GREATER NAPLES FIRE RESCUE DISTRICT
BOARD OF FIRE COMMISSIONERS
Action Item Worksheet

NEW BUSINESS

Agenda Item: III. A.
Subject: Chapter 175 Pension Plan Compliance Issues
Meeting Date: April 8, 2026
Prepared By: Guille Polanco, Finance Director

Background

As previously advised by Chief Wolfe, staff were working through an internal review of an identified potential issue with the District's Chapter 175 Pension Plan ("Pension Plan") regarding the definition of "covered salary." The Summary Plan Description specifies that covered salary is capped at 300 hours of overtime per year as prescribed by Florida Statutes; however, our initial review indicated that both employee and employer contributions included overtime earnings beyond that cap. The discrepancy extended back several years and may have resulted in the District overfunding the plan and the Pension Plan Board of Trustees ("Pension Board") approving larger pension payments to those already retired as calculated by the Pension Board's Actuary. The Plan Administrator, Pension Board's Actuary, and Pension Board were notified of the potential issue. Further review of the matter to determine the long-term effects on the Pension Plan would be at the discretion of the Pension Board.

Staff prepared a schedule of the amounts deducted from each active and retired employee starting with fiscal year 2013, as that is the fiscal year in which the 300-hour maximum requirement first became applicable. Below are the summaries of all the schedules by employee, both for the retiree and active groups. The 2025 data was provided to the Pension Board's Actuary as it was necessary for the Fiscal Year 2027 Actuarial Valuation. At the February 12, 2026 Pension Board Quarterly Meeting, the Pension Board added an item not previously included on its agenda to discuss the overtime issue and passed the motion stating that "based on the reporting of hours from the District, including overtime hours, the Board moved to reconcile FY2024-2025 so that the actuarial valuation report was accurate going forward regarding overtime hours reported, but not to retroactively calculate, adjust, or claw back the hours paid to members incorrectly since October 1, 2013, when the resolution took effect."

Section 175.032(5), Florida Statutes, states that "for service earned under collective bargaining agreements entered into on or after July 1, 2011, the term has the same meaning except that when calculating retirement benefits, up to 300 hours per year in overtime compensation may be included as specified in the plan or collective bargaining agreement, but payments for accrued unused sick or annual leave may not be included."

GREATER NAPLES FIRE RESCUE DISTRICT
BOARD OF FIRE COMMISSIONERS
Action Item Worksheet

NEW BUSINESS

Agenda Item: III. A.
Subject: Chapter 175 Pension Plan Compliance Issues
Meeting Date: April 8, 2026
Prepared By: Guille Polanco, Finance Director

Funding Source/Financial Impact
N/A

Recommendation
Staff recommends that the data be shared with Chapter 175 Firefighters' Pension Plan Board of Trustees.

Potential Motion
I move to share the information with the Pension Plan Board of Trustees for their use in what they deem to be in the best interest of the Plan.

Attachment
Pension Modeler Guide

Legal Review
This AIW and its contents have been reviewed by legal counsel for sufficiency.
☒ Approved
☐ Not Approved
☐ Not Applicable

Comments (if any):

Reviewed by: Laura Donaldson

Date: March 31, 2026

GREATER NAPLES FIRE RESCUE DISTRICT
BOARD OF FIRE COMMISSIONERS
Action Item Worksheet

NEW BUSINESS

Agenda Item: III. A.
Subject: Chapter 175 Pension Plan Compliance Issues
Meeting Date: April 8, 2026
Prepared By: Guille Polanco, Finance Director

ACTIVE EMPLOYEES :

