

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
FIREFIGHTER'S RETIREMENT SYSTEM

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2021

CONTRIBUTIONS APPLICABLE TO THE
PLAN/FISCAL YEAR ENDING SEPTEMBER 30, 2023

GASB 67/68 DISCLOSURE INFORMATION
AS OF SEPTEMBER 30, 2021



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

November 16, 2021

Board of Trustees
Bonita Springs Fire Control and Rescue District
Firefighters' Pension Board

Re: Bonita Springs Fire Control and Rescue District Firefighter's Retirement System

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the Bonita Springs Fire Control and Rescue District Firefighter's Retirement System. 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.

The funding percentages and unfunded accrued liability as measured based on the actuarial value of assets will differ from similar measures based on the market value of assets. These measures, as provided, are appropriate for determining the adequacy of future contributions, but may not be appropriate for the purpose of settling a portion or all of its liabilities. 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 valuations, 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 Bonita Springs Fire Control and 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.

Additionally, we used third-party software to model (calculate) the underlying liabilities and costs. These results are reviewed in the aggregate and for individual sample lives. The output from the software is either used directly or input into internally developed models that apply the funding and accounting rules to generate the results. All internally developed models are reviewed as part of the valuation process. As a result of this review, we believe that the models have produced reasonable results. We do not believe there are any material inconsistencies among assumptions or unreasonable output produced due to the aggregation of assumptions.

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, 2020. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ending September 30, 2021 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 meet 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 Bonita Springs Fire Control and Rescue District, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Firefighter's Retirement System. 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: 
Kevin H. Peng, ASA, EA, MAAA
Enrolled Actuary #20-7783

By: 
Patrick T. Donlan, EA, ASA, MAAA
Enrolled Actuary #20-6595

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Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the Bonita Springs Fire Control and Rescue District Firefighter's Retirement System, performed as of October 1, 2021, 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, 2023.

The contribution requirements, compared with those set forth in the October 1, 2020 actuarial valuation report, are as follows:

Valuation Date Applicable to Fiscal Year Ending	10/1/2021 <u>9/30/2023</u>	10/1/2020 <u>9/30/2022</u>
Minimum Required Contribution % of Projected Annual Payroll	61.2%	65.2%
Member Contributions (Est.) % of Projected Annual Payroll	7.0%	7.0%
District And State Required Contribution % of Projected Annual Payroll	54.2%	58.2%
State Contribution (Est.) ¹ % of Projected Annual Payroll	\$909,227 9.3%	\$909,227 9.3%
District Required Contribution ² % of Projected Annual Payroll	44.9%	48.9%

¹ Represents the amount received in calendar 2021. The District may use up to \$1,000,155.43, if received, in determining their bottom line funding requirement.

² The required contribution from the combination of District and State sources for the year ending September 30, 2023, is 54.2% of the actual payroll realized in that year. As a budgeting tool, the District may contribute 44.9% of each Member's Salary and then make a one-time adjustment to account for the actual State Monies received.

As you can see, the Minimum Required Contribution shows a decrease when compared to the results determined in the October 1, 2020 actuarial valuation report. The decrease is partially attributable to an increase in payroll, which reduces the relatively fixed costs when expressed as a percentage of payroll, and partially attributable to favorable actuarial experience as described in the next paragraph.

Plan experience was favorable overall on the basis of the plan's actuarial assumptions. The primary source of actuarial gain was an investment return of 9.32% (Actuarial Asset Basis) which exceeded the 7.50% assumption. This gain was offset in part by a loss associated with an average salary increase of 7.16% which exceeded the 5.37% assumption.

CHANGES SINCE PRIOR VALUATION

Plan Changes

Resolution No. 2021-08-01 was adopted September 13, 2021 and provided for recent changes to the Internal Revenue Code. The passage of this resolution did not have any impact on the current funding requirements to the plan as outlined in our letter dated July 26, 2021.

Actuarial Assumption/Method Changes

There have been no assumption or method changes since the prior valuation.

CONTRIBUTION IMPACT OF ANNUAL CHANGES

(1) Contribution Determined as of October 1, 2020	49.0%
(2) Summary of Contribution Impact by component:	
Change in State Contribution Percentage	-0.1%
Change in Normal Cost Rate	-0.2%
Change in Administrative Expense Percentage	-0.2%
Payroll Change Effect on UAAL Amortization	-2.2%
Investment Return (Actuarial Asset Basis)	-1.7%
Salary Increases	0.5%
Active Decrements	-0.3%
Inactive Mortality	0.2%
UAAL Amortization Less/(More) Than Expected	-0.2%
Assumption Change	0.0%
Other	<u>0.1%</u>
Total Change in Contribution	-4.1%
(3) Contribution Determined as of October 1, 2021	44.9%

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/1/2021</u>	<u>10/1/2020</u>
A. Participant Data		
Actives	97	96
Service Retirees	45	45
DROP Retirees	5	4
Beneficiaries	4	5
Disability Retirees	3	3
Terminated Vested	<u>6</u>	<u>5</u>
 Total	 160	 158
 Total Annual Payroll	 \$10,218,627	 \$9,601,737
Payroll Under Assumed Ret. Age	9,745,036	9,137,234
 Annual Rate of Payments to:		
Service Retirees	4,085,963	4,001,773
DROP Retirees	358,017	294,573
Beneficiaries	126,631	133,809
Disability Retirees	146,511	142,244
Terminated Vested	144,530	105,699
 B. Assets		
Actuarial Value (AVA) ¹	91,440,056	81,886,425
Market Value (MVA) ¹	98,637,045	79,378,043
 C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	71,624,848	66,189,242
Disability Benefits	816,475	773,586
Death Benefits	235,520	226,576
Vested Benefits	2,153,048	2,124,112
Refund of Contributions	128,352	128,841
Service Retirees	50,891,047	51,094,522
DROP Retirees ¹	8,639,077	6,904,085
Beneficiaries	1,121,999	1,242,610
Disability Retirees	2,064,151	2,045,972
Terminated Vested	1,063,992	782,453
Share Plan Balances ¹	<u>0</u>	<u>0</u>
 Total	 138,738,509	 131,511,999

C. Liabilities - (Continued)	<u>10/1/2021</u>	<u>10/1/2020</u>
Present Value of Future Salaries	88,613,402	86,989,476
Present Value of Future Member Contributions	6,202,938	6,089,263
Normal Cost (Retirement)	2,439,047	2,298,916
Normal Cost (Disability)	54,447	48,195
Normal Cost (Death)	11,194	10,544
Normal Cost (Vesting)	109,939	105,138
Normal Cost (Refunds)	19,204	17,315
Total Normal Cost	<u>2,633,831</u>	<u>2,480,108</u>
Present Value of Future Normal Costs	22,986,346	22,709,228
Accrued Liability (Retirement)	50,234,113	45,056,505
Accrued Liability (Disability)	369,384	351,695
Accrued Liability (Death)	139,396	131,130
Accrued Liability (Vesting)	1,197,181	1,165,380
Accrued Liability (Refunds)	31,823	28,419
Accrued Liability (Inactives) ¹	63,780,266	62,069,642
Share Plan Balances ¹	0	0
Total Actuarial Accrued Liability (EAN AL)	<u>115,752,163</u>	<u>108,802,771</u>
Unfunded Actuarial Accrued Liability (UAAL)	24,312,107	26,916,346
Funded Ratio (AVA / EAN AL)	79.0%	75.3%

D. Actuarial Present Value of Accrued Benefits	<u>10/1/2021</u>	<u>10/1/2020</u>
Vested Accrued Benefits		
Inactives + Share Plan Balances ¹	63,780,266	62,069,642
Actives	22,298,999	19,666,569
Member Contributions	<u>5,777,530</u>	<u>5,276,492</u>
Total	91,856,795	87,012,703
Non-vested Accrued Benefits	<u>7,258,200</u>	<u>6,071,975</u>
Total Present Value		
Accrued Benefits (PVAB)	99,114,995	93,084,678
Funded Ratio (MVA / PVAB)	99.5%	85.3%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
Plan Experience	3,409,139	
Benefits Paid	(4,202,576)	
Interest	6,823,754	
Other	<u>0</u>	
Total	6,030,317	

Valuation Date	10/1/2021	10/1/2020
Applicable to Fiscal Year Ending	<u>9/30/2023</u>	<u>9/30/2022</u>

E. Pension Cost

Normal Cost (with interest) % of Total Annual Payroll ²	28.0	28.2
Administrative Expenses (with interest) % of Total Annual Payroll ²	0.6	0.8
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 15 years (as of 10/1/2021, with interest) % of Total Annual Payroll ²	32.6	36.2
Minimum Required Contribution % of Total Annual Payroll ²	61.2	65.2
Expected Member Contributions % of Total Annual Payroll ²	7.0	7.0
Expected District and State Contribution % of Total Annual Payroll ²	54.2	58.2

F. Past Contributions

Plan Years Ending:	<u>9/30/2021</u>
Total Required Contribution	5,360,311
District and State Requirement	4,692,656
Actual Contributions Made:	
Members (excluding buyback)	667,654
District	4,511,748
State	<u>909,227</u>
Total	6,088,629

G. Net Actuarial (Gain)/Loss (1,062,578)

¹ The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2021 and 9/30/2020.

