

March 28, 2016

VIA EMAIL

Ms. Carol Knapp, Administrator
Avon Park Firefighters' Retirement System
2404 West Russ Road
Avon Park, FL 33825

Re: City of Avon Park Firefighters' Retirement System
Senate Bill 534 (Section 112.664, Florida Statutes) Compliance

Dear Carol:

Please find enclosed the annual disclosures that satisfy the October 1, 2015 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: 

Douglas H. Lozen, EA, MAAA
Enrolled Actuary #14-7778

DHL/lke
Enclosures

cc via email: Scott R. Christiansen, Board Attorney

CITY OF AVON PARK
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:  Date: 3/28/2016

Douglas H. Lozen, EA, MAAA
Enrolled Actuary #14-7778



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, 2015 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.

	ACTUAL		HYPOTHETICAL	
	7.75% RP-2000 Static 9/30/2015	7.75% RP-2000 Generational 9/30/2015	5.75% RP-2000 Generational 9/30/2015	9.75% RP-2000 Generational 9/30/2015
<u>GASB 67: Schedule of Changes in Net Pension Liability</u>				
<u>Total Pension Liability</u>				
Service Cost	153,105	160,346	262,654	100,595
Interest	475,799	496,917	475,968	500,768
Change in Excess State Money	4,481	4,481	4,481	4,481
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	(104,097)	(110,500)	(120,091)	(108,412)
Changes of Assumptions	-	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(213,139)	(213,139)	(213,139)	(213,139)
Net Change in Total Pension Liability	316,149	338,105	409,873	284,293
Total Pension Liability - Beginning	6,163,984	6,429,234	8,192,791	5,213,236
Total Pension Liability - Ending (a)	<u>\$ 6,480,133</u>	<u>\$ 6,767,339</u>	<u>\$ 8,602,664</u>	<u>\$ 5,497,529</u>
<u>Plan Fiduciary Net Position</u>				
Contributions - Employer	369,826	369,826	369,826	369,826
Contributions - State	41,577	41,577	41,577	41,577
Contributions - Employee	33,005	33,005	33,005	33,005
Net Investment Income	(36,249)	(36,249)	(36,249)	(36,249)
Benefit Payments, Including Refunds of Employee Contributions	(213,139)	(213,139)	(213,139)	(213,139)
Administrative Expenses	(66,088)	(66,088)	(66,088)	(66,088)
Net Change in Plan Fiduciary Net Position	128,932	128,932	128,932	128,932
Plan Fiduciary Net Position - Beginning	4,691,985	4,691,985	4,691,985	4,691,985
Plan Fiduciary Net Position - Ending (b)	<u>\$ 4,820,917</u>	<u>\$ 4,820,917</u>	<u>\$ 4,820,917</u>	<u>\$ 4,820,917</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,659,216</u>	<u>\$ 1,946,422</u>	<u>\$ 3,781,747</u>	<u>\$ 676,612</u>

GASB 68: Pension Expense for Fiscal Year Ending September 30, 2015

Pension Expense	<u>\$ 222,996</u>	<u>\$ 249,055</u>	<u>\$ 397,357</u>	<u>\$ 125,724</u>
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PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.75% and RP-2000 Static 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
2015	4,820,917	-	427,693	-	357,048	4,750,272
2016	4,750,272	-	394,633	-	352,854	4,708,493
2017	4,708,493	-	432,058	-	348,166	4,624,601
2018	4,624,601	-	431,783	-	341,675	4,534,493
2019	4,534,493	-	431,477	-	334,703	4,437,719
2020	4,437,719	-	431,971	-	327,184	4,332,932
2021	4,332,932	-	432,682	-	319,036	4,219,286
2022	4,219,286	-	431,874	-	310,260	4,097,672
2023	4,097,672	-	427,906	-	300,988	3,970,754
2024	3,970,754	-	424,966	-	291,266	3,837,054
2025	3,837,054	-	426,517	-	280,844	3,691,381
2026	3,691,381	-	412,932	-	270,081	3,548,530
2027	3,548,530	-	432,940	-	258,235	3,373,825
2028	3,373,825	-	433,503	-	244,673	3,184,995
2029	3,184,995	-	424,935	-	230,371	2,990,431
2030	2,990,431	-	453,172	-	214,198	2,751,457
2031	2,751,457	-	443,072	-	196,069	2,504,454
2032	2,504,454	-	459,669	-	176,283	2,221,068
2033	2,221,068	-	452,454	-	154,600	1,923,214
2034	1,923,214	-	454,908	-	131,421	1,599,727
2035	1,599,727	-	453,607	-	106,402	1,252,522
2036	1,252,522	-	447,740	-	79,721	884,503
2037	884,503	-	432,467	-	51,791	503,827
2038	503,827	-	417,264	-	22,878	109,441
2039	109,441	-	402,391	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 24.27

