

CITY OF NAPLES GENERAL RETIREMENT SYSTEM
ACTUARIAL VALUATION REPORT AS OF OCTOBER 1, 2008

ANNUAL EMPLOYER CONTRIBUTION FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2010

November 4, 2008

Board of Trustees
City of Naples General Employees
Retirement System
Naples, Florida

Dear Trustees:

We are pleased to present our October 1, 2008 Actuarial Valuation Report for the Plan. The purpose of the Report is to set forth required contribution levels, to disclose plan assets and actuarial liabilities, to comment on funding progress and to provide supporting information regarding the operation of the Plan. This Report is also designed to comply with requirements of the State.

The valuation was performed on the basis of employee, retiree and financial information supplied by the City. Although we did not audit this information, it was reviewed for reasonableness and comparability to prior years.

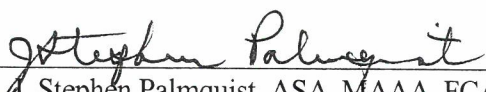
The benefits valued are outlined at the end of the Report. Actuarial assumptions and the actuarial cost method are also described herein. Any changes in benefits, assumptions or methods are described in the first section.

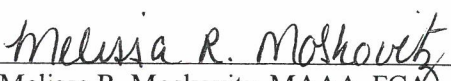
As indicated below, the undersigned are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the Academy of Actuaries to render the actuarial opinion herein.

We will be pleased to answer any questions pertaining to the valuation and to meet with you to review this Report.

Respectfully submitted,


GABRIEL, ROEDER, SMITH AND COMPANY

By: 
J. Stephen Palmquist, ASA, MAAA, FCA
Enrolled Actuary No. 08-1560

By: 
Melissa R. Moskovitz, MAAA, FCA
Enrolled Actuary No. 08-6467

STATEMENT BY ENROLLED ACTUARY

This actuarial valuation and/or cost determination was 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. In my opinion, the techniques and assumptions used are reasonable, meet the requirements and intent of Part VII, Chapter 112, Florida Statutes, and are based on generally accepted actuarial principles and practices. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current cost have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.


Signature

11-4-08
Date

08-1560
Enrollment Number

TABLE OF CONTENTS

Section	Title	Page
A	Discussion of Valuation Results	1
B	Valuation Results	
	1. Participant Data	4
	2. Annual Required Contribution	5
	3. Actuarial Value of Benefit and Assets	6
	4. Calculation of Employer Normal Cost	7
	5. Liquidation of the Unfunded Actuarial Accrued Liability	8
	6. Actuarial Gains and Losses	9
	7. Recent History of Valuation Results	14
	8. Recent History of Required and Actual Contributions	16
	9. Actuarial Assumptions and Cost Method	17
	10. Glossary of Terms	21
C	Pension Fund Information	
	1. Summary of Assets	24
	2. Pension Fund Income and Disbursements	25
	3. Reconciliation of DROP Accounts	26
	4. Actuarial Value of Assets	27
	5. Investment Rate of Return	28
D	Financial Accounting Information	
	1. FASB No. 35	29
	2. GASB No. 25	30
	3. GASB No. 27	32
E	Miscellaneous Information	
	1. Reconciliation of Membership Data	34
	2. Active Participant Scatter	35
	3. Inactive Participant Scatter	36
F	Summary of Plan Provisions	37

SECTION A

DISCUSSION OF VALUATION RESULTS

DISCUSSION OF VALUATION RESULTS

Comparison of Required Employer Contributions

The minimum required employer contribution developed in this year's valuation is compared below with that of the previous valuation:

	For FYE 9/30/10 Based on 10/1/08 Valuation	For FYE 9/30/09 Based on 10/1/07 Valuation	Increase (Decrease)
Required Employer Contribution	\$ 2,405,311	\$ 1,881,902	\$ 523,409
As % of Covered Payroll	14.38 %	12.85 %	1.53 %

The required contributions listed above were calculated as though payment is made evenly throughout the fiscal year. The actual employer contribution for the fiscal year ending September 30, 2008 was \$1,438,469 compared to the minimum required contribution of \$1,110,259.

Revisions in Benefits

There have been no changes in benefits since the last valuation.

Revisions in Actuarial Assumptions or Methods

There have been no revisions in actuarial assumptions and methods since the last valuation.

Actuarial Experience

During the past year, there was a net actuarial loss of \$5,266,489 which means that actual experience was less favorable than expected. The loss is due to recognized investment return below the assumed rate of 8% and greater than expected salary increases. The investment return was -14.8% based on market value of assets and -2.4% based on actuarial value of assets. The net loss increased the required employer contribution by 1.69% of covered payroll.

Funded Ratio

This year's funded ratio is 73.4% compared to 83.0% last year. The ratio is equal to the actuarial value of assets divided by the actuarial accrued (past service) liability.

Analysis of Change in Employer Contribution

The components of change in the required employer contribution are as follows:

Contribution Rate Last Year	12.85 %
Amortization Payment on UAAL	(0.13)
Change in Normal Cost Rate	0.07
Actuarial Experience	1.69
Change in Administrative Expenses	<u>(0.10)</u>
Contribution Rate This Year	14.38

Variability of Future Contribution Rates

The Actuarial Cost Method used to determine the contribution rate is intended to produce contribution rates which are generally level as a percent of payroll. Even so, when experience differs from the assumptions, as it often does, the employer's contribution rate can vary significantly from year-to-year.

Over time, if the year-to-year gains and losses offset each other, the contribution rate would be expected to return to the current level, but this does not always happen.

The Actuarial Value of Assets exceeds the Market Value of Assets by \$6,340,967 as of the valuation date (see Section C). This difference will be gradually recognized over the next five years in the absence of offsetting gains. In turn, the computed employer contribution rate will increase by approximately 2% of covered payroll over the same period.

Another potential area of variability has to do with the annual payment on the unfunded accrued liability (UAL). This payment is computed as a level percent of covered payroll under the assumption that covered payroll will rise by 5% per year. (According to the Florida Administrative Code, this payroll growth assumption may not exceed the average growth over the last ten years.) If the actual payroll growth in the future is less than the assumption, the payment on the UAL will increase. For example, if the payroll growth assumption is lowered to 0%, the UAL payment will go from \$701,368 next year to \$1,154,117.

Relationship to Market Value

If Market Value had been the basis for the valuation, the City contribution rate would have been 16.41% and the funded ratio would have been 61.1%. In the absence of other gains and losses, the City contribution rate should increase to that level over the next several years.

The remainder of this Report includes detailed actuarial valuation results, financial information, miscellaneous information and statistics, and a summary of plan provisions.

