

City of Lakeland Employees' Pension and Retirement System

Chapter 112.664, F.S. Compliance Report

In Connection with the October 1, 2018
Funding Actuarial Valuation Report
And the Plan's Financial Reporting for the
Year Ending September 30, 2018



July 25, 2019

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 September 30, 2018. 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, 2018 actuarial valuation report. This report is also based on the plan provisions, census data, and financial information as summarized in our October 1, 2018 actuarial valuation report. Please refer to the October 1, 2018 actuarial valuation report, dated March 22, 2019, 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.

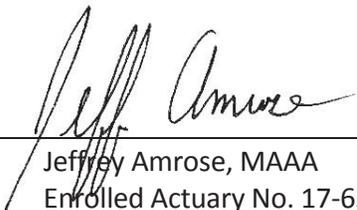
The signing actuaries are independent of the plan sponsor.

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

By 
Trisha Amrose, MAAA
Enrolled Actuary No. 17-8010
Consultant & Actuary



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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,

1. Total Pension Liability

	2018
a. Service Cost	\$ 11,698,378
b. Interest	49,542,535
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	472,973
e. Assumption Changes	-
f. Benefit Payments	(40,282,918)
g. Contribution Refunds	(1,028,249)
h. Net Change in Total Pension Liability	20,402,719
i. Total Pension Liability - Beginning	692,302,517
j. Total Pension Liability - Ending	\$ 712,705,236

2. Plan Fiduciary Net Position

a. Contributions - Employer	\$ 15,473,351
b. Contributions - State	-
c. Contributions - Member	7,593,222
d. Net Investment Income	50,808,890
e. Benefit Payments	(40,282,918)
f. Contribution Refunds	(1,028,249)
g. Administrative Expense	(222,991)
h. Other	-
i. Net Change in Plan Fiduciary Net Position	32,341,305
j. Plan Fiduciary Net Position - Beginning	577,095,007
k. Plan Fiduciary Net Position - Ending	\$ 609,436,312

