

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: Patrick T. Donlan Date: 3/30/2017

Patrick T. Donlan, EA, ASA, MAAA  
Enrolled Actuary #14-6595



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, 2016 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.

**GASB 67: SCHEDULE OF CHANGES IN NET PENSION LIABILITY**  
FISCAL YEAR SEPTEMBER 30, 2016

	ACTUAL	HYPOTHETICAL	
	7.60% RP-2000 Generational	5.60% RP-2000 Generational	9.60% RP-2000 Generational
<b>Total Pension Liability</b>			
Service Cost	1,796,100	3,080,091	1,209,803
Interest	5,729,223	5,767,168	6,010,928
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual			
Experience	838,022	1,133,705	635,562
Changes of Assumptions	1,954,103	(2,325,516)	(1,457,382)
Contributions - Buy Back	21,106	21,106	21,106
Benefit Payments, Including Refunds of			
Employee Contributions	(4,128,916)	(4,128,916)	(4,128,916)
Net Change in Total Pension Liability	6,209,638	3,547,638	2,291,101
Total Pension Liability - Beginning	75,652,872	101,969,505	63,468,485
Total Pension Liability - Ending (a)	<u>\$ 81,862,510</u>	<u>\$ 105,517,143</u>	<u>\$ 65,759,586</u>
<b>Plan Fiduciary Net Position</b>			
Contributions - Employer	3,656,157	3,656,157	3,656,157
Contributions - State	567,162	567,162	567,162
Contributions - Employee	477,667	477,667	477,667
Contributions - Buy Back	21,106	21,106	21,106
Net Investment Income	4,136,912	4,136,912	4,136,912
Benefit Payments, Including Refunds of			
Employee Contributions	(4,128,916)	(4,128,916)	(4,128,916)
Administrative Expenses	(34,030)	(34,030)	(34,030)
Net Change in Plan Fiduciary Net Position	4,696,058	4,696,058	4,696,058
Plan Fiduciary Net Position - Beginning	52,133,912	52,133,912	52,133,912
Plan Fiduciary Net Position - Ending (b)	<u>\$ 56,829,970</u>	<u>\$ 56,829,970</u>	<u>\$ 56,829,970</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 25,032,540</u>	<u>\$ 48,687,173</u>	<u>\$ 8,929,616</u>

**GASB 68: PENSION EXPENSE**  
FISCAL YEAR SEPTEMBER 30, 2016

	ACTUAL	HYPOTHETICAL	
	7.60%	5.60%	9.60%
Pension Expense	<u>\$ 3,381,945</u>	<u>\$ 5,272,047</u>	<u>\$ 2,422,054</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
2016	56,829,901	-	5,859,570	-	4,096,409	55,066,740
2017	55,066,740	-	3,873,454	-	4,037,881	55,231,167
2018	55,231,167	-	4,128,833	-	4,040,673	55,143,007
2019	55,143,007	-	4,476,144	-	4,020,775	54,687,638
2020	54,687,638	-	4,717,897	-	3,976,980	53,946,721
2021	53,946,721	-	4,822,223	-	3,916,706	53,041,204
2022	53,041,204	-	4,914,990	-	3,844,362	51,970,576
2023	51,970,576	-	5,107,168	-	3,755,691	50,619,099
2024	50,619,099	-	5,373,820	-	3,642,846	48,888,125
2025	48,888,125	-	5,570,494	-	3,503,819	46,821,450
2026	46,821,450	-	5,996,306	-	3,330,571	44,155,715
2027	44,155,715	-	6,218,657	-	3,119,525	41,056,583
2028	41,056,583	-	6,364,273	-	2,878,458	37,570,768
2029	37,570,768	-	6,423,238	-	2,611,295	33,758,825
2030	33,758,825	-	6,612,064	-	2,314,412	29,461,173
2031	29,461,173	-	6,728,974	-	1,983,348	24,715,547
2032	24,715,547	-	6,828,853	-	1,618,885	19,505,579
2033	19,505,579	-	6,857,602	-	1,221,835	13,869,812
2034	13,869,812	-	6,902,725	-	791,802	7,758,889
2035	7,758,889	-	6,929,727	-	326,346	1,155,508
2036	1,155,508	-	6,856,855	-	-	-

\*All DROP Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 20.17

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
2016	56,829,901	-	5,859,570	-	3,018,406	53,988,737
2017	53,988,737	-	3,873,454	-	2,914,913	53,030,196
2018	53,030,196	-	4,128,833	-	2,854,084	51,755,447
2019	51,755,447	-	4,476,144	-	2,772,973	50,052,276
2020	50,052,276	-	4,717,897	-	2,670,826	48,005,205
2021	48,005,205	-	4,822,223	-	2,553,269	45,736,251
2022	45,736,251	-	4,914,990	-	2,423,610	43,244,871
2023	43,244,871	-	5,107,168	-	2,278,712	40,416,415
2024	40,416,415	-	5,373,820	-	2,112,852	37,155,447
2025	37,155,447	-	5,570,494	-	1,924,731	33,509,684
2026	33,509,684	-	5,996,306	-	1,708,646	29,222,024
2027	29,222,024	-	6,218,657	-	1,462,311	24,465,678
2028	24,465,678	-	6,364,273	-	1,191,878	19,293,283
2029	19,293,283	-	6,423,238	-	900,573	13,770,618
2030	13,770,618	-	6,612,064	-	586,017	7,744,571
2031	7,744,571	-	6,728,974	-	245,285	1,260,882
2032	1,260,882	-	6,828,853	-	-	-

