

May 29, 2018

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  
Section 112.664, Florida Statutes Compliance

Dear Carol:

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: 

Douglas H. Lozen, EA, MAAA  
Enrolled Actuary #17-7778

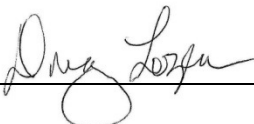
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Enclosures

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: 5/29/2018

Douglas H. Lozen, EA, MAAA  
Enrolled Actuary #17-7778



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, 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	
	7.75% RP-2000 Generational	5.75% RP-2000 Generational	9.75% RP-2000 Generational
<b><u>Total Pension Liability</u></b>			
Service Cost	108,643	181,912	66,747
Interest	532,439	508,176	538,514
Change in Excess State Money	(81,652)	(81,652)	(81,652)
Share Plan Allocation	43,839	43,839	43,839
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(184,278)	(242,833)	(144,705)
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(360,884)	(360,884)	(360,884)
Net Change in Total Pension Liability	58,107	48,558	61,859
Total Pension Liability - Beginning	7,023,636	8,918,022	5,718,567
Total Pension Liability - Ending (a)	<u>\$ 7,081,743</u>	<u>\$ 8,966,580</u>	<u>\$ 5,780,426</u>
<b><u>Plan Fiduciary Net Position</u></b>			
Contributions - Employer	363,321	363,321	363,321
Contributions - State	49,927	49,927	49,927
Contributions - Employee	32,690	32,690	32,690
Net Investment Income	639,290	639,290	639,290
Benefit Payments, Including Refunds of Employee Contributions	(360,884)	(360,884)	(360,884)
Administrative Expenses	(70,684)	(70,684)	(70,684)
Net Change in Plan Fiduciary Net Position	653,660	653,660	653,660
Plan Fiduciary Net Position - Beginning	5,302,286	5,302,286	5,302,286
Plan Fiduciary Net Position - Ending (b)	<u>\$ 5,955,946</u>	<u>\$ 5,955,946</u>	<u>\$ 5,955,946</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,125,797</u>	<u>\$ 3,010,634</u>	<u>\$ (175,520)</u>

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1  
Plan 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
2017	5,943,011	-	625,553	-	436,343	5,753,801
2018	5,753,801	-	431,589	-	429,196	5,751,408
2019	5,751,408	-	433,198	-	428,948	5,747,158
2020	5,747,158	-	435,833	-	428,516	5,739,841
2021	5,739,841	-	438,398	-	427,850	5,729,293
2022	5,729,293	-	439,532	-	426,988	5,716,749
2023	5,716,749	-	437,431	-	426,098	5,705,416
2024	5,705,416	-	436,560	-	425,253	5,694,109
2025	5,694,109	-	440,404	-	424,228	5,677,933
2026	5,677,933	-	439,802	-	422,997	5,661,128
2027	5,661,128	-	474,511	-	420,350	5,606,967
2028	5,606,967	-	475,187	-	416,126	5,547,906
2029	5,547,906	-	471,343	-	411,698	5,488,261
2030	5,488,261	-	511,717	-	405,511	5,382,055
2031	5,382,055	-	506,670	-	397,476	5,272,861
2032	5,272,861	-	530,605	-	388,086	5,130,342
2033	5,130,342	-	528,274	-	377,131	4,979,199
2034	4,979,199	-	527,728	-	365,438	4,816,909
2035	4,816,909	-	531,720	-	352,706	4,637,895
2036	4,637,895	-	534,668	-	338,718	4,441,945
2037	4,441,945	-	540,078	-	323,323	4,225,190
2038	4,225,190	-	529,816	-	306,922	4,002,296
2039	4,002,296	-	519,624	-	290,043	3,772,715
2040	3,772,715	-	504,847	-	272,823	3,540,691
2041	3,540,691	-	493,019	-	255,299	3,302,971
2042	3,302,971	-	477,638	-	237,472	3,062,805
2043	3,062,805	-	463,500	-	219,407	2,818,712
2044	2,818,712	-	447,771	-	201,099	2,572,040
2045	2,572,040	-	431,351	-	182,618	2,323,307
2046	2,323,307	-	414,446	-	163,997	2,072,858
2047	2,072,858	-	396,477	-	145,283	1,821,664
2048	1,821,664	-	378,706	-	126,504	1,569,462
2049	1,569,462	-	360,644	-	107,658	1,316,476
2050	1,316,476	-	342,293	-	88,763	1,062,946
2051	1,062,946	-	324,025	-	69,822	808,743
2052	808,743	-	305,908	-	50,824	553,659
2053	553,659	-	288,022	-	31,748	297,385
2054	297,385	-	270,451	-	12,567	39,501
2055	39,501	-	253,265	-	-	-

