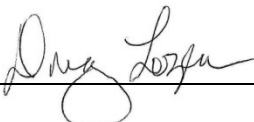


CITY OF NAPLES
FIREFIGHTERS' PENSION AND RETIREMENT SYSTEM

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:  Date: 6/24/2015

Douglas H. Lozen, EA, MAAA
Enrolled Actuary #14-7778



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, 2014 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 AND RELATED RATIOS

	HYPOTHETICAL		
	ACTUAL	7.50% RP-2000 Static 9/30/14	7.50% RP-2000 Generational 9/30/14
<u>Total Pension Liability</u>			
Service Cost	981,492	1,012,965	1,648,303
Interest	3,896,369	3,995,546	3,898,888
Change in Excess State Money	-	-	-
Share Plan Allocation	-	-	-
Changes of Benefit Terms			
Differences Between Expected and Actual Experience	-	-	-
Changes of Assumptions			
Benefit Payments, Including Refunds of Employee Contributions	(1,911,491)	(1,911,491)	(1,911,491)
Net Change in Total Pension Liability	2,966,370	3,097,020	3,635,699
Total Pension Liability - Beginning	51,925,842	53,216,727	70,196,310
Total Pension Liability - Ending (a)	\$ 54,892,212	\$ 56,313,747	\$ 73,832,010
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	1,342,378	1,342,378	1,342,378
Contributions - State	871,999	871,999	871,999
Contributions - Employee	177,737	177,737	177,737
Net Investment Income	4,986,191	4,986,191	4,986,191
Benefit Payments, Including Refunds of Employee Contributions	(1,911,491)	(1,911,491)	(1,911,491)
Administrative Expense	(55,927)	(55,927)	(55,927)
Other	-	-	-
Net Change in Plan Fiduciary Net Position	5,410,887	5,410,887	5,410,887
Plan Fiduciary Net Position - Beginning	39,294,015	39,294,015	39,294,015
Plan Fiduciary Net Position - Ending (b)	\$ 44,704,902	\$ 44,704,902	\$ 44,704,902
Net Pension Liability - Ending (a) - (b)	\$ 10,187,310	\$ 11,608,846	\$ 29,127,108

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.50% and RP-2000 Static Mortality

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2014	44,704,902	-	3,460,350	-	3,223,105	44,467,657
2015	44,467,657	-	2,620,804	-	3,236,794	45,083,647
2016	45,083,647	-	3,028,916	-	3,267,689	45,322,420
2017	45,322,420	-	3,101,072	-	3,282,891	45,504,239
2018	45,504,239	-	3,258,674	-	3,290,618	45,536,183
2019	45,536,183	-	3,463,933	-	3,285,316	45,357,566
2020	45,357,566	-	3,741,180	-	3,261,523	44,877,909
2021	44,877,909	-	3,907,750	-	3,219,303	44,189,462
2022	44,189,462	-	4,023,723	-	3,163,320	43,329,059
2023	43,329,059	-	4,194,331	-	3,092,392	42,227,120
2024	42,227,120	-	4,514,141	-	2,997,754	40,710,733
2025	40,710,733	-	4,686,666	-	2,877,555	38,901,622
2026	38,901,622	-	4,789,773	-	2,738,005	36,849,854
2027	36,849,854	-	4,889,283	-	2,580,391	34,540,962
2028	34,540,962	-	5,016,059	-	2,402,470	31,927,373
2029	31,927,373	-	5,112,826	-	2,202,822	29,017,369
2030	29,017,369	-	5,240,377	-	1,979,789	25,756,781
2031	25,756,781	-	5,407,667	-	1,728,971	22,078,085
2032	22,078,085	-	5,539,055	-	1,448,142	17,987,172
2033	17,987,172	-	5,626,206	-	1,138,055	13,499,021
2034	13,499,021	-	5,680,011	-	799,426	8,618,436
2035	8,618,436	-	5,740,104	-	431,129	3,309,461
2036	3,309,461	-	5,779,663	-	-	-

*All DROP and Share Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 22.57

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.50% interest.

It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent.

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 2
Hypothetical Assumptions: 7.50% and RP-2000 Generational Mortality