SECTION B
VALUATION RESULTS

PARTICIPANT DATA		
	October 1, 2008	October 1, 2007
ACTIVE MEMBERS		
Number	320	302
Covered Annual Payroll	\$ 15,779,980	\$ 13,816,182
Average Annual Payroll	\$ 49,312	\$ 45,749
Average Age	47.6	48.0
Average Past Service	8.4	8.7
Average Age at Hire	39.2	39.3
RETIREES, BENEFICIARIES & DROP		
Number	194	188
Annual Benefits	\$ 2,165,566	\$ 1,947,674
Average Annual Benefit	\$ 11,163	\$ 10,360
Average Age	70.0	70.2
DISABILITY RETIREES		
Number	1	1
Annual Benefits	\$ 10,171	\$ 10,171
Average Annual Benefit	\$ 10,171	\$ 10,171
Average Age	59.2	58.2
TERMINATED VESTED MEMBERS		
Number	21	21
Annual Benefits	\$ 192,476	\$ 203,853
Average Annual Benefit	\$ 9,166	\$ 9,707
Average Age	53.0	51.8

ANNUAL REQUIRED CONTRIBUTION (ARC)		
A. Valuation Date	October 1, 2008	October 1, 2007
B. ARC to Be Paid During Fiscal Year Ending	9/30/2010	9/30/2009
C. Assumed Dates of Employer Contributions	Evenly	Evenly
D. Annual Payment to Amortize Unfunded Actuarial Liability	\$ 701,368	\$ 406,393
E. Employer Normal Cost	1,480,469	1,300,890
F. ARC if Paid on the Valuation Date: D + E	2,181,837	1,707,283
G. ARC Adjusted for Frequency of Payments	2,269,110	1,775,574
H. ARC as % of Covered Payroll	14.38 %	12.85 %
I. Assumed Rate of Increase in Covered Payroll to Contribution Year	6.00 %	6.00 %
J. Covered Payroll for Contribution Year	16,726,779	14,645,153
K. ARC for Contribution Year: H x J	2,405,311	1,881,902
L. REC as % of Covered Payroll in Contribution Year: K ÷ J	14.38 %	12.85 %

ACTUARIAL VALUE OF BENEFITS AND ASSETS		
A. Valuation Date	October 1, 2008	October 1, 2007
B. Actuarial Present Value of All Projected Benefits for		
1. Active Members		
a. Service Retirement Benefits	\$ 41,793,520	\$ 37,521,678
b. Vesting Benefits	2,465,081	2,189,042
c. Disability Benefits	1,099,789	975,005
d. Preretirement Death Benefits	-	-
e. Return of Member Contributions	1,025,350	797,127
f. Total	46,383,740	41,482,852
2. Inactive Members		
a. Service Retirees & Beneficiaries	20,329,208	17,868,021
b. Disability Retirees	97,578	99,329
c. Terminated Vested Members	1,266,907	1,319,666
d. Total	21,693,693	19,287,016
3. Total for All Members	68,077,433	60,769,868
C. Actuarial Accrued (Past Service) Liability per GASB No. 25	51,628,959	46,672,839
D. Actuarial Value of Accumulated Plan Benefits per FASB No. 35	42,479,390	38,242,079
E. Plan Assets		
1. Market Value	31,529,757	36,972,631
2. Actuarial Value	37,870,724	38,725,809
F. Unfunded Actuarial Accrued Liability: C-E2	13,758,235	7,947,030
G. Actuarial Present Value of Projected Covered Payroll	120,174,703	103,267,490
H. Actuarial Present Value of Projected Member Contributions	6,008,735	5,163,374

CALCULATION OF EMPLOYER NORMAL COST		
A. Valuation Date	October 1, 2008	October 1, 2007
B. Normal Cost for		
1. Service Retirement Benefits	\$ 1,768,236	\$ 1,539,375
2. Vesting Benefits	180,331	160,450
3. Disability Benefits	56,365	47,936
4. Preretirement Death Benefits	-	-
5. Return of Member Contributions	<u>183,363</u>	<u>160,338</u>
6. Total for Future Benefits	2,188,295	1,908,099
7. Assumed Amount for Administrative Expenses	<u>81,173</u>	<u>83,600</u>
8. Total Normal Cost	2,269,468	1,991,699
C. Expected Member Contribution	788,999	690,809
D. Employer Normal Cost: B8-C	1,480,469	1,300,890
E. Employer Normal Cost as a % of Covered Payroll	9.38%	9.42%

LIQUIDATION OF THE UNFUNDED ACTUARIAL ACCRUED LIABILITY

A. UAAL Amortization Period and Payments					
Original UAAL			Current UAAL		
Date	Source	Amount	Years Remaining	Amount	Payment
10/1/2002	Exp. Loss	\$ N/A	24	\$ 1,838,502	\$ 103,926
10/1/2003	Exp. Loss	N/A	25	666,840	36,641
10/1/2004	Exp. Loss	N/A	26	2,983,309	159,590
10/1/2004	Amendment	N/A	26	25,268	1,352
10/1/2005	Exp. Gain	(1,775,263)	27	(1,926,098)	(100,452)
10/1/2006	Exp. Gain	(174,227)	28	(184,895)	(9,413)
10/1/2006	Amendment	58,957	28	62,568	3,185
10/1/2007	Exp. Loss	678,886	29	727,290	36,191
10/1/2007	Method/Assump. Changes	4,012,850	29	4,298,962	213,920
10/1/2008	Exp. Loss	5,266,489	30	5,266,489	256,428
				<u>13,758,235</u>	<u>701,368</u>

B. Amortization Schedule

The UAAL is being amortized as a level percent of payroll over the number of years remaining in the amortization period. The expected amortization schedule is as follows:

Amortization Schedule	
Year	Expected UAAL
2008	\$ 13,758,235
2009	14,101,429
2010	14,434,192
2011	14,753,809
2012	15,057,239
2013	15,341,099
2018	16,320,155
2023	16,039,975
2028	13,434,709
2033	7,169,067
2038	-

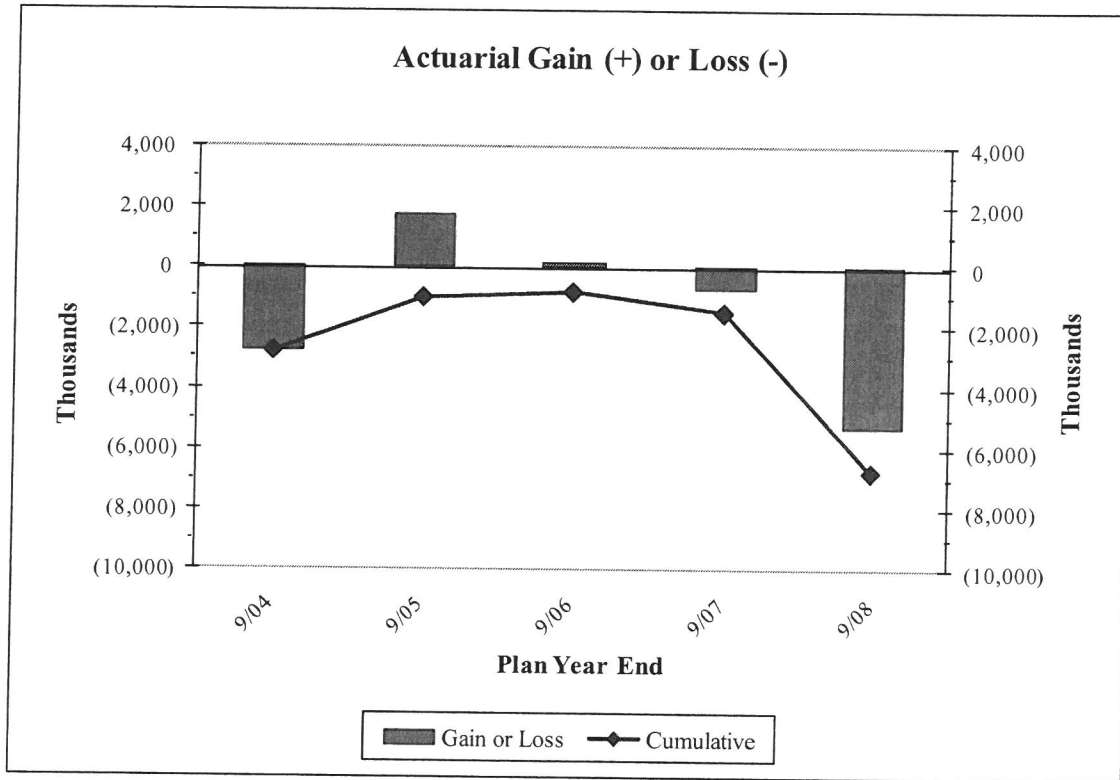
ACTUARIAL GAINS AND LOSSES

The assumptions used to anticipate mortality, employment turnover, investment income, expenses, salary increases, and other factors have been based on long-range trends and expectations. Actual experience can vary from these expectations. The variance is measured by the gain and loss for the period involved. If significant long-term experience reveals consistent deviation from what has been expected and that deviation is expected to continue, the assumptions should be modified. The net actuarial gain (loss) for the past year is computed as follows:

1. Last Year's UAAL	\$ 7,947,030
2. Last Year's Employer Normal Cost	1,300,890
3. Last Year's Contributions	
a. Employer	1,438,469
b. State	-
c. a + b	1,438,469
4. Interest at the Assumed Rate on:	
a. 1 and 2 for one year	739,834
b. 3 from dates paid	57,539
c. a - b	682,295
5. This Year's Expected UAAL	
1 + 2 - 3c + 4c	8,491,746
6. This Year's Actual UAAL	13,758,235
7. Net Actuarial Gain (Loss): 5 - 6	(5,266,489)
8. Gain (Loss) Due to Investments	(4,043,067)
9. Gain (Loss) from Other Sources	(1,223,422)

Net actuarial gains (losses) in previous years are as follows:

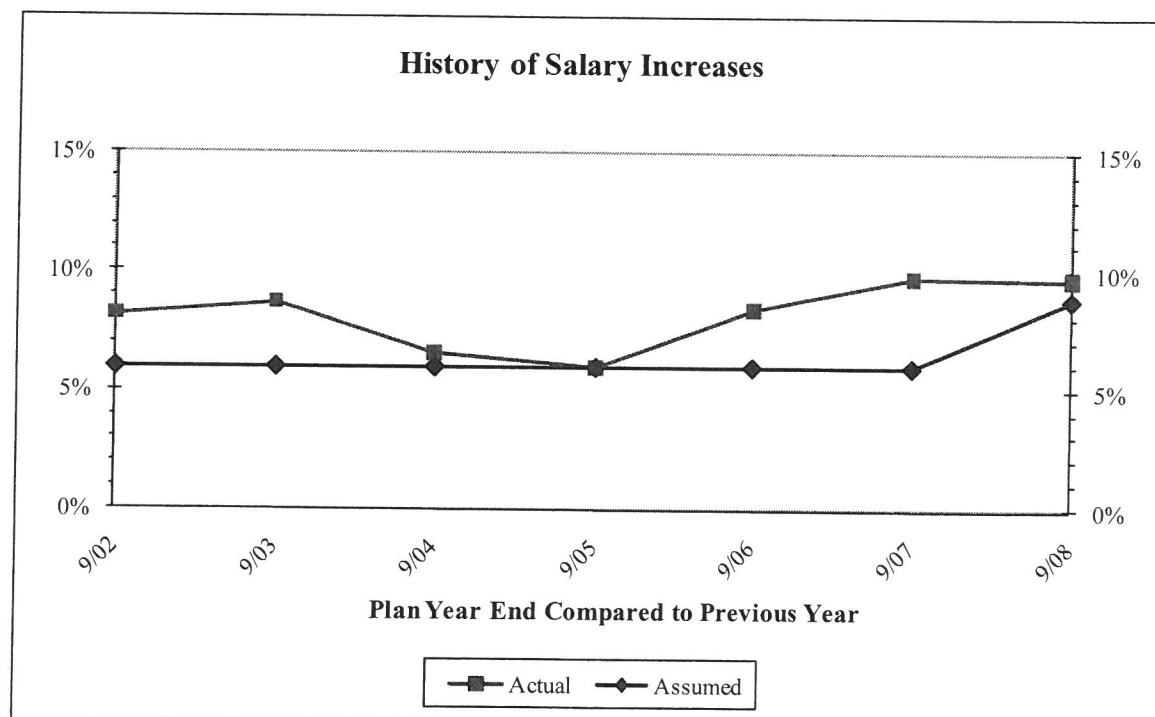
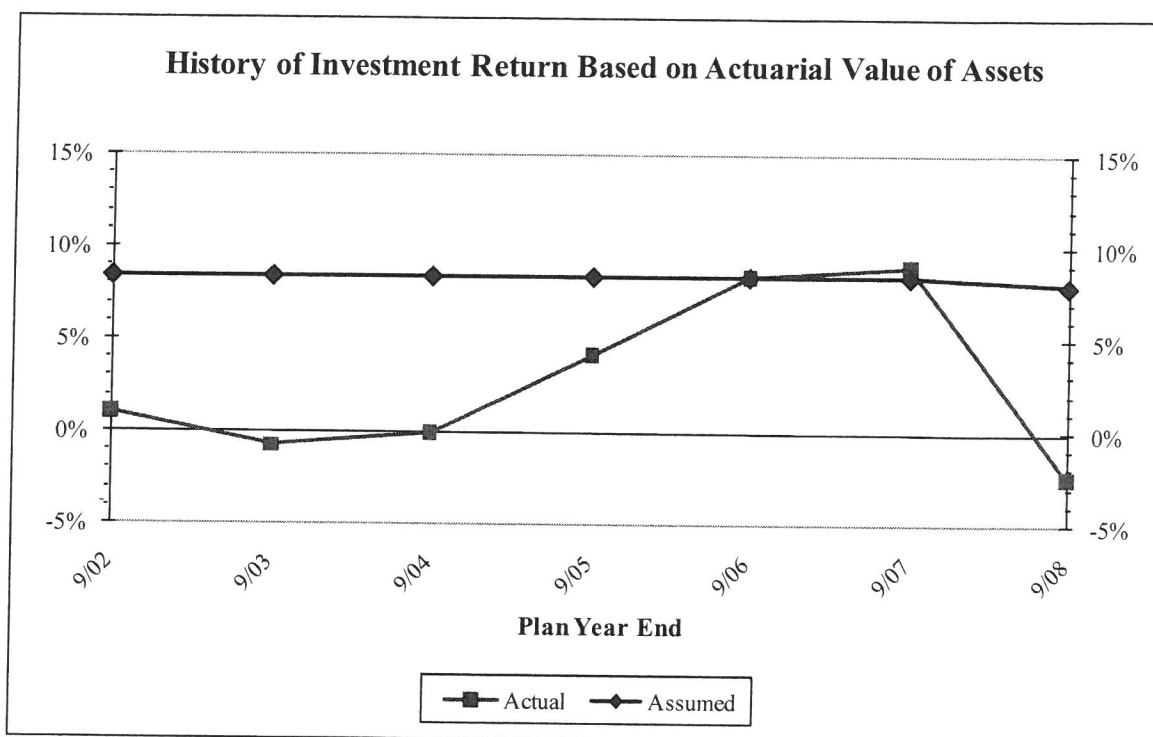
Year Ended	Gain (Loss)
9/30/2004	\$ (2,736,580)
9/30/2005	1,775,263
9/30/2006	174,227
9/30/2007	(678,886)
9/30/2008	(5,266,489)



The fund earnings and salary increase assumptions have considerable impact on the cost of the Plan so it is important that they are in line with the actual experience. The following table shows the actual fund earnings and salary increase rates compared to the assumed rates for the last few years:

Year Ending	Investment Return		Salary Increases	
	Actual	Assumed	Actual	Assumed
9/30/2002	1.1%	8.5%	8.2%	6.0%
9/30/2003	(0.7)	8.5	8.7	6.0
9/30/2004	0.0	8.5	6.6	6.0
9/30/2005	4.3	8.5	6.0	6.0
9/30/2006	8.5	8.5	8.4	6.0
9/30/2007	9.0	8.5	9.8	6.0
9/30/2008	(2.4)	8.0	9.7	8.9
Averages	2.7%	---	8.2%	---

The actual investment return rates shown above are based on the actuarial value of assets. The actual salary increase rates shown above are the increases received by those active members who were included in the actuarial valuations both at the beginning and the end of each year.



