

CITY OF LAKELAND
POLICE OFFICERS' RETIREMENT SYSTEM

SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2022 VALUATION DATE

June 30, 2023

VIA EMAIL

Ms. Ferrell Jenne, Plan Administrator
Foster & Foster, Inc.
2503 Del Prado Blvd. S., Suite 502
Cape Coral, FL 33904

Re: City of Lakeland Police Officers' Retirement System
Section 112.664, Florida Statutes Compliance

Dear Ferrell:

Please find enclosed the annual disclosures that satisfy the October 1, 2022 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), 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.

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, ASA, EA, MAAA
Enrolled Actuary #23-6595

Enclosures

cc via email: Scott Christiansen, 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, 2022 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, 2022

	ACTUAL	HYPOTHETICAL	
	6.75%	4.75%	8.75%
Discount Rate:			
<u>Total Pension Liability</u>			
Service Cost	3,887,719	6,043,789	2,620,850
Interest	12,106,721	10,754,056	12,848,460
Share Plan Allocation	236,844	236,844	236,844
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	3,165,982	4,144,862	2,509,479
Changes of Assumptions	-	-	-
Contributions - Buy Back	66,040	66,040	66,040
Benefit Payments, Including Refunds of Employee Contributions	(10,316,922)	(10,316,922)	(10,316,922)
Net Change in Total Pension Liability	9,146,384	10,928,669	7,964,751
Total Pension Liability - Beginning	180,629,570	225,515,854	149,377,150
Total Pension Liability - Ending (a)	<u>\$ 189,775,954</u>	<u>\$ 236,444,523</u>	<u>\$ 157,341,901</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	1,928,863	1,928,863	1,928,863
Contributions - State	1,175,145	1,175,145	1,175,145
Contributions - Employee	2,315,290	2,315,290	2,315,290
Contributions - Buy Back	66,040	66,040	66,040
Net Investment Income	(24,047,460)	(24,047,460)	(24,047,460)
Benefit Payments, Including Refunds of Employee Contributions	(10,316,922)	(10,316,922)	(10,316,922)
Administrative Expenses	(227,177)	(227,177)	(227,177)
Net Change in Plan Fiduciary Net Position	(29,106,221)	(29,106,221)	(29,106,221)
Plan Fiduciary Net Position - Beginning	183,221,304	183,221,304	183,221,304
Plan Fiduciary Net Position - Ending (b)	<u>\$ 154,115,083</u>	<u>\$ 154,115,083</u>	<u>\$ 154,115,083</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 35,660,871</u>	<u>\$ 82,329,440</u>	<u>\$ 3,226,818</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: Discount Rate = 6.75%

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
2022	153,631,975	-	18,546,064	-	9,744,229	144,830,140
2023	144,830,140	-	12,393,187	-	9,357,764	141,794,717
2024	141,794,717	-	12,630,912	-	9,144,850	138,308,655
2025	138,308,655	-	12,794,922	-	8,904,006	134,417,739
2026	134,417,739	-	12,957,949	-	8,635,867	130,095,657
2027	130,095,657	-	13,199,343	-	8,335,979	125,232,293
2028	125,232,293	-	13,256,086	-	8,005,787	119,981,994
2029	119,981,994	-	13,301,522	-	7,649,858	114,330,330
2030	114,330,330	-	13,253,241	-	7,270,000	108,347,089
2031	108,347,089	-	13,185,038	-	6,868,433	102,030,484
2032	102,030,484	-	13,030,722	-	6,447,271	95,447,033
2033	95,447,033	-	12,893,325	-	6,007,525	88,561,233
2034	88,561,233	-	12,770,867	-	5,546,866	81,337,232
2035	81,337,232	-	12,626,977	-	5,064,103	73,774,358
2036	73,774,358	-	12,453,631	-	4,559,459	65,880,186
2037	65,880,186	-	12,314,487	-	4,031,299	57,596,998
2038	57,596,998	-	12,100,795	-	3,479,396	48,975,599
2039	48,975,599	-	11,891,597	-	2,904,512	39,988,514
2040	39,988,514	-	11,673,444	-	2,305,246	30,620,316
2041	30,620,316	-	11,414,141	-	1,681,644	20,887,819
2042	20,887,819	-	11,139,671	-	1,033,964	10,782,112
2043	10,782,112	-	10,848,941	-	-	-

*All DROP and Share Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 21.99

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 6.75% 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 = 4.75%