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2014	44,704,902	-	3,460,350	-	3,223,105	44,467,657
2015	44,467,657	-	2,620,822	-	3,236,793	45,083,628
2016	45,083,628	-	3,029,028	-	3,267,684	45,322,284
2017	45,322,284	-	3,101,340	-	3,282,871	45,503,815
2018	45,503,815	-	3,259,196	-	3,290,566	45,535,185
2019	45,535,185	-	3,464,925	-	3,285,204	45,355,464
2020	45,355,464	-	3,742,773	-	3,261,306	44,873,997
2021	44,873,997	-	3,910,087	-	3,218,922	44,182,832
2022	44,182,832	-	4,027,193	-	3,162,693	43,318,332
2023	43,318,332	-	4,199,317	-	3,091,401	42,210,416
2024	42,210,416	-	4,523,979	-	2,996,132	40,682,569
2025	40,682,569	-	4,699,699	-	2,874,954	38,857,824
2026	38,857,824	-	4,808,202	-	2,734,029	36,783,651
2027	36,783,651	-	4,912,883	-	2,574,541	34,445,309
2028	34,445,309	-	5,046,418	-	2,394,158	31,793,049
2029	31,793,049	-	5,151,552	-	2,191,295	28,832,792
2030	28,832,792	-	5,290,137	-	1,964,079	25,506,734
2031	25,506,734	-	5,470,011	-	1,707,880	21,744,603
2032	21,744,603	-	5,615,651	-	1,420,258	17,549,210
2033	17,549,210	-	5,719,815	-	1,101,698	12,931,093
2034	12,931,093	-	5,794,793	-	752,527	7,888,827
2035	7,888,827	-	5,878,186	-	371,230	2,381,871
2036	2,381,871	-	5,943,773	-	-	-

*All DROP and Share Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 22.40

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.50% interest.

It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent.

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3
Hypothetical Assumptions: 5.50% and RP-2000 Generational Mortality

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2014	44,704,902	-	3,460,350	-	2,363,610	43,608,162
2015	43,608,162	-	2,620,822	-	2,326,376	43,313,716
2016	43,313,716	-	3,029,028	-	2,298,956	42,583,644
2017	42,583,644	-	3,101,340	-	2,256,814	41,739,118
2018	41,739,118	-	3,259,196	-	2,206,024	40,685,946
2019	40,685,946	-	3,464,925	-	2,142,442	39,363,463
2020	39,363,463	-	3,742,773	-	2,062,064	37,682,754
2021	37,682,754	-	3,910,087	-	1,965,024	35,737,691
2022	35,737,691	-	4,027,193	-	1,854,825	33,565,323
2023	33,565,323	-	4,199,317	-	1,730,612	31,096,618
2024	31,096,618	-	4,523,979	-	1,585,905	28,158,544
2025	28,158,544	-	4,699,699	-	1,419,478	24,878,323
2026	24,878,323	-	4,808,202	-	1,236,082	21,306,203
2027	21,306,203	-	4,912,883	-	1,036,737	17,430,057
2028	17,430,057	-	5,046,418	-	819,877	13,203,516
2029	13,203,516	-	5,151,552	-	584,526	8,636,490
2030	8,636,490	-	5,290,137	-	329,528	3,675,881
2031	3,675,881	-	5,470,011	-	-	-

*All DROP and Share Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 17.67

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.50% interest.

It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent.

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2016

Valuation Date: 10/1/2014

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Static	7.50% RP-2000 Generational	5.50% RP-2000 Generational
Total Required Contribution	\$2,260,737	\$2,388,349	\$3,787,316
Expected Member Contribution	151,231	151,231	151,231
Expected State Money	871,999	871,999	871,999
Expected Sponsor Incentive Contribution	57,135	57,135	57,135
Expected Sponsor Contribution (Fixed \$)	\$1,180,372	\$1,307,984	\$2,706,951
Expected Sponsor Contribution (% of Payroll)	38.64%	42.82%	88.60%

ASSETS

Actuarial Value ¹	40,930,065	40,930,065	40,930,065
Market Value ¹	44,704,902	44,704,902	44,704,902

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	19,288,203	19,931,758	30,314,900
Disability Benefits	1,157,775	1,202,477	1,762,001
Death Benefits	95,719	86,730	125,960
Vested Benefits	99,670	104,461	200,632
Refund of Contributions	16,742	16,742	17,073
Service Retirees	31,397,127	32,067,336	41,430,190
DROP Retirees ¹	7,737,083	7,935,225	10,236,133
Beneficiaries	67,325	68,110	77,981
Terminated Vested	413,938	424,817	587,071
Disability Retirees	588,336	599,157	747,459
Share Balances ¹	795,104	795,104	795,104
Total:	61,657,022	63,231,917	86,294,504
Present Value of Future Salaries	27,637,710	27,645,968	31,154,182
Present Value of Future Member Contributions	1,368,808	1,369,215	1,541,939
Total Normal Cost (Entry Age Normal)	837,668	865,132	1,397,593
Present Value of Future Normal Costs (Entry Age Normal)	6,847,693	7,085,829	12,699,365
Total Actuarial Accrued Liability ¹	54,809,329	56,146,088	73,595,139
Unfunded Actuarial Accrued Liability (UAAL)	13,879,264	15,216,023	32,665,074

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2016

Valuation Date: 10/1/2014

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Static	7.50% RP-2000 Generational	5.50% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost (with interest)	869,081	897,574	1,436,027
Administrative Expenses (with interest)	58,024	58,024	57,465
Payment Required To Amortize UAAL (with interest)	1,333,632	1,432,751	2,293,824
Total Required Contribution	\$2,260,737	\$2,388,349	\$3,787,316

¹ The asset values include accumulated Share Balances as of 9/30/2014. Additionally, assets and DROP liabilities include accumulated DROP Balances as of 9/30/2014.