

July 18, 2019

VIA E-MAIL

Ms. Lisa Gendron
Bonita Springs Fire Control & Rescue District
27701 Bonita Grande Drive
Bonita Springs, FL 34135

Re: Bonita Springs Fire Control and Rescue District Firefighters' Retirement System
Section 112.664, Florida Statutes Compliance

Dear Lisa:

Please find enclosed the annual disclosures that satisfy the October 1, 2018 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.

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: 

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

Enclosures

cc via email: Scott R. Christiansen, Board Attorney
cc via email: Chrissy Stoker, Pension Administrator

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
FIREFIGHTERS' RETIREMENT SYSTEM

SECTION 112.664, FLORIDA STATUTES
COMPLIANCE

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.

By: Christine M. O'Neal Date: 7/18/2019

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



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, 2018 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, 2018

	ACTUAL	HYPOTHETICAL	
	7.60% RP-2000 Generational	5.60% RP-2000 Generational	9.60% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	2,058,200	3,359,356	1,299,634
Interest	6,529,798	6,283,161	6,538,490
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	338,549	591,910	161,055
Changes of Assumptions	-	-	-
Contributions - Buy Back	9,381	9,381	9,381
Benefit Payments, Including Refunds of Employee Contributions	(5,514,912)	(5,514,912)	(5,514,912)
Net Change in Total Pension Liability	3,421,016	4,728,896	2,493,648
Total Pension Liability - Beginning	86,617,654	111,597,401	69,567,090
Total Pension Liability - Ending (a)	<u>\$ 90,038,670</u>	<u>\$ 116,326,297</u>	<u>\$ 72,060,738</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	4,674,658	4,674,658	4,674,658
Contributions - State	554,750	554,750	554,750
Contributions - Employee	589,466	589,466	589,466
Contributions - Buy Back	9,381	9,381	9,381
Net Investment Income	5,632,073	5,632,073	5,632,073
Benefit Payments, Including Refunds of Employee Contributions	(5,514,912)	(5,514,912)	(5,514,912)
Administrative Expenses	(53,508)	(53,508)	(53,508)
Net Change in Plan Fiduciary Net Position	5,891,908	5,891,908	5,891,908
Plan Fiduciary Net Position - Beginning	64,903,018	64,903,018	64,903,018
Plan Fiduciary Net Position - Ending (b)	<u>\$ 70,794,926</u>	<u>\$ 70,794,926</u>	<u>\$ 70,794,926</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 19,243,744</u>	<u>\$ 45,531,371</u>	<u>\$ 1,265,812</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.60% and RP-2000 Generational Mortality

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
2018	70,794,857	-	4,349,539	-	5,215,127	71,660,445
2019	71,660,445	-	4,532,515	-	5,273,958	72,401,888
2020	72,401,888	-	4,813,179	-	5,319,643	72,908,352
2021	72,908,352	-	4,946,900	-	5,353,053	73,314,505
2022	73,314,505	-	5,014,216	-	5,381,362	73,681,651
2023	73,681,651	-	5,221,323	-	5,401,395	73,861,723
2024	73,861,723	-	5,526,137	-	5,403,498	73,739,084
2025	73,739,084	-	5,756,336	-	5,385,430	73,368,178
2026	73,368,178	-	6,282,158	-	5,337,260	72,423,280
2027	72,423,280	-	6,570,045	-	5,254,508	71,107,743
2028	71,107,743	-	6,734,784	-	5,148,267	69,521,226
2029	69,521,226	-	6,810,527	-	5,024,813	67,735,512
2030	67,735,512	-	7,061,330	-	4,879,568	65,553,750
2031	65,553,750	-	7,224,427	-	4,707,557	63,036,880
2032	63,036,880	-	7,379,096	-	4,510,397	60,168,181
2033	60,168,181	-	7,443,298	-	4,289,936	57,014,819
2034	57,014,819	-	7,539,456	-	4,046,627	53,521,990
2035	53,521,990	-	7,623,835	-	3,777,966	49,676,121
2036	49,676,121	-	7,598,635	-	3,486,637	45,564,123
2037	45,564,123	-	7,579,809	-	3,174,841	41,159,155
2038	41,159,155	-	7,521,993	-	2,842,260	36,479,422
2039	36,479,422	-	7,432,734	-	2,489,992	31,536,680
2040	31,536,680	-	7,340,043	-	2,117,866	26,314,503
2041	26,314,503	-	7,247,382	-	1,724,502	20,791,623
2042	20,791,623	-	7,127,638	-	1,309,313	14,973,298
2043	14,973,298	-	6,992,801	-	872,244	8,852,741
2044	8,852,741	-	6,825,893	-	413,424	2,440,272
2045	2,440,272	-	6,645,848	-	-	-

*All DROP Balances paid in 2018.

