



**FOSTER & FOSTER**  
ACTUARIES AND CONSULTANTS

---

February 9, 2017

VIA EMAIL

Mr. Larry Schrader  
Police Officers' Retirement Board  
City of Punta Gorda  
1410 S. Tamiami Trail  
Punta Gorda, Florida 33950

Re: City of Punta Gorda Police Officers' Retirement System  
Senate Bill 534 (Section 112.664, Florida Statutes) Compliance

Dear Larry:

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  
POLICE OFFICERS' 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	
	7.75% RP-2000 Generational	5.75% RP-2000 Generational	9.75% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	555,746	857,666	397,057
Interest	1,263,445	1,228,909	1,339,488
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(141,785)	(183,044)	(144,750)
Changes of Assumptions	377,986	(254,500)	(183,265)
Benefit Payments, Including Refunds of Employee Contributions	(1,043,059)	(1,043,059)	(1,043,059)
Net Change in Total Pension Liability	1,012,333	605,972	365,471
Total Pension Liability - Beginning	16,268,436	21,036,328	13,862,947
Total Pension Liability - Ending (a)	<u>\$ 17,280,769</u>	<u>\$ 21,642,300</u>	<u>\$ 14,228,418</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	409,363	409,363	409,363
Contributions - State	189,149	189,149	189,149
Contributions - Employee	175,660	175,660	175,660
Net Investment Income	1,108,041	1,108,041	1,108,041
Benefit Payments, Including Refunds of Employee Contributions	(1,043,059)	(1,043,059)	(1,043,059)
Administrative Expenses	(21,570)	(21,570)	(21,570)
Net Change in Plan Fiduciary Net Position	817,584	817,584	817,584
Plan Fiduciary Net Position - Beginning	14,141,023	14,141,023	14,141,023
Plan Fiduciary Net Position - Ending (b)	<u>\$ 14,958,607</u>	<u>\$ 14,958,607</u>	<u>\$ 14,958,607</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 2,322,162</u>	<u>\$ 6,683,693</u>	<u>\$ (730,189)</u>

**GASB 68: PENSION EXPENSE**  
FISCAL YEAR SEPTEMBER 30, 2016

	ACTUAL	HYPOTHETICAL	
	7.75%	5.75%	9.75%
Pension Expense	<u>\$ 637,002</u>	<u>\$ 1,052,319</u>	<u>\$ 383,526</u>

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

Table 1  
Plan Assumptions: 7.75% 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	14,958,607	-	886,886	-	1,124,925	15,196,646
2017	15,196,646	-	958,492	-	1,140,599	15,378,753
2018	15,378,753	-	1,042,814	-	1,151,444	15,487,383
2019	15,487,383	-	1,191,518	-	1,154,101	15,449,966
2020	15,449,966	-	1,251,823	-	1,148,864	15,347,007
2021	15,347,007	-	1,249,788	-	1,140,964	15,238,183
2022	15,238,183	-	1,289,580	-	1,130,988	15,079,591
2023	15,079,591	-	1,365,320	-	1,115,762	14,830,033
2024	14,830,033	-	1,362,177	-	1,096,543	14,564,399
2025	14,564,399	-	1,374,436	-	1,075,482	14,265,445
2026	14,265,445	-	1,371,125	-	1,052,441	13,946,761
2027	13,946,761	-	1,367,467	-	1,027,885	13,607,179
2028	13,607,179	-	1,374,039	-	1,001,312	13,234,452
2029	13,234,452	-	1,365,638	-	972,752	12,841,566
2030	12,841,566	-	1,360,956	-	942,484	12,423,094
2031	12,423,094	-	1,350,964	-	910,440	11,982,570
2032	11,982,570	-	1,330,732	-	877,083	11,528,921
2033	11,528,921	-	1,315,928	-	842,499	11,055,492
2034	11,055,492	-	1,303,491	-	806,290	10,558,291
2035	10,558,291	-	1,283,652	-	768,526	10,043,165
2036	10,043,165	-	1,259,156	-	729,553	9,513,562
2037	9,513,562	-	1,233,839	-	689,490	8,969,213
2038	8,969,213	-	1,206,862	-	648,348	8,410,699
2039	8,410,699	-	1,177,935	-	606,184	7,838,948
2040	7,838,948	-	1,147,220	-	563,064	7,254,792
2041	7,254,792	-	1,115,600	-	519,017	6,658,209
2042	6,658,209	-	1,083,197	-	474,037	6,049,049
2043	6,049,049	-	1,049,000	-	428,153	5,428,202
2044	5,428,202	-	1,013,602	-	381,409	4,796,009
2045	4,796,009	-	977,125	-	333,827	4,152,711
2046	4,152,711	-	939,629	-	285,424	3,498,506
2047	3,498,506	-	901,044	-	236,219	2,833,681
2048	2,833,681	-	861,584	-	186,224	2,158,321
2049	2,158,321	-	821,604	-	135,433	1,472,150
2050	1,472,150	-	781,320	-	83,815	774,645
2051	774,645	-	740,760	-	31,331	65,216
2052	65,216	-	699,972	-	-	-

