



**City of Lauderhill
Firefighters' Retirement System**

**Financial Statements
Years Ended September 30, 2015 and 2014**



City of Lauderdale Firefighters' Retirement System
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Independent Auditors' Report

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

We have audited the accompanying financial statements of the City of Lauderhill Firefighters' Retirement System (the "Plan"), which comprise the statements of fiduciary net position as of September 30, 2015 and 2014, and the related statements of changes in fiduciary net position for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the City of Lauderhill Firefighters' Retirement System as of September 30, 2015 and 2014, and the related statements of changes in fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Independent Auditors' Report (continued)

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and the schedules included under required supplementary information as listed in the accompanying table of contents 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.

Other Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of the Plan. The accompanying other supplemental schedules of investment expenses and administrative expenses as listed in the accompanying table of contents are presented for purposes or additional analysis and are not a required part of the basic financial statements. The other supplemental schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audits 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Goldstein Schechter Koch, P.A.

Hollywood, Florida
February 9, 2016

City of Lauderhill Firefighters' Retirement System

Pension Office

Sean Henderson, Chairman
Michael Taussig, Vice Chairman
Karen Pottinger, Secretary
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Management's Discussion and Analysis (Required Supplementary Information - Unaudited) September 30, 2015 and 2014

Our discussion and analysis of the City of Lauderhill Firefighters' Retirement System (the "Plan") financial performance provides an overview of the Plan's financial activities and funding conditions for the fiscal years ended September 30, 2015 and 2014. Please read it in conjunction with the Plan's financial statements, which follow this discussion.

Financial Highlights

- Plan assets exceeded liabilities at the close of the fiscal year ended September 30, 2015 and 2014 by \$63,881,885 and \$62,842,972, respectively (reported as net position held in trust for pension benefits). Net position is held in trust to meet future benefit payments. The increase of \$1,038,913 and \$6,508,498 of the respective years has resulted primarily from the changes in the fair value of the Plan's investments due to volatile financial markets.

- Receivables at September 30, 2015 were more than receivables at September 30, 2014 by \$105,532 (or 29.8%) due primarily to increase in receivable for securities sold.

Receivables at September 30, 2014 were more than receivables at September 30, 2013 by \$70,236 (or 24.7%) due primarily to increase in receivable for securities sold.

- Liabilities at September 30, 2015 were greater than liabilities at September 30, 2014 by \$122,332 (or 36.7%) due primarily to an increase in payable for securities purchased.

Liabilities at September 30, 2014 were greater than liabilities at September 30, 2013 by \$7,568 (or 2.3%) due primarily to an increase in payable for securities purchased.

- For the fiscal year ended September 30, 2015, City contributions to the Plan decreased \$100,147 (or 2.4%) based on the actuarial valuation. Actual City contributions were \$4,064,434 and \$4,164,581 for 2015 and 2014, respectively.

For the fiscal year ended September 30, 2014, City contributions to the Plan decreased \$37,902 (or 0.9%) based on the actuarial valuation. Actual City contributions were \$4,164,581 and \$4,202,483 for 2014 and 2013, respectively.

**Management's Discussion and Analysis
(Required Supplementary Information - Unaudited)
September 30, 2015 and 2014**

Financial Highlights – continued

- For the fiscal year ended September 30, 2014, member contributions increased by \$2,700 (or 0.3%). Actual member contributions were \$972,711 and \$970,011 for 2015 and 2014, respectively.

For the fiscal year ended September 30, 2014, member contributions increased by \$40,289 (or 4.3%). Actual member contributions were \$970,011 and \$929,722 for 2014 and 2013, respectively.

- For the fiscal year ended September 30, 2015, net investment income decreased by \$5,543,836. The actual results were (\$1,156,623) and \$4,373,434 of net (depreciation) appreciation in fair value of investments for 2015 and 2014, respectively, and \$1,127,384 and \$1,070,545 of income from interest and dividends for 2015 and 2014, respectively. Investment expenses for the fiscal year ended September 30, 2015 increased by \$70,618 (or 17.3%) from 2014.

For the fiscal year ended September 30, 2014, net investment income decreased by \$2,407,509. The actual results were \$4,373,434 and \$6,877,341 of net appreciation in fair value of investments for 2014 and 2013, respectively, and \$1,070,545 and \$924,284 of income from interest and dividends for 2014 and 2013, respectively. Investment expenses for the fiscal year ended September 30, 2014 increased by \$49,863 (or 13.9%) from 2013.

- For the fiscal year ended September 30, 2015, benefit payments, including refunds, decreased by \$186,486 (or 4.7%) from 2014 because of the decrease in the members retiring and supplemental benefit payments to retirees.

For the fiscal year ended September 30, 2014, benefit payments, including refunds, increased by \$246,953 (or 6.6%) from 2013 because of the increase in the members retiring and supplemental benefit payments to retirees.

- For the fiscal year ended September 30, 2015 administrative expenses increased by \$7,611 (or 4.5%) from 2014 due primarily an increase in fees for professional services.

For the fiscal year ended September 30, 2014 administrative expenses decreased by \$22,243 (or 11.6%) from 2013 due primarily to decrease in fees for professional services.

Plan Highlights

For the year ending September 30, 2015, the investment return of the portfolio was -0.6% for the fiscal year. Actual net return from investments was a net investment loss of \$507,362 in 2015 compared with net investment income of \$5,036,474 in 2014.

For the year ending September 30, 2014, the investment return of the portfolio was 8.9% for the fiscal year. Actual net returns from investments were net investment income of \$5,036,474 in 2014 compared with a net investment income of \$7,443,983 in 2013.

**Management's Discussion and Analysis
(Required Supplementary Information - Unaudited)
September 30, 2015 and 2014**

Overview of the Financial Statements

The basic financial statements include the Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position and Notes to the Financial Statements. The Plan also includes in this report additional information to supplement the financial statements.

The Plan presents required supplementary information and other supplemental schedules as described below.

