

City of Lauderdale General Employees Retirement System

Chapter 112.664, F. S. Compliance Report

In Connection with the October 1, 2017 Funding Actuarial Valuation Report
And the Plan's Financial Reporting for the Year Ending September 30, 2017



July 11, 2018

Board of Trustees
City of Lauderdale General Employees Retirement System
Lauderhill, Florida

Dear Board Members:

Gabriel, Roeder, Smith & Company (GRS) has been engaged by the City of Lauderdale General Employees Retirement System (Plan) to prepare a disclosure report to satisfy the requirements set forth in Ch. 112.664, F.S. and as further required pursuant to Ch. 60T-1.0035, F.A.C.

This report was prepared at the request of the Board and is intended for use by the Retirement System and those designated or approved by the Board. This report may be provided to parties other than the System only in its entirety and only with the permission of the Board.

The purpose of the report is to provide the required information specified in Ch. 112.664, F.S. as well as supplement this information with additional exhibits. This report should not be relied on for any purpose other than the purpose described above.

The findings in this report are based on data or other information through September 30, 2017. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. The scope of this engagement does not include an analysis of the potential range of such measurements.

This report was based upon information furnished by the Plan Administrator concerning Retirement System benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by the Plan Administrator.

Except as otherwise indicated as required for the disclosures contained herein, this report was prepared using certain assumptions selected by the Board as described in our October 1, 2017 actuarial valuation report. This report is also based on the Plan provisions, census data, and financial information as summarized in our October 1, 2017 actuarial valuation report. Please refer to the October 1, 2017 actuarial valuation report, dated May 14, 2018, for summaries and descriptions of this information.

The use of an investment return assumption that is 2% higher than the investment return assumption used to determine the funding requirements does not represent an estimate of future Plan experience nor does it reflect an observation of future return estimates inherent in financial market data. The use of this investment return assumption is provided as a counterpart to the Chapter 112.664, Florida Statutes requirement to utilize an investment return assumption that is 2% lower than the assumption used to determine the funding requirements. The inclusion of the additional exhibits showing the effect of using a 2% higher investment return assumption shows a more complete assessment of the range of possible results as opposed to showing a one-sided range as required by Florida Statutes.

Theora Braccialarghe and Melissa Moskowitz are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. The signing actuaries are independent of the plan sponsor.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Retirement Plan as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

With respect to the reporting standards for defined benefit retirement plans or systems contained in Section 112.664(1) F.S., the actuarial disclosures required under this section were prepared and completed by us or under our direct supervision, and we acknowledge responsibility for the results. To the best of our knowledge, the results are complete and accurate, and in our opinion, meet the requirements of Section 112.664(1), F.S. and Section 60T-1.0035, F.A.C.

Respectfully submitted,

GABRIEL, ROEDER, SMITH AND COMPANY

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CHAPTER 112.664, FLORIDA STATUTES

RESULTS

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

Fiscal year ending September 30,	2017
1. Total pension liability	
a. Service Cost	\$ 677,372
b. Interest	2,107,824
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	(1,073,581)
e. Assumption Changes	936,429
f. Benefit Payments	(1,672,465)
g. Contribution Refunds	(93,124)
h. Net Change in Total Pension Liability	882,455
i. Total Pension Liability - Beginning	29,278,860
j. Total Pension Liability - Ending	\$ 30,161,315
2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 1,095,544
b. Contributions - Non-Employer Contributing Entity	-
c. Contributions - Member	349,378
d. Net Investment Income	3,254,358
e. Benefit Payments	(1,672,465)
f. Contribution Refunds	(93,124)
g. Administrative Expense	(74,633)
h. Other: Adjustment to Beginning of Year	-
i. Net Change in Plan Fiduciary Net Position	2,859,058
j. Plan Fiduciary Net Position - Beginning	21,762,029
k. Plan Fiduciary Net Position - Ending	\$ 24,621,087
3. Net Pension Liability / (Asset)	5,540,228
Certain Key Assumptions	
Valuation Date	10/01/2016
Measurement Date	09/30/2017
Investment Return Assumption	7.00%
Mortality Table	FRS Mortality for Regular Class Members (for the 7/1/2016 Valuation)