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
2022	153,631,975	-	18,546,064	-	6,857,050	141,942,961
2023	141,942,961	-	12,393,187	-	6,447,952	135,997,726
2024	135,997,726	-	12,630,912	-	6,159,908	129,526,722
2025	129,526,722	-	12,794,922	-	5,848,640	122,580,440
2026	122,580,440	-	12,957,949	-	5,514,820	115,137,311
2027	115,137,311	-	13,199,343	-	5,155,538	107,093,506
2028	107,093,506	-	13,256,086	-	4,772,109	98,609,529
2029	98,609,529	-	13,301,522	-	4,368,041	89,676,048
2030	89,676,048	-	13,253,241	-	3,944,848	80,367,655
2031	80,367,655	-	13,185,038	-	3,504,319	70,686,936
2032	70,686,936	-	13,030,722	-	3,048,150	60,704,364
2033	60,704,364	-	12,893,325	-	2,577,241	50,388,280
2034	50,388,280	-	12,770,867	-	2,090,135	39,707,548
2035	39,707,548	-	12,626,977	-	1,586,218	28,666,789
2036	28,666,789	-	12,453,631	-	1,065,899	17,279,057
2037	17,279,057	-	12,314,487	-	528,286	5,492,856
2038	5,492,856	-	12,100,795	-	-	-

*All DROP and Share Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 16.45

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 4.75% 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 = 8.75%

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
2022	153,631,975	-	18,546,064	-	12,631,408	147,717,319
2023	147,717,319	-	12,393,187	-	12,383,063	147,707,195
2024	147,707,195	-	12,630,912	-	12,371,777	147,448,060
2025	147,448,060	-	12,794,922	-	12,341,927	146,995,065
2026	146,995,065	-	12,957,949	-	12,295,158	146,332,274
2027	146,332,274	-	13,199,343	-	12,226,603	145,359,534
2028	145,359,534	-	13,256,086	-	12,139,005	144,242,453
2029	144,242,453	-	13,301,522	-	12,039,273	142,980,204
2030	142,980,204	-	13,253,241	-	11,930,939	141,657,902
2031	141,657,902	-	13,185,038	-	11,818,221	140,291,085
2032	140,291,085	-	13,030,722	-	11,705,376	138,965,739
2033	138,965,739	-	12,893,325	-	11,595,419	137,667,833
2034	137,667,833	-	12,770,867	-	11,487,210	136,384,176
2035	136,384,176	-	12,626,977	-	11,381,185	135,138,384
2036	135,138,384	-	12,453,631	-	11,279,762	133,964,515
2037	133,964,515	-	12,314,487	-	11,183,136	132,833,164
2038	132,833,164	-	12,100,795	-	11,093,492	131,825,861
2039	131,825,861	-	11,891,597	-	11,014,505	130,948,769
2040	130,948,769	-	11,673,444	-	10,947,304	130,222,629
2041	130,222,629	-	11,414,141	-	10,895,111	129,703,599
2042	129,703,599	-	11,139,671	-	10,861,704	129,425,632
2043	129,425,632	-	10,848,941	-	10,850,102	129,426,793
2044	129,426,793	-	10,540,530	-	10,863,696	129,749,959
2045	129,749,959	-	10,217,518	-	10,906,105	130,438,546
2046	130,438,546	-	9,880,833	-	10,981,086	131,538,799
2047	131,538,799	-	9,522,579	-	11,093,032	133,109,252
2048	133,109,252	-	9,157,083	-	11,246,437	135,198,606
2049	135,198,606	-	8,777,115	-	11,445,879	137,867,370
2050	137,867,370	-	8,391,272	-	11,696,277	141,172,375
2051	141,172,375	-	8,001,349	-	12,002,524	145,173,550
2052	145,173,550	-	7,608,409	-	12,369,818	149,934,959
2053	149,934,959	-	7,213,658	-	12,803,711	155,525,012
2054	155,525,012	-	6,818,224	-	13,310,141	162,016,929
2055	162,016,929	-	6,423,686	-	13,895,445	169,488,688
2056	169,488,688	-	6,031,800	-	14,566,369	178,023,257
2057	178,023,257	-	5,644,544	-	15,330,086	187,708,799
2058	187,708,799	-	5,263,489	-	16,194,242	198,639,552
2059	198,639,552	-	4,890,561	-	17,166,999	210,915,990
2060	210,915,990	-	4,527,336	-	18,257,078	224,645,732
2061	224,645,732	-	4,175,598	-	19,473,819	239,943,953
2062	239,943,953	-	3,836,980	-	20,827,228	256,934,201
2063	256,934,201	-	3,512,939	-	22,328,052	275,749,314
2064	275,749,314	-	3,204,705	-	23,987,859	296,532,468
2065	296,532,468	-	2,913,216	-	25,819,138	319,438,390
2066	319,438,390	-	2,639,151	-	27,835,396	344,634,635
2067	344,634,635	-	2,382,854	-	30,051,281	372,303,062
2068	372,303,062	-	2,144,458	-	32,482,698	402,641,302
2069	402,641,302	-	1,923,809	-	35,146,947	435,864,440
2070	435,864,440	-	1,720,501	-	38,062,867	472,206,806
2071	472,206,806	-	1,533,886	-	41,250,988	511,923,908

