

City of Lakeland Employees Pension and Retirement System

Chapter 112.664, F.S. Compliance Report
In Connection with the October 1, 2017
Funding Actuarial Valuation Report
And the Plan's Financial Reporting for the
Year Ending September 30, 2017



May 25, 2018

Board of Trustees
City of Lakeland
Employees Pension and Retirement System
Lakeland, Florida

Dear Board Members:

Gabriel, Roeder, Smith & Company (GRS) has been engaged by the City of Lakeland Employees Pension and Retirement System to prepare a disclosure report to satisfy the requirements set forth in Ch. 112.664, F.S. and as further required pursuant to Ch. 60T-1.0035, F.A.C.

This report was prepared at the request of the Board and is intended for use by the Retirement Board and those designated or approved by the Board. This report may be provided to parties other than the System only in its entirety and only with the permission of the Board. GRS is not responsible for unauthorized use of this report.

The purpose of the report is to provide the required information specified in Ch. 112.664, F.S. as well as supplement this information with additional exhibits. This report should not be relied on for any purpose other than the purpose described above.

The findings in this report are based on data or other information through September 30, 2017. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. The scope of this engagement does not include an analysis of the potential range of such measurements.

This report was based upon information furnished by the Plan Administrator concerning Plan benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by the Plan Administrator.

Except as otherwise indicated as required for the disclosures contained herein, this report was prepared using certain assumptions selected by the Board and prescribed by the Florida Statutes as described in our October 1, 2017 actuarial valuation report. This report is also based on the Plan Provisions, census data, and financial information as summarized in our October 1, 2017 actuarial valuation report. Please refer to the October 1, 2017 actuarial valuation report, dated March 23, 2018, for summaries and descriptions of this information.

The use of an investment return assumption that is 2% higher than the investment return assumption used to determine the funding requirements does not represent an estimate of future Plan experience nor does it reflect an observation of future return estimates inherent in financial market data. The use of this investment return assumption is provided as a counterpart to the Chapter 112.664, Florida Statutes requirement to utilize an investment return assumption that is 2% lower than the assumption used to determine the funding requirements. The inclusion of the additional exhibits showing the effect of using a 2% higher investment return assumption shows a more complete assessment of the range of possible results as opposed to showing a one-sided range as required by Florida Statutes.

Jeffrey Amrose and Trisha Amrose are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. The signing actuaries are independent of the plan sponsor.

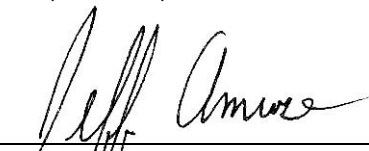
This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Retirement Plan as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

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), F.S. and Section 60T-1.0035, F.A.C.

Respectfully submitted,

GABRIEL, ROEDER, SMITH AND COMPANY

By



Jeffrey Amrose, MAAA
Enrolled Actuary No. 17-6599
Senior Consultant & Actuary

By



Trisha Amrose, MAAA
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Consultant & Actuary



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CHAPTER 112.664, FLORIDA STATUTES

RESULTS

**Schedule of Changes in the Employers' Net Pension Liability
Using Financial Reporting Assumptions per GASB Statement No. 67**

Fiscal year ending September 30,	<u>2017</u>
1. Total pension liability	
a. Service Cost	\$ 12,438,914
b. Interest	47,570,311
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	2,417,270
e. Assumption Changes	7,390,055
f. Benefit Payments	(41,464,441)
g. Contribution Refunds	(970,232)
h. Net Change in Total Pension Liability	<u>27,381,877</u>
i. Total Pension Liability - Beginning	<u>664,920,640</u>
j. Total Pension Liability - Ending	<u>\$ 692,302,517</u>
2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 14,739,830
b. Contributions - State	-
c. Contributions - Member	7,600,019
d. Net Investment Income	67,569,392
e. Benefit Payments	(41,464,441)
f. Contribution Refunds	(970,232)
g. Administrative Expense	(241,172)
h. Other	-
i. Net Change in Plan Fiduciary Net Position	<u>47,233,396</u>
j. Plan Fiduciary Net Position - Beginning	<u>529,861,611</u>
k. Plan Fiduciary Net Position - Ending	<u>\$ 577,095,007</u>
3. Net Pension Liability / (Asset)	115,207,510
Certain Key Assumptions	
Valuation Date	10/01/2016
Measurement Date	09/30/2017
Investment Return Assumption	7.25%
Mortality Table	Florida Retirement System - Regular Class (for the 7/1/2016 valuation)

