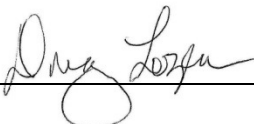


CITY OF NAPLES
POLICE OFFICERS' RETIREMENT TRUST FUND

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	5,50% RP-2000 Generational 9/30/14
<u>Total Pension Liability</u>			
Service Cost	944,053	966,004	1,514,985
Interest	4,254,147	4,324,102	4,064,958
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	(2,630,150)	(2,630,150)	(2,630,150)
Net Change in Total Pension Liability	2,568,050	2,659,956	2,949,793
Total Pension Liability - Beginning	57,092,980	58,003,761	73,708,409
Total Pension Liability - Ending (a)	\$ 59,661,030	\$ 60,663,717	\$ 76,658,202
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	1,672,462	1,672,462	1,672,462
Contributions - State	540,981	540,981	540,981
Contributions - Employee	229,089	229,089	229,089
Net Investment Income	4,746,677	4,746,677	4,746,677
Benefit Payments, Including Refunds of Employee Contributions	(2,630,150)	(2,630,150)	(2,630,150)
Administrative Expense	(73,395)	(73,395)	(73,395)
Other	5,556	5,556	5,556
Net Change in Plan Fiduciary Net Position	4,491,220	4,491,220	4,491,220
Plan Fiduciary Net Position - Beginning	37,977,023	37,977,023	37,977,023
Plan Fiduciary Net Position - Ending (b)	\$ 42,468,243	\$ 42,468,244	\$ 42,468,244
Net Pension Liability - Ending (a) - (b)	\$ 17,192,787	\$ 18,195,473	\$ 34,189,958

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	42,468,244	-	4,306,394	-	3,023,629	41,185,479
2015	41,185,479	-	3,771,470	-	2,947,481	40,361,490
2016	40,361,490	-	3,917,705	-	2,880,198	39,323,983
2017	39,323,983	-	4,109,638	-	2,795,187	38,009,532
2018	38,009,532	-	4,254,252	-	2,691,180	36,446,460
2019	36,446,460	-	4,393,963	-	2,568,711	34,621,208
2020	34,621,208	-	4,575,414	-	2,425,013	32,470,807
2021	32,470,807	-	4,684,559	-	2,259,640	30,045,888
2022	30,045,888	-	4,883,990	-	2,070,292	27,232,190
2023	27,232,190	-	5,025,133	-	1,853,972	24,061,029
2024	24,061,029	-	5,088,140	-	1,613,772	20,586,661
2025	20,586,661	-	5,117,885	-	1,352,079	16,820,855
2026	16,820,855	-	5,178,805	-	1,067,359	12,709,409
2027	12,709,409	-	5,208,708	-	757,879	8,258,580
2028	8,258,580	-	5,222,954	-	423,533	3,459,159
2029	3,459,159	-	5,241,451	-	-	-

*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 15.66

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	42,468,244	-	4,306,394	-	3,023,629	41,185,479
2015	41,185,479	-	3,771,507	-	2,947,479	40,361,451
2016	40,361,451	-	3,917,902	-	2,880,188	39,323,737
2017	39,323,737	-	4,110,156	-	2,795,149	38,008,730
2018	38,008,730	-	4,255,265	-	2,691,082	36,444,547
2019	36,444,547	-	4,395,751	-	2,568,500	34,617,296
2020	34,617,296	-	4,578,361	-	2,424,609	32,463,544
2021	32,463,544	-	4,688,837	-	2,258,934	30,033,641
2022	30,033,641	-	4,890,216	-	2,069,140	27,212,565
2023	27,212,565	-	5,033,861	-	1,852,173	24,030,877
2024	24,030,877	-	5,101,020	-	1,611,028	20,540,885
2025	20,540,885	-	5,135,216	-	1,347,996	16,753,665
2026	16,753,665	-	5,201,206	-	1,061,480	12,613,939
2027	12,613,939	-	5,237,177	-	749,651	8,126,413
2028	8,126,413	-	5,258,303	-	412,295	3,280,405
2029	3,280,405	-	5,284,751	-	-	-

*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 15.62

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	42,468,244	-	4,306,394	-	2,217,328	40,379,178
2015	40,379,178	-	3,771,507	-	2,117,138	38,724,809
2016	38,724,809	-	3,917,902	-	2,022,122	36,829,029
2017	36,829,029	-	4,110,156	-	1,912,567	34,631,440
2018	34,631,440	-	4,255,265	-	1,787,709	32,163,884
2019	32,163,884	-	4,395,751	-	1,648,130	29,416,263
2020	29,416,263	-	4,578,361	-	1,491,990	26,329,892
2021	26,329,892	-	4,688,837	-	1,319,201	22,960,256
2022	22,960,256	-	4,890,216	-	1,128,333	19,198,373
2023	19,198,373	-	5,033,861	-	917,479	15,081,991
2024	15,081,991	-	5,101,020	-	689,231	10,670,202
2025	10,670,202	-	5,135,216	-	445,643	5,980,629
2026	5,980,629	-	5,201,206	-	185,901	965,324
2027	965,324	-	5,237,177	-	-	-

*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 13.18

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	\$2,793,645	\$2,882,664	\$4,026,517
Expected Member Contribution	204,921	204,921	204,480
Expected State Money	540,981	540,981	540,981
Expected Sponsor Incentive Contribution	40,356	40,356	40,356
Expected Sponsor Contribution (Fixed \$)	\$2,007,387	\$2,096,406	\$3,240,700
Expected Sponsor Contribution (% of Payroll)	45.54%	47.56%	73.53%

ASSETS

Actuarial Value ¹	38,734,162	38,734,162	38,734,162
Market Value ¹	42,468,244	42,468,244	42,468,244

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	21,565,355	22,039,624	30,502,327
Disability Benefits	1,001,954	1,027,999	1,416,797
Death Benefits	128,208	119,770	167,269
Vested Benefits	1,116,668	1,151,226	1,903,076
Refund of Contributions	29,932	29,934	31,136
Service Retirees	29,764,893	30,159,963	37,172,016
Beneficiaries	1,594,414	1,615,459	1,928,188
Terminated Vested	1,520,000	1,546,323	2,062,529
Disability Retirees	1,162,711	1,175,834	1,464,039
DROP Retirees ¹	6,476,645	6,559,528	8,044,409
Excess State Monies Reserve	0	0	0
Total:	64,360,780	65,425,660	84,691,786
Present Value of Future Salaries	27,969,220	27,977,385	30,685,816
Present Value of Future Member Contributions	1,300,854	1,301,181	1,422,604
Total Normal Cost (Entry Age Normal)	840,692	860,223	1,341,473
Present Value of Future Normal Costs (Entry Age Normal)	4,447,300	4,566,107	7,834,708
Total Actuarial Accrued Liability ¹	59,913,480	60,859,553	76,857,078
Unfunded Actuarial Accrued Liability (UAAL)	21,179,318	22,125,391	38,122,916

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)	872,218	892,481	1,378,364
Administrative Expenses (with interest)	76,147	76,147	75,413
Payment Required To Amortize UAAL (with interest)	1,845,280	1,914,036	2,572,740
Total Required Contribution	\$2,793,645	\$2,882,664	\$4,026,517

¹ The asset values and liabilities for DROP Members include accumulated DROP Balances as of 09/30/14.