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

Fiscal year ending September 30,

	2017
1. Total pension liability	
a. Service Cost	\$ 677,372
b. Interest	2,107,824
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	(1,073,581)
e. Assumption Changes	936,429
f. Benefit Payments	(1,672,465)
g. Contribution Refunds	(93,124)
h. Net Change in Total Pension Liability	882,455
i. Total Pension Liability - Beginning	29,278,860
j. Total Pension Liability - Ending	\$ 30,161,315

2. Plan Fiduciary Net Position

a. Contributions - Employer	\$ 1,095,544
b. Contributions - Non-Employer Contributing Entity	-
c. Contributions - Member	349,378
d. Net Investment Income	3,254,358
e. Benefit Payments	(1,672,465)
f. Contribution Refunds	(93,124)
g. Administrative Expense	(74,633)
h. Other: Adjustment to Beginning of Year	-
i. Net Change in Plan Fiduciary Net Position	2,859,058
j. Plan Fiduciary Net Position - Beginning	21,762,029
k. Plan Fiduciary Net Position - Ending	\$ 24,621,087

3. Net Pension Liability / (Asset) 5,540,228

Certain Key Assumptions

Valuation Date	10/01/2016
Measurement Date	09/30/2017
Investment Return Assumption	7.00%
Mortality Table	FRS Mortality for Regular Class Members (for the 7/1/2016 Valuation)

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

Fiscal year ending September 30,

1. Total pension liability

	<u>2017</u>
a. Service Cost	\$ 1,063,671
b. Interest	1,845,159
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	-
e. Assumption Changes	-
f. Benefit Payments	(1,672,465)
g. Contribution Refunds	(93,124)
h. Net Change in Total Pension Liability	<u>1,143,241</u>
i. Total Pension Liability - Beginning	<u>36,722,311</u>
j. Total Pension Liability - Ending	<u><u>\$ 37,865,552</u></u>

2. Plan Fiduciary Net Position

a. Contributions - Employer	\$ 1,095,544
b. Contributions - Non-Employer Contributing Entity	-
c. Contributions - Member	349,378
d. Net Investment Income	3,254,358
e. Benefit Payments	(1,672,465)
f. Contribution Refunds	(93,124)
g. Administrative Expense	(74,633)
h. Other: Adjustment to Beginning of Year	-
i. Net Change in Plan Fiduciary Net Position	<u>2,859,058</u>
j. Plan Fiduciary Net Position - Beginning	<u>21,762,029</u>
k. Plan Fiduciary Net Position - Ending	<u><u>\$ 24,621,087</u></u>

3. Net Pension Liability / (Asset) 13,244,465

Certain Key Assumptions

Valuation Date	10/01/2016
Measurement Date	09/30/2017
Investment Return Assumption	5.00%
Mortality Table	FRS Mortality for Regular Class Members (for the 7/1/2016 Valuation)

Schedule of Changes in the Employers' Net Pension Liability

Using Assumptions under 112.664(1)(b), F.S. except 2% higher investment return assumption

Fiscal year ending September 30,	<u>2017</u>
1. Total pension liability	
a. Service Cost	\$ 487,081
b. Interest	2,122,090
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	-
e. Assumption Changes	-
f. Benefit Payments	(1,672,465)
g. Contribution Refunds	(93,124)
h. Net Change in Total Pension Liability	<u>843,582</u>
i. Total Pension Liability - Beginning	<u>23,974,492</u>
j. Total Pension Liability - Ending	<u>\$ 24,818,074</u>
2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 1,095,544
b. Contributions - Non-Employer Contributing Entity	-
c. Contributions - Member	349,378
d. Net Investment Income	3,254,358
e. Benefit Payments	(1,672,465)
f. Contribution Refunds	(93,124)
g. Administrative Expense	(74,633)
h. Other: Adjustment to Beginning of Year	-
i. Net Change in Plan Fiduciary Net Position	<u>2,859,058</u>
j. Plan Fiduciary Net Position - Beginning	<u>21,762,029</u>
k. Plan Fiduciary Net Position - Ending	<u>\$ 24,621,087</u>
3. Net Pension Liability / (Asset)	196,987
Certain Key Assumptions	
Valuation Date	10/01/2016
Measurement Date	09/30/2017
Investment Return Assumption	9.00%
Mortality Table	FRS Mortality for Regular Class Members (for the 7/1/2016 Valuation)

