

GREATER NAPLES FIRE RESCUE DISTRICT  
FIREFIGHTER'S PENSION PLAN

ACTUARIAL VALUATION  
AS OF OCTOBER 1, 2018

CONTRIBUTIONS APPLICABLE TO THE  
PLAN/FISCAL YEAR ENDING SEPTEMBER 30, 2020

GASB 67/68 DISCLOSURE INFORMATION  
AS OF SEPTEMBER 30, 2018



**FOSTER & FOSTER**  
ACTUARIES AND CONSULTANTS

February 6, 2019

Board of Trustees  
Greater Naples Fire Rescue District  
Firefighters' Pension Plan  
c/o Ms. JOYceanna J. Rautio  
Plan Administrator  
Rautio & Associates, Inc.  
10261 Windsor Way  
Naples, FL 34109

Re: Greater Naples Fire Rescue District Firefighter's Pension Plan

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the Greater Naples Fire Rescue District Firefighter's Pension Plan. Included are the related results for GASB Statements No. 67 and No. 68. The funding valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year. The calculation of the liability for GASB results was performed for the purpose of satisfying the requirements of GASB Statements No. 67 and No. 68. Use of the results for other purposes may not be applicable and may produce significantly different results.

The valuations have been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflect laws and regulations issued to date pursuant to the provisions of Chapters 112 and 175, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in the valuations, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations. Due to the limited scope of the valuation, we did not perform an analysis of the potential range of such future measurements.

In conducting the valuations, we have relied on personnel, plan design, and asset information supplied by the Greater Naples Fire Rescue District, financial reports prepared by the custodian bank, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial

accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on an actuarial valuation performed as of October 1, 2017. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ending September 30, 2018 using generally accepted actuarial principles. It is our opinion that the assumptions used for this purpose are internally consistent, reasonable, and comply with the requirements under GASB No. 67 and No. 68.


The undersigned are familiar with the immediate and long-term aspects of pension valuations, and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

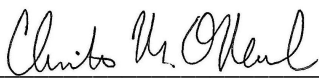
To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the Greater Naples Fire Rescue District, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Firefighter's Pension Plan. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact us at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.

By:   
Sara E. Carlson, ASA, EA, MAAA  
Enrolled Actuary #17-8546

  
Christine M. O'Neal, FSA, EA, MAAA  
Enrolled Actuary #17-7916

## TABLE OF CONTENTS

Section	Title	Page
I	Introduction	
	a. Summary of Report	5
	b. Changes Since Prior Valuation	7
	c. Contribution Impact of Annual Changes	8
	d. Comparative Summary of Principal Valuation Results	9
II	Valuation Information	
	a. Reconciliation of Unfunded Actuarial Accrued Liabilities	15
	b. Detailed Actuarial (Gain)/Loss Analysis	16
	c. Actuarial Assumptions and Methods	17
	d. Glossary	20
	e. Partial History of Premium Tax Refunds	22
III	Trust Fund	23
IV	Member Statistics	
	a. Statistical Data	27
	b. Age and Service Distribution	28
	c. Valuation Participant Reconciliation	29
V	Summary of Current Plan	30
VI	Governmental Accounting Standards Board Statements No. 67 and No. 68 Disclosure Information	33

## SUMMARY OF REPORT

The regular annual actuarial valuation of the Greater Naples Fire Rescue District Firefighter's Pension Plan, performed as of October 1, 2018, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ending September 30, 2020.

The contribution requirements, compared with those set forth in the October 1, 2017 actuarial valuation report, are as follows:

Valuation Date	10/1/2018	10/1/2017
Applicable Plan Year End	<u>9/30/2020</u>	<u>9/30/2019</u>
Total Required Contribution		
% of Total Annual Payroll	14.10%	8.66%
Member Contributions (Est.)		
% of Total Annual Payroll	3.00%	3.00%
District and State Required Contribution		
% of Total Annual Payroll	11.10%	5.66%
<b>Normal Cost Minimum Funding (District and State)</b>	<b>32.24%</b>	<b>31.95%</b>
State Contribution (est.) <sup>1</sup>	679,099	679,099
% of Total Annual Payroll	16.49%	16.49%
Balance from District <sup>2</sup>		
% of Total Annual Payroll	15.75%	15.46%

<sup>1</sup> Represents the applicable amount received in calendar 2018. As per a Memorandum of Understanding between the Membership and the District, \$679,098.83 of the State Monies received each year will be available to offset the District's required contribution. Any additional State Monies in excess of \$679,098.83 will be used to fund the Share Plan.

