



April 26, 2019

VIA EMAIL

Ms. Ferrell Jenne
Lead Plan Administrator
Foster & Foster, Inc.
2503 Del Prado Blvd. S. Suite 502
Cape Coral, FL 33904

Re: City of Punta Gorda General Employees' Retirement System
Section 112.664, Florida Statutes Compliance

Dear Ferrell:

Please find enclosed the annual disclosures that satisfy the October 1, 2018 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: _____

Patrick T. Donlan, EA, ASA, MAAA
Enrolled Actuary #17-6595

PTD/lke

Enclosures

cc via email: Scott Christiansen, Board Attorney

CITY OF PUNTA GORDA
GENERAL EMPLOYEES' RETIREMENT SYSTEM

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: Patrick T. Donlan Date: 4/26/2019
Patrick T. Donlan, EA, ASA, MAAA
Enrolled Actuary #17-6595



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, 2018 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, 2018

	ACTUAL	HYPOTHETICAL	
	7.00% RP-2000 Generational	5.00% RP-2000 Generational	9.00% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	810,496	1,251,041	541,640
Interest	3,612,714	3,246,813	3,818,359
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(129,908)	34,437	(282,496)
Changes of Assumptions	1,269,378	1,791,174	925,920
Contributions - Buy Back	120,000	120,000	120,000
Benefit Payments, Including Refunds of Employee Contributions	(3,446,926)	(3,446,926)	(3,446,926)
Net Change in Total Pension Liability	2,235,754	2,996,539	1,676,497
Total Pension Liability - Beginning	50,743,504	62,316,486	42,461,381
Total Pension Liability - Ending (a)	<u>\$ 52,979,258</u>	<u>\$ 65,313,025</u>	<u>\$ 44,137,878</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	1,733,431	1,733,431	1,733,431
Contributions - Employee	364,789	364,789	364,789
Contributions - Buy Back	120,000	120,000	120,000
Net Investment Income	3,637,775	3,637,775	3,637,775
Benefit Payments, Including Refunds of Employee Contributions	(3,446,926)	(3,446,926)	(3,446,926)
Administrative Expenses	(71,028)	(71,028)	(71,028)
Net Change in Plan Fiduciary Net Position	2,338,041	2,338,041	2,338,041
Plan Fiduciary Net Position - Beginning	43,771,446	43,771,446	43,771,446
Plan Fiduciary Net Position - Ending (b)	<u>\$ 46,109,487</u>	<u>\$ 46,109,487</u>	<u>\$ 46,109,487</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 6,869,771</u>	<u>\$ 19,203,538</u>	<u>\$ (1,971,609)</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.00% 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
2018	46,109,487	-	5,135,705	-	3,047,914	44,021,696
2019	44,021,696	-	3,018,034	-	2,975,888	43,979,550
2020	43,979,550	-	3,188,781	-	2,966,961	43,757,730
2021	43,757,730	-	3,376,941	-	2,944,848	43,325,637
2022	43,325,637	-	3,445,110	-	2,912,216	42,792,743
2023	42,792,743	-	3,535,313	-	2,871,756	42,129,186
2024	42,129,186	-	3,621,522	-	2,721,494	41,229,158
2025	41,229,158	-	3,711,373	-	2,657,709	40,175,494
2026	40,175,494	-	3,811,614	-	2,583,204	38,947,084
2027	38,947,084	-	3,839,900	-	2,499,332	37,606,516
2028	37,606,516	-	3,881,037	-	2,407,455	36,132,934
2029	36,132,934	-	3,901,368	-	2,307,302	34,538,868
2030	34,538,868	-	3,865,850	-	2,200,901	32,873,919
2031	32,873,919	-	3,820,964	-	2,090,032	31,142,987
2032	31,142,987	-	3,750,601	-	1,975,569	29,367,955
2033	29,367,955	-	3,679,006	-	1,858,171	27,547,120
2034	27,547,120	-	3,681,072	-	1,735,194	25,601,242
2035	25,601,242	-	3,581,962	-	1,607,193	23,626,473
2036	23,626,473	-	3,475,683	-	1,477,483	21,628,273
2037	21,628,273	-	3,367,482	-	1,346,256	19,607,047
2038	19,607,047	-	3,247,329	-	1,213,878	17,573,596
2039	17,573,596	-	3,138,371	-	1,080,298	15,515,523
2040	15,515,523	-	3,017,294	-	945,464	13,443,693
2041	13,443,693	-	2,895,153	-	809,738	11,358,278
2042	11,358,278	-	2,767,021	-	673,297	9,264,554
2043	9,264,554	-	2,632,485	-	536,511	7,168,580
2044	7,168,580	-	2,496,534	-	399,621	5,071,667
2045	5,071,667	-	2,362,046	-	262,618	2,972,239
2046	2,972,239	-	2,240,658	-	125,004	856,585
2047	856,585	-	2,111,394	-	-	-

