

AVON PARK FIREFIGHTERS' RETIREMENT SYSTEM



FINANCIAL STATEMENTS

September 30, 2018 and 2017

AVON PARK FIREFIGHTERS' RETIREMENT SYSTEM

SEPTEMBER 30, 2018 AND 2017

TABLE OF CONTENTS

Independent Auditor's Report.....	1-2
Statements of Plan Net Position.....	3
Statements of Changes in Plan Net Position.....	4
Notes to Financial Statements.....	5-12
Required Supplementary Information:	
Schedule of Changes in Net Pension Liability and Related Ratios.....	13
Notes to Schedule of Changes in Net Pension Liability and Related Ratios	14
Schedule of Contributions.....	15
Schedule of Investment Returns.....	16

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees

Avon Park Firefighters' Retirement System

Report on the Financial Statements

We have audited the accompanying financial statements of the Avon Park Firefighters' Retirement System, a fiduciary fund of the City of Avon Park, Florida, which comprise the statements of plan net position as of September 30, 2018 and 2017, and the related statements of changes in plan net position for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Avon Park Firefighters' Retirement System as of September 30, 2018 and 2017, and the changes in financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1, these financial statements present only the Avon Park Firefighters' Retirement System and do not purport to, and do not present fairly the financial position of the City of Avon Park, Florida, as of September 30, 2018 and 2017, and the changes in financial position and cash flows, where applicable, for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the schedule of changes in net pension liability and related ratios, schedule of contributions and the schedule of investment returns beginning on page 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
June 11, 2019

AVON PARK FIREFIGHTERS' RETIREMENT SYSTEM

STATEMENTS OF PLAN NET POSITION

September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 51,220	\$ 208,581
Receivables:		
Contributions receivable:		
Plan members	1,109	1,609
State of Florida	39,835	-
Accrued income	<u>15,019</u>	<u>8,206</u>
Total receivables	<u>55,963</u>	<u>9,815</u>
Prepaid benefit payments	32,254	23,879
Investments, at fair value:		
Multi-sector fixed income mutual funds	320,799	282,145
U.S. Government and agencies	661,642	377,337
Corporate and foreign bonds	685,745	884,411
Equity securities mutual funds	3,895,614	3,817,572
Real estate investment fund	<u>514,809</u>	<u>353,434</u>
Total investments	<u>6,078,609</u>	<u>5,714,899</u>
Total assets	<u>6,218,046</u>	<u>5,957,174</u>
LIABILITIES		
Accrued benefits payable	<u>-</u>	<u>4,522</u>
Total liabilities	<u>-</u>	<u>4,522</u>
NET POSITION, restricted for pension benefits	<u>\$ 6,218,046</u>	<u>\$ 5,952,652</u>

See accompanying notes to financial statements

AVON PARK FIREFIGHTERS' RETIREMENT SYSTEM**STATEMENTS OF CHANGES IN PLAN NET POSITION**

For years ended September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ADDITIONS		
Contributions:		
City	\$ 330,429	\$ 363,321
Plan members	31,510	32,690
State of Florida	39,835	49,927
Total contributions	<u>401,774</u>	<u>445,938</u>
Investment income	560,503	669,199
Less investment related expenses:		
Performance evaluation fees	17,000	16,250
Custodial fees	3,369	5,490
Investment management fees	10,300	12,462
Total investment expenses	<u>30,669</u>	<u>34,202</u>
Net investment income	<u>529,834</u>	<u>634,997</u>
Total additions	<u>931,608</u>	<u>1,080,935</u>
DEDUCTIONS		
Administrative expenses:		
Legal	4,307	8,050
Administrator	16,600	15,200
Actuarial	23,150	13,505
Insurance	3,513	2,993
Travel and training	13,696	9,377
Audit	4,745	5,140
Total administrative expenses	<u>66,011</u>	<u>54,265</u>
Payments to retirees and participants	<u>600,203</u>	<u>360,882</u>
Total deductions	<u>666,214</u>	<u>415,147</u>
NET INCREASE	265,394	665,788
NET POSITION - beginning of year	<u>5,952,652</u>	<u>5,286,864</u>
NET POSITION - end of year	<u>\$ 6,218,046</u>	<u>\$ 5,952,652</u>