<sup>2</sup> Please note that the Normal Cost Minimum Funding, as shown on the previous page, is required pursuant to provisions of Chapter 2011-216, Laws of Florida for valuations performed on and after October 1, 2011. The required contribution from the combination of District and State sources for the year ending September 30, 2020, is 32.24% of the actual payroll realized in that year. The precise District requirement for the year is this amount, less State Contributions described on the previous page. Please note that the District has access to a prepaid contribution of \$147,713.36 that is available to offset a portion of the above stated requirements for the fiscal year ending September 30, 2019.

Plan experience was favorable overall on the basis of the plan's actuarial assumptions. The primary source of favorable experience was an average salary increase of 4.39% which fell short of the 6.50% assumption. This gain was offset in part by a loss associated with an investment return of 7.24% (Actuarial Asset Basis) which fell short of the 7.75% assumption. In spite of this net favorable actuarial experience, the Minimum Required Contribution increased slightly due to an increase in the Normal Cost.

## CHANGES SINCE PRIOR VALUATION

### Plan Changes

Per a Memorandum of Understanding between the Membership and the District signed November 13, 2018 (and retroactive to June 28, 2018), \$679,098.83 of the State Monies received each year will be available to offset the District's required contribution. Any additional monies in excess of \$679,098.83 will be used to fund the Share Plan.

### Actuarial Assumption/Method Changes

There have been no changes of actuarial assumptions or methods since the prior valuation.

## CONTRIBUTION IMPACT OF ANNUAL CHANGES

(1) Contribution Determined as of October 1, 2017 <sup>1</sup>	14.24%
(2) Summary of Contribution Impact by component:	
Change in State Contribution Percentage	1.22%
Change in Normal Cost Rate	0.29%
Other	<u>0.00%</u>
Total Change in Contribution	1.51%
(3) Contribution Determined as of October 1, 2018 <sup>1</sup>	15.75%

<sup>1</sup> District contribution requirements based on Normal Cost minimum requirement.



COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/1/2018</u>	<u>10/1/2017</u>
A. Participant Data		
Actives	42	42
Service Retirees	1	1
Beneficiaries	0	0
Disability Retirees	2	2
Terminated Vested	<u>8</u>	<u>9</u>
 Total	 53	 54
 Total Annual Payroll	 \$4,118,642	 \$3,948,909
Payroll Under Assumed Ret. Age	4,118,642	3,948,909
 Annual Rate of Payments to:		
Service Retirees	54,411	52,855
Beneficiaries	0	0
Disability Retirees	55,040	53,466
Terminated Vested	172,458	172,458
 B. Assets		
Actuarial Value (AVA) <sup>1</sup>	29,996,511	26,866,771
Market Value (MVA) <sup>1</sup>	29,996,511	26,866,771
 C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	31,867,891	29,621,506
Disability Benefits	1,558,914	1,553,930
Death Benefits	176,527	174,428
Vested Benefits	18,678	25,346
Refund of Contributions	357	878
Service Retirees	702,880	698,427
Beneficiaries	0	0
Disability Retirees	731,573	720,953
Terminated Vested	1,320,985	1,228,447
Share Plan Balances <sup>1</sup>	<u>1,093,247</u>	<u>984,198</u>
 Total	 37,471,052	 35,008,113