*All DROP Balances paid in 2018.

Number of Years Expected Benefit Payments Sustained: 29.41

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.00% interest through 2023, and 7.25% thereafter.

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: 5.00% 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
2018	46,109,487	-	5,015,020	-	2,180,099	43,274,566
2019	43,274,566	-	2,881,341	-	2,091,695	42,484,920
2020	42,484,920	-	2,988,226	-	2,049,540	41,546,234
2021	41,546,234	-	3,138,358	-	1,998,853	40,406,729
2022	40,406,729	-	3,291,626	-	1,938,046	39,053,149
2023	39,053,149	-	3,361,830	-	1,868,612	37,559,931
2024	37,559,931	-	3,451,030	-	1,702,135	35,811,036
2025	35,811,036	-	3,524,753	-	1,617,311	33,903,594
2026	33,903,594	-	3,598,904	-	1,524,947	31,829,637
2027	31,829,637	-	3,680,863	-	1,424,487	29,573,261
2028	29,573,261	-	3,674,322	-	1,317,465	27,216,404
2029	27,216,404	-	3,712,194	-	1,204,615	24,708,825
2030	24,708,825	-	3,726,245	-	1,085,171	22,067,751
2031	22,067,751	-	3,687,535	-	960,639	19,340,855
2032	19,340,855	-	3,640,701	-	832,224	16,532,378
2033	16,532,378	-	3,568,837	-	700,528	13,664,069
2034	13,664,069	-	3,495,896	-	566,016	10,734,189
2035	10,734,189	-	3,483,239	-	427,147	7,678,097
2036	7,678,097	-	3,386,277	-	284,286	4,576,106
2037	4,576,106	-	3,283,156	-	139,390	1,432,340
2038	1,432,340	-	3,177,127	-	-	-

*All DROP Balances paid in 2018.

Number of Years Expected Benefit Payments Sustained: 20.45

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.00% interest through 2023 and 5.25% thereafter.