See accompanying notes to financial statements

AVON PARK FIREFIGHTERS' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

September 30, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS

REPORTING ENTITY – The financial statements presented are only for the City of Avon Park Firefighters' Retirement System (the Plan) and are not intended to present the basic financial statements of the City of Avon Park, Florida (the City). The Plan is included in the City's annual financial report which is a separately issued document. The Plan is a pension trust fund (fiduciary fund type) of the City which accounts for the single employer defined pension plan for the benefit of its municipal firefighters. The provisions of the Plan provide for retirement, disability and survivor benefits.

BASIS OF ACCOUNTING - The Plan's financial statements are prepared using the accrual basis of accounting.

CONTRIBUTIONS - It is the employer's policy to fund the annual required contribution. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Additional contributions required to fully meet the employer's actuarial contribution requirements for the year are accrued as a receivable from the employer at year end.

PLAN EXPENSES - All costs of administering the Plan are paid out of the Plan's funds. Benefit payments, contribution refunds to participants, and administrative expenses are reported as plan expenses when due and payable.

METHOD USED TO VALUE INVESTMENTS - All pension plan investments are reported at fair value which is the amount at which financial instruments could be exchanged in a current transaction between willing parties. All fair values are determined by the third-party custodian. Security transactions and any resulting gains or losses are accounted for by the specific identification method on a trade-date basis.

USE OF ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

EXEMPT TAX STATUS - The Plan is exempt from federal income taxes under provisions of Section 501(a) of the Internal Revenue Code.

AVON PARK FIREFIGHTERS' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

September 30, 2018 and 2017

NOTE 2 – PLAN DESCRIPTION

The Plan was established by City ordinance as provided under Chapter 175, Laws of the State of Florida, and can be amended or terminated by City ordinance. The Plan is administered by a board of trustees comprised of two Firefighters elected by a majority of the Plan members, two City residents appointed by the City Council, and a fifth member chosen by a majority of the trustees. The Plan contains only the assets of the firefighters' pension plan which is a fiduciary fund of the City of Avon Park, Florida because it exists solely to provide benefits to employees of the City. Accordingly, assets of the plan are included in the City's basic financial statements and are blended with those of the other fiduciary funds of the City. Actuarial liabilities are determined by consulting actuaries. Investments of the Plan are maintained with a third-party custodian.

The plan provides retirement, disability and death benefits to all full-time Firefighters. Covered employees contribute 5% of their salary. Contributions are also provided by the State of Florida from a tax on property insurance premiums. The City contributes an amount equal to the difference between the total aggregate member contributions and the actuarial required annual contribution for the plan. The City may use 100 percent of the State contributions up to \$43,902 and 50 percent of any excess for the purpose meeting the City's funding requirement. State contributions greater than \$43,902 are equally applied to the City's requirement and to the supplemental retirement benefit plan.

All benefits are 100% vested after ten years of credited service. Normal retirement is the earlier of age fifty-five with ten years credited service or age fifty-two with twenty-five years of credited service. Members who have attained age fifty and have completed ten years of service are eligible for early retirement at reduced benefits. Benefits at normal retirement are computed at 3.16% of the average earnings for the highest five years of the preceding ten-year period times the number of years of credited service. The Plan contains an automatic cost-of-living adjustment in the amount of 3% for all retirees and beneficiaries, but excluding vested terminated members, who complete 15 years of credited service. The cost of living adjustment commences on the later of the attainment of age 58 or one year after retirement and each October 1 thereafter for five consecutive years and then ceases.

Members of the Plan also participate in a supplemental retirement benefit plan ("Share Plan") which is funded by insurance premium taxes received pursuant to Florida Statute 175.351. The Share Plan is in addition to any other benefits. The premium tax revenues that are allocated to the Share Plan each year is equal to 50 percent of State monies received in excess of \$43,902. The Plan provides for all assets of the Share Plan to be held in trust solely for the use of paying the benefits provided and expenses of the Share Plan. Membership of the Share Plan consists of all active members of the Plan and DROP participants but excludes retirees. Each year the member's share accounts will be credited/debited with its share of available premium tax revenues, investment earnings/losses and interest. Upon retirement members receive their share account balance in addition to their normal pension benefits.