FY 13-25

SUMMARY	EE 175 Historical Deduction	OT Hours Over 300	OT Pay Over 300 Hours	EE 175 Over 300 Hours
ALBERT ANZUALDA	$53,399.35	1288.5	69468.35	4583.04
AARON ASHER	$70,184.41	3445.5	187549.96	10008.17
JOSH BIGICA	$49,544.92	0	0.00	0.00
JASON W. BLEDSOE	$46,516.30	210.5	1687.78	50.63
JORDAN BOUTILIER	$65,888.24	4177.75	194291.55	8631.13
CHRISTOPHER CITAK	$41,041.63	133.25	4285.43	128.56
AARON CLINE	$56,878.47	2111.25	94642.50	5887.78
JARETT COTTER	$51,540.51	1170.75	60879.04	2927.35
JAY CROUSE	$60,069.76	2225.75	106694.47	6104.03
MICHAEL CRUZ	$54,922.33	0	0.00	0.00
CHRISOPHER DIAZ	$93,758.49	4194	256717.74	12911.60
LUCAS GARCIA	$49,177.11	1298.5	45445.59	1668.96
SHAWN HANSON	$69,608.61	0	0.00	0.00
ROBERT HOFSTETTER	$26,739.02	0	0.00	0.00
SCOTT HOGAN	$75,486.92	2004.25	103530.77	4356.47
CHARLES JENKS	$39,623.21	0	0.00	0.00
RAYMOND KILMER	$58,094.95	1882.75	91820.19	4778.27
SCOTT D. MACQUARRIE	$64,964.52	2662.25	133794.95	6926.51
ANTHONY MCGEE	$56,515.73	213.25	10252.81	744.87
ROBERT MCGOWAN	$67,254.31	2919.5	137613.04	6704.16
MANUEL MORALES	$48,044.55	771.5	27060.78	1446.60
MATTHEW J. NIXON	$91,749.16	6241.25	375422.21	23044.98
TODD M. NUGENT	$51,980.68	608.5	25853.54	775.61
KRISTOFER OCCHIPINTI	$37,841.96	0	0.00	0.00
ADAM ORSOLINI	$61,022.48	2477.75	116023.38	5941.28
BRADLEY PACKARD	$41,562.57	588.75	20856.00	1362.40
ANTHONY PALERMO	$53,461.54	1670.5	70992.68	3962.70
DAVID PEREZ	$51,768.00	608.5	22950.80	981.46
DOLORES PEREZ	$49,961.79	1239.83	31292.13	1707.41
BRIAN QUINN	$38,195.63	0	0.00	0.00
TIMOTHY SIMS	$51,795.00	337.25	10712.64	560.85
MARK STIRNS	$50,058.07	334	9737.20	543.28
STEPHEN THIGPEN	$38,019.49	0	0.00	0.00
CRAIG WEINBAUM	$92,719.98	4942	333395.81	20409.01
Total	**$1,909,389.69**	**49757.58**	**$2,542,971.35**	**$137,147.12**

GREATER NAPLES FIRE RESCUE DISTRICT
BOARD OF FIRE COMMISSIONERS
Action Item Worksheet

NEW BUSINESS

Agenda Item: III. A.
Subject: Chapter 175 Pension Plan Compliance Issues
Meeting Date: April 8, 2026
Prepared By: Guille Polanco, Finance Director

RETIRED EMPLOYEES :

FY 13-25

SUMMARY	EE 175 Historical Deduction	OT Hours Over 300	OT Pay Over 300 Hours	EE 175 Over 300 Hours
EMANUEL ARROYO	$25,493.90	1470.75	$73,499.96	$2,205.00
ALAN BOWERS	$41,605.20	458.75	$16,619.56	$871.34
JEFFREY DAVENPORT	$41,210.39	489.5	$29,224.79	$876.74
KEVIN NELMES	$27,635.73	2227.5	$107,948.63	$3,238.46
EFRAIN PADILLA	$39,208.78	2801.5	$118,545.91	$3,081.22
ANDREW SANCHEZ	$33,916.54	254	$7,815.14	$279.17
KINGMAN SCHULDT	$36,753.59	0	$0.00	$0.00
Total	**$245,824.13**	**7702**	**$353,653.98**	**$10,551.93**

The **EE 175 Over 300 Hours** columns above summarize the amounts each employee over contributed to the 175 Plan based on the 300 hour overtime maximum.