Asset and Benefit Payment Projection
Not Reflecting Any Contributions from the Employer, State or Employee
Using assumptions from the Plan's latest actuarial valuation

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2018	24,372,790	1,644,509	1,759,613	24,257,686
2019	24,257,686	1,630,822	1,920,460	23,968,048
2020	23,968,048	1,608,057	1,991,603	23,584,502
2021	23,584,502	1,580,161	2,021,560	23,143,103
2022	23,143,103	1,547,711	2,065,879	22,624,935
2023	22,624,935	1,509,661	2,116,711	22,017,885
2024	22,017,885	1,466,236	2,143,303	21,340,818
2025	21,340,818	1,418,097	2,164,579	20,594,336
2026	20,594,336	1,364,659	2,198,403	19,760,592
2027	19,760,592	1,305,301	2,226,871	18,839,022
2028	18,839,022	1,240,298	2,240,949	17,838,372
2029	17,838,372	1,170,516	2,233,441	16,775,446
2030	16,775,446	1,096,909	2,210,648	15,661,707
2031	15,661,707	1,019,638	2,190,904	14,490,440
2032	14,490,440	938,145	2,176,749	13,251,836
2033	13,251,836	852,538	2,145,444	11,958,930
2034	11,958,930	763,630	2,099,854	10,622,706
2035	10,622,706	671,197	2,068,360	9,225,543
2036	9,225,543	575,008	2,022,277	7,778,274
2037	7,778,274	475,020	1,984,561	6,268,733
2038	6,268,733	370,868	1,941,248	4,698,353
2039	4,698,353	262,281	1,902,954	3,057,680
2040	3,057,680	149,098	1,855,431	1,351,346
2041	1,351,346	31,310	1,808,115	-
2042	-	-	1,758,246	-
2043	-	-	1,712,476	-

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits, reflecting no contributions from the Employer, Employee or State, contrary to Florida Statutes and Plan provisions:

23.75

Certain Key Assumptions

Valuation Investment return assumption: 7.00%
 Valuation Mortality Table: FRS Mortality for Regular Class Members (for the 7/1/2016 Valuation)

Note: As required in Section 112.664(1)(c) of the Florida Statutes, the projection of the Fund assets do not include contributions from the Employer, Employee or State, which is contrary to Florida Statutes and Plan provisions. For this reason, these projections should not be viewed as a representation of the amount of time the Fund can sustain benefit payments. Under the GASB standards which DO include contributions from the employer, employee and State, the Fund is expected to be able to sustain the benefit payment demands in the near-term and long-term future.

Asset and Benefit Payment Projection
Not Reflecting Any Contributions from the Employer, State or Employee
Using Assumptions required under 112.664(1)(a), F.S.

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2018	24,372,790	1,644,509	1,759,613	24,257,686
2019	24,257,686	1,630,822	1,920,460	23,968,048
2020	23,968,048	1,608,057	1,991,603	23,584,502
2021	23,584,502	1,580,161	2,021,560	23,143,103
2022	23,143,103	1,547,711	2,065,879	22,624,935
2023	22,624,935	1,509,661	2,116,711	22,017,885
2024	22,017,885	1,466,236	2,143,303	21,340,818
2025	21,340,818	1,418,097	2,164,579	20,594,336
2026	20,594,336	1,364,659	2,198,403	19,760,592
2027	19,760,592	1,305,301	2,226,871	18,839,022
2028	18,839,022	1,240,298	2,240,949	17,838,372
2029	17,838,372	1,170,516	2,233,441	16,775,446
2030	16,775,446	1,096,909	2,210,648	15,661,707
2031	15,661,707	1,019,638	2,190,904	14,490,440
2032	14,490,440	938,145	2,176,749	13,251,836
2033	13,251,836	852,538	2,145,444	11,958,930
2034	11,958,930	763,630	2,099,854	10,622,706
2035	10,622,706	671,197	2,068,360	9,225,543
2036	9,225,543	575,008	2,022,277	7,778,274
2037	7,778,274	475,020	1,984,561	6,268,733
2038	6,268,733	370,868	1,941,248	4,698,353
2039	4,698,353	262,281	1,902,954	3,057,680
2040	3,057,680	149,098	1,855,431	1,351,346
2041	1,351,346	31,310	1,808,115	-
2042	-	-	1,758,246	-
2043	-	-	1,712,476	-

