

# Saltmarsh

Saltmarsh, Cleaveland & Gund

*CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS*

**CITY OF LAKELAND FIREFIGHTERS' RETIREMENT SYSTEM**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2023 AND 2022**

**CITY OF LAKELAND FIREFIGHTERS' RETIREMENT SYSTEM**  
**FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

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## INDEPENDENT AUDITOR'S REPORT

The Board of Trustees  
City of Lakeland Firefighters' Retirement System  
Lakeland, Florida

### Opinion

We have audited the financial statements of the City of Lakeland Firefighters' Retirement System (the "Plan"), which comprise the statements of fiduciary net position as of September 30, 2023 and 2022, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, information regarding the fiduciary net position of the Plan as of September 30, 2023 and 2022, and the changes in fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for one year after the date that the financial statements are issued.

Management is also responsible for maintaining a current plan instrument, including all plan amendments, administering the plan, and determining that the plan's transactions that are presented and disclosed in the financial statements are in conformity with the plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

### **Auditor's Responsibility**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Emphasis of Matter**

As discussed in Note 1, these financial statements present only the City of Lakeland Firefighters' Retirement System, a pension trust fund of the City of Lakeland, Florida (the "City") and are not intended to present fairly the financial position and changes in financial position of the City in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

The Board of Trustees  
City of Lakeland Firefighters' Retirement System  
Lakeland, Florida

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information on pages 31 through 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Plan has not presented a management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of the basic financial statements. Our opinion on the basic financial statements is not affected by this missing information.

### *Other Information*

The additional information on page 36 is presented for the purpose of additional analysis and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the above information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Tampa, Florida  
March 22, 2024

**CITY OF LAKELAND FIREFIGHTERS' RETIREMENT SYSTEM**  
**STATEMENTS OF FIDUCIARY NET POSITION**  
**SEPTEMBER 30, 2023 and 2022**

	2023	2022
<b>Assets:</b>		
Receivables:		
Plan members	\$ 24,591	\$ 44,995
Employer	30,596	65,562
Excise tax rebate	22,951	-
Interest & Dividends	49,920	58,017
Total receivables	128,058	168,574
Prepaid expenses	-	43,179
Investments:		
Domestic equity investment funds	60,461,125	53,315,077
International equity investment funds	17,639,901	13,902,386
Fixed income investment funds	23,839,608	28,092,911
Real estate investment funds	13,769,268	14,171,171
Temporary investment funds	5,986,812	734,749
Total investments	121,696,714	110,216,294
<b>Total Assets</b>	<b>121,824,772</b>	<b>110,428,047</b>
<b>Liabilities:</b>		
Accounts payable	62,873	57,444
Benefit payable	-	5,019
PLOP distribution payable	-	203,833
Refunds of contributions payable	1,568	29,557
Due to imprest City money market	-	48,043
<b>Total Liabilities</b>	<b>64,441</b>	<b>343,896</b>
<b>Net Position Restricted for Pensions</b>	<b>\$ 121,760,331</b>	<b>\$ 110,084,151</b>

The accompanying notes are an integral  
part of these financial statements.

**CITY OF LAKELAND FIREFIGHTERS' RETIREMENT SYSTEM  
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION  
YEARS ENDED SEPTEMBER 30, 2023 and 2022**

	2023	2022
<b>Additions:</b>		
Contributions:		
Plan members	\$ 1,357,047	\$ 1,207,662
Employer	1,986,876	1,774,003
Plan member buy backs	131,452	-
Total contributions	3,475,375	2,981,665
Intergovernmental revenue:		
Chapter 175 state excise tax rebate	1,221,400	964,435
Total intergovernmental revenue	1,221,400	964,435
Investment income (loss):		
Net appreciation (depreciation) in fair value of investments	10,667,409	(22,872,609)
Interest and dividends	2,505,431	2,379,979
Total investment income (loss)	13,172,840	(20,492,630)
Less investment expenses	135,684	139,586
Net investment income (loss)	13,037,156	(20,632,216)
Total additions (deductions), net	17,733,931	(16,686,116)
<b>Deductions:</b>		
Benefits:		
Age and service	5,300,757	5,224,868
Beneficiary	484,105	471,728
DROP payments	-	1,287,817
Share payments	13,491	10,975
PLOP payments	-	203,833
Refunds of contributions	110,101	75,108
Administrative expenses	149,297	161,315
Total deductions	6,057,751	7,435,644
<b>Net Increase (Decrease) in Net Position</b>	11,676,180	(24,121,760)
<b>Net Position Restricted for Pensions</b>		
Beginning of year	110,084,151	134,205,911
End of year	\$ 121,760,331	\$ 110,084,151

The accompanying notes are an integral  
part of these financial statements.

**CITY OF LAKELAND FIREFIGHTERS' RETIREMENT SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

**NOTE 1 - DESCRIPTION OF PLAN**

The following brief description of the City of Lakeland Firefighters' Retirement System (the "Plan") is provided for general information purposes only. Participants should refer to the Plan Agreement for more complete information.

*Plan Restructuring* - On November 19, 2012, the Lakeland City Commission adopted ordinance 5341 - which removed all active and retired firefighters from the City of Lakeland Employee Pension Plan (the General Plan) and transferred those individuals to an amended version of the Firefighters' Supplemental Pension Plan (the Supplemental Plan) - which had the effect of creating an entirely new replacement plan called the Firefighters' Retirement System (the "Fire Plan").

Under the terms of this change, all retired firefighters and/or their beneficiaries who were receiving benefits from the General Plan and/or the Supplemental Plan as of the effective date of the transfer would from that point forward be paid the exact same level of combined benefits from the Fire Plan. All future retired firefighters and/or their beneficiaries will receive their retirement benefits exclusively from the Fire Plan based on a new defined benefit calculation formula that replaces the benefit formulas that previously existed within the General Plan and the Supplemental Plan.

In conjunction with the change, certain assets and liabilities of the General Plan were transferred to the Fire Plan. The value of the assets transferred was based on the relative percentage of the actuarial accrued liability (EAN method) payable from the General Plan that was determined to be attributable to both active and retired firefighters as of September 30, 2012.

*General* - The restructured Plan is a defined benefit pension plan covering all full-time firefighters of the City of Lakeland, Florida (the "City"). Participation in the Plan is required as a condition of employment. The Plan provides for pension, death and disability benefits. In addition, the Plan is a local law plan subject to provisions of Chapter 175 of the State of Florida Statutes.

The Plan, in accordance with the above statutes, is governed by a five-member pension board. Two firefighters are elected by a majority of the members of the Plan, two are City residents, and a fifth member elected by the other four members constitute the pension board. The City and the Plan participants are obligated to fund all Plan costs based upon actuarial valuations. The City is authorized to establish benefit levels and the Board of Trustees approves the actuarial assumptions used in the determination of contribution levels.



**CITY OF LAKELAND FIREFIGHTERS' RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023 AND 2022**

**NOTE 1 - DESCRIPTION OF PLAN (Continued)**

At October 1, 2022 the Plan's membership consisted of:

Retirees and beneficiaries:	
Currently receiving benefits	122
DROP participants	8
Terminated employees entitled to benefits but not yet receiving them	<u>17</u>
 Total	 <u><u>147</u></u>
 Current employees:	
Vested	79
Nonvested	<u>90</u>
 Total	 <u><u>169</u></u>

At October 1, 2022 the date of the most recent actuarial valuation, there were 122 retirees and beneficiaries receiving benefits.

*Pension Benefits* - The pension plan provides retirement, death and disability benefits for its participants. A participant may retire early after reaching age 50 and accumulating 10 or more years of credited service; normal retirement age is 55 and completing 10 years of credited service or after reaching age 52 with 25 years of credited service.

The amount of the normal retirement benefit is as follows:

A member who began employment as a firefighter prior to October 1, 2003 and retires on or after the normal retirement date shall receive a monthly benefit of 3.30 percent of average final compensation for each year of credited service. A member who began employment as a firefighter on or after October 1, 2003 and retires on or after the normal retirement date shall receive a monthly benefit of 3.0 percent of average final compensation for each year of credited service. The monthly benefit shall commence on the first day of the month coincident with or next following a member's retirement and be continued thereafter during the member's lifetime, ceasing upon death, but with 120 monthly payments guaranteed in any event.