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3
Hypothetical Assumptions: Discount Rate = 8.75%

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
2072	511,923,908	-	1,363,142	-	44,733,704	555,294,470
2073	555,294,470	-	1,207,443	-	48,535,440	602,622,467
2074	602,622,467	-	1,065,979	-	52,682,829	654,239,317
2075	654,239,317	-	937,986	-	57,204,903	710,506,234
2076	710,506,234	-	822,644	-	62,133,305	771,816,895
2077	771,816,895	-	719,099	-	67,502,518	838,600,314
2078	838,600,314	-	626,492	-	73,350,118	911,323,940
2079	911,323,940	-	543,966	-	79,717,046	990,497,020
2080	990,497,020	-	470,654	-	86,647,898	1,076,674,264
2081	1,076,674,264	-	405,703	-	94,191,249	1,170,459,810
2082	1,170,459,810	-	348,333	-	102,399,994	1,272,511,471
2083	1,272,511,471	-	297,814	-	111,331,724	1,383,545,381
2084	1,383,545,381	-	253,503	-	121,049,130	1,504,341,008
2085	1,504,341,008	-	214,819	-	131,620,440	1,635,746,629
2086	1,635,746,629	-	181,206	-	143,119,902	1,778,685,325
2087	1,778,685,325	-	152,163	-	155,628,309	1,934,161,471
2088	1,934,161,471	-	127,220	-	169,233,563	2,103,267,814
2089	2,103,267,814	-	105,925	-	184,031,300	2,287,193,189
2090	2,287,193,189	-	87,857	-	200,125,560	2,487,230,892
2091	2,487,230,892	-	72,621	-	217,629,526	2,704,787,797
2092	2,704,787,797	-	59,852	-	236,666,314	2,941,394,259
2093	2,941,394,259	-	49,209	-	257,369,845	3,198,714,895
2094	3,198,714,895	-	40,383	-	279,885,787	3,478,560,299
2095	3,478,560,299	-	33,101	-	304,372,578	3,782,899,776
2096	3,782,899,776	-	27,126	-	331,002,544	4,113,875,194
2097	4,113,875,194	-	22,260	-	359,963,106	4,473,816,040
2098	4,473,816,040	-	18,323	-	391,458,102	4,865,255,819
2099	4,865,255,819	-	15,158	-	425,709,221	5,290,949,882
2100	5,290,949,882	-	12,626	-	462,957,562	5,753,894,818
2101	5,753,894,818	-	10,613	-	503,465,332	6,257,349,537
2102	6,257,349,537	-	9,016	-	547,517,690	6,804,858,211
2103	6,804,858,211	-	7,745	-	595,424,755	7,400,275,221
2104	7,400,275,221	-	6,727	-	647,523,788	8,047,792,282
2105	8,047,792,282	-	5,901	-	704,181,567	8,751,967,948
2106	8,751,967,948	-	5,216	-	765,796,967	9,517,759,699
2107	9,517,759,699	-	4,633	-	832,803,771	10,350,558,837
2108	10,350,558,837	-	4,125	-	905,673,718	11,256,228,430
2109	11,256,228,430	-	3,672	-	984,919,827	12,241,144,585
2110	12,241,144,585	-	3,255	-	1,071,100,009	13,312,241,339
2111	13,312,241,339	-	2,860	-	1,164,820,992	14,477,059,471
2112	14,477,059,471	-	2,484	-	1,266,742,595	15,743,799,582
2113	15,743,799,582	-	2,126	-	1,377,582,370	17,121,379,826
2114	17,121,379,826	-	1,791	-	1,498,120,656	18,619,498,691
2115	18,619,498,691	-	1,482	-	1,629,206,071	20,248,703,280
2116	20,248,703,280	-	1,200	-	1,771,761,485	22,020,463,565
2117	22,020,463,565	-	949	-	1,926,790,520	23,947,253,136
2118	23,947,253,136	-	732	-	2,095,384,617	26,042,637,021
2119	26,042,637,021	-	550	-	2,278,730,715	28,321,367,186
2120	28,321,367,186	-	401	-	2,478,119,611	30,799,486,396
2121	30,799,486,396	-	282	-	2,694,955,047	33,494,441,161

