

# City of Lakeland Employees' Pension and Retirement System

Chapter 112.664, F.S. Compliance Report

In Connection with the October 1, 2019  
Funding Actuarial Valuation Report  
And the Plan's Financial Reporting for the  
Year Ending September 30, 2019





May 23, 2020

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, 2019. 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, 2019 actuarial valuation report. This report is also based on the plan provisions, census data, and financial information as summarized in our October 1, 2019 actuarial valuation report. Please refer to the October 1, 2019 actuarial valuation report, dated March 20, 2020, 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.

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.

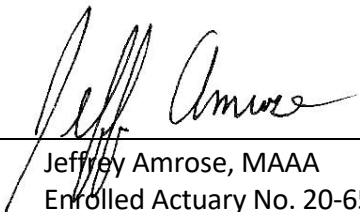
The signing actuaries are independent of the plan sponsor.


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. 20-6599  
Senior Consultant & Actuary

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Consultant & Actuary



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## **CHAPTER 112.664, FLORIDA STATUTES**

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### **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>2019</u>
<b>1. Total Pension Liability</b>	
a. Service Cost	\$ 11,588,821
b. Interest	50,814,102
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	(4,906,876)
e. Assumption Changes	-
f. Benefit Payments	(45,442,520)
g. Contribution Refunds	(1,377,268)
<b>h. Net Change in Total Pension Liability</b>	<u>10,676,259</u>
<b>i. Total Pension Liability - Beginning</b>	<u>712,705,236</u>
<b>j. Total Pension Liability - Ending</b>	<u><u>\$ 723,381,495</u></u>
 <b>2. Plan Fiduciary Net Position</b>	
a. Contributions - Employer	\$ 15,783,779
b. Contributions - State	-
c. Contributions - Member	7,755,783
d. Net Investment Income	14,738,192
e. Benefit Payments	(45,442,520)
f. Contribution Refunds	(1,377,268)
g. Administrative Expense	(252,466)
h. Other	-
<b>i. Net Change in Plan Fiduciary Net Position</b>	<u>(8,794,500)</u>
<b>j. Plan Fiduciary Net Position - Beginning</b>	<u>609,436,312</u>
<b>k. Plan Fiduciary Net Position - Ending</b>	<u><u>\$ 600,641,812</u></u>
 <b>3. Net Pension Liability / (Asset)</b>	 \$ 122,739,683
 <b>Certain Key Assumptions</b>	
Valuation Date	10/01/2018
Measurement Date	09/30/2019
Investment Return Assumption	7.25%
Mortality Table	FRS Regular Class (for the 7/1/2018 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,

**1. Total Pension Liability**

	<u>2019</u>
a. Service Cost	\$ 11,588,821
b. Interest	50,814,102
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	(4,906,876)
e. Assumption Changes	-
f. Benefit Payments	(45,442,520)
g. Contribution Refunds	(1,377,268)
<b>h. Net Change in Total Pension Liability</b>	<u>10,676,259</u>
<b>i. Total Pension Liability - Beginning</b>	<u>712,705,236</u>
<b>j. Total Pension Liability - Ending</b>	<u><u>\$ 723,381,495</u></u>

**2. Plan Fiduciary Net Position**

a. Contributions - Employer	\$ 15,783,779
b. Contributions - State	-
c. Contributions - Member	7,755,783
d. Net Investment Income	14,738,192
e. Benefit Payments	(45,442,520)
f. Contribution Refunds	(1,377,268)
g. Administrative Expense	(252,466)
h. Other	-
<b>i. Net Change in Plan Fiduciary Net Position</b>	<u>(8,794,500)</u>
<b>j. Plan Fiduciary Net Position - Beginning</b>	<u>609,436,312</u>
<b>k. Plan Fiduciary Net Position - Ending</b>	<u><u>\$ 600,641,812</u></u>

**3. Net Pension Liability / (Asset)**

\$ 122,739,683

**Certain Key Assumptions**

Valuation Date	10/01/2018
Measurement Date	09/30/2019
Investment Return Assumption	7.25%
Mortality Table	FRS Regular Class (for the 7/1/2018 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,