**CITY OF LAKELAND FIREFIGHTERS' RETIREMENT SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

**NOTE 1 - DESCRIPTION OF PLAN (Continued)**

Disability Benefits - A member having 10 or more years of credited service or a member who becomes totally and permanently disabled in the line of duty regardless of length of service, may retire from the City if the member becomes totally and permanently disabled as defined in subsection (b) by reason of any cause other than a cause set out in subsection (c) on or after the effective date of the plan. Such retirement shall herein be referred to as “disability retirement.” The applicable disability presumptions in Florida Statutes 112 and 175, in effect at the time of disability shall apply.

Death Benefits - If the participant dies prior to retirement the beneficiary shall receive the following benefit:

- a. Prior to Vesting - The beneficiary of a deceased member who was not yet vested, or who has no surviving spouse, shall receive a refund of 100% of the member’s accumulated contributions, without interest.
- b. Deceased Firefighters with 10 or More Years Credited Service - For any actively employed member who has ten or more years of credited service as of his date of death, his or her beneficiary is entitled to the benefits otherwise payable to the member at early or normal retirement age.

Refund of Participant Contributions - A non-vested participant who terminates employment is refunded his or her contributions, without interest, and the participant may voluntarily elect to leave the contributions in their deposit account for a period of up to 5 years, pending the participant’s possibility of re-employment.

Deferred Retirement Option Plan; BACK DROP; Partial Lump-Sum Option - An eligible member may elect one of the following options:

A. DROP

(1) Eligibility and participation

- a. A firefighter who attains age fifty (50) with 25 or more years of credited service or age 53 with 15 or more years of credited service shall be eligible to participate in the DROP.
- b. An employee’s election to participate in the DROP shall be irrevocable.
- c. An eligible member may participate in the DROP for a maximum of 60 months. An eligible member who wishes to participate in the DROP must provide at least 30 days’ advance written notice to the City of his or her election to participate in the DROP. A member who elects to participate in the DROP may elect to terminate DROP participation and City employment sooner than the maximum DROP period with 30 days’ advance written notice to the City.

**CITY OF LAKELAND FIREFIGHTERS' RETIREMENT SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

**NOTE 1 - DESCRIPTION OF PLAN (Continued)**

(2) DROP plan features:

- a. The member's DROP account will accrue interest at a fixed annual rate of 3.0 percent to be calculated quarterly.
- b. The member's DROP account will accrue interest at a variable rate of 1.0 percent less than the actual rate of return on system investments for the same period, with a maximum of 8.0 percent and a minimum of 0.0 percent, to be calculated quarterly. Members who choose the variable rate will have their interest credited annually. At termination from employment, the member is eligible for the balances as of the prior September 30; interest, if any, will be credited as of the following September 30 and the member will receive a check for that payment.

**B. BACK-DROP**

A member, upon attaining age 55 with 10 or more years of credited service, may elect a "BACK-DROP" option. A member who elects the BACK-DROP must immediately retire and terminate city employment and is not eligible to participate in the DROP or PLOP. Under the BACK-DROP option, a member receives a lump sum amount equal to up to 60 months of retirement benefits plus interest at the rate of 3.0 percent per annum, upon entry into the DROP, deposited into the DROP account. The member's monthly pension benefit is then actuarially reduced to reflect the actuarial cost to the system of the lump sum amount. The monthly pension benefit of a member electing the BACK-DROP option shall be calculated based on the benefit levels in place on the date the member first became eligible for DROP. An eligible member who wishes to participate in the BACK-DROP must provide at least 30 days' advance written notice to the City of his or her election to participate.

**C. PARTIAL LUMP SUM OPTION (PLOP)**

A member with 25 or more years of credited service who is eligible for normal or early retirement may, at the time of retirement or entry into DROP, elect to receive or have deposited into the member's DROP account, up to a maximum of 20 percent in 5.0 percent increments, of the total actuarial equivalent value of the member's accrued benefit paid as a lump sum, with the remaining percentage paid in a monthly amount in accordance with the option selected by the member. The benefit amount of the member who has attained age 50 but is not eligible for normal retirement upon electing a partial lump sum option shall be reduced in accordance with the terms of the Plan. The benefit amount of a member who elects a partial lump sum option prior to age 50 shall be actuarially reduced to reflect the actuarial cost to the system of the partial lump sum option.

**CITY OF LAKELAND FIREFIGHTERS' RETIREMENT SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Accounting:*

Basis of accounting is the method by which revenues and expenses are recognized in the accounts and are reported in the financial statements. The accrual basis of accounting is used for the Plan. Under the accrual basis of accounting, revenues are recognized when they are earned and collection is reasonably assured, and expenses are recognized when the liability is incurred. Plan member contributions are recognized in the period in which the contributions are due. City contributions to the plan as calculated by the Plan's actuary, are recognized as revenue when due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

*Basis of Presentation:*

The accompanying financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) Statement 67, Financial Reporting for Defined Benefit Pension Plans and the Codification of Governmental Accounting and Financial Reporting Standards which covers the reporting requirements for defined benefit pensions established by a governmental employer. The accompanying financial statements include solely the accounts of the Plan which include all programs, activities and functions relating to the accumulation and investment of the assets and related income necessary to provide the service, disability and death benefits required under the terms of the Plan as amended.

*Valuation of Investments:*

GASB statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

Investment income is recognized on the accrual basis as earned. Unrealized appreciation (depreciation) in fair value of investments includes the difference between cost and fair value of investments held. The net realized and unrealized investment appreciation (depreciation) for the year is reflected in the statements of changes in fiduciary net position.

**CITY OF LAKELAND FIREFIGHTERS' RETIREMENT SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Custody of Assets:*

Custodial and investment services are provided to the Plan under contract with a national trust company having trust powers. The Plan's investment policies are governed by Florida State Statutes and ordinances of the City.

*Authorized Plan Investments:*

The Board recognizes that the obligations of the Plan are long-term and that its investment policy should be made with a view toward performance and return over a number of years. The general investment objective is to obtain a reasonable total rate of return defined as interest and dividend income plus realized and unrealized capital gains or losses commensurate with the prudent investor rule and Chapter 175 of the Florida Statutes.

Permissible investments include obligations of the U.S. Treasury and U.S. agencies, high capitalization common or preferred stocks, pooled equity funds, high quality bonds or notes and fixed income funds and real estate. In addition, the Board requires that Plan assets be invested with no more than 70 percent in stocks and convertible securities measured at market value at the end of each reporting period. Further information regarding the permissible investments from the Plan can be found in the Plan's Investment Policies and Guidelines.

In addition, the Plan limits investments in common stock (equity investments) as follows:

- a. No more than 5.0 percent of the Plan's assets may be invested in the common or capital stock of any single corporation.
- b. The Plan's investment in common stock of any single corporation shall not exceed 5.0 percent of such corporation's outstanding common or capital stock.

*Actuarial Cost Method:*

The Plan has elected the Frozen Initial Liability Cost Method for funding purposes. This method involves the systematic funding of the normal cost.

**CITY OF LAKELAND FIREFIGHTERS' RETIREMENT SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Reporting Entity:*

The financial statements presented are only for the Plan and are not intended to present the basic financial statements of the City.

The Plan is included in the City's Annual Comprehensive Financial Report (ACFR) for the year ended September 30, 2023, which are separately issued documents. Anyone wishing further information about the City is referred to the City's ACFR.

The Plan is a pension trust fund (fiduciary fund type) of the City which accounts for the single employer defined benefit pension plan for all City Firefighters. The provisions of the Plan provide for retirement, disability, and survivor benefits.

*Funding Policy:*

As of September 30, 2023 and 2022, participants were required to contribute 9.26% and 9.41%, respectively, of their annual earnings to the Plan. The exception is for members that were already participating in the DROP.

Prior to October 1, 1995, contributions to the Plan were made on an after-tax basis. Subsequent to this date, contributions are made on a pre-tax basis pursuant to an amendment to the Plan terms. These contributions are designated as employee contributions under Section 414(h)(2) of the Internal Revenue Code. Contribution requirements of the Plan's participants are established and may be amended by the City.

The City's funding policy is to make actuarially computed monthly contributions to the Plan in amounts, such that when combined with participants' contributions and the State insurance excise tax rebate, all participants' benefits will be fully provided for by the time that they retire.

*Administrative Costs:*

All administrative costs of the Plan are financed through investment earnings.

