

CITY OF NAPLES  
POLICE OFFICERS' RETIREMENT TRUST FUND

SECTION 112.664, FLORIDA STATUTES COMPLIANCE  
DETERMINED AS OF THE  
OCTOBER 1, 2023 VALUATION DATE



January 12, 2024

VIA E-MAIL

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

Re: City of Naples Police Officers' Retirement Trust Fund  
Section 112.664, Florida Statutes Compliance

Dear Liz:

Please find enclosed the annual disclosures that satisfy the October 1, 2023 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 #23-7778

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, 2023 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, 2023

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Discount Rate:	7.00%	5.00%
<u>Total Pension Liability</u>		
Service Cost	961,907	1,520,688
Interest	5,311,621	4,763,602
Changes of Benefit Terms	486,459	579,651
Differences Between Expected and Actual Experience	1,192,809	1,864,169
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(5,032,917)	(5,032,917)
Net Change in Total Pension Liability	2,919,879	3,695,193
Total Pension Liability - Beginning	77,434,849	96,267,811
Total Pension Liability - Ending (a)	<u>\$ 80,354,728</u>	<u>\$ 99,963,004</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	2,309,607	2,309,607
Contributions - State	1,041,101	1,041,101
Contributions - Employee	247,828	247,828
Net Investment Income	6,390,394	6,390,394
Benefit Payments, Including Refunds of Employee Contributions	(5,032,917)	(5,032,917)
Administrative Expenses	(104,114)	(104,114)
Other	2,375	2,375
Net Change in Plan Fiduciary Net Position	4,854,274	4,854,274
Plan Fiduciary Net Position - Beginning	57,572,894	57,572,894
Plan Fiduciary Net Position - Ending (b)	<u>\$ 62,427,168</u>	<u>\$ 62,427,168</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 17,927,560</u>	<u>\$ 37,535,836</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
2023	62,831,605	-	6,417,432	-	4,173,602	60,587,775
2024	60,587,775	-	5,637,906	-	4,043,818	58,993,687
2025	58,993,687	-	5,716,603	-	3,929,477	57,206,561
2026	57,206,561	-	5,828,531	-	3,800,461	55,178,491
2027	55,178,491	-	5,893,679	-	3,656,216	52,941,028
2028	52,941,028	-	5,947,269	-	3,497,718	50,491,477
2029	50,491,477	-	6,047,017	-	3,322,758	47,767,218
2030	47,767,218	-	6,190,630	-	3,127,033	44,703,621
2031	44,703,621	-	6,265,824	-	2,909,950	41,347,747
2032	41,347,747	-	6,300,126	-	2,673,838	37,721,459
2033	37,721,459	-	6,246,339	-	2,421,880	33,897,000
2034	33,897,000	-	6,184,229	-	2,156,342	29,869,113
2035	29,869,113	-	6,134,101	-	1,876,144	25,611,156
2036	25,611,156	-	6,053,047	-	1,580,924	21,139,033
2037	21,139,033	-	5,968,234	-	1,270,844	16,441,643
2038	16,441,643	-	5,905,898	-	944,209	11,479,954
2039	11,479,954	-	5,804,219	-	600,449	6,276,184
2040	6,276,184	-	5,693,381	-	240,065	822,868
2041	822,868	-	5,575,608	-	-	-

\*All DROP Balances paid in 2023.

Number of Years Expected Benefit Payments Sustained: 18.15

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
2023	62,831,605	-	6,417,432	-	2,981,144	59,395,317
2024	59,395,317	-	5,637,906	-	2,828,818	56,586,229
2025	56,586,229	-	5,716,603	-	2,686,396	53,556,022
2026	53,556,022	-	5,828,531	-	2,532,088	50,259,579
2027	50,259,579	-	5,893,679	-	2,365,637	46,731,537
2028	46,731,537	-	5,947,269	-	2,187,895	42,972,163
2029	42,972,163	-	6,047,017	-	1,997,433	38,922,579
2030	38,922,579	-	6,190,630	-	1,791,363	34,523,312
2031	34,523,312	-	6,265,824	-	1,569,520	29,827,008
2032	29,827,008	-	6,300,126	-	1,333,847	24,860,729
2033	24,860,729	-	6,246,339	-	1,086,878	19,701,268
2034	19,701,268	-	6,184,229	-	830,458	14,347,497
2035	14,347,497	-	6,134,101	-	564,022	8,777,418
2036	8,777,418	-	6,053,047	-	287,545	3,011,916
2037	3,011,916	-	5,968,234	-	-	-

\*All DROP Balances paid in 2023.

Number of Years Expected Benefit Payments Sustained: 14.50

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, 2025

Valuation Date: 10/1/2023

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Investment Rate of Return:	7.00%	5.00%
Minimum Required Contribution (Fixed \$)	\$3,074,237	\$4,723,676
Minimum Required Contribution (% of Payroll)	56.02%	86.09%
Expected Member Contribution	212,348	212,348
Expected State Money	1,041,101	1,041,101
Expected Sponsor Contribution (Fixed \$)	\$1,820,788	\$3,470,227
Expected Sponsor Contribution (% of Payroll)	33.18%	63.25%

**ASSETS**

Actuarial Value <sup>1</sup>	65,746,194	65,746,194
Market Value <sup>1</sup>	62,831,605	62,831,605

**LIABILITIES**

Present Value of Benefits		
Actives		
Retirement Benefits	24,088,274	34,701,866
Disability Benefits	1,543,557	2,245,744
Death Benefits	107,727	168,211
Vested Benefits	1,454,568	2,577,514
Refund of Contributions	57,749	60,132
Service Retirees	51,917,670	63,499,538
DROP Retirees <sup>1</sup>	3,473,177	4,152,585
Beneficiaries	1,718,727	2,033,616
Disability Retirees	3,047,983	3,810,888
Terminated Vested	1,378,629	1,924,599
Share Plan Balances <sup>1</sup>	0	0
Total:	88,788,061	115,174,693
Present Value of Future Salaries	45,527,496	52,129,530
Present Value of Future Member Contributions	1,761,914	2,017,413
Total Normal Cost	907,632	1,464,398
Present Value of Future Normal Costs (Entry Age Normal)	7,173,142	13,374,803
Total Actuarial Accrued Liability (EAN) <sup>1</sup>	81,614,919	101,799,890
Unfunded Actuarial Accrued Liability (UAAL)	15,868,725	36,053,696

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2025

Valuation Date: 10/1/2023

	ACTUAL	HYPOTHETICAL
Investment Rate of Return:	7.00%	5.00%
<b><u>PENSION COST</u></b>		
Normal Cost (with interest)	907,632	1,464,398
Administrative Expenses (with interest)	102,843	102,843
Payment Required To Amortize UAAL (with interest)	2,063,762	3,156,435
Minimum Required Contribution	\$3,074,237	\$4,723,676

<sup>1</sup> The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2023.