GREATER NAPLES FIRE RESCUE DISTRICT
FIREFIGHTERS' PENSION PLAN

PENSION MODELER USER GUIDE (2025 v0.0)

FOSTER & FOSTER

ACTUARIES AND CONSULTANTS

I. BACKGROUND

The pension modeler for the Greater Naples Fire Rescue District Firefighters' Pension Plan as of October 1, 2024 has been prepared to allow modeling future scenarios. This user guide will give some background on the tool and describes how to use it. The objective of the modeler is to project future contributions towards pension benefits, offering a deeper understanding of the program and to aid in planning.

Note that this modeler projects reasonable estimates of future results based on the data, assumptions and plan provisions as of October 1, 2024, with the exception of the mandated FRS mortality tables set to be incorporated with the October 1, 2025 valuation. To whatever degree future experience differs from this information, the projections could be impacted, resulting in different contribution patterns.

The following assumptions / methods / variables are available:

- Valuation interest rate – any rate from 6.00% to 7.00%
- Investment experience – assumed asset returns to the plan
  - Assumed valuation interest rate (as input), 8.00%, 6.00% or 5.00%
  - Custom schedule of returns by year

The other sections of this user guide will describe the inputs and outputs in more detail to assist in modeling scenarios. The other sections are as follows:

- Section II: Inputs
- Section III: Output
- Section IV: Assumptions and Methods
- Section V: Discussion of Risk

II. INPUTS

Inputs			
Funding Parameters	*Current*	*Alternate*	
Valuation Interest Rate (Assumed Investment Return	7.00%	7.00%	1
Assumed Investment Experience	7.00%	Input Schedule	2

Input Schedule of Assumed Returns

Year	Return
2025	7.00%
2026	7.00%
2027	7.00%
2028	7.00%
2029	7.00%
2030	7.00%
2031	7.00%
2032	7.00%
2033	7.00%
2034	7.00%
2035	7.00%

All input items are shaded light green. All inputs affect only the alternate scenarios and take effect October 1, 2025. The current scenario assumes the valuation funding parameters will be continued for all years in the future; these valuation parameters are shown for reference purposes.

1. Select the valuation interest rate (see **1** above).
   a. This rate is the assumed investment return used to calculate the liabilities. This rate is an expected long-term rate of return and does not vary by year.
   b. Enter a rate between 6.00% and 7.00%. If a rate outside those ranges is selected, an error message will appear. The current assumed rate is 7.00%.
2. Select the assumed investment experience scenario (see **2** above):
   a. This assumption is the assumed earnings plan assets will experience during the projection period. While the valuation interest rate is based on the long-term expected return on plan assets, the actual return could vary from this expectation, especially on a year-to-year basis.

b. Input options:

i. Assumed Investment Return – this option assumes assets will earn the same rate used to value the underlying liabilities (the valuation interest rate).

ii. A flat rate of 5.00%, 6.00% or 8.00% for all years.

iii. Input Schedule – input a custom schedule that varies by year. Schedule appears below the input box when this option is selected (see **2b** below).

Inputs		
Funding Parameters	*Current*	*Alternate*
Valuation Interest Rate (Assumed Investment Return	7.00%	7.00%
Assumed Investment Experience	7.00%	Input Schedule

Input Schedule of Assumed Returns

Year	Return
2025	7.00%
2026	8.00%
2027	7.00%
2028	5.00%
2029	7.00%
2030	6.00%
2031	7.00%
2032	7.00%
2033	7.00%
2034	7.00%
2035	7.00%

