

CITY OF LAKE WALES  
GENERAL EMPLOYEES' PENSION PLAN AND TRUST

SECTION 112.664, FLORIDA STATUTES COMPLIANCE  
DETERMINED AS OF THE  
OCTOBER 1, 2019 VALUATION DATE



January 4, 2019

VIA E-MAIL

Ms. Carla Bibby  
City of Lake Wales  
General Employees' Pension Plan and  
Trust Post Office Box 1320  
Lake Wales, FL 33859-1320  
Leesburg, FL 34748

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

Dear Carla:

Please find enclosed the annual disclosures that satisfy the October 1, 2019 financial reporting requirements made under Section 112.664.

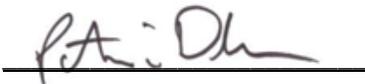
Our office will submit this information electronically to the Department of Management Services. However, it is important for you to be aware that this report must also be made available on the Plan or Plan Sponsor's website, if such website exists. A deadline for this website publication is not made 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), Florida Statutes, 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.

Respectfully submitted,

Foster & Foster, Inc.

By: 

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

Enclosures

cc via email: Adam Levinson, 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, 2019 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, 2019**

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Generational	5.50% RP-2000 Generational	9.50% RP-2000 Generational
<b><u>Total Pension Liability</u></b>			
Service Cost	335,691	468,976	253,840
Interest	928,247	865,459	957,169
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(48,457)	15,977	(88,138)
Changes of Assumptions	-	-	-
Contributions - Buy Back	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(625,369)	(625,369)	(625,369)
Net Change in Total Pension Liability	590,112	725,043	497,502
Total Pension Liability - Beginning	12,353,614	15,579,322	10,134,308
Total Pension Liability - Ending (a)	<u>\$ 12,943,726</u>	<u>\$ 16,304,365</u>	<u>\$ 10,631,810</u>
<b><u>Plan Fiduciary Net Position</u></b>			
Contributions - Employer	272,717	272,717	272,717
Contributions - Employee	200,147	200,147	200,147
Contributions - Buy Back	-	-	-
Net Investment Income	172,781	172,781	172,781
Benefit Payments, Including Refunds of Employee Contributions	(625,369)	(625,369)	(625,369)
Administrative Expenses	(49,428)	(49,428)	(49,428)
Net Change in Plan Fiduciary Net Position	(29,152)	(29,152)	(29,152)
Plan Fiduciary Net Position - Beginning	11,232,215	11,232,215	11,232,215
Plan Fiduciary Net Position - Ending (b)	<u>\$ 11,203,063</u>	<u>\$ 11,203,063</u>	<u>\$ 11,203,063</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,740,663</u>	<u>\$ 5,101,302</u>	<u>\$ (571,253)</u>

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

Table 1  
Plan Assumptions: 7.50% 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
2019	11,202,546	-	1,073,539	-	799,933	10,928,940
2020	10,928,940	-	789,498	-	790,064	10,929,506
2021	10,929,506	-	798,953	-	789,752	10,920,305
2022	10,920,305	-	812,183	-	788,566	10,896,688
2023	10,896,688	-	865,256	-	784,805	10,816,237
2024	10,816,237	-	911,080	-	777,052	10,682,209
2025	10,682,209	-	911,946	-	766,968	10,537,231
2026	10,537,231	-	928,623	-	755,469	10,364,077
2027	10,364,077	-	924,807	-	742,626	10,181,896
2028	10,181,896	-	950,319	-	728,005	9,959,582
2029	9,959,582	-	947,652	-	711,432	9,723,362
2030	9,723,362	-	955,830	-	693,409	9,460,941
2031	9,460,941	-	980,324	-	672,808	9,153,425
2032	9,153,425	-	977,465	-	649,852	8,825,812
2033	8,825,812	-	967,272	-	625,663	8,484,203
2034	8,484,203	-	945,763	-	600,849	8,139,289
2035	8,139,289	-	928,777	-	575,618	7,786,130
2036	7,786,130	-	918,333	-	549,522	7,417,319
2037	7,417,319	-	893,060	-	522,809	7,047,068
2038	7,047,068	-	866,054	-	496,053	6,677,067
2039	6,677,067	-	841,318	-	469,231	6,304,980
2040	6,304,980	-	810,255	-	442,489	5,937,214
2041	5,937,214	-	779,057	-	416,076	5,574,233
2042	5,574,233	-	756,722	-	389,690	5,207,201
2043	5,207,201	-	726,838	-	363,284	4,843,647
2044	4,843,647	-	694,728	-	337,221	4,486,140
2045	4,486,140	-	666,298	-	311,474	4,131,316
2046	4,131,316	-	635,332	-	286,024	3,782,008
2047	3,782,008	-	604,331	-	260,988	3,438,665
2048	3,438,665	-	573,854	-	236,380	3,101,191
2049	3,101,191	-	544,449	-	212,172	2,768,914
2050	2,768,914	-	515,989	-	188,319	2,441,244
2051	2,441,244	-	487,686	-	164,805	2,118,363
2052	2,118,363	-	460,089	-	141,624	1,799,898
2053	1,799,898	-	433,020	-	118,754	1,485,632
2054	1,485,632	-	406,613	-	96,174	1,175,193
2055	1,175,193	-	381,011	-	73,852	868,034
2056	868,034	-	356,220	-	51,744	563,558
2057	563,558	-	332,214	-	29,809	261,153
2058	261,153	-	309,006	-	-	-

