



**FOSTER & FOSTER**  
ACTUARIES AND CONSULTANTS

---

March 9, 2018

VIA EMAIL

Ms. Toni Lozen  
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 Toni:

Please find enclosed the annual disclosures that satisfy the October 1, 2017 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: H. Lee Dehner, 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: 3/9/2018  
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, 2017 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, 2017

	ACTUAL	HYPOTHETICAL	
	7.25% RP-2000 Generational	5.25% RP-2000 Generational	9.25% RP-2000 Generational
<b><u>Total Pension Liability</u></b>			
Service Cost	779,310	1,187,541	528,652
Interest	3,518,739	3,192,209	3,702,578
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	257,764	504,513	84,561
Changes of Assumptions	1,280,668	1,809,784	929,925
Contributions - Buy Back	30,496	30,496	30,496
Benefit Payments, Including Refunds of Employee Contributions	(2,521,363)	(2,521,363)	(2,521,363)
Net Change in Total Pension Liability	3,345,614	4,203,180	2,754,849
Total Pension Liability - Beginning	47,397,890	58,113,306	39,706,532
Total Pension Liability - Ending (a)	<u>\$ 50,743,504</u>	<u>\$ 62,316,486</u>	<u>\$ 42,461,381</u>
<b><u>Plan Fiduciary Net Position</u></b>			
Contributions - Employer	1,712,254	1,712,254	1,712,254
Contributions - Employee	375,985	375,985	375,985
Contributions - Buy Back	30,496	30,496	30,496
Net Investment Income	4,235,468	4,235,468	4,235,468
Benefit Payments, Including Refunds of Employee Contributions	(2,521,363)	(2,521,363)	(2,521,363)
Administrative Expenses	(61,037)	(61,037)	(61,037)
Net Change in Plan Fiduciary Net Position	3,771,803	3,771,803	3,771,803
Plan Fiduciary Net Position - Beginning	39,999,643	39,999,643	39,999,643
Plan Fiduciary Net Position - Ending (b)	<u>\$ 43,771,446</u>	<u>\$ 43,771,446</u>	<u>\$ 43,771,446</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 6,972,058</u>	<u>\$ 18,545,040</u>	<u>\$ (1,310,065)</u>

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1  
Plan Assumptions: 7.50% 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
2017	43,771,446	-	5,570,020	-	2,971,517	41,172,943
2018	41,172,943	-	2,881,341	-	2,880,590	41,172,192
2019	41,172,192	-	2,988,226	-	2,876,661	41,060,627
2020	41,060,627	-	3,138,358	-	2,863,130	40,785,399
2021	40,785,399	-	3,291,626	-	2,837,620	40,331,393
2022	40,331,393	-	3,361,830	-	2,802,160	39,771,723
2023	39,771,723	-	3,451,030	-	2,758,350	39,079,043
2024	39,079,043	-	3,524,753	-	2,612,167	38,166,457
2025	38,166,457	-	3,598,904	-	2,545,690	37,113,243
2026	37,113,243	-	3,680,863	-	2,469,097	35,901,477
2027	35,901,477	-	3,674,322	-	2,384,502	34,611,657
2028	34,611,657	-	3,712,194	-	2,292,889	33,192,352
2029	33,192,352	-	3,726,245	-	2,193,046	31,659,153
2030	31,659,153	-	3,687,535	-	2,087,077	30,058,695
2031	30,058,695	-	3,640,701	-	1,976,684	28,394,678
2032	28,394,678	-	3,568,837	-	1,862,718	26,688,559
2033	26,688,559	-	3,495,896	-	1,745,843	24,938,506
2034	24,938,506	-	3,483,239	-	1,623,782	23,079,049
2035	23,079,049	-	3,386,277	-	1,497,014	21,189,786
2036	21,189,786	-	3,283,156	-	1,368,375	19,275,005
2037	19,275,005	-	3,177,127	-	1,238,051	17,335,929
2038	17,335,929	-	3,059,638	-	1,106,428	15,382,719
2039	15,382,719	-	2,952,125	-	973,466	13,404,060
2040	13,404,060	-	2,833,592	-	839,108	11,409,576
2041	11,409,576	-	2,714,506	-	703,663	9,398,733
2042	9,398,733	-	2,589,504	-	567,279	7,376,508
2043	7,376,508	-	2,459,006	-	430,290	5,347,792
2044	5,347,792	-	2,327,340	-	292,889	3,313,341
2045	3,313,341	-	2,197,060	-	155,037	1,271,318
2046	1,271,318	-	2,080,595	-	-	-