Actual (A) Compared to Expected (E) Decrements Among Active Employees													
Year Ended	Number Added During Year		Service & DROP Retirement		Disability Retirement		Death		Terminations				Active Members End of Year
									Vested	Other	Totals		
	A	E	A	E	A	E	A	E	A	A	A	E	
9/30/2006	42	59	10	34	0	0	0	0	12	37	49	17	269
9/30/2007	62	29	8	35	0	0	1	0	1	19	20	16	302
9/30/2008	55	37	11	19	0	1	1	0	5	20	25	26	320
9/30/2009				19		1		0				28	
3 Yr Totals *	159	125	29	88	0	1	2	0	18	76	94	59	

* Totals are through current Plan Year only.

RECENT HISTORY OF VALUATION RESULTS						
Valuation Date	Number of		Covered Annual Payroll	Actuarial Value of Assets	UFAAL	Employer Normal Cost
	Active Members	Inactive Member				Amount % of Payroll
10/1/2004	294	191	\$ 10,945,911	\$ 32,966,229	\$ 5,078,374	\$ 688,315 6.29 %
10/1/2005	286	192	11,268,057	33,997,608	3,341,373	807,413 7.17
10/1/2006	269	208	11,422,183	36,354,277	3,297,832	817,164 7.15
10/1/2007	302	210	13,816,182	38,725,809	7,947,030	1,300,890 9.42
10/1/2008	320	216	15,779,980	37,870,724	13,758,235	1,480,469 9.38

ACTUARIAL ASSUMPTIONS AND COST METHOD

Valuation Methods

Actuarial Cost Method - Normal cost and the allocation of benefit values between service rendered before and after the valuation date were determined using an **Individual Entry-Age Actuarial Cost Method** having the following characteristics:

- (i) the annual normal cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement;
- (ii) each annual normal cost is a constant percentage of the member's year by year projected covered pay.

Actuarial gains/(losses), as they occur, reduce (increase) the Unfunded Actuarial Accrued Liability.

Financing of Unfunded Actuarial Accrued Liabilities - Unfunded Actuarial Accrued Liabilities (full funding credit if assets exceed liabilities) were amortized by level (principal & interest combined) percent-of-payroll contributions over a reasonable period of future years.

Actuarial Value of Assets - The Actuarial Value of Assets phase in the difference between the expected actuarial value and actual market value of assets at the rate of 20% per year. The Actuarial Value of Assets will be further adjusted to the extent necessary to fall within the corridor whose lower limit is 80% of the Market Value of plan assets and whose upper limit is 120% of the Market Value of plan assets. During periods when investment performance exceeds the assumed rate, Actuarial Value of Assets will tend to be less than Market Value. During periods when investment performance is less than assumed rate, Actuarial Value of Assets will tend to be greater than Market Value.

Valuation Assumptions

The actuarial assumptions used in the valuation are shown in this Section. Both the economic and decrement assumptions were established following the Experience Study Report as of October 1, 2006.

Economic Assumptions

The investment return rate assumed in the valuations is 8% per year, compounded annually (net after investment expenses).

The **Wage Inflation Rate** assumed in this valuation was 3.00% per year. The Wage Inflation Rate is defined to be the portion of total pay increases for an individual that are due to macro economic forces including productivity, price inflation, and labor market conditions. The wage inflation rate does not include pay changes related to individual merit and seniority effects.

The assumed **real rate of return** over wage inflation is defined to be the portion of total investment return that is more than the assumed wage inflation rate. Considering other economic assumptions, the 8% investment return rate translates to an assumed real rate of return over wage inflation of 5%.

The active member population is assumed to remain constant. For purposes of financing the unfunded liabilities, total payroll is assumed to grow at 5.00% per year. The most recent ten year average is 7.19%. This is the assumed payroll growth increase over the long term. In the short term, payroll growth is expected to increase more rapidly. The short term payroll growth assumption is 6.00%.

Pay increase assumptions for individual active members are shown below. Part of the assumption for each age is for merit and/or seniority increase, and the other 3.00% recognizes wage inflation, including price inflation, productivity increases, and other macro economic forces.

The rates of salary increase used for individual members are in accordance with the following table. This assumption is used to project a member's current salary to the salaries upon which benefits will be based.

Years of Service	% Increase in Salary		
	Merit and Seniority	Base (Economic)	Total Increase
1 - 2	10.0%	3.0%	13.0%
3	7.5%	3.0%	10.5%
4	6.5%	3.0%	9.5%
5	6.0%	3.0%	9.0%
6	5.5%	3.0%	8.5%
7 - 8	5.0%	3.0%	8.0%
9	4.5%	3.0%	7.5%
10 - 19	4.0%	3.0%	7.0%
20 and Higher	3.0%	3.0%	6.0%

Demographic Assumptions

The mortality table was the RP -2000 Generational Mortality Table for males and females.

Sample Attained Ages (in 2008)	Probability of Dying Next Year		Future Life Expectancy (years)	
	Men	Women	Men	Women
50	0.18 %	0.15 %	33.71	35.32
55	0.31	0.25	28.61	30.37
60	0.59	0.49	23.71	25.61
65	1.14	0.93	19.14	21.13
70	1.97	1.61	15.01	17.03
75	3.38	2.64	11.32	13.34
80	5.94	4.34	8.21	10.08

This assumption is used to measure the probabilities of each benefit payment being made after retirement. For active members, the probabilities of dying before retirement were based upon the same mortality table as members dying after retirement.

For disabled retirees, the regular mortality tables are set forward 5 years in ages to reflect impaired longevity.

The rates of retirement used to measure the probability of eligible members retiring during the next year were as follows:

Number of Years After First Eligibility for Normal Retirement	Probability of Normal Retirement
0	25 %
1	25 %
2	50 %
3	50 %
4	60 %
5	80 %
6	100 %

The rate of retirement is 5% for each year of eligibility for early retirement.

Rates of separation from active membership were as shown below (rates do not apply to members eligible to retire and do not include separation on account of death or disability). This assumption measures the probabilities of members remaining in employment.

Sample Ages	Years of Service	% of Active Members Separating Within Next Year
ALL	0	20.0 %
	1	18.0
	2	16.0
	3	10.0
	4	6.0
20	5 & Over	16.2
25		13.2
30		10.8
35		9.4
40		7.8
45		5.8
50		3.2
55 & Over		0.8

Rates of disability among active members.

