

CITY OF LAKE WALES  
FIREFIGHTERS' PENSION PLAN AND TRUST FUND

SECTION 112.664, FLORIDA STATUTES COMPLIANCE  
DETERMINED AS OF THE  
OCTOBER 1, 2021 VALUATION DATE



May 13, 2022

VIA E-MAIL

Mr. Caleb Hynson, Administrative Director  
801 West Bay Drive, Suite 502  
Largo, FL 33770

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

Dear Caleb:

Please find enclosed the annual disclosures that satisfy the October 1, 2021 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 #20-6595

Enclosures

cc via email: Pedro Herrera, Board Attorney  
cc via email: Jessica A. De la Torre Vila, Legal Assistant

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, 2021 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, 2021

	ACTUAL	HYPOTHETICAL	
	7.75%	5.75%	9.75%
Discount Rate:	7.75%	5.75%	9.75%
<u>Total Pension Liability</u>			
Service Cost	289,358	461,812	187,970
Interest	1,029,607	963,918	1,056,341
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	74,660	105,914	53,040
Changes of Assumptions	-	-	-
Contributions - Buy Back	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(653,723)	(653,723)	(653,723)
Net Change in Total Pension Liability	739,902	877,921	643,628
Total Pension Liability - Beginning	13,322,750	16,628,837	10,973,162
Total Pension Liability - Ending (a)	<u>\$ 14,062,652</u>	<u>\$ 17,506,758</u>	<u>\$ 11,616,790</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	445,970	445,970	445,970
Contributions - State	102,992	102,992	102,992
Contributions - Employee	87,289	87,289	87,289
Contributions - Buy Back	-	-	-
Net Investment Income	1,903,738	1,903,738	1,903,738
Benefit Payments, Including Refunds of Employee Contributions	(653,723)	(653,723)	(653,723)
Administrative Expenses	(51,372)	(51,372)	(51,372)
Net Change in Plan Fiduciary Net Position	1,834,894	1,834,894	1,834,894
Plan Fiduciary Net Position - Beginning	9,365,868	9,365,868	9,365,868
Plan Fiduciary Net Position - Ending (b)	<u>\$ 11,200,762</u>	<u>\$ 11,200,762</u>	<u>\$ 11,200,762</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 2,861,890</u>	<u>\$ 6,305,996</u>	<u>\$ 416,028</u>

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

Table 1  
Plan Assumptions: Discount Rate = 7.75%

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
2021	11,198,784	-	1,002,635	-	829,054	11,025,203
2022	11,025,203	-	893,689	-	819,823	10,951,337
2023	10,951,337	-	915,437	-	813,255	10,849,155
2024	10,849,155	-	960,439	-	803,593	10,692,309
2025	10,692,309	-	1,010,057	-	789,514	10,471,766
2026	10,471,766	-	1,088,279	-	769,391	10,152,878
2027	10,152,878	-	1,099,494	-	744,243	9,797,627
2028	9,797,627	-	1,128,126	-	715,601	9,385,102
2029	9,385,102	-	1,160,989	-	682,357	8,906,470
2030	8,906,470	-	1,145,409	-	645,867	8,406,928
2031	8,406,928	-	1,131,025	-	607,710	7,883,613
2032	7,883,613	-	1,113,781	-	567,821	7,337,653
2033	7,337,653	-	1,101,479	-	525,986	6,762,160
2034	6,762,160	-	1,111,545	-	480,995	6,131,610
2035	6,131,610	-	1,130,800	-	431,381	5,432,191
2036	5,432,191	-	1,107,418	-	378,082	4,702,855
2037	4,702,855	-	1,086,350	-	322,375	3,938,880
2038	3,938,880	-	1,087,713	-	263,114	3,114,281
2039	3,114,281	-	1,070,690	-	199,868	2,243,459
2040	2,243,459	-	1,063,211	-	132,669	1,312,917
2041	1,312,917	-	1,041,114	-	61,408	333,211
2042	333,211	-	1,030,605	-	-	-

\*All DROP and Share Balances paid in 2021.

