

CITY OF AVON PARK
FIREFIGHTERS' RETIREMENT SYSTEM

SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2022 VALUATION DATE



July 19, 2023

VIA E-MAIL

Ms. Chrissy Stoker, Plan Administrator
Foster & Foster, Inc.
2503 Del Prado Blvd. S., Suite 502
Cape Coral, FL 33904

Re: City of Avon Park Firefighters' Retirement System
Section 112.664, Florida Statutes Compliance

Dear Chrissy:

Please find enclosed the annual disclosures that satisfy the October 1, 2022 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.

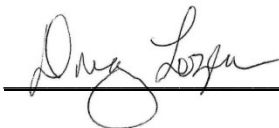
In addition to the enclosed report, the Plan or Plan Sponsor's website must provide a link to the Division of Retirement's Actuarial Summary Fact Sheet for the Plan, and also report the previous five years' assumed and actual rates of return, along with their respective asset allocations. The Board should contact its Investment Consultant for this information.

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.

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 #23-7778

Enclosures

cc via email: Ron Cohen, Board Attorney

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, 2022 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, 2022

	ACTUAL	HYPOTHETICAL	
	7.00%	5.00%	9.00%
Discount Rate:	7.00%	5.00%	9.00%
<u>Total Pension Liability</u>			
Service Cost	209,908	353,518	127,319
Interest	602,981	555,165	620,626
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(108,996)	(154,807)	(79,634)
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(402,951)	(402,951)	(402,951)
Net Change in Total Pension Liability	300,942	350,925	265,360
Total Pension Liability - Beginning	8,605,588	10,951,267	6,970,006
Total Pension Liability - Ending (a)	<u>\$ 8,906,530</u>	<u>\$ 11,302,192</u>	<u>\$ 7,235,366</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	333,926	333,926	333,926
Contributions - State	42,417	42,417	42,417
Contributions - Employee	52,624	52,624	52,624
Net Investment Income	(1,338,801)	(1,338,801)	(1,338,801)
Benefit Payments, Including Refunds of Employee Contributions	(402,951)	(402,951)	(402,951)
Administrative Expenses	(81,258)	(81,258)	(81,258)
Net Change in Plan Fiduciary Net Position	(1,394,043)	(1,394,043)	(1,394,043)
Plan Fiduciary Net Position - Beginning	8,455,137	8,455,137	8,455,137
Plan Fiduciary Net Position - Ending (b)	<u>\$ 7,061,094</u>	<u>\$ 7,061,094</u>	<u>\$ 7,061,094</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,845,436</u>	<u>\$ 4,241,098</u>	<u>\$ 174,272</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: Discount Rate = 7.00%

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
2022	7,060,524	-	785,383	-	466,748	6,741,889
2023	6,741,889	-	457,374	-	455,924	6,740,439
2024	6,740,439	-	455,685	-	455,882	6,740,636
2025	6,740,636	-	452,729	-	455,999	6,743,906
2026	6,743,906	-	449,064	-	456,356	6,751,198
2027	6,751,198	-	455,798	-	456,631	6,752,031
2028	6,752,031	-	468,801	-	456,234	6,739,464
2029	6,739,464	-	506,196	-	454,046	6,687,314
2030	6,687,314	-	529,109	-	449,593	6,607,798
2031	6,607,798	-	583,270	-	442,131	6,466,659
2032	6,466,659	-	599,549	-	431,682	6,298,792
2033	6,298,792	-	608,313	-	419,624	6,110,103
2034	6,110,103	-	630,845	-	405,628	5,884,886
2035	5,884,886	-	652,892	-	389,091	5,621,085
2036	5,621,085	-	649,595	-	370,740	5,342,230
2037	5,342,230	-	652,663	-	351,113	5,040,680
2038	5,040,680	-	642,664	-	330,354	4,728,370
2039	4,728,370	-	630,610	-	308,915	4,406,675
2040	4,406,675	-	617,320	-	286,861	4,076,216
2041	4,076,216	-	601,605	-	264,279	3,738,890
2042	3,738,890	-	585,609	-	241,226	3,394,507
2043	3,394,507	-	571,274	-	217,621	3,040,854
2044	3,040,854	-	553,290	-	193,495	2,681,059
2045	2,681,059	-	542,303	-	168,694	2,307,450
2046	2,307,450	-	531,096	-	142,933	1,919,287
2047	1,919,287	-	512,713	-	116,405	1,522,979
2048	1,522,979	-	497,814	-	89,185	1,114,350
2049	1,114,350	-	479,568	-	61,220	696,002
2050	696,002	-	460,255	-	32,611	268,358
2051	268,358	-	439,266	-	-	-