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: 9.00% 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
2018	46,109,487	-	5,015,020	-	3,924,178	45,018,645
2019	45,018,645	-	2,881,341	-	3,922,018	46,059,322
2020	46,059,322	-	2,988,226	-	4,010,869	47,081,965
2021	47,081,965	-	3,138,358	-	4,096,151	48,039,758
2022	48,039,758	-	3,291,626	-	4,175,455	48,923,587
2023	48,923,587	-	3,361,830	-	4,251,840	49,813,597
2024	49,813,597	-	3,451,030	-	4,207,707	50,570,274
2025	50,570,274	-	3,524,753	-	4,270,691	51,316,212
2026	51,316,212	-	3,598,904	-	4,332,717	52,050,025
2027	52,050,025	-	3,680,863	-	4,393,339	52,762,501
2028	52,762,501	-	3,674,322	-	4,455,967	53,544,146
2029	53,544,146	-	3,712,194	-	4,522,704	54,354,656
2030	54,354,656	-	3,726,245	-	4,593,009	55,221,420
2031	55,221,420	-	3,687,535	-	4,670,545	56,204,430
2032	56,204,430	-	3,640,701	-	4,758,607	57,322,336
2033	57,322,336	-	3,568,837	-	4,859,568	58,613,067
2034	58,613,067	-	3,495,896	-	4,975,698	60,092,869
2035	60,092,869	-	3,483,239	-	5,105,734	61,715,364
2036	61,715,364	-	3,386,277	-	5,251,945	63,581,032
2037	63,581,032	-	3,283,156	-	5,419,702	65,717,578
2038	65,717,578	-	3,177,127	-	5,611,289	68,151,740
2039	68,151,740	-	3,059,638	-	5,829,418	70,921,520
2040	70,921,520	-	2,952,125	-	6,076,478	74,045,873
2041	74,045,873	-	2,833,592	-	6,355,044	77,567,325
2042	77,567,325	-	2,714,506	-	6,668,381	81,521,200
2043	81,521,200	-	2,589,504	-	7,019,814	85,951,510
2044	85,951,510	-	2,459,006	-	7,413,176	90,905,680
2045	90,905,680	-	2,327,340	-	7,852,426	96,430,766
2046	96,430,766	-	2,197,060	-	8,341,571	102,575,277
2047	102,575,277	-	2,080,595	-	8,884,311	109,378,993
2048	109,378,993	-	1,956,752	-	9,485,054	116,907,295
2049	116,907,295	-	1,823,786	-	10,149,598	125,233,107
2050	125,233,107	-	1,692,051	-	10,883,870	134,424,926
2051	134,424,926	-	1,562,454	-	11,693,824	144,556,296
2052	144,556,296	-	1,434,942	-	12,585,897	155,707,251
2053	155,707,251	-	1,311,995	-	13,566,985	167,962,241
2054	167,962,241	-	1,194,247	-	14,644,448	181,412,442
2055	181,412,442	-	1,081,606	-	15,826,268	196,157,104
2056	196,157,104	-	975,099	-	17,121,086	212,303,091
2057	212,303,091	-	873,610	-	18,538,300	229,967,781
2058	229,967,781	-	779,362	-	20,088,084	249,276,503
2059	249,276,503	-	693,006	-	21,781,375	270,364,872
2060	270,364,872	-	613,881	-	23,630,069	293,381,060
2061	293,381,060	-	541,810	-	25,647,139	318,486,389
2062	318,486,389	-	476,462	-	27,846,714	345,856,641
2063	345,856,641	-	417,368	-	30,244,196	375,683,469
2064	375,683,469	-	364,313	-	32,856,365	408,175,521
2065	408,175,521	-	317,072	-	35,701,486	443,559,935
2066	443,559,935	-	275,262	-	38,799,452	482,084,125
2067	482,084,125	-	238,583	-	42,171,923	524,017,465
2068	524,017,465	-	206,722	-	45,842,484	569,653,227
2069	569,653,227	-	179,096	-	49,836,822	619,310,953

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3
Hypothetical Assumptions: 9.00% 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
2070	619,310,953	-	155,149	-	54,182,921	673,338,725
2071	673,338,725	-	134,304	-	58,911,263	732,115,684
2072	732,115,684	-	116,148	-	64,055,041	796,054,577
2073	796,054,577	-	100,496	-	69,650,379	865,604,460
2074	865,604,460	-	86,922	-	75,736,587	941,254,125
2075	941,254,125	-	75,044	-	82,356,453	1,023,535,534
2076	1,023,535,534	-	64,546	-	89,556,535	1,113,027,523
2077	1,113,027,523	-	55,190	-	97,387,494	1,210,359,827
2078	1,210,359,827	-	46,850	-	105,904,435	1,316,217,412
2079	1,316,217,412	-	39,410	-	115,167,299	1,431,345,301
2080	1,431,345,301	-	32,801	-	125,241,279	1,556,553,779
2081	1,556,553,779	-	26,961	-	136,197,276	1,692,724,094
2082	1,692,724,094	-	21,820	-	148,112,404	1,840,814,678
2083	1,840,814,678	-	17,345	-	161,070,525	2,001,867,858
2084	2,001,867,858	-	13,494	-	175,162,847	2,177,017,211
2085	2,177,017,211	-	10,270	-	190,488,557	2,367,495,498
2086	2,367,495,498	-	7,640	-	207,155,522	2,574,643,380
2087	2,574,643,380	-	5,549	-	225,281,053	2,799,918,884
2088	2,799,918,884	-	3,938	-	244,992,730	3,044,907,676
2089	3,044,907,676	-	2,726	-	266,429,302	3,311,334,252
2090	3,311,334,252	-	1,840	-	289,741,667	3,601,074,079
2091	3,601,074,079	-	1,208	-	315,093,929	3,916,166,800
2092	3,916,166,800	-	773	-	342,664,561	4,258,830,588
2093	4,258,830,588	-	483	-	372,647,655	4,631,477,760
2094	4,631,477,760	-	296	-	405,254,291	5,036,731,755
2095	5,036,731,755	-	179	-	440,714,021	5,477,445,597
2096	5,477,445,597	-	107	-	479,276,485	5,956,721,975
2097	5,956,721,975	-	64	-	521,213,170	6,477,935,081
2098	6,477,935,081	-	38	-	566,819,318	7,044,754,361
2099	7,044,754,361	-	23	-	616,416,006	7,661,170,344
2100	7,661,170,344	-	13	-	670,352,405	8,331,522,736
2101	8,331,522,736	-	8	-	729,008,239	9,060,530,967
2102	9,060,530,967	-	4	-	792,796,459	9,853,327,422
2103	9,853,327,422	-	3	-	862,166,149	10,715,493,568
2104	10,715,493,568	-	2	-	937,605,687	11,653,099,253
2105	11,653,099,253	-	1	-	1,019,646,185	12,672,745,437
2106	12,672,745,437	-	-	-	1,108,865,226	13,781,610,663