\*All DROP and Share Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 38.16

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: 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
2017	5,943,011	-	625,553	-	323,738	5,641,196
2018	5,641,196	-	431,589	-	311,961	5,521,568
2019	5,521,568	-	433,198	-	305,036	5,393,406
2020	5,393,406	-	435,833	-	297,591	5,255,164
2021	5,255,164	-	438,398	-	289,568	5,106,334
2022	5,106,334	-	439,532	-	280,978	4,947,780
2023	4,947,780	-	437,431	-	271,921	4,782,270
2024	4,782,270	-	436,560	-	262,429	4,608,139
2025	4,608,139	-	440,404	-	252,306	4,420,041
2026	4,420,041	-	439,802	-	241,508	4,221,747
2027	4,221,747	-	474,511	-	229,108	3,976,344
2028	3,976,344	-	475,187	-	214,978	3,716,135
2029	3,716,135	-	471,343	-	200,127	3,444,919
2030	3,444,919	-	511,717	-	183,371	3,116,573
2031	3,116,573	-	506,670	-	164,636	2,774,539
2032	2,774,539	-	530,605	-	144,281	2,388,215
2033	2,388,215	-	528,274	-	122,134	1,982,075
2034	1,982,075	-	527,728	-	98,797	1,553,144
2035	1,553,144	-	531,720	-	74,019	1,095,443
2036	1,095,443	-	534,668	-	47,616	608,391
2037	608,391	-	540,078	-	19,455	87,768
2038	87,768	-	529,816	-	-	-

