



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

February 9, 2017

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
Senate Bill 534 (Section 112.664, Florida Statutes) Compliance

Dear Toni:

Please find enclosed the annual disclosures that satisfy the October 1, 2016 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 #14-6595

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: 2/9/2017

Patrick T. Donlan, EA, ASA, MAAA
Enrolled Actuary #14-6595



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, 2016 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.

GASB 67: SCHEDULE OF CHANGES IN NET PENSION LIABILITY
FISCAL YEAR SEPTEMBER 30, 2016

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Generational	5.50% RP-2000 Generational	9.50% RP-2000 Generational
Total Pension Liability			
Service Cost	824,917	1,268,747	579,684
Interest	3,370,301	3,098,473	3,527,669
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual			
Experience	(602,266)	249,992	56,298
Changes of Assumptions	2,014,707	1,750,955	813,943
Benefit Payments, Including Refunds of			
Employee Contributions	(1,745,206)	(1,745,206)	(1,745,206)
Net Change in Total Pension Liability	3,862,453	4,622,961	3,232,388
Total Pension Liability - Beginning	43,535,437	53,490,345	36,474,144
Total Pension Liability - Ending (a)	<u>\$ 47,397,890</u>	<u>\$ 58,113,306</u>	<u>\$ 39,706,532</u>
Plan Fiduciary Net Position			
Contributions - Employer	1,675,103	1,675,103	1,675,103
Contributions - Employee	412,586	412,586	412,586
Net Investment Income	2,683,966	2,683,966	2,683,966
Benefit Payments, Including Refunds of			
Employee Contributions	(1,745,206)	(1,745,206)	(1,745,206)
Administrative Expenses	(71,349)	(71,349)	(71,349)
Net Change in Plan Fiduciary Net Position	2,955,100	2,955,100	2,955,100
Plan Fiduciary Net Position - Beginning	37,044,543	37,044,543	37,044,543
Plan Fiduciary Net Position - Ending (b)	<u>\$ 39,999,643</u>	<u>\$ 39,999,643</u>	<u>\$ 39,999,643</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 7,398,247</u>	<u>\$ 18,113,663</u>	<u>\$ (293,111)</u>

GASB 68: PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	ACTUAL	HYPOTHETICAL	
	7.75%	5.75%	9.75%
Pension Expense	<u>\$ 1,208,905</u>	<u>\$ 1,638,709</u>	<u>\$ 519,770</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
2016	39,999,643	-	5,537,618	-	2,792,313	37,254,338
2017	37,254,338	-	2,817,417	-	2,688,422	37,125,343
2018	37,125,343	-	2,897,287	-	2,675,752	36,903,808
2019	36,903,808	-	2,982,118	-	2,655,956	36,577,646
2020	36,577,646	-	3,103,271	-	2,626,951	36,101,326
2021	36,101,326	-	3,224,994	-	2,586,662	35,462,994
2022	35,462,994	-	3,271,973	-	2,537,026	34,728,047
2023	34,728,047	-	3,345,629	-	2,479,142	33,861,560
2024	33,861,560	-	3,406,599	-	2,411,870	32,866,831
2025	32,866,831	-	3,461,985	-	2,257,348	31,662,194
2026	31,662,194	-	3,517,153	-	2,168,012	30,313,053
2027	30,313,053	-	3,506,425	-	2,070,588	28,877,216
2028	28,877,216	-	3,535,948	-	1,965,420	27,306,688
2029	27,306,688	-	3,542,890	-	1,851,305	25,615,103
2030	25,615,103	-	3,498,646	-	1,730,269	23,846,726
2031	23,846,726	-	3,445,857	-	1,603,975	22,004,844
2032	22,004,844	-	3,372,446	-	1,473,100	20,105,498
2033	20,105,498	-	3,297,043	-	1,338,131	18,146,586
2034	18,146,586	-	3,282,894	-	1,196,623	16,060,315
2035	16,060,315	-	3,187,770	-	1,048,816	13,921,361
2036	13,921,361	-	3,085,408	-	897,453	11,733,406
2037	11,733,406	-	2,982,285	-	742,564	9,493,685
2038	9,493,685	-	2,867,827	-	584,333	7,210,191
2039	7,210,191	-	2,762,528	-	422,597	4,870,260
2040	4,870,260	-	2,648,328	-	257,092	2,479,024
2041	2,479,024	-	2,533,755	-	-	-