The Plan prepares its financial statements on the accrual basis of accounting and in accordance with generally accepted accounting principles in the United States of America. These statements provide information about the Plan's overall financial status.

Description of the Financial Statements

The *Statement of Fiduciary Net Position* presents information that includes all of the Plan's assets and liabilities, with the balance representing the net position restricted for pensions. It is a snapshot of the financial position of the Plan at that specific point in time and reflects the resources available to pay members, retirees and beneficiaries at that point in time.

The *Statement of Changes in Fiduciary Net Position* reports how the Plan's net position changed during the fiscal year. The additions and deductions to net position are summarized in this statement. The additions include contributions to the retirement plan from employers (City and State) and members and net investment income (loss), which includes interest, dividends, investment expenses, and the net appreciation or depreciation in the fair value of investments. The deductions include benefit payments, refunds of member contributions, and administrative expenses.

The *Notes to the Financial Statements* are presented to provide the information necessary for a full understanding of the financial statements. They include additional information not readily evident in the statements themselves such as a description of the Plan, contributions, significant accounting policies, funding policy, and investment risk disclosure.

There is also *Required Supplementary Information* included in this report as required by the Governmental Accounting Standards Board. These schedules consist of the Plan's actuarial methods and assumptions and provide data on changes in the City's net pension liability, the City's contributions, and the Plan's investment returns.

Additional information is presented as part of *Other Supplemental Schedules*. This section is not required but management has chosen to include it. It includes *Schedules of Investment Expenses and Administrative Expenses*. The *Schedule of Investment Expenses* presents the expenses incurred in managing and monitoring the investments of the Plan and include financial management, consultant, and custodial fees. The *Schedule of Administrative Expenses* presents the expenses incurred in the administration of the Plan.

**Management's Discussion and Analysis
(Required Supplementary Information - Unaudited)
September 30, 2015 and 2014**

Condensed Statements of Fiduciary Net Position

The table below reflects condensed comparative statements of fiduciary net position as of September 30:

	2015	2014	2013
Cash and cash equivalents	\$ 4,106,740	\$ 3,244,615	\$ 3,742,911
Receivables	459,850	354,318	284,082
Investments	59,771,202	59,577,614	52,633,488
Total assets	64,337,792	63,176,547	56,660,481
Liabilities	455,907	333,575	326,007
Net position restricted for pensions	\$ 63,881,885	\$ 62,842,972	\$ 56,334,474

Condensed Statements of Changes in Fiduciary Net Position

The table below reflects condensed comparative statements of the changes in fiduciary net position and reflect the activities of the Plan for the fiscal years ended September 30:

	2015	2014	2013
Additions:			
Contributions			
City	\$ 4,064,434	\$ 4,164,581	\$ 4,202,483
Member	972,711	970,011	929,722
State	485,663	492,840	472,633
Total	5,522,808	5,627,432	5,604,838
Net investment (loss) income	(507,362)	5,036,474	7,443,983
Total additions	\$ 5,015,446	10,663,906	13,048,821
Deductions:			
Benefits paid	3,730,013	3,982,063	3,682,234
Refund of contributions	69,592	4,028	56,904
Administrative expenses	176,928	169,317	191,560
Total deductions	3,976,533	4,155,408	3,930,698
Net increase	1,038,913	6,508,498	9,118,123
Net position restricted for pensions			
at beginning of year	62,842,972	56,334,474	47,216,351
Net position restricted for pensions			
at end of year	\$ 63,881,885	\$ 62,842,972	\$ 56,334,474

The Plan's investment activity, measured as of the end of any month, quarter or year, is a function of the underlying marketplace for the period measured and the investment policy's asset allocation. Benefit payments are a function of changing payments to retirees, their beneficiary (if the retiree is deceased) and new retirements during the period.

**Management's Discussion and Analysis
(Required Supplementary Information - Unaudited)
September 30, 2015 and 2014**

Asset Allocation

At the end of the fiscal year end September 30, 2015, the domestic equity portion comprised 46.3% (\$29,540,560) of the total portfolio. The allocation to fixed income securities was 16.0% (\$10,241,268) while cash and cash equivalents comprised 6.4% (\$4,106,740). The portion of investments allocated to international equity was 13.4% (\$8,562,479) and the allocation to real estate funds was 16.3% (\$10,426,895) of the total portfolio. The Plan had 1.6% (\$1,000,000) allocated to note receivable.

At the end of the fiscal year end September 30, 2014, the domestic equity portion comprised 48.9% (\$30,712,024) of the total portfolio. The allocation to fixed income securities was 15.7% (\$9,874,838) while cash and cash equivalents comprised 5.2% (\$3,244,615). The portion of investments allocated to international equity was 13.6% (\$8,577,861) and the allocation to real estate funds was 15.0% (\$9,412,891) of the total portfolio. The Plan had 1.6% (\$1,000,000) allocated to note receivable.

The target asset allocation as of September 30, 2015 and 2014 was as follows:

Domestic equity	50%
International equity	15%
Fixed income	20%
Real estate	15%
Cash	0%

Contacting the Plan's Financial Management

This financial report is designed to provide the Retirement Board, our membership, taxpayers, investors, and creditors with a general overview of the Plan's finances and to demonstrate the Plan's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City of Lauderhill Firefighters' Retirement System, 126 Cheffey Road, Palatka, FL 32177.