*All DROP Balances paid in 2018.

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 through 2023 and 9.25% thereafter.

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, 2020

Valuation Date: 10/1/2018

	ACTUAL	HYPOTHETICAL	
	7.00% RP-2000 Generational	5.00% RP-2000 Generational	9.00% RP-2000 Generational
Minimum Required Contribution (Fixed \$)	\$2,041,170	\$3,182,545	\$1,055,003
Minimum Required Contribution (% of Payroll)	45.9%	71.5%	23.7%
Expected Member Contribution	360,400	360,400	360,400
Expected Sponsor Contribution (Fixed \$)	\$1,680,770	\$2,822,145	\$694,603
Expected Sponsor Contribution (% of Payroll)	37.8%	63.4%	15.6%

ASSETS

Actuarial Value ¹	45,112,863	45,112,863	45,112,863
Market Value ¹	46,109,487	46,109,487	46,109,487

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	23,074,965	32,462,826	17,099,573
Disability Benefits	1,909,892	2,518,880	1,495,628
Death Benefits	361,755	451,716	295,217
Vested Benefits	1,006,941	1,500,226	709,682
Refund of Contributions	0	0	0
Service Retirees	21,164,733	25,118,933	18,225,624
DROP Retirees ¹	9,757,011	11,406,191	8,571,816
Beneficiaries	337,436	388,819	298,011
Disability Retirees	0	0	0
Terminated Vested	981,332	1,466,937	689,876
Total:	58,594,065	75,314,528	47,385,427
Present Value of Future Salaries	30,366,680	33,593,709	27,745,124
Present Value of Future Member Contributions	2,459,701	2,721,090	2,247,355
Total Normal Cost	764,496	1,214,462	494,124
Present Value of Future Normal Costs (Entry Age Normal)	4,758,029	8,624,935	2,732,279
Total Actuarial Accrued Liability ¹	53,836,036	66,689,593	44,653,148
Unfunded Actuarial Accrued Liability (UAAL)	8,723,173	21,576,730	(459,715)

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2020

Valuation Date: 10/1/2018

	ACTUAL	HYPOTHETICAL	
	7.00% RP-2000 Generational	5.00% RP-2000 Generational	9.00% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost ²	764,496	1,214,462	494,124
Administrative Expenses ²	71,028	71,028	71,028
Payment Required To Amortize UAAL ²	1,205,646	1,897,055	489,851
Minimum Required Contribution	\$2,041,170	\$3,182,545	\$1,055,003

¹ The asset values and liabilities include accumulated DROP Balances as of 9/30/2018.

² Contributions developed as of 10/1/2018 displayed above have been adjusted to account for assumed salary increase and interest components.