Number of Years Expected Benefit Payments Sustained: 21.32

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: Discount Rate = 5.75%

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
2021	11,198,784	-	1,002,635	-	615,104	10,811,253
2022	10,811,253	-	893,689	-	595,953	10,513,517
2023	10,513,517	-	915,437	-	578,208	10,176,288
2024	10,176,288	-	960,439	-	557,524	9,773,373
2025	9,773,373	-	1,010,057	-	532,930	9,296,246
2026	9,296,246	-	1,088,279	-	503,246	8,711,213
2027	8,711,213	-	1,099,494	-	469,284	8,081,003
2028	8,081,003	-	1,128,126	-	432,224	7,385,101
2029	7,385,101	-	1,160,989	-	391,265	6,615,377
2030	6,615,377	-	1,145,409	-	347,454	5,817,422
2031	5,817,422	-	1,131,025	-	301,985	4,988,382
2032	4,988,382	-	1,113,781	-	254,811	4,129,412
2033	4,129,412	-	1,101,479	-	205,774	3,233,707
2034	3,233,707	-	1,111,545	-	153,981	2,276,143
2035	2,276,143	-	1,130,800	-	98,368	1,243,711
2036	1,243,711	-	1,107,418	-	39,675	175,968
2037	175,968	-	1,086,350	-	-	-

\*All DROP and Share Balances paid in 2021.

Number of Years Expected Benefit Payments Sustained: 16.16

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: Discount Rate = 9.75%

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
2021	11,198,784	-	1,002,635	-	1,043,003	11,239,152
2022	11,239,152	-	893,689	-	1,052,250	11,397,713
2023	11,397,713	-	915,437	-	1,066,649	11,548,925
2024	11,548,925	-	960,439	-	1,079,199	11,667,685
2025	11,667,685	-	1,010,057	-	1,088,359	11,745,987
2026	11,745,987	-	1,088,279	-	1,092,180	11,749,888
2027	11,749,888	-	1,099,494	-	1,092,014	11,742,408
2028	11,742,408	-	1,128,126	-	1,089,889	11,704,171
2029	11,704,171	-	1,160,989	-	1,084,558	11,627,740
2030	11,627,740	-	1,145,409	-	1,077,866	11,560,197
2031	11,560,197	-	1,131,025	-	1,071,982	11,501,154
2032	11,501,154	-	1,113,781	-	1,067,066	11,454,439
2033	11,454,439	-	1,101,479	-	1,063,111	11,416,071
2034	11,416,071	-	1,111,545	-	1,058,879	11,363,405
2035	11,363,405	-	1,130,800	-	1,052,805	11,285,410
2036	11,285,410	-	1,107,418	-	1,046,341	11,224,333
2037	11,224,333	-	1,086,350	-	1,041,413	11,179,396
2038	11,179,396	-	1,087,713	-	1,036,965	11,128,648
2039	11,128,648	-	1,070,690	-	1,032,847	11,090,805
2040	11,090,805	-	1,063,211	-	1,029,522	11,057,116
2041	11,057,116	-	1,041,114	-	1,027,315	11,043,317
2042	11,043,317	-	1,030,605	-	1,026,481	11,039,193
2043	11,039,193	-	1,010,189	-	1,027,075	11,056,079
2044	11,056,079	-	985,395	-	1,029,930	11,100,614
2045	11,100,614	-	952,913	-	1,035,855	11,183,556
2046	11,183,556	-	920,906	-	1,045,503	11,308,153
2047	11,308,153	-	888,158	-	1,059,247	11,479,242
2048	11,479,242	-	856,205	-	1,077,486	11,700,523
2049	11,700,523	-	820,006	-	1,100,826	11,981,343
2050	11,981,343	-	782,662	-	1,130,026	12,328,707
2051	12,328,707	-	745,324	-	1,165,714	12,749,097
2052	12,749,097	-	706,763	-	1,208,582	13,250,916
2053	13,250,916	-	668,439	-	1,259,378	13,841,855
2054	13,841,855	-	630,177	-	1,318,860	14,530,538
2055	14,530,538	-	592,381	-	1,387,849	15,326,006
2056	15,326,006	-	554,934	-	1,467,233	16,238,305
2057	16,238,305	-	517,997	-	1,557,982	17,278,290
2058	17,278,290	-	481,687	-	1,661,151	18,457,754
2059	18,457,754	-	446,428	-	1,777,868	19,789,194
2060	19,789,194	-	412,244	-	1,909,350	21,286,300
2061	21,286,300	-	379,296	-	2,056,924	22,963,928
2062	22,963,928	-	347,744	-	2,222,030	24,838,214
2063	24,838,214	-	317,743	-	2,406,236	26,926,707
2064	26,926,707	-	289,432	-	2,611,244	29,248,519
2065	29,248,519	-	262,890	-	2,838,915	31,824,544
2066	31,824,544	-	238,135	-	3,091,284	34,677,693
2067	34,677,693	-	215,160	-	3,370,586	37,833,119