2b

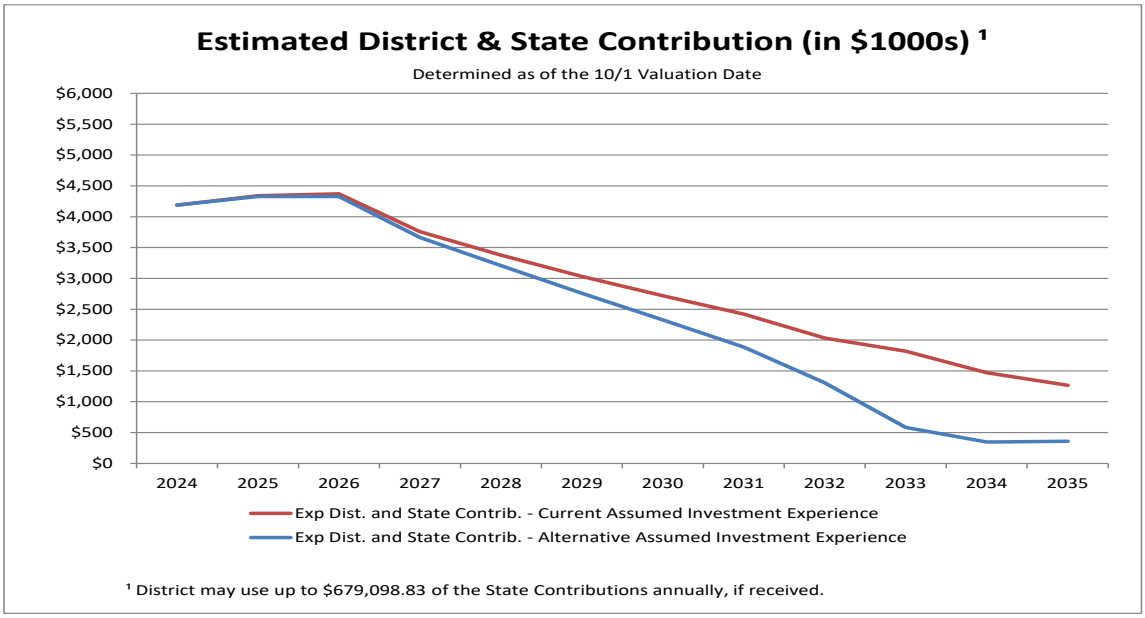
III. OUTPUT

Once the various input items have been selected, a number of output items are available for viewing results.