*All DROP and Share Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 29.61

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.00% 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: Discount Rate = 5.00%

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
2022	7,060,524	-	785,383	-	333,392	6,608,533
2023	6,608,533	-	457,374	-	318,992	6,470,151
2024	6,470,151	-	455,685	-	312,115	6,326,581
2025	6,326,581	-	452,729	-	305,011	6,178,863
2026	6,178,863	-	449,064	-	297,717	6,027,516
2027	6,027,516	-	455,798	-	289,981	5,861,699
2028	5,861,699	-	468,801	-	281,365	5,674,263
2029	5,674,263	-	506,196	-	271,058	5,439,125
2030	5,439,125	-	529,109	-	258,729	5,168,745
2031	5,168,745	-	583,270	-	243,856	4,829,331
2032	4,829,331	-	599,549	-	226,478	4,456,260
2033	4,456,260	-	608,313	-	207,605	4,055,552
2034	4,055,552	-	630,845	-	187,006	3,611,713
2035	3,611,713	-	652,892	-	164,263	3,123,084
2036	3,123,084	-	649,595	-	139,914	2,613,403
2037	2,613,403	-	652,663	-	114,354	2,075,094
2038	2,075,094	-	642,664	-	87,688	1,520,118
2039	1,520,118	-	630,610	-	60,241	949,749
2040	949,749	-	617,320	-	32,054	364,483
2041	364,483	-	601,605	-	-	-

*All DROP and Share Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 19.61

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.00% 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: Discount Rate = 9.00%