**Schedule of Changes in the Employers' Net Pension Liability
Using Assumptions required under 112.664(1)(a), F.S.**

Fiscal year ending September 30,	2017
1. Total pension liability	
a. Service Cost	\$ 12,438,914
b. Interest	47,570,311
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	2,417,270
e. Assumption Changes	7,390,055
f. Benefit Payments	(41,464,441)
g. Contribution Refunds	(970,232)
h. Net Change in Total Pension Liability	27,381,877
i. Total Pension Liability - Beginning	664,920,640
j. Total Pension Liability - Ending	\$ 692,302,517
 2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 14,739,830
b. Contributions - State	-
c. Contributions - Member	7,600,019
d. Net Investment Income	67,569,392
e. Benefit Payments	(41,464,441)
f. Contribution Refunds	(970,232)
g. Administrative Expense	(241,172)
h. Other	-
i. Net Change in Plan Fiduciary Net Position	47,233,396
j. Plan Fiduciary Net Position - Beginning	529,861,611
k. Plan Fiduciary Net Position - Ending	\$ 577,095,007
 3. Net Pension Liability / (Asset)	 115,207,510
 Certain Key Assumptions	
Valuation Date	10/01/2016
Measurement Date	09/30/2017
Investment Return Assumption	7.25%
Mortality Table	Florida Retirement System - Regular Class (for the 7/1/2016 valuation)

**Schedule of Changes in the Employers' Net Pension Liability
Using Assumptions required under 112.664(1)(b), F.S.**

Fiscal year ending September 30,	<u>2017</u>
1. Total pension liability	
a. Service Cost	\$ 17,966,451
b. Interest	43,642,759
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	-
e. Assumption Changes	-
f. Benefit Payments	(41,464,441)
g. Contribution Refunds	(970,232)
h. Net Change in Total Pension Liability	<u>19,174,537</u>
i. Total Pension Liability - Beginning	<u>834,541,536</u>
j. Total Pension Liability - Ending	<u><u>\$ 853,716,073</u></u>
2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 14,739,830
b. Contributions - State	-
c. Contributions - Member	7,600,019
d. Net Investment Income	67,569,392
e. Benefit Payments	(41,464,441)
f. Contribution Refunds	(970,232)
g. Administrative Expense	(241,172)
h. Other	-
i. Net Change in Plan Fiduciary Net Position	<u>47,233,396</u>
j. Plan Fiduciary Net Position - Beginning	<u>529,861,611</u>
k. Plan Fiduciary Net Position - Ending	<u><u>\$ 577,095,007</u></u>
3. Net Pension Liability / (Asset)	276,621,066
Certain Key Assumptions	
Valuation Date	10/01/2016
Measurement Date	09/30/2017
Investment Return Assumption	5.25%
Mortality Table	Florida Retirement System - Regular Class (for the 7/1/2016 valuation)

Schedule of Changes in the Employers' Net Pension Liability
Using Assumptions under 112.664(1)(b), F.S. except 2% higher investment return assumption

Fiscal year ending September 30,	2017
1. Total pension liability	
a. Service Cost	\$ 7,970,726
b. Interest	50,733,768
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	-
e. Assumption Changes	-
f. Benefit Payments	(41,464,441)
g. Contribution Refunds	(970,232)
h. Net Change in Total Pension Liability	16,269,821
i. Total Pension Liability - Beginning	561,719,778
j. Total Pension Liability - Ending	\$ 577,989,599
2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 14,739,830
b. Contributions - State	-
c. Contributions - Member	7,600,019
d. Net Investment Income	67,569,392
e. Benefit Payments	(41,464,441)
f. Contribution Refunds	(970,232)
g. Administrative Expense	(241,172)
h. Other	-
i. Net Change in Plan Fiduciary Net Position	47,233,396
j. Plan Fiduciary Net Position - Beginning	529,861,611
k. Plan Fiduciary Net Position - Ending	\$ 577,095,007
3. Net Pension Liability / (Asset)	894,592
Certain Key Assumptions	
Valuation Date	10/01/2016
Measurement Date	09/30/2017
Investment Return Assumption	9.25%
Mortality Table	Florida Retirement System - Regular Class (for the 7/1/2016 valuation)