City of Lauderdale Firefighters' Retirement System
Statements of Fiduciary Net Position
September 30, 2015

	Plan	Supplemental Retirement Benefit Account	Total
Assets			
Cash and cash equivalents	\$ 4,106,740	\$ -	\$ 4,106,740
Receivables:			
Member contributions	49	-	49
Interest and dividends	99,863	-	99,863
Receivable for securities sold	359,938	-	359,938
Due to/from other accounts	(712,995)	712,995	-
Total receivables	(253,145)	712,995	459,850
Investments, at fair value:			
Domestic equity	29,540,560	-	29,540,560
International equity fund	8,562,479	-	8,562,479
Debt securities	10,241,268	-	10,241,268
Real estate fund	10,426,895	-	10,426,895
Note receivable	1,000,000	-	1,000,000
Total investments	59,771,202	-	59,771,202
Total assets	63,624,797	712,995	64,337,792
Liabilities			
Accounts payable and accrued expenses	63,756	-	63,756
Prepaid City contributions	4,168	-	4,168
Payable for securities purchased	387,983	-	387,983
Total liabilities	455,907	-	455,907
Net position held in trust for pension benefits	\$ 63,168,890	\$ 712,995	\$ 63,881,885

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

City of Lauderdale Firefighters' Retirement System

Statements of Fiduciary Net Position

September 30, 2014

	Plan	Supplemental Retirement Benefit Account	Total
Assets			
Cash and cash equivalents	\$ 3,244,615	\$ -	\$ 3,244,615
Receivables:			
Member contributions	440	-	440
Interest and dividends	102,084	-	102,084
Receivable for securities sold	251,794	-	251,794
Due to/from other accounts	(757,219)	757,219	-
Total receivables	(402,901)	757,219	354,318
Investments, at fair value:			
Domestic equity	30,712,024	-	30,712,024
International equity fund	8,577,861	-	8,577,861
Debt securities	9,874,838	-	9,874,838
Real estate fund	9,412,891	-	9,412,891
Note receivable	1,000,000	-	1,000,000
Total investments	59,577,614	-	59,577,614
Total assets	62,419,328	757,219	63,176,547
Liabilities			
Accounts payable and accrued expenses	53,050	-	53,050
Prepaid City contributions	4,016	-	4,016
Payable for securities purchased	276,509	-	276,509
Total liabilities	333,575	-	333,575
Net position held in trust for pension benefits	\$ 62,085,753	\$ 757,219	\$ 62,842,972

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

City of Lauderdale Firefighters' Retirement System

Statements of Changes in Fiduciary Net Position

For the Year Ended September 30, 2015

	Plan	Supplemental Retirement Benefit Account	Total
Additions			
Contributions:			
City	\$ 4,064,434	\$ -	\$ 4,064,434
Member	972,711	-	972,711
State	167,361	318,302	485,663
Total contributions	5,204,506	318,302	5,522,808
Investment loss:			
Net depreciation in fair value of investments	(1,156,623)	-	(1,156,623)
Interest and dividends	1,127,384	-	1,127,384
Total investment loss	(29,239)	-	(29,239)
Less: Investment expenses	478,123	-	478,123
Net investment loss	(507,362)	-	(507,362)
Total additions	4,697,144	318,302	5,015,446
Deductions			
Benefits paid	3,367,487	362,526	3,730,013
Refund of contributions	69,592	-	69,592
Administrative expenses	176,928	-	176,928
Total deductions	3,614,007	362,526	3,976,533
Net increase (decrease)	1,083,137	(44,224)	1,038,913
Net position held in trust for pension benefits			
Beginning of year	\$ 62,085,753	\$ 757,219	\$ 62,842,972
End of year	\$ 63,168,890	\$ 712,995	\$ 63,881,885

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

City of Lauderdale Firefighters' Retirement System

Statements of Changes in Fiduciary Net Position

For the Year Ended September 30, 2014

	Plan	Supplemental Retirement Benefit Account	Total
Additions			
Contributions:			
City	\$ 4,164,581	\$ -	\$ 4,164,581
Member	970,011	-	970,011
State	167,361	325,479	492,840
Total contributions	5,301,953	325,479	5,627,432
Investment income:			
Net depreciation in fair value of investments	4,373,434	-	4,373,434
Interest and dividends	1,070,545	-	1,070,545
Total investment income	5,443,979	-	5,443,979
Less: Investment expenses	407,505	-	407,505
Net investment income	5,036,474	-	5,036,474
Total additions	10,338,427	325,479	10,663,906
Deductions			
Benefits paid	3,641,707	340,356	3,982,063
Refund of contributions	4,028	-	4,028
Administrative expenses	169,317	-	169,317
Total deductions	3,815,052	340,356	4,155,408
Net increase (decrease)	6,523,375	(14,877)	6,508,498
Net position held in trust for pension benefits			
Beginning of year	55,562,378	772,096	56,334,474
End of year	\$ 62,085,753	\$ 757,219	\$ 62,842,972

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

City of Lauderhill Firefighters' Retirement System

Notes to the Financial Statements

September 30, 2015 and 2014

Note 1 - Description of the Plan

Organization

The City of Lauderhill Firefighters' Retirement System (the "Plan"), is a single-employer defined benefit pension plan covering firefighters of the City of Lauderhill, Florida (the "City"). Prior to October, 1995, the Plan was a combined Plan with the City of Lauderhill General Employees. The following brief description is provided for general information purposes only. Since the Plan is sponsored by the City, the Plan is included as a pension trust fund in the City's comprehensive financial report as part of the City's financial entity. Participants should refer to Ordinance 83-112 of the City of Lauderhill and Summary Plan Description for more complete information.

The Plan's governing board is made up of a Board of Trustees consisting of five members:

- Two are active fire employees who are elected by active members of the plan
- Two are legal residents of the City who are elected by the City Commission
- One is elected by a majority of the previous four members

The following brief description of the Plan is provided for general information purposes only. Members should refer to the plan agreement for more detailed and comprehensive information.

Participants

Plan participants are full-time firefighters of the City, regardless of rank. Tier One members are members hired prior to October 1, 2009 and Tier Two members hired on or after October 1, 2009.

Membership

At October 1, Plan membership consisted of:

	2014	2013
Retirees and beneficiaries currently receiving benefits, DROP members, and terminated employees entitled to benefits but not yet receiving them.	73	68
Current employees:		
Vested	32	32
Nonvested	54	52
Total current employees	86	84

Contributions

Members of the Plan are required to contribute 13.72% of covered earnings.

Pension Benefits

Tier One Members

Participants may retire and receive normal retirement benefits upon reaching the age of 55 with no less than 10 years of creditable service, or completing 20 years of service, regardless of age, whichever occurs first.