**1. Total Pension Liability**

	<b>2019</b>
a. Service Cost	\$ 17,954,947
b. Interest	45,593,336
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	-
e. Assumption Changes	-
f. Benefit Payments	(45,442,520)
g. Contribution Refunds	(1,377,268)
<b>h. Net Change in Total Pension Liability</b>	<b>16,728,495</b>
<b>i. Total Pension Liability - Beginning</b>	<b>873,899,441</b>
<b>j. Total Pension Liability - Ending</b>	<b>\$ 890,627,936</b>

**2. Plan Fiduciary Net Position**

a. Contributions - Employer	\$ 15,783,779
b. Contributions - State	-
c. Contributions - Member	7,755,783
d. Net Investment Income	14,738,192
e. Benefit Payments	(45,442,520)
f. Contribution Refunds	(1,377,268)
g. Administrative Expense	(252,466)
h. Other	-
<b>i. Net Change in Plan Fiduciary Net Position</b>	<b>(8,794,500)</b>
<b>j. Plan Fiduciary Net Position - Beginning</b>	<b>609,436,312</b>
<b>k. Plan Fiduciary Net Position - Ending</b>	<b>\$ 600,641,812</b>

**3. Net Pension Liability / (Asset)**

\$ 289,986,124

**Certain Key Assumptions**

Valuation Date	10/01/2018
Measurement Date	09/30/2019
Investment Return Assumption	5.25%
Mortality Table	FRS Regular Class (for the 7/1/2018 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>2019</u>
<b>1. Total Pension Liability</b>	
a. Service Cost	\$ 7,957,373
b. Interest	53,208,921
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	-
e. Assumption Changes	-
f. Benefit Payments	(45,442,520)
g. Contribution Refunds	(1,377,268)
<b>h. Net Change in Total Pension Liability</b>	<u>14,346,506</u>
<b>i. Total Pension Liability - Beginning</b>	<u>590,684,100</u>
<b>j. Total Pension Liability - Ending</b>	<u><u>\$ 605,030,606</u></u>
<b>2. Plan Fiduciary Net Position</b>	
a. Contributions - Employer	\$ 15,783,779
b. Contributions - State	-
c. Contributions - Member	7,755,783
d. Net Investment Income	14,738,192
e. Benefit Payments	(45,442,520)
f. Contribution Refunds	(1,377,268)
g. Administrative Expense	(252,466)
h. Other	-
<b>i. Net Change in Plan Fiduciary Net Position</b>	<u>(8,794,500)</u>
<b>j. Plan Fiduciary Net Position - Beginning</b>	<u>609,436,312</u>
<b>k. Plan Fiduciary Net Position - Ending</b>	<u><u>\$ 600,641,812</u></u>
<b>3. Net Pension Liability / (Asset)</b>	\$ 4,388,794
<b>Certain Key Assumptions</b>	
Valuation Date	10/01/2018
Measurement Date	09/30/2019
Investment Return Assumption	9.25%
Mortality Table	FRS Regular Class (for the 7/1/2018 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 Accounts	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY), Net of DROP Accounts
2020	\$ 577,214,950	\$ 40,109,441	\$ 47,962,554	\$ 569,361,837
2021	569,361,837	39,461,023	50,143,728	558,679,132
2022	558,679,132	38,632,221	51,641,816	545,669,538
2023	545,669,538	37,644,447	52,871,567	530,442,418
2024	530,442,418	36,498,702	54,024,092	512,917,028
2025	512,917,028	35,195,454	54,924,984	493,187,498
2026	493,187,498	33,740,104	55,613,502	471,314,100
2027	471,314,100	32,134,758	56,152,109	447,296,749
2028	447,296,749	30,380,879	56,500,296	421,177,332
2029	421,177,332	28,481,746	56,651,327	393,007,751
2030	393,007,751	26,435,966	56,747,482	362,696,234
2031	362,696,234	24,237,028	56,784,787	330,148,476
2032	330,148,476	21,877,931	56,767,827	295,258,579
2033	295,258,579	19,354,239	56,607,117	258,005,701
2034	258,005,701	16,663,224	56,336,251	218,332,675
2035	218,332,675	13,800,967	55,949,022	176,184,620
2036	176,184,620	10,763,835	55,435,855	131,512,600
2037	131,512,600	7,546,340	54,850,312	84,208,627
2038	84,208,627	4,141,536	54,167,995	34,182,168
2039	34,182,168	544,500	53,343,638	-
2040	-	-	52,429,883	-
2041	-	-	51,404,460	-
2042	-	-	50,316,252	-
2043	-	-	49,076,028	-
2044	-	-	47,730,041	-
2045	-	-	46,294,737	-

