

March 5, 2018

VIA EMAIL

Shelly Baumann, Plan Administrator
City of Arcadia
Police Officers' and Firefighters' Retirement System
14 Kelly Drive
Arcadia, FL 34266

Re: City of Arcadia Police Officers' and Firefighters' Retirement System
Section 112.664, Florida Statutes Compliance

Dear Shelly:

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

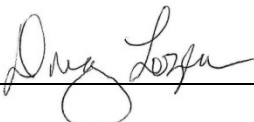
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Enclosures

cc via email: Scott R. Christiansen, Board Attorney

CITY OF ARCADIA
POLICE OFFICERS' AND 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: 3/5/2018

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	
	7.70% RP-2000 Generational	5.70% RP-2000 Generational	9.70% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	118,715	178,516	82,352
Interest	816,370	745,673	864,615
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(239,400)	(328,481)	(187,641)
Changes of Assumptions	99,936	147,026	70,968
Benefit Payments, Including Refunds of Employee Contributions	(495,752)	(495,752)	(495,752)
Net Change in Total Pension Liability	299,869	246,982	334,542
Total Pension Liability - Beginning	10,595,446	12,925,785	8,988,124
Total Pension Liability - Ending (a)	<u>\$ 10,895,315</u>	<u>\$ 13,172,767</u>	<u>\$ 9,322,666</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	235,124	235,124	235,124
Contributions - State	90,534	90,534	90,534
Contributions - Employee	62,742	62,742	62,742
Net Investment Income	1,080,326	1,080,326	1,080,326
Benefit Payments, Including Refunds of Employee Contributions	(495,752)	(495,752)	(495,752)
Administrative Expenses	(38,325)	(38,325)	(38,325)
Net Change in Plan Fiduciary Net Position	934,649	934,649	934,649
Plan Fiduciary Net Position - Beginning	9,130,597	9,130,597	9,130,597
Plan Fiduciary Net Position - Ending (b)	<u>\$ 10,065,246</u>	<u>\$ 10,065,246</u>	<u>\$ 10,065,246</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 830,069</u>	<u>\$ 3,107,521</u>	<u>\$ (742,580)</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.70% 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	10,012,977	-	2,092,451	-	690,440	8,610,966
2018	8,610,966	-	713,593	-	635,571	8,532,944
2019	8,532,944	-	713,276	-	629,576	8,449,244
2020	8,449,244	-	706,430	-	623,394	8,366,208
2021	8,366,208	-	706,356	-	617,003	8,276,855
2022	8,276,855	-	725,929	-	609,370	8,160,296
2023	8,160,296	-	725,969	-	600,393	8,034,720
2024	8,034,720	-	738,653	-	590,235	7,886,302
2025	7,886,302	-	737,791	-	578,840	7,727,351
2026	7,727,351	-	738,556	-	566,572	7,555,367
2027	7,555,367	-	730,149	-	553,653	7,378,871
2028	7,378,871	-	742,298	-	539,595	7,176,168
2029	7,176,168	-	735,435	-	524,251	6,964,984
2030	6,964,984	-	728,901	-	508,241	6,744,324
2031	6,744,324	-	723,631	-	491,453	6,512,146
2032	6,512,146	-	718,054	-	473,790	6,267,882
2033	6,267,882	-	711,688	-	455,227	6,011,421
2034	6,011,421	-	702,791	-	435,822	5,744,452
2035	5,744,452	-	693,854	-	415,609	5,466,207
2036	5,466,207	-	682,902	-	394,606	5,177,911
2037	5,177,911	-	672,328	-	372,815	4,878,398
2038	4,878,398	-	657,918	-	350,307	4,570,787
2039	4,570,787	-	644,124	-	327,152	4,253,815
2040	4,253,815	-	629,515	-	303,307	3,927,607
2041	3,927,607	-	614,064	-	278,784	3,592,327
2042	3,592,327	-	597,854	-	253,592	3,248,065
2043	3,248,065	-	580,941	-	227,735	2,894,859
2044	2,894,859	-	563,362	-	201,215	2,532,712
2045	2,532,712	-	545,105	-	174,032	2,161,639
2046	2,161,639	-	526,300	-	146,184	1,781,523
2047	1,781,523	-	506,919	-	117,661	1,392,265
2048	1,392,265	-	487,237	-	88,446	993,474
2049	993,474	-	467,315	-	58,506	584,665
2050	584,665	-	447,200	-	27,802	165,267
2051	165,267	-	426,877	-	-	-