City of Lauderhill Firefighters' Retirement System

Notes to the Financial Statements

September 30, 2015 and 2014

Note 1 - Description of the Plan – continued

Pension Benefits– continued

Tier One Members – continued

Upon normal retirement, firefighters receive a monthly pension amount equal to 3% of average monthly earnings times years of credited service prior to October 1, 2003. For all years of credited service after October 1, 2003, the monthly retirement benefit shall be an amount equal to 4% of average monthly earnings times years of credited service. The average monthly earnings for participants are computed based on the highest consecutive three years out of the last ten years of employment.

Tier Two Members

Tier Two benefits shall be administered in the same manner as Tier One benefits, except as follows:

The normal retirement benefit for Tier Two members shall be calculated using a three (3) percent multiplier for each year of service with a maximum seventy-five (75) percent benefit after twenty-five (25) years of service, however, such members may increase their pension multiplier to three and one-half (3.5) percent provided that all costs associated with such an increase are borne solely by the member. The Plan provides for a purchase, by Tier 2 Members, to increase the multiplier for service to three and one-half percent (3.5%). The purchase of this enhanced pension multiplier can be accomplished by various means as outlined in the Plan ordinance.

Average monthly earnings for Tier Two members who retire with less than twenty-five (25) years of credited service shall mean one-twelfth (1/12) of the arithmetic average of annual earnings for the highest consecutive four (4) years of the ten (10) full years immediately preceding the actual retirement or termination date of a member and for Tier Two members who retire with twenty-five (25) years or more of credited service average monthly earnings shall mean one-twelfth (1/12) of the arithmetic average of annual earnings for the highest consecutive three (3) years of the ten (10) full years immediately preceding the actual retirement or termination date of a member.

Early Retirement

A participant may retire early after completing 10 years of credited service and attaining the age of 50. Upon early retirement, the participant may receive the normal benefits accrued to the date of early retirement payable at the normal retirement date or reduced by 3% for each year early retirement date precedes normal retirement date.

Variable Benefits

Effective October 1, 1999, for all firefighters employed on or after October 1, 1997, a variable benefit will be paid. Based upon procedures and methods adopted by the Board of Trustees, as determined to be actuarially sound by the City of Lauderhill Firefighters' Retirement System's actuaries, benefits currently payable under this article shall be increased from time to time, but no more than 3%.

City of Lauderdale Firefighters' Retirement System

Notes to the Financial Statements

September 30, 2015 and 2014

Note 1 - Description of the Plan – continued

Disability Benefits

A participant, who incurs a service-connected disability, is eligible for benefits. A participant, who incurs a nonservice-connected disability after two years of service, is eligible for benefits. The benefit is equal to the greater of 50% of the rate of monthly earnings in effect on the date of disability or the monthly benefit accrued to the date of disability. The total monthly benefits paid (i.e., disability benefits, worker's compensation and social security benefits) shall not exceed 100% of the employee's salary for service incurred disability and shall not exceed 80% for nonservice incurred disability. The benefit is paid in the form of an annuity until the earlier of death or recovery.

Death Benefits

The Plan provides benefits for spouses and children of participants for both service-connected deaths and nonservice-connected deaths. However, the participant must have been eligible for early or normal retirement to receive a nonservice-connected death benefit.

Termination

Upon termination of employment with less than ten years of credited service, a participant is entitled to a refund of their accumulated contributions plus interest credited at a rate of 3% per annum.

Deferred Retirement Option Plan

Effective September 24, 2001, the Plan implemented a Deferred Retirement Option Plan (DROP). Eligibility to enter the DROP is for firefighters who have attained, 20 years for Tier One members and 25 years for Tier Two members, of credited service or upon earning a pension benefit equal to 80%. The maximum number of months in which a firefighter may participate in the DROP shall be reduced by 1 month for each month of eligibility after attaining 80% accrued benefit for Tier One members and 25 years of service for Tier Two members. The number of months a Tier Two member may participate in the DROP shall be reduced by one month for each month of eligibility following completion of 25 years of credited service during which the member does not participate in the DROP. Participation in the DROP is limited to a maximum of 60 months.

The DROP account earns a variable return equal to the Plans rate of return less an adjustment for administrative expenses. Alternatively, for Tier One members, at the option of the member, the member's DROP account will be paid a fixed amount as determined by the Board of Trustees. Once a member enters the DROP, their monthly retirement benefit is frozen, and their monthly benefit is paid into their DROP account. Upon termination of employment, the balance in the member's DROP account, including investment earnings, is paid in a cash lump sum, unless the member elects all or a portion paid to an eligible retirement plan in a direct rollover.

City of Lauderdale Firefighters' Retirement System

Notes to the Financial Statements

September 30, 2015 and 2014

Note 1 - Description of the Plan – continued

Deferred Retirement Option Plan – continued

A summary of the changes in the DROP balance as of September 30 is as follows:

	2015	2014
Beginning balance	\$ 1,253,385	\$ 1,097,677
Additions	524,954	530,622
Distributions	-	(444,782)
Interest	74,080	69,868
Ending balance	\$ 1,852,419	\$ 1,253,385

Supplemental Retirement Benefits

Effective December 9, 2002, the Plan created a supplemental retirement benefit to be funded by the payment to the supplemental retirement fund (for bookkeeping purposes) of seventy-five (75) percent of the Plan's prior years actuarial gain remaining after the applications of payments of variable benefits and payment of any increase in insurance premium tax revenue received by the City pursuant to Chapter 175, over the amount received by the City for 1997, after all minimum benefits are paid.

The supplemental retirement benefit will be paid in equal monthly installments effective October 1, to retirees or their beneficiaries (when the retiree is deceased). The annual payments to a retiree shall not exceed (1) year's payment of the premium cost of the individual retiree health insurance provided by the City, for the previous September 30.

Participants in the DROP will not be eligible for the supplemental retirement benefit until such time as they separate from service. The ordinance also provides for calculating the benefits when the full amounts of funds are not available and the treatment of excess funds. The supplemental retirement benefits will be paid only to those eligible persons who retired after October 1, 2000.