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3
Hypothetical Assumptions: Discount Rate = 8.75%

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
2122	33,494,441,161	-	192	-	2,930,763,593	36,425,204,562
2123	36,425,204,562	-	126	-	3,187,205,394	39,612,409,830
2124	39,612,409,830	-	80	-	3,466,085,857	43,078,495,607
2125	43,078,495,607	-	48	-	3,769,368,364	46,847,863,923
2126	46,847,863,923	-	28	-	4,099,188,092	50,947,051,987
2127	50,947,051,987	-	16	-	4,457,867,048	55,404,919,019
2128	55,404,919,019	-	8	-	4,847,930,414	60,252,849,425
2129	60,252,849,425	-	4	-	5,272,124,325	65,524,973,746
2130	65,524,973,746	-	2	-	5,733,435,203	71,258,408,947
2131	71,258,408,947	-	1	-	6,235,110,783	77,493,519,729
2132	77,493,519,729	-	1	-	6,780,682,976	84,274,202,704
2133	84,274,202,704	-	-	-	7,373,992,737	91,648,195,441

*All DROP and Share Balances paid in 2022.

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 8.75% 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, 2024

Valuation Date: 10/1/2022

	ACTUAL	HYPOTHETICAL	
	6.75%	4.75%	8.75%
Investment Rate of Return:	6.75%	4.75%	8.75%
Minimum Required Contribution (Fixed \$)	\$5,425,706	\$10,226,198	\$3,022,730
Minimum Required Contribution (% of Payroll)	29.89%	56.34%	16.65%
Expected Member Contribution	2,495,752	4,897,120	1,294,161
Expected State Money	938,301	938,301	938,301
Expected Sponsor Contribution (Fixed \$)	\$1,991,653	\$4,390,777	\$790,268
Expected Sponsor Contribution (% of Payroll)	10.97%	24.19%	4.35%

ASSETS

Actuarial Value ¹	182,627,307	182,627,307	182,627,307
Market Value ¹	153,631,975	153,631,975	153,631,975

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	88,862,753	133,291,556	62,833,685
Disability Benefits	1,457,894	2,110,437	1,060,198
Death Benefits	377,496	481,539	303,130
Vested Benefits	5,603,583	9,543,563	3,485,462
Refund of Contributions	1,657,924	1,759,864	1,566,909
Service Retirees	93,444,955	112,360,649	79,731,126
DROP Retirees ¹	20,082,389	23,710,995	17,576,753
Beneficiaries	2,672,697	3,120,153	2,338,453
Disability Retirees	8,228,419	10,424,871	6,767,111
Terminated Vested	3,455,320	4,474,303	2,772,349
Share Plan Balances ¹	807,821	807,821	807,821
Gain Sharing Reserve ¹	0	0	0
Total:	226,651,251	302,085,751	179,242,997
Present Value of Future Salaries	155,708,386	177,167,601	138,782,616
Present Value of Future Member Contributions	21,409,903	47,799,819	9,131,896
Total Normal Cost	4,086,247	6,435,087	2,702,744
Present Value of Future Normal Costs (Entry Age Normal)	33,793,187	61,220,581	19,690,399
Total Actuarial Accrued Liability (EAN) ¹	192,858,064	240,865,170	159,552,598
Unfunded Actuarial Accrued Liability (UAAL)	10,230,757	58,237,863	(23,074,709)

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2024

Valuation Date: 10/1/2022

	ACTUAL	HYPOTHETICAL	
	6.75%	4.75%	8.75%
Investment Rate of Return:	6.75%	4.75%	8.75%
<u>PENSION COST</u>			
Normal Cost (with interest)	4,224,158	6,587,920	2,820,989
Administrative Expenses (with interest)	199,808	197,876	201,741
Payment Required To Amortize UAAL (with interest)	1,001,740	3,440,402	(1,579,332)
Minimum Required Contribution	\$5,425,706	\$10,226,198	\$3,022,730 ²

¹ The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2022.

² Reflects normal cost minimum funding requirements of Chapter 112, Florida Statutes.