

TICE FIRE AND RESCUE DISTRICT
OTHER POSTEMPLOYMENT BENEFITS PROGRAM

GASB 75 DISCLOSURE INFORMATION FOR THE
FISCAL YEAR ENDING SEPTEMBER 30, 2022

Valuation Date: September 30, 2021
Measurement Date: September 30, 2021
Fiscal Year End Date: September 30, 2022



June 20, 2023

Ms. Rena Smart
District Manager
Tice Fire and Rescue District
9351 Workmen Way
Fort Myers, FL 33905

Re: Tice Fire and Rescue District – FYE September 30, 2022 GASB 75 Report

Dear Ms. Smart:

We are pleased to present to the District this report of the annual actuarial valuation of the Tice Fire and Rescue District's Other Postemployment Benefits (OPEB) Program. This valuation was performed to determine annual expenses associated with providing OPEB benefits, the current funded status of the Plan, and to provide all necessary schedules required to comply with the Governmental Accounting Standards Board No. 75. This valuation has been performed utilizing the Alternative Measurement Method for small plans as permitted under the Governmental Accounting Standards No. 75.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: retiree group benefits plan experience differing from that anticipated by the assumptions; changes in assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in retiree group benefits plan provisions or applicable law. Retiree group benefits models necessarily rely on the use of approximations and estimates and are sensitive to changes in these approximations and estimates. Small variations in these approximations and estimates may lead to significant changes in actuarial measurements. Due to the limited scope of this report, we did not provide an analysis of these potential differences.

The funded status measurements included in this report are based on the assumptions and methods used to determine the Plan's obligations and asset values as of the Measurement Date. Funded status measurements for financial accounting purposes may not be appropriate for assessing the sufficiency of Plan assets to cover the estimated cost of settling the Plan's benefit obligations. Likewise, funded status measurements for financial accounting purposes may not be appropriate for assessing the need for or the amount of future actuarially determined contributions.

Foster & Foster does not provide legal, investment or accounting advice. Thus, the information in this report is not intended to supersede or supplant the advice or the interpretations of the District or its affiliated legal, investing or accounting partners.

The valuation has 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 we believe it reflects all applicable federal laws and regulations. In our opinion, the assumptions used in this valuation, as adopted by the District, represent reasonable expectations of anticipated plan experience.

In conducting the valuation, we have relied on personnel and plan design information supplied by District personnel, 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. Because 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.

The Total OPEB Liability and certain sensitivity information shown in this report are based on an actuarial valuation performed as of September 30, 2021. It is our opinion that the assumptions used for this purpose are internally consistent, reasonable, and comply with the requirements under GASB No. 75.

The undersigned is familiar with the immediate and long-term aspects of OPEB valuations and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All 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 Tice Fire and Rescue District, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Commissioners of the Tice Fire and Rescue District. 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: Colleen M. Atchison
Colleen M. Atchison, FSA, MAAA

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SECTION 1 – Executive Summary

SECTION 1 – EXECUTIVE SUMMARY

The valuation results presented in this report have been prepared in accordance with the Government Accounting Standards Board Statement 75 (GASB 75) for the Tice Fire and Rescue District’s Other Postemployment Benefits (OPEB) Program, based on the actuarial valuation performed as of September 30, 2021. For purposes of this valuation, Medical Insurance OPEBs were taken into consideration. Premiums for any other insurances offered to retirees are assumed to cover the entire cost of the respective benefits.

The results of this valuation are based on a Measurement Date of September 30, 2021 and are applicable to the fiscal year ending September 30, 2022. The following table shows the key components of the District’s OPEB valuation for the reporting period FY 2022 under GASB 75:

Total OPEB Liability as of the Measurement Date:	\$	827,397
OPEB Expense/(Revenue) for the Fiscal Year ending September 30, 2022:	\$	(171,520)
Covered Employee Payroll	\$	1,998,919
District’s Total OPEB Liability as a percentage of Covered Employee Payroll		41.39%

Census Information as of September 30, 2021

Active Participants	25
Retirees, Beneficiaries and Disabled Members	4
Covered Spouses	2
Total	<hr/> 31

SECTION 1 – Executive Summary

District Funding Policy:


The numbers shown above reflect a decision not to fund the program. Therefore, the contributions made to the program are assumed to be the benefits paid to retirees and administrative expenses.