3. Net Pension Liability / (Asset)

\$ 103,268,924

Certain Key Assumptions

Valuation Date	10/01/2017
Measurement Date	09/30/2018
Investment Return Assumption	7.25%
Mortality Table	FRS Regular Class (for the 7/1/2017 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>2018</u>
1. Total Pension Liability	
a. Service Cost	\$ 11,698,378
b. Interest	49,574,508
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	-
e. Assumption Changes	-
f. Benefit Payments	(40,282,918)
g. Contribution Refunds	(1,028,249)
h. Net Change in Total Pension Liability	<u>19,961,719</u>
i. Total Pension Liability - Beginning	<u>692,743,517</u>
j. Total Pension Liability - Ending	<u><u>\$ 712,705,236</u></u>
2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 15,473,351
b. Contributions - State	-
c. Contributions - Member	7,593,222
d. Net Investment Income	50,808,890
e. Benefit Payments	(40,282,918)
f. Contribution Refunds	(1,028,249)
g. Administrative Expense	(222,991)
h. Other	-
i. Net Change in Plan Fiduciary Net Position	<u>32,341,305</u>
j. Plan Fiduciary Net Position - Beginning	<u>577,095,007</u>
k. Plan Fiduciary Net Position - Ending	<u><u>\$ 609,436,312</u></u>
3. Net Pension Liability / (Asset)	\$ 103,268,924
Certain Key Assumptions	
Valuation Date	10/01/2017
Measurement Date	09/30/2018
Investment Return Assumption	7.25%
Mortality Table	FRS Regular Class (for the 7/1/2017 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>2018</u>
1. Total Pension Liability	
a. Service Cost	\$ 18,123,711
b. Interest	44,851,145
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	-
e. Assumption Changes	-
f. Benefit Payments	(40,282,918)
g. Contribution Refunds	(1,028,249)
h. Net Change in Total Pension Liability	<u>21,663,689</u>
i. Total Pension Liability - Beginning	<u>856,839,400</u>
j. Total Pension Liability - Ending	<u><u>\$ 878,503,089</u></u>
2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 15,473,351
b. Contributions - State	-
c. Contributions - Member	7,593,222
d. Net Investment Income	50,808,890
e. Benefit Payments	(40,282,918)
f. Contribution Refunds	(1,028,249)
g. Administrative Expense	(222,991)
h. Other	-
i. Net Change in Plan Fiduciary Net Position	<u>32,341,305</u>
j. Plan Fiduciary Net Position - Beginning	<u>577,095,007</u>
k. Plan Fiduciary Net Position - Ending	<u><u>\$ 609,436,312</u></u>
3. Net Pension Liability / (Asset)	\$ 269,066,777
Certain Key Assumptions	
Valuation Date	10/01/2017
Measurement Date	09/30/2018
Investment Return Assumption	5.25%
Mortality Table	FRS Regular Class (for the 7/1/2017 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>2018</u>
1. Total Pension Liability	
a. Service Cost	\$ 8,030,973
b. Interest	52,163,263
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	-
e. Assumption Changes	-
f. Benefit Payments	(40,282,918)
g. Contribution Refunds	(1,028,249)
h. Net Change in Total Pension Liability	<u>18,883,069</u>
i. Total Pension Liability - Beginning	<u>576,551,777</u>
j. Total Pension Liability - Ending	<u>\$ 595,434,846</u>
2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 15,473,351
b. Contributions - State	-
c. Contributions - Member	7,593,222
d. Net Investment Income	50,808,890
e. Benefit Payments	(40,282,918)
f. Contribution Refunds	(1,028,249)
g. Administrative Expense	(222,991)
h. Other	-
i. Net Change in Plan Fiduciary Net Position	<u>32,341,305</u>
j. Plan Fiduciary Net Position - Beginning	<u>577,095,007</u>
k. Plan Fiduciary Net Position - Ending	<u>\$ 609,436,312</u>
3. Net Pension Liability / (Asset)	\$ (14,001,466)
Certain Key Assumptions	
Valuation Date	10/01/2017
Measurement Date	09/30/2018
Investment Return Assumption	9.25%
Mortality Table	FRS Regular Class (for the 7/1/2017 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
2019	\$ 585,814,173	\$ 40,795,196	\$ 46,243,642	\$ 580,365,727
2020	580,365,727	40,331,262	48,144,926	572,552,062
2021	572,552,062	39,699,816	49,936,785	562,315,093
2022	562,315,093	38,911,178	51,218,386	550,007,885
2023	550,007,885	37,982,258	52,229,342	535,760,801
2024	535,760,801	36,911,888	53,262,623	519,410,066
2025	519,410,066	35,696,123	54,099,489	501,006,700
2026	501,006,700	34,342,035	54,646,906	480,701,830
2027	480,701,830	32,854,737	55,066,100	458,490,466
2028	458,490,466	31,235,572	55,309,978	434,416,060
2029	434,416,060	29,488,984	55,342,917	408,562,127
2030	408,562,127	27,613,032	55,385,449	380,789,710
2031	380,789,710	25,602,218	55,311,350	351,080,577
2032	351,080,577	23,456,099	55,096,364	319,440,312
2033	319,440,312	21,173,489	54,784,372	285,829,429
2034	285,829,429	18,750,428	54,405,678	250,174,179
2035	250,174,179	16,181,765	53,954,843	212,401,101
2036	212,401,101	13,464,293	53,373,429	172,491,964
2037	172,491,964	10,595,204	52,702,437	130,384,732
2038	130,384,732	7,569,825	51,946,714	86,007,842
2039	86,007,842	4,384,442	51,065,559	39,326,725
2040	39,326,725	1,035,277	50,094,074	-
2041	-	-	49,020,579	-
2042	-	-	47,875,798	-
2043	-	-	46,593,890	-
2044	-	-	45,208,111	-

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:** 21.75

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			Accounts	Accounts		
2019	\$	585,814,173	\$	40,795,196	\$	46,243,642	\$	580,365,727
2020		580,365,727		40,331,262		48,144,926		572,552,062
2021		572,552,062		39,699,816		49,936,785		562,315,093
2022		562,315,093		38,911,178		51,218,386		550,007,885
2023		550,007,885		37,982,258		52,229,342		535,760,801
2024		535,760,801		36,911,888		53,262,623		519,410,066
2025		519,410,066		35,696,123		54,099,489		501,006,700
2026		501,006,700		34,342,035		54,646,906		480,701,830
2027		480,701,830		32,854,737		55,066,100		458,490,466
2028		458,490,466		31,235,572		55,309,978		434,416,060
2029		434,416,060		29,488,984		55,342,917		408,562,127
2030		408,562,127		27,613,032		55,385,449		380,789,710
2031		380,789,710		25,602,218		55,311,350		351,080,577
2032		351,080,577		23,456,099		55,096,364		319,440,312
2033		319,440,312		21,173,489		54,784,372		285,829,429
2034		285,829,429		18,750,428		54,405,678		250,174,179
2035		250,174,179		16,181,765		53,954,843		212,401,101
2036		212,401,101		13,464,293		53,373,429		172,491,964
2037		172,491,964		10,595,204		52,702,437		130,384,732
2038		130,384,732		7,569,825		51,946,714		86,007,842
2039		86,007,842		4,384,442		51,065,559		39,326,725
2040		39,326,725		1,035,277		50,094,074		-
2041		-		-		49,020,579		-
2042		-		-		47,875,798		-
2043		-		-		46,593,890		-
2044		-		-		45,208,111		-