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.75% 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: 7.75% 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
2015	4,820,917	-	427,847	-	357,042	4,750,112
2016	4,750,112	-	395,449	-	352,810	4,707,473
2017	4,707,473	-	433,558	-	348,029	4,621,944
2018	4,621,944	-	433,981	-	341,384	4,529,347
2019	4,529,347	-	434,434	-	334,190	4,429,103
2020	4,429,103	-	435,771	-	326,369	4,319,701
2021	4,319,701	-	437,408	-	317,827	4,200,120
2022	4,200,120	-	437,605	-	308,552	4,071,067
2023	4,071,067	-	434,733	-	298,662	3,934,996
2024	3,934,996	-	432,965	-	288,185	3,790,216
2025	3,790,216	-	435,790	-	276,855	3,631,281
2026	3,631,281	-	426,208	-	264,909	3,469,982
2027	3,469,982	-	448,911	-	251,528	3,272,599
2028	3,272,599	-	451,459	-	236,132	3,057,272
2029	3,057,272	-	445,073	-	219,692	2,831,891
2030	2,831,891	-	475,710	-	201,038	2,557,219
2031	2,557,219	-	468,002	-	180,049	2,269,266
2032	2,269,266	-	487,243	-	156,987	1,939,010
2033	1,939,010	-	482,584	-	131,573	1,587,999
2034	1,587,999	-	487,602	-	104,175	1,204,572
2035	1,204,572	-	489,071	-	74,403	789,904
2036	789,904	-	485,685	-	42,397	346,616
2037	346,616	-	473,238	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 22.73

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.75% 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: 5.75% 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
2015	4,820,917	-	427,847	-	264,902	4,657,972
2016	4,657,972	-	395,449	-	256,464	4,518,987
2017	4,518,987	-	433,558	-	247,377	4,332,806
2018	4,332,806	-	433,981	-	236,659	4,135,484
2019	4,135,484	-	434,434	-	225,300	3,926,350
2020	3,926,350	-	435,771	-	213,237	3,703,816
2021	3,703,816	-	437,408	-	200,394	3,466,802
2022	3,466,802	-	437,605	-	186,760	3,215,957
2023	3,215,957	-	434,733	-	172,419	2,953,643
2024	2,953,643	-	432,965	-	157,387	2,678,065
2025	2,678,065	-	435,790	-	141,460	2,383,735
2026	2,383,735	-	426,208	-	124,811	2,082,338
2027	2,082,338	-	448,911	-	106,828	1,740,255
2028	1,740,255	-	451,459	-	87,085	1,375,881
2029	1,375,881	-	445,073	-	66,317	997,125
2030	997,125	-	475,710	-	43,658	565,073
2031	565,073	-	468,002	-	19,037	116,108
2032	116,108	-	487,243	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 17.24