\*All DROP Balances paid in 2019.

Number of Years Expected Benefit Payments Sustained: 39.85

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.50% 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: 5.50% 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
2019	11,202,546	-	1,073,539	-	586,618	10,715,625
2020	10,715,625	-	789,498	-	567,648	10,493,775
2021	10,493,775	-	798,953	-	555,186	10,250,008
2022	10,250,008	-	812,183	-	541,415	9,979,240
2023	9,979,240	-	865,256	-	525,064	9,639,048
2024	9,639,048	-	911,080	-	505,093	9,233,061
2025	9,233,061	-	911,946	-	482,740	8,803,855
2026	8,803,855	-	928,623	-	458,675	8,333,907
2027	8,333,907	-	924,807	-	432,933	7,842,033
2028	7,842,033	-	950,319	-	405,178	7,296,892
2029	7,296,892	-	947,652	-	375,269	6,724,509
2030	6,724,509	-	955,830	-	343,563	6,112,242
2031	6,112,242	-	980,324	-	309,214	5,441,132
2032	5,441,132	-	977,465	-	272,382	4,736,049
2033	4,736,049	-	967,272	-	233,883	4,002,660
2034	4,002,660	-	945,763	-	194,138	3,251,035
2035	3,251,035	-	928,777	-	153,266	2,475,524
2036	2,475,524	-	918,333	-	110,900	1,668,091
2037	1,668,091	-	893,060	-	67,186	842,217
2038	842,217	-	866,054	-	-	-

\*All DROP Balances paid in 2019.