Governmental Accounting Standard No. 75:

GASB 75 requires governmental employers to recognize the Net OPEB Liability and the OPEB expense in their financial statements. GASB 75 is similar to GASB 68 for pensions. Under GASB 75, the Net OPEB Liability is the difference between the Total OPEB Liability (i.e. Actuarial Accrued Liability) and the Plan's Fiduciary Net Position (i.e. assets). For unfunded plans, the OPEB liability recorded on the employer's balance sheet is equal to the Total OPEB Liability.

The balance of this Report presents additional details of the actuarial valuation and the general operation of the Fund. The undersigned would be pleased to meet with the District to discuss the Report and any pending questions concerning its contents.

Respectfully submitted,
FOSTER & FOSTER, INC.

By: 

Colleen M. Atchison, FSA, MAAA

SECTION 2 – Notes to Financial Statements

SECTION 2 – NOTES TO THE FINANCIAL STATEMENTS (For the Year Ended September 30, 2022)

GENERAL INFORMATION ABOUT THE OPEB PLAN

Plan Description:

The Tice Fire and Rescue District’s Retiree Health Care Plan (Plan) is a single-employer defined benefit post-employment health care plan that covers eligible retired employees of the District. The Plan, which is administered by the District, allows employees who retire and meet retirement eligibility requirements under the applicable retirement plan to continue medical insurance coverage as a participant in the District’s plan. For purposes of applying Paragraph 4 under Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the Plan does not meet the requirements for an OPEB plan administered through a trust.

Employees Covered by Benefit Terms:

At September 30, 2021, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	4
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	0
Active Plan Members	25
	<hr/>
	29

Benefits Provided:

The benefits provided are the same as those provided for active employees. Spouses and dependents of eligible retirees are also eligible for medical coverage. All employees of the District are eligible to receive postemployment health care benefits. All retiree and dependent coverage is at the expense of the retiree.

SECTION 2 – Notes to Financial Statements

TOTAL OPEB LIABILITY

The measurement date is September 30, 2021.

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

The reporting period is October 1, 2021 through September 30, 2022.

The District's Total OPEB Liability was measured as of September 30, 2021.

Actuarial Assumptions:

The Total OPEB Liability was determined by an actuarial valuation as of September 30, 2021, using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	2.50%
Discount Rate	2.43%
Initial Trend Rate	7.50%
Ultimate Trend Rate	4.00%
Years to Ultimate	53

For all lives, mortality rates were PubG-2010 Mortality Tables projected to the valuation date using Projection Scale MP-2019.

Discount Rate:

Given the District's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 2.43%. The high-quality municipal bond rate was based on the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

OPEB Expense:

For the year ended September 30, 2022, the District will recognize OPEB Expense/(Revenue) of \$(171,520).

SECTION 2 – Notes to Financial Statements

CHANGES IN TOTAL OPEB LIABILITY

	Increases and (Decreases) in Total OPEB Liability	
Reporting Period Ending September 30, 2021	\$	1,039,612
Changes for a Year:		
Service Cost		13,541
Interest		22,121
Differences Between Expected and Actual Experience		27,358
Changes of Assumptions		(236,090)
Changes of Benefit Terms		-
Contributions - Employer		-
Benefit Payments		(39,145)
Other Changes		-
Net Changes		(212,215)
Reporting Period Ending September 30, 2022	\$	827,397

Changes of assumptions reflect a change in the discount rate from 2.14% for the fiscal year ending September 30, 2021 to 2.43% for the fiscal year ending September 30, 2022. Also reflected as assumption changes are updated mortality rates, updated health care costs and premiums.