Cost of Living Benefit

Effective October 1, 2006, for Tier One members, each retiree, including all retirees who retired prior to October 1, 2006, shall have their monthly retirement benefits increased by a sum equal to 1.5% (the "COLA") per year. Provided, however, that the retiree must have been retired for three years before being entitled to the COLA. Following the retirees death, the COLA will be paid to each designated beneficiary.

Tier Two members shall have their monthly retirement increased by a sum equal to the net return of the plan per year, with a one and one-half (1.5) percent cap and zero (0) percent floor per year and a Tier Two member must have been retired for three (3) years before he/she is entitled to a Tier Two Cola.

Funding Requirements

Pursuant to Florida Statute, Chapters 175, contributions from the State of Florida Department of Insurance consist of excise tax imposed by the City upon certain casualty insurance companies on the gross amount of receipts of premiums from policy holders on all premiums collected on casualty insurance policies covering property within the City. The allowable portion of the State contribution is used to reduce the City's contributions when received. The City (Employer) is expected to contribute such additional amounts as necessary on an actuarial basis to fund the Plan's expenses, normal cost and to amortize the unfunded actuarial accrued liability.

City of Lauderdale Firefighters' Retirement System

Notes to the Financial Statements

September 30, 2015 and 2014

Note 1 - Description of the Plan – continued

Investments

The Plan has contracts with investment counselors who supervise and direct the investments in equity and fixed income securities. In addition, the Plan utilizes an investment consultant who monitors the investing activity. The investments owned are held by a custodian in the name of the Plan. The Plan provides for investments in U.S. Government securities, money market funds, bonds, notes, common stock, real estate and international equity securities.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The Plan's financial statements are prepared on the accrual basis of accounting. Member contributions are recognized as revenues in the period in which the contributions are due. City contributions are recognized as revenue when due pursuant to the actuarial valuation. State contributions are recognized in the period in which they are approved by the State. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Interest income is recorded as earned and dividend income is recorded as of the ex-dividend date.

Cash equivalents

The Plan considers all highly liquid investments with an original maturity of one year or less when purchased to be cash equivalents.

Investments

Plan investments are reported at fair value in the Statement of Fiduciary Net Position. 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. The diversity of the investment types in which the Plan has entered into requires a range of techniques to determine fair value. The overall valuation processes and information sources by major investment classification are as follows:

- Equity investments: These include domestic and international common stock, international equity funds and Real Estate Investment Trusts (REITS). Domestic securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the fiscal year. Securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the last reported bid price. International equities are valued based upon quoted foreign market prices and translated into U.S. dollars at the exchange rate in effect at September 30, 2015 and 2014. Securities which are not traded on a national security exchange are valued by the respective fund manager or other third parties based on yields currently available on comparable securities of issuers with similar credit ratings. REITS are securities that sell like a stock on major exchanges and invest in real estate directly.
- Real estate funds: To value real estate funds, management, in consultation with the general partners and investment advisors, determines the fair value of the individual investments based upon the partnerships' most recent available financial information for cash flow activities through September 30, 2015 and 2014. The estimated fair value of this investment may differ from values that would have been used had a ready market existed.

City of Lauderdale Firefighters' Retirement System

Notes to the Financial Statements

September 30, 2015 and 2014

Note 2 - Summary of Significant Accounting Policies – continued

Investments – continued

- Debt securities: Debt securities consist primarily of negotiable obligations of the U.S. government and U.S. government-sponsored agencies, corporate bonds and note receivable. These securities can typically be valued using the close or last traded price on a specific date (quoted prices in active markets). The market values for securities including note receivable, that have no quoted market price, represent estimated fair value. For note receivable, the market value represents estimated fair value as a quoted price is not available. In general, corporate bonds have been valued at quoted market prices or, if not available, values based on yields currently available on comparable securities of issuers with similar credit ratings.

Unrealized gains and losses are presented as net (depreciation) appreciation in fair value of investments on the statement of changes in fiduciary net position along with gains and losses realized on sales of investments. Purchases and sales of investments are recorded on a trade-date basis.

Given the inherent nature of investments, it is reasonably possible that changes in the value of those investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of fiduciary net position.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Tax Status

The Plan is tax-exempt under the Internal Revenue Code, and, therefore, has recorded no income tax liability or expense.

Risk and Uncertainties

Contributions to the Plan and the actuarial information included in the required supplementary information (“RSI”) are reported based on certain assumptions pertaining to the interest rates, inflation rates and member compensation and demographics. Due to the changing nature of these assumptions, it is at least reasonably possible that changes in these assumptions may occur in the near term and, due to the uncertainties inherent in settling assumptions, that the effect of such changes could be material to the financial statements.

Subsequent Events

Management has evaluated subsequent events through February 9, 2016, the date which the financial statements were available for issue.

City of Lauderhill Firefighters' Retirement System

Notes to the Financial Statements

September 30, 2015 and 2014

Note 3 - Contributions

Actual Contributions

The actual City and State contributions amounted to \$4,550,097 and \$4,657,421 for the years ended September 30, 2015 and 2014, respectively. The actual amount of annual covered payroll for the years ended September 30, 2015 and 2014 were approximately \$7,090,000 and \$7,070,000, respectively. City and State contributions consisted of the following for the year ended September 30:

	2015		2014	
	Amount	Percent of Actual Annual Covered Payroll	Amount	Percent of Actual Annual Covered Payroll
City contributions	\$ 4,064,434	57.33%	\$ 4,164,581	58.90%
State contributions	485,663	6.85	492,840	6.97
Total city and state	\$ 4,550,097	64.18%	\$ 4,657,421	65.87%

Member contributions were \$972,711 and \$970,011 for the fiscal years ended September 30, 2015 and 2014, respectively.

Actuarially Determined Contributions

Effective, May 30, 2012, the Division of Retirement mandated that local governments confer with the Plan's actuary to select and maintain a contribution method (percentage of payroll or fixed dollar contribution) that best fits the funding requirements of the Plan. For the years ended September 30, 2015 and 2014, the Plan selected to use the fixed dollar contribution amount.