² Contributions developed as of 10/1/2021 are expressed as a percentage of total annual payroll at 10/1/2021 of \$9,745,036.

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

<u>Year</u>	<u>Projected Unfunded Actuarial Accrued Liability</u>
2021	24,312,107
2022	22,847,028
2023	21,272,069
2026	15,802,355
2030	6,394,409
2033	1,171,994
2036	0

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

	<u>Actual</u>	<u>Assumed</u>
Year Ended 9/30/2021	7.16%	5.37%
Year Ended 9/30/2020	8.86%	5.52%
Year Ended 9/30/2019	7.01%	5.28%
Year Ended 9/30/2018	5.99%	5.33%
Year Ended 9/30/2017	5.20%	4.89%

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

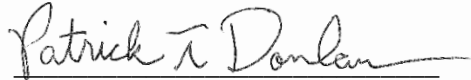
	<u>Market Value</u>	<u>Actuarial Value</u>	<u>Assumed</u>
Year Ended 9/30/2021	21.76%	9.32%	7.50%
Year Ended 9/30/2020	6.38%	7.25%	7.60%
Year Ended 9/30/2019	1.34%	7.65%	7.60%
Year Ended 9/30/2018	8.79%	7.12%	7.60%
Year Ended 9/30/2017	12.82%	7.61%	7.60%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2021	\$9,745,036
	10/1/2011	6,482,298
(b) Total Increase		50.33%
(c) Number of Years		10.00
(d) Average Annual Rate		4.16%

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.



Patrick T. Donlan, EA, ASA, MAAA
Enrolled Actuary #20-6595

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

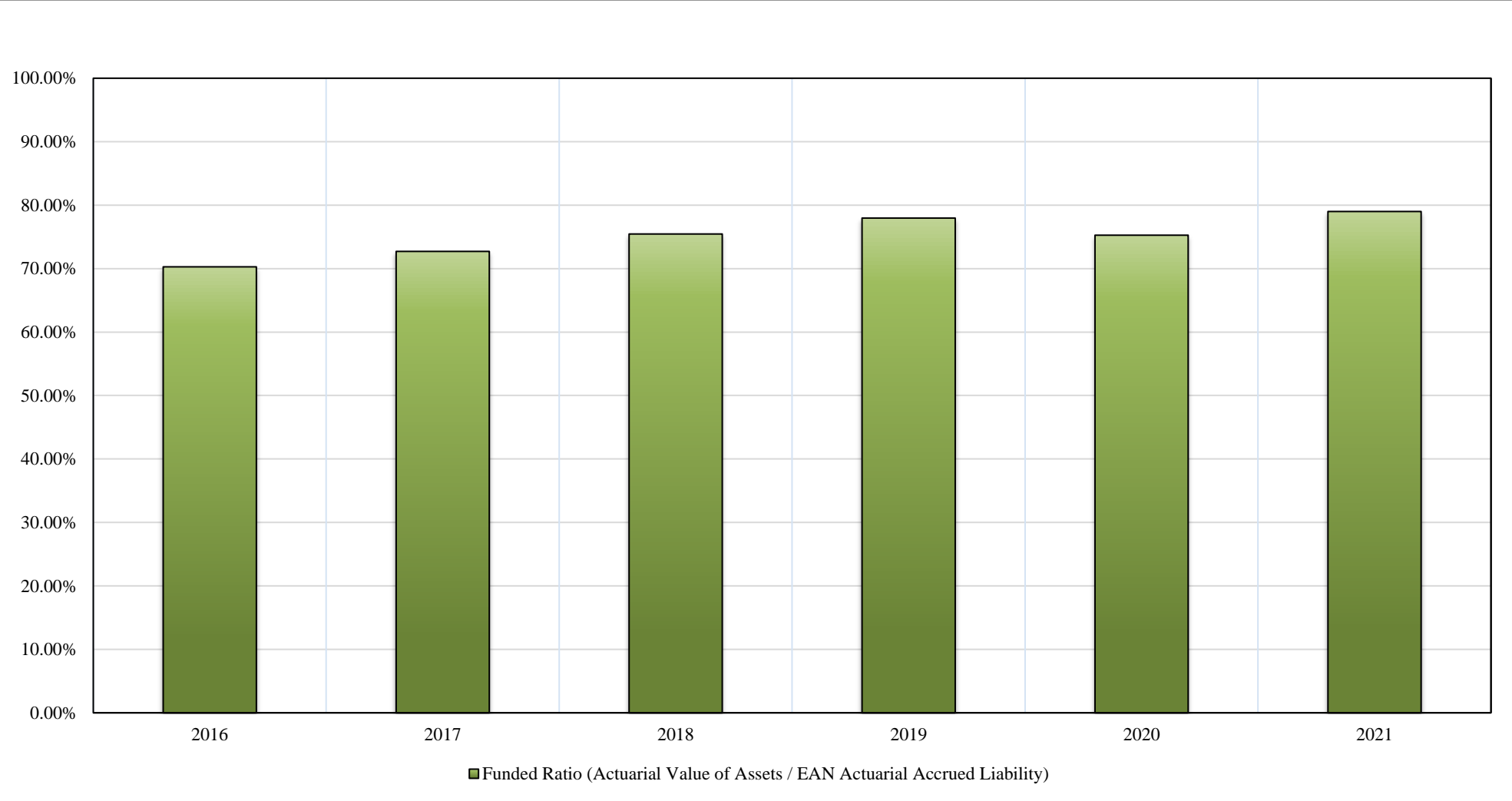
(1)	Unfunded Actuarial Accrued Liability as of October 1, 2020	\$26,916,346
(2)	Sponsor Normal Cost developed as of October 1, 2020	1,840,502
(3)	Expected administrative expenses for the year ended September 30, 2021	69,524
(4)	Expected interest on (1), (2) and (3)	2,159,371
(5)	Sponsor contributions to the System during the year ended September 30, 2021	5,420,975
(6)	Expected interest on (5)	190,083
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2021 (1)+(2)+(3)+(4)-(5)-(6)	25,374,685
(8)	Change to UAAL due to Assumption Change	0
(9)	Change to UAAL due to Actuarial (Gain)/Loss	(1,062,578)
(10)	Unfunded Actuarial Accrued Liability as of October 1, 2021	24,312,107

Type of <u>Base</u>	Date <u>Established</u>	Years <u>Remaining</u>	10/1/2021 <u>Amount</u>	Amortization <u>Amount</u>
Consolidation	10/1/2018	10.5	17,886,132	2,345,455
Benefit	10/1/2018	12	(6,297)	(757)
Actuarial Loss	10/1/2019	13	437,461	50,080
Benefits Change	10/1/2019	13	595,368	68,157
Actuarial Loss	10/1/2020	14	2,164,129	237,143
Assump Change	10/1/2020	14	4,297,892	470,958
Actuarial Gain	10/1/2021	15	<u>(1,062,578)</u>	<u>(111,978)</u>
			24,312,107	3,059,058

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2020	\$26,916,346
(2) Expected UAAL as of October 1, 2021	25,374,685
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	(1,506,421)
Salary Increases	429,598
Active Decrements	(255,712)
Inactive Mortality	176,687
New Entrants	14,704
Other	<u>78,566</u>
Increase in UAAL due to (Gain)/Loss	(1,062,578)
Assumption Changes	0
(4) Actual UAAL as of October 1, 2021	\$24,312,107

HISTORY OF FUNDING PROGRESS



ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate

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 (Above Median) for Healthy Retirees, set forward one year.