*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 34.39

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.70% 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: 5.70% 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	10,012,977	-	2,092,451	-	511,105	8,431,631
2018	8,431,631	-	713,593	-	460,266	8,178,304
2019	8,178,304	-	713,276	-	445,835	7,910,863
2020	7,910,863	-	706,430	-	430,786	7,635,219
2021	7,635,219	-	706,356	-	415,076	7,343,939
2022	7,343,939	-	725,929	-	397,916	7,015,926
2023	7,015,926	-	725,969	-	379,218	6,669,175
2024	6,669,175	-	738,653	-	359,091	6,289,613
2025	6,289,613	-	737,791	-	337,481	5,889,303
2026	5,889,303	-	738,556	-	314,641	5,465,388
2027	5,465,388	-	730,149	-	290,718	5,025,957
2028	5,025,957	-	742,298	-	265,324	4,548,983
2029	4,548,983	-	735,435	-	238,332	4,051,880
2030	4,051,880	-	728,901	-	210,183	3,533,162
2031	3,533,162	-	723,631	-	180,767	2,990,298
2032	2,990,298	-	718,054	-	149,982	2,422,226
2033	2,422,226	-	711,688	-	117,784	1,828,322
2034	1,828,322	-	702,791	-	84,185	1,209,716
2035	1,209,716	-	693,854	-	49,179	565,041
2036	565,041	-	682,902	-	-	-

*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 19.83

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.70% 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: 9.70% 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	10,012,977	-	2,092,451	-	869,775	8,790,301
2018	8,790,301	-	713,593	-	818,050	8,894,758
2019	8,894,758	-	713,276	-	828,198	9,009,680
2020	9,009,680	-	706,430	-	839,677	9,142,927
2021	9,142,927	-	706,356	-	852,606	9,289,177
2022	9,289,177	-	725,929	-	865,843	9,429,091
2023	9,429,091	-	725,969	-	879,412	9,582,534
2024	9,582,534	-	738,653	-	893,681	9,737,562
2025	9,737,562	-	737,791	-	908,761	9,908,532
2026	9,908,532	-	738,556	-	925,308	10,095,284
2027	10,095,284	-	730,149	-	943,830	10,308,965
2028	10,308,965	-	742,298	-	963,968	10,530,635
2029	10,530,635	-	735,435	-	985,803	10,781,003
2030	10,781,003	-	728,901	-	1,010,406	11,062,508
2031	11,062,508	-	723,631	-	1,037,967	11,376,844
2032	11,376,844	-	718,054	-	1,068,728	11,727,518
2033	11,727,518	-	711,688	-	1,103,052	12,118,882
2034	12,118,882	-	702,791	-	1,141,446	12,557,537
2035	12,557,537	-	693,854	-	1,184,429	13,048,112
2036	13,048,112	-	682,902	-	1,232,546	13,597,756
2037	13,597,756	-	672,328	-	1,286,374	14,211,802
2038	14,211,802	-	657,918	-	1,346,636	14,900,520
2039	14,900,520	-	644,124	-	1,414,110	15,670,506
2040	15,670,506	-	629,515	-	1,489,508	16,530,499
2041	16,530,499	-	614,064	-	1,573,676	17,490,111
2042	17,490,111	-	597,854	-	1,667,545	18,559,802
2043	18,559,802	-	580,941	-	1,772,125	19,750,986
2044	19,750,986	-	563,362	-	1,888,523	21,076,147
2045	21,076,147	-	545,105	-	2,017,949	22,548,991
2046	22,548,991	-	526,300	-	2,161,727	24,184,418
2047	24,184,418	-	506,919	-	2,321,303	25,998,802
2048	25,998,802	-	487,237	-	2,498,253	28,009,818
2049	28,009,818	-	467,315	-	2,694,288	30,236,791
2050	30,236,791	-	447,200	-	2,911,280	32,700,871
2051	32,700,871	-	426,877	-	3,151,281	35,425,275
2052	35,425,275	-	406,330	-	3,416,545	38,435,490
2053	38,435,490	-	385,520	-	3,709,545	41,759,515
2054	41,759,515	-	364,392	-	4,033,000	45,428,123
2055	45,428,123	-	342,941	-	4,389,895	49,475,077
2056	49,475,077	-	321,164	-	4,783,506	53,937,419
2057	53,937,419	-	299,124	-	5,217,422	58,855,717
2058	58,855,717	-	276,933	-	5,695,573	64,274,357
2059	64,274,357	-	254,720	-	6,222,259	70,241,896
2060	70,241,896	-	232,618	-	6,802,182	76,811,460
2061	76,811,460	-	210,878	-	7,440,484	84,041,066
2062	84,041,066	-	189,888	-	8,142,774	91,993,952
2063	91,993,952	-	170,029	-	8,915,167	100,739,090
2064	100,739,090	-	151,526	-	9,764,343	110,351,907
2065	110,351,907	-	134,372	-	10,697,618	120,915,153
2066	120,915,153	-	118,558	-	11,723,020	132,519,615