The contributions required from the City of Lauderhill and the State for the fiscal years ended September 30, 2015 and 2014 were actuarially determined by the October 1, 2014 and 2013 valuation reports to be \$4,231,795 and \$4,331,942, respectively. The actuarially computed annual covered payroll amounted to approximately \$6,884,000 and \$6,946,000, respectively.

The required City and State contribution covers the following for September 30:

	2015		2014	
	Amount	Percent of Actual Covered Annual Payroll	Amount	Percent of Actual Covered Annual Payroll
Normal cost	\$ 2,305,033	33.48%	\$ 2,194,508	31.59%
Amortization of unfunded liability	1,926,762	27.99	2,137,434	30.77
Total required from city and state	\$ 4,231,795	61.47%	\$ 4,331,942	62.36%

City of Lauderdale Firefighters' Retirement System

Notes to the Financial Statements

September 30, 2015 and 2014

Note 4 – Deposits and Investment Risk Disclosures

Cash and Cash Equivalents

Deposits are carried at cost and are included in cash and cash equivalents in the statement of fiduciary net position. Cash and cash equivalents include short-term investment funds at September 30, 2015 and 2014.

Investment Authorization

The Plan's investment policy is determined by the Board of Trustees. The policy has been identified by the Board to provide for the accumulation and distribution of money in an actuarially sound fashion over the years of the employees' service and subsequent retirement. The Trustees are authorized to acquire and retain every kind of investment specifically including, but not by way of limitation, bonds, debentures, and other corporate obligations, and stocks, preferred or common, which persons of prudence, discretion and intelligence acquire or retain for their own account.

Investment in all equity securities shall be limited to those listed on a major U.S. stock exchange and limited to no more than 85% of the Plan's total asset value. No more than 5% of the portfolio may be invested in the shares of a single corporate issuer at cost. The target allocation for investments in stocks of foreign companies is 15% of the value of the portfolio.

The fixed income portfolio shall be comprised of securities rated not less than "A" rating by a major rating service and limited to no more than 40% of the Plan's total asset value. In the event that there is a downgrade in the quality below the "BAA" rating or equivalent by both S&P and Moody's, the security must be liquidated immediately or in a manner not to be detrimental to the performance of the plan.

Types of Investments

Florida statutes and Plan investment policy authorize the Trustees to invest funds in various investments.

The current target allocation of these investments at market is as follows:

Authorized investments	Target % of portfolio
Domestic equity	50%
Fixed income	20%
International equity	15%
Real estate	15%
Cash	0%

Rate of Return

For the years ended September 30, 2015 and 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -0.66% and 8.83%, respectively. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

City of Lauderdale Firefighters' Retirement System

Notes to the Financial Statements

September 30, 2015 and 2014

Note 4 – Deposits and Investment Risk Disclosures - continued

Investments

The table below shows the Plan's investments by type as of September 30:

	2015	2014
Domestic equity	\$ 29,540,560	\$ 30,712,024
International equity mutual funds	8,562,479	8,577,861
Real estate fund	10,426,895	9,412,891
Debt securities:		
U.S. treasuries	1,247,359	1,582,119
U.S. agencies	2,287,672	2,139,816
Corporate bonds	6,706,237	6,152,903
Note receivable (see Note 6)	1,000,000	1,000,000
Total debt securities	11,241,268	10,874,838
Total	\$ 59,771,202	\$ 59,577,614

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to interest rate risk, the Plan diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer with various durations of maturities.

Information about the sensitivity of the fair values of the Plan's investments to market interest rate fluctuations is provided by the following tables that show the distribution of the Plan's investments by maturity at September 30:

2015						
Investment Maturities (in years)						
Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	More than 10	
U.S. treasuries	\$ 1,247,359	\$ -	\$ 640,764	\$ -	\$ 606,595	
U.S. agencies	2,287,672	-	88,292	192,665	2,006,715	
Corporate bonds	6,706,237	145,924	3,094,247	1,535,712	1,930,354	
	\$ 10,241,268	\$ 145,924	\$ 3,823,303	\$ 1,728,377	\$ 4,543,664	

2014						
Investment Maturities (in years)						
Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	More than 10	
U.S. treasuries	\$ 1,582,119	\$ -	\$ 1,371,134	\$ -	\$ 210,985	
U.S. agencies	2,139,816	-	94,653	84,472	1,960,691	
Corporate bonds	6,152,903	50,104	2,415,406	1,866,356	1,821,037	
	\$ 9,874,838	\$ 50,104	\$ 3,881,193	\$ 1,950,828	\$ 3,992,713	

City of Lauderdale Firefighters' Retirement System

Notes to the Financial Statements

September 30, 2015 and 2014

Note 4 – Deposits and Investment Risk Disclosures - continued

Credit Risk

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. This risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization. The Plan's investment policy utilizes portfolio diversification in order to control this risk.

The following tables disclose credit ratings by investment type, at September 30, 2015 and 2014, as applicable:

	2015		2014	
	Fair Value	Percentage of Portfolio	Fair Value	Percentage of Portfolio
U.S. government guaranteed*	\$ 3,535,031	34.52%	\$ 3,721,935	37.69%
Quality rating of credit risk debt securities:				
AAA	305,440	19.56	325,522	3.30
AA+	557,915	19.67	835,541	8.46
AA	611,563	5.87	429,880	4.35
AA-	285,566	5.97	176,842	1.79
A+	601,010	2.79	655,986	6.64
A	2,002,859	5.45	1,853,224	18.77
A-	2,014,751	2.98	1,563,880	15.84
BBB+	204,168	1.20	159,386	1.61
BBB	122,965	1.99	152,642	1.55
Total credit risk debt securities	6,706,237	65.48	6,152,903	62.31
Total fixed income securities	\$ 10,241,268	100.00%	\$ 9,874,838	100.00%

* Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not have purchase limitations.

