

City of Lakeland Employees' Pension and Retirement System

Chapter 112.664, F.S. Compliance Report

In Connection with the October 1, 2022
Funding Actuarial Valuation Report
And the Plan's Financial Reporting for the
Year Ending September 30, 2022





October 9, 2023

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 (Plan) 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 Plan and those designated or approved by the Board. This report may be provided to parties other than the Plan 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 and other information through October 1, 2022. 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 approved by the Board as authorized under and prescribed by the Florida Statutes, as described in our October 1, 2022 actuarial valuation report. This report is also based on the plan provisions, census data, and financial information as summarized in our October 1, 2022 actuarial valuation report. Please refer to the October 1, 2022 actuarial valuation report, dated March 22, 2023, 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.

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 prepared using our proprietary valuation model and related software which in our professional judgment has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

Jeffrey Amrose and Trisha Amrose are members of the American Academy of Actuaries. These actuaries meet the Academy's Qualification Standards to render the actuarial opinions contained herein.

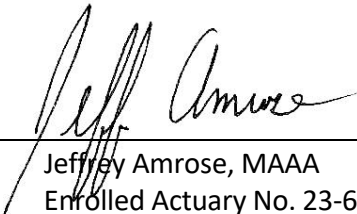
The signing actuaries are independent of the plan sponsor.

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 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 us or under our direct supervision, and we acknowledge responsibility for the results. To the best of our knowledge, the results are complete and accurate, and in our opinion, meet the requirements of Section 112.664(1), F.S. and Section 60T-1.0035, F.A.C.

Respectfully submitted,

GABRIEL, ROEDER, SMITH & COMPANY

By 

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Enrolled Actuary No. 23-6599
Senior Consultant & Actuary

By 

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CHAPTER 112.664, FLORIDA STATUTES

RESULTS

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

Fiscal year ending September 30,	<u>2022</u>
1. Total Pension Liability	
a. Service Cost	\$ 10,284,774
b. Interest	52,150,852
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	(4,190,581)
e. Assumption Changes	36,233,330
f. Benefit Payments	(54,999,119)
g. Contribution Refunds	(1,564,007)
h. Net Change in Total Pension Liability	<u>37,915,249</u>
i. Total Pension Liability - Beginning	<u>737,318,881</u>
j. Total Pension Liability - Ending	<u><u>\$ 775,234,130</u></u>
2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 6,393,795
b. Contributions - State	-
c. Contributions - Member	4,894,277
d. Net Investment Income	(99,410,066)
e. Benefit Payments	(54,999,119)
f. Contribution Refunds	(1,564,007)
g. Administrative Expense	(259,797)
h. Other	-
i. Net Change in Plan Fiduciary Net Position	<u>(144,944,917)</u>
j. Plan Fiduciary Net Position - Beginning	<u>810,995,976</u>
k. Plan Fiduciary Net Position - Ending	<u><u>\$ 666,051,059</u></u>
3. Net Pension Liability / (Asset)	\$ 109,183,071
Certain Key Assumptions	
Valuation Date	10/01/2021
Measurement Date	09/30/2022
Investment Return Assumption	6.75%
Mortality Table	FRS Regular Class (for the 7/1/2021 valuation)



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

Fiscal year ending September 30,	<u>2022</u>
1. Total Pension Liability	
a. Service Cost	\$ 10,284,774
b. Interest	52,150,852
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	(4,190,581)
e. Assumption Changes	36,233,330
f. Benefit Payments	(54,999,119)
g. Contribution Refunds	(1,564,007)
h. Net Change in Total Pension Liability	<u>37,915,249</u>
i. Total Pension Liability - Beginning	<u>737,318,881</u>
j. Total Pension Liability - Ending	<u>\$ 775,234,130</u>
 2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 6,393,795
b. Contributions - State	-
c. Contributions - Member	4,894,277
d. Net Investment Income	(99,410,066)
e. Benefit Payments	(54,999,119)
f. Contribution Refunds	(1,564,007)
g. Administrative Expense	(259,797)
h. Other	-
i. Net Change in Plan Fiduciary Net Position	<u>(144,944,917)</u>
j. Plan Fiduciary Net Position - Beginning	<u>810,995,976</u>
k. Plan Fiduciary Net Position - Ending	<u>\$ 666,051,059</u>
 3. Net Pension Liability / (Asset)	 \$ 109,183,071
 Certain Key Assumptions	
Valuation Date	10/01/2021
Measurement Date	09/30/2022
Investment Return Assumption	6.75%
Mortality Table	FRS Regular Class (for the 7/1/2021 valuation)



