



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

March 28, 2016

VIA EMAIL

Susy Pita, Plan Administrator
Firefighters' Pension Trust Fund Board
City of Lake Wales
21629 Stirling Pass
Leesburg, FL 34748

Re: City of Lake Wales Firefighters' Pension Plan and Trust Fund
Senate Bill 534 (Section 112.664, Florida Statutes) Compliance

Dear Susy:

Please find enclosed the annual disclosures that satisfy the October 1, 2015 financial reporting requirements made under Section 112.664.

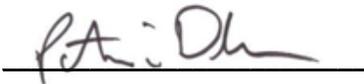
Our office will submit this information electronically to the Department of Management Services. However, it is important for you to be aware that this report must also be made available on the Plan or Plan Sponsor's website, if such website exists. A deadline for this website publication is not made 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 #14-6595

PTD/lke
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: 3/28/2016

Patrick T. Donlan, EA, ASA, MAAA
Enrolled Actuary #14-6595



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, 2015 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.

	ACTUAL		HYPOTHETICAL	
	7.75% RP-2000 Static 9/30/2015	7.75% RP-2000 Generational 9/30/2015	5.75% RP-2000 Generational 9/30/2015	9.75% RP-2000 Generational 9/30/2015
<u>GASB 67: Schedule of Changes in Net Pension Liability</u>				
<u>Total Pension Liability</u>				
Service Cost	214,792	223,864	358,625	144,452
Interest	825,592	855,459	808,974	870,943
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	(70,554)	(79,403)	(50,036)	(101,846)
Changes of Assumptions	-	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(537,358)	(537,358)	(537,358)	(537,358)
Net Change in Total Pension Liability	432,472	462,562	580,205	376,191
Total Pension Liability - Beginning	10,706,691	11,082,995	13,979,165	9,056,977
Total Pension Liability - Ending (a)	<u>\$ 11,139,163</u>	<u>\$ 11,545,557</u>	<u>\$ 14,559,370</u>	<u>\$ 9,433,168</u>
<u>Plan Fiduciary Net Position</u>				
Contributions - Employer	390,376	390,376	390,376	390,376
Contributions - State	134,243	134,243	134,243	134,243
Contributions - Employee	66,408	66,408	66,408	66,408
Net Investment Income	(76,225)	(76,225)	(76,225)	(76,225)
Benefit Payments, Including Refunds of Employee Contributions	(537,358)	(537,358)	(537,358)	(537,358)
Administrative Expenses	(50,020)	(50,020)	(50,020)	(50,020)
Net Change in Plan Fiduciary Net Position	(72,576)	(72,576)	(72,576)	(72,576)
Plan Fiduciary Net Position - Beginning	7,587,739	7,587,739	7,587,739	7,587,739
Plan Fiduciary Net Position - Ending (b)	<u>\$ 7,515,163</u>	<u>\$ 7,515,163</u>	<u>\$ 7,515,163</u>	<u>\$ 7,515,163</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 3,624,000</u>	<u>\$ 4,030,394</u>	<u>\$ 7,044,207</u>	<u>\$ 1,918,005</u>

GASB 68: Pension Expense for Fiscal Year Ending September 30, 2015

Pension Expense	<u>\$ 267,980</u>	<u>\$ 303,327</u>	<u>\$ 492,727</u>	<u>\$ 125,944</u>
-----------------	-------------------	-------------------	-------------------	-------------------

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.75% and RP-2000 Static 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
2015	7,515,163	-	994,362	-	543,894	7,064,695
2016	7,064,695	-	639,173	-	522,746	6,948,268
2017	6,948,268	-	635,532	-	513,864	6,826,600
2018	6,826,600	-	631,026	-	504,609	6,700,183
2019	6,700,183	-	627,740	-	494,939	6,567,382
2020	6,567,382	-	632,520	-	484,462	6,419,324
2021	6,419,324	-	758,954	-	468,088	6,128,458
2022	6,128,458	-	783,129	-	444,609	5,789,938
2023	5,789,938	-	794,244	-	417,943	5,413,637
2024	5,413,637	-	816,254	-	387,927	4,985,310
2025	4,985,310	-	835,264	-	353,995	4,504,041
2026	4,504,041	-	872,094	-	315,270	3,947,217
2027	3,947,217	-	870,024	-	272,196	3,349,389
2028	3,349,389	-	876,579	-	225,610	2,698,420
2029	2,698,420	-	883,448	-	174,894	1,989,866
2030	1,989,866	-	870,570	-	120,480	1,239,776
2031	1,239,776	-	856,094	-	62,909	446,591
2032	446,591	-	849,559	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 17.53

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: 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
2015	7,515,163	-	994,721	-	543,880	7,064,322
2016	7,064,322	-	640,412	-	522,669	6,946,579
2017	6,946,579	-	637,768	-	513,646	6,822,457
2018	6,822,457	-	634,384	-	504,158	6,692,231
2019	6,692,231	-	632,337	-	494,145	6,554,039
2020	6,554,039	-	638,493	-	483,196	6,398,742
2021	6,398,742	-	766,762	-	466,190	6,098,170
2022	6,098,170	-	792,636	-	441,894	5,747,428
2023	5,747,428	-	805,484	-	414,213	5,356,157
2024	5,356,157	-	829,357	-	382,965	4,909,765
2025	4,909,765	-	850,357	-	347,555	4,406,963
2026	4,406,963	-	889,312	-	307,079	3,824,730
2027	3,824,730	-	889,217	-	261,959	3,197,472
2028	3,197,472	-	897,788	-	213,015	2,512,699
2029	2,512,699	-	906,888	-	159,592	1,765,403
2030	1,765,403	-	896,254	-	102,089	971,238
2031	971,238	-	886,038	-	40,937	126,137
2032	126,137	-	882,689	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 17.14