Concentration of Credit Risk

The investment policy of the Plan contains limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. There were no individual investments that represent 5% or more of fiduciary net position at September 30, 2015 and 2014.

Custodial Credit Risk

Deposits are exposed to custodial risk if they are uninsured and uncollateralized. Custodial risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the Plan and are held either by the counterparty's trust department or agent but not in the Plan's name.

Consistent with the Plan's investment policy, the investments are held by the Plan's custodial bank and registered in the Plan's name. All of the Plan's deposits are insured and or collateralized by a financial institution separate from the Plan's depository financial institution.

City of Lauderdale Firefighters' Retirement System

Notes to the Financial Statements

September 30, 2015 and 2014

Note 5 – Commitments

The Plan is obligated for payments under a one year operating lease for office space that expires February 28, 2016. Effective March 10, 2016, the Plan renewed this lease for an additional year. The lease requires a monthly rent of \$530.

Rent expense was \$6,360 for the fiscal years ending September 30, 2015 and 2014.

Note 6 – Related Party Transaction

As of September 30, 2015 and 2014, the Plan has a note receivable from the City of Lauderdale Housing Authority and the City as guarantor, the Plan Sponsor, for \$1,000,000. The note accrues interest at 7.0% per annum. Commencing on July 1, 2010 and continuing on the first day of each quarter thereafter, consecutive quarterly payments of interest only on the outstanding principal balance shall be made. The note matures on July 1, 2020 at which time the remaining indebtedness, if not paid sooner, shall be due.

During the fiscal years ended September 30, 2015 and 2014, the Plan recorded interest income of \$70,000. There was no accrued interest and dividends receivable due on the note for the fiscal years ending September 30, 2015 and 2014.

The City of Lauderdale Housing Authority and the City, severally expressly grant to the Plan a continuing first lien security interest in any and all money, general or specific deposits, or property of any such parties now or hereafter in their possession.

Note 7 – Net Pension Liability of the City

The components of the net pension liability of the City at September 30 were as follows:

	2015	2014
Total pension liability	\$ 81,913,355	\$ 78,122,204
Plan fiduciary net position	<u>(63,881,885)</u>	<u>(62,842,972)</u>
City net pension liability	<u>\$ 18,031,470</u>	<u>\$ 15,279,232</u>
Plan fiduciary net position as a percentage of total pension liability	77.99%	80.44%

City of Lauderdale Firefighters' Retirement System

Notes to the Financial Statements

September 30, 2015 and 2014

Note 7 – Net Pension Liability of the City - continued

Actuarial Assumptions

The total pension liability at September 30, 2015 was determined using an actuarial valuation as of October 1, 2015. The actuarial valuation used the following actuarial assumptions:

Inflation	3.0%
Projected salary increases	7.0%, including inflation
Investment rate of return	8.0% gross of investment expenses, including inflation

Mortality rates are calculated with the RP-2000 Combined Mortality Table with Scale AA.

The actuarial assumptions used in the October 1, 2015 valuation were based on the results of an actuarial experience study for the period October 1, 2007 to September 30, 2012.

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*.

ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of the valuation dates of October 1, 2015 and 2014 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Long-Term Expected Real Rate of Return*

Asset Class	2015	2014
Large Cap	6.6%	8.1%
Small / Mid Cap	7.9%	9.6%
International Equity	3.0%	5.2%
Real Estate	7.1%	6.4%
Fixed Income	2.7%	2.9%
Farmland	9.9%	-
Emerging markets	6.5%	-

* Real rates of return are net of the long-term inflation assumption of 3.0% for 2015 and 2014.

City of Lauderdale Firefighters' Retirement System

Notes to the Financial Statements

September 30, 2015 and 2014

Note 7 – Net Pension Liability of the City - continued

Discount Rate

The discount rate used to measure the total pension liability was 8.0% for 2015 and 2014. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from the City will be made at statutorily required rates, actuarially determined. Based on those assumptions, the 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.

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 8.0% for 2015 and 2014, as well as what the employer net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

City Net Pension Liability

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
September 30, 2015	\$ 27,899,989	\$ 18,031,470	\$ 9,798,564
September 30, 2014	\$ 24,860,132	\$ 15,279,232	\$ 7,296,755

Required Supplementary Information

City of Lauderdale Firefighters' Retirement System
Required Supplementary Information
Schedule of Changes in the City's Net Pension Liability (Unaudited)
Last Two Fiscal Years

	2015	2014
Total pension liability		
Service cost	\$ 2,558,195	\$ 2,440,094
Interest	6,289,742	5,928,052
Changes of benefit terms	357,454	345,399
Differences between expected and actual experience	(1,715,691)	(551,848)
Changes of assumptions	101,056	96,389
Benefit payments, including refunds of member contributions	(3,730,013)	(3,982,063)
Contribution refunds	(69,592)	(4,028)
Net change in total pension liability	3,791,151	4,271,995
Total pension liability- beginning	78,122,204	73,850,209
Total pension liability- ending	81,913,355	78,122,204
Plan fiduciary net position		
Contributions - City	4,064,434	4,164,581
Contributions - member	972,711	970,011
Contribution - State	485,663	492,840
Net investment (loss) income	(507,362)	5,036,474
Benefit payments	(3,730,013)	(3,982,063)
Contribution refunds	(69,592)	(4,028)
Administrative expenses	(176,928)	(169,317)
Net change in plan fiduciary net position	1,038,913	6,508,498
Plan fiduciary net position – beginning	62,842,972	56,334,474
Plan fiduciary net position - ending	\$ 63,881,885	\$ 62,842,972
City's net pension liability	\$ 18,031,470	\$ 15,279,232

* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

City of Lauderdale Firefighters' Retirement System
Required Supplementary Information
Schedule of Changes in the City's Net Pension Liability (Unaudited) - continued
Last Two Fiscal Years

