

CITY OF NAPLES
GENERAL RETIREMENT SYSTEM

SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2021 VALUATION DATE



April 21, 2022

VIA E-MAIL

Ms. Liz Willis
City of Naples Finance Department
735 8th Street South
Naples, Florida 34102

Re: City of Naples General Retirement System
Section 112.664, Florida Statutes Compliance

Dear Liz:

Please find enclosed the annual disclosures that satisfy the October 1, 2021 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.

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.

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: 

Douglas H. Lozen, EA, MAAA
Enrolled Actuary #20-7778

Enclosures

cc via email: Pedro Herrera, Board Attorney
cc via email: Jessica A. De la Torre Vila

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, 2021 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
FISCAL YEAR SEPTEMBER 30, 2021

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Discount Rate:	7.00%	5.00%
<u>Total Pension Liability</u>		
Service Cost	1,658,150	2,500,115
Interest	5,084,529	4,519,165
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	493,832	735,492
Changes of Assumptions	-	-
Contributions - Buy Back	19,159	19,159
Benefit Payments, Including Refunds of Employee Contributions	(4,705,603)	(4,705,603)
Net Change in Total Pension Liability	2,550,067	3,068,328
Total Pension Liability - Beginning	73,330,786	90,235,989
Total Pension Liability - Ending (a)	<u>\$ 75,880,853</u>	<u>\$ 93,304,317</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	2,535,318	2,535,318
Contributions - Employee	696,781	696,781
Contributions - Buy Back	19,159	19,159
Net Investment Income	13,263,731	13,263,731
Benefit Payments, Including Refunds of Employee Contributions	(4,705,603)	(4,705,603)
Administrative Expenses	(159,415)	(159,415)
Net Change in Plan Fiduciary Net Position	11,649,971	11,649,971
Plan Fiduciary Net Position - Beginning	60,893,630	60,893,630
Plan Fiduciary Net Position - Ending (b)	<u>\$ 72,543,601</u>	<u>\$ 72,543,601</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 3,337,252</u>	<u>\$ 20,760,716</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: Discount Rate = 7.00%

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
2021	72,543,522	-	5,854,405	-	4,873,142	71,562,259
2022	71,562,259	-	5,525,668	-	4,815,960	70,852,551
2023	70,852,551	-	5,637,055	-	4,762,382	69,977,878
2024	69,977,878	-	5,783,801	-	4,696,018	68,890,095
2025	68,890,095	-	5,920,660	-	4,615,084	67,584,519
2026	67,584,519	-	5,989,676	-	4,521,278	66,116,121
2027	66,116,121	-	5,967,736	-	4,419,258	64,567,643
2028	64,567,643	-	5,958,338	-	4,311,193	62,920,498
2029	62,920,498	-	5,924,337	-	4,197,083	61,193,244
2030	61,193,244	-	5,851,237	-	4,078,734	59,420,741
2031	59,420,741	-	5,755,595	-	3,958,006	57,623,152
2032	57,623,152	-	5,677,289	-	3,834,916	55,780,779
2033	55,780,779	-	5,590,534	-	3,708,986	53,899,231
2034	53,899,231	-	5,455,447	-	3,582,006	52,025,790
2035	52,025,790	-	5,314,384	-	3,455,802	50,167,208
2036	50,167,208	-	5,157,929	-	3,331,177	48,340,456
2037	48,340,456	-	5,039,886	-	3,207,436	46,508,006
2038	46,508,006	-	4,863,412	-	3,085,341	44,729,935
2039	44,729,935	-	4,693,408	-	2,966,826	43,003,353
2040	43,003,353	-	4,543,523	-	2,851,211	41,311,041
2041	41,311,041	-	4,350,624	-	2,739,501	39,699,918
2042	39,699,918	-	4,181,233	-	2,632,651	38,151,336
2043	38,151,336	-	3,983,747	-	2,531,162	36,698,751
2044	36,698,751	-	3,774,465	-	2,436,806	35,361,092
2045	35,361,092	-	3,592,961	-	2,349,523	34,117,654
2046	34,117,654	-	3,402,648	-	2,269,143	32,984,149
2047	32,984,149	-	3,237,801	-	2,195,567	31,941,915
2048	31,941,915	-	3,042,077	-	2,129,461	31,029,299
2049	31,029,299	-	2,833,637	-	2,072,874	30,268,536
2050	30,268,536	-	2,642,296	-	2,026,317	29,652,557
2051	29,652,557	-	2,452,595	-	1,989,838	29,189,800
2052	29,189,800	-	2,264,951	-	1,964,013	28,888,862
2053	28,888,862	-	2,094,661	-	1,948,907	28,743,108
2054	28,743,108	-	1,931,579	-	1,944,412	28,755,941
2055	28,755,941	-	1,774,890	-	1,950,795	28,931,846
2056	28,931,846	-	1,624,462	-	1,968,373	29,275,757
2057	29,275,757	-	1,482,057	-	1,997,431	29,791,131
2058	29,791,131	-	1,348,580	-	2,038,179	30,480,730
2059	30,480,730	-	1,227,470	-	2,090,690	31,343,950
2060	31,343,950	-	1,115,612	-	2,155,030	32,383,368
2061	32,383,368	-	1,013,900	-	2,231,349	33,600,817
2062	33,600,817	-	919,956	-	2,319,859	35,000,720
2063	35,000,720	-	834,428	-	2,420,845	36,587,137
2064	36,587,137	-	757,311	-	2,534,594	38,364,420
2065	38,364,420	-	686,642	-	2,661,477	40,339,255