*All DROP Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 25.98

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
2016	39,999,643	-	5,537,618	-	2,047,696	36,509,721
2017	36,509,721	-	2,817,417	-	1,930,556	35,622,860
2018	35,622,860	-	2,897,287	-	1,879,582	34,605,155
2019	34,605,155	-	2,982,118	-	1,821,275	33,444,312
2020	33,444,312	-	3,103,271	-	1,754,097	32,095,138
2021	32,095,138	-	3,224,994	-	1,676,545	30,546,689
2022	30,546,689	-	3,271,973	-	1,590,089	28,864,805
2023	28,864,805	-	3,345,629	-	1,495,559	27,014,735
2024	27,014,735	-	3,406,599	-	1,392,129	25,000,265
2025	25,000,265	-	3,461,985	-	1,221,637	22,759,917
2026	22,759,917	-	3,517,153	-	1,102,570	20,345,334
2027	20,345,334	-	3,506,425	-	976,086	17,814,995
2028	17,814,995	-	3,535,948	-	842,469	15,121,516
2029	15,121,516	-	3,542,890	-	700,879	12,279,505
2030	12,279,505	-	3,498,646	-	552,835	9,333,694
2031	9,333,694	-	3,445,857	-	399,565	6,287,402
2032	6,287,402	-	3,372,446	-	241,562	3,156,518
2033	3,156,518	-	3,297,043	-	-	-

*All DROP Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 17.96

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
2016	39,999,643	-	5,537,618	-	3,536,929	37,998,954
2017	37,998,954	-	2,817,417	-	3,476,073	38,657,610
2018	38,657,610	-	2,897,287	-	3,534,852	39,295,175
2019	39,295,175	-	2,982,118	-	3,591,391	39,904,448
2020	39,904,448	-	3,103,271	-	3,643,517	40,444,694
2021	40,444,694	-	3,224,994	-	3,689,059	40,908,759
2022	40,908,759	-	3,271,973	-	3,730,913	41,367,699
2023	41,367,699	-	3,345,629	-	3,771,014	41,793,084
2024	41,793,084	-	3,406,599	-	3,808,530	42,195,015
2025	42,195,015	-	3,461,985	-	3,742,922	42,475,952
2026	42,475,952	-	3,517,153	-	3,766,357	42,725,156
2027	42,725,156	-	3,506,425	-	3,789,905	43,008,636
2028	43,008,636	-	3,535,948	-	3,814,761	43,287,449
2029	43,287,449	-	3,542,890	-	3,840,230	43,584,789
2030	43,584,789	-	3,498,646	-	3,869,781	43,955,924
2031	43,955,924	-	3,445,857	-	3,906,552	44,416,619
2032	44,416,619	-	3,372,446	-	3,952,562	44,996,735
2033	44,996,735	-	3,297,043	-	4,009,710	45,709,402
2034	45,709,402	-	3,282,894	-	4,076,286	46,502,794
2035	46,502,794	-	3,187,770	-	4,154,074	47,469,098
2036	47,469,098	-	3,085,408	-	4,248,191	48,631,881
2037	48,631,881	-	2,982,285	-	4,360,518	50,010,114
2038	50,010,114	-	2,867,827	-	4,493,299	51,635,586
2039	51,635,586	-	2,762,528	-	4,648,525	53,521,583
2040	53,521,583	-	2,648,328	-	4,828,261	55,701,516
2041	55,701,516	-	2,533,755	-	5,035,204	58,202,965
2042	58,202,965	-	2,416,835	-	5,271,996	61,058,126
2043	61,058,126	-	2,292,568	-	5,541,845	64,307,403
2044	64,307,403	-	2,166,033	-	5,848,256	67,989,626
2045	67,989,626	-	2,041,833	-	6,194,606	72,142,399
2046	72,142,399	-	1,931,971	-	6,583,818	76,794,246
2047	76,794,246	-	1,816,776	-	7,019,442	81,996,912
2048	81,996,912	-	1,692,052	-	7,506,457	87,811,317
2049	87,811,317	-	1,568,340	-	8,050,011	94,292,988
2050	94,292,988	-	1,447,294	-	8,655,164	101,500,858
2051	101,500,858	-	1,328,876	-	9,327,369	109,499,351
2052	109,499,351	-	1,214,924	-	10,072,500	118,356,927
2053	118,356,927	-	1,106,051	-	10,896,861	128,147,737
2054	128,147,737	-	1,002,235	-	11,807,312	138,952,814
2055	138,952,814	-	904,218	-	12,811,315	150,859,911
2056	150,859,911	-	810,740	-	13,917,045	163,966,216
2057	163,966,216	-	723,857	-	15,133,397	178,375,756
2058	178,375,756	-	644,327	-	16,469,957	194,201,386
2059	194,201,386	-	571,430	-	17,937,200	211,567,156
2060	211,567,156	-	504,996	-	19,546,606	230,608,766
2061	230,608,766	-	444,713	-	21,310,743	251,474,796
2062	251,474,796	-	390,118	-	23,243,376	274,328,054
2063	274,328,054	-	341,080	-	25,359,570	299,346,544
2064	299,346,544	-	297,375	-	27,675,802	326,724,971
2065	326,724,971	-	258,646	-	30,210,097	356,676,422