Sensitivity of the Total OPEB Liability to changes in the Discount Rate:

The following presents the Total OPEB Liability of the District, as well as what the District's Total OPEB Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
	1.43%	2.43%	3.43%
Total OPEB Liability (Asset)	\$ 928,754	\$ 827,397	\$ 741,733

Sensitivity of the Total OPEB Liability to changes in the Healthcare Cost Trend Rates:

The following presents the Total OPEB Liability of the District, as well as what the District's Total OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
	3.00% - 6.50%	4.00% - 7.50%	5.00% - 8.50%
Total OPEB Liability (Asset)	\$ 747,285	\$ 827,397	\$ 920,550

SECTION 3 – GASB 75 Disclosure Schedules

SECTION 3 – GASB 75 DISCLOSURE SCHEDULES

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS

Reporting Period Ending Measurement Date	09/30/2022 09/30/2021	09/30/2021 09/30/2020
Total OPEB Liability		
Service Cost	\$ 13,541	\$ 9,586
Interest	22,121	31,217
Differences between Expected and Actual Experience	27,358	-
Changes of benefit terms	-	-
Changes of Assumptions	(236,090)	154,773
Benefit Payments	(39,145)	(36,414)
Net Change in Total OPEB Liability	(212,215)	159,162
Total OPEB Liability - Beginning	1,039,612	880,450
Total OPEB Liability - Ending	<u>\$ 827,397</u>	<u>\$ 1,039,612</u>
Covered Employee Payroll	\$ 1,998,919	\$ 1,879,081
Total OPEB Liability as a percentage of Covered Employee Payroll	41.39%	55.33%

Notes to Schedule:

Changes of assumptions:

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

Fiscal Year Ending September 30, 2022:	2.43%
Fiscal Year Ending September 30, 2021:	2.14%
Fiscal Year Ending September 30, 2020:	3.58%

Also reflected as assumption changes are updated mortality rates, updated health care costs and premiums.

Benefit Payments:

The plan sponsor did not provide actual net benefits paid by the Plan for the fiscal year ending on September 30, 2022. Expected net benefit payments produced by the valuation model for the same period are shown in the table above.

SECTION 4 – GASB 75 Expense Development Schedules

SECTION 4 – GASB 75 EXPENSE DEVELOPMENT SCHEDULES

The following information is not required to be disclosed under GASB 75 but is provided for informational purposes.

SECTION 4 – GASB 75 Expense Development Schedules

COMPONENTS OF OPEB EXPENSE

(For the Year Ended September 30, 2022)

Under GASB 75 as it applies to plans that qualify for the Alternative Measurement Method, changes in the Total OPEB Liability are not permitted to be included in deferred outflows of resources or deferred inflows of resources related to OPEB. These changes will be immediately recognized through OPEB Expense.

Fiscal Year Ending	<u>9/30/2022</u>
Service Cost	\$ 13,541
Interest	22,121
Recognition of Changes in Total OPEB Liability	(208,732)
Administrative Expenses	1,550
Total OPEB Expense/(Revenue)	<u><u>\$ (171,520)</u></u>

On September 30, 2022, the District's reported Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences Between Expected and Actual Experience	N/A	N/A
Changes of Assumptions	N/A	N/A
Employer Contributions Subsequent to the Measurement Date	39,949	-
Total	<u><u>\$ 39,949</u></u>	<u><u>\$ -</u></u>

SECTION 5 – Per Capita Claims Costs and Contribution Amounts

SECTION 5 – PER CAPITA CLAIMS COSTS AND CONTRIBUTION AMOUNTS

The annual per capita claims costs shown below are based on active group health premiums, with adjustments for aging and other considerations using the methods applicable to the Alternative Measurement Method (AMM) described in GASB 75.

Please note that the annual per capita claims cost produced by the AMM is based on streamlined calculation techniques, and these estimates are intended to provide an “order of magnitude” indication of the Total OPEB Liability’s (TOL) sensitivity to changes in these costs. Results based on more refined claims cost estimates may yield findings and conclusions different than those suggested by the AMM methodology prescribed by the plan sponsor for the purposes of measuring the Plan’s TOL as of September 30, 2021. Moreover, future claims experience may differ significantly from the cost estimates presented in this report due to unforeseen and random events. As such, these results should be viewed as having a likely range of variability.

