

May 28, 2019

VIA EMAIL

Susy Pita, Plan Administrator
City of Lake Wales
Firefighters' Pension Plan and Trust Fund
22233 Drawbridge Dr.
Leesburg, FL 34748

Re: City of Lake Wales Firefighters' Pension Plan and Trust Fund
Section 112.664, Florida Statutes Compliance

Dear Susy:

Please find enclosed the annual disclosures that satisfy the October 1, 2018 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: 

Patrick T. Donlan, EA, ASA, MAAA
Enrolled Actuary #17-6595

Enclosures

cc via email: Ken Harrison, Board Attorney

CITY OF LAKE WALES
FIREFIGHTERS' PENSION PLAN AND TRUST FUND

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: Patrick T. Donlan Date: 5/28/2019

Patrick T. Donlan, EA, ASA, MAAA
Enrolled Actuary #17-6595



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, 2018 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, 2018

	ACTUAL	HYPOTHETICAL	
	7.75% RP-2000 Generational	5.75% RP-2000 Generational	9.75% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	266,073	426,644	171,863
Interest	923,589	876,149	936,755
Share Plan Allocation	-	-	-
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	81,645	115,129	55,394
Changes of Assumptions	(26,560)	7,827	(39,802)
Benefit Payments, Including Refunds of Employee Contributions	(904,790)	(904,790)	(904,790)
Net Change in Total Pension Liability	339,957	520,959	219,420
Total Pension Liability - Beginning	12,103,601	15,263,122	9,888,276
Total Pension Liability - Ending (a)	<u>\$ 12,443,558</u>	<u>\$ 15,784,081</u>	<u>\$ 10,107,696</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	455,648	455,648	455,648
Contributions - State	114,965	114,965	114,965
Contributions - Employee	81,014	81,014	81,014
Net Investment Income	537,234	537,234	537,234
Benefit Payments, Including Refunds of Employee Contributions	(904,790)	(904,790)	(904,790)
Administrative Expenses	(60,417)	(60,417)	(60,417)
Other	-	-	-
Net Change in Plan Fiduciary Net Position	223,654	223,654	223,654
Plan Fiduciary Net Position - Beginning	8,677,873	8,677,873	8,677,873
Plan Fiduciary Net Position - Ending (b)	<u>\$ 8,901,527</u>	<u>\$ 8,901,527</u>	<u>\$ 8,901,527</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 3,542,031</u>	<u>\$ 6,882,554</u>	<u>\$ 1,206,169</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
2018	8,899,628	-	628,552	-	665,365	8,936,441
2019	8,936,441	-	639,170	-	667,806	8,965,077
2020	8,965,077	-	641,366	-	669,941	8,993,652
2021	8,993,652	-	818,450	-	665,293	8,840,495
2022	8,840,495	-	851,404	-	652,146	8,641,237
2023	8,641,237	-	868,982	-	636,023	8,408,278
2024	8,408,278	-	901,958	-	616,691	8,123,011
2025	8,123,011	-	934,636	-	593,316	7,781,691
2026	7,781,691	-	993,094	-	564,599	7,353,196
2027	7,353,196	-	999,923	-	531,126	6,884,399
2028	6,884,399	-	1,018,119	-	494,089	6,360,369
2029	6,360,369	-	1,037,995	-	452,706	5,775,080
2030	5,775,080	-	1,027,643	-	407,748	5,155,185
2031	5,155,185	-	1,004,887	-	360,587	4,510,885
2032	4,510,885	-	989,647	-	311,245	3,832,483
2033	3,832,483	-	979,061	-	259,079	3,112,501
2034	3,112,501	-	984,509	-	203,069	2,331,061
2035	2,331,061	-	990,918	-	142,259	1,482,402
2036	1,482,402	-	991,581	-	76,462	567,283
2037	567,283	-	972,182	-	-	-

*All Share Balances paid in 2018.

Number of Years Expected Benefit Payments Sustained: 19.58

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
2018	8,899,628	-	628,552	-	493,658	8,764,734
2019	8,764,734	-	639,170	-	485,596	8,611,160
2020	8,611,160	-	641,366	-	476,702	8,446,496
2021	8,446,496	-	818,450	-	462,143	8,090,189
2022	8,090,189	-	851,404	-	440,708	7,679,493
2023	7,679,493	-	868,982	-	416,588	7,227,099
2024	7,227,099	-	901,958	-	389,627	6,714,768
2025	6,714,768	-	934,636	-	359,228	6,139,360
2026	6,139,360	-	993,094	-	324,462	5,470,728
2027	5,470,728	-	999,923	-	285,819	4,756,624
2028	4,756,624	-	1,018,119	-	244,235	3,982,740
2029	3,982,740	-	1,037,995	-	199,165	3,143,910
2030	3,143,910	-	1,027,643	-	151,230	2,267,497
2031	2,267,497	-	1,004,887	-	101,491	1,364,101
2032	1,364,101	-	989,647	-	49,983	424,437
2033	424,437	-	979,061	-	-	-

*All Share Balances paid in 2018.