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.75% 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 4
Hypothetical Assumptions: 9.75% 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
2015	4,820,917	-	427,847	-	449,182	4,842,252
2016	4,842,252	-	395,449	-	452,841	4,899,644
2017	4,899,644	-	433,558	-	456,579	4,922,665
2018	4,922,665	-	433,981	-	458,803	4,947,487
2019	4,947,487	-	434,434	-	461,201	4,974,254
2020	4,974,254	-	435,771	-	463,746	5,002,229
2021	5,002,229	-	437,408	-	466,394	5,031,215
2022	5,031,215	-	437,605	-	469,210	5,062,820
2023	5,062,820	-	434,733	-	472,432	5,100,519
2024	5,100,519	-	432,965	-	476,194	5,143,748
2025	5,143,748	-	435,790	-	480,271	5,188,229
2026	5,188,229	-	426,208	-	485,075	5,247,096
2027	5,247,096	-	448,911	-	489,707	5,287,892
2028	5,287,892	-	451,459	-	493,561	5,329,994
2029	5,329,994	-	445,073	-	497,977	5,382,898
2030	5,382,898	-	475,710	-	501,642	5,408,830
2031	5,408,830	-	468,002	-	504,546	5,445,374
2032	5,445,374	-	487,243	-	507,171	5,465,302
2033	5,465,302	-	482,584	-	509,341	5,492,059
2034	5,492,059	-	487,602	-	511,705	5,516,162
2035	5,516,162	-	489,071	-	513,984	5,541,075
2036	5,541,075	-	485,685	-	516,578	5,571,968
2037	5,571,968	-	473,238	-	520,197	5,618,927
2038	5,618,927	-	460,325	-	525,405	5,684,007
2039	5,684,007	-	447,188	-	532,390	5,769,209
2040	5,769,209	-	432,046	-	541,436	5,878,599
2041	5,878,599	-	418,069	-	552,783	6,013,313
2042	6,013,313	-	402,144	-	566,693	6,177,862
2043	6,177,862	-	386,805	-	583,485	6,374,542
2044	6,374,542	-	370,162	-	603,472	6,607,852
2045	6,607,852	-	353,660	-	627,025	6,881,217
2046	6,881,217	-	336,914	-	654,494	7,198,797
2047	7,198,797	-	320,026	-	686,281	7,565,052
2048	7,565,052	-	303,083	-	722,817	7,984,786
2049	7,984,786	-	286,487	-	764,550	8,462,849
2050	8,462,849	-	270,344	-	811,949	9,004,454
2051	9,004,454	-	254,843	-	865,511	9,615,122
2052	9,615,122	-	240,089	-	925,770	10,300,803
2053	10,300,803	-	226,097	-	993,306	11,068,012
2054	11,068,012	-	212,790	-	1,068,758	11,923,980
2055	11,923,980	-	200,215	-	1,152,828	12,876,593
2056	12,876,593	-	188,351	-	1,246,286	13,934,528
2057	13,934,528	-	177,066	-	1,349,985	15,107,447
2058	15,107,447	-	166,336	-	1,464,867	16,405,978
2059	16,405,978	-	156,170	-	1,591,970	17,841,778
2060	17,841,778	-	146,343	-	1,732,439	19,427,874
2061	19,427,874	-	136,821	-	1,887,548	21,178,601
2062	21,178,601	-	127,495	-	2,058,698	23,109,804
2063	23,109,804	-	118,248	-	2,247,441	25,238,997
2064	25,238,997	-	109,133	-	2,455,482	27,585,346
2065	27,585,346	-	100,063	-	2,684,693	30,169,976
2066	30,169,976	-	91,010	-	2,937,136	33,016,102

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 4
Hypothetical Assumptions: 9.75% 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	33,016,102	-	82,063	-	3,215,069	36,149,108
2068	36,149,108	-	73,210	-	3,520,969	39,596,867
2069	39,596,867	-	64,625	-	3,857,544	43,389,786
2070	43,389,786	-	56,321	-	4,227,758	47,561,223
2071	47,561,223	-	48,348	-	4,634,862	52,147,737
2072	52,147,737	-	40,933	-	5,082,409	57,189,213
2073	57,189,213	-	34,057	-	5,574,288	62,729,444
2074	62,729,444	-	27,860	-	6,114,763	68,816,347
2075	68,816,347	-	22,395	-	6,708,502	75,502,454
2076	75,502,454	-	17,636	-	7,360,630	82,845,448
2077	82,845,448	-	13,624	-	8,076,767	90,908,591
2078	90,908,591	-	10,323	-	8,863,084	99,761,352
2079	99,761,352	-	7,636	-	9,726,360	109,480,076
2080	109,480,076	-	5,526	-	10,674,038	120,148,588
2081	120,148,588	-	3,910	-	11,714,297	131,858,975
2082	131,858,975	-	2,691	-	12,856,119	144,712,403
2083	144,712,403	-	1,808	-	14,109,371	158,819,966
2084	158,819,966	-	1,187	-	15,484,889	174,303,668
2085	174,303,668	-	758	-	16,994,571	191,297,481
2086	191,297,481	-	472	-	18,651,481	209,948,490
2087	209,948,490	-	290	-	20,469,964	230,418,164
2088	230,418,164	-	176	-	22,465,762	252,883,750
2089	252,883,750	-	106	-	24,656,160	277,539,804
2090	277,539,804	-	64	-	27,060,128	304,599,868
2091	304,599,868	-	38	-	29,698,485	334,298,315
2092	334,298,315	-	23	-	32,594,085	366,892,377
2093	366,892,377	-	14	-	35,772,006	402,664,369
2094	402,664,369	-	8	-	39,259,776	441,924,137
2095	441,924,137	-	5	-	43,087,603	485,011,735
2096	485,011,735	-	3	-	47,288,644	532,300,376
2097	532,300,376	-	2	-	51,899,287	584,199,661
2098	584,199,661	-	1	-	56,959,467	641,159,127
2099	641,159,127	-	1	-	62,513,015	703,672,141
2100	703,672,141	-	-	-	68,608,034	772,280,175