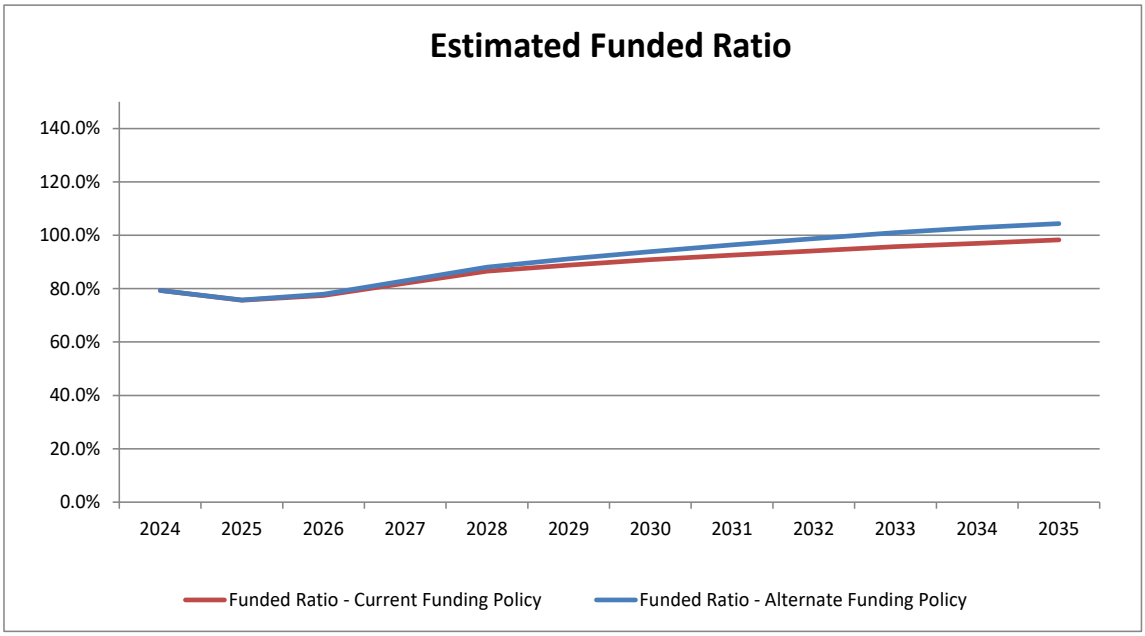
"GRAPH AND INPUT" TAB

1. Graphs

   a. Estimated District & State Contribution



   b. Estimated Funded Ratio – ratio of actuarial value of assets to the accrued liability



2. Summaries of total District contributions paid – These tables display the total District contributions paid over the course of the projection in 5-year buckets. The table shows the total dollars paid.

Estimated Total District & State Contributions Paid ($1,000s) (Includes Additional Contributions)			
	Current	*Alternate*	*Difference*
Total through 2035	$34,792	$29,285	($5,507)
2024	$4,188	$4,188	$0
2025	$4,340	$4,328	($12)
2026	$4,372	$4,329	($43)
2027	$3,757	$3,662	($95)
2028	$3,377	$3,207	($170)
2029	$3,030	$2,759	($271)
2030	$2,719	$2,328	($391)
2031	$2,421	$1,887	($534)
2032	$2,033	$1,307	($726)
2033	$1,820	$584	($1,236)
2034	$1,469	$348	($1,121)
2035	$1,266	$360	($906)

"TABLE 1" TAB

This table shows detailed information from the current and alternate scenario results by year. Information shown includes the unfunded liability, funded ratio, and various contribution amounts (in dollars). These amounts are shown as of the "contribution" year. These are the amounts anticipated to be funded in a given fiscal year beginning in the year displayed on Table 1. For example, on the 2024 row of Table 1, the contribution dollars shown are calculated as of October 1, 2024 and payable for the fiscal year ending September 30, 2026.

Greater Naples Fire Rescue District Firefighters' Pension Plan
Projection Based on October 1, 2024 Valuation Results
(Dollar Values in Thousands)

	Current						Alternate						
	Interest: 7.00% Payroll Growth: 0.00% Amortization Method: Layered (15 year amortization period) Assumed Investment Return: 7.00%						Interest: 7.00% Payroll Growth: 0.00% Amortization Method: Layered (15 year amortization period) Assumed Investment Return: 7.00%						
Year	Total Payroll	Payout	Expected District & State Contrib.	Assumed Invest Rate	Unfunded Actuarial Liability	Funded Ratio	Total Payroll	Payout	Expected District & State Contrib.	Additional Employer Contrib.	Assumed Invest Rate	Unfunded Actuarial Liability	Funded Ratio
2024	$5,103.1	$6,071.5	$4,187.6	7.00%	$14,674.7	79.3%	$5,103.1	$6,071.5	$4,187.6	$0.0	8.00%	$14,674.7	79.3%
2025	$4,169.7	$1,645.7	$4,340.4	7.00%	$18,187.2	75.7%	$4,169.7	$1,645.7	$4,328.0	$0.0	8.00%	$18,075.8	75.8%
2026	$4,036.8	$1,949.9	$4,372.2	7.00%	$18,132.2	77.5%	$4,036.8	$1,949.9	$4,328.6	$0.0	8.00%	$17,749.7	78.0%
2027	$3,074.2	$2,897.6	$3,757.3	7.00%	$15,534.4	82.0%	$3,074.2	$2,897.6	$3,662.1	$0.0	8.00%	$14,712.6	83.0%
2028	$2,869.5	$3,298.0	$3,376.9	7.00%	$12,288.2	86.5%	$2,869.5	$3,298.0	$3,206.6	$0.0	8.00%	$10,856.0	88.1%
2029	$2,363.8	$3,943.5	$3,030.2	7.00%	$10,695.3	88.8%	$2,363.8	$3,943.5	$2,758.7	$0.0	8.00%	$8,482.8	91.1%
2030	$1,888.9	$4,586.7	$2,718.7	7.00%	$9,123.6	90.8%	$1,888.9	$4,586.7	$2,328.0	$0.0	8.00%	$6,078.3	93.9%
2031	$1,477.9	$5,106.5	$2,420.5	7.00%	$7,607.7	92.6%	$1,477.9	$5,106.5	$1,886.9	$0.0	8.00%	$3,699.3	96.4%
2032	$905.1	$5,771.7	$2,033.4	7.00%	$6,130.2	94.2%	$905.1	$5,771.7	$1,307.4	$0.0	8.00%	$1,350.4	98.7%
2033	$763.2	$6,096.3	$1,820.2	7.00%	$4,577.1	95.7%	$763.2	$6,096.3	$583.7	$0.0	8.00%	($1,051.2)	101.0%
2034	$197.7	$6,716.6	$1,469.1	7.00%	$3,299.5	97.0%	$197.7	$6,716.6	$347.6	$0.0	8.00%	($3,093.8)	102.8%
2035	$209.5	$6,863.3	$1,265.7	7.00%	$1,885.0	98.3%	$209.5	$6,863.3	$359.6	$0.0	8.00%	($4,843.3)	104.4%