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

Table 3  
Hypothetical Assumptions: Discount Rate = 9.75%

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
2068	37,833,119	-	193,953	-	3,679,274	41,318,440
2069	41,318,440	-	174,466	-	4,020,043	45,164,017
2070	45,164,017	-	156,630	-	4,395,856	49,403,243
2071	49,403,243	-	140,369	-	4,809,973	54,072,847
2072	54,072,847	-	125,602	-	5,265,979	59,213,224
2073	59,213,224	-	112,247	-	5,767,817	64,868,794
2074	64,868,794	-	100,220	-	6,319,822	71,088,396
2075	71,088,396	-	89,418	-	6,926,759	77,925,737
2076	77,925,737	-	79,728	-	7,593,873	85,439,882
2077	85,439,882	-	71,036	-	8,326,925	93,695,771
2078	93,695,771	-	63,218	-	9,132,256	102,764,809
2079	102,764,809	-	56,157	-	10,016,831	112,725,483
2080	112,725,483	-	49,739	-	10,988,310	123,664,054
2081	123,664,054	-	43,877	-	12,055,106	135,675,283
2082	135,675,283	-	38,512	-	13,226,463	148,863,234
2083	148,863,234	-	33,600	-	14,512,527	163,342,161
2084	163,342,161	-	29,109	-	15,924,442	179,237,494
2085	179,237,494	-	25,012	-	17,474,436	196,686,918
2086	196,686,918	-	21,295	-	19,175,936	215,841,559
2087	215,841,559	-	17,952	-	21,043,677	236,867,284
2088	236,867,284	-	14,978	-	23,093,830	259,946,136
2089	259,946,136	-	12,362	-	25,344,146	285,277,920
2090	285,277,920	-	10,087	-	27,814,105	313,081,938
2091	313,081,938	-	8,136	-	30,525,092	343,598,894
2092	343,598,894	-	6,489	-	33,500,576	377,092,981
2093	377,092,981	-	5,121	-	36,766,316	413,854,176
2094	413,854,176	-	3,999	-	40,350,587	454,200,764
2095	454,200,764	-	3,091	-	44,284,424	498,482,097
2096	498,482,097	-	2,366	-	48,601,889	547,081,620
2097	547,081,620	-	1,795	-	53,340,370	600,420,195
2098	600,420,195	-	1,349	-	58,540,903	658,959,749
2099	658,959,749	-	1,006	-	64,248,526	723,207,269
2100	723,207,269	-	743	-	70,512,673	793,719,199
2101	793,719,199	-	544	-	77,387,595	871,106,250
2102	871,106,250	-	394	-	84,932,840	956,038,696
2103	956,038,696	-	282	-	93,213,759	1,049,252,173
2104	1,049,252,173	-	199	-	102,302,077	1,151,554,051
2105	1,151,554,051	-	138	-	112,276,513	1,263,830,426
2106	1,263,830,426	-	94	-	123,223,462	1,387,053,794
2107	1,387,053,794	-	63	-	135,237,742	1,522,291,473
2108	1,522,291,473	-	41	-	148,423,417	1,670,714,849
2109	1,670,714,849	-	26	-	162,894,697	1,833,609,520
2110	1,833,609,520	-	17	-	178,776,927	2,012,386,430
2111	2,012,386,430	-	10	-	196,207,676	2,208,594,096
2112	2,208,594,096	-	6	-	215,337,924	2,423,932,014
2113	2,423,932,014	-	3	-	236,333,371	2,660,265,382
2114	2,660,265,382	-	2	-	259,375,875	2,919,641,255
2115	2,919,641,255	-	1	-	284,665,022	3,204,306,276