**CITY OF LAKELAND FIREFIGHTERS' RETIREMENT SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Cash:*

The Plan considers money market funds held by the custodian as cash. Temporary investments shown on the statements of fiduciary net position are composed of investments in short-term custodial proprietary money market funds.

*Federal Income Taxes:*

A favorable determination letter indicating that the Plan is qualified and exempt from Federal income taxes has been received from the Internal Revenue Service. The Board believes that the Plan is designed and continues to operate in compliance with the applicable requirements of the Internal Revenue Code.

*Use of Estimates:*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Reclassification:*

Certain figures in the financial statements for the fiscal year ended September 30, 2022 have been reclassified to conform to the presentation used in the financial statements for the fiscal year ended September 30, 2023.

*Subsequent Events:*

Management has adopted the provisions set forth in GASB Statement No. 56, *Subsequent Events*, and considered subsequent events through March 22, 2024, which is the date that the financial statements were available to be issued.

**CITY OF LAKELAND FIREFIGHTERS' RETIREMENT SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

**NOTE 3 - DEPOSITS AND INVESTMENTS**

*Deposits:*

Westwood Trust Company (Westwood) periodically holds uninvested cash in its capacity as custodian for the Plan. These funds exist temporarily as cash in the process of collection from the sale of securities.

*Investments:*

The Plan's investments are uninsured and unregistered, and the securities are held by the Plan or its agent in the Plan's name. Investments that are not evidenced by securities that exist in physical or book-entry form include investments in open-ended mutual funds and exchange traded funds.

The Plan's investments are maintained in a single managed account under a custodial and investment agreement with Westwood. This account gives Westwood the custodianship of the Plan's assets. The Plan's assets are invested in accordance with the specific investment guidelines as set forth in the Plan. Investment custodial fees are calculated quarterly as a percentage of the fair market value of the Plan's managed assets.

Further, the Plan's investments were invested in alternative investments and mutual funds. The alternative investment funds invest primarily in domestic and foreign alternative investment funds. The investments in the underlying funds are generally valued at fair value as determined by the management of the fund by reference to the value of the underlying fund's assets, if available, or by the valuation of a fund's underlying assets as provided by the general partner or investment manager, if the assets are not publicly traded. The funds may also hold certain investments which may be valued by a single market maker. While the fund managers use their best judgment in estimating the fair values of underlying funds, there are inherent limitations in any estimation technique. Accordingly, the fair values of alternative investment funds have been estimated by the Plan's management in the absence of readily ascertainable market values. Therefore, the values of such funds are not necessarily indicative of the amount that could be realized in a current transaction. The fair values may differ significantly from the values that would have been used had a ready market for the underlying funds existed, and the differences could be material. Future confirming events will also affect the estimates of fair value, and the effect of such events on the estimates of fair value could be material.



**CITY OF LAKELAND FIREFIGHTERS' RETIREMENT SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

**NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)**

*Investments (Continued):*

The alternative investment funds expose the Plan to certain risks, including liquidity risks, counterparty risks, foreign political, economic, and governmental risks, and market risk. In addition, these investments may have initial lock-up periods, as well as restrictions for liquidating positions in these funds, that make the investments non-current and non-marketable.

The investment managers listed above are monitored by the Board of Trustees and an investment advisor.

The JPMCB Strategic Property Fund, the Portfolio Advisors Secondary Fund IV L.P., Blackrock Direct Lending Feeder IX-U, L.P., and the IFM Global Infrastructure (US), L.P. Fund are alternative investment vehicles valued using the net asset value (NAV) provided by the investment managers of these funds. The NAV is based on the value of the underlying assets owned by the fund minus its liabilities and then divided by the number of shares or percentage of ownership outstanding. The NAV's unit price is quoted on a private market that is not active; however, the unit price is based on underlying investments which are traded on an active market.

The respective alternative investments are invested in a particular segment of the securities market and seek to track the performance of a securities index that generally is not representative of the market as a whole. The alternative investments are designed to be used as part of broader asset allocation strategies. Accordingly, alternative investments should not constitute a complete investment program.

**CITY OF LAKELAND FIREFIGHTERS' RETIREMENT SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

**NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)**

*Investments (Continued):*

The Plan's investments at both fair value and cost as of September 30, 2023 and 2022 are summarized as follows:

<u>Income and Equity Funds</u>	<u>2023</u>	
	<u>Cost</u>	<u>Fair Value</u>
Domestic equity investment funds	\$ 41,864,388	\$ 60,461,125
International equity investment funds	16,940,483	17,639,901
Fixed income investment funds	28,088,517	23,839,608
Real estate investment funds	11,026,149	13,769,268
Temporary investment funds	5,986,812	5,986,812
Total	<u>\$ 103,906,349</u>	<u>\$ 121,696,714</u>

<u>Income and Equity Funds</u>	<u>2023</u>	
	<u>Cost</u>	<u>Market Value</u>
JPMCB Strategic Property Fund	\$ 5,923,547	\$ 6,478,920
IFM Infrastructure (US), L.P. Fund	5,102,602	7,290,348
Large Cap Value Growth Equity	4,717,884	9,685,192
Small Cap Value Equity	2,010,489	3,115,852
Vanguard Institutional Total Stock	22,810,192	30,467,065
American Europacific Growth	8,794,731	8,664,953
Harris Associates Oakmark	8,145,752	8,974,948
Metropolitan West Total Return Fund	12,706,940	10,192,277
Baird Aggregate Bond	12,445,198	10,331,916
Vanguard Index Fund	4,553,754	9,136,861
Jackson Square SMID	3,655,233	2,971,722
Portfolio Advisor Secondary Fund IV, L.P.	4,116,836	5,084,433
Blackrock Direct Lending Feeder IX-U, L.P.	1,961,957	2,308,278
TCW Direct Lending VIII	974,422	1,007,137
Temporary investment funds	5,986,812	5,986,812
Total	<u>\$ 103,906,349</u>	<u>\$ 121,696,714</u>

**CITY OF LAKELAND FIREFIGHTERS' RETIREMENT SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

**NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)**

*Investments (Continued):*

Income and Equity Funds	2022	
	Cost	Fair Value
Domestic equity investment funds	\$ 42,517,575	\$ 53,315,077
International equity investment funds	16,519,484	13,902,386
Fixed income investment funds	33,111,286	28,092,911
Real estate investment funds	10,938,385	14,171,171
Temporary investment funds	734,749	734,749
Total	<u>\$ 103,821,479</u>	<u>\$ 110,216,294</u>

Income and Equity Funds	2022	
	Cost	Market Value
Income Opportunity	\$ 1,403,440	\$ 1,675,890
JPMCB Strategic Property Fund	5,835,783	7,531,462
IFM Infrastructure (US), L.P. Fund	5,102,602	6,639,709
Large Cap Value Growth Equity	4,717,884	8,808,438
Small Cap Value Equity	2,010,489	2,729,569
Vanguard Institutional Total Stock	22,011,489	25,303,395
Blackrock Multi-Asset Income	2,039,323	1,738,005
American Europacific Growth	8,640,471	7,242,527
Harris Associates Oakmark	7,879,013	6,659,859
Metropolitan West Total Return Fund	15,773,609	13,034,447
Baird Aggregate Bond	15,509,923	13,062,903
Vanguard Index Fund	4,498,062	7,132,137
Jackson Square SMID	2,456,785	1,649,323
Portfolio Advisor Secondary Fund IV, L.P.	3,380,103	4,278,320
Blackrock Direct Lending Feeder IX-U, L.P.	1,827,754	1,995,561
Temporary investment funds	734,749	734,749
Total	<u>\$ 103,821,479</u>	<u>\$ 110,216,294</u>

**CITY OF LAKELAND FIREFIGHTERS' RETIREMENT SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)**

*Investments (Continued):*

The Plan had no stock or bond investment that individually represented 3.0% (bonds)/5.0% (equity) or more of the Plan's net position available for benefits as of September 30, 2023.

The Plan has no instrument that, in whole or in part, is accounted for as a derivative instrument under GASB statement No. 53, *Accounting and Financial Reporting For Derivative Instruments* during the current Plan year.