Number of Years Expected Benefit Payments Sustained: 15.43

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
2018	8,899,628	-	628,552	-	837,072	9,108,148
2019	9,108,148	-	639,170	-	856,885	9,325,863
2020	9,325,863	-	641,366	-	878,005	9,562,502
2021	9,562,502	-	818,450	-	892,445	9,636,497
2022	9,636,497	-	851,404	-	898,053	9,683,146
2023	9,683,146	-	868,982	-	901,744	9,715,908
2024	9,715,908	-	901,958	-	903,331	9,717,281
2025	9,717,281	-	934,636	-	901,871	9,684,516
2026	9,684,516	-	993,094	-	895,827	9,587,249
2027	9,587,249	-	999,923	-	886,011	9,473,337
2028	9,473,337	-	1,018,119	-	874,017	9,329,235
2029	9,329,235	-	1,037,995	-	858,998	9,150,238
2030	9,150,238	-	1,027,643	-	842,051	8,964,646
2031	8,964,646	-	1,004,887	-	825,065	8,784,824
2032	8,784,824	-	989,647	-	808,275	8,603,452
2033	8,603,452	-	979,061	-	791,107	8,415,498
2034	8,415,498	-	984,509	-	772,516	8,203,505
2035	8,203,505	-	990,918	-	751,534	7,964,121
2036	7,964,121	-	991,581	-	728,162	7,700,702
2037	7,700,702	-	972,182	-	703,425	7,431,945
2038	7,431,945	-	966,353	-	677,505	7,143,097
2039	7,143,097	-	948,042	-	650,235	6,845,290
2040	6,845,290	-	932,833	-	621,940	6,534,397
2041	6,534,397	-	912,465	-	592,621	6,214,553
2042	6,214,553	-	893,029	-	562,384	5,883,908
2043	5,883,908	-	871,143	-	531,213	5,543,978
2044	5,543,978	-	845,535	-	499,318	5,197,761
2045	5,197,761	-	817,278	-	466,939	4,847,422
2046	4,847,422	-	787,651	-	434,226	4,493,997
2047	4,493,997	-	758,376	-	401,194	4,136,815
2048	4,136,815	-	727,641	-	367,867	3,777,041
2049	3,777,041	-	695,672	-	334,347	3,415,716
2050	3,415,716	-	662,832	-	300,719	3,053,603
2051	3,053,603	-	629,438	-	267,041	2,691,206
2052	2,691,206	-	595,489	-	233,362	2,329,079
2053	2,329,079	-	561,467	-	199,714	1,967,326
2054	1,967,326	-	527,844	-	166,082	1,605,564
2055	1,605,564	-	495,054	-	132,409	1,242,919
2056	1,242,919	-	463,238	-	98,602	878,283
2057	878,283	-	432,725	-	64,537	510,095
2058	510,095	-	403,553	-	30,061	136,603
2059	136,603	-	375,573	-	-	-

*All Share Balances paid in 2018.

Number of Years Expected Benefit Payments Sustained: 41.36

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, 2020

Valuation Date: 10/1/2018

	ACTUAL	HYPOTHETICAL	
	7.75% RP-2000 Generational	5.75% RP-2000 Generational	9.75% RP-2000 Generational
Minimum Required Contribution (Fixed \$)	\$619,940	\$934,712	\$365,847
Minimum Required Contribution (% of Payroll)	38.0%	57.2%	22.4%
Expected Member Contribution	81,562	81,562	81,562
Expected State Money	114,965	114,965	114,965
Expected Sponsor Contribution (Fixed \$)	\$423,413	\$738,185	\$169,320
Expected Sponsor Contribution (% of Payroll)	26.0%	45.2%	10.4%
<u>ASSETS</u>			
Actuarial Value ¹	8,966,527	8,966,527	8,966,527
Market Value ¹	8,899,628	8,899,628	8,899,628
<u>LIABILITIES</u>			
Present Value of Benefits			
Active Members			
Retirement Benefits	6,487,269	9,521,762	4,651,372
Disability Benefits	388,793	535,911	294,258
Death Benefits	72,000	103,938	52,462
Vested Benefits	533,094	854,362	353,894
Refund of Contributions	30,587	33,102	28,370
Service Retirees	6,200,941	7,434,809	5,298,183
DROP Retirees ¹	0	0	0
Beneficiaries	0	0	0
Disability Retirees	390,250	468,614	333,984
Terminated Vested	234,844	321,098	180,740
Share Plan Balances ¹	841	841	841
Total:	14,338,619	19,274,437	11,194,104
Present Value of Future Salaries	13,593,216	15,379,632	12,185,235
Present Value of Future Member Contributions	679,661	768,982	609,262
Total Normal Cost	247,803	403,409	157,177
Present Value of Future Normal Costs (Entry Age Normal)	2,023,455	3,711,258	1,155,580
Total Actuarial Accrued Liability ¹	12,315,164	15,563,179	10,038,524
Unfunded Actuarial Accrued Liability (UAAL)	3,348,637	6,596,652	1,071,997

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2020

Valuation Date: 10/1/2018

	ACTUAL	HYPOTHETICAL	
	7.75% RP-2000 Generational	5.75% RP-2000 Generational	9.75% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost (with interest)	257,405	415,007	164,839
Administrative Expenses (with interest)	62,758	62,154	63,362
Payment Required To Amortize UAAL (with interest)	299,777	457,551	137,646
Minimum Required Contribution	\$619,940	\$934,712	\$365,847

¹ The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2018.