\*All DROP and Share Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 21.17

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 3  
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
2017	5,943,011	-	625,553	-	548,948	5,866,406
2018	5,866,406	-	431,589	-	550,935	5,985,752
2019	5,985,752	-	433,198	-	562,492	6,115,046
2020	6,115,046	-	435,833	-	574,970	6,254,183
2021	6,254,183	-	438,398	-	588,411	6,404,196
2022	6,404,196	-	439,532	-	602,982	6,567,646
2023	6,567,646	-	437,431	-	619,021	6,749,236
2024	6,749,236	-	436,560	-	636,768	6,949,444
2025	6,949,444	-	440,404	-	656,101	7,165,141
2026	7,165,141	-	439,802	-	677,161	7,402,500
2027	7,402,500	-	474,511	-	698,611	7,626,600
2028	7,626,600	-	475,187	-	720,428	7,871,841
2029	7,871,841	-	471,343	-	744,527	8,145,025
2030	8,145,025	-	511,717	-	769,194	8,402,502
2031	8,402,502	-	506,670	-	794,544	8,690,376
2032	8,690,376	-	530,605	-	821,445	8,981,216
2033	8,981,216	-	528,274	-	849,915	9,302,857
2034	9,302,857	-	527,728	-	881,302	9,656,431
2035	9,656,431	-	531,720	-	915,581	10,040,292
2036	10,040,292	-	534,668	-	952,863	10,458,487
2037	10,458,487	-	540,078	-	993,374	10,911,783
2038	10,911,783	-	529,816	-	1,038,070	11,420,037
2039	11,420,037	-	519,624	-	1,088,122	11,988,535
2040	11,988,535	-	504,847	-	1,144,271	12,627,959
2041	12,627,959	-	493,019	-	1,207,191	13,342,131
2042	13,342,131	-	477,638	-	1,277,573	14,142,066
2043	14,142,066	-	463,500	-	1,356,256	15,034,822
2044	15,034,822	-	447,771	-	1,444,066	16,031,117
2045	16,031,117	-	431,351	-	1,542,006	17,141,772
2046	17,141,772	-	414,446	-	1,651,119	18,378,445
2047	18,378,445	-	396,477	-	1,772,570	19,754,538
2048	19,754,538	-	378,706	-	1,907,606	21,283,438
2049	21,283,438	-	360,644	-	2,057,554	22,980,348
2050	22,980,348	-	342,293	-	2,223,897	24,861,952
2051	24,861,952	-	324,025	-	2,408,244	26,946,171
2052	26,946,171	-	305,908	-	2,612,339	29,252,602
2053	29,252,602	-	288,022	-	2,838,088	31,802,668
2054	31,802,668	-	270,451	-	3,087,576	34,619,793
2055	34,619,793	-	253,265	-	3,363,083	37,729,611
2056	37,729,611	-	236,759	-	3,667,095	41,159,947
2057	41,159,947	-	221,197	-	4,002,311	44,941,061
2058	44,941,061	-	206,668	-	4,371,678	49,106,071
2059	49,106,071	-	193,144	-	4,778,426	53,691,353
2060	53,691,353	-	180,614	-	5,226,102	58,736,841
2061	58,736,841	-	168,930	-	5,718,607	64,286,518
2062	64,286,518	-	157,977	-	6,260,234	70,388,775
2063	70,388,775	-	147,685	-	6,855,706	77,096,796
2064	77,096,796	-	137,943	-	7,510,213	84,469,066
2065	84,469,066	-	128,593	-	8,229,465	92,569,938
2066	92,569,938	-	119,595	-	9,019,739	101,470,082

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3  
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	101,470,082	-	110,825	-	9,887,930	111,247,187
2068	111,247,187	-	102,170	-	10,841,620	121,986,637
2069	121,986,637	-	93,581	-	11,889,135	133,782,191
2070	133,782,191	-	85,018	-	13,039,619	146,736,792
2071	146,736,792	-	76,449	-	14,303,110	160,963,453
2072	160,963,453	-	67,921	-	15,690,626	176,586,158
2073	176,586,158	-	59,607	-	17,214,245	193,740,796
2074	193,740,796	-	51,573	-	18,887,213	212,576,436
2075	212,576,436	-	43,904	-	20,724,062	233,256,594
2076	233,256,594	-	36,770	-	22,740,725	255,960,549
2077	255,960,549	-	30,230	-	24,954,680	280,884,999
2078	280,884,999	-	24,400	-	27,385,098	308,245,697
2079	308,245,697	-	19,299	-	30,053,015	338,279,413
2080	338,279,413	-	14,909	-	32,981,516	371,246,020
2081	371,246,020	-	11,269	-	36,195,938	407,430,689
2082	407,430,689	-	8,339	-	39,724,086	447,146,436
2083	447,146,436	-	6,057	-	43,596,482	490,736,861
2084	490,736,861	-	4,303	-	47,846,634	538,579,192
2085	538,579,192	-	3,006	-	52,511,325	591,087,511
2086	591,087,511	-	2,060	-	57,630,932	648,716,383
2087	648,716,383	-	1,397	-	63,249,779	711,964,765
2088	711,964,765	-	939	-	69,416,519	781,380,345
2089	781,380,345	-	631	-	76,184,553	857,564,267
2090	857,564,267	-	429	-	83,612,495	941,176,333
2091	941,176,333	-	297	-	91,764,678	1,032,940,714
2092	1,032,940,714	-	209	-	100,711,709	1,133,652,214
2093	1,133,652,214	-	148	-	110,531,084	1,244,183,150
2094	1,244,183,150	-	106	-	121,307,852	1,365,490,896
2095	1,365,490,896	-	75	-	133,135,359	1,498,626,180
2096	1,498,626,180	-	53	-	146,116,050	1,644,742,177
2097	1,644,742,177	-	36	-	160,362,361	1,805,104,502
2098	1,805,104,502	-	25	-	175,997,688	1,981,102,165
2099	1,981,102,165	-	16	-	193,157,460	2,174,259,609
2100	2,174,259,609	-	11	-	211,990,311	2,386,249,909
2101	2,386,249,909	-	7	-	232,659,366	2,618,909,268
2102	2,618,909,268	-	4	-	255,343,653	2,874,252,917
2103	2,874,252,917	-	2	-	280,239,659	3,154,492,574
2104	3,154,492,574	-	1	-	307,563,026	3,462,055,599
2105	3,462,055,599	-	1	-	337,550,421	3,799,606,019
2106	3,799,606,019	-	-	-	370,461,587	4,170,067,606

