

CITY OF NAPLES
GENERAL 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

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Static 9/30/2014	7.50% RP-2000 Generational 9/30/2014	5.50% RP-2000 Generational 9/30/2014
<u>Total Pension Liability</u>			
Service Cost	1,471,441	1,513,558	2,237,260
Interest	4,418,330	4,509,329	4,095,225
Change in Excess State Money	-	-	-
Change in Funding Standard Account	-	-	-
Share Plan Allocation	-	-	-
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	-	-	-
Changes of Assumptions	-	-	-
Contributions - Buy Back	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(3,888,957)	(3,888,957)	(3,888,957)
Net Change in Total Pension Liability	2,000,814	2,133,930	2,443,528
Total Pension Liability - Beginning	59,384,106	60,555,311	74,165,848
Total Pension Liability - Ending (a)	<u>61,384,920</u>	<u>\$ 62,689,241</u>	<u>\$ 76,609,376</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	1,924,183	1,924,183	1,924,183
Contributions - State	-	-	-
Contributions - Employee	715,147	715,147	715,147
Contributions - Buy Back	-	-	-
Net Investment Income	5,868,861	5,868,861	5,868,861
Benefit Payments, Including Refunds of Employee Contributions	(3,888,957)	(3,888,957)	(3,888,957)
Administrative Expense	(128,474)	(128,474)	(128,474)
Other	-	-	-
Net Change in Plan Fiduciary Net Position	4,490,760	4,490,760	4,490,760
Plan Fiduciary Net Position - Beginning	46,745,385	46,745,385	46,745,385
Plan Fiduciary Net Position - Ending (b)	<u>\$ 51,236,145</u>	<u>\$ 51,236,145</u>	<u>\$ 51,236,145</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 10,148,775</u>	<u>\$ 11,453,096</u>	<u>\$ 25,373,231</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.50% and RP-2000 Static 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
2014	51,236,145	-	4,910,017	-	3,658,585	49,984,713
2015	49,984,713	-	4,509,477	-	3,579,748	49,054,984
2016	49,054,984	-	4,782,755	-	3,499,770	47,771,999
2017	47,771,999	-	4,900,464	-	3,399,133	46,270,668
2018	46,270,668	-	5,015,687	-	3,282,212	44,537,193
2019	44,537,193	-	5,105,805	-	3,148,822	42,580,210
2020	42,580,210	-	5,209,731	-	2,998,151	40,368,630
2021	40,368,630	-	5,254,922	-	2,830,588	37,944,296
2022	37,944,296	-	5,303,993	-	2,646,922	35,287,225
2023	35,287,225	-	5,326,378	-	2,446,803	32,407,650
2024	32,407,650	-	5,330,865	-	2,230,666	29,307,451
2025	29,307,451	-	5,298,526	-	1,999,364	26,008,289
2026	26,008,289	-	5,247,623	-	1,753,836	22,514,502
2027	22,514,502	-	5,197,626	-	1,493,677	18,810,553
2028	18,810,553	-	5,103,564	-	1,219,408	14,926,397
2029	14,926,397	-	4,971,096	-	933,064	10,888,365
2030	10,888,365	-	4,849,144	-	634,784	6,674,005
2031	6,674,005	-	4,690,748	-	324,647	2,307,904
2032	2,307,904	-	4,527,246	-	-	-

Number of Years Expected Benefit Payments Sustained: 18.51

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. 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: 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
2014	51,236,145	-	4,910,017	-	3,658,585	49,984,713
2015	49,984,713	-	4,509,405	-	3,579,751	49,055,059
2016	49,055,059	-	4,783,341	-	3,499,754	47,771,472
2017	47,771,472	-	4,902,573	-	3,399,014	46,267,913
2018	46,267,913	-	5,020,241	-	3,281,834	44,529,506
2019	44,529,506	-	5,113,867	-	3,147,943	42,563,582
2020	42,563,582	-	5,222,392	-	2,996,429	40,337,619
2021	40,337,619	-	5,273,471	-	2,827,566	37,891,714
2022	37,891,714	-	5,329,601	-	2,642,019	35,204,132
2023	35,204,132	-	5,360,277	-	2,439,300	32,283,155
2024	32,283,155	-	5,374,303	-	2,219,700	29,128,552
2025	29,128,552	-	5,352,701	-	1,983,915	25,759,766
2026	25,759,766	-	5,313,640	-	1,732,721	22,178,847
2027	22,178,847	-	5,276,664	-	1,465,539	18,367,722
2028	18,367,722	-	5,196,639	-	1,182,705	14,353,788
2029	14,353,788	-	5,079,039	-	886,070	10,160,819
2030	10,160,819	-	4,972,886	-	575,578	5,763,511
2031	5,763,511	-	4,830,855	-	251,106	1,183,762
2032	1,183,762	-	4,684,235	-	-	-