Sample Ages	% Becoming Disabled within Next Year
20	0.05 %
25	0.05
30	0.06
35	0.09
40	0.12
45	0.28
50	0.43

Miscellaneous and Technical Assumptions

<i>Administrative & Investment Expenses</i>	The investment return assumption is intended to be the return net of investment expenses. Annual administrative expenses are assumed to be equal to the prior year's expenses. Assumed administrative expenses are added to the Normal Cost.
<i>Benefit Service</i>	Exact fractional service is used to determine the amount of benefit payable.
<i>Decrement Operation</i>	Disability and mortality decrements operate during retirement eligibility.
<i>Decrement Timing</i>	Decrement of all types are assumed to occur at the beginning of the year.
<i>Eligibility Testing</i>	Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
<i>Forfeitures</i>	For vested separations from service, it is assumed that 0% of members separating will withdraw their contributions and forfeit an employer financed benefit. It was further assumed that the liability at termination is the greater of the vested deferred benefit (if any) or the member's accumulated contributions.
<i>Incidence of Contributions</i>	Contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made.
<i>Marriage Assumption</i>	100% of males and 100% of females are assumed to be married for purposes of death-in-service benefits. Male spouses are assumed to be three years older than female spouses for active member valuation purposes.
<i>Normal Form of Benefit</i>	A single life annuity is the normal form of benefit.
<i>Pay Increase Timing</i>	Middle of fiscal year. This is equivalent to assuming that reported pays represent amounts paid to members during the year ended on the valuation date.
<i>Service Credit Accruals</i>	It is assumed that members accrue one year of service credit per year.

GLOSSARY

<i>Actuarial Accrued Liability (AAL)</i>	The difference between the Actuarial Present Value of Future Benefits, and the Actuarial Present Value of Future Normal Costs.
<i>Actuarial Assumptions</i>	Assumptions about future plan experience that affect costs or liabilities, such as: mortality, withdrawal, disablement, and retirement; future increases in salary; future rates of investment earnings; future investment and administrative expenses; characteristics of members not specified in the data, such as marital status; characteristics of future members; future elections made by members; and other items.
<i>Actuarial Cost Method</i>	A procedure for allocating the Actuarial Present Value of Future Benefits between the Actuarial Present Value of Future Normal Costs and the Actuarial Accrued Liability.
<i>Actuarial Equivalent</i>	Of equal Actuarial Present Value, determined as of a given date and based on a given set of Actuarial Assumptions.
<i>Actuarial Present Value (APV)</i>	The amount of funds required to provide a payment or series of payments in the future. It is determined by discounting the future payments with an assumed interest rate and with the assumed probability each payment will be made.
<i>Actuarial Present Value of Future Benefits (APVFB)</i>	The Actuarial Present Value of amounts which are expected to be paid at various future times to active members, retired members, beneficiaries receiving benefits, and inactive, nonretired members entitled to either a refund or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would provide sufficient assets to pay all projected benefits and expenses when due.
<i>Actuarial Valuation</i>	The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a plan. An Actuarial Valuation for a governmental retirement system typically also includes calculations of items needed for compliance with GASB No. 25, such as the Funded Ratio and the Annual Required Contribution (ARC).
<i>Actuarial Value of Assets</i>	The value of the assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets or a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the actuarially required contribution (ARC).

<i>Amortization Method</i>	A method for determining the Amortization Payment. The most common methods used are level dollar and level percentage of payroll. Under the Level Dollar method, the Amortization Payment is one of a stream of payments, all equal, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the Amortization Payment is one of a stream of increasing payments, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the stream of payments increases at the rate at which total covered payroll of all active members is assumed to increase.
<i>Amortization Payment</i>	That portion of the plan contribution or ARC which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.
<i>Amortization Period</i>	The period used in calculating the Amortization Payment.
<i>Annual Required Contribution (ARC)</i>	The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation, determined under GASB No. 25. The ARC consists of the Employer Normal Cost and Amortization Payment.
<i>Closed Amortization Period</i>	A specific number of years that is reduced by one each year, and declines to zero with the passage of time. For example if the amortization period is initially set at 30 years, it is 29 years at the end of one year, 28 years at the end of two years, etc.
<i>Employer Normal Cost</i>	The portion of the Normal Cost to be paid by the employer. This is equal to the Normal Cost less expected member contributions.
<i>Equivalent Single Amortization Period</i>	For plans that do not establish separate amortization bases (separate components of the UAAL), this is the same as the Amortization Period. For plans that do establish separate amortization bases, this is the period over which the UAAL would be amortized if all amortization bases were combined upon the current UAAL payment.
<i>Experience Gain/Loss</i>	A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two actuarial valuations. To the extent that actual experience differs from that assumed, Unfunded Actuarial Accrued Liabilities emerge which may be larger or smaller than projected. Gains are due to favorable experience, e.g., the assets earn more than projected, salaries do not increase as fast as assumed, members retire later than assumed, etc. Favorable experience means actual results produce actuarial liabilities not as large as projected by the actuarial assumptions. On the other hand, losses are the result of unfavorable experience, i.e., actual results that produce Unfunded Actuarial Accrued Liabilities which are larger than projected.

<i>Funded Ratio</i>	The ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability.
<i>GASB</i>	Governmental Accounting Standards Board.
<i>GASB No. 25 and GASB No. 27</i>	These are the governmental accounting standards that set the accounting rules for public retirement systems and the employers that sponsor or contribute to them. Statement No. 27 sets the accounting rules for the employers that sponsor or contribute to public retirement systems, while Statement No. 25 sets the rules for the systems themselves.
<i>Normal Cost</i>	The annual cost assigned, under the Actuarial Cost Method, to the current plan year.
<i>Open Amortization Period</i>	An open amortization period is one which is used to determine the Amortization Payment but which does not change over time. In other words, if the initial period is set as 30 years, the same 30-year period is used in determining the Amortization Period each year. In theory, if an Open Amortization Period is used to amortize the Unfunded Actuarial Accrued Liability, the UAAL will never completely disappear, but will become smaller each year, either as a dollar amount or in relation to covered payroll.
<i>Unfunded Actuarial Accrued Liability</i>	The difference between the Actuarial Accrued Liability and Actuarial Value of Assets.
<i>Valuation Date</i>	The date as of which the Actuarial Present Value of Future Benefits are determined. The benefits expected to be paid in the future are discounted to this date.