C. Liabilities - (Continued)	<u>10/1/2018</u>	<u>10/1/2017</u>
Present Value of Future Salaries	32,982,258	34,172,093
Present Value of Future Member Contributions	989,468	1,025,163
Normal Cost (Retirement)	1,268,616	1,206,122
Normal Cost (Disability)	116,017	109,157
Normal Cost (Death)	9,741	9,052
Normal Cost (Vesting)	2,741	3,934
Normal Cost (Refunds)	<u>204</u>	<u>338</u>
Total Normal Cost	1,397,319	1,328,603
Present Value of Future Normal Costs	11,097,392	11,464,250
Accrued Liability (Retirement)	21,685,765	19,112,861
Accrued Liability (Disability)	722,094	683,134
Accrued Liability (Death)	104,575	99,291
Accrued Liability (Vesting)	12,388	16,190
Accrued Liability (Refunds)	153	362
Accrued Liability (Inactives)	2,755,438	2,647,827
Share Plan Balances <sup>1</sup>	<u>1,093,247</u>	<u>984,198</u>
Total Actuarial Accrued Liability (EAN AL)	26,373,660	23,543,863
Unfunded Actuarial Accrued Liability (UAAL)	(3,622,851)	(3,322,908)
Funded Ratio (AVA / EAN AL)	113.7%	114.1%

D. Actuarial Present Value of Accrued Benefits	<u>10/1/2018</u>	<u>10/1/2017</u>
Vested Accrued Benefits		
Inactives + Share Plan Balances <sup>1</sup>	3,848,685	3,632,025
Actives	11,728,307	9,810,348
Member Contributions	<u>803,600</u>	<u>687,292</u>
Total	16,380,592	14,129,665
Non-vested Accrued Benefits	<u>1,865,228</u>	<u>1,617,150</u>
Total Present Value Accrued Benefits (PVAB)	18,245,820	15,746,815
Funded Ratio (MVA / PVAB)	164.4%	170.6%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	1,396,389	
Benefits Paid	(113,369)	
Interest	1,215,985	
Other	<u>0</u>	
Total	2,499,005	

Valuation Date	10/1/2018	10/1/2017
Applicable to Fiscal Year Ending	<u>9/30/2020</u>	<u>9/30/2019</u>

E. Pension Cost

Normal Cost (with interest) % of Total Annual Payroll <sup>2</sup>	35.24	34.95
Administrative Expenses (with interest) % of Total Annual Payroll <sup>2</sup>	4.57	4.15
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 24 years (as of 10/1/2018, with interest) % of Total Annual Payroll <sup>2</sup>	(25.71)	(30.44)
Total Required Contribution % of Total Annual Payroll <sup>2</sup>	14.10	8.66
Expected Member Contributions % of Total Annual Payroll <sup>2</sup>	3.00	3.00
Expected District and State Contribution % of Total Annual Payroll <sup>2</sup>	11.10	5.66

F. Past Contributions

Plan Years Ending:	<u>9/30/2018</u>
District and State Requirement	1,224,718
Actual Contributions Made:	
Members (excluding buyback)	116,308
District	545,619
State	<u>679,099</u>
Total	1,341,026

G. Net Actuarial (Gain)/Loss (252,072)

<sup>1</sup> The asset values and liabilities include accumulated Share Plan Balances as of 9/30/2018 and 9/30/2017.

<sup>2</sup> Contributions developed as of 10/1/2018 are expressed as a percentage of total annual payroll at 10/1/2018 of \$4,118,642.

H. Schedule Illustrating the Amortization of the Total Unfunded Actuarial Accrued Liability as of:

<u>Year</u>	<u>Projected Unfunded Actuarial Accrued Liability</u>
2018	(3,622,851) <sup>1</sup>

I. (i) 5 Year Comparison of Actual and Assumed Salary Increases

	<u>Actual</u>	<u>Assumed</u>
Year Ended 9/30/2018	4.39%	6.50%
Year Ended 9/30/2017	10.64%	6.57%
Year Ended 9/30/2016	0.45%	6.92%
Year Ended 9/30/2015	7.00%	7.13%
Year Ended 9/30/2014	18.08%	7.13%

(ii) 5 Year Comparison of Investment Return on Market Value and Actuarial Value

	<u>Market Value</u>	<u>Actuarial Value</u>	<u>Assumed</u>
Year Ended 9/30/2018	7.24%	7.24%	7.75%
Year Ended 9/30/2017	10.74%	10.74%	7.75%
Year Ended 9/30/2016	9.34%	9.34%	7.75%
Year Ended 9/30/2015	-0.72%	-0.72%	7.75%
Year Ended 9/30/2014	8.97%	8.97%	7.75%


(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2018	\$4,118,642
	10/1/2008	3,558,238
(b) Total Increase		15.75%
(c) Number of Years		10.00
(d) Average Annual Rate		1.47%

<sup>1</sup> Based on current State law and the existing UAAL bases, the UAAL will never be positive.

