1,319,168	16,639,107
2040	16,639,107	-	22,366,305	-	-	-

*All DROP and Share Balances paid in 2023.

Number of Years Expected Benefit Payments Sustained: 17.74

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.00% 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 = 9.00%

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	241,499,271	-	45,892,477	-	19,669,773	215,276,567
2024	215,276,567	-	13,428,447	-	18,770,611	220,618,731
2025	220,618,731	-	14,071,516	-	19,222,468	225,769,683
2026	225,769,683	-	14,845,214	-	19,651,237	230,575,706
2027	230,575,706	-	15,658,405	-	20,047,185	234,964,486
2028	234,964,486	-	16,445,115	-	20,406,774	238,926,145
2029	238,926,145	-	17,087,623	-	20,734,410	242,572,932
2030	242,572,932	-	18,057,349	-	21,018,983	245,534,566
2031	245,534,566	-	18,914,850	-	21,246,943	247,866,659
2032	247,866,659	-	19,667,332	-	21,422,969	249,622,296
2033	249,622,296	-	20,193,425	-	21,557,303	250,986,174
2034	250,986,174	-	20,589,300	-	21,662,237	252,059,111
2035	252,059,111	-	20,917,705	-	21,744,023	252,885,429
2036	252,885,429	-	21,215,752	-	21,804,980	253,474,657
2037	253,474,657	-	21,534,614	-	21,843,662	253,783,705
2038	253,783,705	-	21,840,514	-	21,857,710	253,800,901
2039	253,800,901	-	22,126,826	-	21,846,374	253,520,449
2040	253,520,449	-	22,366,305	-	21,810,357	252,964,501
2041	252,964,501	-	22,606,372	-	21,749,518	252,107,647
2042	252,107,647	-	22,772,918	-	21,664,907	250,999,636
2043	250,999,636	-	22,893,566	-	21,559,757	249,665,827
2044	249,665,827	-	22,982,040	-	21,435,733	248,119,520
2045	248,119,520	-	23,012,466	-	21,295,196	246,402,250
2046	246,402,250	-	23,003,620	-	21,141,040	244,539,670
2047	244,539,670	-	22,938,503	-	20,976,338	242,577,505
2048	242,577,505	-	22,817,644	-	20,805,181	240,565,042
2049	240,565,042	-	22,643,355	-	20,631,903	238,553,590
2050	238,553,590	-	22,418,819	-	20,460,976	236,595,747
2051	236,595,747	-	22,143,683	-	20,297,151	234,749,215
2052	234,749,215	-	21,819,146	-	20,145,568	233,075,637
2053	233,075,637	-	21,443,768	-	20,011,838	231,643,707
2054	231,643,707	-	21,016,034	-	19,902,212	230,529,885
2055	230,529,885	-	20,536,739	-	19,823,536	229,816,682
2056	229,816,682	-	20,004,658	-	19,783,292	229,595,316
2057	229,595,316	-	19,421,014	-	19,789,633	229,963,935
2058	229,963,935	-	18,787,761	-	19,851,305	231,027,479
2059	231,027,479	-	18,107,576	-	19,977,632	232,897,535
2060	232,897,535	-	17,383,679	-	20,178,513	235,692,369
2061	235,692,369	-	16,620,552	-	20,464,388	239,536,205
2062	239,536,205	-	15,823,290	-	20,846,210	244,559,125
2063	244,559,125	-	14,997,579	-	21,335,430	250,896,976
2064	250,896,976	-	14,149,849	-	21,943,985	258,691,112
2065	258,691,112	-	13,287,412	-	22,684,267	268,087,967
2066	268,087,967	-	12,417,719	-	23,569,120	279,239,368
2067	279,239,368	-	11,548,033	-	24,611,882	292,303,217
2068	292,303,217	-	10,685,939	-	25,826,422	307,443,700
2069	307,443,700	-	9,839,026	-	27,227,177	324,831,851
2070	324,831,851	-	9,014,337	-	28,829,221	344,646,735
2071	344,646,735	-	8,218,364	-	30,648,380	367,076,751
2072	367,076,751	-	7,456,520	-	32,701,364	392,321,595
2073	392,321,595	-	6,733,122	-	35,005,953	420,594,426

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3
Hypothetical Assumptions: Discount Rate = 9.00%