Male: PubS.H-2010 (Above Median) for Healthy Retirees, set forward one year.

Beneficiary Lives:

Female: PubG.H-2010 (Above Median) for Healthy Retirees.

Male: PubG.H-2010 (Above 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 are projected generationally with Mortality Improvement Scale MP-2018. We feel this assumption sufficiently accommodates future mortality improvements.

The previously described mortality 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, 2019 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics.

90% of active deaths are assumed to be service-incurred.

Interest Rate

7.50% 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>Credited Service</u>	<u>Assumed Rate</u>
Years 1-4	10.0%
Greater than 4 years	4.0%

These rates are based on the results of an experience study issued August 17, 2020.

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

\$58,023 annually, based on the average of actual expenses incurred in the prior two fiscal years.

Amortization Method

New UAAL amortization bases are amortized over the following amortization periods:

Experience: 15 Years.
Assumption/Method Changes: 15 Years.
Benefit Changes: 15 Years.

Termination Rates

<u>Credited Service</u>	<u>Assumed Rate</u>
First Year	8.0%
Next 4 Years	2.5%
Next 5 Years	1.5%
Greater than 10 Years	1.0%

These rates are based on the results of an experience study issued August 17, 2020.

Disability Rates

It is assumed that 90% of disablements and active Member deaths are service related.

% Becoming Disabled	
<u>Age</u>	<u>During the Year</u>
20	0.03%
30	0.04
40	0.07
50	0.18

These rates are consistent with rates used in other fire Plans and remained unchanged based on August 17, 2020 Experience Study.

Retirement Age

Earlier of Age 55 and 10 years of service or Age 50 and 25 years of service. This assumption is deemed reasonable based on plan provisions and is supported by the August 17, 2020 experience study.

Early Retirement

Commencing upon a member's eligibility for Early Retirement (Age 50 with 10 years of credited service), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year. This assumption is deemed reasonable based on plan provisions and is supported by the August 17, 2020 experience study.

Funding Method

Entry Age Normal Actuarial Cost Method.

Asset Valuation Method

Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

GLOSSARY

Actuarial Value of Assets is the asset value used in the valuation to determine contribution requirements. It represents the plan's Market Value of Assets (see below), with adjustments according to the plan's Actuarial Asset Method. These adjustments produce a "smoothed" value that is likely to be less volatile from year to year than the Market Value of Assets.

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.

Market Value of Assets is the fair market value of plan assets as of the valuation date. This amount may be adjusted to produce an Actuarial Value of Assets for plan funding purposes.

Normal (Current Year's) Cost is the current year's cost for benefits yet to be funded. Under the Entry Age Normal cost method, it 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.

Present Value of Benefits is the single sum value on the valuation date of all future benefits to be paid to current plan participants.

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

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.

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.

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.

Throughout this report, actuarial results are determined using various actuarial assumptions. 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, closed 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 closed plans with a substantial inactive liability. Similarly, mature closed 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.

To assist with determining the maturity of the plan, we have provided some relevant metrics in the table following titled “Plan Maturity Measures and Other Risk Metrics”. Highlights of this information are discussed below:

- The Support Ratio, determined as the ratio of active to inactive members, has decreased from 222.9% on October 1, 2011 to 159.0% on October 1, 2021, indicating that the plan has been maturing during the period.
- The Accrued Liability Ratio, determined as the ratio of the Inactive Accrued Liability, which is the liability associated with members who are no longer employed but are due a benefit from the plan, to the Total Accrued Liability, is 55.1%. With a plan of this maturity, losses due to lower than expected investment returns or demographic factors may result in larger increases in contribution requirements than would be needed for a less mature plan. Please note Chapter 112, Florida Statutes, requires that the plan sponsor contributes the minimum required contribution; thus, there is minimal solvency risk to the plan.
- The Funded Ratio, determined as the ratio of the Actuarial Value of Assets to the Total Accrued Liability, has increased from 51.0% on October 1, 2011 to 79.0% on October 1, 2021.
- The Net Cash Flow Ratio, determined as the ratio of the Net Cash Flow (contributions minus benefit payments and administrative expenses) to the Market Value of Assets, decreased from 8.9% on October 1, 2011 to 1.9% on October 1, 2021. The current Net Cash Flow Ratio of 1.9% indicates that contributions are generally covering the plan's benefit payments and administrative expenses.

It is important to note that the actuary has identified the risks in this section as the most significant risks based on the characteristics of the plan and the nature of the project, however, it is not an exhaustive list of potential risks that could be considered. Additional advanced modeling, as well as the identification of additional risks, can be provided at the request of the audience addressed on page 2 of this report.

PLAN MATURITY MEASURES AND OTHER RISK METRICS

	<u>10/1/2011</u>	<u>10/1/2016</u>	<u>10/1/2020</u>	<u>10/1/2021</u>
<u>Support Ratio</u>				
Total Actives	78	79	96	97
Total Inactives ¹	35	49	60	61
Actives / Inactives ¹	222.9%	161.2%	160.0%	159.0%
 <u>Asset Volatility Ratio</u>				
Market Value of Assets (MVA)	29,945,213	56,829,901	79,378,043	98,637,045
Total Annual Payroll	6,482,298	7,182,291	9,601,737	10,218,627
MVA / Total Annual Payroll	462.0%	791.3%	826.7%	965.3%
 <u>Accrued Liability (AL) Ratio</u>				
Inactive Accrued Liability	32,500,132	49,405,038	62,069,642	63,780,266
Total Accrued Liability (EAN)	61,118,006	82,795,896	108,802,771	115,752,163
Inactive AL / Total AL	53.2%	59.7%	57.0%	55.1%
 <u>Funded Ratio</u>				
Actuarial Value of Assets (AVA)	31,149,760	58,186,756	81,886,425	91,440,056
Total Accrued Liability (EAN)	61,118,006	82,795,896	108,802,771	115,752,163
AVA / Total Accrued Liability (EAN)	51.0%	70.3%	75.3%	79.0%
 <u>Net Cash Flow Ratio</u>				
Net Cash Flow ²	2,678,223	537,970	850,295	1,839,432
Market Value of Assets (MVA)	29,945,213	56,829,901	79,378,043	98,637,045
Ratio	8.9%	0.9%	1.1%	1.9%

¹ Excludes terminated participants awaiting a refund of member contributions.

² Determined as total contributions minus benefit payments and administrative expenses.

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1998	71,670.43	_____ %
1999	83,576.24	16.6%
2000	113,991.40	36.4%
2001	142,687.43	25.2%
2002	204,053.35	43.0%
2003	266,383.07	30.5%
2004	308,557.20	15.8%
2005	357,891.78	16.0%
2006	440,565.24	23.1%
2007	518,217.57	17.6%
2008	638,819.90	23.3%
2009	603,170.07	-5.6%
2010	525,706.56	-12.8%
2011	548,627.86	4.4%
2012	569,492.15	3.8%
2013	552,532.41	-3.0%
2014	583,891.66	5.7%
2015	585,583.85	0.3%
2016	567,161.77	-3.1%
2017	550,061.99	-3.0%
2018	554,750.22	0.9%
2019	736,951.41	32.8%
2020	838,785.67	13.8%
2021	909,227.32	8.4%

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2021

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	3,210,375.44	3,210,375.44
Total Cash and Equivalents	3,210,375.44	3,210,375.44
Receivables:		
Investment Income	11,723.45	11,723.45
Total Receivable	11,723.45	11,723.45
Investments:		
Stocks	12,168,781.39	18,336,036.28
Mutual Funds:		
Fixed Income	12,190,129.05	24,314,937.40
Equity	24,680,560.28	44,242,026.70
Pooled/Common/Commingled Funds:		
Real Estate	6,236,603.58	8,529,542.85
Total Investments	55,276,074.30	95,422,543.23
Total Assets	58,498,173.19	98,644,642.12
<u>LIABILITIES</u>		
Payables:		
Investment Expenses	7,596.91	7,596.91
Total Liabilities	7,596.91	7,596.91
NET POSITION RESTRICTED FOR PENSIONS	58,490,576.28	98,637,045.21