AVON PARK FIREFIGHTERS' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

September 30, 2018 and 2017

NOTE 2 – PLAN DESCRIPTION (cont...)

Plan Membership – At October 1, 2017 and 2016, the participant data consisted of:

	<u>2017</u>	<u>2016</u>
Inactive plan members or beneficiaries currently receiving benefits	12	11
Inactive plan members entitled to but not yet receiving benefits	1	2
Active plan members	<u>14</u>	<u>10</u>
Total	<u><u>27</u></u>	<u><u>23</u></u>

NOTE 3 – INVESTMENTS

The types of investments in which the Plan may invest are governed by City Ordinance and supplemented by an investment policy adopted by the Board of Trustees. The Policy delegates the investment management authority to third-party money managers, who are authorized to invest in a broad range of asset classes with maximum concentration limitations and investment performance criteria for total fund, equity and fixed income portfolios. Independent investment consultants are retained by the Board to evaluate and report on the Plan's investment performance. The types of investments and concentrations permitted are set forth below: There were no significant investment policy changes during the year ended September 30, 2018.

<u>Authorized Investments</u>	Portfolio Concentration	Maximum Maturity	Issuer Concentration	S&P Rating
Annuity and life insurance contracts	Not Limited	Not Limited	Not Limited	Not Specified
Depository accounts with National banks insured by the FDIC	Not Limited	Not Limited	Not Limited	Not Specified
Obligations of the U.S. Government	Not Limited	Not Limited	Not Limited	Not Specified
Obligations guaranteed by the U.S. Government or Agency	Not Limited	Not Limited	Not Limited	Not Specified
Bonds of the State of Israel	Not Limited	Not Limited	Not Limited	Not Specified
Money market funds	Not Limited	Not Limited	Not Limited	A1
Fixed income securities - must be investment grade or higher	Not Limited	Not Limited	3.00%	*
Equities must be traded on a National exchange	75.00%	na	5.00%	Not Specified
Foreign securities limited to readily marketable securities	25.00%	Not Limited	Not Limited	Not Specified
Real estate investments	10.00%	Not Limited	Not Limited	Not Specified

* - All fixed income investments shall a minimum rating of investment grade or higher

AVON PARK FIREFIGHTERS' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

September 30, 2018 and 2017

NOTE 3 - INVESTMENTS (cont...)

Target Asset Allocation - The following was the Board's adopted asset allocation policy as of September 30, 2018 and 2017:

Asset Class	Target Allocation
Domestic Equity	50.00%
International Equity	15.00%
Domestic Fixed Income	20.00%
Global Fixed Income	5.00%
Real Estate	10.00%
Total	100.00%

Investments at Fair Value - The Plan categorizes fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the Plan can access at the measurement date. Observable markets include exchange markets, dealer markets, brokered markets and principal to principal markets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The Plan did not have investments classified as Level 3 assets in its portfolio as of September 30, 2018 or 2017 and; therefore, the Level 3 column is not shown.

	September 30, 2018	Level 1	Level 2
Investments at fair value:			
Multi-sector fixed income mutual funds	\$ 320,799	\$ 320,799	\$ -
U.S. Government and agencies	661,642	-	661,642
Corporate and foreign bonds	685,745	-	685,745
Equity securities mutual funds	3,895,614	3,895,614	-
Total investments at fair value	5,563,800	\$ 4,216,413	\$ 1,347,387
Investments measured at net asset value (NAV)			
Real estate investment fund	514,809		
Total Investments	\$ 6,078,609		

	September 30, 2017	Level 1	Level 2
Investments at fair value:			
Multi-sector fixed income mutual funds	\$ 282,145	\$ 282,145	\$ -
U.S. Government and agencies	377,337	-	377,337
Corporate and foreign bonds	884,411	-	884,411
Equity securities mutual funds	3,817,572	3,817,572	-
Total investments at fair value	5,361,465	\$ 4,099,717	\$ 1,261,748
Investments measured at net asset value (NAV)			
Real estate investment fund	353,434		
Total Investments	\$ 5,714,899		

AVON PARK FIREFIGHTERS' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

September 30, 2018 and 2017

NOTE 3 - INVESTMENTS (cont...)