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3
Hypothetical Assumptions: 9.70% 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	132,519,615	-	104,107	-	12,849,353	145,264,861
2068	145,264,861	-	90,993	-	14,086,278	159,260,146
2069	159,260,146	-	79,291	-	15,444,389	174,625,244
2070	174,625,244	-	68,942	-	16,935,305	191,491,607
2071	191,491,607	-	59,785	-	18,571,786	210,003,608
2072	210,003,608	-	51,723	-	20,367,841	230,319,726
2073	230,319,726	-	44,605	-	22,338,850	252,613,971
2074	252,613,971	-	38,345	-	24,501,695	277,077,321
2075	277,077,321	-	32,832	-	26,874,908	303,919,397
2076	303,919,397	-	28,032	-	29,478,822	333,370,187
2077	333,370,187	-	23,845	-	32,335,752	365,682,094
2078	365,682,094	-	20,228	-	35,470,182	401,132,048
2079	401,132,048	-	17,126	-	38,908,978	440,023,900
2080	440,023,900	-	14,482	-	42,681,616	482,691,034
2081	482,691,034	-	12,191	-	46,820,439	529,499,282
2082	529,499,282	-	10,210	-	51,360,935	580,850,007
2083	580,850,007	-	8,476	-	56,342,040	637,183,571
2084	637,183,571	-	6,977	-	61,806,468	698,983,062
2085	698,983,062	-	5,680	-	67,801,082	766,778,464
2086	766,778,464	-	4,572	-	74,377,289	841,151,181
2087	841,151,181	-	3,624	-	81,591,489	922,739,046
2088	922,739,046	-	2,841	-	89,505,550	1,012,241,755
2089	1,012,241,755	-	2,198	-	98,187,344	1,110,426,901
2090	1,110,426,901	-	1,678	-	107,711,328	1,218,136,551
2091	1,218,136,551	-	1,264	-	118,159,184	1,336,294,471
2092	1,336,294,471	-	935	-	129,620,518	1,465,914,054
2093	1,465,914,054	-	681	-	142,193,630	1,608,107,003
2094	1,608,107,003	-	485	-	155,986,356	1,764,092,874
2095	1,764,092,874	-	339	-	171,116,992	1,935,209,527
2096	1,935,209,527	-	229	-	187,715,313	2,122,924,611
2097	2,122,924,611	-	152	-	205,923,680	2,328,848,139
2098	2,328,848,139	-	99	-	225,898,265	2,554,746,305
2099	2,554,746,305	-	64	-	247,810,388	2,802,556,629
2100	2,802,556,629	-	40	-	271,847,991	3,074,404,580
2101	3,074,404,580	-	25	-	298,217,243	3,372,621,798
2102	3,372,621,798	-	15	-	327,144,314	3,699,766,097
2103	3,699,766,097	-	9	-	358,877,311	4,058,643,399
2104	4,058,643,399	-	5	-	393,688,409	4,452,331,803
2105	4,452,331,803	-	3	-	431,876,185	4,884,207,985
2106	4,884,207,985	-	2	-	473,768,174	5,357,976,157
2107	5,357,976,157	-	1	-	519,723,687	5,877,699,843
2108	5,877,699,843	-	1	-	570,136,885	6,447,836,727
2109	6,447,836,727	-	-	-	625,440,163	7,073,276,890

*All DROP 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 9.70% 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	
	7.70% RP-2000 Generational	5.70% RP-2000 Generational	9.70% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$380,512	\$607,860	\$183,489
Total Required Contribution (% of Payroll)	60.70%	96.97%	29.27%
Expected Member Contribution	60,178	60,178	60,178
Expected State Money	90,534	90,534	90,534
Expected Sponsor Contribution (Fixed \$)	\$229,800	\$457,148	\$32,777
Expected Sponsor Contribution (% of Payroll)	36.66%	72.93%	5.23%
ASSETS			
Actuarial Value ¹	10,087,959	10,087,959	10,087,959
Market Value ¹	10,012,977	10,012,977	10,012,977
LIABILITIES			
Present Value of Benefits			
Active Members			
Retirement Benefits	2,507,795	3,641,883	1,826,669
Disability Benefits	73,975	103,640	55,100
Death Benefits	8,248	10,886	6,379
Vested Benefits	303,382	476,259	203,477
Refund of Contributions	34,743	35,883	33,682
Service Retirees	4,552,195	5,593,726	3,823,710
DROP Retirees ¹	3,490,353	3,991,557	3,140,760
Beneficiaries	240,745	284,768	207,712
Disability Retirees	417,144	481,133	367,534
Terminated Vested	176,017	243,023	133,675
Share Plan Balances ¹	0	0	0
Total:	11,804,597	14,862,758	9,798,698
Present Value of Future Salaries	4,724,754	5,263,942	4,284,713
Present Value of Future Member Contributions	453,576	505,338	411,332
Total Normal Cost	148,805	225,286	102,477
Present Value of Future Normal Costs (Entry Age Normal)	1,041,014	1,783,242	638,399
Total Actuarial Accrued Liability ¹	10,763,583	13,079,516	9,160,299
Unfunded Actuarial Accrued Liability (UAAL)	675,624	2,991,557	(927,660)

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

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL	
	7.70% RP-2000 Generational	5.70% RP-2000 Generational	9.70% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost (with interest)	154,534	231,707	107,447
Administrative Expenses (with interest)	39,801	39,417	40,184
Payment Required To Amortize UAAL (with interest)	186,177	336,736	35,858
Total Required Contribution	\$380,512	\$607,860	\$183,489

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