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: Discount Rate = 7.00%

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	40,339,255	-	622,430	-	2,801,963	42,518,788
2067	42,518,788	-	563,860	-	2,956,580	44,911,508
2068	44,911,508	-	510,387	-	3,125,942	47,527,063
2069	47,527,063	-	461,416	-	3,310,745	50,376,392
2070	50,376,392	-	416,449	-	3,511,772	53,471,715
2071	53,471,715	-	375,083	-	3,729,892	56,826,524
2072	56,826,524	-	336,986	-	3,966,062	60,455,600
2073	60,455,600	-	301,847	-	4,221,327	64,375,080
2074	64,375,080	-	269,402	-	4,496,827	68,602,505
2075	68,602,505	-	239,464	-	4,793,794	73,156,835
2076	73,156,835	-	211,861	-	5,113,563	78,058,537
2077	78,058,537	-	186,458	-	5,457,572	83,329,651
2078	83,329,651	-	163,129	-	5,827,366	88,993,888
2079	88,993,888	-	141,772	-	6,224,610	95,076,726
2080	95,076,726	-	122,339	-	6,651,089	101,605,476
2081	101,605,476	-	104,792	-	7,108,716	108,609,400
2082	108,609,400	-	89,065	-	7,599,541	116,119,876
2083	116,119,876	-	75,078	-	8,125,764	124,170,562
2084	124,170,562	-	62,744	-	8,689,743	132,797,561
2085	132,797,561	-	51,964	-	9,294,011	142,039,608
2086	142,039,608	-	42,634	-	9,941,280	151,938,254
2087	151,938,254	-	34,636	-	10,634,466	162,538,084
2088	162,538,084	-	27,852	-	11,376,691	173,886,923
2089	173,886,923	-	22,165	-	12,171,309	186,036,067
2090	186,036,067	-	17,455	-	13,021,914	199,040,526
2091	199,040,526	-	13,600	-	13,932,361	212,959,287
2092	212,959,287	-	10,482	-	14,906,783	227,855,588
2093	227,855,588	-	7,990	-	15,949,612	243,797,210
2094	243,797,210	-	6,025	-	17,065,594	260,856,779
2095	260,856,779	-	4,494	-	18,259,817	279,112,102
2096	279,112,102	-	3,315	-	19,537,731	298,646,518
2097	298,646,518	-	2,417	-	20,905,172	319,549,273
2098	319,549,273	-	1,743	-	22,368,388	341,915,918
2099	341,915,918	-	1,242	-	23,934,071	365,848,747
2100	365,848,747	-	874	-	25,609,382	391,457,255
2101	391,457,255	-	607	-	27,401,987	418,858,635
2102	418,858,635	-	415	-	29,320,090	448,178,310
2103	448,178,310	-	278	-	31,372,472	479,550,504
2104	479,550,504	-	183	-	33,568,529	513,118,850
2105	513,118,850	-	118	-	35,918,315	549,037,047
2106	549,037,047	-	74	-	38,432,591	587,469,564
2107	587,469,564	-	45	-	41,122,868	628,592,387
2108	628,592,387	-	27	-	44,001,466	672,593,826
2109	672,593,826	-	15	-	47,081,567	719,675,378
2110	719,675,378	-	9	-	50,377,276	770,052,645

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: Discount Rate = 7.00%

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
2111	770,052,645	-	5	-	53,903,685	823,956,325
2112	823,956,325	-	3	-	57,676,943	881,633,265
2113	881,633,265	-	1	-	61,714,329	943,347,593
2114	943,347,593	-	1	-	66,034,331	1,009,381,923
2115	1,009,381,923	-	-	-	70,656,735	1,080,038,658

*All DROP Balances paid in 2021.