STATEMENT BY ENROLLED ACTUARY

This actuarial valuation 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, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. 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 costs 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.

  
Sara E. Carlson, ASA, EA, MAAA  
Enrolled Actuary #17-8546

Please let us know when the report is approved by the Board and unless otherwise directed we will provide copies of the report to the following offices to comply with Chapter 112, Florida Statutes:

Mr. Keith Brinkman  
Bureau of Local  
Retirement Systems  
Post Office Box 9000  
Tallahassee, FL 32315-9000

Mr. Steve Bardin  
Municipal Police and Fire  
Pension Trust Funds  
Division of Retirement  
Post Office Box 3010  
Tallahassee, FL 32315-3010

## RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1) Unfunded Actuarial Accrued Liability as of October 1, 2017	(\$3,322,908)
(2) Sponsor Normal Cost developed as of October 1, 2017	1,210,136
(3) Expected administrative expenses for the year ended September 30, 2018	157,893
(4) Expected interest on (1), (2) and (3)	(157,621)
(5) Sponsor contributions to the System during the year ended September 30, 2018	1,224,718
(6) Expected interest on (5)	33,561
(7) Expected Unfunded Actuarial Accrued Liability as of September 30, 2018 (1)+(2)+(3)+(4)-(5)-(6)	(3,370,779)
(8) Change to UAAL due to Assumption Change	0
(9) Change to UAAL due to Actuarial (Gain)/Loss	(252,072)
(10) Unfunded Actuarial Accrued Liability as of October 1, 2018	(3,622,851)

<u>Type of Base</u>	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2018 Amount</u>	<u>Amortization Amount</u>
Benefit Change	10/1/2012	24	97	8
Actuarial Loss	10/1/2014	1	13,250	13,250
Actuarial Loss	10/1/2015	2	57,961	30,062
Actuarial Gain	10/1/2016	3	(1,575,421)	(564,789)
Assum. Change	10/1/2016	3	385,322	138,138
Actuarial Gain	10/1/2017	4	(1,214,686)	(338,469)
Actuarial Gain <sup>1</sup>	10/1/2018	5	<u>(1,289,374)</u>	<u>(297,733)</u>
			(3,622,851)	(1,019,533)

<sup>1</sup> The expected UAAL as of October 1, 2018 developed in Item (7) above is \$1,037,302 lower than the expected UAAL determined by utilizing the walk-forward approach for all existing bases as of October 1, 2017. The walk-forward approach is determined by subtracting the scheduled 2017 amortization payment from the existing 2017 base amount, and then increasing it with a full year of interest. As requested in a letter dated June 24, 2013 from the Division of Retirement, this calculated difference will be included in the actuarial gain or loss base that is developed with each annual valuation, effective October 1, 2014.

## DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2017	(\$3,322,908)
(2) Expected UAAL as of October 1, 2018	(3,370,779)
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	139,079
Salary Increases	(394,723)
Active Decrements	33,121
Inactive Mortality	20,926
Other	<u>(50,475)</u>
Increase in UAAL due to (Gain)/Loss	(252,072)
Assumption Changes	<u>0</u>
(4) Actual UAAL as of October 1, 2018	(\$3,622,851)



## ACTUARIAL ASSUMPTIONS AND METHODS

### Mortality Rate

#### *Healthy Active Lives:*

**Female:** RP2000 Generational, 100% Combined Healthy White Collar, Scale BB

**Male:** RP2000 Generational, 10% Combined Healthy White Collar / 90% Combined Healthy Blue Collar, Scale BB

#### *Healthy Inactive Lives:*

**Female:** RP2000 Generational, 100% Annuitant White Collar, Scale BB

**Male:** RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB

#### *Disabled Lives:*

**Female:** 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale

**Male:** 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale

The above assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2018 FRS valuation report for special risk employees. We feel this assumption sufficiently accommodates future mortality improvements.