	2015	2014
Total pension liability	\$ 81,913,355	\$ 78,122,204
Plan fiduciary net position	(63,881,885)	(62,842,972)
City's net pension liability	\$ 18,031,470	\$ 15,279,232
Plan fiduciary net position as a percentage of the total pension liability	77.99%	80.44%
Covered – actuarially computed employee payroll	\$ 6,884,383	\$ 6,945,643
City's net pension liability as a percentage of covered – employee payroll	261.92%	219.98%

* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

City of Lauderdale Firefighters' Retirement System
Required Supplementary Information
Schedule of Contributions by Employer (Unaudited)
Last Ten Fiscal Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contribution	\$ 4,231,795	\$ 4,331,942	\$ 4,369,844	\$ 3,691,300	\$ 3,003,218
Contributions in relation to the actuarially determined contribution	4,231,795	4,331,942	4,369,844	3,691,300	3,003,218
Contribution deficiency (excess)	<u>\$ -</u>				
Covered-actuarially computed employee payroll *	\$ 6,884,383	\$ 6,945,643	\$ 6,716,257	\$ 6,445,935	\$ 6,018,473
Contributions as a percentage of covered-employee payroll	61.47%	62.37%	65.06%	57.27%	49.90%
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Actuarially determined contribution	\$ 2,952,870	\$ 2,448,774	\$ 2,534,923	\$ 2,320,002	\$ 1,613,426
Contributions in relation to the actuarially determined contribution	2,952,870	2,448,774	2,534,923	2,320,002	1,613,426
Contribution deficiency (excess)	<u>\$ -</u>				
Covered-actuarially computed employee payroll *	\$ 6,024,458	\$ 6,357,484	\$ 5,943,239	\$ 5,696,122	\$ 4,477,751
Contributions as a percentage of covered-employee payroll	49.01%	38.52%	42.65%	40.73%	36.03%

* Includes DROP members

City of Lauderhill Firefighters' Retirement System
Required Supplementary Information
Schedule of Investment Returns (Unaudited)
Last Two Fiscal Years

	2015	2014
Annual money-weighted rate of return, net of investment expense	-0.66%	8.83%

* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

City of Lauderdale Firefighters' Retirement System
Required Supplementary Information
Notes to Required Supplementary Information (Unaudited)
Last Ten Fiscal Years

Method and assumptions used in calculations of the City's actuarially determined contributions. The actuarially determined contribution rates in the schedule of the City's contributions are calculated as of October 1. Unless otherwise noted above, the following actuarial methods and assumptions were used to determine contribution rates reported in the Schedule of the City's contributions.

Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Amortization period	30 years
Asset valuation method	3-year smoothed market
Inflation	3.0%
Projected salary increases	7%, including inflation
Investment rate of return	8% gross of investment expenses, including inflation
Cost-of-living increases	1.5%

Retirement Age: For the current valuation retirement is assumed at 50% of those eligible to retire or DROP with 20 through 24 years of service with 100% choosing to retire or DROP at 25 years of service or upon reaching age 55 with 10 years of service.

Mortality Rates: RP 2000 Combined Mortality Table projected to the valuation year using Scale AA.

Disability Rates: Representative values of the assumed annual rates of disability among members in active service are as follows:

<u>Age</u>	<u>Disability Rates</u>	<u>Age</u>	<u>Disability Rates</u>	<u>Age</u>	<u>Disability Rates</u>
15-21	0.14%	38	0.26%	50	1.00%
22-25	0.15%	39	0.28%	51	1.10%
26-27	0.16%	40	0.30%	52	1.20%
28-29	0.17%	41	0.32%	53	1.31%
30	0.18%	42	0.35%	54	1.43%
31	0.19%	43	0.39%	55	1.55%
32	0.20%	44	0.44%	56	1.68%
33	0.21%	45	0.51%	57	1.81%
34	0.22%	46	0.59%	58	1.95%
35	0.23%	47	0.70%	59	2.09%
36	0.24%	48	0.79%	>=60	0.00%
37	0.25%	49	0.90%		

75% of disabilities are assumed to be in the line of duty.

Employee Withdrawal Rates: Representative values of the assumed annual rates of withdrawal among members in active service are as follows:

<u>Service</u>	<u>Withdrawal Rates</u>						
0-1	3.8%	6	3.0%	11	2.4%	16	1.3%
2	3.7%	7	2.8%	12	2.1%	17	1.1%
3	3.5%	8	2.8%	13	1.8%	18	0.9%
4	3.3%	9	2.7%	14	1.6%	19	0.9%
5	3.2%	10	2.6%	15	1.4%	20+	0.0%

Marital Assumptions:
 1. 80% of members are assumed married at retirement.
 2. Male spouses are assumed to be three years older than female spouses.

Other Supplemental Schedules

City of Lauderdale Firefighters' Retirement System
Other Supplemental Schedules of Investment Expenses and Administrative Expenses
For the Years Ended September 30, 2015 and 2014

	2015	2014
Schedule "1" - Schedules of Investment Expenses		
Financial management expenses *		
Loomis Sayles	\$ 87,885	\$ 82,460
Systematic Financial	74,696	58,028
American Realty Advisors	41,619	39,939
Agincourt	25,928	24,896
State Street Global Advisors	30,058	17,191
Brown Advisory	71,890	61,088
Glovista	12,080	12,537
Intercontinental	36,614	12,732
Ceres	39,354	57,158
Total financial management expenses	420,124	366,029
Investment consultant fees		
Dahab Consultants	40,725	23,004
Investment custodial fees		
Fifth Third Bank	17,274	18,472
Total investment expenses	\$ 478,123	\$ 407,505

* Does not include Mutual Funds.

Schedule "2" - Schedules of Administrative Expenses		
Professional services		
Legal	\$ 48,368	\$ 44,610
Administrator	40,575	41,856
Actuarial	43,125	28,050
Audit	14,300	22,000
Total professional services	146,368	136,516
Other		
Education	11,017	11,963
Insurance	11,216	11,216
Rent	6,360	6,360
Office expense	838	1,076
Medical	29	1,086
Dues	1,100	1,100
Total other	30,560	32,801
Total administrative expenses	\$ 176,928	\$ 169,317



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