Asset and Benefit Payment Projection
Not Reflecting Any Contributions from the Employer, State or Employee
Using Assumptions from the Latest Actuarial Valuation

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2018	556,403,124	38,729,193	44,414,704	550,717,613
2019	550,717,613	38,242,634	46,466,001	542,494,247
2020	542,494,247	37,585,184	48,155,824	531,923,607
2021	531,923,607	36,764,596	49,651,455	519,036,748
2022	519,036,748	35,791,941	50,709,598	504,119,092
2023	504,119,092	34,677,270	51,623,844	487,172,518
2024	487,172,518	33,418,080	52,466,958	468,123,640
2025	468,123,640	32,012,747	53,137,012	446,999,375
2026	446,999,375	30,466,849	53,533,947	423,932,277
2027	423,932,277	28,786,200	53,762,495	398,955,982
2028	398,955,982	26,972,398	53,845,822	372,082,558
2029	372,082,558	25,025,648	53,802,403	343,305,803
2030	343,305,803	22,942,181	53,723,846	312,524,138
2031	312,524,138	20,716,306	53,563,983	279,676,461
2032	279,676,461	18,345,125	53,280,509	244,741,077
2033	244,741,077	15,826,751	52,882,139	207,685,688
2034	207,685,688	13,156,125	52,443,780	168,398,034
2035	168,398,034	10,326,182	51,935,863	126,788,353
2036	126,788,353	7,332,329	51,305,554	82,815,128
2037	82,815,128	4,170,472	50,582,749	36,402,851
2038	36,402,851	834,694	49,779,669	-
2039	-	-	48,868,427	-
2040	-	-	47,862,039	-
2041	-	-	46,745,775	-
2042	-	-	45,573,974	-
2043	-	-	44,265,487	-

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits, **reflecting no contributions from the Employer, Employee or State, contrary to Florida Statutes and Plan provisions:** 20.75

Certain Key Assumptions

Valuation Investment Return Assumption 7.25%
 Valuation Mortality Table FRS Mortality - Regular Class

Note: As required in Section 112.664(c) of the Florida Statutes, the projection of the Fund assets do not include contributions from the Employer, Employee or State, which is contrary to Florida Statutes and Plan provisions. For this reason, these projections should not be viewed as a representation of the amount of time the Fund can sustain benefit payments. Under the GASB standards which DO include contributions from the employer, employee and State, the Fund is expected to be able to sustain the benefit payment demands in the near-term and long-term future.

Asset and Benefit Payment Projection
Not Reflecting Any Contributions from the Employer, State or Employee
Using Assumptions required under 112.664(1)(a), F.S.

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2018	556,403,124	38,729,193	44,414,704	550,717,613
2019	550,717,613	38,242,634	46,466,001	542,494,247
2020	542,494,247	37,585,184	48,155,824	531,923,607
2021	531,923,607	36,764,596	49,651,455	519,036,748
2022	519,036,748	35,791,941	50,709,598	504,119,092
2023	504,119,092	34,677,270	51,623,844	487,172,518
2024	487,172,518	33,418,080	52,466,958	468,123,640
2025	468,123,640	32,012,747	53,137,012	446,999,375
2026	446,999,375	30,466,849	53,533,947	423,932,277
2027	423,932,277	28,786,200	53,762,495	398,955,982
2028	398,955,982	26,972,398	53,845,822	372,082,558
2029	372,082,558	25,025,648	53,802,403	343,305,803
2030	343,305,803	22,942,181	53,723,846	312,524,138
2031	312,524,138	20,716,306	53,563,983	279,676,461
2032	279,676,461	18,345,125	53,280,509	244,741,077
2033	244,741,077	15,826,751	52,882,139	207,685,688
2034	207,685,688	13,156,125	52,443,780	168,398,034
2035	168,398,034	10,326,182	51,935,863	126,788,353
2036	126,788,353	7,332,329	51,305,554	82,815,128
2037	82,815,128	4,170,472	50,582,749	36,402,851
2038	36,402,851	834,694	49,779,669	-
2039	-	-	48,868,427	-
2040	-	-	47,862,039	-
2041	-	-	46,745,775	-
2042	-	-	45,573,974	-
2043	-	-	44,265,487	-

