

April 20, 2018

VIA EMAIL

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, 2017 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

CMON/lke
Enclosures

cc via email: Scott R. Christiansen, Board Attorney

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: 4/20/2018

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, 2017 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, 2017

	ACTUAL	HYPOTHETICAL	
	7.60% RP-2000 Generational	5.60% RP-2000 Generational	9.60% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	1,894,366	3,082,159	1,200,514
Interest	6,209,826	5,966,837	6,231,500
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	717,752	1,098,062	442,290
Changes of Assumptions	-	-	-
Contributions - Buy Back	30,487	30,487	30,487
Benefit Payments, Including Refunds of Employee Contributions	(4,097,287)	(4,097,287)	(4,097,287)
Net Change in Total Pension Liability	4,755,144	6,080,258	3,807,504
Total Pension Liability - Beginning	81,862,510	105,517,143	65,759,586
Total Pension Liability - Ending (a)	<u>\$ 86,617,654</u>	<u>\$ 111,597,401</u>	<u>\$ 69,567,090</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	3,811,896	3,811,896	3,811,896
Contributions - State	550,062	550,062	550,062
Contributions - Employee	517,520	517,520	517,520
Contributions - Buy Back	30,487	30,487	30,487
Net Investment Income	7,317,964	7,317,964	7,317,964
Benefit Payments, Including Refunds of Employee Contributions	(4,097,287)	(4,097,287)	(4,097,287)
Administrative Expenses	(57,594)	(57,594)	(57,594)
Net Change in Plan Fiduciary Net Position	8,073,048	8,073,048	8,073,048
Plan Fiduciary Net Position - Beginning	56,829,970	56,829,970	56,829,970
Plan Fiduciary Net Position - Ending (b)	<u>\$ 64,903,018</u>	<u>\$ 64,903,018</u>	<u>\$ 64,903,018</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 21,714,636</u>	<u>\$ 46,694,383</u>	<u>\$ 4,664,072</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
2017	64,902,949	-	5,709,878	-	4,715,649	63,908,720
2018	63,908,720	-	4,172,383	-	4,698,512	64,434,849
2019	64,434,849	-	4,556,249	-	4,723,911	64,602,511
2020	64,602,511	-	4,816,788	-	4,726,753	64,512,476
2021	64,512,476	-	4,937,375	-	4,715,328	64,290,429
2022	64,290,429	-	5,002,487	-	4,695,978	63,983,920
2023	63,983,920	-	5,201,191	-	4,665,133	63,447,862
2024	63,447,862	-	5,486,658	-	4,613,545	62,574,749
2025	62,574,749	-	5,698,768	-	4,539,128	61,415,109
2026	61,415,109	-	6,174,072	-	4,432,934	59,673,971
2027	59,673,971	-	6,436,934	-	4,290,618	57,527,655
2028	57,527,655	-	6,551,626	-	4,123,140	55,099,169
2029	55,099,169	-	6,635,534	-	3,935,387	52,399,022
2030	52,399,022	-	6,853,359	-	3,721,898	49,267,561
2031	49,267,561	-	6,987,811	-	3,478,798	45,758,548
2032	45,758,548	-	7,112,270	-	3,207,383	41,853,661
2033	41,853,661	-	7,158,936	-	2,908,839	37,603,564
2034	37,603,564	-	7,227,609	-	2,583,222	32,959,177
2035	32,959,177	-	7,285,038	-	2,228,066	27,902,205
2036	27,902,205	-	7,233,900	-	1,845,679	22,513,984
2037	22,513,984	-	7,193,097	-	1,437,725	16,758,612
2038	16,758,612	-	7,120,266	-	1,003,084	10,641,430
2039	10,641,430	-	7,022,687	-	541,887	4,160,630
2040	4,160,630	-	6,917,267	-	-	-

*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 23.60

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
2017	64,902,949	-	5,709,878	-	3,474,689	62,667,760
2018	62,667,760	-	4,172,383	-	3,392,568	61,887,945
2019	61,887,945	-	4,556,249	-	3,338,150	60,669,846
2020	60,669,846	-	4,816,788	-	3,262,641	59,115,699
2021	59,115,699	-	4,937,375	-	3,172,233	57,350,557
2022	57,350,557	-	5,002,487	-	3,071,562	55,419,632
2023	55,419,632	-	5,201,191	-	2,957,866	53,176,307
2024	53,176,307	-	5,486,658	-	2,824,247	50,513,896
2025	50,513,896	-	5,698,768	-	2,669,213	47,484,341
2026	47,484,341	-	6,174,072	-	2,486,249	43,796,518
2027	43,796,518	-	6,436,934	-	2,272,371	39,631,955
2028	39,631,955	-	6,551,626	-	2,035,944	35,116,273
2029	35,116,273	-	6,635,534	-	1,780,716	30,261,455
2030	30,261,455	-	6,853,359	-	1,502,747	24,910,843
2031	24,910,843	-	6,987,811	-	1,199,349	19,122,381
2032	19,122,381	-	7,112,270	-	871,710	12,881,821
2033	12,881,821	-	7,158,936	-	520,932	6,243,817
2034	6,243,817	-	7,227,609	-	-	-