Number of Years Expected Benefit Payments Sustained: 19.97

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.50% 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: 9.50% 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
2019	11,202,546	-	1,073,539	-	1,013,249	11,142,256
2020	11,142,256	-	789,498	-	1,021,013	11,373,771
2021	11,373,771	-	798,953	-	1,042,558	11,617,376
2022	11,617,376	-	812,183	-	1,065,072	11,870,265
2023	11,870,265	-	865,256	-	1,086,576	12,091,585
2024	12,091,585	-	911,080	-	1,105,424	12,285,929
2025	12,285,929	-	911,946	-	1,123,846	12,497,829
2026	12,497,829	-	928,623	-	1,143,184	12,712,390
2027	12,712,390	-	924,807	-	1,163,749	12,951,332
2028	12,951,332	-	950,319	-	1,185,236	13,186,249
2029	13,186,249	-	947,652	-	1,207,680	13,446,277
2030	13,446,277	-	955,830	-	1,231,994	13,722,441
2031	13,722,441	-	980,324	-	1,257,067	13,999,184
2032	13,999,184	-	977,465	-	1,283,493	14,305,212
2033	14,305,212	-	967,272	-	1,313,050	14,650,990
2034	14,650,990	-	945,763	-	1,346,920	15,052,147
2035	15,052,147	-	928,777	-	1,385,837	15,509,207
2036	15,509,207	-	918,333	-	1,429,754	16,020,628
2037	16,020,628	-	893,060	-	1,479,539	16,607,107
2038	16,607,107	-	866,054	-	1,536,538	17,277,591
2039	17,277,591	-	841,318	-	1,601,409	18,037,682
2040	18,037,682	-	810,255	-	1,675,093	18,902,520
2041	18,902,520	-	779,057	-	1,758,734	19,882,197
2042	19,882,197	-	756,722	-	1,852,864	20,978,339
2043	20,978,339	-	726,838	-	1,958,417	22,209,918
2044	22,209,918	-	694,728	-	2,076,943	23,592,133
2045	23,592,133	-	666,298	-	2,209,603	25,135,438
2046	25,135,438	-	635,332	-	2,357,688	26,857,794
2047	26,857,794	-	604,331	-	2,522,785	28,776,248
2048	28,776,248	-	573,854	-	2,706,485	30,908,879
2049	30,908,879	-	544,449	-	2,910,482	33,274,912
2050	33,274,912	-	515,989	-	3,136,607	35,895,530
2051	35,895,530	-	487,686	-	3,386,910	38,794,754
2052	38,794,754	-	460,089	-	3,663,647	41,998,312
2053	41,998,312	-	433,020	-	3,969,271	45,534,563
2054	45,534,563	-	406,613	-	4,306,469	49,434,419
2055	49,434,419	-	381,011	-	4,678,172	53,731,580
2056	53,731,580	-	356,220	-	5,087,580	58,462,940
2057	58,462,940	-	332,214	-	5,538,199	63,668,925
2058	63,668,925	-	309,006	-	6,033,870	69,393,789
2059	69,393,789	-	286,598	-	6,578,797	75,685,988
2060	75,685,988	-	265,006	-	7,177,581	82,598,563
2061	82,598,563	-	244,303	-	7,835,259	90,189,519
2062	90,189,519	-	224,563	-	8,557,338	98,522,294
2063	98,522,294	-	205,792	-	9,349,843	107,666,345
2064	107,666,345	-	187,927	-	10,219,376	117,697,794
2065	117,697,794	-	170,956	-	11,173,170	128,700,008
2066	128,700,008	-	154,969	-	12,219,140	140,764,179
2067	140,764,179	-	139,977	-	13,365,948	153,990,150
2068	153,990,150	-	125,941	-	14,623,082	168,487,291
2069	168,487,291	-	112,981	-	16,000,926	184,375,236
2070	184,375,236	-	101,099	-	17,510,845	201,784,982
2071	201,784,982	-	90,187	-	19,165,289	220,860,084

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

Table 3  
Hypothetical Assumptions: 9.50% 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
2072	220,860,084	-	80,177	-	20,977,900	241,757,807
2073	241,757,807	-	71,073	-	22,963,616	264,650,350
2074	264,650,350	-	62,876	-	25,138,797	289,726,271
2075	289,726,271	-	55,575	-	27,521,356	317,192,052
2076	317,192,052	-	49,144	-	30,130,911	347,273,819
2077	347,273,819	-	43,456	-	32,988,949	380,219,312
2078	380,219,312	-	38,427	-	36,119,009	416,299,894
2079	416,299,894	-	33,999	-	39,546,875	455,812,770
2080	455,812,770	-	30,083	-	43,300,784	499,083,471
2081	499,083,471	-	26,590	-	47,411,667	546,468,548
2082	546,468,548	-	23,497	-	51,913,396	598,358,447
2083	598,358,447	-	20,735	-	56,843,068	655,180,780
2084	655,180,780	-	18,262	-	62,241,307	717,403,825
2085	717,403,825	-	16,072	-	68,152,600	785,540,353
2086	785,540,353	-	14,126	-	74,625,663	860,151,890
2087	860,151,890	-	12,370	-	81,713,842	941,853,362
2088	941,853,362	-	10,798	-	89,475,556	1,031,318,120
2089	1,031,318,120	-	9,381	-	97,974,776	1,129,283,515
2090	1,129,283,515	-	8,097	-	107,281,549	1,236,556,967
2091	1,236,556,967	-	6,925	-	117,472,583	1,354,022,625
2092	1,354,022,625	-	5,846	-	128,631,872	1,482,648,651
2093	1,482,648,651	-	4,852	-	140,851,391	1,623,495,190
2094	1,623,495,190	-	3,981	-	154,231,854	1,777,723,063
2095	1,777,723,063	-	3,232	-	168,883,537	1,946,603,368
2096	1,946,603,368	-	2,589	-	184,927,197	2,131,527,976
2097	2,131,527,976	-	2,049	-	202,495,060	2,334,020,987
2098	2,334,020,987	-	1,594	-	221,731,918	2,555,751,311
2099	2,555,751,311	-	1,217	-	242,796,317	2,798,546,411
2100	2,798,546,411	-	905	-	265,861,866	3,064,407,372
2101	3,064,407,372	-	654	-	291,118,669	3,355,525,387
2102	3,355,525,387	-	454	-	318,774,890	3,674,299,823
2103	3,674,299,823	-	310	-	349,058,468	4,023,357,981
2104	4,023,357,981	-	207	-	382,218,998	4,405,576,772
2105	4,405,576,772	-	135	-	418,529,787	4,824,106,424
2106	4,824,106,424	-	87	-	458,290,106	5,282,396,443
2107	5,282,396,443	-	55	-	501,827,659	5,784,224,047
2108	5,784,224,047	-	34	-	549,501,283	6,333,725,296
2109	6,333,725,296	-	21	-	601,703,902	6,935,429,177
2110	6,935,429,177	-	12	-	658,865,771	7,594,294,936
2111	7,594,294,936	-	7	-	721,458,019	8,315,752,948
2112	8,315,752,948	-	4	-	789,996,530	9,105,749,474
2113	9,105,749,474	-	3	-	865,046,200	9,970,795,671
2114	9,970,795,671	-	2	-	947,225,589	10,918,021,258
2115	10,918,021,258	-	1	-	1,037,212,019	11,955,233,276
2116	11,955,233,276	-	-	-	1,135,747,161	13,090,980,437