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:** 21.75

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		
2019	\$	585,814,173	\$	29,541,348	\$	46,243,642	\$	569,111,879
2020		569,111,879		28,614,569		48,144,926		549,581,523
2021		549,581,523		27,542,189		49,936,785		527,186,927
2022		527,186,927		26,332,831		51,218,386		502,301,372
2023		502,301,372		24,999,802		52,229,342		475,071,832
2024		475,071,832		23,543,127		53,262,623		445,352,336
2025		445,352,336		21,960,886		54,099,489		413,213,733
2026		413,213,733		20,259,240		54,646,906		378,826,067
2027		378,826,067		18,442,883		55,066,100		342,202,851
2028		342,202,851		16,513,763		55,309,978		303,406,635
2029		303,406,635		14,476,097		55,342,917		262,539,815
2030		262,539,815		12,329,472		55,385,449		219,483,838
2031		219,483,838		10,070,979		55,311,350		174,243,467
2032		174,243,467		7,701,502		55,096,364		126,848,605
2033		126,848,605		5,221,462		54,784,372		77,285,695
2034		77,285,695		2,629,350		54,405,678		25,509,367
2035		25,509,367		-		53,954,843		-
2036		-		-		53,373,429		-
2037		-		-		52,702,437		-
2038		-		-		51,946,714		-
2039		-		-		51,065,559		-
2040		-		-		50,094,074		-
2041		-		-		49,020,579		-
2042		-		-		47,875,798		-
2043		-		-		46,593,890		-
2044		-		-		45,208,111		-

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: 16.50

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		
2019	\$	585,814,173	\$	52,049,043	\$	46,243,642	\$	591,619,574
2020		591,619,574		52,498,108		48,144,926		595,972,755
2021		595,972,755		52,817,904		49,936,785		598,853,874
2022		598,853,874		53,025,133		51,218,386		600,660,621
2023		600,660,621		53,145,500		52,229,342		601,576,779
2024		601,576,779		53,182,456		53,262,623		601,496,612
2025		601,496,612		53,136,335		54,099,489		600,533,458
2026		600,533,458		53,021,925		54,646,906		598,908,478
2027		598,908,478		52,852,227		55,066,100		596,694,605
2028		596,694,605		52,636,164		55,309,978		594,020,791
2029		594,020,791		52,387,313		55,342,917		591,065,187
2030		591,065,187		52,111,953		55,385,449		587,791,691
2031		587,791,691		51,812,582		55,311,350		584,292,923
2032		584,292,923		51,498,889		55,096,364		580,695,447
2033		580,695,447		51,180,552		54,784,372		577,091,627
2034		577,091,627		50,864,713		54,405,678		573,550,662
2035		573,550,662		50,558,025		53,954,843		570,153,844
2036		570,153,844		50,270,709		53,373,429		567,051,124
2037		567,051,124		50,014,741		52,702,437		564,363,428
2038		564,363,428		49,801,082		51,946,714		562,217,796
2039		562,217,796		49,643,364		51,065,559		560,795,601
2040		560,795,601		49,556,742		50,094,074		560,258,269
2041		560,258,269		49,556,688		49,020,579		560,794,378
2042		560,794,378		49,659,224		47,875,798		562,577,804
2043		562,577,804		49,883,480		46,593,890		565,867,394
2044		565,867,394		50,251,859		45,208,111		570,911,142

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, 2018	October 1, 2018	October 1, 2018	October 1, 2018
B. Actuarially Determined Contribution (ADC) to Be Paid During Fiscal Year Ending	September 30, 2020	September 30, 2020	September 30, 2020	September 30, 2020
C. Assumed Dates of Employer Contributions	Monthly	Monthly	Monthly	Monthly
D. Annual Payment to Amortize Unfunded Actuarial Accrued Liability	\$ 12,220,023	\$ 12,220,023	\$ 23,264,623	\$ 2,001,237
E. Employer Normal Cost	4,183,000	4,183,000	10,549,126	551,553
F. ADC if Paid on Valuation Date: D + E	16,403,023	16,403,023	33,813,749	2,552,790
G. ADC Adjusted for Frequency of Payments	17,026,502	17,026,502	34,752,757	2,675,503
H. ADC Adjusted for Frequency of Payments as % of Covered Payroll	19.31 %	19.31 %	39.42 %	3.04 %
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	90,357,393	90,357,393	90,357,393	90,357,393
K. ADC for Contribution Year: H x J	17,448,013	17,448,013	35,618,884	2,746,865
L. Estimated Credit for State Revenue in Contribution Year	0	0	0	0
M. Employer ADC in Contribution Year	17,448,013	17,448,013	35,618,884	2,746,865
N. Employer ADC as % of Covered Payroll in Contribution Year: M ÷ J	19.31 %	19.31 %	39.42 %	3.04 %
O. Expected Member Contributions	7,828,850	7,828,850	7,828,850	7,828,850
P. Total Contribution (including Members) in Contribution Year	25,276,863	25,276,863	43,447,734	10,575,715
Q. Total Contribution as % of Covered Payroll in Contribution Year: P ÷ J	27.97 %	27.97 %	48.08 %	11.70 %
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)			

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