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:** 19.67

**Certain Key Assumptions**

Investment Return Assumption 7.25%  
Mortality Table FRS Regular Class (for the 7/1/2018 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
2020	\$	577,214,950	\$	40,109,441	\$	569,361,837
2021		569,361,837		39,461,023		558,679,132
2022		558,679,132		38,632,221		545,669,538
2023		545,669,538		37,644,447		530,442,418
2024		530,442,418		36,498,702		512,917,028
2025		512,917,028		35,195,454		493,187,498
2026		493,187,498		33,740,104		471,314,100
2027		471,314,100		32,134,758		447,296,749
2028		447,296,749		30,380,879		421,177,332
2029		421,177,332		28,481,746		393,007,751
2030		393,007,751		26,435,966		362,696,234
2031		362,696,234		24,237,028		330,148,476
2032		330,148,476		21,877,931		295,258,579
2033		295,258,579		19,354,239		258,005,701
2034		258,005,701		16,663,224		218,332,675
2035		218,332,675		13,800,967		176,184,620
2036		176,184,620		10,763,835		131,512,600
2037		131,512,600		7,546,340		84,208,627
2038		84,208,627		4,141,536		34,182,168
2039		34,182,168		544,500		-
2040		-		-		-
2041		-		-		-
2042		-		-		-
2043		-		-		-
2044		-		-		-
2045		-		-		-

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: 19.67

**Certain Key Assumptions**

Investment Return Assumption 7.25%  
Mortality Table FRS Regular Class (for the 7/1/2018 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		
2020	\$	577,214,950	\$	29,044,768	\$	47,962,554	\$	558,297,164
2021		558,297,164		27,994,328		50,143,728		536,147,764
2022		536,147,764		26,792,160		51,641,816		511,298,108
2023		511,298,108		25,455,272		52,871,567		483,881,813
2024		483,881,813		23,985,663		54,024,092		453,843,384
2025		453,843,384		22,384,997		54,924,984		421,303,397
2026		421,303,397		20,658,574		55,613,502		386,348,469
2027		386,348,469		18,809,302		56,152,109		349,005,661
2028		349,005,661		16,839,664		56,500,296		309,345,030
2029		309,345,030		14,753,517		56,651,327		267,447,219
2030		267,447,219		12,551,358		56,747,482		223,251,095
2031		223,251,095		10,230,082		56,784,787		176,696,390
2032		176,696,390		7,786,405		56,767,827		127,714,968
2033		127,714,968		5,219,099		56,607,117		76,326,950
2034		76,326,950		2,528,338		56,336,251		22,519,037
2035		22,519,037		-		55,949,022		-
2036		-		-		55,435,855		-
2037		-		-		54,850,312		-
2038		-		-		54,167,995		-
2039		-		-		53,343,638		-
2040		-		-		52,429,883		-
2041		-		-		51,404,460		-
2042		-		-		50,316,252		-
2043		-		-		49,076,028		-
2044		-		-		47,730,041		-
2045		-		-		46,294,737		-