Number of Years Expected Benefit Payments Sustained: 18.25

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. 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: 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
2014	51,236,145	-	4,910,017	-	2,682,963	49,009,091
2015	49,009,091	-	4,509,405	-	2,571,491	47,071,177
2016	47,071,177	-	4,783,341	-	2,457,373	44,745,209
2017	44,745,209	-	4,902,573	-	2,326,166	42,168,802
2018	42,168,802	-	5,020,241	-	2,181,227	39,329,788
2019	39,329,788	-	5,113,867	-	2,022,507	36,238,428
2020	36,238,428	-	5,222,392	-	1,849,498	32,865,534
2021	32,865,534	-	5,273,471	-	1,662,584	29,254,647
2022	29,254,647	-	5,329,601	-	1,462,442	25,387,488
2023	25,387,488	-	5,360,277	-	1,248,904	21,276,115
2024	21,276,115	-	5,374,303	-	1,022,393	16,924,205
2025	16,924,205	-	5,352,701	-	783,632	12,355,136
2026	12,355,136	-	5,313,640	-	533,407	7,574,903
2027	7,574,903	-	5,276,664	-	271,511	2,569,750
2028	2,569,750	-	5,196,639	-	-	-

Number of Years Expected Benefit Payments Sustained: 14.49

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. 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, 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	\$2,683,682	\$2,794,794	\$3,910,908
Expected Member Contribution	701,522	701,522	698,354
Expected Sponsor Contribution (Fixed \$)	\$1,982,160	\$2,093,272	\$3,212,554
Expected Sponsor Contribution (% of Payroll)	12.52%	13.22%	20.28%

ASSETS

Actuarial Value	46,476,025	46,476,025	46,476,025
Market Value	51,236,145	51,236,145	51,236,145

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	32,165,144	33,080,631	45,108,747
Disability Benefits	784,447	819,523	1,148,200
Death Benefits	361,181	325,553	378,406
Vested Benefits	1,337,098	1,404,093	2,445,846
Refund of Contributions	976,330	976,667	1,096,338
Service Retirees	32,547,621	33,011,209	38,640,193
DROP Retirees	0	0	0
Beneficiaries	1,092,041	1,102,753	1,286,184
Terminated Vested	1,986,936	2,029,374	2,664,522
Disability Retirees	86,059	88,727	101,617
Total:	71,336,857	72,838,530	92,870,053
Present Value of Future Salaries	110,882,815	110,969,173	123,957,258
Present Value of Future Member Contributions	4,910,463	4,914,132	5,471,297
Total Normal Cost (Entry Age Normal)	1,344,106	1,385,345	2,069,008
Present Value of Future Normal Costs (Entry Age Normal)	7,919,378	8,218,563	13,909,741
Total Actuarial Accrued Liability	63,417,479	64,619,967	78,960,312
Unfunded Actuarial Accrued Liability (Entry Age Normal)	16,941,454	18,143,942	32,484,287

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

Valuation Date: 10/1/2014

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>	
	7.50% RP-2000 Static	7.50% RP-2000 Generational	5.50% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost (with interest)	1,394,510	1,437,295	2,125,906
Administrative Expenses (with interest)	133,292	133,292	132,007
Payment Required To Amortize UAAL (with interest)	<u>1,155,880</u>	<u>1,224,207</u>	<u>1,652,995</u>
Total Required Contribution	\$2,683,682	\$2,794,794	\$3,910,908