*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 17.86

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
2017	64,902,949	-	5,709,878	-	5,956,609	65,149,680
2018	65,149,680	-	4,172,383	-	6,054,095	67,031,392
2019	67,031,392	-	4,556,249	-	6,216,314	68,691,457
2020	68,691,457	-	4,816,788	-	6,363,174	70,237,843
2021	70,237,843	-	4,937,375	-	6,505,839	71,806,307
2022	71,806,307	-	5,002,487	-	6,653,286	73,457,106
2023	73,457,106	-	5,201,191	-	6,802,225	75,058,140
2024	75,058,140	-	5,486,658	-	6,942,222	76,513,704
2025	76,513,704	-	5,698,768	-	7,071,775	77,886,711
2026	77,886,711	-	6,174,072	-	7,180,769	78,893,408
2027	78,893,408	-	6,436,934	-	7,264,794	79,721,268
2028	79,721,268	-	6,551,626	-	7,338,764	80,508,406
2029	80,508,406	-	6,635,534	-	7,410,301	81,283,173
2030	81,283,173	-	6,853,359	-	7,474,223	81,904,037
2031	81,904,037	-	6,987,811	-	7,527,373	82,443,599
2032	82,443,599	-	7,112,270	-	7,573,197	82,904,526
2033	82,904,526	-	7,158,936	-	7,615,206	83,360,796
2034	83,360,796	-	7,227,609	-	7,655,711	83,788,898
2035	83,788,898	-	7,285,038	-	7,694,052	84,197,912
2036	84,197,912	-	7,233,900	-	7,735,772	84,699,784
2037	84,699,784	-	7,193,097	-	7,785,911	85,292,598
2038	85,292,598	-	7,120,266	-	7,846,317	86,018,649
2039	86,018,649	-	7,022,687	-	7,920,701	86,916,663
2040	86,916,663	-	6,917,267	-	8,011,971	88,011,367
2041	88,011,367	-	6,810,033	-	8,122,210	89,323,544
2042	89,323,544	-	6,679,379	-	8,254,450	90,898,615
2043	90,898,615	-	6,539,092	-	8,412,391	92,771,914
2044	92,771,914	-	6,371,137	-	8,600,289	95,001,066
2045	95,001,066	-	6,188,162	-	8,823,071	97,635,975
2046	97,635,975	-	5,997,268	-	9,085,185	100,723,892
2047	100,723,892	-	5,792,868	-	9,391,436	104,322,460
2048	104,322,460	-	5,577,250	-	9,747,248	108,492,458
2049	108,492,458	-	5,352,815	-	10,158,341	113,297,984
2050	113,297,984	-	5,116,625	-	10,631,008	118,812,367
2051	118,812,367	-	4,874,998	-	11,171,987	125,109,356
2052	125,109,356	-	4,629,051	-	11,788,304	132,268,609
2053	132,268,609	-	4,379,736	-	12,487,559	140,376,432
2054	140,376,432	-	4,129,755	-	13,277,909	149,524,586
2055	149,524,586	-	3,881,260	-	14,168,060	159,811,386
2056	159,811,386	-	3,636,055	-	15,167,362	171,342,693
2057	171,342,693	-	3,394,621	-	16,285,957	184,234,029
2058	184,234,029	-	3,157,734	-	17,534,896	198,611,191
2059	198,611,191	-	2,926,498	-	18,926,202	214,610,895
2060	214,610,895	-	2,701,819	-	20,472,959	232,382,035
2061	232,382,035	-	2,484,218	-	22,189,433	252,087,250
2062	252,087,250	-	2,274,064	-	24,091,221	273,904,407
2063	273,904,407	-	2,071,758	-	26,195,379	298,028,028
2064	298,028,028	-	1,877,706	-	28,520,561	324,670,883
2065	324,670,883	-	1,692,430	-	31,087,168	354,065,621
2066	354,065,621	-	1,517,047	-	33,917,481	386,466,055