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2021
Market Value Basis

ADDITIONS

Contributions:

Member	667,654.36
Buy-Back	7,547.02
District	4,511,747.59
State	909,227.32

Total Contributions 6,096,176.29

Investment Income:

Net Realized Gain (Loss)	1,500,301.34
Unrealized Gain (Loss)	13,842,631.29
Net Increase in Fair Value of Investments	15,342,932.63
Interest & Dividends	2,400,054.89
Less Investment Expense ¹	(323,417.90)

Net Investment Income 17,419,569.62

Total Additions 23,515,745.91

DEDUCTIONS

Distributions to Members:

Benefit Payments	4,187,517.08
Lump Sum DROP Distributions	0.00
Refunds of Member Contributions	15,058.50

Total Distributions 4,202,575.58

Administrative Expense 54,167.82

Total Deductions 4,256,743.40

Net Increase in Net Position 19,259,002.51

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year 79,378,042.70

End of the Year 98,637,045.21

¹Investment related expenses include investment advisory, custodial and performance monitoring fees.

ACTUARIAL ASSET VALUATION
SEPTEMBER 30, 2021

Actuarial Assets for funding purposes are developed by increasing the Actuarial Assets used in the most recent actuarial valuation of the Fund by the average annual market value rate of return (net of investment related expenses) for the past four years. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Details of the derivation are set forth as follows:

Plan Year End	Rate of Return ¹	
09/30/2018	8.79%	
09/30/2019	1.34%	
09/30/2020	6.38%	
09/30/2021	21.76%	
Annualized Rate of Return for prior four (4) years:		9.32%
(A) 10/01/2020 Actuarial Assets:		\$81,886,425.18
(I) Net Investment Income:		
1. Interest and Dividends	2,400,054.89	
2. Realized Gain (Loss)	1,500,301.34	
3. Unrealized Gain (Loss)	13,842,631.29	
4. Change in Actuarial Value	(9,705,371.65)	
5. Investment Related Expenses	(323,417.90)	
Total		7,714,197.97
(B) 10/01/2021 Actuarial Assets:		\$91,440,056.04
Actuarial Asset Rate of Return = 2I/(A+B-I):		9.32%
10/01/2021 Limited Actuarial Assets:		\$91,440,056.04
10/01/2021 Market Value of Assets:		\$98,637,045.21
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)		\$1,506,420.63

¹Market Value Basis, net of investment related expenses.

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
 SEPTEMBER 30, 2021
 Actuarial Asset Basis

REVENUES

Contributions:		
Member	667,654.36	
Buy-Back	7,547.02	
District	4,511,747.59	
State	909,227.32	
 Total Contributions		 6,096,176.29
Earnings from Investments:		
Interest & Dividends	2,400,054.89	
Net Realized Gain (Loss)	1,500,301.34	
Unrealized Gain (Loss)	13,842,631.29	
Change in Actuarial Value	(9,705,371.65)	
 Total Earnings and Investment Gains		 8,037,615.87
 EXPENDITURES		
Distributions to Members:		
Benefit Payments	4,187,517.08	
Lump Sum DROP Distributions	0.00	
Refunds of Member Contributions	15,058.50	
 Total Distributions		 4,202,575.58
Expenses:		
Investment related ¹	323,417.90	
Administrative	54,167.82	
 Total Expenses		 377,585.72
 Change in Net Assets for the Year		 9,553,630.86
 Net Assets Beginning of the Year		 81,886,425.18
 Net Assets End of the Year ²		 91,440,056.04

¹Investment related expenses include investment advisory, custodial and performance monitoring fees.

²Net Assets may be limited for actuarial consideration.

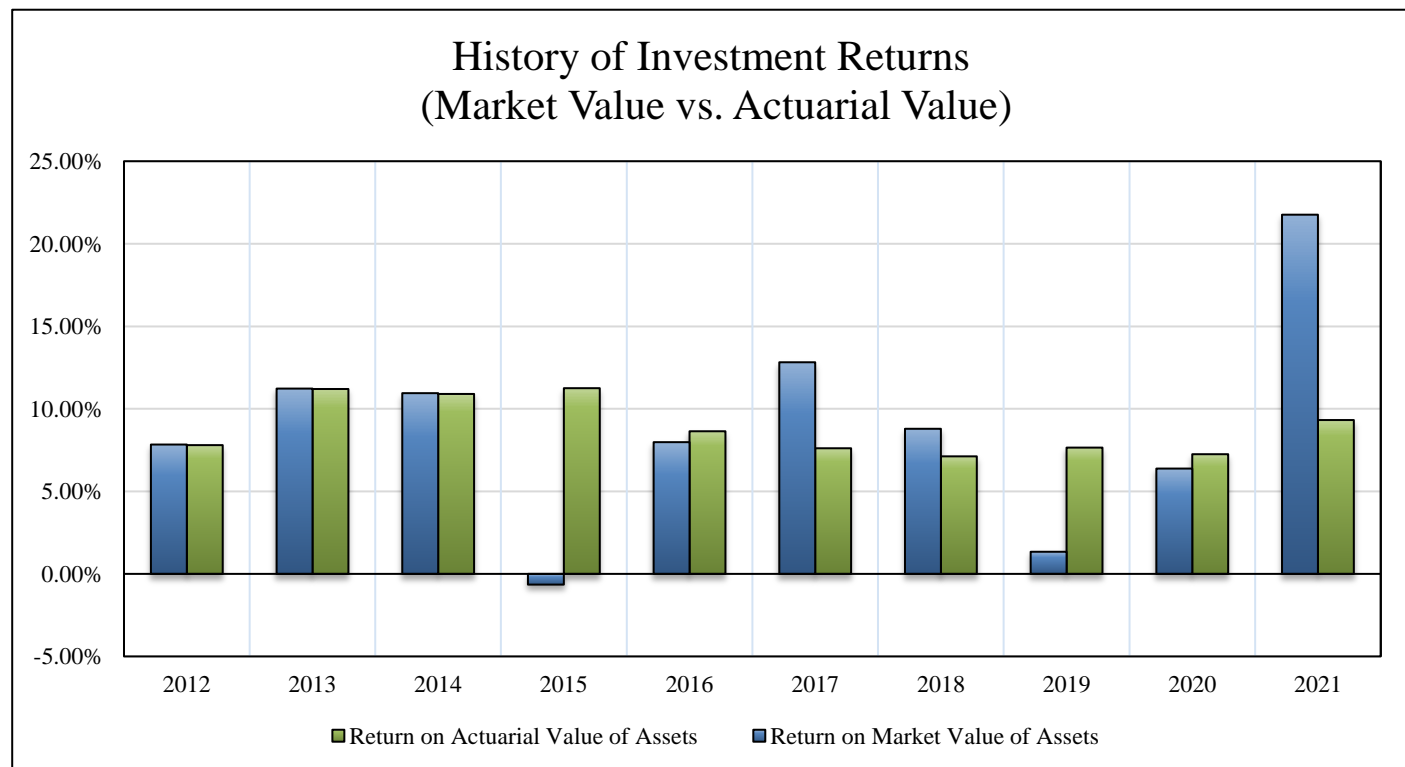
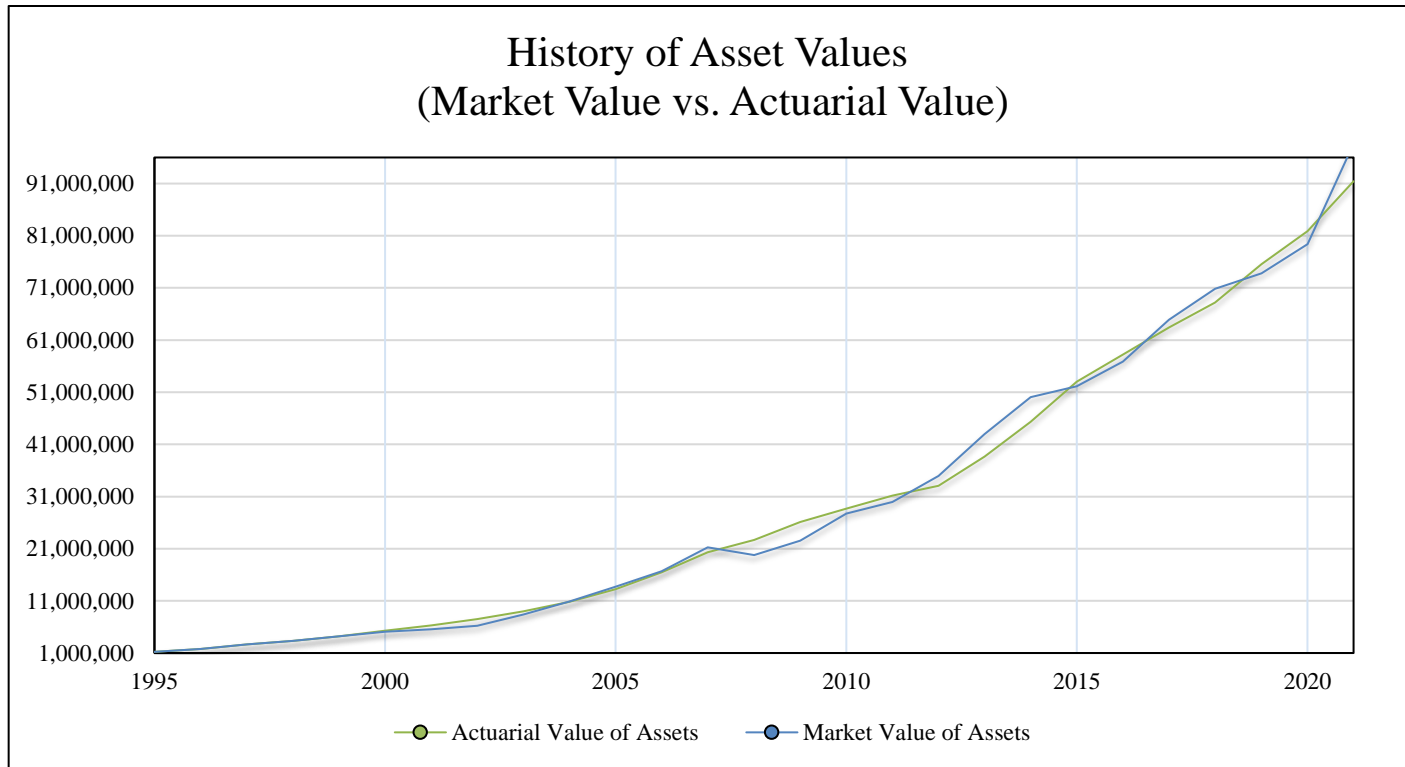
DEFERRED RETIREMENT OPTION PLAN ACTIVITY
October 1, 2020 to September 30, 2021