Number of Years Expected Benefit Payments Sustained: 27.37

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.60% 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: 5.60% and RP-2000 Generational Mortality

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
2018	70,794,857	-	4,349,539	-	3,842,725	70,288,043
2019	70,288,043	-	4,532,515	-	3,809,220	69,564,748
2020	69,564,748	-	4,813,179	-	3,760,857	68,512,426
2021	68,512,426	-	4,946,900	-	3,698,183	67,263,709
2022	67,263,709	-	5,014,216	-	3,626,370	65,875,863
2023	65,875,863	-	5,221,323	-	3,542,851	64,197,391
2024	64,197,391	-	5,526,137	-	3,440,322	62,111,576
2025	62,111,576	-	5,756,336	-	3,317,071	59,672,311
2026	59,672,311	-	6,282,158	-	3,165,749	56,555,902
2027	56,555,902	-	6,570,045	-	2,983,169	52,969,026
2028	52,969,026	-	6,734,784	-	2,777,692	49,011,934
2029	49,011,934	-	6,810,527	-	2,553,974	44,755,381
2030	44,755,381	-	7,061,330	-	2,308,584	40,002,635
2031	40,002,635	-	7,224,427	-	2,037,864	34,816,072
2032	34,816,072	-	7,379,096	-	1,743,085	29,180,061
2033	29,180,061	-	7,443,298	-	1,425,671	23,162,434
2034	23,162,434	-	7,539,456	-	1,085,992	16,708,970
2035	16,708,970	-	7,623,835	-	722,235	9,807,370
2036	9,807,370	-	7,598,635	-	336,451	2,545,186
2037	2,545,186	-	7,579,809	-	-	-

*All DROP Balances paid in 2018.

Number of Years Expected Benefit Payments Sustained: 19.34

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.60% 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 3
Hypothetical Assumptions: 9.60% and RP-2000 Generational Mortality