SECTION C

PENSION FUND INFORMATION

SUMMARY OF ASSETS		
	9/30/2008	9/30/2007
Cash and Securites - Market Value		
Cash	\$ 2	\$ 18
Money Market Funds	1,027,023	825,146
Money Market Funds (DROP Account)	175,078	124,029
U.S. Government Bonds & Notes	6,053,873	6,170,249
Corporate Bonds	4,921,432	4,593,068
Corporate Stocks	19,527,427	25,246,098
Pooled Equity Funds	-	-
Pooled Bond Funds	-	-
International Equity Funds	-	-
Total Investments	<u>31,704,835</u>	<u>36,958,608</u>
Receivables and Accruals		
Member Contribution	-	-
Employer Contribution	-	-
State Contributions	-	-
Interest & Dividends	-	148,230
Trades Receivable	-	-
Due from Other Funds	-	44
Total	<u>-</u>	<u>148,274</u>
Payables and Reserves		
Benefits	-	-
Refunds	-	-
Expenses	-	-
DROP Accounts	175,078	124,029
Trades Payable	-	10,222
Total	<u>175,078</u>	<u>134,251</u>
Total Assets - Market Value	31,529,757	36,972,631

PENSION FUND INCOME AND DISBURSEMENTS		
	Year Ending 9/30/2008	Year Ending 9/30/2007
Market Value at Beginning of Period	\$ 37,096,660	\$ 33,210,702
Income		
Contributions		
Member Contributions	788,107	637,592
State Contributions	-	-
Employer Contributions	1,438,469	1,160,170
Member Buyback	-	-
Total Contributions	2,226,576	1,797,762
Investment Income		
Dividends and Interest	1,086,652	1,033,012
Realized Gain (Loss)	85,646	1,811,368
Unrealized Gain (Loss)	(6,486,509)	1,473,294
Total Investment Income	(5,314,211)	4,317,674
Other Income	6,036	25,632
Total Income	(3,081,599)	6,141,068
Disbursements		
Monthly Benefit Payments	1,969,203	1,828,952
Lump Sum Distributions	-	-
Refund of Contributions	56,232	132,639
Investment Related Expenses	203,618	209,919
Other Administrative Expenses	81,173	83,600
Other Expenses	-	-
Total Disbursements	2,310,226	2,255,110
Net Increase During Period	(5,391,825)	3,885,958
Market Value at End of Period	31,704,835	37,096,660
Less: DROP Account Balance	175,078	124,029
Final Market Value	31,529,757	36,972,631

RECONCILIATION OF DROP ACCOUNTS	
Value at beginning of year	\$ 124,029
Payments credited to accounts	47,878
Investment Earnings credited	3,171
Withdrawals from accounts	<u>-</u>
Value at end of year	175,078

ACTUARIAL VALUE OF ASSETS

The Actuarial Value of Assets for funding purposes is developed by recognizing 20% of the difference between market value of assets and expected actuarial asset value. Details of the derivation are set forth as follows:

	Year Ending 9/30/2008	Year Ending 9/30/2007
A. Beginning of Year Assets *		
1. Market Value	\$ 37,096,660	\$ 33,210,702
2. Actuarial Value	38,849,838	36,423,370
B. End of Year Market Value of Assets *	31,704,835	37,096,660
C. Net of Contributions Less Disbursements	126,004	(221,797)
D. Actual Net Investment Earnings	(5,517,829)	4,107,755
E. Expected Investment Earnings	3,113,027	3,086,560
F. Expected Actuarial Value End of Year	42,088,869	39,288,133
G. End of Year Market Value Less Expected Actuarial Value	(10,384,034)	(2,191,473)
H. 20% of Difference	(2,076,807)	(438,295)
I. End of Year Assets		
1. Actuarial Value: F + H	40,012,062	38,849,838
2. Final Actuarial Value Within 80% to 120% of Market Value	38,045,802	38,849,838
J. DROP Account Balances	175,078	124,029
K. Final Actuarial Value of Assets	37,870,724	38,725,809
L. Recognized Investment Earnings	(930,040)	2,648,265
M. Recognized Rate of Return	-2.39%	7.29%

* Before offset of DROP Account balances.

INVESTMENT RATE OF RETURN

The investment rate of return has been calculated on the following bases:

- Basis 1** Interest, dividends, realized gains (losses) and unrealized appreciation (depreciation) divided by the weighted average of the market value of the fund during the year. This figure is normally called the Total Rate of Return.
- Basis 2** Investment earnings recognized in the Actuarial Value of Assets divided by the weighted average of the Actuarial Value of Assets during the year.

Year Ending	Investment Rate of Return	
	Basis 1	Basis 2
9/30/2001	(8.8) %	N/A %
9/30/2002	(8.1)	1.1
9/30/2003	10.2	(0.7)
9/30/2004	8.3	0.0
9/30/2005	7.7	4.3
9/30/2006	7.8	8.5
9/30/2007	12.4	9.0
9/30/2008	(14.8)	(2.4)
Average Compounded Rate of Return for Number of Years Shown	1.3 %	2.7 %
Average Compounded Rate of Return for Last 5 Years	3.8 %	3.8 %

SECTION D

FINANCIAL ACCOUNTING INFORMATION

FASB NO. 35 INFORMATION		
A. Valuation Date	October 1, 2008	October 1, 2007
B. Actuarial Present Value of Accumulated Plan Benefits		
1. Vested Benefits		
a. Members Currently Receiving Payments	\$ 20,426,786	\$ 17,967,350
b. Terminated Vested Members	1,266,907	1,319,666
c. Other Members	17,558,245	16,191,966
d. Total	<u>39,251,938</u>	<u>35,478,982</u>
2. Non-Vested Benefits	3,227,452	2,763,097
3. Total Actuarial Present Value of Accumulated Plan Benefits: 1d + 2	42,479,390	38,242,079
4. Accumulated Contributions of Active Members	4,314,926	3,820,017
C. Changes in the Actuarial Present Value of Accumulated Plan Benefits		
1. Total Value at Beginning of Year	38,242,079	33,713,003
2. Increase (Decrease) During the Period Attributable to:		
a. Plan Amendment	N/A	113,733
b. Change in Actuarial Assumptions	N/A	1,307,327
c. Latest Member Data, Benefits Accumulated and Decrease in the Discount Period	6,262,746	5,069,607
d. Benefits Paid	<u>(2,025,435)</u>	<u>(1,961,591)</u>
e. Net Increase	4,237,311	4,529,076
3. Total Value at End of Period	42,479,390	38,242,079
D. Market Value of Assets	31,529,757	36,972,631
E. Actuarial Assumptions - See page entitled Actuarial Assumptions and Methods		

SCHEDULE OF FUNDING PROGRESS
(GASB STATEMENT NO. 25)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL As % of Covered Payroll (b-a)/(c)
10/1/1999	\$ 31,732,256	\$ 31,732,256	\$ -	100.0 %	\$ 8,157,116	- %
10/1/2000	34,951,081	34,951,081	-	100.0	9,193,524	-
10/1/2001	35,556,224	35,556,224	-	100.0	9,591,309	-
10/1/2002	34,466,404	35,660,591	1,194,187	96.7	10,426,400	11.5
10/1/2003	33,113,142	35,355,596	2,242,454	93.7	11,296,820	19.9
10/1/2004	32,966,229	38,021,615	5,055,386	86.7	10,945,911	46.2
10/1/2005	33,997,608	37,338,981	3,341,373	91.1	11,268,057	29.7
10/1/2006	36,354,277	39,652,109	3,297,832	91.7	11,422,183	28.9
10/1/2007 (b)	39,352,929	43,287,109	3,934,180	90.9	13,724,918	28.7
10/1/2007 (a)	38,725,809	46,672,839	7,947,030	83.0	13,816,182	57.5
10/1/2008	37,870,724	51,628,959	13,758,235	73.4	15,779,980	87.2

(a) = After Changes

(b) = Before changes

Note: Figures prior to 10/1/2005 taken from 10/1/2004 Report prepared by Foster & Foster, Inc.