\*All DROP Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 36.09

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.75% 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: 5.75% 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	14,958,607	-	886,886	-	834,622	14,906,343
2017	14,906,343	-	958,492	-	829,558	14,777,409
2018	14,777,409	-	1,042,814	-	819,720	14,554,315
2019	14,554,315	-	1,191,518	-	802,617	14,165,414
2020	14,165,414	-	1,251,823	-	778,521	13,692,112
2021	13,692,112	-	1,249,788	-	751,365	13,193,689
2022	13,193,689	-	1,289,580	-	721,562	12,625,671
2023	12,625,671	-	1,365,320	-	686,723	11,947,074
2024	11,947,074	-	1,362,177	-	647,794	11,232,691
2025	11,232,691	-	1,374,436	-	606,365	10,464,620
2026	10,464,620	-	1,371,125	-	562,296	9,655,791
2027	9,655,791	-	1,367,467	-	515,893	8,804,217
2028	8,804,217	-	1,374,039	-	466,739	7,896,917
2029	7,896,917	-	1,365,638	-	414,811	6,946,090
2030	6,946,090	-	1,360,956	-	360,273	5,945,407
2031	5,945,407	-	1,350,964	-	303,021	4,897,464
2032	4,897,464	-	1,330,732	-	243,346	3,810,078
2033	3,810,078	-	1,315,928	-	181,247	2,675,397
2034	2,675,397	-	1,303,491	-	116,360	1,488,266
2035	1,488,266	-	1,283,652	-	48,670	253,284