Credit and duration information on the Plan's fixed investments as of September 30, 2023 and 2022 is summarized as follows:

<u>Investment Type</u>	<u>Fair Value 2023</u>	<u>Fair Value 2022</u>	<u>Overall Credit Rating (Standards &amp; Poor's)</u>	<u>Average Effective Duration (Years)</u>
Fixed income investment funds	\$ 23,839,608	\$ 28,092,911	A-AA	6.64
Temporary investment funds	<u>5,986,812</u>	<u>734,749</u>	AAA	Daily
Total	<u>\$ 29,826,420</u>	<u>\$ 28,827,660</u>		

*Foreign Tax Withholdings and Reclaims:*

Withholding taxes on dividends from foreign securities are provided for based on rates established via treaty between the United States of America and the applicable foreign jurisdiction, or where no treaty exists at the prevailing rate established by the foreign country. Foreign tax withholdings are reflected as a reduction of dividend income in the statement of changes in fiduciary net position. Where treaties allow for a reclaim of taxes, the Fund will make a formal application for refund. Such reclaims are included as an addition to dividend income.

**CITY OF LAKELAND FIREFIGHTERS' RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023 AND 2022**

**NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)**

*Investment Asset Allocation:*

The Plan's adopted asset allocation policy as of September 30, 2023 is as follows:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	45%
International equity	15%
Domestic fixed income	15%
Private fixed income	5%
Private equity	5%
Real estate	5%
Infrastructure	10%
Total	<u>100%</u>

*Rate of Return:*

For the years ended September 30, 2023 and 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.91 percent and -15.65 percent, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**NOTE 4 - NET INCREASE (DECREASE) IN REALIZED AND UNREALIZED APPRECIATION (DEPRECIATION) OF INVESTMENTS**

The Plan's investments appreciated (depreciated) in value during the year ended September 30, 2023 and 2022, as follows:

	<u>2023</u>	<u>2022</u>
Realized appreciation (depreciation)	\$ (679,837)	\$ 3,815,093
Unrealized appreciation (depreciation)	<u>11,347,246</u>	<u>(26,687,702)</u>
	<u>\$ 10,667,409</u>	<u>\$ (22,872,609)</u>

**CITY OF LAKELAND FIREFIGHTERS' RETIREMENT SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

**NOTE 4 - NET INCREASE (DECREASE) IN REALIZED AND UNREALIZED APPRECIATION (DEPRECIATION) OF INVESTMENTS (Continued)**

The calculation of realized gains and losses is independent of the calculation of net appreciation (depreciation) in the fair value of plan investments.

Unrealized gains and losses on investments sold in 2023 that had been held for more than one year were included in net appreciation (depreciation) reported in the prior year.

**NOTE 5 - INVESTMENT MEASUREMENT AT FAIR VALUE**

*Fair Value Hierarchy:*

The accounting standards break down the fair value hierarchy into three levels based on how observable the inputs are that make up the valuation. The most observable inputs are classified as Level 1 where the unobservable inputs are classified as Level 3.

**Level 1** inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

As a general rule, any asset that has a daily closing price and is actively traded will be classified as a Level 1 input.

**Level 2** inputs are inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly. Inputs to the valuation methodology include: (1) quoted market prices for similar assets or liabilities in active markets, (2) quoted prices for identical or similar assets or liabilities in active markets, (3) inputs other than quoted prices that are observable for the asset or liability, and (4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

As a general rule, if an asset or liability does not fall into the requirements of a Level 1 or Level 3 input, it would default to Level 2. With Level 2 inputs, there is usually data that can be easily obtained to support the valuation, even though it is not as easily obtained as a Level 1 input would be.

**CITY OF LAKELAND FIREFIGHTERS' RETIREMENT SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

**NOTE 5 - INVESTMENT MEASUREMENT AT FAIR VALUE (Continued)**

*Fair Value Hierarchy (Continued):*

**Level 3** inputs to the valuation methodology are unobservable and significant to the fair value measurement.

As a general rule, Level 3 inputs are those that are difficult to obtain on a regular basis and require verification from an outside party, such as an auditor or an appraisal, to validate the valuation.

Net asset value (NAV) is a common measurement of fair value for Level 1, Level 2, and Level 3 investments. A fund's NAV is simply its assets less its liabilities and is often reported as a per share amount for fair value measurement purposes. The Plan would multiply the NAV per share owned to arrive at fair value. Level 1 investment in funds such as mutual funds report at a daily NAV per share and are actively traded. NAV also comes in to play for Level 2 and 3 investments. As a matter of convenience (or referred to in accounting literature as a "practical expedient"), a Plan can use the NAV per share for investments in a nongovernmental entity that does not have a readily determined fair value, such as an alternative investment. Investments measured at NAV as a practical expedient would be excluded from the fair value hierarchy because the valuation is not based on actual market inputs but rather is quantified using the fund's reported NAV as a matter of convenience.

The Plan categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following total recurring fair value measurements as of September 30, 2023 and 2022:

- *Debt securities* - Debt securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used by Interactive Data Corporation and Bloomberg, L.P. to value securities based on the securities' relationship to benchmark quoted prices.
- *Mutual funds* - The rationale for inclusion in Level 1 or Level 2 points to the unobservable inputs involved in mutual fund pricing. Mutual funds do not trade using bid and ask, as with ETF's or common stock. Instead, the prices are determined by the net asset value of the underlying investments at the close of business for the next day's open. The underlying assets themselves may include a variety of Level 1 and Level 2 securities and some may be valued using matrix pricing which interpolates the price of a security based on the price of similar securities.

**CITY OF LAKELAND FIREFIGHTERS' RETIREMENT SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

**NOTE 5 - INVESTMENT MEASUREMENT AT FAIR VALUE (Continued)**

*Fair Value Hierarchy (Continued):*

- *Fixed income funds* - Valued using pricing models maximizing the use of observable input for similar securities. This includes basing value on yield currently available on comparable securities of issues with similar credit ratings.
- *Equity funds* - Valued at market prices for similar assets in active markets.
- *Common stock* - Valued at quoted market prices for identical assets in active markets.

Investments by fair value level	Level 1	Level 2	Level 3	Total
Domestic equity investment funds	\$ 42,575,648	\$ 12,801,044	\$ -	\$ 55,376,692
Fixed income investment funds	20,524,193	-	-	20,524,193
International equity investment funds	17,639,901	-	-	17,639,901
Temporary investment funds	5,986,812	-	-	5,986,812
Total investments by fair value level	<u>\$ 86,726,554</u>	<u>\$ 12,801,044</u>	<u>\$ -</u>	<u>99,527,598</u>

*Investments measured at the net asset value (NAV):*

Real estate investment funds	13,769,268
Private equity funds	5,084,433
Private fixed income funds	3,315,415
Total investments measured at NAV	<u>22,169,116</u>
Total, September 30, 2023	<u>\$ 121,696,714</u>

Investments measured at NAV	2023 Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Real estate investment funds:				
JPMCB Strategic Property Fund	\$ 6,478,920	\$ -	Quarterly	60 days
IFM Infrastructure (US), L.P. Fund	7,290,348	-		
Private equity funds:				
Portfolio Advisor Secondary Fund IV, L.P.	5,084,433	834,660		
Private fixed income funds:				
TCW Direct Lending VIII	1,007,137	4,025,579		
Blackrock Direct Lending Feeder IX-U, L.P.	<u>2,308,278</u>	<u>212,919</u>		
Total investments measured at NAV	<u>\$ 22,169,116</u>	<u>\$ 5,073,158</u>		



**CITY OF LAKELAND FIREFIGHTERS' RETIREMENT SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

**NOTE 5 - INVESTMENT MEASUREMENT AT FAIR VALUE (Continued)**

*Fair Value Hierarchy (Continued):*

The real estate investment funds are open end, commingled private equity real estate portfolios. These REIT-based funds are structured as limited partnerships. Their primary focus is to invest in well-based income producing properties within major U.S. markets. The fair values of the investments in these funds have been determined using the NAV per unit of the trust's ownership interest in partners' capital. The investments of the fund are valued quarterly. Withdrawal requests must be made 60 days in advance and may be paid in one or more installments.

