

CITY OF NAPLES
FIREFIGHTERS' PENSION AND RETIREMENT SYSTEM

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



April 23, 2024

VIA E-MAIL

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

Re: City of Naples Firefighters' Pension and Retirement System
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.

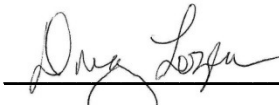
In addition to the enclosed report, the Plan or Plan Sponsor's website must provide a link to the Division of Retirement's Actuarial Summary Fact Sheet for the Plan, and also report the previous five years' assumed and actual rates of return, along with their respective asset allocations. The Board should 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

	ACTUAL	HYPOTHETICAL
Discount Rate:	7.00%	5.00%
<u>Total Pension Liability</u>		
Service Cost	1,035,986	1,659,550
Interest	5,502,634	5,089,086
Changes of Benefit Terms	177,206	207,423
Differences Between Expected and Actual Experience	799,712	1,287,650
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(3,903,790)	(3,903,790)
Net Change in Total Pension Liability	3,611,748	4,339,919
Total Pension Liability - Beginning	79,524,960	102,074,068
Total Pension Liability - Ending (a)	<u>\$ 83,136,708</u>	<u>\$ 106,413,987</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	2,251,276	2,251,276
Contributions - State	1,264,503	1,264,503
Contributions - Employee	194,718	194,718
Net Investment Income	6,964,040	6,964,040
Benefit Payments, Including Refunds of Employee Contributions	(3,903,790)	(3,903,790)
Administrative Expenses	(99,362)	(99,362)
Net Change in Plan Fiduciary Net Position	6,671,385	6,671,385
Plan Fiduciary Net Position - Beginning	61,585,027	61,585,027
Plan Fiduciary Net Position - Ending (b)	<u>\$ 68,256,412</u>	<u>\$ 68,256,412</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 14,880,296</u>	<u>\$ 38,157,575</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	68,254,449	-	5,646,214	-	4,580,194	67,188,429
2024	67,188,429	-	4,785,894	-	4,535,684	66,938,219
2025	66,938,219	-	5,006,977	-	4,510,431	66,441,673
2026	66,441,673	-	5,180,941	-	4,469,584	65,730,316
2027	65,730,316	-	5,295,573	-	4,415,777	64,850,520
2028	64,850,520	-	5,464,244	-	4,348,288	63,734,564
2029	63,734,564	-	5,590,945	-	4,265,736	62,409,355
2030	62,409,355	-	5,708,875	-	4,168,844	60,869,324
2031	60,869,324	-	5,917,038	-	4,053,756	59,006,042
2032	59,006,042	-	6,141,229	-	3,915,480	56,780,293
2033	56,780,293	-	6,281,377	-	3,754,772	54,253,688
2034	54,253,688	-	6,361,111	-	3,575,119	51,467,696
2035	51,467,696	-	6,478,316	-	3,375,998	48,365,378
2036	48,365,378	-	6,549,994	-	3,156,327	44,971,711
2037	44,971,711	-	6,610,168	-	2,916,664	41,278,207
2038	41,278,207	-	6,687,041	-	2,655,428	37,246,594
2039	37,246,594	-	6,720,987	-	2,372,027	32,897,634
2040	32,897,634	-	6,731,600	-	2,067,228	28,233,262
2041	28,233,262	-	6,728,753	-	1,740,822	23,245,331
2042	23,245,331	-	6,722,984	-	1,391,869	17,914,216
2043	17,914,216	-	6,697,104	-	1,019,596	12,236,708
2044	12,236,708	-	6,653,189	-	623,708	6,207,227
2045	6,207,227	-	6,573,953	-	-	-

*All DROP and Share Balances paid in 2023.

Number of Years Expected Benefit Payments Sustained: 22.94

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	68,254,449	-	5,646,214	-	3,271,567	65,879,802
2024	65,879,802	-	4,785,894	-	3,174,343	64,268,251
2025	64,268,251	-	5,006,977	-	3,088,238	62,349,512
2026	62,349,512	-	5,180,941	-	2,987,952	60,156,523
2027	60,156,523	-	5,295,573	-	2,875,437	57,736,387
2028	57,736,387	-	5,464,244	-	2,750,213	55,022,356
2029	55,022,356	-	5,590,945	-	2,611,344	52,042,755
2030	52,042,755	-	5,708,875	-	2,459,416	48,793,296
2031	48,793,296	-	5,917,038	-	2,291,739	45,167,997
2032	45,167,997	-	6,141,229	-	2,104,869	41,131,637
2033	41,131,637	-	6,281,377	-	1,899,547	36,749,807
2034	36,749,807	-	6,361,111	-	1,678,463	32,067,159
2035	32,067,159	-	6,478,316	-	1,441,400	27,030,243
2036	27,030,243	-	6,549,994	-	1,187,762	21,668,011
2037	21,668,011	-	6,610,168	-	918,146	15,975,989
2038	15,975,989	-	6,687,041	-	631,623	9,920,571
2039	9,920,571	-	6,720,987	-	328,004	3,527,588
2040	3,527,588	-	6,731,600	-	-	-

*All DROP and Share Balances paid in 2023.

Number of Years Expected Benefit Payments Sustained: 17.52

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 \$)	\$2,773,982	\$4,704,397
Minimum Required Contribution (% of Payroll)	58.90%	99.90%
Expected Member Contribution	199,188	199,188
Expected State Money	1,264,503	1,264,503
Expected Sponsor Contribution (Fixed \$)	\$1,310,291	\$3,240,706
Expected Sponsor Contribution (% of Payroll)	27.82%	68.82%

ASSETS

Actuarial Value ¹	71,240,194	71,240,194
Market Value ¹	68,254,449	68,254,449

LIABILITIES

Present Value of Benefits		
Actives		
Retirement Benefits	22,718,013	34,015,708
Disability Benefits	1,216,153	1,744,852
Death Benefits	115,444	177,907
Vested Benefits	774,215	1,362,613
Refund of Contributions	30,512	31,904
Service Retirees	56,761,015	71,758,373
DROP Retirees ¹	6,132,242	7,758,224
Beneficiaries	2,015,589	2,498,532
Disability Retirees	971,892	1,191,654
Terminated Vested	75,575	106,237
Share Plan Balances ¹	724,229	724,229
Excess State Monies Reserve	0	0
Total:	<u>91,534,879</u>	<u>121,370,233</u>
Present Value of Future Salaries	41,015,932	46,690,543
Present Value of Future Member Contributions	1,734,974	1,975,010
Total Normal Cost	986,709	1,589,295
Present Value of Future Normal Costs (Entry Age Normal)	7,894,264	14,330,628
Total Actuarial Accrued Liability (EAN) ¹	83,640,615	107,039,605
Unfunded Actuarial Accrued Liability (UAAL)	12,400,421	35,799,411

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%
<u>PENSION COST</u>		
Normal Cost (with interest)	986,709	1,589,295
Administrative Expenses (with interest)	93,881	93,881
Payment Required To Amortize UAAL (with interest)	1,693,392	3,021,221
Minimum Required Contribution	\$2,773,982	\$4,704,397

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