\*All DROP Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 20.20

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.75% 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: 9.75% 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	14,958,607	-	886,886	-	1,415,228	15,486,949
2017	15,486,949	-	958,492	-	1,463,251	15,991,708
2018	15,991,708	-	1,042,814	-	1,508,354	16,457,248
2019	16,457,248	-	1,191,518	-	1,546,495	16,812,225
2020	16,812,225	-	1,251,823	-	1,578,166	17,138,568
2021	17,138,568	-	1,249,788	-	1,610,083	17,498,863
2022	17,498,863	-	1,289,580	-	1,643,272	17,852,555
2023	17,852,555	-	1,365,320	-	1,674,065	18,161,300
2024	18,161,300	-	1,362,177	-	1,704,321	18,503,444
2025	18,503,444	-	1,374,436	-	1,737,082	18,866,090
2026	18,866,090	-	1,371,125	-	1,772,601	19,267,566
2027	19,267,566	-	1,367,467	-	1,811,924	19,712,023
2028	19,712,023	-	1,374,039	-	1,854,938	20,192,922
2029	20,192,922	-	1,365,638	-	1,902,235	20,729,519
2030	20,729,519	-	1,360,956	-	1,954,781	21,323,344
2031	21,323,344	-	1,350,964	-	2,013,167	21,985,547
2032	21,985,547	-	1,330,732	-	2,078,718	22,733,533
2033	22,733,533	-	1,315,928	-	2,152,368	23,569,973
2034	23,569,973	-	1,303,491	-	2,234,527	24,501,009
2035	24,501,009	-	1,283,652	-	2,326,270	25,543,627
2036	25,543,627	-	1,259,156	-	2,429,120	26,713,591
2037	26,713,591	-	1,233,839	-	2,544,425	28,024,177
2038	28,024,177	-	1,206,862	-	2,673,523	29,490,838
2039	29,490,838	-	1,177,935	-	2,817,932	31,130,835
2040	31,130,835	-	1,147,220	-	2,979,329	32,962,944
2041	32,962,944	-	1,115,600	-	3,159,502	35,006,846
2042	35,006,846	-	1,083,197	-	3,360,362	37,284,011
2043	37,284,011	-	1,049,000	-	3,584,052	39,819,063
2044	39,819,063	-	1,013,602	-	3,832,946	42,638,407
2045	42,638,407	-	977,125	-	4,109,610	45,770,892
2046	45,770,892	-	939,629	-	4,416,855	49,248,118
2047	49,248,118	-	901,044	-	4,757,766	53,104,840
2048	53,104,840	-	861,584	-	5,135,720	57,378,976
2049	57,378,976	-	821,604	-	5,554,397	62,111,769
2050	62,111,769	-	781,320	-	6,017,808	67,348,257
2051	67,348,257	-	740,760	-	6,530,343	73,137,840
2052	73,137,840	-	699,972	-	7,096,816	79,534,684
2053	79,534,684	-	659,177	-	7,722,497	86,598,004
2054	86,598,004	-	618,472	-	8,413,155	94,392,687
2055	94,392,687	-	578,084	-	9,175,105	102,989,708
2056	102,989,708	-	538,331	-	10,015,253	112,466,630
2057	112,466,630	-	499,310	-	10,941,155	122,908,475
2058	122,908,475	-	461,197	-	11,961,093	134,408,371
2059	134,408,371	-	424,070	-	13,084,143	147,068,444
2060	147,068,444	-	387,843	-	14,320,266	161,000,867
2061	161,000,867	-	352,818	-	15,680,385	176,328,434
2062	176,328,434	-	319,363	-	17,176,453	193,185,524
2063	193,185,524	-	287,479	-	18,821,574	211,719,619
2064	211,719,619	-	257,326	-	20,630,118	232,092,411
2065	232,092,411	-	228,969	-	22,617,848	254,481,290

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

Table 3  
Hypothetical Assumptions: 9.75% 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	254,481,290	-	202,420	-	24,802,058	279,080,928
2067	279,080,928	-	177,847	-	27,201,720	306,104,801
2068	306,104,801	-	155,371	-	29,837,644	335,787,074
2069	335,787,074	-	134,988	-	32,732,659	368,384,745
2070	368,384,745	-	116,961	-	35,911,811	404,179,595
2071	404,179,595	-	101,404	-	39,402,567	443,480,758
2072	443,480,758	-	88,013	-	43,235,083	486,627,828
2073	486,627,828	-	76,508	-	47,442,483	533,993,803
2074	533,993,803	-	66,621	-	52,061,148	585,988,330
2075	585,988,330	-	58,056	-	57,131,032	643,061,306
2076	643,061,306	-	50,558	-	62,696,013	705,706,761
2077	705,706,761	-	43,932	-	68,804,268	774,467,097
2078	774,467,097	-	38,001	-	75,508,689	849,937,785
2079	849,937,785	-	32,706	-	82,867,340	932,772,419
2080	932,772,419	-	28,020	-	90,943,945	1,023,688,344
2081	1,023,688,344	-	23,850	-	99,808,451	1,123,472,945
2082	1,123,472,945	-	20,122	-	109,537,631	1,232,990,454
2083	1,232,990,454	-	16,791	-	120,215,751	1,353,189,414
2084	1,353,189,414	-	13,816	-	131,935,294	1,485,110,892
2085	1,485,110,892	-	11,176	-	144,797,767	1,629,897,483
2086	1,629,897,483	-	8,910	-	158,914,570	1,788,803,143
2087	1,788,803,143	-	7,008	-	174,407,965	1,963,204,100
2088	1,963,204,100	-	5,436	-	191,412,135	2,154,610,799
2089	2,154,610,799	-	4,167	-	210,074,350	2,364,680,982
2090	2,364,680,982	-	3,153	-	230,556,242	2,595,234,071
2091	2,595,234,071	-	2,356	-	253,035,207	2,848,266,922
2092	2,848,266,922	-	1,734	-	277,705,940	3,125,971,128
2093	3,125,971,128	-	1,260	-	304,782,124	3,430,751,992
2094	3,430,751,992	-	902	-	334,498,275	3,765,249,365
2095	3,765,249,365	-	639	-	367,111,782	4,132,360,508
2096	4,132,360,508	-	449	-	402,905,128	4,535,265,187
2097	4,535,265,187	-	312	-	442,188,341	4,977,453,216
2098	4,977,453,216	-	215	-	485,301,678	5,462,754,679
2099	5,462,754,679	-	147	-	532,618,574	5,995,373,106
2100	5,995,373,106	-	99	-	584,548,873	6,579,921,880
2101	6,579,921,880	-	65	-	641,542,380	7,221,464,195
2102	7,221,464,195	-	42	-	704,092,757	7,925,556,910
2103	7,925,556,910	-	27	-	772,741,797	8,698,298,680
2104	8,698,298,680	-	17	-	848,084,120	9,546,382,783
2105	9,546,382,783	-	11	-	930,772,321	10,477,155,093
2106	10,477,155,093	-	7	-	1,021,522,621	11,498,677,707
2107	11,498,677,707	-	4	-	1,121,121,076	12,619,798,779
2108	12,619,798,779	-	2	-	1,230,430,381	13,850,229,158
2109	13,850,229,158	-	1	-	1,350,397,343	15,200,626,500
2110	15,200,626,500	-	1	-	1,482,061,084	16,682,687,583
2111	16,682,687,583	-	-	-	1,626,562,039	18,309,249,622