Debt and equity securities in Level 1 of the fair value hierarchy are valued using prices quoted from an active market where there is significant transparency in the executed or quoted price. Debt and equity securities in Level 2 of the fair value hierarchy are valued based upon evaluated prices received from fixed income vendors where the data inputs to these valuations do not represent quoted prices from an active market. Investments in cash and short-term money market mutual funds are reported at amortized cost.

The Plan owns shares in a real estate investment fund which is a broadly diversified core real estate pooled investment fund that reports its value at the net asset value (NAV) per share. The real estate investment fund allows requests for redemption at any time and are effective at the end of the calendar quarter in which the request was received. The units that are subject to a redemption notice may be redeemed in installments as funds become available for such purpose and the redemption price will be the value per unit at such time the payment is made. The real estate investment fund is not required to liquidated or encumber assets or defer investments in order to make redemptions.

All investments of the real estate trust are appraised by an independent third-party MAI appraiser each quarter, commencing the after the investment is made.

Information related to interest rate risk for the Plan's fixed income investments is summarized below:

Issuer/Issue	Fair Value	Investment Maturities (in Years) *			
		Less than 1	1 to 5	6 to 10	More than 10
As of September 30, 2018:					
Multi-sector fixed income mutual funds	\$ 320,799	\$ -	\$ 157,717	\$ 163,082	\$ -
U.S. Government and agencies	661,642	-	143,000	115,966	402,676
Corporate and foreign bonds	685,745	19,924	219,894	445,927	-
	\$ 1,668,186	\$ 19,924	\$ 520,611	\$ 724,975	\$ 402,676
As of September 30, 2017:					
Multi-sector fixed income mutual funds	\$ 282,145	\$ -	\$ 135,695	\$ 146,450	\$ -
U.S. Government and agencies	377,337	1,898	73,647	53,854	247,938
Corporate and foreign bonds	884,411	-	156,540	727,871	-
	\$ 1,543,893	\$ 1,898	\$ 365,882	\$ 928,175	\$ 247,938

(*) The multi-sector fixed income mutual funds are reported in the time segment that corresponds with the weighted average maturity of the investment pools.

AVON PARK FIREFIGHTERS' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

September 30, 2018 and 2017

NOTE 3 - INVESTMENTS (cont...)

Information related to credit risk for the Plan's fixed income investments is summarized below:

<u>As of September 30, 2018:</u>	<u>S&P Rating</u>	<u>Percentage of Fixed Income Portfolio</u>
Multi-sector fixed income mutual funds	Not Rated	19.2%
U.S. Government and agencies	AAA	4.4%
U.S. Government and agencies	AA+	35.3%
Corporate and foreign bonds	A	5.3%
Corporate and foreign bonds	A-	23.0%
Corporate and foreign bonds	BBB+	8.8%
Corporate and foreign bonds	BBB	4.0%

<u>As of September 30, 2017:</u>	<u>S&P Rating</u>	<u>Percentage of Fixed Income Portfolio</u>
Multi-sector fixed income mutual funds	Not Rated	18.3%
U.S. Government and agencies	AAA	7.1%
U.S. Government and agencies	AA+	17.3%
Corporate and foreign bonds	AA+	1.6%
Corporate and foreign bonds	AA	0.7%
Corporate and foreign bonds	A+	4.2%
Corporate and foreign bonds	A	11.5%
Corporate and foreign bonds	A-	19.2%
Corporate and foreign bonds	AA-	1.3%
Corporate and foreign bonds	BBB+	16.9%
Corporate and foreign bonds	BBB	1.9%

Concentrations - The Plan did not hold investments (other than those issued or explicitly guaranteed by the US Government) in any one organization that represented 5% or more of the Plan's fiduciary net position as of September 30, 2018 and 2017.

Money-weighted Rate of Return - For the year ended September 30, 2018 and 2017, the money-weighted rate of return, net of investment expenses and adjusted for the changing amounts actually invested, for the Plan was 8.68% and 11.81% respectively.