\*All DROP Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 29.61

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.50% 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: 5.50% 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
2017	43,771,446	-	5,570,020	-	2,151,788	40,353,214
2018	40,353,214	-	2,881,341	-	2,042,909	39,514,782
2019	39,514,782	-	2,988,226	-	1,996,085	38,522,641
2020	38,522,641	-	3,138,358	-	1,940,057	37,324,340
2021	37,324,340	-	3,291,626	-	1,873,123	35,905,837
2022	35,905,837	-	3,361,830	-	1,796,808	34,340,815
2023	34,340,815	-	3,451,030	-	1,712,303	32,602,088
2024	32,602,088	-	3,524,753	-	1,541,986	30,619,321
2025	30,619,321	-	3,598,904	-	1,440,993	28,461,410
2026	28,461,410	-	3,680,863	-	1,331,049	26,111,596
2027	26,111,596	-	3,674,322	-	1,213,722	23,650,996
2028	23,650,996	-	3,712,194	-	1,089,745	21,028,547
2029	21,028,547	-	3,726,245	-	958,271	18,260,573
2030	18,260,573	-	3,687,535	-	820,840	15,393,878
2031	15,393,878	-	3,640,701	-	678,676	12,431,853
2032	12,431,853	-	3,568,837	-	532,372	9,395,388
2033	9,395,388	-	3,495,896	-	382,372	6,281,864
2034	6,281,864	-	3,483,239	-	227,012	3,025,637
2035	3,025,637	-	3,386,277	-	-	-