<u>Investments by fair value level</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Domestic equity investment funds	\$ 37,498,750	\$ 11,538,007	\$ -	\$ 49,036,757
Fixed income investment funds	26,097,350	-	-	26,097,350
International equity investment funds	13,902,386	-	-	13,902,386
Temporary investment funds	734,749	-	-	734,749
Total investments by fair value level	<u>\$ 78,233,235</u>	<u>\$ 11,538,007</u>	<u>\$ -</u>	<u>89,771,242</u>

*Investments Measured at Net Asset Value (NAV):*

Real estate investment funds	14,171,171
Private equity funds	4,278,320
Private fixed income funds	1,995,561
Total investments measured at NAV	<u>20,445,052</u>
Total, September 30, 2022	<u>\$ 110,216,294</u>

<u>Investments measured at NAV</u>	<u>2022</u> <u>Value</u>	<u>Unfunded</u> <u>Commitments</u>	<u>(if Currently</u> <u>Eligible)</u>	<u>Notice</u> <u>Period</u>
Real estate investment funds:				
JPMCB Strategic Property Fund	\$ 7,531,462	\$ -	Quarterly	60 days
IFM Infrastructure (US), L.P. Fund	6,639,709	-		
Private equity funds:				
Portfolio Advisor Secondary Fund IV, L.P.	4,278,320	2,534,642		
Private fixed income funds:				
Blackrock Direct Lending Feeder IX-U, L.P.	<u>1,995,561</u>	<u>1,825,287</u>		
Total investments measured at NAV	<u>\$ 20,445,052</u>	<u>\$ 4,359,929</u>		

**CITY OF LAKELAND FIREFIGHTERS' RETIREMENT SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

**NOTE 6 - PLAN AMENDMENTS**

The Plan was not amended during the fiscal years ended September 30, 2023 and 2022.

**NOTE 7 - ACTUARIAL ASSUMPTIONS**

There were not any changes in the actuarial assumptions for the fiscal year ended September 30, 2023.

For the fiscal year ended September 30, 2022, there were the following revisions in assumptions:

The investment return assumption was lowered from 7.5% to 7%.

**NOTE 8 - ACTUARIAL METHOD CHANGES**

There were not any changes in the actuarial methods for the fiscal years ended September 30, 2023 and 2022.

**NOTE 9 - PLAN TERMINATION**

Although it has not expressed an intention to do so, the City may terminate the Plan at any time by a written ordinance of the City Commission of the City of Lakeland, duly certified by an official of the City and the provisions of Florida Statutes §175.361. In the event that the Plan is terminated or contributions to the Plan are permanently discontinued, the benefits of each Firefighter in the Plan at such termination date would be non-forfeitable.

**CITY OF LAKELAND FIREFIGHTERS' RETIREMENT SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

**NOTE 10 - COMMITMENTS AND CONTINGENCIES**

As described in Note 1, certain members of the Plan are entitled to refunds of their accumulated contributions, without interest, upon termination of employment with the City prior to being eligible for pension benefits. Contributions from participants who may terminate with less than 10 years of service have not been determined.

**NOTE 11 - RISK AND UNCERTAINTIES**

The Plan invests in a variety of investment funds. Investments in general are exposed to various risks, such as interest rate, credit, and overall volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for benefits.

*Credit Risk:*

Credit risk is the risk that a debt issuer will not fulfill its obligations. Consistent with state law, the Plan's investment guidelines limit its fixed income investments to a quality rating of 'A' or equivalent as rated by one or more recognized bond rating service at the time of purchase. Fixed income investments which are downgraded to 'BAA' or equivalent must be liquidated within a reasonable period of time not to exceed twelve months. Fixed income investments which are downgraded below 'BAA' shall be liquidated immediately.

*Interest Rate Risk:*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment in debt securities. Generally, the longer the time to maturity, the greater the exposure to interest rate risk. Through its investment policies the Plan manages its exposure to fair value losses arising from increasing interest rates. In this regard the Plan adopted the Barclays Capital Government/Credit Bond Index and the Barclays Capital U.S. Treasury TIPS Index benchmark.

**CITY OF LAKELAND FIREFIGHTERS' RETIREMENT SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

**NOTE 11 - RISK AND UNCERTAINTIES (Continued)**

*Custodial Credit Risk:*

Custodial credit risk is defined as the risk that the Plan may not recover cash and investments held by another party in the event of a financial failure. The Plan requires all securities to be held by a third-party custodian in the name of the Plan. Securities transactions between a broker-dealer and the custodian involving the purchase or sale of securities must be made on a “delivery vs. payment” basis to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction. The investments in mutual funds and investment partnerships are considered *unclassified* pursuant to the custodial credit risk categories of GASB Statement No. 3, because they are not evidenced by securities that exist in physical or book-entry form.

*Investment in Foreign Markets:*

Investing in foreign markets may involve special risks and considerations not typically associated with investing in companies in the United States of America. These risks include revaluation of currencies, high rates of inflation, repatriation restrictions on income and capital, and future adverse political, social, and economic developments. Moreover, securities of foreign governments may be less liquid, subject to delayed settlements, taxation on realized or unrealized gains, and their prices are more volatile than those of comparable securities in U.S. companies.

*Investing in Real Estate:*

The Plan is subject to the risks inherent in the ownership and operation of real estate. These risks include, among others, those normally associated with changes in the general economic climate, trends in the industry including creditworthiness of tenants, competition for tenants, changes in tax laws, interest rate levels, the availability of financing and potential liability under environmental and other laws.

**CITY OF LAKELAND FIREFIGHTERS' RETIREMENT SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

**NOTE 12 - DESIGNATIONS**

A portion of the plan net position is designated for benefits that accrue in relation to the DROP accounts as further described in Note 1. Allocations of net position for the years ended September 30, 2023 and 2022 are presented below:

	2023	2022
Designated for Share accounts (fully funded)	\$ 506,376	\$ 248,401
Designated for DROP accounts (fully funded)	1,977,003	1,077,831
Undesignated net position	119,276,952	108,757,919
Total net position	\$ 121,760,331	\$ 110,084,151

**NOTE 13 - PENSION OBLIGATION BONDS**

During the fiscal year ended September 30, 2020, the City issued bonds, the proceeds of which will be used to reduce the City's annual funding requirement in the Plan. In consideration for the City depositing a portion of the bond proceeds into the Plan, the Board agreed to recognize a Credit Balance Reserve (Funding Standard Account) in favor of the City in the Plan's net position restricted for pensions. This money will be amortized over 19 years and accrue a return equal to the Plan's current investment return assumption.

**NOTE 14 - NET PENSION LIABILITY OF THE CITY**

The components of net position liability of the City as of September 30, 2023 were as follows:

Total Pension Liability	\$ 139,442,291
Plan Fiduciary Net Position	(121,760,331)
City's Net Pension Liability (Asset)	\$ 17,681,960
Plan Fiduciary Net Position as a percentage of Total Pension Liability	87.32%

**CITY OF LAKELAND FIREFIGHTERS' RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023 AND 2022**

**NOTE 14 - NET PENSION LIABILITY OF THE CITY (Continued)**

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of October 1, 2022 updated to September 30, 2023 using the following actuarial assumptions applied to all measurement periods.

Inflation	2.50%
Salary increases	Age based
Investment rate of return	7.00%
Discount rate	7.00%

*Mortality Rate Healthy Active Lives:*

Female: PubS.H-2010 for Employees, set forward one year.

Male: PubS.H-2010 for Employees, set forward one year. *Mortality Rate Healthy Retiree:*

Female: PubS.H-2010 for Healthy Retirees, set forward one year.

Male: PubS.H-2010 for Healthy Retirees, set forward one year.

*Mortality Rate Beneficiary Lives:*

Female: PubG.H-2010 for Healthy Retirees.

Male: PubG.H-2010 for Healthy Retirees, set back one year.

*Mortality Rate Disabled Lives:*

80% PubG.H-2010 for Disabled Retirees.

20% PubS.H-2010 for Disabled Retirees.

All rates are projected generationally with Mortality Improvement Scale MP-2018. We feel this assumption sufficiently accommodates future mortality improvements.

The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2019 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics.

The most recent actuarial experience study used to review the other significant assumptions was dated August 19, 2016.

The Long-Term Expected Rate of Return on Pension Plan investments can be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Pension Plan investments expenses and inflation) are developed for each major asset class.

For 2023, the inflation rate assumption of the investment advisor was 2.50 percent.

**CITY OF LAKELAND FIREFIGHTERS' RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023 AND 2022**

**NOTE 14 - NET PENSION LIABILITY OF THE CITY (Continued)**

*Actuarial Assumptions:*

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	7.50%
International Equity	8.50%
Board Market Fixed Income	2.50%
Private Fixed Income	2.50%
Private Equity	8.50%
Real estate	4.50%
Infrastructure	4.50%

*Discount Rate:*

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF LAKELAND FIREFIGHTERS' RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023 AND 2022**

**NOTE 14 - NET PENSION LIABILITY OF THE CITY (Continued)**

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate:*

The following presents the net pension liability of the City, calculated using the discount rate of 7.00 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate.