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
(GASB STATEMENT NO. 25)**

Fiscal Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
9/30/1999	\$ 143,000	\$ 208,124	146 %
9/30/2000	38,284	230,392	602
9/30/2001	233,992	246,472	105
9/30/2002	294,492	294,492	100
9/30/2003	185,352	370,627	200
9/30/2004	839,114	839,114	100
9/30/2005	882,965	1,002,415	114
9/30/2006	982,267	1,043,963	106
9/30/2007	1,094,083	1,160,170	106
9/30/2008	1,110,259	1,438,469	130

**ANNUAL PENSION COST AND NET PENSION OBLIGATION
(GASB STATEMENT NO. 27)**

Employer FYE September 30	2009	2008	2007
Annual Required Contribution (ARC)	\$ 1,881,902	\$ 1,110,259	\$ 1,094,083
Interest on Net Pension Obligation (NPO)	(74,621)	(52,534)	(53,932)
Adjustment to ARC	(124,794)	(104,656)	(97,840)
Annual Pension Cost (APC)	1,932,075	1,162,381	1,137,991
Contributions made	**	1,438,469	1,160,170
Increase (decrease) in NPO	**	(276,088)	(22,179)
NPO at beginning of year	(932,759)	(656,671)	(634,492)
NPO at end of year	**	(932,759)	(656,671)
** To be determined.			

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation
9/30/2006	\$ 1,028,430	\$ 1,043,963	101.5 %	\$ (634,492)
9/30/2007	1,137,991	1,160,170	101.9	(656,671)
9/30/2008	1,162,381	1,438,469	123.8	(932,759)

REQUIRED SUPPLEMENTARY INFORMATION
GASB STATEMENT NO. 25 AND NO. 27

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation:

Valuation Date	October 1, 2008
Contribution Rates	
Employer	14.38%
Plan Members	5.00%
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level percent of pay, closed
Remaining Amortization Period	30 years
Asset Valuation Method	Recognize 20% of difference between market value of assets and expected actuarial value of assets.
Actuarial Assumptions	
Investment rate of return	8.0%
Projected salary increases	6% to 13% based on service
Includes inflation and other general increases at	3.0%
Cost-of-living adjustments	Not applicable

SECTION E
MISCELLANEOUS INFORMATION

RECONCILIATION OF MEMBERSHIP DATA		
	From 10/1/07 To 10/1/08	From 10/1/06 To 10/1/07
A. Active Members		
1. Number Included in Last Valuation	302	269
2. New Members Included in Current Valuation	55	62
3. Non-Vested Employment Terminations	(19)	(18)
4. Vested Employment Terminations	(5)	(1)
5. Service Retirements	(11)	(8)
6. Disability Retirements	0	0
7. Deaths	(1)	(1)
8. Rehired Members	0	0
9. DROP Retirement	0	0
10. Transfers	(1)	(1)
11. Other	0	0
12. Number Included in This Valuation	320	302
B. Terminated Vested Members		
1. Number Included in Last Valuation	21	22
2. Additions from Active Members	5	1
3. Lump Sum Payments/Refunds	(2)	0
4. Payments Commenced	(3)	(2)
5. Deaths	0	0
6. Other - Rehired	0	0
7. Number Included in This Valuation	21	21
C. DROP Participation		
1. Number Included in Last Valuation	1	1
2. Additions from Active Members	0	0
3. Payments commenced	0	0
4. Deaths	0	0
5. Other	0	0
6. Number Included in This Valuation	1	1
D. Service Retirees, Disability Retirees and Beneficiaries		
1. Number Included in Last Valuation	188	185
2. Additions from Active Members	11	8
3. Additions from Terminated Vested Members	3	2
4. Additions from DROP	0	0
5. Deaths Resulting in No Further Payments	(6)	(5)
6. Deaths Resulting in New Survivor Benefits	0	0
7. End of Certain Period - No Further Payments	(2)	(2)
8. Other	0	0
9. Number Included in This Valuation	194	188

ACTIVE PARTICIPANT SCATTER

Age Group	Years of Service to Valuation Date												Totals
	0-1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20-24	25-29	30-34	35 & Up	
20-24 NO.	3	2	1	0	0	0	0	0	0	0	0	0	6
TOT PAY	86,316	66,157	40,710	0	0	0	0	0	0	0	0	0	193,183
AVG PAY	28,772	33,079	40,710	0	0	0	0	0	0	0	0	0	32,197
25-29 NO.	0	7	4	5	1	3	0	0	0	0	0	0	20
TOT PAY	0	305,342	147,959	226,401	52,983	114,823	0	0	0	0	0	0	847,508
AVG PAY	0	43,620	36,990	45,280	52,983	38,274	0	0	0	0	0	0	42,375
30-34 NO.	0	2	3	2	0	4	1	0	0	0	0	0	12
TOT PAY	0	69,865	154,240	71,861	0	158,154	61,115	0	0	0	0	0	515,235
AVG PAY	0	34,932	51,413	35,931	0	39,539	61,115	0	0	0	0	0	42,936
35-39 NO.	5	14	2	3	0	7	3	0	0	0	0	0	34
TOT PAY	123,797	584,493	85,106	141,032	0	290,172	158,167	0	0	0	0	0	1,382,767
AVG PAY	24,759	41,749	42,553	47,011	0	41,453	52,722	0	0	0	0	0	40,670
40-44 NO.	2	12	3	1	1	6	10	1	1	0	0	0	37
TOT PAY	57,611	487,599	142,487	46,163	28,104	272,419	512,180	44,149	62,688	0	0	0	1,653,400
AVG PAY	28,805	40,633	47,496	46,163	28,104	45,403	51,218	44,149	62,688	0	0	0	44,686
45-49 NO.	3	8	10	3	0	12	10	6	4	3	0	0	59
TOT PAY	90,851	265,069	395,894	106,768	0	580,962	555,865	328,690	255,986	163,343	0	0	2,743,428
AVG PAY	30,284	33,134	39,589	35,589	0	48,414	55,587	54,782	63,997	54,448	0	0	46,499
50-54 NO.	3	8	4	1	4	13	9	9	7	2	4	0	64
TOT PAY	124,647	342,877	149,082	37,682	186,327	607,597	448,379	513,450	447,215	126,209	234,856	0	3,218,321
AVG PAY	41,549	42,860	37,271	37,682	46,582	46,738	49,820	57,050	63,888	63,105	58,714	0	50,286
55-59 NO.	2	8	2	7	3	7	6	7	3	1	0	1	47
TOT PAY	58,495	340,764	87,040	325,357	124,886	382,423	298,741	348,915	215,167	49,082	0	56,914	2,287,784
AVG PAY	29,247	42,595	43,520	46,480	41,629	54,632	49,790	49,845	71,722	49,082	0	56,914	48,676
60-64 NO.	1	5	3	1	1	7	4	6	2	2	0	1	33
TOT PAY	52,212	201,089	153,907	43,203	66,568	329,763	208,833	330,332	99,726	159,897	0	68,070	1,713,600
AVG PAY	52,212	40,218	51,302	43,203	66,568	47,109	52,208	55,055	49,863	79,949	0	68,070	51,927
65 & Up NO.	0	1	0	0	1	3	1	2	0	0	0	0	8
TOT PAY	0	47,758	0	0	37,061	104,570	98,050	181,604	0	0	0	0	469,043
AVG PAY	0	47,758	0	0	37,061	34,857	98,050	90,802	0	0	0	0	58,630
TOT NO.	19	67	32	23	11	62	44	31	17	8	4	2	320
TOT AMT	593,929	2,711,013	1,356,425	998,467	495,929	2,840,883	2,341,330	1,747,140	1,080,782	498,531	234,856	124,984	15,024,269
AVG AMT	31,259	40,463	42,388	43,412	45,084	45,821	53,212	56,359	63,575	62,316	58,714	62,492	46,951