*All DROP Balances paid in 2015.

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 9.75% 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, 2017

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL		
	7.75% RP-2000 Static	7.75% RP-2000 Generational	5.75% RP-2000 Generational	9.75% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$442,484	\$470,838	\$669,055	\$314,519
Total Required Contribution (% of Payroll)	61.7%	65.7%	93.3%	43.9%
Expected Member Contribution	35,844	35,844	35,844	35,844
Expected State Money	37,096	37,096	37,096	37,096
Expected Sponsor Contribution (Fixed \$)	\$369,544	\$397,898	\$596,115	\$241,579
Expected Sponsor Contribution (% of Payroll)	51.5%	55.5%	83.1%	33.7%

ASSETS

Actuarial Value ¹	5,087,311	5,087,311	5,087,311	5,087,311
Market Value ¹	4,820,917	4,820,917	4,820,917	4,820,917

LIABILITIES

Present Value of Benefits

Active Members

Retirement Benefits	3,933,929	4,139,259	6,293,466	2,876,750
Disability Benefits	42,849	45,139	66,403	32,177
Death Benefits	23,391	16,119	22,001	12,070
Vested Benefits	283,657	297,137	486,580	188,827
Refund of Contributions	1,993	1,993	2,068	1,924
Service Retirees	2,014,356	2,102,474	2,471,601	1,823,488
DROP Retirees ¹	1,135,129	1,168,735	1,410,757	997,925
Beneficiaries	0	0	0	0
Disability Retirees	0	0	0	0
Terminated Vested	146,643	152,320	188,027	126,666
Excess State Monies Reserve	75,661	75,661	75,661	75,661
Total:	7,657,608	7,998,837	11,016,564	6,135,488

Present Value of Future Salaries	6,145,180	6,153,676	7,017,783	5,458,405
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Present Value of Future Member Contributions	307,259	307,684	350,889	272,920
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Total Normal Cost	132,465	139,214	232,787	84,936
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Present Value of Future Normal Costs (Entry Age Normal)	1,184,551	1,250,471	2,415,461	668,128
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Total Actuarial Accrued Liability ¹	6,473,057	6,748,366	8,601,103	5,467,360
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Unfunded Actuarial Accrued Liability (UAAL)	1,385,746	1,661,055	3,513,792	380,049
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ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2017

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL		
	7.75% RP-2000 Static	7.75% RP-2000 Generational	5.75% RP-2000 Generational	9.75% RP-2000 Generational
<u>PENSION COST</u>				
Normal Cost ²	140,413	147,567	246,754	90,032
Administrative Expenses ²	70,053	70,053	70,053	70,053
Payment Required To Amortize UAAL ²	232,018	253,218	352,248	154,434
Total Required Contribution	\$442,484	\$470,838	\$669,055	\$314,519

¹ The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2015.

² Contributions developed as of 10/1/2015 displayed above have been adjusted to account for assumed salary increases only, assuming a beginning-of-year lump sum deposit by the City.