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
2022	7,060,524	-	785,383	-	600,105	6,875,246
2023	6,875,246	-	457,374	-	598,190	7,016,062
2024	7,016,062	-	455,685	-	610,940	7,171,317
2025	7,171,317	-	452,729	-	625,046	7,343,634
2026	7,343,634	-	449,064	-	640,719	7,535,289
2027	7,535,289	-	455,798	-	657,665	7,737,156
2028	7,737,156	-	468,801	-	675,248	7,943,603
2029	7,943,603	-	506,196	-	692,145	8,129,552
2030	8,129,552	-	529,109	-	707,850	8,308,293
2031	8,308,293	-	583,270	-	721,499	8,446,522
2032	8,446,522	-	599,549	-	733,207	8,580,180
2033	8,580,180	-	608,313	-	744,842	8,716,709
2034	8,716,709	-	630,845	-	756,116	8,841,980
2035	8,841,980	-	652,892	-	766,398	8,955,486
2036	8,955,486	-	649,595	-	776,762	9,082,653
2037	9,082,653	-	652,663	-	788,069	9,218,059
2038	9,218,059	-	642,664	-	800,705	9,376,100
2039	9,376,100	-	630,610	-	815,472	9,560,962
2040	9,560,962	-	617,320	-	832,707	9,776,349
2041	9,776,349	-	601,605	-	852,799	10,027,543
2042	10,027,543	-	585,609	-	876,126	10,318,060
2043	10,318,060	-	571,274	-	902,918	10,649,704
2044	10,649,704	-	553,290	-	933,575	11,029,989
2045	11,029,989	-	542,303	-	968,295	11,455,981
2046	11,455,981	-	531,096	-	1,007,139	11,932,024
2047	11,932,024	-	512,713	-	1,050,810	12,470,121
2048	12,470,121	-	497,814	-	1,099,909	13,072,216
2049	13,072,216	-	479,568	-	1,154,919	13,747,567
2050	13,747,567	-	460,255	-	1,216,570	14,503,882
2051	14,503,882	-	439,266	-	1,285,582	15,350,198
2052	15,350,198	-	418,780	-	1,362,673	16,294,091
2053	16,294,091	-	398,647	-	1,448,529	17,343,973
2054	17,343,973	-	379,534	-	1,543,879	18,508,318
2055	18,508,318	-	360,455	-	1,649,528	19,797,391
2056	19,797,391	-	342,171	-	1,766,367	21,221,587
2057	21,221,587	-	324,706	-	1,895,331	22,792,212
2058	22,792,212	-	307,448	-	2,037,464	24,522,228
2059	24,522,228	-	290,397	-	2,193,933	26,425,764
2060	26,425,764	-	273,861	-	2,365,995	28,517,898
2061	28,517,898	-	257,765	-	2,555,011	30,815,144
2062	30,815,144	-	241,844	-	2,762,480	33,335,780
2063	33,335,780	-	226,248	-	2,990,039	36,099,571
2064	36,099,571	-	210,949	-	3,239,469	39,128,091
2065	39,128,091	-	195,945	-	3,512,711	42,444,857
2066	42,444,857	-	181,268	-	3,811,880	46,075,469
2067	46,075,469	-	166,960	-	4,139,279	50,047,788
2068	50,047,788	-	153,090	-	4,497,412	54,392,110
2069	54,392,110	-	139,726	-	4,889,002	59,141,386
2070	59,141,386	-	126,932	-	5,317,013	64,331,467
2071	64,331,467	-	114,756	-	5,784,668	70,001,379
2072	70,001,379	-	103,243	-	6,295,478	76,193,614
2073	76,193,614	-	92,446	-	6,853,265	82,954,433

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3
Hypothetical Assumptions: Discount Rate = 9.00%

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
2074	82,954,433	-	82,388	-	7,462,192	90,334,237
2075	90,334,237	-	73,091	-	8,126,792	98,387,938
2076	98,387,938	-	64,555	-	8,852,009	107,175,392
2077	107,175,392	-	56,767	-	9,643,231	116,761,856
2078	116,761,856	-	49,717	-	10,506,330	127,218,469
2079	127,218,469	-	43,378	-	11,447,710	138,622,801
2080	138,622,801	-	37,707	-	12,474,355	151,059,449
2081	151,059,449	-	32,659	-	13,593,881	164,620,671
2082	164,620,671	-	28,194	-	14,814,592	179,407,069
2083	179,407,069	-	24,271	-	16,145,544	195,528,342
2084	195,528,342	-	20,844	-	17,596,613	213,104,111
2085	213,104,111	-	17,862	-	19,178,566	232,264,815
2086	232,264,815	-	15,274	-	20,903,146	253,152,687
2087	253,152,687	-	13,035	-	22,783,155	275,922,807
2088	275,922,807	-	11,103	-	24,832,553	300,744,257
2089	300,744,257	-	9,436	-	27,066,559	327,801,380
2090	327,801,380	-	7,994	-	29,501,764	357,295,150
2091	357,295,150	-	6,740	-	32,156,260	389,444,670
2092	389,444,670	-	5,643	-	35,049,766	424,488,793
2093	424,488,793	-	4,682	-	38,203,781	462,687,892
2094	462,687,892	-	3,840	-	41,641,737	504,325,789
2095	504,325,789	-	3,106	-	45,389,181	549,711,864
2096	549,711,864	-	2,472	-	49,473,957	599,183,349
2097	599,183,349	-	1,930	-	53,926,415	653,107,834
2098	653,107,834	-	1,477	-	58,779,639	711,885,996
2099	711,885,996	-	1,106	-	64,069,690	775,954,580
2100	775,954,580	-	809	-	69,835,876	845,789,647
2101	845,789,647	-	577	-	76,121,042	921,910,112
2102	921,910,112	-	400	-	82,971,892	1,004,881,604
2103	1,004,881,604	-	270	-	90,439,332	1,095,320,666
2104	1,095,320,666	-	177	-	98,578,852	1,193,899,341
2105	1,193,899,341	-	113	-	107,450,936	1,301,350,164
2106	1,301,350,164	-	70	-	117,121,512	1,418,471,606
2107	1,418,471,606	-	42	-	127,662,443	1,546,134,007
2108	1,546,134,007	-	24	-	139,152,060	1,685,286,043
2109	1,685,286,043	-	14	-	151,675,743	1,836,961,772
2110	1,836,961,772	-	8	-	165,326,559	2,002,288,323
2111	2,002,288,323	-	4	-	180,205,949	2,182,494,268
2112	2,182,494,268	-	2	-	196,424,484	2,378,918,750
2113	2,378,918,750	-	1	-	214,102,687	2,593,021,436
2114	2,593,021,436	-	1	-	233,371,929	2,826,393,364
2115	2,826,393,364	-	-	-	254,375,403	3,080,768,767