Beginning of the Year Balance	2,364,969.68
Plus Additions	614,157.59
Investment Return Earned	175,259.40
Less Distributions	0.00
End of the Year Balance	3,154,386.67

DISTRICT CONTRIBUTIONS IN EXCESS OF MINIMUM REQUIREMENT
FOR THE FISCAL YEAR ENDED (FYE) SEPTEMBER 30, 2021

(1) Total Required Contribution Rate	56.2%
(2) Pensionable Payroll Derived from Member Contributions	\$9,537,919.43
(3) Total Required Contribution (1) x (2)	5,360,310.72
(4) Less Actual Member Contributions	(667,654.36)
(5) Less Allowable State Contribution	<u>(909,227.32)</u>
(6) Equals Required District Contribution for Fiscal 2021	3,783,429.04
(7) Less 2020 Prepaid Contribution	(382,768.03)
(8) Less Actual District Contributions	<u>(4,128,979.56)</u>
(9) District Contributions in Excess of Minimum Requirement Applied to Reduce Unfunded Actuarial Accrued Liability as of September 30, 2021	(\$728,318.55)

HISTORY OF ASSET VALUES AND INVESTMENT RETURNS



STATISTICAL DATA

	<u>10/1/2018</u>	<u>10/1/2019</u>	<u>10/1/2020</u>	<u>10/1/2021</u>
<u>Actives</u>				
Number	100	97	96	97
Average Current Age	38.9	39.5	39.8	40.4
Average Age at Employment	28.8	29.2	29.0	29.1
Average Past Service	10.1	10.3	10.8	11.3
Average Annual Salary	\$89,181	\$93,412	\$100,018	\$105,347
<u>Service Retirees</u>				
Number	43	44	45	45
Average Current Age	59.6	60.6	61.0	62.0
Average Annual Benefit	\$83,411	\$84,759	\$88,928	\$90,799
<u>DROP Retirees</u>				
Number	2	4	4	5
Average Current Age	55.3	53.7	56.9	57.7
Average Annual Benefit	\$76,051	\$85,716	\$73,643	\$71,603
<u>Beneficiaries</u>				
Number	2	2	5	4
Average Current Age	69.7	70.7	47.9	41.2
Average Annual Benefit	\$22,961	\$24,999	\$26,762	\$31,658
<u>Disability Retirees</u>				
Number	2	3	3	3
Average Current Age	49.4	49.2	50.2	51.2
Average Annual Benefit	\$41,134	\$45,996	\$47,415	\$48,837
<u>Terminated Vested</u>				
Number	4	7	5	6
Average Current Age ¹	44.9	44.7	45.7	44.2
Average Annual Benefit ²	\$28,575	\$35,233	\$35,233	\$36,133

¹ The Average Current Age excludes participants awaiting a refund of contributions.

² 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
20 - 24	1		1									2
25 - 29	1	2		2	3							8
30 - 34	1			1	6	5						13
35 - 39			1	1	4	6	3	7				22
40 - 44	1		1		4	4	1	9				20
45 - 49					1			11	3	1		16
50 - 54				1		1	2	7	1	1	1	14
55 - 59								1				1
60 - 64			1									1
65+												0
Total	4	2	4	5	18	16	6	35	4	2	1	97

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2020	96
b. Terminations	
i. Vested (partial or full) with deferred annuity	(1)
ii. Vested in refund of member contributions only	0
iii. Refund of member contributions or full lump sum distribution received	(1)
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	0
f. DROP	<u>(1)</u>
g. Continuing participants	93
h. New entrants	<u>4</u>
i. Total active life participants in valuation	97

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

	Service Retirees, Vested Receiving	DROP Benefits	Receiving Death Benefits	Receiving Disability Benefits	Vested (Deferred Annuity)	Vested (Due Refund)	<u>Total</u>
a. Number prior valuation	45	4	5	3	3	2	62
Retired	0	0	0	0	0	0	0
DROP	0	1	0	0	0	0	1
Vested (Deferred Annuity)	0	0	0	0	1	0	1
Vested (Due Refund)	0	0	0	0	0	0	0
Hired/Terminated in Same Year	0	0	0	0	0	0	0
Death, With Survivor	0	0	0	0	0	0	0
Death, No Survivor	0	0	(1)	0	0	0	(1)
Disabled	0	0	0	0	0	0	0
Refund of Contributions	0	0	0	0	0	0	0
Rehires	0	0	0	0	0	0	0
Expired Annuities	0	0	0	0	0	0	0
Data Corrections	0	0	0	0	0	0	0
b. Number current valuation	45	5	4	3	4	2	63

SUMMARY OF CURRENT PLAN
(Through Resolution No. 2021-08-01)

<u>Latest Amendment Date</u>	September 13, 2021
<u>Eligibility</u>	Full-time employees who are classified as full-time Firefighters shall participate in the System as a condition of employment.
<u>Credited Service</u>	Total years and fractional parts of years of service as a Firefighter with the District.
<u>Salary</u>	Basic compensation, including incentive pay and longevity pay, plus tax deferred and tax-exempt items of income.
<u>Average Final Compensation</u>	Average Salary for the highest 5 years during the 10 years immediately preceding retirement or termination.
<u>Member Contributions</u>	7.00% of Salary.
<u>District and State Contributions</u>	Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, <u>Florida Statutes</u> . In no event will the District's contribution be less than 15% of the Members' Salary.
<u>Normal Retirement</u>	
Date	Earlier of age 55 and 10 years of Credited Service, or age 50 and 25 years of Credited Service.
Benefit	3.58% (3.00% for Firefighters hired after June 1, 2010) of Average Final Compensation <u>times</u> Credited Service
Form of Benefit	Ten Year Certain and Life Annuity (options available).
<u>Early Retirement</u>	
Eligibility	Age 50 and 10 Years of Credited Service.
Benefit	Accrued benefit, reduced 3% per year.