IV. ASSUMPTIONS AND METHODS

Asset Information:	October 1, 2024 asset information was derived from financial reports prepared by the custodian bank.
Administrative Expenses:	Expenses paid out of the fund other than investment-related expenses are assumed to be equal to those paid in the previous year, increased each year by assumed inflation.
Projection Assumptions:	The experience of the Fund during the projection is assumed to match the expected experience based on the Fund's actuarial assumptions.
New Entrant Salary:	N/A.
Population Growth:	The plan is closed to new entrants effective November 4, 2014.
Significant Events:	No significant changes or significant events are known to be likely during this projection. As a result, we have not factored in any other significant events (e.g., assumption or benefit changes) into our projection.
Mortality Rate	In conjunction with the October 1, 2025 valuation date, the mortality assumption has been updated to what was utilized in the July 1, 2025 FRS actuarial valuation, as mandated by Chapter 2015-157, Laws of Florida: **Healthy Active Lives***:* *Female*: PubS-2010 for Employees *Male*: PubS-2010 for Employees, set forward 1 year **Healthy Retiree Lives***:* *Female*: PubS-2010 for Healthy Retirees *Male*: PubS-2010 for Healthy Retirees, set forward 1 year **Beneficiary Lives***:* *Female*: PubG.H-2010 for Healthy Retirees *Male*: PubG.H-2010 for Healthy Retirees, set back 1 year **Disabled Lives***:* *Female*: PubG.H-2010 for Disabled Retirees, set forward 1 year *Male*: PubG.H-2010 for Disabled Retirees All rates are projected generationally with Mortality Improvement Scale MP-2021. We feel this assumption sufficiently accommodates future mortality improvements.

Previously, the following rates were used:

Healthy Active Lives:
Female: PubS.H-2010 for Employees, set forward one year.
Male: PubS.H-2010 for Employees, set forward one year.

Healthy Retiree Lives:
Female: PubS.H-2010 for Healthy Retirees, set forward one year.
Male: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year.

Beneficiary Lives:
Female: PubG.H-2010 (Below Median) for Healthy Retirees.
Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.

Disabled Lives:
80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.

All rates for healthy lives were projected generationally with Mortality Improvement Scale MP-2018.

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 rates are considered reasonable based on the plan provisions.

Disability Rate

See sample rates that follows. 90% of the disabilities are assumed to be service-incurred. These rates are consistent with those utilized by other Florida public safety Plans.

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

Termination Rate

See table below. These rates are based on results of the August 4, 2014 Experience Study.

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

Salary Increases

See table below. This is based on the results of the November 7, 2024 experience study. Additionally, final-year salaries are loaded on an individual basis based on the applicable annual leave balances accrued prior to October 1, 2013 as provided by the District.