\*All DROP Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 18.89

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.50% 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: 9.50% 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
2017	43,771,446	-	5,570,020	-	3,791,245	41,992,671
2018	41,992,671	-	2,881,341	-	3,751,060	42,862,390
2019	42,862,390	-	2,988,226	-	3,826,566	43,700,730
2020	43,700,730	-	3,138,358	-	3,897,168	44,459,540
2021	44,459,540	-	3,291,626	-	3,960,270	45,128,184
2022	45,128,184	-	3,361,830	-	4,018,872	45,785,226
2023	45,785,226	-	3,451,030	-	4,075,523	46,409,719
2024	46,409,719	-	3,524,753	-	4,018,261	46,903,227
2025	46,903,227	-	3,598,904	-	4,059,340	47,363,663
2026	47,363,663	-	3,680,863	-	4,097,091	47,779,891
2027	47,779,891	-	3,674,322	-	4,134,846	48,240,415
2028	48,240,415	-	3,712,194	-	4,174,589	48,702,810
2029	48,702,810	-	3,726,245	-	4,215,572	49,192,137
2030	49,192,137	-	3,687,535	-	4,261,353	49,765,955
2031	49,765,955	-	3,640,701	-	4,315,104	50,440,358
2032	50,440,358	-	3,568,837	-	4,379,035	51,250,556
2033	51,250,556	-	3,495,896	-	4,455,235	52,209,895
2034	52,209,895	-	3,483,239	-	4,542,145	53,268,801
2035	53,268,801	-	3,386,277	-	4,641,810	54,524,334
2036	54,524,334	-	3,283,156	-	4,759,448	56,000,626
2037	56,000,626	-	3,177,127	-	4,897,086	57,720,585
2038	57,720,585	-	3,059,638	-	5,057,169	59,718,116
2039	59,718,116	-	2,952,125	-	5,241,785	62,007,776
2040	62,007,776	-	2,833,592	-	5,453,188	64,627,372
2041	64,627,372	-	2,714,506	-	5,694,311	67,607,177
2042	67,607,177	-	2,589,504	-	5,968,118	70,985,791
2043	70,985,791	-	2,459,006	-	6,278,066	74,804,851
2044	74,804,851	-	2,327,340	-	6,627,706	79,105,217
2045	79,105,217	-	2,197,060	-	7,020,602	83,928,759
2046	83,928,759	-	2,080,595	-	7,459,962	89,308,126
2047	89,308,126	-	1,956,752	-	7,949,678	95,301,052
2048	95,301,052	-	1,823,786	-	8,495,024	101,972,290
2049	101,972,290	-	1,692,051	-	9,101,364	109,381,603
2050	109,381,603	-	1,562,454	-	9,774,034	117,593,183
2051	117,593,183	-	1,434,942	-	10,518,814	126,677,055
2052	126,677,055	-	1,311,995	-	11,341,895	136,706,955
2053	136,706,955	-	1,194,247	-	12,249,885	147,762,593
2054	147,762,593	-	1,081,606	-	13,249,961	159,930,948
2055	159,930,948	-	975,099	-	14,349,906	173,305,755
2056	173,305,755	-	873,610	-	15,558,206	187,990,351
2057	187,990,351	-	779,362	-	16,884,060	204,095,049
2058	204,095,049	-	693,006	-	18,337,369	221,739,412
2059	221,739,412	-	613,881	-	19,928,922	241,054,453
2060	241,054,453	-	541,810	-	21,670,519	262,183,162
2061	262,183,162	-	476,462	-	23,575,044	285,281,744
2062	285,281,744	-	417,368	-	25,656,575	310,520,951
2063	310,520,951	-	364,313	-	27,930,492	338,087,130
2064	338,087,130	-	317,072	-	30,413,573	368,183,631
2065	368,183,631	-	275,262	-	33,124,140	401,032,509
2066	401,032,509	-	238,583	-	36,082,190	436,876,116

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3  
Hypothetical Assumptions: 9.50% 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
2067	436,876,116	-	206,722	-	39,309,548	475,978,942
2068	475,978,942	-	179,096	-	42,830,045	518,629,891
2069	518,629,891	-	155,149	-	46,669,708	565,144,450
2070	565,144,450	-	134,304	-	50,856,957	615,867,103
2071	615,867,103	-	116,148	-	55,422,813	671,173,768
2072	671,173,768	-	100,496	-	60,401,117	731,474,389
2073	731,474,389	-	86,922	-	65,828,784	797,216,251
2074	797,216,251	-	75,044	-	71,746,086	868,887,293
2075	868,887,293	-	64,546	-	78,196,952	947,019,699
2076	947,019,699	-	55,190	-	85,229,289	1,032,193,798
2077	1,032,193,798	-	46,850	-	92,895,334	1,125,042,282
2078	1,125,042,282	-	39,410	-	101,252,032	1,226,254,904
2079	1,226,254,904	-	32,801	-	110,361,465	1,336,583,568
2080	1,336,583,568	-	26,961	-	120,291,308	1,456,847,915
2081	1,456,847,915	-	21,820	-	131,115,330	1,587,941,425
2082	1,587,941,425	-	17,345	-	142,913,948	1,730,838,028
2083	1,730,838,028	-	13,494	-	155,774,815	1,886,599,349
2084	1,886,599,349	-	10,270	-	169,793,479	2,056,382,558
2085	2,056,382,558	-	7,640	-	185,074,086	2,241,449,004
2086	2,241,449,004	-	5,549	-	201,730,161	2,443,173,616
2087	2,443,173,616	-	3,938	-	219,885,448	2,663,055,126
2088	2,663,055,126	-	2,726	-	239,674,839	2,902,727,239
2089	2,902,727,239	-	1,840	-	261,245,369	3,163,970,768
2090	3,163,970,768	-	1,208	-	284,757,315	3,448,726,875
2091	3,448,726,875	-	773	-	310,385,384	3,759,111,486
2092	3,759,111,486	-	483	-	338,320,012	4,097,431,015
2093	4,097,431,015	-	296	-	368,768,778	4,466,199,497
2094	4,466,199,497	-	179	-	401,957,947	4,868,157,265
2095	4,868,157,265	-	107	-	438,134,149	5,306,291,307
2096	5,306,291,307	-	64	-	477,566,215	5,783,857,458
2097	5,783,857,458	-	38	-	520,547,170	6,304,404,590
2098	6,304,404,590	-	23	-	567,396,412	6,871,800,979
2099	6,871,800,979	-	13	-	618,462,088	7,490,263,054
2100	7,490,263,054	-	8	-	674,123,675	8,164,386,721
2101	8,164,386,721	-	4	-	734,794,805	8,899,181,522
2102	8,899,181,522	-	3	-	800,926,337	9,700,107,856
2103	9,700,107,856	-	2	-	873,009,707	10,573,117,561
2104	10,573,117,561	-	1	-	951,580,580	11,524,698,140
2105	11,524,698,140	-	-	-	1,037,222,833	12,561,920,973