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
2067	386,466,055	-	1,352,400	-	37,035,826	422,149,481
2068	422,149,481	-	1,199,233	-	40,468,787	461,419,035
2069	461,419,035	-	1,058,049	-	44,245,441	504,606,427
2070	504,606,427	-	928,726	-	48,397,638	552,075,339
2071	552,075,339	-	810,949	-	52,960,307	604,224,697
2072	604,224,697	-	704,381	-	57,971,761	661,492,077
2073	661,492,077	-	608,294	-	63,474,041	724,357,824
2074	724,357,824	-	521,942	-	69,513,298	793,349,180
2075	793,349,180	-	444,623	-	76,140,179	869,044,736
2076	869,044,736	-	375,741	-	83,410,259	952,079,254
2077	952,079,254	-	314,416	-	91,384,516	1,043,149,354
2078	1,043,149,354	-	260,088	-	100,129,854	1,143,019,120
2079	1,143,019,120	-	212,342	-	109,719,643	1,252,526,421
2080	1,252,526,421	-	170,840	-	120,234,336	1,372,589,917
2081	1,372,589,917	-	135,204	-	131,762,142	1,504,216,855
2082	1,504,216,855	-	105,261	-	144,399,766	1,648,511,360
2083	1,648,511,360	-	80,573	-	158,253,223	1,806,684,010
2084	1,806,684,010	-	60,680	-	173,438,752	1,980,062,082
2085	1,980,062,082	-	44,936	-	190,083,803	2,170,100,949
2086	2,170,100,949	-	32,725	-	208,328,120	2,378,396,344
2087	2,378,396,344	-	23,411	-	228,324,925	2,606,697,858
2088	2,606,697,858	-	16,498	-	250,242,202	2,856,923,562
2089	2,856,923,562	-	11,477	-	274,264,111	3,131,176,196
2090	3,131,176,196	-	7,888	-	300,592,536	3,431,760,844
2091	3,431,760,844	-	5,371	-	329,448,783	3,761,204,256
2092	3,761,204,256	-	3,627	-	361,075,434	4,122,276,063
2093	4,122,276,063	-	2,436	-	395,738,385	4,518,012,012
2094	4,518,012,012	-	1,620	-	433,729,075	4,951,739,467
2095	4,951,739,467	-	1,067	-	475,366,938	5,427,105,338
2096	5,427,105,338	-	691	-	521,002,079	5,948,106,726
2097	5,948,106,726	-	442	-	571,018,224	6,519,124,508
2098	6,519,124,508	-	279	-	625,835,939	7,144,960,168
2099	7,144,960,168	-	173	-	685,916,168	7,830,876,163
2100	7,830,876,163	-	105	-	751,764,107	8,582,640,165
2101	8,582,640,165	-	63	-	823,933,453	9,406,573,555
2102	9,406,573,555	-	38	-	903,031,059	10,309,604,576
2103	10,309,604,576	-	22	-	989,722,038	11,299,326,592
2104	11,299,326,592	-	13	-	1,084,735,352	12,384,061,931
2105	12,384,061,931	-	7	-	1,188,869,945	13,572,931,869
2106	13,572,931,869	-	4	-	1,303,001,459	14,875,933,324
2107	14,875,933,324	-	2	-	1,428,089,599	16,304,022,921
2108	16,304,022,921	-	1	-	1,565,186,200	17,869,209,120
2109	17,869,209,120	-	1	-	1,715,444,075	19,584,653,194
2110	19,584,653,194	-	-	-	1,880,126,707	21,464,779,901

*All DROP Balances paid in 2017.

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, 2019

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL	
	7.60% RP-2000 Generational	5.60% RP-2000 Generational	9.60% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$5,257,964	\$7,807,777	\$3,247,115
Total Required Contribution (% of Payroll)	67.5%	100.3%	41.7%
Expected Member Contribution	545,386	545,386	545,386
Expected State Money	550,062	550,062	550,062
Expected Sponsor Contribution (Fixed \$)	\$4,162,516	\$6,712,329	\$2,151,667
Expected Sponsor Contribution (% of Payroll)	53.4%	86.2%	27.6%
<u>ASSETS</u>			
Actuarial Value ¹	63,400,968	63,400,968	63,400,968
Market Value ¹	64,902,949	64,902,949	64,902,949
<u>LIABILITIES</u>			
Present Value of Benefits			
Active Members			
Retirement Benefits	49,253,508	75,571,223	33,824,248
Disability Benefits	444,262	612,447	334,725
Death Benefits	270,032	369,715	201,323
Vested Benefits	3,372,904	5,443,556	2,194,082
Refund of Contributions	88,907	95,759	82,845
Service Retirees	41,289,273	50,767,812	34,551,351
DROP Retirees ¹	8,032,874	9,402,910	7,052,227
Beneficiaries	320,473	350,729	294,744
Disability Retirees	960,092	1,191,172	803,087
Terminated Vested	377,243	535,484	275,396
Share Plan Balances ¹	0	0	0
Total:	104,409,568	144,340,807	79,614,028
Present Value of Future Salaries	68,149,588	76,697,808	61,245,051
Present Value of Future Member Contributions	4,770,471	5,368,847	4,287,154
Total Normal Cost	2,033,276	3,333,706	1,275,441
Present Value of Future Normal Costs (Entry Age Normal)	17,209,951	31,830,380	9,682,931
Total Actuarial Accrued Liability ¹	87,199,617	112,510,427	69,931,097
Unfunded Actuarial Accrued Liability (UAAL)	23,798,649	49,109,459	6,530,129

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2019

Valuation Date: 10/1/2017

	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)	2,110,540	3,427,050	1,336,662
Administrative Expenses (with interest)	59,783	59,207	60,359
Payment Required To Amortize UAAL (with interest)	3,087,641	4,321,520	1,850,094
Total Required Contribution	\$5,257,964	\$7,807,777	\$3,247,115

¹ The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2017.