\*All DROP Balances paid in 2019.

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 9.50% 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, 2021

Valuation Date: 10/1/2019

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Generational	5.50% RP-2000 Generational	9.50% RP-2000 Generational
Minimum Required Contribution (Fixed \$)	\$534,874	\$854,217	\$304,218
Minimum Required Contribution (% of Payroll)	12.4%	19.8%	7.1%
Expected Member Contribution	214,916	214,916	214,916
Expected Sponsor Contribution (Fixed \$)	\$319,958	\$639,301	\$89,302
Expected Sponsor Contribution (% of Payroll)	7.4%	14.8%	2.1%

**ASSETS**

Actuarial Value <sup>1</sup>	11,824,452	11,824,452	11,824,452
Market Value <sup>1</sup>	11,202,546	11,202,546	11,202,546

**LIABILITIES**

Present Value of Benefits			
Active Members			
Retirement Benefits	5,004,054	6,987,283	3,733,604
Disability Benefits	283,104	366,379	225,667
Death Benefits	26,759	29,959	24,177
Vested Benefits	1,810,963	2,764,294	1,246,437
Refund of Contributions	313,515	331,529	297,388
Service Retirees	4,450,968	5,214,939	3,873,196
DROP Retirees <sup>1</sup>	1,828,635	2,114,511	1,619,094
Beneficiaries	160,386	197,684	134,383
Disability Retirees	66,879	81,383	56,577
Terminated Vested	709,454	903,127	573,389
Total:	14,654,717	18,991,088	11,783,912
Present Value of Future Salaries	21,443,254	23,182,653	19,982,809
Present Value of Future Member Contributions	1,072,163	1,159,133	999,140
Total Normal Cost	371,458	507,642	290,423
Present Value of Future Normal Costs (Entry Age Normal)	1,586,997	2,471,816	1,084,057
Total Actuarial Accrued Liability (FIL) <sup>1</sup>	12,801,604	16,253,156	10,433,739
Unfunded Actuarial Accrued Liability (UAAL)	977,152	4,428,704	(1,390,713)

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2021

Valuation Date: 10/1/2019

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Generational	5.50% RP-2000 Generational	9.50% RP-2000 Generational
<b><u>PENSION COST</u></b>			
Normal Cost (with interest)	385,388	521,602	304,218
Administrative Expenses (with interest)	44,698	44,267	45,128
Payment Required To Amortize UAAL (with interest)	104,788	288,348	(84,492)
Minimum Required Contribution	\$534,874	\$854,217	\$304,218 <sup>2</sup>

<sup>1</sup> The asset values and liabilities include accumulated DROP Balances as of 9/30/2019.

<sup>2</sup> Per Florida Statutes, the Minimum Required Contribution may be no less than the Normal Cost.