AVON PARK FIREFIGHTERS' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

September 30, 2018 and 2017

NOTE 4 - DEFERRED RETIREMENT OPTION PROGRAM (DROP)

The Plan permits its members to elect to receive retirement benefits while still employed and receiving a salary. Members are eligible upon reaching normal retirement. The participant's retirement benefits are credited into an individual member account and paid out to the member upon termination or retirement not to exceed a period of up to 60 months. Amounts credited to the members' DROP accounts earn interest and remain in the pension plans' net position until paid out. Amounts held in DROP accounts as of September 30, 2018 and 2017 totaled \$30,379 and \$200,265, respectively.

NOTE 5 - NET PENSION LIABILITY

Net Pension Liability - The components of the net pension liability for the Plan as of September 30, 2018 and 2017, were as follows:

	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 7,327,826	\$ 7,081,743
Plan fiduciary net position	(6,218,046)	(5,952,652)
Net pension liability	<u>\$ 1,109,780</u>	<u>\$ 1,129,091</u>
Plan fiduciary net position as percentage of the total pension liability	84.86%	84.06%

Actuarial assumptions:

Actuarial valuation date	October 1, 2017	October 1, 2016
Measurement date	<u>September 30, 2018</u>	<u>September 30, 2017</u>
Inflation	2.50%	2.50%
Salary increases	Service based	6.00%
Discount rate	7.50%	7.75%
Investment rate of return	7.50%	7.75%
Date of actuarial experience study	October 19, 2018	Not Available

Mortality rates were based on the RP-2000 mortality tables for active, inactive and disabled males or females, as appropriate, with adjustments for mortality improvements based on Scale BB.

AVON PARK FIREFIGHTERS' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

September 30, 2018 and 2017

NOTE 5 - NET PENSION LIABILITY (cont...)

Long-term Expected Real Rate of Return on Pension Plan Investments - was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For 2018 and 2017 the inflation assumption was 2.50%. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2018 and 2017 are summarized in the following table.

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Equity	7.50%
International Equity	8.50%
Domestic Fixed Income	2.50%
Global Fixed Income	3.50%
Real Estate	4.50%

Discount Rate - A discount rate of 7.50% and 7.75% was used to measure the total pension liability of the Plan as of September 30, 2018 and 2017, respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the Plan's net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the City as of September 30, 2018 and 2017, calculated using the discount rate for each year, as well as what the City's net pension liability would be if it calculated using a discount rate that one percentage pointer lower and one percentage point higher than the current rate used for each year.

<u>Fiscal year</u>	<u>Discount Rate</u>	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
September 30, 2018	7.50%	\$ 2,039,673	\$ 1,109,780	\$ 343,810
September 30, 2017	7.75%	\$ 1,977,073	\$ 1,129,091	\$ 418,037

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REQUIRED SUPPLEMENTARY INFORMATION

AVON PARK FIREFIGHTERS' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

The following information presents the changes in net pension liability:

	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Total pension liability					
Service cost	\$ 139,148	\$ 108,643	\$ 143,226	\$ 153,105	\$ 146,250
Interest	536,361	532,439	497,788	475,799	445,552
Change in excess State money	-	(81,652)	5,991	4,481	9,205
Share Plan allocation	-	43,839	-	-	-
Differences between expected and actual experience	191,813	(184,278)	(60,536)	(104,097)	-
Changes in assumptions	(21,036)	-	206,276	-	-
Benefit payments and refunds	(600,203)	(360,884)	(249,242)	(213,139)	(203,603)
Net change in total pension liability	246,083	58,107	543,503	316,149	397,404
Total pension liability, beginning	7,081,743	7,023,636	6,480,133	6,163,984	5,766,580
Total pension liability, ending	<u>\$ 7,327,826</u>	<u>\$ 7,081,743</u>	<u>\$ 7,023,636</u>	<u>\$ 6,480,133</u>	<u>\$ 6,163,984</u>
Plan fiduciary net position					
Contributions - employer	330,429	363,321	330,229	412,081	342,083
Contributions - State of Florida	39,835	49,927	43,087	41,577	46,301
Contributions - employee	31,510	32,690	29,590	33,093	33,750
Net investment income	529,834	634,997	327,419	(36,226)	439,120
Benefit payments and refunds	(600,203)	(360,882)	(249,242)	(213,139)	(203,603)
Administrative expenses	(66,011)	(54,265)	(57,291)	(66,097)	(53,989)
Net change in plan fiduciary net position	265,394	665,788	423,792	171,289	603,662
Plan fiduciary net position, beginning	5,952,652	5,286,864	4,863,072	4,691,783	4,088,121
Plan fiduciary net position, ending	<u>\$ 6,218,046</u>	<u>\$ 5,952,652</u>	<u>\$ 5,286,864</u>	<u>\$ 4,863,072</u>	<u>\$ 4,691,783</u>
Net pension liability	<u>\$ 1,109,780</u>	<u>\$ 1,129,091</u>	<u>\$ 1,736,772</u>	<u>\$ 1,617,061</u>	<u>\$ 1,472,201</u>
Plan fiduciary net position as a percentage of the total pension liability	84.86%	84.06%	75.27%	75.05%	76.12%
Covered payroll	\$ 630,200	\$ 653,809	\$ 591,797	\$ 667,541	\$ 677,155
Net pension liability as a percentage of covered payroll	176.10%	172.69%	293.47%	242.24%	217.41%

Additional years will be added to this schedule annually until 10 years' data is presented.

See Auditor's Report

AVON PARK FIREFIGHTERS' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
NOTES TO SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Changes of Assumptions:

For the measurement date September 30, 2018:

1. The amounts reported as changes to assumptions reflected the results of the October 19, 2018 experience study and included changes to assumed salary increase rates, withdrawal rates, early and normal retirement rates and included a reduction in the assumed investment rate of return from 7.75% to 7.50%.

For the measurement date September 30, 2016:

1. As a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the FRS.
2. The inflation assumption rate was lowered from 3.00% to 2.50%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

See Auditor's Report

AVON PARK FIREFIGHTERS' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CONTRIBUTIONS

The following information presents a schedule of contributions:

Year Ended September 30	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	\$ 367,525	\$ 370,264	\$ 2,739	\$ 630,200	58.75%
2017	406,640	410,236	3,596	653,809	62.75%
2016	400,417	409,757	9,340	591,797	69.24%
2015	406,922	406,922	-	667,541	60.96%
2014	379,179	379,179	-	677,155	56.00%

Additional years will be added to this schedule annually until 10 years' data is presented.

Notes to Schedule of Contributions:

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Valuation date - for the September 30, 2018 contributions, the valuation date was as of October 1, 2016

Actuarial cost method -Entry age normal actuarial cost method.

Amortization method - level percentage of pay, closed

Asset valuation method - The actuarial value of the Plan assets are brought forward each year using the historical four-year geometric average of market value returns, net of fees.

Payroll growth - 0.0%

Salary increases - 6.0%

Cost of Living - 3.0% automatic adjustment for five years for all retirees, excluding vested terminated members, beginning the first October 1 following the later of retirement and age 58.

Investment rate of return - 7.75% per year compounded annually, net of investment related expenses.

Retirement age - Earlier of age 55 and 10 years of service or age 52 and 25 years of service. Also, any member who has reached normal retirement is assumed to continue employment for one additional year.

Mortality rates were based on the RP-2000 mortality tables for active, inactive and disabled males or females, as appropriate, with adjustments for mortality improvements based on Scale BB, when applicable.

Age	% Terminating during the year	% Becoming disabled during the year
20	6.00%	0.03%
30	5.00%	0.04%
40	2.60%	0.07%
50	0.80%	0.18%

See Auditor's Report

AVON PARK FIREFIGHTERS' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF INVESTMENT RETURNS

The following presents the annual money-weighted rate of return, net of investment expenses, for the years ended September 30:

<u>Year</u>	<u>Rate</u>
2018	8.68%
2017	11.81%
2016	6.51%
2015	-0.74%
2014	9.97%

Additional years will be added to this schedule annually until 10 years of data is presented.

See Auditor's Report