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
2066	356,676,422	-	224,631	-	32,982,180	389,433,971
2067	389,433,971	-	195,045	-	36,013,621	425,252,547
2068	425,252,547	-	169,356	-	39,328,028	464,411,219
2069	464,411,219	-	147,064	-	42,951,236	507,215,391
2070	507,215,391	-	127,636	-	46,911,521	553,999,276
2071	553,999,276	-	110,700	-	51,239,813	605,128,389
2072	605,128,389	-	96,109	-	55,969,931	661,002,211
2073	661,002,211	-	83,474	-	61,138,844	722,057,581
2074	722,057,581	-	72,421	-	66,786,977	788,772,137
2075	788,772,137	-	62,649	-	72,958,525	861,668,013
2076	861,668,013	-	53,923	-	79,701,797	941,315,887
2077	941,315,887	-	46,117	-	87,069,587	1,028,339,357
2078	1,028,339,357	-	39,113	-	95,119,582	1,123,419,826
2079	1,123,419,826	-	32,846	-	103,914,815	1,227,301,795
2080	1,227,301,795	-	27,253	-	113,524,156	1,340,798,698
2081	1,340,798,698	-	22,278	-	124,022,849	1,464,799,269
2082	1,464,799,269	-	17,891	-	135,493,105	1,600,274,483
2083	1,600,274,483	-	14,058	-	148,024,739	1,748,285,164
2084	1,748,285,164	-	10,797	-	161,715,878	1,909,990,245
2085	1,909,990,245	-	8,107	-	176,673,723	2,086,655,861
2086	2,086,655,861	-	5,945	-	193,015,392	2,279,665,308
2087	2,279,665,308	-	4,257	-	210,868,844	2,490,529,895
2088	2,490,529,895	-	2,973	-	230,373,878	2,720,900,800
2089	2,720,900,800	-	2,021	-	251,683,231	2,972,582,010
2090	2,972,582,010	-	1,336	-	274,963,774	3,247,544,448
2091	3,247,544,448	-	858	-	300,397,822	3,547,941,412
2092	3,547,941,412	-	537	-	328,184,556	3,876,125,431
2093	3,876,125,431	-	329	-	358,541,587	4,234,666,689
2094	4,234,666,689	-	199	-	391,706,660	4,626,373,150
2095	4,626,373,150	-	119	-	427,939,511	5,054,312,542
2096	5,054,312,542	-	71	-	467,523,907	5,521,836,378
2097	5,521,836,378	-	43	-	510,769,863	6,032,606,198
2098	6,032,606,198	-	25	-	558,016,072	6,590,622,245
2099	6,590,622,245	-	15	-	609,632,557	7,200,254,787
2100	7,200,254,787	-	9	-	666,023,567	7,866,278,345
2101	7,866,278,345	-	5	-	727,630,747	8,593,909,087
2102	8,593,909,087	-	3	-	794,936,590	9,388,845,674
2103	9,388,845,674	-	2	-	868,468,225	10,257,313,897
2104	10,257,313,897	-	1	-	948,801,535	11,206,115,431
2105	11,206,115,431	-	1	-	1,036,565,677	12,242,681,107
2106	12,242,681,107	-	-	-	1,132,448,002	13,375,129,109

*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, 2018

Valuation Date: 10/1/2016

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Generational	5.50% RP-2000 Generational	9.50% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$1,948,208	\$3,002,202	\$1,038,099
Total Required Contribution (% of Payroll)	41.6%	64.2%	22.2%
Expected Member Contribution	378,916	378,916	378,916
Expected Sponsor Contribution (Fixed \$)	\$1,569,292	\$2,623,286	\$659,183
Expected Sponsor Contribution (% of Payroll)	33.5%	56.1%	14.1%

ASSETS

Actuarial Value ¹	41,229,592	41,229,592	41,229,592
Market Value ¹	39,999,643	39,999,643	39,999,643

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	19,028,865	27,087,595	13,945,828
Disability Benefits	1,835,144	2,432,823	1,430,503
Death Benefits	456,188	579,613	366,492
Vested Benefits	1,075,736	1,608,761	754,702
Refund of Contributions	0	0	0
Service Retirees	14,615,565	17,180,579	12,685,927
Beneficiaries	356,686	404,853	319,615
Terminated Vested	1,880,783	2,445,213	1,521,718
Disability Retirees	0	0	0
DROP Members ¹	13,616,476	15,999,381	11,899,234
Total:	52,865,443	67,738,818	42,924,019
Present Value of Future Salaries	33,337,338	37,033,974	30,353,670
Present Value of Future Member Contributions	2,700,324	2,999,752	2,458,647
Total Normal Cost (Entry Age Normal)	730,935	1,134,925	484,345
Present Value of Future Normal Costs (Entry Age Normal)	4,713,017	8,399,504	2,762,569
Total Actuarial Accrued Liability ¹	48,152,426	59,339,314	40,161,450
Unfunded Actuarial Accrued Liability (Entry Age Normal)	6,922,834	18,109,722	(1,068,142)

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2018

Valuation Date: 10/1/2016

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Generational	5.50% RP-2000 Generational	9.50% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost	730,935	1,134,925	484,345
Administrative Expenses	71,349	71,349	71,349
Payment Required To Amortize UAAL	1,145,924	1,795,928	482,405
Total Required Contribution	\$1,948,208	\$3,002,202	\$1,038,099

¹ The asset values and liabilities for DROP Members include accumulated DROP Balances as of 10/1/2016.