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

Fiscal year ending September 30,	<u>2022</u>
1. Total Pension Liability	
a. Service Cost	\$ 17,874,292
b. Interest	44,678,203
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	-
e. Assumption Changes	-
f. Benefit Payments	(54,999,119)
g. Contribution Refunds	(1,564,007)
h. Net Change in Total Pension Liability	<u>5,989,369</u>
i. Total Pension Liability - Beginning	<u>951,001,022</u>
j. Total Pension Liability - Ending	<u>\$ 956,990,391</u>
2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 6,393,795
b. Contributions - State	-
c. Contributions - Member	4,894,277
d. Net Investment Income	(99,410,066)
e. Benefit Payments	(54,999,119)
f. Contribution Refunds	(1,564,007)
g. Administrative Expense	(259,797)
h. Other	-
i. Net Change in Plan Fiduciary Net Position	<u>(144,944,917)</u>
j. Plan Fiduciary Net Position - Beginning	<u>810,995,976</u>
k. Plan Fiduciary Net Position - Ending	<u>\$ 666,051,059</u>
3. Net Pension Liability / (Asset)	\$ 290,939,332
Certain Key Assumptions	
Valuation Date	10/01/2021
Measurement Date	09/30/2022
Investment Return Assumption	4.75%
Mortality Table	FRS Regular Class (for the 7/1/2021 valuation)



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

Fiscal year ending September 30,	<u>2022</u>
1. Total Pension Liability	
a. Service Cost	\$ 7,736,728
b. Interest	54,317,480
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	-
e. Assumption Changes	-
f. Benefit Payments	(54,999,119)
g. Contribution Refunds	(1,564,007)
h. Net Change in Total Pension Liability	<u>5,491,082</u>
i. Total Pension Liability - Beginning	<u>641,316,040</u>
j. Total Pension Liability - Ending	<u><u>\$ 646,807,122</u></u>
2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 6,393,795
b. Contributions - State	-
c. Contributions - Member	4,894,277
d. Net Investment Income	(99,410,066)
e. Benefit Payments	(54,999,119)
f. Contribution Refunds	(1,564,007)
g. Administrative Expense	(259,797)
h. Other	-
i. Net Change in Plan Fiduciary Net Position	<u>(144,944,917)</u>
j. Plan Fiduciary Net Position - Beginning	<u>810,995,976</u>
k. Plan Fiduciary Net Position - Ending	<u><u>\$ 666,051,059</u></u>
3. Net Pension Liability / (Asset)	\$ (19,243,937)
Certain Key Assumptions	
Valuation Date	10/01/2021
Measurement Date	09/30/2022
Investment Return Assumption	8.75%
Mortality Table	FRS Regular Class (for the 7/1/2021 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), Net of DROP		Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY), Net of DROP			
	\$	Accounts			\$	Accounts		
2023	\$	647,029,784	\$	41,877,211	\$	53,253,314	\$	635,653,681
2024		635,653,681		41,051,192		54,975,755		621,729,118
2025		621,729,118		40,069,216		56,222,219		605,576,114
2026		605,576,114		38,946,907		57,169,798		587,353,223
2027		587,353,223		37,692,036		57,905,394		567,139,865
2028		567,139,865		36,307,293		58,508,086		544,939,072
2029		544,939,072		34,794,059		58,943,057		520,790,074
2030		520,790,074		33,151,735		59,306,520		494,635,289
2031		494,635,289		31,378,322		59,542,519		466,471,092
2032		466,471,092		29,475,233		59,601,937		436,344,388
2033		436,344,388		27,442,683		59,572,250		404,214,821
2034		404,214,821		25,279,318		59,412,800		370,081,340
2035		370,081,340		22,984,124		59,151,598		333,913,866
2036		333,913,866		20,557,475		58,717,369		295,753,971
2037		295,753,971		17,997,566		58,246,721		255,504,817
2038		255,504,817		15,300,540		57,660,300		213,145,057
2039		213,145,057		12,467,011		56,897,188		168,714,880
2040		168,714,880		9,498,374		55,996,448		122,216,806
2041		122,216,806		6,393,072		55,009,248		73,600,630
2042		73,600,630		3,147,408		53,944,735		22,803,303
2043		22,803,303		-		52,666,015		-
2044		-		-		51,273,828		-
2045		-		-		49,776,807		-
2046		-		-		48,186,824		-
2047		-		-		46,487,693		-
2048		-		-		44,739,643		-