Cost of Living Adjustment

Normal and Early Service Retirees after January 1, 2000, and current and future Disability Retirees and Pre-Retirement Death Beneficiaries as of May 11, 2020, receive 3% annual benefit increases for 17 years (12 years for Firefighters hired after June 1, 2010), commencing 1 year after retirement.

Vesting

Schedule 100% after 10 years of Credited Service.

Benefit Amount Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date.

Disability

Eligibility

Service Incurred Covered from Date of Employment.

Non-Service Incurred 10 years of Credited Service.

Exclusions Disability resulting from use of drugs, illegal participation in riots, service in military, etc.

Benefit Benefit accrued to date of disability but not less than 42% of Average Final Compensation (Service Incurred).

Duration Payable for life (with 120 payments guaranteed), or until recovery (as determined by the Board). Optional forms of payment available.

Death Benefits

Pre-Retirement

Vested Monthly accrued benefit payable to designated beneficiary for 10 years.

Non-Vested Refund of accumulated contributions without interest.

Post-Retirement

Benefits payable to beneficiary in accordance with option selected at retirement.

Board of Trustees

- a. Two District appointees,
- b. Two Members of the Department elected by the membership, and
- c. Fifth Member elected by other 4 and appointed by the District.

Deferred Retirement Option Plan

Eligibility	Satisfaction of Normal Retirement requirements (earlier of (1) Age 55 with 10 years of Credited Service, or (2) Age 50 with 25 years of Credited Service).
Participation	Not to exceed 60 months.
Rate of Return	At the Member's election: (1) 6.5% annual rate, or (2) actual net rate of investment return (total return net of brokerage commissions, management fees, and transaction costs), credited each fiscal quarter. One change between the above is allowed.
Form of Distribution	Cash lump sum (options available) at termination of employment.

Chapter 175 Share Accounts

Effective March 1, 2010, a share plan was established pursuant to Chapter 175, Florida Statutes.

For plan years on or after October 1, 2009, all premium tax revenues received by the District in excess of \$1,000,155 shall be allocated to the participants' share accounts as follows:

- Members employed on preceding September 30 receive one share for each month of credited service.
- Interest equal to the System's actual net rate of investment return for the preceding plan year is credited each January 1.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2021

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Short Term Investments	3,210,375
Total Cash and Equivalents	3,210,375
Receivables:	
Investment Income	11,723
Total Receivable	11,723
Investments:	
Stocks	18,336,036
Mutual Funds:	
Fixed Income	24,314,938
Equity	44,242,027
Pooled/Common/Commingled Funds:	
Real Estate	8,529,543
Total Investments	95,422,544
Total Assets	98,644,642
<u>LIABILITIES</u>	
Payables:	
Investment Expenses	7,597
Total Liabilities	7,597
NET POSITION RESTRICTED FOR PENSIONS	98,637,045

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2021
Market Value Basis

ADDITIONS

Contributions:

Member	667,654
Buy-Back	7,547
District	4,128,980
State	909,227

Total Contributions	5,713,408
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Investment Income:

Net Increase in Fair Value of Investments	15,342,933
Interest & Dividends	2,400,055
Less Investment Expense ¹	(323,418)

Net Investment Income	17,419,570
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Total Additions	23,132,978
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DEDUCTIONS

Distributions to Members:

Benefit Payments	4,187,517
Lump Sum DROP Distributions	0
Lump Sum Share Distributions	0
Refunds of Member Contributions	15,059

Total Distributions	4,202,576
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Administrative Expense	54,168
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Total Deductions	4,256,744
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Net Increase in Net Position	18,876,234
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NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year	79,760,811
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End of the Year	98,637,045
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¹Investment related expenses include investment advisory, custodial and performance monitoring fees.

NOTES TO THE FINANCIAL STATEMENTS
(For the Year Ended September 30, 2021)

Plan Administration

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of:

- a. Two District appointees,
- b. Two Members of the Department elected by the Membership, and a
- c. Fifth Member elected by other four and appointed by the District.

Plan Membership as of October 1, 2020:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	57
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	5
Active Plan Members	96
	158

Benefits Provided

The Plan provides retirement, termination, disability and death benefits.

A summary of the benefit provisions can be found in the October 1, 2020 Actuarial Valuation Report for Bonita Springs Fire Control and Rescue District Firefighter's Retirement System prepared by Foster & Foster Actuaries and Consultants.

Contributions

Member Contributions: 7.0% of Salary.

District and State Contributions: Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes. In no event will the District's contribution be less than 15% of the Member's Salary.

Investment Policy:

The following was the Board's adopted asset allocation policy as of September 30, 2021:

Asset Class	Target Allocation
Domestic Equity	45.0%
International Equity	15.0%
Domestic Fixed Income	20.0%
Global Fixed Income	5.0%
Real Estate	10.0%
GTAA	5.0%
Total	100.0%

Concentrations:

The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan's Fiduciary Net Position.

Rate of Return:

For the year ended September 30, 2021, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was 21.76 percent.

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

GASB 67

Deferred Retirement Option Program

Eligibility: Satisfaction of Normal Retirement requirements (earlier of (1) Age 55 with 10 years of Credited Service, or (2) Age 50 with 25 years of Credited Service).

Participation: Not to exceed 60 months.

Rate of Return: At the Member's election: (1) 6.5% annual rate, or (2) actual net rate of investment return (total return net of brokerage commissions, management fees, and transaction costs), credited each fiscal quarter. One change between the above is allowed.

The DROP balance as September 30, 2021 is \$3,154,387.

NET PENSION LIABILITY OF THE SPONSOR

The components of the Net Pension Liability of the Sponsor on September 30, 2021 were as follows:

Total Pension Liability	\$ 115,051,542
Plan Fiduciary Net Position	<u>\$ (98,637,045)</u>
Sponsor's Net Pension Liability	<u>\$ 16,414,497</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	85.73%

Actuarial Assumptions:

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2020 updated to September 30, 2021 using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	Service based
Discount Rate	7.50%
Investment Rate of Return	7.50%

Mortality Rate Healthy Active Lives:

Female: PubS.H-2010 for Employees, set forward one year.

Male: PubS.H-2010 for Employees, set forward one year.

Mortality Rate Healthy Retiree Lives:

Female: PubS.H-2010 (Above Median) for Healthy Retirees, set forward one year.

Male: PubS.H-2010 (Above Median) for Healthy Retirees, set forward one year.

Mortality Rate Beneficiary Lives:

Female: PubG.H-2010 (Above Median) for Healthy Retirees.

Male: PubG.H-2010 (Above Median) for Healthy Retirees, set back one year.

Mortality Rate Disabled Lives:

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

All rates are projected generationally with Mortality Improvement Scale MP-2018.

The above described mortality 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, 2019 FRS valuation report for special risk employees, with appropriate risk and collar adjustments made based on plan demographics. We feel this assumption sufficiently accommodates future mortality improvements.

90% of active deaths are assumed to be service-incurred.

The most recent actuarial experience study used to review the other significant assumptions was dated August 17, 2020.

The Long-Term Expected Rate of Return on Pension Plan investments can be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Pension Plan investment expenses and inflation) are developed for each major asset class.

For 2021 the inflation rate assumption of the investment advisor was 2.50%.

These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2021 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return ¹
Domestic Equity	7.50%
International Equity	8.50%
Domestic Fixed Income	2.50%
Global Fixed Income	3.50%
Real Estate	4.50%
GTAA	3.50%

¹ Source: AndCo Consulting

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.50 percent.