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits, reflecting no contributions from the Employer, Employee or State, contrary to Florida Statutes and Plan provisions:

23.75

Certain Key Assumptions

Valuation Investment return assumption: 7.00%
 Valuation Mortality Table: FRS Mortality for Regular Class Members (for the 7/1/2016 Valuation)

Note: As required in Section 112.664(1)(c) of the Florida Statutes, the projection of the Fund assets do not include contributions from the Employer, Employee or State, which is contrary to Florida Statutes and Plan provisions. For this reason, these projections should not be viewed as a representation of the amount of time the Fund can sustain benefit payments. Under the GASB standards which DO include contributions from the employer, employee and State, the Fund is expected to be able to sustain the benefit payment demands in the near-term and long-term future.

Asset and Benefit Payment Projection
Not Reflecting Any Contributions from the Employer, State or Employee
Using Assumptions required under 112.664(1)(b), F.S.

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2018	24,372,790	1,174,649	1,759,613	23,787,826
2019	23,787,826	1,141,380	1,920,460	23,008,746
2020	23,008,746	1,100,647	1,991,603	22,117,790
2021	22,117,790	1,055,351	2,021,560	21,151,581
2022	21,151,581	1,005,932	2,065,879	20,091,634
2023	20,091,634	951,664	2,116,711	18,926,587
2024	18,926,587	892,747	2,143,303	17,676,030
2025	17,676,030	829,687	2,164,579	16,341,139
2026	16,341,139	762,097	2,198,403	14,904,832
2027	14,904,832	689,570	2,226,871	13,367,531
2028	13,367,531	612,353	2,240,949	11,738,935
2029	11,738,935	531,111	2,233,441	10,036,605
2030	10,036,605	446,564	2,210,648	8,272,521
2031	8,272,521	358,853	2,190,904	6,440,470
2032	6,440,470	267,605	2,176,749	4,531,326
2033	4,531,326	172,930	2,145,444	2,558,812
2034	2,558,812	75,444	2,099,854	534,402
2035	534,402	-	2,068,360	-
2036	-	-	2,022,277	-
2037	-	-	1,984,561	-
2038	-	-	1,941,248	-
2039	-	-	1,902,954	-
2040	-	-	1,855,431	-
2041	-	-	1,808,115	-
2042	-	-	1,758,246	-
2043	-	-	1,712,476	-

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits, **reflecting no contributions from the Employer, Employee or State, contrary to Florida**

Statutes and Plan provisions: 17.25

Certain Key Assumptions

Valuation Investment return assumption: 5.00%

Valuation Mortality Table: FRS Mortality for Regular Class Members (for the 7/1/2016 Valuation)

Note: As required in Section 112.664(1)(c) of the Florida Statutes, the projection of the Fund assets do not include contributions from the Employer, Employee or State, which is contrary to Florida Statutes and Plan provisions. For this reason, these projections should not be viewed as a representation of the amount of time the Fund can sustain benefit payments. Under the GASB standards which DO include contributions from the employer, employee and State, the Fund is expected to be able to sustain the benefit payment demands in the near-term and long-term future.

Asset and Benefit Payment Projection
Not Reflecting Any Contributions from the Employer, State or Employee
Using Assumptions under 112.664(1)(b), F.S. except 2% higher investment return assumption