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:** 20.42

Certain Key Assumptions

Investment Return Assumption 6.75%
Mortality Table FRS Regular Class (for the 7/1/2021 valuation)

Note: As required in Section 112.664(1)(c) of the Florida Statutes, the projection of the Fund assets does 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), Net of DROP		Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY), Net of DROP	
	\$	Accounts			\$	Accounts
2023	\$	647,029,784	\$	41,877,211	\$	635,653,681
2024		635,653,681		41,051,192		621,729,118
2025		621,729,118		40,069,216		605,576,114
2026		605,576,114		38,946,907		587,353,223
2027		587,353,223		37,692,036		567,139,865
2028		567,139,865		36,307,293		544,939,072
2029		544,939,072		34,794,059		520,790,074
2030		520,790,074		33,151,735		494,635,289
2031		494,635,289		31,378,322		466,471,092
2032		466,471,092		29,475,233		436,344,388
2033		436,344,388		27,442,683		404,214,821
2034		404,214,821		25,279,318		370,081,340
2035		370,081,340		22,984,124		333,913,866
2036		333,913,866		20,557,475		295,753,971
2037		295,753,971		17,997,566		255,504,817
2038		255,504,817		15,300,540		213,145,057
2039		213,145,057		12,467,011		168,714,880
2040		168,714,880		9,498,374		122,216,806
2041		122,216,806		6,393,072		73,600,630
2042		73,600,630		3,147,408		22,803,303
2043		22,803,303		-		-
2044		-		-		-
2045		-		-		-
2046		-		-		-
2047		-		-		-
2048		-		-		-

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:** 20.42

Certain Key Assumptions

Investment Return Assumption 6.75%
Mortality Table FRS Regular Class (for the 7/1/2021 valuation)

Note: As required in Section 112.664(1)(c) of the Florida Statutes, the projection of the Fund assets does 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), Net of DROP		Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY), Net of DROP	
	\$	Accounts			\$	Accounts
2023	\$	647,029,784	\$	29,469,149	\$	623,245,619
2024		623,245,619		28,298,493		596,568,356
2025		596,568,356		27,001,719		567,347,856
2026		567,347,856		25,591,240		535,769,299
2027		535,769,299		24,073,789		501,937,694
2028		501,937,694		22,452,473		465,882,081
2029		465,882,081		20,729,501		427,668,525
2030		427,668,525		18,905,725		387,267,730
2031		387,267,730		16,981,082		344,706,294
2032		344,706,294		14,958,003		300,062,360
2033		300,062,360		12,838,121		253,328,231
2034		253,328,231		10,622,037		204,537,468
2035		204,537,468		8,310,679		153,696,549
2036		153,696,549		5,906,049		100,885,228
2037		100,885,228		3,408,689		46,047,196
2038		46,047,196		817,810		-
2039		-		-		-
2040		-		-		-
2041		-		-		-
2042		-		-		-
2043		-		-		-
2044		-		-		-
2045		-		-		-
2046		-		-		-
2047		-		-		-
2048		-		-		-

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: 15.83

Certain Key Assumptions

Investment Return Assumption 4.75%
Mortality Table FRS Regular Class (for the 7/1/2021 valuation)