INACTIVE PARTICIPANT SCATTER

Age Group	Terminated Vested		Disabled		Retired		Deceased with Beneficiary	
	Number	Total Benefits	Number	Total Benefits	Number	Total Benefits	Number	Total Benefits
Under 20	-	-	-	-	-	-	-	-
20-24	-	-	-	-	-	-	-	-
25-29	-	-	-	-	-	-	-	-
30-34	-	-	-	-	-	-	-	-
35-39	1	8,344	-	-	-	-	-	-
40-44	3	33,887	-	-	-	-	-	-
45-49	2	28,201	-	-	-	-	-	-
50-54	7	52,131	-	-	1	32,012	-	-
55-59	6	53,605	1	10,171	24	428,203	-	-
60-64	1	4,512	-	-	36	500,814	1	11,848
65-69	1	11,796	-	-	45	503,200	-	-
70-74	-	-	-	-	31	375,257	1	6,620
75-79	-	-	-	-	24	173,053	5	26,482
80-84	-	-	-	-	13	73,171	2	15,008
85-89	-	-	-	-	9	19,298	-	-
90-94	-	-	-	-	2	600	-	-
95-99	-	-	-	-	-	-	-	-
100 & Over	-	-	-	-	-	-	-	-
Total	21	192,476	1	10,171	185	2,105,608	9	59,958
Average Age		53		59		70		76

SECTION F
SUMMARY OF PLAN PROVISIONS

SUMMARY OF PLAN PROVISIONS

A. Ordinances

Plan established under the Code of Ordinances for the City of Naples, Florida, Chapter 29, Article III, and was most recently amended under Ordinance No. 08-12087 passed and adopted on its second reading on June 4, 2008. The Plan is also governed by certain provisions of Part VII, Chapter 112, Florida Statutes (F.S.) and the Internal Revenue Code.

B. Effective Date

January 1, 1973

C. Plan Year

October 1 through September 30

D. Type of Plan

Qualified, governmental defined benefit retirement plan; for GASB purposes it is a single employer plan.

E. Eligibility Requirements

Each general employee who is regularly working 20 or more hours per week or and more than 6 months in a year becomes a member following 6 months of service. Those hired before March 1, 1995 became members at date of hire.

F. Credited Service

Service is measured as the total number of years and completed months of continuous employment with the City. No service is credited for any periods of employment for which no compensation was paid by the City or for which the member received a refund of employee contributions.

G. Compensation

Base compensation including holiday pay, vacation pay, longevity pay and sick pay, but excluding overtime and all other compensation.

H. Final Average Compensation (FAC)

The average of Compensation over the highest three consecutive years of credited service; lump sum payment for unused vacation pay and sick leave is not included.

I. Normal Retirement

Eligibility: A member may retire on the first day of the month coincident with or next following the earlier of:

- (1) age 60 with 5 years of Credited Service, or
- (2) when the total of age plus service equals 85 years.

Benefit: 2.5% of FAC multiplied by years of Credited Service up to a maximum of 100% of FAC.

Normal Form of Benefit: Single life annuity; other options are also available.

COLA: None

J. Early Retirement

Eligibility: A member may elect to retire earlier than the Normal Retirement Eligibility upon attainment of age 55 with 5 years of Credited Service.

Benefit: The Normal Retirement Benefit is reduced by 0.25% for each month by which the Early Retirement date precedes age 60.

Normal Form of Benefit: Single life annuity; other options are also available.

COLA: None

K. Delayed Retirement

Same as Normal Retirement taking into account compensation earned and service credited until the date of actual retirement.

L. Service Connected Disability

Not Applicable

M. Non-Service Connected Disability

Not Applicable

N. Death in the Line of Duty

Eligibility: Members are eligible for survivor benefits after the completion of 5 years and 6 months of Credited Service.

Benefit: The survivor benefit payable to the designated beneficiary is the member's accumulated contributions with interest plus the amount the City contributed on behalf of the member.

Normal Form
of Benefit: Lump Sum

COLA: None

The designated beneficiary of a plan member with less than 5 years and 6 months of Credited Service will receive a refund of the member's accumulated contributions with interest.

O. Other Pre-Retirement Death

Eligibility: Members are eligible for survivor benefits after the completion of 5 years and 6 months of Credited Service.

Benefit: The survivor benefit payable to the designated beneficiary is the member's accumulated contributions with interest plus the amount the City contributed on behalf of the member.

Normal Form
of Benefit: Lump Sum

COLA: None

The designated beneficiary of a plan member with less than 5 years and 6 months of Credited Service will receive a refund of the member's accumulated contributions with interest.

P. Post Retirement Death

Benefit determined by the form of benefit elected upon retirement.

Q. Optional Forms

In lieu of electing the Normal Form of benefit, the optional forms of benefits available to all retirees are the 10 Year Certain and Life option, the 50% Joint and Survivor option or the 100% Joint and Survivor option. A Social Security option is available for those retiring on or after age 60 and an actuarial equivalent lump sum option is available for those whose monthly benefit is \$250.00 or less.

R. Vested Termination

Eligibility: A member has earned a non-forfeitable right to Plan benefits after the completion of 10 years of Credited Service or upon attaining age 50 and 5 years of Credited Service.

Benefit: The benefit is the member's accrued Normal Retirement Benefit as of the date of termination. Benefit begins at age 60. The vested benefit may begin at age 55 or later after a reduction of 0.25% for each month prior to age 60.

Normal Form
of Benefit: Single life annuity; other options also available.

COLA: None

If the member has 5 to 10 years of credited service but is under age 50, there will be a refund of the member's contributions with interest plus the amount the City had contributed on the member's behalf.

Members terminating employment with less than 5 years of credited service will receive a refund of their own accumulated contributions with interest.

S. Refunds

Eligibility: All members terminating employment with less than 5 years of credited service are eligible. Optionally, vested members (those with 5 or more years of credited service) may elect a refund in lieu of the vested benefits otherwise due.

Benefit: For those with less than 5 years of credited service, a refund of the member's contributions with interest. For those with 5 or more years of credited service, a refund of the member's contributions with interest plus the amount the City had contributed on behalf of the member. Interest is currently credited at 5.5%.

T. Member Contributions

5% of Compensation

U. Employer Contributions

The amount determined by the actuary needed to fund the plan properly according to State laws.

V. Cost of Living Increases

Not Applicable

W. Deferred Retirement Option Plan (DROP)

Eligibility: Non-union members who had 30 years of service in June, 2005 became eligible for the DROP.

Benefit: The member's Credited Service and FAC are frozen upon entry into the DROP. The monthly retirement benefit as described under Normal Retirement is calculated based upon the frozen Credited Service and FAC.

Maximum
DROP Period: 84 months

Interest
Credited: The member's DROP account is credited at a rate equal to the actual net rate of investment return realized by the system from the short term investment fund or money market mutual fund in which the DROP member's account is invested.

Normal Form
of Benefit: Lump Sum

COLA: None

X. Other Ancillary Benefits

There are no ancillary benefits – retirement type benefits not required by statutes but which might be deemed a City of Naples General Employees' Retirement System liability if continued beyond the availability of funding by the current funding source.

Y. Changes from Previous Valuation

The plan was amended by Ordinance No. 08-12087 passed on June 4, 2008. The purpose of the ordinance was to extend the period of time that the DROP plan member is allowed to participate in the DROP. It was determined that the ordinance would have no actuarial impact on the plan.