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
2018	70,794,857	-	4,349,539	-	6,587,528	73,032,846
2019	73,032,846	-	4,532,515	-	6,793,592	75,293,923
2020	75,293,923	-	4,813,179	-	6,997,184	77,477,928
2021	77,477,928	-	4,946,900	-	7,200,430	79,731,458
2022	79,731,458	-	5,014,216	-	7,413,538	82,130,780
2023	82,130,780	-	5,221,323	-	7,633,931	84,543,388
2024	84,543,388	-	5,526,137	-	7,850,911	86,868,162
2025	86,868,162	-	5,756,336	-	8,063,039	89,174,865
2026	89,174,865	-	6,282,158	-	8,259,243	91,151,950
2027	91,151,950	-	6,570,045	-	8,435,225	93,017,130
2028	93,017,130	-	6,734,784	-	8,606,375	94,888,721
2029	94,888,721	-	6,810,527	-	8,782,412	96,860,606
2030	96,860,606	-	7,061,330	-	8,959,674	98,758,950
2031	98,758,950	-	7,224,427	-	9,134,087	100,668,610
2032	100,668,610	-	7,379,096	-	9,309,990	102,599,504
2033	102,599,504	-	7,443,298	-	9,492,274	104,648,480
2034	104,648,480	-	7,539,456	-	9,684,360	106,793,384
2035	106,793,384	-	7,623,835	-	9,886,221	109,055,770
2036	109,055,770	-	7,598,635	-	10,104,619	111,561,754
2037	111,561,754	-	7,579,809	-	10,346,098	114,328,043
2038	114,328,043	-	7,521,993	-	10,614,436	117,420,486
2039	117,420,486	-	7,432,734	-	10,915,595	120,903,347
2040	120,903,347	-	7,340,043	-	11,254,399	124,817,703
2041	124,817,703	-	7,247,382	-	11,634,625	129,204,946
2042	129,204,946	-	7,127,638	-	12,061,548	134,138,856
2043	134,138,856	-	6,992,801	-	12,541,676	139,687,731
2044	139,687,731	-	6,825,893	-	13,082,379	145,944,217
2045	145,944,217	-	6,645,848	-	13,691,644	152,990,013
2046	152,990,013	-	6,455,139	-	14,377,195	160,912,069
2047	160,912,069	-	6,249,063	-	15,147,604	169,810,610
2048	169,810,610	-	6,030,937	-	16,012,334	179,792,007
2049	179,792,007	-	5,803,141	-	16,981,482	190,970,348
2050	190,970,348	-	5,561,356	-	18,066,208	203,475,200
2051	203,475,200	-	5,313,082	-	19,278,591	217,440,709
2052	217,440,709	-	5,059,478	-	20,631,453	233,012,684
2053	233,012,684	-	4,801,564	-	22,138,743	250,349,863
2054	250,349,863	-	4,541,787	-	23,815,581	269,623,657
2055	269,623,657	-	4,281,923	-	25,678,339	291,020,073
2056	291,020,073	-	4,024,480	-	27,744,752	314,740,345
2057	314,740,345	-	3,769,800	-	30,034,123	341,004,668
2058	341,004,668	-	3,518,572	-	32,567,557	370,053,653
2059	370,053,653	-	3,272,072	-	35,368,091	402,149,672
2060	402,149,672	-	3,031,269	-	38,460,868	437,579,271
2061	437,579,271	-	2,796,798	-	41,873,364	476,655,837
2062	476,655,837	-	2,569,193	-	45,635,639	519,722,283
2063	519,722,283	-	2,349,062	-	49,780,584	567,153,805
2064	567,153,805	-	2,136,987	-	54,344,190	619,361,008
2065	619,361,008	-	1,933,642	-	59,365,842	676,793,208
2066	676,793,208	-	1,740,332	-	64,888,612	739,941,488
2067	739,941,488	-	1,558,105	-	70,959,594	809,342,977
2068	809,342,977	-	1,387,874	-	77,630,308	885,585,411
2069	885,585,411	-	1,230,294	-	84,957,145	969,312,262
2070	969,312,262	-	1,085,313	-	93,001,882	1,061,228,831

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3
Hypothetical Assumptions: 9.60% and RP-2000 Generational Mortality

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
2071	1,061,228,831	-	952,679	-	101,832,239	1,162,108,391
2072	1,162,108,391	-	832,091	-	111,522,465	1,272,798,765
2073	1,272,798,765	-	722,809	-	122,153,987	1,394,229,943
2074	1,394,229,943	-	624,042	-	133,816,121	1,527,422,022
2075	1,527,422,022	-	535,073	-	146,606,831	1,673,493,780
2076	1,673,493,780	-	455,309	-	160,633,548	1,833,672,019
2077	1,833,672,019	-	383,833	-	176,014,090	2,009,302,276
2078	2,009,302,276	-	320,084	-	192,877,654	2,201,859,846
2079	2,201,859,846	-	263,669	-	211,365,889	2,412,962,066
2080	2,412,962,066	-	214,273	-	231,634,073	2,644,381,866
2081	2,644,381,866	-	171,530	-	253,852,426	2,898,062,762
2082	2,898,062,762	-	135,294	-	278,207,531	3,176,134,999
2083	3,176,134,999	-	105,098	-	304,903,915	3,480,933,816
2084	3,480,933,816	-	80,473	-	334,165,784	3,815,019,127
2085	3,815,019,127	-	60,732	-	366,238,921	4,181,197,316
2086	4,181,197,316	-	45,179	-	401,392,774	4,582,544,911
2087	4,582,544,911	-	33,098	-	439,922,723	5,022,434,536
2088	5,022,434,536	-	23,935	-	482,152,567	5,504,563,168
2089	5,504,563,168	-	17,124	-	528,437,242	6,032,983,286
2090	6,032,983,286	-	12,125	-	579,165,813	6,612,136,974
2091	6,612,136,974	-	8,511	-	634,764,741	7,246,893,204
2092	7,246,893,204	-	5,923	-	695,701,463	7,942,588,744
2093	7,942,588,744	-	4,094	-	762,488,323	8,705,072,973
2094	8,705,072,973	-	2,801	-	835,686,871	9,540,757,043
2095	9,540,757,043	-	1,893	-	915,912,585	10,456,667,735
2096	10,456,667,735	-	1,256	-	1,003,840,042	11,460,506,521
2097	11,460,506,521	-	820	-	1,100,208,587	12,560,714,288
2098	12,560,714,288	-	527	-	1,205,828,546	13,766,542,307
2099	13,766,542,307	-	333	-	1,321,588,045	15,088,130,019
2100	15,088,130,019	-	206	-	1,448,460,472	16,536,590,285
2101	16,536,590,285	-	126	-	1,587,512,661	18,124,102,820
2102	18,124,102,820	-	76	-	1,739,913,867	19,864,016,611
2103	19,864,016,611	-	46	-	1,906,945,592	21,770,962,157
2104	21,770,962,157	-	27	-	2,090,012,366	23,860,974,496
2105	23,860,974,496	-	16	-	2,290,653,551	26,151,628,031
2106	26,151,628,031	-	9	-	2,510,556,291	28,662,184,313
2107	28,662,184,313	-	5	-	2,751,569,694	31,413,754,002
2108	31,413,754,002	-	3	-	3,015,720,384	34,429,474,383
2109	34,429,474,383	-	2	-	3,305,229,541	37,734,703,922
2110	37,734,703,922	-	1	-	3,622,531,576	41,357,235,497
2111	41,357,235,497	-	-	-	3,970,294,608	45,327,530,105