\*All DROP and Share 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 9.75% 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, 2019

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL	
	7.75% RP-2000 Generational	5.75% RP-2000 Generational	9.75% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$484,693	\$707,842	\$305,656
Total Required Contribution (% of Payroll)	62.0%	90.7%	39.2%
Expected Member Contribution	39,040	39,040	39,040
Expected State Money	46,915	46,915	46,915
Expected Sponsor Contribution (Fixed \$)	\$398,738	\$621,887	\$219,701
Expected Sponsor Contribution (% of Payroll)	51.0%	79.7%	28.2%
<b><u>ASSETS</u></b>			
Actuarial Value <sup>1</sup>	5,930,955	5,930,955	5,930,955
Market Value <sup>1</sup>	5,943,011	5,943,011	5,943,011
<b><u>LIABILITIES</u></b>			
Present Value of Benefits			
Active Members			
Retirement Benefits	3,572,632	5,615,186	2,395,098
Disability Benefits	42,323	60,268	30,945
Death Benefits	23,055	31,827	17,028
Vested Benefits	286,695	463,377	185,946
Refund of Contributions	8,848	9,787	8,031
Service Retirees	3,862,023	4,654,162	3,285,961
DROP Retirees <sup>1</sup>	736,149	861,385	647,549
Beneficiaries	0	0	0
Disability Retirees	0	0	0
Terminated Vested	43,019	76,456	25,091
Share Plan Balances <sup>1</sup>	43,839	43,839	43,839
Excess State Monies Reserve	0	0	0
Total:	8,618,583	11,816,287	6,639,488
Present Value of Future Salaries	7,423,943	8,482,566	6,588,632
Present Value of Future Member Contributions	371,197	424,128	329,432
Total Normal Cost	135,091	224,461	83,678
Present Value of Future Normal Costs (Entry Age Normal)	1,320,993	2,508,020	727,091
Total Actuarial Accrued Liability <sup>1</sup>	7,297,590	9,308,267	5,912,397
Unfunded Actuarial Accrued Liability (UAAL)	1,366,635	3,377,312	(18,558)

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

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL	
	7.75% RP-2000 Generational	5.75% RP-2000 Generational	9.75% RP-2000 Generational
<b><u>PENSION COST</u></b>			
Normal Cost <sup>2</sup>	143,196	237,929	88,699
Administrative Expenses <sup>2</sup>	74,925	74,925	74,925
Payment Required To Amortize UAAL <sup>2</sup>	266,572	394,988	142,032
Total Required Contribution	\$484,693	\$707,842	\$305,656

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

<sup>2</sup> Contribution rates include an assumed salary increase, based on a beginning of year funding method.