### Interest Rate

7.75% per year compounded annually, net of investment related expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.

### Salary Increases

<u>Years of Service</u>	<u>% Increase in Salary</u>
Less than 2	15.0%
2-9	7.0
10-14	6.5
15-19	6.0
20 and Higher	5.5

The above rates are based on results of the August 4, 2014 Experience Study.

Payroll Growth

0.00% for purposes of amortizing the Unfunded Actuarial Accrued Liability. This assumption cannot exceed the ten-year average payroll growth, in compliance with Part VII of Chapter 112, Florida Statutes.

Administrative Expenses

\$181,342 annually, based on actual expenses incurred in the prior fiscal year.

Normal Retirement Age

Earlier of 1) Age 55 with 6 years of Credited Service or 2) the completion of 25 years of Credited Service, regardless of age. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year.

The above rates are considered reasonable based on Plan provisions.

Early Retirement Age

Attainment of age 50 with 6 years of Credited Service. Members are assumed to retire with an immediate subsidized benefit at the same rate assumed for termination of service.

The above rates are considered reasonable based on Plan provisions.

Termination Rates

<u>Years of Service</u>	<u>Probability</u>
Less than 6	4.5%
6-9	1.5
10 and Higher	0.0

The above rates are based on results of the August 4, 2014 Experience Study.

Disability Rates

See sample rates that follow. 75% of disabilities are assumed to be service-incurred. These rates are consistent with those utilized by other Florida public safety Plans.

<u>Age</u>	<u>Probability of Becoming Disabled in Next Year</u>
20	0.14%
25	0.15
30	0.18
35	0.23
40	0.30
45	0.51
50	1.00
55	1.55

Post Retirement COLA

3.00% per year for all categories of retirement.

Funding Method

Individual Entry Age Normal Actuarial Cost Method  
(level percent of pay).

Actuarial Asset Method

Fair Market Value, net of investment-related expenses.

## GLOSSARY

Total Annual Payroll is the projected annual rate of pay for the fiscal year beginning as of the valuation date of all covered Members.

Present Value of Benefits is the single sum value on the valuation date of all future benefits to be paid to current Members, Retirees, Beneficiaries, Disability Retirees and Vested Terminations.

Normal (Current Year's) Cost is determined for each participant as the present value of future benefits, determined as of the Member's entry age, amortized as a level percentage of compensation over the anticipated number of years of participation, determined as of the entry age.

Entry Age Normal Cost Method - Under this method, the normal cost is the sum of the individual normal costs for all active participants. For an active participant, the normal cost is the participant's normal cost accrual rate, multiplied by the participant's current compensation.

- (a) The normal cost accrual rate equals:
  - (i) the present value of future benefits for the participant, determined as of the participant's entry age, divided by
  - (ii) the present value of the compensation expected to be paid to the participant for each year of the participant's anticipated future service, determined as of the participant's entry age.
- (b) In calculating the present value of future compensation, the salary scale is applied both retrospectively and prospectively to estimate compensation in years prior to and subsequent to the valuation year based on the compensation used for the valuation.
- (c) The accrued liability is the sum of the individual accrued liabilities for all participants and beneficiaries. A participant's accrued liability equals the present value, at the participant's attained age, of future benefits less the present value at the participant's attained age of the individual normal costs payable in the future. A beneficiary's accrued liability equals the present value, at the beneficiary's attained age, of future benefits. The unfunded accrued liability equals the total accrued liability less the actuarial value of assets.

(d) Under this method, the entry age used for each active participant is the participant's age at the time he or she would have commenced participation if the plan had always been in existence under current terms, or the age as of which he or she first earns service credits for purposes of benefit accrual under the current terms of the plan.

Unfunded Actuarial Accrued Liability (UAAL) is the difference between the actuarial accrued liability (described above) and the actuarial value of assets. Under the Entry Age Normal Actuarial Cost Method, an actuarial gain or loss, based on actual versus expected UAAL, is determined in conjunction with each valuation of the plan.