Note: As required in Section 112.664(1)(c) of the Florida Statutes, the projection of the Fund assets does 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), Net of DROP		Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY), Net of DROP	
	\$	Accounts			\$	Accounts
2023	\$	647,029,784	\$	54,285,274	\$	648,061,744
2024		648,061,744		54,300,213		647,386,202
2025		647,386,202		54,186,571		645,350,553
2026		645,350,553		53,966,995		642,147,750
2027		642,147,750		53,654,567		637,896,923
2028		637,896,923		53,256,252		632,645,089
2029		632,645,089		52,777,687		626,479,719
2030		626,479,719		52,222,315		619,395,514
2031		619,395,514		51,592,122		611,445,117
2032		611,445,117		50,893,863		602,737,044
2033		602,737,044		50,133,205		593,297,999
2034		593,297,999		49,314,265		583,199,464
2035		583,199,464		48,442,071		572,489,936
2036		572,489,936		47,523,985		561,296,552
2037		561,296,552		46,565,154		549,614,985
2038		549,614,985		45,568,673		537,523,358
2039		537,523,358		44,544,042		525,170,212
2040		525,170,212		43,502,549		512,676,313
2041		512,676,313		42,452,523		500,119,588
2042		500,119,588		41,400,382		487,575,235
2043		487,575,235		40,358,695		475,267,915
2044		475,267,915		39,342,713		463,336,799
2045		463,336,799		38,364,235		451,924,227
2046		451,924,227		37,435,196		441,172,599
2047		441,172,599		36,568,766		431,253,672
2048		431,253,672		35,777,337		422,291,366
2049		422,291,366		35,077,154		414,549,306
2050		414,549,306		34,486,133		408,191,300
2051		408,191,300		34,020,019		403,429,156
2052		403,429,156		33,695,646		400,452,691
2053		400,452,691		33,530,840		399,497,351
2054		399,497,351		33,543,319		400,750,404

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

Investment Return Assumption 8.75%
Mortality Table FRS Regular Class (for the 7/1/2021 valuation)

Note: As required in Section 112.664(1)(c) of the Florida Statutes, the projection of the Fund assets does 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, 2022	October 1, 2022	October 1, 2022	October 1, 2022
B. Actuarially Determined Contribution (ADC) to Be Paid During Fiscal Year Ending	September 30, 2024	September 30, 2024	September 30, 2024	September 30, 2024
C. Assumed Dates of Employer Contributions	Biweekly	Biweekly	Biweekly	Biweekly
D. Annual Payment to Amortize Unfunded Actuarial Accrued Liability	\$ 0	\$ 0	\$ 12,772,929	\$ 0
E. Employer Normal Cost	7,206,709	7,206,709	13,709,578	3,484,085
F. ADC if Paid on Valuation Date: D + E	7,206,709	7,206,709	26,482,507	3,484,085
G. ADC Adjusted for Frequency of Payments	7,451,377	7,451,377	27,121,000	3,635,991
H. ADC Adjusted for Frequency of Payments as % of Covered Payroll	8.77 %	8.77 %	31.90 %	4.28 %
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	87,135,003	87,135,003	87,135,003	87,135,003
K. ADC for Contribution Year: H x J	7,641,740	7,641,740	27,796,066	3,729,378
L. Estimated Credit for State Revenue in Contribution Year	0	0	0	0
M. Employer ADC in Contribution Year	7,641,740	7,641,740	27,796,066	3,729,378
N. Employer ADC as % of Covered Payroll in Contribution Year: M ÷ J	8.77 %	8.77 %	31.90 %	4.28 %
O. Expected Member Contributions	4,183,149	4,183,149	4,183,149	4,183,149
P. Total Contribution (including Members) in Contribution Year	11,824,889	11,824,889	31,979,215	7,912,527
Q. Total Contribution as % of Covered Payroll in Contribution Year: P ÷ J	13.57 %	13.57 %	36.70 %	9.08 %
R. Certain Key Assumptions				
Investment Return Assumption	6.75%	6.75%	4.75%	8.75%
Mortality Table	FRS Regular Class (for the 7/1/2021 valuation)	FRS Regular Class (for the 7/1/2021 valuation)	FRS Regular Class (for the 7/1/2021 valuation)	FRS Regular Class (for the 7/1/2021 valuation)

* Before cost sharing and prior to reflecting use of credit balance.