\*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 9.50% 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, 2019

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL	
	7.25% RP-2000 Generational	5.25% RP-2000 Generational	9.25% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$2,030,978	\$3,136,164	\$1,076,403
Total Required Contribution (% of Payroll)	44.1%	68.2%	23.4%
Expected Member Contribution	372,763	372,763	372,763
Expected Sponsor Contribution (Fixed \$)	\$1,658,215	\$2,763,401	\$703,640
Expected Sponsor Contribution (% of Payroll)	36.0%	60.1%	15.3%

**ASSETS**

Actuarial Value <sup>1</sup>	43,617,321	43,617,321	43,617,321
Market Value <sup>1</sup>	43,771,446	43,771,446	43,771,446

**LIABILITIES**

Present Value of Benefits			
Active Members			
Retirement Benefits	21,670,060	30,573,190	16,014,463
Disability Benefits	1,891,655	2,497,685	1,479,502
Death Benefits	347,801	436,711	282,356
Vested Benefits	1,050,529	1,563,667	740,212
Refund of Contributions	0	0	0
Service Retirees	17,418,781	20,576,808	15,055,664
DROP Retirees <sup>1</sup>	12,081,788	14,099,224	10,631,268
Beneficiaries	399,125	461,303	351,752
Disability Retirees	0	0	0
Terminated Vested	1,105,467	1,573,009	817,299
Total:	55,965,206	71,781,597	45,372,516
Present Value of Future Salaries	31,965,050	35,407,249	29,172,279
Present Value of Future Member Contributions	2,589,169	2,867,987	2,362,955
Total Normal Cost	754,218	1,185,506	493,010
Present Value of Future Normal Costs (Entry Age Normal)	4,798,548	8,618,727	2,783,792
Total Actuarial Accrued Liability <sup>1</sup>	51,166,658	63,162,870	42,588,724
Unfunded Actuarial Accrued Liability (UAAL)	7,549,337	19,545,549	(1,028,597)

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2019

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL	
	7.25% RP-2000 Generational	5.25% RP-2000 Generational	9.25% RP-2000 Generational
<b><u>PENSION COST</u></b>			
Normal Cost	754,218	1,185,506	493,010
Administrative Expenses	61,037	61,037	61,037
Payment Required To Amortize UAAL	1,215,723	1,889,621	522,356
Total Required Contribution	\$2,030,978	\$3,136,164	\$1,076,403

<sup>1</sup> The asset values and liabilities include accumulated DROP Balances as of 9/30/2017.