Total Required Contribution is equal to the Normal Cost plus an amount sufficient to amortize the Unfunded Accrued Liability over no more than 30 years. The required amount is adjusted for interest according to the timing of contributions during the year.

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1998	71,067.18	_____%
1999	83,418.13	17.4%
2000	80,991.59	-2.9%
2001	101,629.30	25.5%
2002	143,973.40	41.7%
2003	199,828.06	38.8%
2004	253,386.19	26.8%
2005	293,128.37	15.7%
2006	321,600.23	9.7%
2007	303,292.38	-5.7%
2008	1,025,499.07	238.1%
2009	538,040.00	-47.5%
2010	484,325.00	-10.0%
2011	590,824.19	22.0%
2012	614,157.99	3.9%
2013	679,098.83	10.6%
2014	720,073.51	6.0%
2015	661,599.57	-8.1%
2016	531,384.41	-19.7%
2017	699,304.89	31.6%
2018	788,147.66	12.7%

STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2018

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	947,489.13	947,489.13
Prepaid Expenses	1,167.36	1,167.36
Money Market	0.27	0.27
 Total Cash and Equivalents	 948,656.76	 948,656.76
 Receivables:		
State Contributions	31,246.00	31,246.00
Investment Income	26,705.94	26,705.94
 Total Receivable	 57,951.94	 57,951.94
 Investments:		
Stocks	3,947,924.06	5,909,312.40
Mutual Funds:		
Fixed Income	11,293,891.62	11,279,583.68
Equity	7,511,301.90	10,154,319.24
Pooled/Common/Commingled Funds:		
Master Limited Partnership	445,062.25	360,170.13
Real Estate	1,304,489.19	1,479,364.40
 Total Investments	 24,502,669.02	 29,182,749.85
 Total Assets	 25,509,277.72	 30,189,358.55
 <u>LIABILITIES</u>		
Payables:		
Investment Expenses	18,916.26	18,916.26
Administrative Expenses	26,217.74	26,217.74
Prepaid District Contribution	147,713.36	147,713.36
 Total Liabilities	 192,847.36	 192,847.36
 NET POSITION RESTRICTED FOR PENSIONS	 25,316,430.36	 29,996,511.19

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2018  
Market Value Basis

ADDITIONS

Contributions:

Member	116,307.50
District	545,619.15
State	788,147.66

Total Contributions 1,450,074.31

Investment Income:

Net Realized Gain (Loss)	125,297.63
Unrealized Gain (Loss)	1,035,270.79
Net Increase in Fair Value of Investments	1,160,568.42
Interest & Dividends	905,255.18
Less Investment Expense <sup>1</sup>	(91,446.07)

Net Investment Income 1,974,377.53

Total Additions 3,424,451.84

DEDUCTIONS

Distributions to Members:

Benefit Payments	106,320.48
Lump Sum Share Distributions	0.00
Refunds of Member Contributions	7,048.62

Total Distributions 113,369.10

Administrative Expense 181,342.31

Total Deductions 294,711.41

Net Increase in Net Position 3,129,740.43

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year 26,866,770.76

End of the Year 29,996,511.19

Actuarial Asset Rate of Return	7.24%
Actuarial Gain/(Loss) due to Investment Return	(139,079.08)

<sup>1</sup>Investment related expenses include investment advisory, custodial and performance monitoring fees.



SUPPLEMENTAL CHAPTER 175 SHARE PLAN ACTIVITY  
October 1, 2017 through September 30, 2018

9/30/2017 Balance	984,198.13
Plus Additions	109,048.83
Investment Return Earned (est.)	0.00
Administrative Fees (est.)	0.00
Less Distributions	0.00
9/30/2018 Balance (est.)	1,093,246.96