\*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 9.75% 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, 2018

Valuation Date: 10/1/2016

	ACTUAL	HYPOTHETICAL	
	7.75% RP-2000 Generational	5.75% RP-2000 Generational	9.75% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$830,785	\$1,357,837	\$483,624
Total Required Contribution (% of Payroll)	34.6%	56.5%	20.1%
Expected Member Contribution	192,417	192,417	192,417
Expected State Money	189,149	189,149	189,149
Expected Sponsor Contribution (Fixed \$)	\$449,219	\$976,271	\$102,058
Expected Sponsor Contribution (% of Payroll)	18.7%	40.6%	4.2%
<b>ASSETS</b>			
Actuarial Value <sup>1</sup>	15,494,704	15,494,704	15,494,704
Market Value <sup>1</sup>	14,958,607	14,958,607	14,958,607
<b>LIABILITIES</b>			
Present Value of Benefits			
Active Members			
Retirement Benefits	10,740,582	15,153,045	7,974,884
Disability Benefits	89,566	118,136	70,327
Death Benefits	249,541	357,777	183,804
Vested Benefits	650,588	1,076,647	479,305
Refund of Contributions	64,454	17,042	16,159
Service Retirees	7,003,834	8,490,126	5,937,561
DROP Retirees <sup>1</sup>	727,168	877,354	621,313
Beneficiaries	175,422	204,815	153,507
Disability Retirees	840,514	992,065	726,974
Terminated Vested	461,736	604,575	367,823
Excess State Monies Reserve	0	0	0
Total:	21,003,405	27,891,582	16,531,657
Present Value of Future Salaries	13,886,620	15,259,068	12,749,312
Present Value of Future Member Contributions	1,110,930	1,220,725	1,019,945
Total Normal Cost	636,705	935,985	456,249
Present Value of Future Normal Costs (Entry Age Normal)	3,482,333	5,880,043	2,149,270
Total Actuarial Accrued Liability <sup>1</sup>	17,106,803	21,597,271	13,968,118
Unfunded Actuarial Accrued Liability (UAAL)	1,612,099	6,102,567	(1,526,586)

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

Valuation Date: 10/1/2016

	ACTUAL	HYPOTHETICAL	
	7.75% RP-2000 Generational	5.75% RP-2000 Generational	9.75% RP-2000 Generational
<b><u>PENSION COST</u></b>			
Normal Cost <sup>2</sup>	674,907	992,144	483,624
Administrative Expenses <sup>2</sup>	22,864	22,864	22,864
Payment Required To Amortize UAAL <sup>2</sup>	133,014	342,829	(89,618)
Total Required Contribution	\$830,785	\$1,357,837	\$483,624 <sup>3</sup>

<sup>1</sup> The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2016.

<sup>2</sup> Contributions developed as of 10/1/2016 displayed above have been adjusted to account for assumed salary increases.

<sup>3</sup> Per Florida Statutes, the Minimum Required Contribution may be no less than the Normal Cost.