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 7.00% 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: Discount Rate = 5.00%

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
2021	72,543,522	-	5,854,405	-	3,480,816	70,169,933
2022	70,169,933	-	5,525,668	-	3,370,355	68,014,620
2023	68,014,620	-	5,637,055	-	3,259,805	65,637,370
2024	65,637,370	-	5,783,801	-	3,137,273	62,990,842
2025	62,990,842	-	5,920,660	-	3,001,526	60,071,708
2026	60,071,708	-	5,989,676	-	2,853,844	56,935,876
2027	56,935,876	-	5,967,736	-	2,697,600	53,665,740
2028	53,665,740	-	5,958,338	-	2,534,329	50,241,731
2029	50,241,731	-	5,924,337	-	2,363,978	46,681,372
2030	46,681,372	-	5,851,237	-	2,187,788	43,017,923
2031	43,017,923	-	5,755,595	-	2,007,006	39,269,334
2032	39,269,334	-	5,677,289	-	1,821,534	35,413,579
2033	35,413,579	-	5,590,534	-	1,630,916	31,453,961
2034	31,453,961	-	5,455,447	-	1,436,312	27,434,826
2035	27,434,826	-	5,314,384	-	1,238,882	23,359,324
2036	23,359,324	-	5,157,929	-	1,039,018	19,240,413
2037	19,240,413	-	5,039,886	-	836,024	15,036,551
2038	15,036,551	-	4,863,412	-	630,242	10,803,381
2039	10,803,381	-	4,693,408	-	422,834	6,532,807
2040	6,532,807	-	4,543,523	-	213,052	2,202,336
2041	2,202,336	-	4,350,624	-	-	-

*All DROP Balances paid in 2021.

Number of Years Expected Benefit Payments Sustained: 20.51

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.00% 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, 2023

Valuation Date: 10/1/2021

	ACTUAL	HYPOTHETICAL
Investment Rate of Return:	7.00%	5.00%
Minimum Required Contribution (Fixed \$)	\$2,676,050	\$4,462,975
Minimum Required Contribution (% of Payroll)	15.19%	25.33%
Expected Member Contribution	674,899	674,899
Expected Sponsor Contribution (Fixed \$)	\$2,001,151	\$3,788,076
Expected Sponsor Contribution (% of Payroll)	11.36%	21.50%

ASSETS

Actuarial Value ¹	66,978,467	66,978,467
Market Value ¹	72,543,522	72,543,522

LIABILITIES

Present Value of Benefits		
Active Members		
Retirement Benefits	33,504,213	47,955,927
Disability Benefits	666,974	986,528
Death Benefits	285,780	332,808
Vested Benefits	2,286,526	4,195,811
Refund of Contributions	2,730,189	3,141,679
Service Retirees	42,680,709	50,305,658
DROP Retirees ¹	816,045	967,718
Beneficiaries	1,929,999	2,240,604
Disability Retirees	69,626	77,811
Terminated Vested	2,208,389	2,927,808
Total:	87,178,450	113,132,352
Present Value of Future Salaries	133,010,446	150,643,203
Present Value of Future Member Contributions	5,094,300	5,769,635
Total Normal Cost	1,417,660	2,190,032
Present Value of Future Normal Costs (Entry Age Normal)	9,724,703	17,494,128
Total Actuarial Accrued Liability (EAN) ¹	77,453,747	95,638,224
Unfunded Actuarial Accrued Liability (UAAL)	10,475,280	28,659,757

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2023

	Valuation Date: 10/1/2021	
	ACTUAL	HYPOTHETICAL
Investment Rate of Return:	7.00%	5.00%
<u>PENSION COST</u>		
Normal Cost (with interest)	1,417,660	2,190,032
Administrative Expenses (with interest)	154,661	154,661
Payment Required To Amortize UAAL (with interest)	1,103,729	2,118,282
Minimum Required Contribution	\$2,676,050	\$4,462,975

¹ The asset values and liabilities include accumulated DROP Balances as of 9/30/2021.