RECONCILIATION OF DISTRICT'S SHORTFALL/(PREPAID) CONTRIBUTION  
FOR THE FISCAL YEAR ENDED (FYE) SEPTEMBER 30, 2018

(1) Total Required Contribution Rate <sup>1</sup>	34.59%
(2) Pensionable Payroll Derived from Member Contributions	\$3,876,916.67
(3) Total Required Contribution (1) x (2)	1,341,025.48
(4) Less Actual Member Contributions	(116,307.50)
(5) Less Allowable State Contribution	<u>(679,098.83)</u>
(6) Equals Required District Contribution for Fiscal 2018	545,619.15
(7) Less 2017 Prepaid Contribution	(167,918.44)
(8) Less Actual District Contributions	<u>(525,414.07)</u>
(9) Equals District's Shortfall/(Prepaid) Contribution as of September 30, 2018	(\$147,713.36)

<sup>1</sup> Contribution requirements based on Normal Cost minimum requirement.

STATISTICAL DATA

	<u>10/1/2015</u>	<u>10/1/2016</u>	<u>10/1/2017</u>	<u>10/1/2018</u>
<u>Actives</u>				
Number	45	43	42	42
Vested	40	40	40	41
Non-Vested	5	3	2	1
Average Current Age	40.1	40.6	41.9	42.9
Average Age at Employment	29.5	28.7	28.8	28.8
Average Past Service	10.6	11.9	13.1	14.1
Average Annual Salary	\$83,691	\$84,846	\$94,022	\$98,063
<u>Service Retirees</u>				
Number	1	1	1	1
Average Current Age	55.1	56.1	57.1	58.1
Average Annual Benefit	\$49,877	\$51,344	\$52,855	\$54,411
<u>Beneficiaries</u>				
Number	0	0	0	0
Average Current Age	N/A	N/A	N/A	N/A
Average Annual Benefit	N/A	N/A	N/A	N/A
<u>Disability Retirees</u>				
Number	2	2	2	2
Average Current Age	45.8	46.8	47.8	48.8
Average Annual Benefit	\$25,227	\$25,969	\$26,733	\$27,520
<u>Terminated Vested</u>				
Number	10	9	9	8
Average Current Age <sup>1</sup>	43.9	42.8	43.8	43.7
Average Annual Benefit <sup>2</sup>	\$25,879	\$24,637	\$24,637	\$24,637

<sup>1</sup> Effective 10/1/2018, the Average Current Age excludes participants awaiting a refund of contributions.

<sup>2</sup> The Average Annual Benefit excludes participants awaiting a refund of contributions.

## AGE AND SERVICE DISTRIBUTION

### PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	0	0	0	0	0	0	0	0	0	0	0	0
25 - 29	0	0	0	0	0	1	0	0	0	0	0	1
30 - 34	0	0	0	0	0	1	5	0	0	0	0	6
35 - 39	0	0	0	0	0	0	3	4	0	0	0	7
40 - 44	0	0	0	0	0	2	5	2	1	0	0	10
45 - 49	0	0	0	0	0	0	5	4	0	0	0	9
50 - 54	0	0	0	0	0	1	2	3	0	0	0	6
55 - 59	0	0	0	0	0	1	1	0	1	0	0	3
60 - 64	0	0	0	0	0	0	0	0	0	0	0	0
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	6	21	13	2	0	0	42

## VALUATION PARTICIPANT RECONCILIATION

### 1. Active lives

a. Number in prior valuation 10/1/2017	42
b. Terminations	
i. Vested (partial or full) with deferred benefits	0
ii. Non-vested or full lump sum distribution received	0
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	0
f. Continuing participants	42
g. New entrants	<u>0</u>
h. Total active life participants in valuation	42

### 2. Non-Active lives (including beneficiaries receiving benefits)

	Service Retirees, Vested Receiving <u>Benefits</u>	Receiving Death <u>Benefits</u>	Receiving Disability <u>Benefits</u>	Vested <u>Deferred</u>	<u>Total</u>
a. Number prior valuation	1	0	2	9	12
Retired	0	0	0	0	0
Vested Deferred	0	0	0	0	0
Death, With Survivor	0	0	0	0	0
Death, No Survivor	0	0	0	0	0
Disabled	0	0	0	0	0
Refund of Contributions	0	0	0	(1)	(1)
Rehires	0	0	0	0	0
Expired Annuities	0	0	0	0	0
Data Corrections	0	0	0	0	0
b. Number current valuation	1	0	2	8	11