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	420,594,426	-	6,051,508	-	37,581,180	452,124,098
2075	452,124,098	-	5,413,976	-	40,447,540	487,157,662
2076	487,157,662	-	4,821,621	-	43,627,217	525,963,258
2077	525,963,258	-	4,274,229	-	47,144,353	568,833,382
2078	568,833,382	-	3,771,133	-	51,025,303	616,087,552
2079	616,087,552	-	3,311,325	-	55,298,870	668,075,097
2080	668,075,097	-	2,893,795	-	59,996,538	725,177,840
2081	725,177,840	-	2,517,255	-	65,152,729	787,813,314
2082	787,813,314	-	2,180,113	-	70,805,093	856,438,294
2083	856,438,294	-	1,880,357	-	76,994,830	931,552,767
2084	931,552,767	-	1,615,715	-	83,767,042	1,013,704,094
2085	1,013,704,094	-	1,383,590	-	91,171,107	1,103,491,611
2086	1,103,491,611	-	1,180,973	-	99,261,101	1,201,571,739
2087	1,201,571,739	-	1,004,775	-	108,096,242	1,308,663,206
2088	1,308,663,206	-	851,922	-	117,741,352	1,425,552,636
2089	1,425,552,636	-	719,596	-	128,267,355	1,553,100,395
2090	1,553,100,395	-	605,237	-	139,751,800	1,692,246,958
2091	1,692,246,958	-	506,543	-	152,279,432	1,844,019,847
2092	1,844,019,847	-	421,479	-	165,942,820	2,009,541,188
2093	2,009,541,188	-	348,175	-	180,843,039	2,190,036,052
2094	2,190,036,052	-	285,084	-	197,090,416	2,386,841,384
2095	2,386,841,384	-	231,021	-	214,805,329	2,601,415,692
2096	2,601,415,692	-	184,987	-	234,119,088	2,835,349,793
2097	2,835,349,793	-	146,174	-	255,174,904	3,090,378,523
2098	3,090,378,523	-	113,790	-	278,128,947	3,368,393,680
2099	3,368,393,680	-	87,088	-	303,151,512	3,671,458,104
2100	3,671,458,104	-	65,403	-	330,428,286	4,001,820,987
2101	4,001,820,987	-	48,142	-	360,161,722	4,361,934,567
2102	4,361,934,567	-	34,669	-	392,572,551	4,754,472,449
2103	4,754,472,449	-	24,354	-	427,901,424	5,182,349,519
2104	5,182,349,519	-	16,644	-	466,410,708	5,648,743,583
2105	5,648,743,583	-	11,051	-	508,386,425	6,157,118,957
2106	6,157,118,957	-	7,113	-	554,140,386	6,711,252,230
2107	6,711,252,230	-	4,424	-	604,012,502	7,315,260,308
2108	7,315,260,308	-	2,655	-	658,373,308	7,973,630,961
2109	7,973,630,961	-	1,545	-	717,626,717	8,691,256,133
2110	8,691,256,133	-	873	-	782,213,013	9,473,468,273
2111	9,473,468,273	-	478	-	852,612,123	10,326,079,918
2112	10,326,079,918	-	252	-	929,347,181	11,255,426,847
2113	11,255,426,847	-	130	-	1,012,988,410	12,268,415,127
2114	12,268,415,127	-	66	-	1,104,157,358	13,372,572,419
2115	13,372,572,419	-	32	-	1,203,531,516	14,576,103,903
2116	14,576,103,903	-	15	-	1,311,849,351	15,887,953,239
2117	15,887,953,239	-	6	-	1,429,915,791	17,317,869,024

*All DROP and Share 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 9.00% 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:	7.00%	5.00%	9.00%
Minimum Required Contribution (Fixed \$)	\$15,909,660	\$26,000,601	\$8,030,555
Minimum Required Contribution (% of Payroll)	53.2%	87.0%	26.8%
Expected Member Contribution	3,092,304	3,062,427	3,122,182
Expected State Money	1,250,331	1,250,331	1,250,331
Expected Sponsor Contribution (Fixed \$)	\$11,567,025	\$21,687,843	\$3,658,042
Expected Sponsor Contribution (% of Payroll)	35.9%	67.3%	11.4%

ASSETS

Actuarial Value ¹	254,679,787	254,679,787	254,679,787
Market Value ¹	241,499,271	241,499,271	241,499,271

LIABILITIES

Present Value of Benefits			
Actives			
Retirement Benefits	140,616,338	221,158,087	95,446,942
Disability Benefits	16,484,244	22,964,546	12,344,107
Death Benefits	678,576	1,095,311	447,960
Vested Benefits	1,652,753	3,098,116	924,422
Refund of Contributions	1,124,606	1,196,784	1,060,224
Service Retirees	133,407,297	168,863,078	109,275,058
DROP Retirees ¹	58,453,737	68,581,933	51,940,969
Beneficiaries	1,169,879	1,531,544	931,814
Disability Retirees	9,151,960	11,358,986	7,623,226
Terminated Vested	3,690,736	5,195,715	2,757,569
Share Plan Balances ¹	4,905,618	4,905,618	4,905,618
Excess State Monies Reserve	0	0	0
Total:	371,335,744	509,949,718	287,657,909
Present Value of Future Salaries	276,059,867	315,460,657	244,834,653
Present Value of Future Member Contributions	27,605,987	31,546,066	24,483,465
Total Normal Cost	7,573,532	11,933,934	5,051,374
Present Value of Future Normal Costs (Entry Age Normal)	64,008,580	114,803,769	37,993,317
Total Actuarial Accrued Liability (EAN) ¹	307,327,164	395,145,949	249,664,592
Unfunded Actuarial Accrued Liability (UAAL)	52,647,377	140,466,162	(5,015,195)

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

Valuation Date: 10/1/2023

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>	<u>HYPOTHETICAL</u>
Investment Rate of Return:	7.00%	5.00%	9.00%
<u>PENSION COST</u>			
Normal Cost ²	8,449,233	13,185,177	5,689,895
Administrative Expenses ²	160,813	159,259	162,367
Payment Required To Amortize UAAL ²	<u>7,299,614</u>	<u>12,656,165</u>	<u>2,178,293</u>
Minimum Required Contribution	\$15,909,660	\$26,000,601	\$8,030,555

¹ The asset values and liabilities include accumulated DROP and Share 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.