	1% Decrease 6.00%	Current Single Discount Rate Assumption 7.00%	1% Increase 8.00%
City's net pension liability (asset)	<u>\$ 33,775,589</u>	<u>\$ 17,681,960</u>	<u>\$ 4,185,907</u>



**REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF LAKELAND FIREFIGHTERS' RETIREMENT SYSTEM**  
**SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY**  
**LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Total pension liability</b>					
Service cost	\$ 3,336,799	\$ 3,177,900	\$ 2,897,022	\$ 2,698,861	\$ 2,514,114
Interest	9,408,237	9,084,639	8,612,278	8,440,774	7,851,288
Share plan allocation	243,922	115,439	82,952	43,881	23,245
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	(755,352)	(1,286,705)	373,602	587,818	2,181,248
Changes of assumptions	-	-	4,693,999	885,002	-
Contributions - buy back	131,452	-	11,779	-	63,495
Benefit payments, including refunds of employee contributions	(5,908,454)	(7,274,329)	(7,172,803)	(6,431,100)	(5,804,364)
Net change in total pension liability	<u>6,456,604</u>	<u>3,816,944</u>	<u>9,498,829</u>	<u>6,225,236</u>	<u>6,829,026</u>
Total pension liability, beginning	<u>132,985,687</u>	<u>129,168,743</u>	<u>119,669,914</u>	<u>113,444,678</u>	<u>106,615,652</u>
Total pension liability, ending (a)	<u>\$ 139,442,291</u>	<u>\$ 132,985,687</u>	<u>\$ 129,168,743</u>	<u>\$ 119,669,914</u>	<u>\$ 113,444,678</u>
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 1,986,876	\$ 1,774,003	\$ 1,912,909	\$ 1,816,703	\$ 1,833,070
Contributions - State	1,221,400	964,435	899,460	821,319	780,047
Contributions - employees	1,357,047	1,207,662	1,211,124	1,163,231	1,147,416
Contributions - buy back	131,452	-	11,779	-	-
Proceeds Pension Obligation Bonds	-	-	-	4,384,934	-
Net investment income (loss)	13,037,156	(20,632,216)	25,815,971	10,641,525	3,778,950
Benefit payments including refunds of employee contributions	(5,908,454)	(7,274,329)	(7,172,803)	(6,431,100)	(5,804,264)
Administrative expenses	(149,297)	(161,315)	(155,566)	(177,509)	(117,069)
Net change in plan fiduciary net position	<u>11,676,180</u>	<u>(24,121,760)</u>	<u>22,522,874</u>	<u>12,219,103</u>	<u>1,618,150</u>
Plan fiduciary net position - beginning	<u>110,084,151</u>	<u>134,205,911</u>	<u>111,683,037</u>	<u>99,463,934</u>	<u>97,845,784</u>
Plan fiduciary net position - ending (b)	<u>\$ 121,760,331</u>	<u>\$ 110,084,151</u>	<u>\$ 134,205,911</u>	<u>\$ 111,683,037</u>	<u>\$ 99,463,934</u>
Net pension liability (asset) (a) - (b)	<u>\$ 17,681,960</u>	<u>\$ 22,901,536</u>	<u>\$ (5,037,168)</u>	<u>\$ 7,986,877</u>	<u>\$ 13,980,744</u>

	2018	2017	2016	2015	2014
\$	2,479,249	\$ 2,181,230	\$ 2,228,737	\$ 2,049,136	\$ 1,946,737
	7,662,949	7,177,985	7,297,630	6,427,281	6,034,171
	-	-	-	-	-
	-	-	-	-	-
	1,979,479	(414,996)	229,162	(643,439)	-
	-	-	1,835,684	-	-
	95,994	74,430	119,786	16,519	-
	(6,643,739)	(5,846,513)	(5,682,715)	(4,158,978)	(4,502,539)
	<u>5,573,932</u>	<u>3,172,136</u>	<u>6,028,284</u>	<u>3,690,519</u>	<u>3,478,369</u>
	<u>101,041,720</u>	<u>97,869,584</u>	<u>91,841,300</u>	<u>88,150,781</u>	<u>84,672,412</u>
\$	<u>106,615,652</u>	<u>\$ 101,041,720</u>	<u>\$ 97,869,584</u>	<u>\$ 91,841,300</u>	<u>\$ 88,150,781</u>
\$	1,575,442	\$ 1,410,862	\$ 1,558,306	\$ 1,533,254	\$ 1,705,635
	731,610	726,181	776,564	754,489	735,806
	948,721	868,091	867,959	941,594	1,063,934
	-	-	-	-	-
	-	-	-	-	-
	7,255,560	9,599,287	6,405,310	(1,125,118)	6,476,570
	(6,643,739)	(5,846,513)	(5,682,715)	(4,158,978)	(4,502,539)
	<u>(125,570)</u>	<u>(110,238)</u>	<u>(119,359)</u>	<u>(95,296)</u>	<u>(77,367)</u>
	<u>3,742,024</u>	<u>6,647,670</u>	<u>3,806,065</u>	<u>(2,150,055)</u>	<u>5,402,039</u>
	<u>94,103,760</u>	<u>87,456,090</u>	<u>83,650,025</u>	<u>85,800,080</u>	<u>80,398,041</u>
\$	<u>97,845,784</u>	<u>\$ 94,103,760</u>	<u>\$ 87,456,090</u>	<u>\$ 83,650,025</u>	<u>\$ 85,800,080</u>
\$	<u>8,769,868</u>	<u>\$ 6,937,960</u>	<u>\$ 10,413,494</u>	<u>\$ 8,191,275</u>	<u>\$ 2,350,701</u>

**CITY OF LAKELAND FIREFIGHTERS' RETIREMENT SYSTEM**  
**SCHEDULE OF RATIOS**  
**LAST TEN FISCAL YEARS**

Fiscal Year Ended September 30,	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	Covered Payroll*	Net Pension Liability as a Percentage of Covered Payroll
2014	97.34%	\$ 9,951,374	23.62%
2015	91.13%	10,942,161	74.86%
2016	89.37%	10,415,009	99.99%
2017	93.14%	11,091,670	62.55%
2018	91.76%	11,735,762	74.73%
2019	87.67%	12,406,692	112.69%
2020	93.33%	12,750,808	62.64%
2021	103.90%	13,087,543	-38.49%
2022	82.79%	13,385,155	171.10%
2023	87.32%	15,220,215	116.17%

**Notes to Schedule:**

\*The covered employee payroll numbers shown are in compliance with GASB 82, except for the 9/30/15 measurement period which includes DROP payroll.

Please note that the revision of the original October 1, 2012 through October 1, 2015 actuarial valuation reports were the result of the Pension Board agreeing to utilize the City's interpretation of the ordinance that they should make no contributions for those Firefighters who are still accruing benefits equal to those of the prior Supplemental Plan and were also participating in the Employees' Plan DROP. Therefore these Members were excluded from the Total Annual Payroll and Present Value of Future Salaries and were excluded when determining the average future working lifetime of the active membership.

**CITY OF LAKELAND FIREFIGHTERS' RETIREMENT SYSTEM  
SCHEDULE OF CONTRIBUTIONS  
LAST TEN FISCAL YEARS**

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Actual** Contribution	Contribution Deficiency (Excess)	Covered Payroll*	Actual Contribution as a Percentage of Covered Payroll
2014	\$ 2,742,599	\$ 2,742,599	\$ -	\$ 9,951,374	27.56%
2015	2,519,821	2,519,821	-	10,942,161	23.03%
2016	1,872,061	1,872,061	-	10,415,009	17.97%
2017	2,284,884	2,284,884	-	11,091,670	20.60%
2018	2,142,725	2,281,426	(138,701)	11,735,762	19.44%
2019	2,485,855	2,518,780	(32,925)	12,406,692	20.30%
2020	2,700,506	2,901,939	(201,433)	12,750,808	22.76%
2021	2,872,902	2,985,274	(112,372)	13,087,543	22.81%
2022	2,904,105	2,895,478	8,627	13,385,155	21.63%
2023	2,934,335	3,245,870	(311,535)	15,220,215	21.33%

\*The covered employee payroll numbers shown are in compliance with GASB 82, except for the September 30, 2015 measurement period which includes DROP payroll. For the Fiscal Year Ended September 30, 2022, \$272,479 of the actuarially determined contributions was attributable to the Pension Obligation Bond.