The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

	1% Decrease	Current Discount Rate	1% Increase
	6.50%	7.50%	8.50%
Sponsor's Net Pension Liability	\$ 31,348,039	\$ 16,414,497	\$ 4,068,448

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last 2 Fiscal Years

	09/30/2021	09/30/2020
Total Pension Liability		
Service Cost	2,484,306	2,374,553
Interest	8,025,042	7,318,463
Changes of benefit terms	-	636,608
Differences between Expected and Actual Experience	2,119,677	506,294
Changes of assumptions	-	4,629,394
Contributions - Buy Back	7,547	33,881
Benefit Payments, including Refunds of Employee Contributions	(4,202,576)	(4,332,094)
Net Change in Total Pension Liability	8,433,996	11,167,099
Total Pension Liability - Beginning	106,617,546	95,450,447
Total Pension Liability - Ending (a)	\$ 115,051,542	\$ 106,617,546
Plan Fiduciary Net Position		
Contributions - Employer	4,128,980	3,995,262
Contributions - State	909,227	838,786
Contributions - Employee	667,654	644,373
Contributions - Buy Back	7,547	33,881
Net Investment Income	17,419,570	4,724,715
Benefit Payments, including Refunds of Employee Contributions	(4,202,576)	(4,332,094)
Administrative Expense	(54,168)	(61,878)
Net Change in Plan Fiduciary Net Position	18,876,234	5,843,045
Plan Fiduciary Net Position - Beginning	79,760,811	73,917,766
Plan Fiduciary Net Position - Ending (b)	\$ 98,637,045	\$ 79,760,811
Net Pension Liability - Ending (a) - (b)	\$ 16,414,497	\$ 26,856,735
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	85.73%	74.81%
Covered Payroll	\$ 9,537,919	\$ 9,205,629
Net Pension Liability as a percentage of Covered Payroll	172.10%	291.74%

Notes to Schedule of Changes in Net Pension Liability and Related Ratios:

Changes of benefit terms:

For measurement date 09/30/2020, amounts reported as changes of benefit terms resulted from Resolution No. 2020-05-02 was adopted on May 5, 2020. This resolution provided the same automatic Cost of Living Adjustments to Disability and Pre-Retirement Death Beneficiaries that is currently provided to Normal and Early Retirees.

Changes of assumptions:

For measurement date 09/30/2020, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were Additionally, as approved by the Board at their August 19, 2020 meeting, the following changes were made to the assumptions as a

- 1.) Investment Return reduced from 7.60% to 7.50%, net of investment related expenses.
- 2.) Change assumed individual Salary increases to 10.0% per year for the first 4 years of service, with 4.0% per year after 4 years of service.
- 3.) Eliminate the assumption that Members eligible for Normal Retirement on the valuation date would work one more year.
- 4.) Change the assumed rates of withdrawal to 8.0% for first year, 2.5% for each of the next 4 years, 1.5% for each of the next 5 years and 1.0% per year beginning at 10 years of service.

SCHEDULE OF CONTRIBUTIONS
Last 2 Fiscal Years

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of Covered Payroll
09/30/2021	\$ 4,692,656	\$ 5,038,207	\$ (345,551)	\$ 9,537,919	52.82%
09/30/2020	\$ 4,565,992	\$ 4,834,048	\$ (268,056)	\$ 9,205,629	52.51%

Notes to Schedule

Valuation Date: 10/01/2019 (AIS 03/02/2020)

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates can be found in the October 1, 2019 Actuarial Valuation for the Bonita Springs Fire Control and Rescue District Firefighters' Retirement System prepared by Foster & Foster Actuaries and Consultants.

SCHEDULE OF INVESTMENT RETURNS
Last 2 Fiscal Years

Fiscal Year Ended	Annual Money-Weighted Rate of Return Net of Investment Expense
09/30/2021	21.76%
09/30/2020	6.38%

NOTES TO THE FINANCIAL STATEMENTS

(For the Year Ended September 30, 2021)

Plan Description

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of:

- a. Two District appointees,
- b. Two Members of the Department elected by the Membership, and a
- c. Fifth Member elected by other four and appointed by the District.

Full-time employees who are classified as full-time Firefighters shall participate in the System as a condition of employment.

Plan Membership as of October 1, 2020:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	57
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	5
Active Plan Members	96
	<u>158</u>

Benefits Provided

The Plan provides retirement, termination, disability and death benefits.

A summary of the benefit provisions can be found in the October 1, 2020 Actuarial Valuation Report for Bonita Springs Fire Control and Rescue District Firefighter's Retirement System prepared by Foster & Foster Actuaries and Consultants.

Contributions

Member Contributions: 7.0% of Salary.

District and State Contributions: Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes. In no event will the District's contribution be less than 15% of the Member's Salary.

Net Pension Liability

The measurement date is September 30, 2021.

The measurement period for the pension expense was October 1, 2020 to September 30, 2021.

The reporting period is October 1, 2020 through September 30, 2021.

The Sponsor's Net Pension Liability was measured as of September 30, 2021.

The Total Pension Liability used to calculate the Net Pension Liability was determined as of that date.

Actuarial Assumptions:

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2020 updated to September 30, 2021 using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	Service based
Discount Rate	7.50%
Investment Rate of Return	7.50%

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Mortality Rate Healthy Active Lives:

Female: PubS.H-2010 for Employees, set forward one year.

Male: PubS.H-2010 for Employees, set forward one year.

Mortality Rate Healthy Retiree Lives:

Female: PubS.H-2010 (Above Median) for Healthy Retirees, set forward one year.

Male: PubS.H-2010 (Above Median) for Healthy Retirees, set forward one year.

Mortality Rate Beneficiary Lives:

Female: PubG.H-2010 (Above Median) for Healthy Retirees.

Male: PubG.H-2010 (Above Median) for Healthy Retirees, set back one year.

Mortality Rate Disabled Lives:

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

All rates are projected generationally with Mortality Improvement Scale MP-2018.

The above described mortality 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, 2019 FRS valuation report for special risk employees, with appropriate risk and collar adjustments made based on plan demographics. We feel this assumption sufficiently accommodates future mortality improvements.

The most recent actuarial experience study used to review the other significant assumptions was dated August 17, 2020.

The Long-Term Expected Rate of Return on Pension Plan investments can be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, Net of Pension Plan investment expenses and inflation) are developed for each major asset class.

For 2021 the inflation rate assumption of the investment advisor was 2.50%.

These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return¹</u>
Domestic Equity	45.0%	7.50%
International Equity	15.0%	8.50%
Domestic Fixed Income	20.0%	2.50%
Global Fixed Income	5.0%	3.50%
Real Estate	10.0%	4.50%
GTAA	5.0%	3.50%
<u>Total</u>	<u>100.0%</u>	

¹ Source: AndCo Consulting

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.50 percent.

The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of September 30, 2020	\$ 106,617,546	\$ 79,760,811	\$ 26,856,735
Changes for a Year:			
Service Cost	2,484,306	-	2,484,306
Interest	8,025,042	-	8,025,042
Differences between Expected and Actual Experience	2,119,677	-	2,119,677
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - Employer	-	4,128,980	(4,128,980)
Contributions - State	-	909,227	(909,227)
Contributions - Employee	-	667,654	(667,654)
Contributions - Buy Back	7,547	7,547	-
Net Investment Income	-	17,419,570	(17,419,570)
Benefit Payments, including Refunds of Employee Contributions	(4,202,576)	(4,202,576)	-
Administrative Expense	-	(54,168)	54,168
Net Changes	8,433,996	18,876,234	(10,442,238)
Balances as of September 30, 2021	\$ 115,051,542	\$ 98,637,045	\$ 16,414,497

Sensitivity of the Net Pension Liability to changes in the Discount Rate.

	Current Discount		
	1% Decrease	Rate	1% Increase
	6.50%	7.50%	8.50%
Sponsor's Net Pension Liability	\$ 31,348,039	\$ 16,414,497	\$ 4,068,448

Pension Plan Fiduciary Net Position.

Detailed information about the pension Plan's Fiduciary Net Position is available in a separately issued Plan financial report.

PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS
OF RESOURCES RELATED TO PENSIONS
FISCAL YEAR SEPTEMBER 30, 2021

For the year ended September 30, 2021, the Sponsor will recognize a Pension Expense of \$3,333,463.

On September 30, 2021, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	2,731,963	66,916
Changes of assumptions	3,751,202	-
Net difference between Projected and Actual Earnings on Pension Plan investments	-	6,882,094
Total	\$ 6,483,165	\$ 6,949,010

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer and State contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended September 30, 2021.

Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in Pension Expense as follows:

Year ended September 30:	
2022	\$ 68,328
2023	\$ (125,717)
2024	\$ (1,128,658)
2025	\$ (1,364,128)
2026	\$ 912,449
Thereafter	\$ 1,171,881

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last 2 Fiscal Years

Measurement Date ¹	09/30/2021	09/30/2020
Total Pension Liability		
Service Cost	2,484,306	2,374,553
Interest	8,025,042	7,318,463
Changes of benefit terms	-	636,608
Differences between Expected and Actual Experience	2,119,677	506,294
Changes of assumptions	-	4,629,394
Contributions - Buy Back	7,547	33,881
Benefit Payments, including Refunds of Employee Contributions	(4,202,576)	(4,332,094)
Net Change in Total Pension Liability	8,433,996	11,167,099
Total Pension Liability - Beginning	106,617,546	95,450,447
Total Pension Liability - Ending (a)	<u>\$ 115,051,542</u>	<u>\$ 106,617,546</u>
Plan Fiduciary Net Position		
Contributions - Employer	4,128,980	3,995,262
Contributions - State	909,227	838,786
Contributions - Employee	667,654	644,373
Contributions - Buy Back	7,547	33,881
Net Investment Income	17,419,570	4,724,715
Benefit Payments, including Refunds of Employee Contributions	(4,202,576)	(4,332,094)
Administrative Expense	(54,168)	(61,878)
Net Change in Plan Fiduciary Net Position	18,876,234	5,843,045
Plan Fiduciary Net Position - Beginning	79,760,811	73,917,766
Plan Fiduciary Net Position - Ending (b)	<u>\$ 98,637,045</u>	<u>\$ 79,760,811</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 16,414,497</u>	<u>\$ 26,856,735</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	85.73%	74.81%
Covered Payroll	\$ 9,537,919	\$ 9,205,629
Net Pension Liability as a percentage of Covered Payroll	172.10%	291.74%

Notes to Schedule of Changes in Net Pension Liability and Related Ratios:

¹ Effective for the District's fiscal year ending 09/30/2021, the GASB 68 measurement date of the Pension Expense has been approved and changed from 09/30/2020 to 09/30/2021.

Changes of benefit terms:

For measurement date 09/30/2020, amounts reported as changes of benefit terms resulted from Resolution No. 2020-05-02 was adopted on May 5, 2020. This resolution provided the same automatic Cost of Living Adjustments to Disability and Pre-Retirement Death Beneficiaries that is currently provided to Normal and Early Retirees.

Changes of assumptions:

For measurement date 09/30/2020, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were Additionally, as approved by the Board at their August 19, 2020 meeting, the following changes were made to the assumptions as a

- 1.) Investment Return reduced from 7.60% to 7.50%, net of investment related expenses.
- 2.) Change assumed individual Salary increases to 10.0% per year for the first 4 years of service, with 4.0% per year after 4 years of service.
- 3.) Eliminate the assumption that Members eligible for Normal Retirement on the valuation date would work one more year.
- 4.) Change the assumed rates of withdrawal to 8.0% for first year, 2.5% for each of the next 4 years, 1.5% for each of the next 5 years and 1.0% per year beginning at 10 years of service.

SCHEDULE OF CONTRIBUTIONS
Last 2 Fiscal Years

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of Covered Payroll
09/30/2021	\$ 4,692,656	\$ 5,038,207	\$ (345,551)	\$ 9,537,919	52.82%
09/30/2020	\$ 4,565,992	\$ 4,834,048	\$ (268,056)	\$ 9,205,629	52.51%

Notes to Schedule

Valuation Date: 10/01/2019 (AIS 03/02/2020)

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates can be found in the October 1, 2019 Actuarial Valuation for the Bonita Springs Fire Control and Rescue District Firefighters' Retirement System prepared by Foster & Foster Actuaries and Consultants.

EXPENSE DEVELOPMENT AND AMORTIZATION SCHEDULES

The following information is not required to be disclosed but is provided for informational purposes.

COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2021

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 26,856,735	\$ 1,003,699	\$ 9,275,348	\$ -
Total Pension Liability Factors:				
Service Cost	2,484,306	-	-	2,484,306
Interest	8,025,042	-	-	8,025,042
Changes in benefit terms	-	-	-	-
Contributions - Buy Back	7,547	-	-	7,547
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	2,119,677	-	2,119,677	-
Current year amortization of experience difference	-	(66,916)	(604,389)	537,473
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	(857,832)	857,832
Benefit Payments, including Refunds of Employee Contributions	(4,202,576)	-	-	-
Net change	<u>8,433,996</u>	<u>(66,916)</u>	<u>657,456</u>	<u>11,912,200</u>
Plan Fiduciary Net Position:				
Contributions - Employer	4,128,980	-	-	-
Contributions - State	909,227	-	-	-
Contributions - Employee	667,654	-	-	(667,654)
Contributions - Buy Back	7,547	-	-	(7,547)
Projected Net Investment Income	6,036,686	-	-	(6,036,686)
Difference between projected and actual earnings on Pension Plan investments	11,382,884	11,382,884	-	-
Current year amortization	-	(3,008,529)	(1,087,511)	(1,921,018)
Benefit Payments, including Refunds of Employee Contributions	(4,202,576)	-	-	-
Administrative Expenses	(54,168)	-	-	54,168
Net change	<u>18,876,234</u>	<u>8,374,355</u>	<u>(1,087,511)</u>	<u>(8,578,737)</u>
Ending Balance	<u>\$ 16,414,497</u>	<u>\$ 9,311,138</u>	<u>\$ 8,845,293</u>	<u>\$ 3,333,463</u>

AMORTIZATION SCHEDULE - INVESTMENTS

Increase (Decrease) in Pension Expense Arising from the Recognition of the of Differences Between Projected and Actual Earnings on Pension Plan Investments

Plan Year Ending	Differences Between Projected and Actual Earnings	Recognition Period (Years)	2021	2022	2023	2024	2025	2026	2027	2028	2029
2021	\$ (11,382,884)	5	\$ (2,276,576)	\$ (2,276,577)	\$ (2,276,577)	\$ (2,276,577)	\$ (2,276,577)	\$ -	\$ -	\$ -	\$ -
2020	\$ 935,532	5	\$ 187,106	\$ 187,106	\$ 187,106	\$ 187,106	\$ -	\$ -	\$ -	\$ -	\$ -
2019	\$ 4,502,026	5	\$ 900,405	\$ 900,405	\$ 900,405	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	\$ (689,570)	5	\$ (137,914)	\$ (137,914)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ (2,970,193)	5	\$ (594,039)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ (1,921,018)	\$ (1,326,980)	\$ (1,189,066)	\$ (2,089,471)	\$ (2,276,577)	\$ -	\$ -	\$ -	\$ -

AMORTIZATION SCHEDULE - EXPERIENCE

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Differences between Expected and Actual Experience

Plan Year Ending	Differences Between Expected and Actual Experience	Recognition Period (Years)	2021	2022	2023	2024	2025	2026	2027	2028	2029
2021	\$ 2,119,677	8	\$ 264,957	\$ 264,960	\$ 264,960	\$ 264,960	\$ 264,960	\$ 264,960	\$ 264,960	\$ 264,960	\$ -
2020	\$ 506,294	8	\$ 63,287	\$ 63,287	\$ 63,287	\$ 63,287	\$ 63,287	\$ 63,287	\$ 63,287	\$ -	\$ -
2019	\$ 44,227	8	\$ 5,528	\$ 5,528	\$ 5,528	\$ 5,528	\$ 5,528	\$ 5,528	\$ -	\$ -	\$ -
2018	\$ 338,549	7	\$ 48,364	\$ 48,364	\$ 48,364	\$ 48,364	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ 717,752	7	\$ 102,536	\$ 102,536	\$ 102,536	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 838,022	7	\$ 119,717	\$ 119,717	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ (535,327)	8	\$ (66,916)	\$ (66,916)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 537,473	\$ 537,476	\$ 484,675	\$ 382,139	\$ 333,775	\$ 333,775	\$ 328,247	\$ 264,960	\$ -