\*All DROP Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 16.18

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
2016	56,829,901	-	5,859,570	-	5,174,411	56,144,742
2017	56,144,742	-	3,873,454	-	5,203,969	57,475,257
2018	57,475,257	-	4,128,833	-	5,319,441	58,665,865
2019	58,665,865	-	4,476,144	-	5,417,068	59,606,789
2020	59,606,789	-	4,717,897	-	5,495,793	60,384,685
2021	60,384,685	-	4,822,223	-	5,565,463	61,127,925
2022	61,127,925	-	4,914,990	-	5,632,361	61,845,296
2023	61,845,296	-	5,107,168	-	5,692,004	62,430,132
2024	62,430,132	-	5,373,820	-	5,735,349	62,791,661
2025	62,791,661	-	5,570,494	-	5,760,616	62,981,783
2026	62,981,783	-	5,996,306	-	5,758,428	62,743,905
2027	62,743,905	-	6,218,657	-	5,724,919	62,250,167
2028	62,250,167	-	6,364,273	-	5,670,531	61,556,425
2029	61,556,425	-	6,423,238	-	5,601,101	60,734,288
2030	60,734,288	-	6,612,064	-	5,513,113	59,635,337
2031	59,635,337	-	6,728,974	-	5,402,002	58,308,365
2032	58,308,365	-	6,828,853	-	5,269,818	56,749,330
2033	56,749,330	-	6,857,602	-	5,118,771	55,010,499
2034	55,010,499	-	6,902,725	-	4,949,677	53,057,451
2035	53,057,451	-	6,929,727	-	4,760,888	50,888,612
2036	50,888,612	-	6,856,855	-	4,556,178	48,587,935
2037	48,587,935	-	6,795,670	-	4,338,250	46,130,515
2038	46,130,515	-	6,706,517	-	4,106,617	43,530,615
2039	43,530,615	-	6,603,442	-	3,861,974	40,789,147
2040	40,789,147	-	6,484,232	-	3,604,515	37,909,430
2041	37,909,430	-	6,361,732	-	3,333,942	34,881,640
2042	34,881,640	-	6,225,377	-	3,049,819	31,706,082
2043	31,706,082	-	6,079,954	-	2,751,946	28,378,074
2044	28,378,074	-	5,909,245	-	2,440,651	24,909,480
2045	24,909,480	-	5,725,216	-	2,116,500	21,300,764
2046	21,300,764	-	5,535,047	-	1,779,191	17,544,908
2047	17,544,908	-	5,333,262	-	1,428,315	13,639,961
2048	13,639,961	-	5,122,144	-	1,063,573	9,581,390
2049	9,581,390	-	4,903,189	-	684,460	5,362,661
2050	5,362,661	-	4,674,341	-	290,447	978,767
2051	978,767	-	4,441,577	-	-	-

\*All DROP Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 35.22

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, 2018

Valuation Date: 10/1/2016

	ACTUAL	HYPOTHETICAL	
	7.60% RP-2000 Generational	5.60% RP-2000 Generational	9.60% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$4,966,681	\$7,314,303	\$3,112,986
Total Required Contribution (% of Payroll)	69.1%	101.8%	43.4%
Expected Member Contribution	502,760	502,760	502,760
Expected State Money	567,162	567,162	567,162
Expected Sponsor Contribution (Fixed \$)	\$3,896,759	\$6,244,381	\$2,043,064
Expected Sponsor Contribution (% of Payroll)	54.2%	86.9%	28.5%

**ASSETS**

Actuarial Value <sup>1</sup>	58,186,756	58,186,756	58,186,756
Market Value <sup>1</sup>	56,829,901	56,829,901	56,829,901

**LIABILITIES**

Present Value of Benefits			
Active Members			
Retirement Benefits	44,440,931	68,121,595	30,515,551
Disability Benefits	408,998	562,039	308,830
Death Benefits	569,888	782,292	423,346
Vested Benefits	3,131,310	5,039,254	2,039,429
Refund of Contributions	60,330	64,436	56,672
Service Retirees	38,100,408	53,570,391	36,194,794
DROP Retirees <sup>1</sup>	10,178,373	5,461,337	4,474,910
Beneficiaries	340,397	374,788	311,342
Disability Retirees	436,467	517,063	376,662
Terminated Vested	349,393	505,337	250,417
Excess State Monies Reserve	0	0	0
Total:	98,016,495	134,998,532	74,951,953
Present Value of Future Salaries	60,685,587	67,970,740	54,753,026
Present Value of Future Member Contributions	4,247,991	4,757,952	3,832,712
Total Normal Cost	1,862,558	3,046,381	1,171,495
Present Value of Future Normal Costs (Entry Age Normal)	15,220,599	28,092,390	8,571,703
Total Actuarial Accrued Liability <sup>1</sup>	82,795,896	106,906,142	66,380,250
Unfunded Actuarial Accrued Liability (UAAL)	24,609,140	48,719,386	8,193,494

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2018

Valuation Date: 10/1/2016

	ACTUAL	HYPOTHETICAL	
	7.60% RP-2000 Generational	5.60% RP-2000 Generational	9.60% RP-2000 Generational
<b><u>PENSION COST</u></b>			
Normal Cost (with interest)	1,933,335	3,131,680	1,227,727
Administrative Expenses (with interest)	35,323	34,983	35,663
Payment Required To Amortize UAAL (with interest)	2,998,023	4,147,640	1,849,596
Total Required Contribution	\$4,966,681	\$7,314,303	\$3,112,986

<sup>1</sup> The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2016.