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits, **reflecting no contributions from the Employer, Employee or State, contrary to Florida Statutes and Plan provisions:** 20.75

Certain Key Assumptions

Valuation Investment Return Assumption 7.25%
 Valuation Mortality Table FRS Mortality - Regular Class

Note: As required in Section 112.664(c) of the Florida Statutes, the projection of the Fund assets do not include contributions from the Employer, Employee or State, which is contrary to Florida Statutes and Plan provisions. For this reason, these projections should not be viewed as a representation of the amount of time the Fund can sustain benefit payments. Under the GASB standards which DO include contributions from the employer, employee and State, the Fund is expected to be able to sustain the benefit payment demands in the near-term and long-term future.

Asset and Benefit Payment Projection
Not Reflecting Any Contributions from the Employer, State or Employee
Using Assumptions required under 112.664(1)(b), F.S.

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2018	556,403,124	28,045,278	44,414,704	540,033,698
2019	540,033,698	27,132,037	46,466,001	520,699,734
2020	520,699,734	26,072,646	48,155,824	498,616,555
2021	498,616,555	24,874,018	49,651,455	473,839,119
2022	473,839,119	23,545,427	50,709,598	446,674,948
2023	446,674,948	22,095,309	51,623,844	417,146,412
2024	417,146,412	20,522,929	52,466,958	385,202,383
2025	385,202,383	18,828,279	53,137,012	350,893,650
2026	350,893,650	17,016,651	53,533,947	314,376,353
2027	314,376,353	15,093,493	53,762,495	275,707,352
2028	275,707,352	13,061,183	53,845,822	234,922,713
2029	234,922,713	10,921,129	53,802,403	192,041,439
2030	192,041,439	8,671,925	53,723,846	146,989,518
2031	146,989,518	6,310,895	53,563,983	99,736,430
2032	99,736,430	3,837,549	53,280,509	50,293,470
2033	50,293,470	1,252,251	52,882,139	-
2034	-	-	52,443,780	-
2035	-	-	51,935,863	-
2036	-	-	51,305,554	-
2037	-	-	50,582,749	-
2038	-	-	49,779,669	-
2039	-	-	48,868,427	-
2040	-	-	47,862,039	-
2041	-	-	46,745,775	-
2042	-	-	45,573,974	-
2043	-	-	44,265,487	-

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits, **reflecting no contributions from the Employer, Employee or State, contrary to Florida Statutes and Plan provisions:** 15.92

Certain Key Assumptions

Valuation Investment Return Assumption 5.25%
 Valuation Mortality Table FRS Mortality - Regular Class

Note: As required in Section 112.664(c) of the Florida Statutes, the projection of the Fund assets do not include contributions from the Employer, Employee or State, which is contrary to Florida Statutes and Plan provisions. For this reason, these projections should not be viewed as a representation of the amount of time the Fund can sustain benefit payments. Under the GASB standards which DO include contributions from the employer, employee and State, the Fund is expected to be able to sustain the benefit payment demands in the near-term and long-term future.

Asset and Benefit Payment Projection

Not Reflecting Any Contributions from the Employer, State or Employee

Using Assumptions under 112.664(1)(b), F.S. except 2% higher investment return assumption