*All DROP and Share Balances paid in 2022.

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 9.00% 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, 2024

Valuation Date: 10/1/2022

	ACTUAL	HYPOTHETICAL	
	7.00%	7.00%	7.00%
Investment Rate of Return:	7.00%	7.00%	7.00%
Minimum Required Contribution (Fixed \$)	\$529,895	\$928,946	\$275,632
Minimum Required Contribution (% of Payroll)	42.8%	75.1%	22.3%
Expected Member Contribution	61,791	61,791	61,791
Expected State Money	42,417	42,417	42,417
Expected Sponsor Contribution (Fixed \$)	\$425,687	\$824,738	\$171,424
Expected Sponsor Contribution (% of Payroll)	34.2%	66.5%	13.7%

ASSETS

Actuarial Value ¹	7,902,949	7,902,949	7,902,949
Market Value ¹	7,060,524	7,060,524	7,060,524

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	6,954,759	11,593,757	4,426,456
Disability Benefits	102,790	157,918	71,021
Death Benefits	40,270	56,744	29,494
Vested Benefits	74,576	140,380	41,572
Refund of Contributions	22,365	24,189	20,750
Service Retirees	4,322,854	5,142,973	3,713,450
DROP Retirees ¹	927,010	1,059,287	830,833
Beneficiaries	0	0	0
Disability Retirees	0	0	0
Terminated Vested	78,137	125,679	50,393
Share Plan Balances ¹	35,193	35,193	35,193
Total:	12,557,954	18,336,120	9,219,162
Present Value of Future Salaries	14,399,167	16,946,738	12,472,538
Present Value of Future Member Contributions	719,958	847,337	623,627
Total Normal Cost	267,910	450,198	162,880
Present Value of Future Normal Costs (Entry Age Normal)	3,286,988	6,499,652	1,730,486
Total Actuarial Accrued Liability (EAN) ¹	9,270,966	11,836,468	7,488,676
Unfunded Actuarial Accrued Liability (UAAL)	1,368,017	3,933,519	(414,273)

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2024

Valuation Date: 10/1/2022

	ACTUAL	HYPOTHETICAL	
Investment Rate of Return:	7.00%	7.00%	7.00%
<u>PENSION COST</u>			
Normal Cost ²	284,708	478,425	173,093
Administrative Expenses ²	82,912	82,912	82,912
Payment Required To Amortize UAAL ²	162,275	367,609	19,627
Minimum Required Contribution	\$529,895	\$928,946	\$275,632

¹ The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2022.

² Contributions developed as of 10/1/2022 displayed above have been adjusted to account for assumed salary increase and interest components.