## SUMMARY OF CURRENT PLAN

<u>Eligibility</u>	Full-time employees hired after December 31, 1995 by the East Naples Fire Control and Rescue District who are classified as certified Firefighters participate in the Plan as a condition of employment.
<u>Credited Service</u>	Total years and fractional parts of years of service with the District as a Firefighter.
<u>Compensation</u>	Monthly compensation, including up to 300 hours of overtime annually, but excluding lump sum payments of unused leave.
<u>Average Final Compensation</u>	Average Compensation for the best five (5) years of Credited Service.
<u>Member Contributions</u>	3.0% of Compensation.
<u>District and State Contributions</u>	Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, over 30 years.
<u>Normal Retirement</u>	
Date	Earlier of 1) age 55 and the completion of 6 years of Credited Service, or 2) the completion of 25 years of credited service, regardless of age.
Benefit Amount	3.00% of Average Final Compensation (AFC) <u>times</u> Credited Service, limited to 100% of AFC.  In addition, a monthly supplemental benefit of \$5 times Credited Service is payable, with a minimum of \$50 per month and a maximum of \$150 per month.
Form of Benefit	Ten Year Certain and Life Annuity (options available).
<u>Early Retirement</u>	
Date	Age 50 and the completion of 6 years of Credited Service.
Benefit Amount	Accrued benefit, reduced 3% per year retirement precedes the earlier of age 55 and 6 years of service or the date when 25 years of service would have been completed.

## Vesting

Schedule	100% after 6 years of Credited Service.
Benefit Amount	Member will receive the vested portion of his (her) accrued benefit payable at age 55 (unreduced), or age 50, reduced as for Early Retirement.  Non-vested members receive a refund of member contributions.

## Disability

Eligibility	Total and permanent as determined by the Board of Trustees. Members are covered from Date of Employment (Service Incurred), or after 8 years of Credited Service (Non-Service Incurred).
Benefit Amount	Accrued benefit, but not less than 42% of Average Final Compensation (Service Incurred), or 25% of Average Final Compensation (Non-Service Incurred).
Duration	Payable for life with 10 years certain or until recovery (as determined by the Board).

## Death Benefits

Pre-Retirement	
Vested	Accrued benefit, actuarially reduced for commencement prior to age 50. The benefit is determined as if the participant had retired immediately prior to death and had chosen the 10 Year Certain and Life Annuity.
Non-Vested	Refund of member contributions.
Post-Retirement	Benefits payable to beneficiary in accordance with option selected at retirement.

## Cost of Living Adjustment

Eligibility	Normal and Early service Retirees and Beneficiaries, Disability Retirees and Vested, Terminated Retirees.
Amount	3.0% increase at the beginning of each fiscal plan year.

## Chapter 175 Share Accounts

### Allocation

Effective October 1, 2009, the initial accumulated Excess State Monies Reserve of \$1,217,569 shall be allocated to all active members who were employed on or before September 30, 2008 in a pro-rata fashion according to months of Credited Service. For subsequent years after the frozen State contribution is reduced to \$659,404, premium tax monies received pursuant to Chapter 175, Florida Statutes in excess of \$659,404 will be allocated to individual Member Share accounts based on months of Credited Service, determined as of September 30.

Notwithstanding the above, per a Memorandum of Understanding between the Membership and the District effective June 28, 2018, State Monies in excess of \$679,098.83 will be used to fund the Share Plan.

### Investment Earnings

Net rate of investment return realized by the Plan for the preceding Plan Year. Members within 5 years of the Normal Retirement Date have a one-time option of changing the interest crediting as realized by a money market mutual fund selected by the Board. Investment earnings will not begin to accrue until the frozen State contribution is reduced to the \$659,404 level.

### Vesting Schedule

Same as for other benefits.

### Distribution

Lump sum payment at retirement, termination, disability, or death.

## Board of Trustees

Two Trustees appointed by the Board of Fire Commissioners, two Members of the Plan elected by the membership, and a fifth Member elected by other 4 and appointed by the Board of Fire Commissioners as a ministerial duty.