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3  
Hypothetical Assumptions: Discount Rate = 9.75%

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
2116	3,204,306,276	-	1	-	312,419,862	3,516,726,137
2117	3,516,726,137	-	-	-	342,880,798	3,859,606,935

\*All DROP and Share Balances paid in 2021.

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 9.75% 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, 2023

Valuation Date: 10/1/2021

	ACTUAL	HYPOTHETICAL	
	7.75%	5.75%	9.75%
Investment Rate of Return:	7.75%	5.75%	9.75%
Minimum Required Contribution (Fixed \$)	\$664,904	\$991,310	\$392,966
Minimum Required Contribution (% of Payroll)	38.0%	56.6%	22.4%
Expected Member Contribution	87,653	87,653	87,653
Expected State Money	102,992	102,992	102,992
Expected Sponsor Contribution (Fixed \$)	\$474,259	\$800,665	\$202,321
Expected Sponsor Contribution (% of Payroll)	27.1%	45.7%	11.5%

**ASSETS**

Actuarial Value <sup>1</sup>	10,791,379	10,791,379	10,791,379
Market Value <sup>1</sup>	11,198,784	11,198,784	11,198,784

**LIABILITIES**

Present Value of Benefits			
Active Members			
Retirement Benefits	6,189,790	8,974,917	4,484,071
Disability Benefits	413,464	579,062	309,363
Death Benefits	82,831	119,188	60,863
Vested Benefits	543,383	880,005	355,172
Refund of Contributions	36,129	38,297	34,184
Service Retirees	5,640,073	6,658,102	4,877,188
DROP Retirees <sup>1</sup>	2,681,979	3,288,760	2,260,194
Beneficiaries	284,634	335,907	245,964
Disability Retirees	378,475	450,834	325,676
Terminated Vested	10,709	10,709	10,709
Share Plan Balances <sup>1</sup>	946	946	946
Total:	16,262,413	21,336,727	12,964,330
Present Value of Future Salaries	14,338,396	16,225,293	12,844,543
Present Value of Future Member Contributions	716,920	811,265	642,227
Total Normal Cost	255,732	408,205	165,324
Present Value of Future Normal Costs (Entry Age Normal)	1,953,649	3,533,888	1,131,422
Total Actuarial Accrued Liability (EAN) <sup>1</sup>	14,308,764	17,802,839	11,832,908
Unfunded Actuarial Accrued Liability (UAAL)	3,517,385	7,011,460	1,041,529

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2023

	Valuation Date: 10/1/2021		
	ACTUAL	HYPOTHETICAL	
Investment Rate of Return:	7.75%	5.75%	9.75%
<b><u>PENSION COST</u></b>			
Normal Cost (with interest)	265,642	419,941	173,384
Administrative Expenses (with interest)	52,752	52,244	53,260
Payment Required To Amortize UAAL (with interest)	346,510	519,125	166,322
Minimum Required Contribution	\$664,904	\$991,310	\$392,966

<sup>1</sup> The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2021.