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 3
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
2015	7,515,163	-	994,721	-	403,524	6,923,966
2016	6,923,966	-	640,412	-	379,716	6,663,270
2017	6,663,270	-	637,768	-	364,802	6,390,304
2018	6,390,304	-	634,384	-	349,204	6,105,124
2019	6,105,124	-	632,337	-	332,865	5,805,652
2020	5,805,652	-	638,493	-	315,468	5,482,627
2021	5,482,627	-	766,762	-	293,207	5,009,072
2022	5,009,072	-	792,636	-	265,233	4,481,669
2023	4,481,669	-	805,484	-	234,538	3,910,723
2024	3,910,723	-	829,357	-	201,023	3,282,389
2025	3,282,389	-	850,357	-	164,290	2,596,322
2026	2,596,322	-	889,312	-	123,721	1,830,731
2027	1,830,731	-	889,217	-	79,702	1,021,216
2028	1,021,216	-	897,788	-	32,909	156,337
2029	156,337	-	906,888	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 14.17

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 4
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
2015	7,515,163	-	994,721	-	684,236	7,204,678
2016	7,204,678	-	640,412	-	671,236	7,235,502
2017	7,235,502	-	637,768	-	674,370	7,272,104
2018	7,272,104	-	634,384	-	678,104	7,315,824
2019	7,315,824	-	632,337	-	682,466	7,365,953
2020	7,365,953	-	638,493	-	687,054	7,414,514
2021	7,414,514	-	766,762	-	685,535	7,333,287
2022	7,333,287	-	792,636	-	676,354	7,217,005
2023	7,217,005	-	805,484	-	664,391	7,075,912
2024	7,075,912	-	829,357	-	649,470	6,896,025
2025	6,896,025	-	850,357	-	630,908	6,676,576
2026	6,676,576	-	889,312	-	607,612	6,394,876
2027	6,394,876	-	889,217	-	580,151	6,085,810
2028	6,085,810	-	897,788	-	549,599	5,737,621
2029	5,737,621	-	906,888	-	515,207	5,345,940
2030	5,345,940	-	896,254	-	477,537	4,927,223
2031	4,927,223	-	886,038	-	437,210	4,478,395
2032	4,478,395	-	882,689	-	393,612	3,989,318
2033	3,989,318	-	872,135	-	346,442	3,463,625
2034	3,463,625	-	871,956	-	295,196	2,886,865
2035	2,886,865	-	868,825	-	239,114	2,257,154
2036	2,257,154	-	853,050	-	178,486	1,582,590
2037	1,582,590	-	838,820	-	113,410	857,180
2038	857,180	-	825,833	-	43,316	74,663
2039	74,663	-	806,153	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 24.09

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, 2017

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL		
	7.75% RP-2000 Static	7.75% RP-2000 Generational	5.75% RP-2000 Generational	9.75% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$538,255	\$572,120	\$812,674	\$377,526
Total Required Contribution (% of Payroll)	39.9%	42.4%	60.2%	28.0%
Expected Member Contribution	67,439	67,439	67,439	67,439
Expected State Money	133,685	133,685	133,685	133,685
Expected Sponsor Contribution (Fixed \$)	\$337,131	\$370,996	\$611,550	\$176,402
Expected Sponsor Contribution (% of Payroll)	25.0%	27.5%	45.3%	13.1%

ASSETS

Actuarial Value ¹	7,879,954	7,879,954	7,879,954	7,879,954
Market Value ¹	7,515,163	7,515,163	7,515,163	7,515,163

LIABILITIES

Present Value of Benefits

Active Members

Retirement Benefits	4,907,478	5,141,444	7,839,917	3,524,957
Disability Benefits	385,563	403,739	577,409	295,152
Death Benefits	63,562	47,000	67,598	34,173
Vested Benefits	541,314	565,446	901,070	373,808
Refund of Contributions	21,315	21,319	22,476	20,289
Service Retirees	4,999,701	5,177,382	6,212,449	4,420,815
DROP Retirees ¹	1,510,871	1,539,376	1,798,061	1,352,526
Beneficiaries	0	0	0	0
Disability Retirees	384,465	398,197	478,728	340,427
Terminated Vested	204,451	210,788	257,127	178,049
Excess State Monies Reserve	0	0	0	0
Total:	13,018,720	13,504,691	18,154,835	10,540,196

Present Value of Future Salaries	12,963,884	12,980,658	14,684,064	11,619,229
----------------------------------	------------	------------	------------	------------

Present Value of Future Member Contributions	648,194	649,033	734,203	580,961
--	---------	---------	---------	---------

Total Normal Cost	210,859	219,999	355,871	139,968
-------------------	---------	---------	---------	---------

Present Value of Future Normal Costs (Entry Age Normal)	1,962,591	2,053,965	3,740,607	1,173,137
---	-----------	-----------	-----------	-----------

Total Actuarial Accrued Liability ¹	11,056,129	11,450,726	14,414,228	9,367,059
--	------------	------------	------------	-----------

Unfunded Actuarial Accrued Liability (UAAL)	3,176,175	3,570,772	6,534,274	1,487,105
---	-----------	-----------	-----------	-----------

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2017

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL		
	7.75% RP-2000 Static	7.75% RP-2000 Generational	5.75% RP-2000 Generational	9.75% RP-2000 Generational
<u>PENSION COST</u>				
Normal Cost (with interest)	219,030	228,524	366,102	146,791
Administrative Expenses (with interest)	51,958	51,958	51,458	52,458
Payment Required To Amortize UAAL (with interest)	<u>267,267</u>	<u>291,638</u>	<u>395,114</u>	<u>178,277</u>
Total Required Contribution	\$538,255	\$572,120	\$812,674	\$377,526

¹ The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2015.