Years of Service	% Increase in Salary
Less than 2	15.00%
2-9	7.00%
10 - 14	7.50%
15 and Higher	6.50%

Inflation

2.50%.

Marital Status

100% of Members are assumed to be married.

Spouse's Age

Males are assumed to be three years older than females.

Funding Method

Entry Age Normal Cost Method.

Actuarial Asset Method

Investment gains and losses are smoothed over a 5-year period. In the first year, 20% of the gain or loss is recognized. In the second year 40%, in the third year 60%, in the fourth year 80%, and in the fifth year 100% of the gain or loss is recognized. The actuarial investment gain or loss is defined as the actual return on investments minus the actuarial assumed investment return. Actuarial Assets shall not be less than 80% nor greater than 120% of the Market Value of Assets.

Payroll Growth

0.00% per year.

V. Discussion of Risk

ASOP No. 51, Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions, states that the actuary should identify risks that, in the actuary's professional judgment, may reasonably be anticipated to significantly affect the plan's future financial condition.

Using this modeler, actuarial results are determined under various assumption scenarios. These results are based on the premise that all future plan experience will align with the plan's actuarial assumptions; however, there is no guarantee that actual plan experience will align with the plan's assumptions. It is possible that actual plan experience will differ from anticipated experience in an unfavorable manner that will negatively impact the plan's funded position.

Below are examples of ways in which plan experience can deviate from assumptions and the potential impact of that deviation. Typically, this results in an actuarial gain or loss representing the current-year financial impact on the plan's unfunded liability of the experience differing from assumptions; this gain or loss is amortized over a period of time determined by the plan's amortization method. When assumptions are selected that adequately reflect plan experience, gains and losses typically offset one another in the long term, resulting in a relatively low impact on the plan's contribution requirements associated with plan experience. When assumptions are too optimistic, losses can accumulate over time and the plan's amortization payment could potentially grow to an unmanageable level.

- Investment Return: When the rate of return on the Actuarial Value of Assets falls short of the assumption, this produces a loss representing assumed investment earnings that were not realized. Further, it is unlikely that the plan will experience a scenario that matches the assumed return in each year as capital markets can be volatile from year to year. Therefore, contribution amounts can vary in the future.

- Salary Increases: When a plan participant experiences a salary increase that was greater than assumed, this produces a loss representing the cost of an increase in anticipated plan benefits for the participant as compared to the previous year. The total gain or loss associated with salary increases for the plan is the sum of salary gains and losses for all active participants.

- Demographic Assumptions: Actuarial results take into account various potential events that could happen to a plan participant, such as retirement, termination, disability, and death. Each of these potential events is assigned a liability based on the likelihood of the event and the financial consequence of the event for the plan. Accordingly, actuarial liabilities reflect a blend of financial consequences associated with various possible outcomes (such as retirement at one of various possible ages). Once the outcome is known (e.g. the participant retires) the liability is adjusted to reflect the known outcome. This adjustment produces a gain or loss depending on whether the outcome was more or less favorable than other outcomes that could have occurred.

Impact of Plan Maturity on Risk

For newer pension plans, most of the participants and associated liabilities are related to active members who have not yet reached retirement age. As pension plans continue in operation and active members reach retirement ages, liabilities begin to shift from being primarily related to active members to being shared amongst active and retired members. Plan maturity is a measure of the extent to which this shift has occurred. It is important to understand that plan maturity can have an impact on risk tolerance and the overall risk characteristics of the plan. For example, plans with a large amount of retired liability do not have as long of a time horizon to recover from losses (such as losses on investments due to lower than expected investment returns) as plans where the majority of the liability is attributable to active members. For this reason, less tolerance for investment risk may be warranted for highly mature plans with a substantial inactive liability. Similarly, mature plans paying substantial retirement benefits resulting in a small positive or net negative cash flow can be more sensitive to near term investment volatility, particularly if the size of the fund is shrinking, which can result in less assets being available for investment in the market.