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2018	556,403,124	49,413,109	44,414,704	561,401,529
2019	561,401,529	49,780,589	46,466,001	564,716,117
2020	564,716,117	50,009,034	48,155,824	566,569,327
2021	566,569,327	50,111,283	49,651,455	567,029,155
2022	567,029,155	50,104,878	50,709,598	566,424,435
2023	566,424,435	50,006,657	51,623,844	564,807,248
2024	564,807,248	49,818,074	52,466,958	562,158,364
2025	562,158,364	49,542,062	53,137,012	558,563,413
2026	558,563,413	49,191,171	53,533,947	554,220,637
2027	554,220,637	48,778,894	53,762,495	549,237,036
2028	549,237,036	48,314,057	53,845,822	543,705,270
2029	543,705,270	47,804,376	53,802,403	537,707,244
2030	537,707,244	47,253,192	53,723,846	531,236,590
2031	531,236,590	46,662,050	53,563,983	524,334,657
2032	524,334,657	46,036,732	53,280,509	517,090,880
2033	517,090,880	45,385,107	52,882,139	509,593,849
2034	509,593,849	44,711,906	52,443,780	501,861,975
2035	501,861,975	44,020,199	51,935,863	493,946,311
2036	493,946,311	43,317,152	51,305,554	485,957,909
2037	485,957,909	42,611,654	50,582,749	477,986,814
2038	477,986,814	41,911,471	49,779,669	470,118,616
2039	470,118,616	41,225,807	48,868,427	462,475,996
2040	462,475,996	40,565,410	47,862,039	455,179,367
2041	455,179,367	39,942,099	46,745,775	448,375,692
2042	448,375,692	39,366,955	45,573,974	442,168,673
2043	442,168,673	38,853,323	44,265,487	436,756,510

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits, reflecting no contributions from the Employer, Employee or State, contrary to Florida Statutes and Plan provisions:

All Future Years

Certain Key Assumptions

Valuation Investment Return Assumption

9.25%

Valuation Mortality Table

FRS Mortality - Regular Class

Note: As required in Section 112.664(c) of the Florida Statutes, the projection of the Fund assets do not include contributions from the Employer, Employee or State, which is contrary to Florida Statutes and Plan provisions. For this reason, these projections should not be viewed as a representation of the amount of time the Fund can sustain benefit payments. Under the GASB standards which DO include contributions from the employer, employee and State, the Fund is expected to be able to sustain the benefit payment demands in the near-term and long-term future.

ACTUARIALLY DETERMINED CONTRIBUTION

	Plan's Latest Actuarial Valuation	112.664(1)(a) F.S. Assumptions	112.664(1)(b) F.S. Assumptions	112.664(1)(b) F.S. Except 2% Higher Investment Return Assumption
A. Valuation Date	October 1, 2017	October 1, 2017	October 1, 2017	October 1, 2017
B. Actuarially Determined Contribution (ADC) to Be Paid During Fiscal Year Ending	9/30/2019	9/30/2019	9/30/2019	9/30/2019
C. Assumed Dates of Employer Contributions	Monthly	Monthly	Monthly	Monthly
D. Annual Payment to Amortize Unfunded Actuarial Liability	\$ 12,553,657	\$ 12,553,657	\$ 23,149,521	\$ 2,749,597
E. Employer Normal Cost	4,150,218	4,150,218	10,575,551	482,813
F. ADC if Paid on Valuation Date: D + E	16,703,875	16,703,875	33,725,072	3,232,410
G. ADC Adjusted for Frequency of Payments	17,338,789	17,338,789	34,661,617	3,387,792
H. ADC Adjusted for Frequency of Payments as % of Covered Payroll	19.92 %	19.92 %	39.82 %	3.89 %
I. Assumed Rate of Increase in Covered Payroll to Contribution Year	2.50 %	2.50 %	2.50 %	2.50 %
J. Covered Payroll for Contribution Year	89,220,055	89,220,055	89,220,055	89,220,055
K. ADC for Contribution Year: H x J	17,772,635	17,772,635	35,527,426	3,470,660
L. Estimated Credit for State Revenue in Contribution Year	0	0	0	0
M. Employer ADC in Contribution Year (Before Cost Sharing)	17,772,635	17,772,635	35,527,426	3,470,660
N. Employer ADC as % of Covered Payroll in Contribution Year: M ÷ J	19.92 %	19.92 %	39.82 %	3.89 %
O. Expected Member Contributions (Before Cost Sharing)	7,986,545	7,986,545	7,986,545	7,986,545
P. Total Contribution (including Members) in Contributing Year	25,759,180	25,759,180	43,513,971	11,457,205
Q. Total Contribution as a % of covered payroll in Contribution Year: P ÷ J	28.87 %	28.87 %	48.77 %	12.84 %
R. Certain Key Assumptions				
Investment Return Assumption	7.25%	7.25%	5.25%	9.25%
Mortality Table	FRS Mortality - Regular Class	FRS Mortality - Regular Class	FRS Mortality - Regular Class	FRS Mortality - Regular Class