2021-2022 Per Capita Annual Benefit Costs Per Participant

Program	Pre 65 Cost	Post 65 Cost
Medical Insurance	\$10,938	N/A

2021-2022 Annual Premium Amounts Per Participant

Program	Employee Contribution	Spouse Contribution
Medical Insurance	\$7,130	\$15,379

SECTION 6 – Member Statistics

SECTION 6 – MEMBER STATISTICS

STATISTICAL DATA

	<u>9/30/2021</u>
Number of Active Participants	25
Average Current Age	42.9
Average Age at Employment	25.6
Average Past Service	17.3
Covered Payroll at Valuation Date	\$ 1,998,919
Average Salary	79,957
Number of Inactives Receiving Benefits	
Retirees, Beneficiaries and Disabled Members	4
Covered Spouses	<u>2</u>
Total	6
Average Current Age of Retirees	58.8

SECTION 6 – Member Statistics

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	<1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	Total
20 - 24	0	1	0	0	0	0	0	0	0	0	1
25 - 29	0	0	1	0	0	0	0	0	0	0	1
30 - 34	0	1	1	0	0	0	0	0	0	0	2
35 - 39	0	0	0	1	2	0	0	0	0	0	3
40 - 44	0	0	0	1	0	5	0	0	0	0	6
45 - 49	0	1	1	0	0	3	2	0	0	0	7
50 - 54	0	0	0	0	0	2	1	0	0	0	3
55 - 59	0	0	0	0	0	1	0	0	1	0	2
60 - 64	0	0	0	0	0	0	0	0	0	0	0
65+	0	0	0	0	0	0	0	0	0	0	0
Total	0	3	3	2	2	11	3	0	1	0	25

SECTION 7 – Actuarial Assumptions and Funding Methods

SECTION 7 – ACTUARIAL ASSUMPTIONS AND FUNDING METHODS

ACTUARIAL ASSUMPTIONS

<u>Valuation Date</u>	September 30, 2021.
<u>Measurement Date</u>	September 30, 2021.
<u>Fiscal Year End</u>	September 30, 2022.
<u>Actuarial Value of Assets</u>	Market Value.
<u>Mortality Rate</u>	PubG-2010 Mortality Table projected to the valuation date using MP-2019.
<u>Discount Rate</u>	2.43%. Based on the September 30, 2021 S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices.
<u>Retirement Rates</u>	100% at Normal Retirement Eligibility. Retirement Eligibility described in Section 8.
<u>Inflation</u>	2.50% per year.
<u>Salary Increase Rate</u>	2.50% per year.
<u>Marital Status</u>	100% assumed married, with male spouses 3 years older than female spouses.
<u>Health Care Participation</u>	20% participation assumed, with 15% electing spouse coverage.

SECTION 7 – Actuarial Assumptions and Funding Methods

Health Care Inflation

Initial rate of 7.50% in fiscal 2022, 7.25% in fiscal 2023, then 7.00% in fiscal 2024 grading down to the ultimate trend rate of 4.00% in fiscal 2075. Sample rates below:

Fiscal Year	Rate
2022	7.50%
2023	7.25%
2024	7.00%
2025	6.75%
2026	6.50%
2027	6.25%
2028	6.00%
2029	5.75%
2030	5.50%
2031-2052	5.25%
2053-2060	5.00%
2061-2067	4.75%
2068-2071	4.50%
2072-2074	4.25%
2075+	4.00%

Termination Rates

Selected rates for various ages listed below:

Age	% Remaining Employed Until Assumed Retirement Age
20	29.60%
30	59.30%
40	84.10%
50	100.00%

Disability Rates

None Assumed.

GASB 75 Measurement Method

Alternative Measurement Method, as described in Governmental Accounting Standards Board No. 75 for plans with fewer than 100 covered members.

Funding Method

Entry Age Cost Method (Level % of Pay).

SECTION 8 – Summary of Plan Provisions

SECTION 8 – SUMMARY OF PLAN PROVISIONS

<u>Credited Service</u>	Total completed years of employment with the District.
<u>Eligibility for Insurance Coverage</u>	Must meet the eligibility requirements for Retirement for Special Risk employees. <i>Retirement Eligibility:</i> <i>FRS Tier 1 (hired before July 1, 2011): Age 55 and 6 years Credited Service, or 25 years Credited Service regardless of age.</i> <i>FRS Tier 2 (hired on or after July 1, 2011): Age 60 and 8 years Credited Service, or 30 years Credited Service regardless of age.</i>
<u>Health Contributions</u>	
Employee	100% of the active premium rate.
District	Remaining amount necessary for payment of claims.