\*\* Actual contributions as shown in actuarial report.

**CITY OF LAKELAND FIREFIGHTERS' RETIREMENT SYSTEM**  
**NOTES TO SCHEDULE OF CHANGES IN NET POSITION,**  
**LIABILITY AND RELATED RATIOS**  
**SEPTEMBER 30, 2023**

Valuation Date: October 1, 2020

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates can be found in the October 1, 2019 Actuarial Valuation prepared by Foster & Foster Actuaries and Consultants.

The City did issue a Pension Obligation Bond and put a lump sum contribution of \$4,384,934 into the Fund.

*Changes in assumptions:*

For measurement date of September 30, 2021, amounts reported as changes of assumptions resulted from lowering the investment return from 7.35% to 7.00% per year (net of investment related expenses).

For measurement date of September 30, 2020, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2019 FRS valuation report for special risk employees, with appropriate adjustments made based on demographics.

**CITY OF LAKELAND FIREFIGHTERS' RETIREMENT SYSTEM  
SCHEDULE OF INVESTMENT RETURNS  
LAST TEN FISCAL YEARS**

Fiscal Year Ended September 30,	Annual Money-Weighted Rate of Return Net of Investment Expense
2014	8.19%
2015	-1.35%
2016	7.80%
2017	11.18%
2018	7.97%
2019	4.13%
2020	10.58%
2021	23.67%
2022	-15.65%
2023	11.91%



## **ADDITIONAL INFORMATION**

**CITY OF LAKELAND FIREFIGHTERS' RETIREMENT SYSTEM  
SCHEDULE OF INVESTMENT AND ADMINISTRATIVE EXPENSES  
YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	2023		2022	
	Expenses		Expenses	
	Investment*	Administrative	Investment*	Administrative
Actuary fees	\$ -	\$ 44,491	\$ -	\$ 36,000
Administrator fees	-	59,092	-	74,455
Audit fees	-	21,000	-	20,000
Investment expense	135,684	-	139,586	-
Insurance	-	4,704	-	4,704
Legal fees	-	16,099	-	21,931
Office expense	-	85	-	855
Education and dues	-	1,600	-	1,600
Seminar and travel expense	-	2,226	-	1,770
<b>Total investment and administrative expenses</b>	<b>\$ 135,684</b>	<b>\$ 149,297</b>	<b>\$ 139,586</b>	<b>\$ 161,315</b>
 Percentage of Plan net position	 <u>0.11%</u>	 <u>0.12%</u>	 <u>0.13%</u>	 <u>0.15%</u>

\*Does not include fees withheld from investment funds.

Board of Trustees  
City of Lakeland Firefighters' Retirement System  
Lakeland, Florida

We have audited the financial statements of the City of Lakeland Firefighters' Retirement System (the "Plan") for the year ended September 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Matters

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Plan are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended September 30, 2023. We noted no transactions entered into by the Plan during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Management's estimate of the net pension obligation is based on an actuarial valuation. We evaluated the key factors and assumptions used to develop the estimate of the net pension obligation in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The schedule of audit adjustments for the year ended September 30, 2023 is attached to this letter.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated March 22, 2024.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Plan's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Plan's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

*Other Matters*

We applied certain limited procedures to the Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Pension Contributions, Schedule of Pension Investment Returns, which are required supplementary information ("RSI") that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of the Board of Trustees of the Plan and management of the Plan and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "Saltmarsh Cleveland & Gurd".

Tampa, Florida  
March 22, 2024

Client: **T50987.0 - City of Lakeland Firefighters' Retirement System**  
Engagement: **Audit2023 - City of Lakeland Firefighters' Retirement System**  
Period Ending: **9/30/2023**  
Trial Balance: **34.01 - Annual Trial Balance - 2 Year**  
Workpaper: **33.01 - Adjusting Journal Entries - Lakeland Fire**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries</b>				
<b>Adjusting Journal Entries JE # 1</b>		<b>34.01</b>		
To break out equities				
0174	WWT-LrgCpVal		4,717,884.00	
0175	APR-LrgCpValE		4,967,308.00	
0178	Vanguard Index Fd		4,553,754.00	
0179	Apprec Vanguard Ind		4,583,107.00	
0180	Managed Portfolio		3,655,233.00	
0186	WWT-SmCpVLE		2,010,489.00	
0187	APR-SmCpVLE		1,105,363.00	
0192	Vanguard Inst		22,810,192.00	
0193	APR Vanguard Inst		7,656,873.00	
0205	Port Advis Sec FD		4,116,836.00	
0206	Apprec Port Advis Sec FD		967,597.00	
99999	Unlocated Differences		195,405.00	
0181	Apprec Managed Port			683,511.00
698.000.1110	Stocks / Mutual Funds			37,747,553.00
698.000.1119	Alternative Investments			4,199,922.00
698.000.1141	Investments at Fair Value-Stocks/Mutual Funds			17,629,140.00
698.000.1149	Investments at Fair Value-Alternative Investments			1,079,915.00
<b>Total</b>			<b>61,340,041.00</b>	<b>61,340,041.00</b>
<b>Adjusting Journal Entries JE # 2</b>				
<b>Adjusting Journal Entries JE # 2</b>		<b>34.02</b>		
To break out international equities				
0144	Harris Assoc Oakmrk		8,145,752.00	
0145	Apr Harris Assoc Oa		829,196.00	
0194	Europacific		8,794,731.00	
0195	Apprec Europacific			129,778.00
698.000.1110	Stocks / Mutual Funds			16,940,483.00
698.000.1141	Investments at Fair Value-Stocks/Mutual Funds			699,418.00
<b>Total</b>			<b>17,769,679.00</b>	<b>17,769,679.00</b>
<b>Adjusting Journal Entries JE # 3</b>				
<b>Adjusting Journal Entries JE # 3</b>		<b>34.02</b>		
To break out fixed income investments				
0150	Metropol Tot Ret Bd		12,706,940.00	
0152	Baird Aggregate Bd		12,445,198.00	
0203	BlackRock Direct		1,961,957.00	
0204	Apprec BlackRock Direct		346,321.00	
0207	TCW Direct		974,422.00	
0208	Apprec - TCW Direct		32,715.00	
698.000.1145	Investments at Fair Value-Fixed Income		4,607,890.00	
0151	Apprec Metropol Bd			2,514,663.00
0153	APR Baird Agg Bd			2,113,282.00
698.000.1101	Fixed Income Securities			26,111,449.00
698.000.1119	Alternative Investments			1,961,957.00
698.000.1149	Investments at Fair Value-Alternative Investments			346,321.00
99999	Unlocated Differences			27,771.00
<b>Total</b>			<b>33,075,443.00</b>	<b>33,075,443.00</b>
<b>Adjusting Journal Entries JE # 4</b>				
<b>Adjusting Journal Entries JE # 4</b>		<b>34.02</b>		
To break out real estate funds				
0198	Total Real Estate		5,923,547.00	
0199	Apprec Total Real E		555,373.00	
0200	IFM		5,102,602.00	
0201	Apprec IFM		2,187,746.00	
698.000.1118	Real Estate Investments			5,923,547.00
698.000.1119	Alternative Investments			5,102,602.00
698.000.1148	Investments at Fair Value-Real Estate Investments			555,373.00
698.000.1149	Investments at Fair Value-Alternative Investments			1,992,342.00