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:** 15.42

**Certain Key Assumptions**

Investment Return Assumption 5.25%  
Mortality Table FRS Regular Class (for the 7/1/2018 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		
2020	\$	577,214,950	\$	51,174,115	\$	47,962,554	\$	580,426,511
2021		580,426,511		51,370,305		50,143,728		581,653,088
2022		581,653,088		51,414,477		51,641,816		581,425,748
2023		581,425,748		51,336,572		52,871,567		579,890,753
2024		579,890,753		51,141,280		54,024,092		577,007,941
2025		577,007,941		50,832,954		54,924,984		572,915,911
2026		572,915,911		50,422,597		55,613,502		567,725,007
2027		567,725,007		49,917,528		56,152,109		561,490,426
2028		561,490,426		49,324,726		56,500,296		554,314,855
2029		554,314,855		48,654,000		56,651,327		546,317,529
2030		546,317,529		47,909,800		56,747,482		537,479,847
2031		537,479,847		47,090,589		56,784,787		527,785,650
2032		527,785,650		46,194,661		56,767,827		517,212,483
2033		517,212,483		45,224,076		56,607,117		505,829,442
2034		505,829,442		44,183,672		56,336,251		493,676,862
2035		493,676,862		43,077,468		55,949,022		480,805,308
2036		480,805,308		41,910,583		55,435,855		467,280,036
2037		467,280,036		40,686,576		54,850,312		453,116,300
2038		453,116,300		39,407,988		54,167,995		438,356,293
2039		438,356,293		38,080,814		53,343,638		423,093,469
2040		423,093,469		36,711,264		52,429,883		407,374,850
2041		407,374,850		35,304,717		51,404,460		391,275,107
2042		391,275,107		33,865,821		50,316,252		374,824,676
2043		374,824,676		32,401,516		49,076,028		358,150,164
2044		358,150,164		30,921,376		47,730,041		341,341,499
2045		341,341,499		29,432,957		46,294,737		324,479,719

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

9.25%

Mortality Table

FRS Regular Class (for the 7/1/2018 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, 2019	October 1, 2019	October 1, 2019	October 1, 2019
B. Actuarially Determined Contribution (ADC) to Be Paid During Fiscal Year Ending	September 30, 2021	September 30, 2021	September 30, 2021	September 30, 2021
C. Assumed Dates of Employer Contributions	Monthly	Monthly	Monthly	Monthly
D. Annual Payment to Amortize Unfunded Actuarial Accrued Liability	\$ 12,707,208	\$ 12,707,208	\$ 23,877,473	\$ 2,356,056
E. Employer Normal Cost	4,307,535	4,307,535	10,744,949	632,749
F. ADC if Paid on Valuation Date: D + E	17,014,743	17,014,743	34,622,422	2,988,805
G. ADC Adjusted for Frequency of Payments	17,661,473	17,661,473	35,583,887	3,132,477
H. ADC Adjusted for Frequency of Payments as % of Covered Payroll	19.41 %	19.41 %	39.11 %	3.44 %
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	93,254,112	93,254,112	93,254,112	93,254,112
K. ADC for Contribution Year: H x J	18,100,623	18,100,623	36,471,683	3,207,941
L. Estimated Credit for State Revenue in Contribution Year	0	0	0	0
M. Employer ADC in Contribution Year	18,100,623	18,100,623	36,471,683	3,207,941
N. Employer ADC as % of Covered Payroll in Contribution Year: M ÷ J	19.41 %	19.41 %	39.11 %	3.44 %
O. Expected Member Contributions	7,878,685	7,878,685	7,878,685	7,878,685
P. Total Contribution (including Members) in Contribution Year	25,979,308	25,979,308	44,350,368	11,086,626
Q. Total Contribution as % of Covered Payroll in Contribution Year: P ÷ J	27.86 %	27.86 %	47.56 %	11.89 %
R. Certain Key Assumptions				
Investment Return Assumption	7.25%	7.25%	5.25%	9.25%
Mortality Table	FRS Regular Class (for the 7/1/2018 valuation)	FRS Regular Class (for the 7/1/2018 valuation)	FRS Regular Class (for the 7/1/2018 valuation)	FRS Regular Class (for the 7/1/2018 valuation)

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