*All DROP Balances paid in 2018.

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 9.60% 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, 2020

Valuation Date: 10/1/2018

	ACTUAL	HYPOTHETICAL	
	7.60% RP-2000 Generational	5.60% RP-2000 Generational	9.60% RP-2000 Generational
Minimum Required Contribution (Fixed \$)	\$5,051,769	\$7,865,883	\$2,834,442
Minimum Required Contribution (% of Payroll)	56.6%	88.2%	31.8%
Expected Member Contribution	624,269	624,269	624,269
Expected State Money	554,750	554,750	554,750
Expected Sponsor Contribution (Fixed \$)	\$3,872,750	\$6,686,864	\$1,655,423
Expected Sponsor Contribution (% of Payroll)	43.4%	75.0%	18.6%
<u>ASSETS</u>			
Actuarial Value ¹	68,184,358	68,184,358	68,184,358
Market Value ¹	70,794,857	70,794,857	70,794,857
<u>LIABILITIES</u>			
Present Value of Benefits			
Active Members			
Retirement Benefits	55,820,098	85,467,634	38,438,284
Disability Benefits	503,958	695,681	379,447
Death Benefits	298,499	407,678	223,283
Vested Benefits	3,615,914	5,848,126	2,348,268
Refund of Contributions	134,758	145,590	125,206
Service Retirees	45,502,055	55,684,256	38,216,336
DROP Retirees ¹	2,790,021	3,366,546	2,387,658
Beneficiaries	299,166	325,461	276,675
Disability Retirees	951,217	1,178,184	796,578
Terminated Vested	408,410	568,557	303,942
Share Plan Balances ¹	0	0	0
Total:	110,324,096	153,687,713	83,495,677
Present Value of Future Salaries	79,333,735	89,496,896	71,150,953
Present Value of Future Member Contributions	5,553,361	6,264,783	4,980,567
Total Normal Cost	2,317,809	3,781,913	1,462,214
Present Value of Future Normal Costs (Entry Age Normal)	19,951,480	36,734,087	11,289,011
Total Actuarial Accrued Liability ¹	90,372,616	116,953,626	72,206,666
Unfunded Actuarial Accrued Liability (UAAL)	22,188,258	48,769,268	4,022,308

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2020

Valuation Date: 10/1/2018

	ACTUAL	HYPOTHETICAL	
	7.60% RP-2000 Generational	5.60% RP-2000 Generational	9.60% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost (with interest)	2,405,886	3,887,807	1,532,400
Administrative Expenses (with interest)	55,541	55,006	56,076
Payment Required To Amortize UAAL (with interest)	2,590,342	3,923,070	1,245,966
Minimum Required Contribution	\$5,051,769	\$7,865,883	\$2,834,442

¹ The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2018.