99999	Unlocated Differences		195,404.00
<b>Total</b>		<b>13,769,268.00</b>	<b>13,769,268.00</b>
<b>Adjusting Journal Entries JE # 5</b>			
To reclass cash		<b>34.02</b>	
0102	Cash - R&D Acct	986,809.00	
1036	Cash Held by Investment Manager	5,000,003.00	
698.000.1121	Money Market Funds - City of Lakeland	47,626.00	
0101	Cash,HeldByCity		47,626.00
698.000.1036	Cash Held by Investment Manager		5,000,003.00
698.000.1120	Money Market Account		986,809.00
<b>Total</b>		<b>6,034,438.00</b>	<b>6,034,438.00</b>
<b>Adjusting Journal Entries JE # 7</b>			
To accrue for contributions due to the plan that were made before 9/30/2023.		<b>C.02</b>	
109	A/R City Contrib	30,596.00	
110	A/R Part Contrib	24,591.00	
0901	City Contributions		30,596.00
6292	Employee Contributions		24,591.00
<b>Total</b>		<b>55,187.00</b>	<b>55,187.00</b>
<b>Adjusting Journal Entries JE # 8</b>			
To record supplemental tax distribution for period.		<b>150.02</b>	
0114	A/R-StExcTxSup	22,951.00	
0927	FlaExcTxRbSup		22,951.00
<b>Total</b>		<b>22,951.00</b>	<b>22,951.00</b>
<b>Adjusting Journal Entries JE # 9</b>			
To separate distributions according to Foster & Foster.		<b>200.01</b>	
1001a	Age and Service payments	5,300,757.00	
1002	Benefic. Payment	484,105.00	
1005	Share Payments	13,491.00	
1008	Refunds	108,533.00	
99999	Unlocated Differences	1,568.00	
698.001.7080	Pensions		5,908,454.00
<b>Total</b>		<b>5,908,454.00</b>	<b>5,908,454.00</b>
<b>Adjusting Journal Entries JE # 10</b>			
To adjust off difference in net position so fund balance rolls forward.		<b>01-0</b>	
0801	Net Assets(R/E)	370,209.00	
99999	Unlocated Differences		370,209.00
<b>Total</b>		<b>370,209.00</b>	<b>370,209.00</b>
<b>Adjusting Journal Entries JE # 11</b>			
To adjust contributions received to Foster & Foster's draft.		<b>110.01</b>	
698.000.6292	Employee Contributions	1,327,726.00	
698.000.6401	Transfer from General Fund	1,947,803.00	
99999	Unlocated Differences	13,207.00	
0901	City Contributions		1,956,280.00
6292	Employee Contributions		1,332,456.00
<b>Total</b>		<b>3,288,736.00</b>	<b>3,288,736.00</b>
<b>Adjusting Journal Entries JE # 12</b>			
To record current year AP entries.		<b>CC.01</b>	
1015	AdministrsFees	21,819.00	
1016	PerformanceMon	8,750.00	
1018	Legal Fees	7,240.00	
1023	Postge&Shipping	85.00	
1075	WWTCustFees	24,979.00	
0701	AccountsPayable		62,873.00
<b>Total</b>		<b>62,873.00</b>	<b>62,873.00</b>
<b>Adjusting Journal Entries JE # 13</b>			
To adjust off excess pension payments balance.		<b>200.00</b>	
99999	Unlocated Differences	196,050.00	
698.001.7080	Pensions		196,050.00

<b>Total</b>			<b>196,050.00</b>	<b>196,050.00</b>
<b>Adjusting Journal Entries JE # 14</b>	<b>HH.01</b>			
To adjust off balance in account per Deidra.				
0101	Cash,HeldByCity		47,626.00	
99999	Unlocated Differences			47,626.00
<b>Total</b>			<b>47,626.00</b>	<b>47,626.00</b>
<b>Adjusting Journal Entries JE # 15</b>	<b>300.02</b>			
Adjust off expense that has no support.				
99999	Unlocated Differences		64,589.00	
698.124.7509	Professional Services			64,589.00
<b>Total</b>			<b>64,589.00</b>	<b>64,589.00</b>
<b>Adjusting Journal Entries JE # 16</b>	<b>300.01</b>			
To record expense for administrator according to warrants.				
1015	AdministrsFees		37,273.00	
698.124.7523	Investment Manager Transaction Fee			37,273.00
<b>Total</b>			<b>37,273.00</b>	<b>37,273.00</b>
<b>Adjusting Journal Entries JE # 17</b>				
To reclass expense to correct account.				
1012	Audit Fees		21,000.00	
698.124.7543	Accounting Services			21,000.00
<b>Total</b>			<b>21,000.00</b>	<b>21,000.00</b>
<b>Adjusting Journal Entries JE # 18</b>	<b>300.01</b>			
To adjust expense to sum of warrants.				
1018	Legal Fees		1,529.00	
99999	Unlocated Differences			1,529.00
<b>Total</b>			<b>1,529.00</b>	<b>1,529.00</b>
<b>Adjusting Journal Entries JE # 19</b>	<b>CC</b>			
To accrue Refunds Payable at year end				
1008	Refunds		1,568.00	
711	Refunds of Contributions Payable			1,568.00
<b>Total</b>			<b>1,568.00</b>	<b>1,568.00</b>
<b>Adjusting Journal Entries JE # 20</b>	<b>36.01-1</b>			
To reclass westwood fees for the year				
1075	WWTCustFees		101,456.00	
698.124.7523	Investment Manager Transaction Fee			101,456.00
<b>Total</b>			<b>101,456.00</b>	<b>101,456.00</b>
<b>Adjusting Journal Entries JE # 21</b>	<b>CC.01</b>			
To reverse out PY accrued expenses				
99999	Unlocated Differences		57,444.00	
1015	AdministrsFees			21,030.00
1016	PerformanceMon			8,125.00
1018	Legal Fees			2,538.00
1075	WWTCustFees			25,751.00
<b>Total</b>			<b>57,444.00</b>	<b>57,444.00</b>
<b>Adjusting Journal Entries JE # 22</b>	<b>36.01</b>			
To reclass performance monitor expense for the year				
698.124.7523	Investment Manager Transaction Fee		6,344.00	
698.124.7514	Investment Advisor Fees			6,344.00
<b>Total</b>			<b>6,344.00</b>	<b>6,344.00</b>
<b>Adjusting Journal Entries JE # 23</b>	<b>36.01</b>			
To reclass Administrative Fees for the year				
1015	AdministrsFees		21,030.00	
698.124.7523	Investment Manager Transaction Fee			21,030.00
<b>Total</b>			<b>21,030.00</b>	<b>21,030.00</b>
<b>Adjusting Journal Entries JE # 24</b>	<b>36.01</b>			



To reclass dues & subscriptions for the year			
1021	Dues&Subscript	1,600.00	
698.124.7523	Investment Manager Transaction Fee		1,600.00
<b>Total</b>		<u><b>1,600.00</b></u>	<u><b>1,600.00</b></u>
<b>Adjusting Journal Entries JE # 25</b>		<b>36.01</b>	
To reclass Fiduciar insurance expense for the year			
1010	FiduciaryInsumc	4,704.00	
698.124.7523	Investment Manager Transaction Fee		4,704.00
<b>Total</b>		<u><b>4,704.00</b></u>	<u><b>4,704.00</b></u>
<b>Adjusting Journal Entries JE # 26</b>		<b>36.01</b>	
To reclass Seminars&Travel expense for the year			
1019	Seminars&Trvel	2,226.00	
698.124.7523	Investment Manager Transaction Fee		2,226.00
<b>Total</b>		<u><b>2,226.00</b></u>	<u><b>2,226.00</b></u>
<b>Adjusting Journal Entries JE # 27</b>			
To zero out unnecessary account			
698.124.7523	Investment Manager Transaction Fee	6,718.00	
99999	Unlocated Differences		6,718.00
<b>Total</b>		<u><b>6,718.00</b></u>	<u><b>6,718.00</b></u>
<b>Adjusting Journal Entries JE # 28</b>		<b>C.00</b>	
To zero out unknown miscellaneous Accounts Receivable.			
99999	Unlocated Differences	55,187.00	
698.000.1200	Miscellaneous Accounts Receivable		55,187.00
<b>Total</b>		<u><b>55,187.00</b></u>	<u><b>55,187.00</b></u>
<b>Adjusting Journal Entries JE # 29</b>		<b>ZZ.02</b>	
To reclass DROP and Share designations			
698.000.3200	Fund Equity Reservations	506,376.00	
698.000.3200	Fund Equity Reservations	886,071.00	
698.000.2907	Due to Employees - DROP Plan Balances		886,071.00
802	Designated for Share		506,376.00
<b>Total</b>		<u><b>1,392,447.00</b></u>	<u><b>1,392,447.00</b></u>
<b>Total Adjusting Journal Entries</b>		<u><b>143,716,070.00</b></u>	<u><b>143,716,070.00</b></u>
<b>Total All Journal Entries</b>		<u><b>143,716,070.00</b></u>	<u><b>143,716,070.00</b></u>