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2018	24,372,790	2,114,369	1,759,613	24,727,546
2019	24,727,546	2,139,058	1,920,460	24,946,144
2020	24,946,144	2,155,531	1,991,603	25,110,072
2021	25,110,072	2,168,936	2,021,560	25,257,448
2022	25,257,448	2,180,206	2,065,879	25,371,775
2023	25,371,775	2,188,208	2,116,711	25,443,271
2024	25,443,271	2,193,446	2,143,303	25,493,414
2025	25,493,414	2,197,001	2,164,579	25,525,837
2026	25,525,837	2,198,397	2,198,403	25,525,831
2027	25,525,831	2,197,116	2,226,871	25,496,075
2028	25,496,075	2,193,804	2,240,949	25,448,930
2029	25,448,930	2,189,899	2,233,441	25,405,388
2030	25,405,388	2,187,006	2,210,648	25,381,746
2031	25,381,746	2,185,766	2,190,904	25,376,608
2032	25,376,608	2,185,941	2,176,749	25,385,800
2033	25,385,800	2,188,177	2,145,444	25,428,534
2034	25,428,534	2,194,075	2,099,854	25,522,754
2035	25,522,754	2,203,972	2,068,360	25,658,366
2036	25,658,366	2,218,250	2,022,277	25,854,339
2037	25,854,339	2,237,585	1,984,561	26,107,364
2038	26,107,364	2,262,307	1,941,248	26,428,422
2039	26,428,422	2,292,925	1,902,954	26,818,393
2040	26,818,393	2,330,161	1,855,431	27,293,123
2041	27,293,123	2,375,016	1,808,115	27,860,024
2042	27,860,024	2,428,281	1,758,246	28,530,059
2043	28,530,059	2,490,644	1,712,476	29,308,227

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits, **reflecting no contributions from the Employer, Employee or State, contrary to Florida Statutes and Plan provisions:**

All future years

Certain Key Assumptions

Valuation Investment return assumption: 9.00%
 Valuation Mortality Table: FRS Mortality for Regular Class Members (for the 7/1/2016 Valuation)

Note: As required in Section 112.664(1)(c) of the Florida Statutes, the projection of the Fund assets do not include contributions from the Employer, Employee or State, which is contrary to Florida Statutes and Plan provisions. For this reason, these projections should not be viewed as a representation of the amount of time the Fund can sustain benefit payments. Under the GASB standards which DO include contributions from the employer, employee and State, the Fund is expected to be able to sustain the benefit payment demands in the near-term and long-term future.

ACTUARIALLY DETERMINED CONTRIBUTION (ADC)				
	Plan's Latest Actuarial Valuation	112.664(1)(a) F.S. Assumptions	112.664(1)(b) F.S. Assumptions	112.664(1)(b) F.S. except 2% higher investment return assumption
A. Valuation Date	October 1, 2017	October 1, 2017	October 1, 2017	October 1, 2017
B. Actuarially Determined Contribution (ADC) to Be Paid During Fiscal Year Ending	9/30/2018	9/30/2018	9/30/2018	9/30/2018
C. Assumed Dates of Employer Contributions	Monthly	Monthly	Monthly	Monthly
D. Annual Payment to Amortize Unfunded Actuarial Liability	\$ 526,856	\$ 526,856	\$ 958,757	\$ 116,565
E. Total Normal Cost	707,880	707,880	1,025,965	517,074
F. ADC if Paid on Valuation Date: D + E	1,234,736	1,234,736	1,984,722	633,639
G. ADC Adjusted for Frequency of Payments	1,280,098	1,280,098	2,037,271	663,305
H. ADC Adjusted for Frequency of Payments as % of Covered Payroll	40.79 %	40.79 %	64.92 %	21.14 %
I. Assumed Rate of Increase in Covered Payroll to Contribution Year	0.00 %	0.00 %	0.00 %	0.00 %
J. Covered Payroll for Contribution Year	3,138,231	3,138,231	3,138,231	3,138,231
K. ADC for Contribution Year: H x J	1,280,098	1,280,098	2,037,271	663,305
L. Estimated Credit for State Revenue in Contribution Year	0	0	0	0
M. Employer ADC in Contribution Year	966,275	966,275	1,723,448	349,482
N. Employer ADC as % of Covered Payroll in Contribution Year: M ÷ J	30.79 %	30.79 %	54.92 %	11.14 %
O. Expected Member Contributions	313,823	313,823	313,823	313,823
P. Total Contribution (including Members) in Contribution Year	1,280,098	1,280,098	2,037,271	663,305
Q. Total Contribution as a % of Covered Payroll in Contribution Year: P ÷ J	40.79 %	40.79 %	64.92 %	21.14 %
R. Certain Key Assumptions:				
Investment Return Assumption	7.00%	7.00%	5.00%	9.00%
Mortality Table	FRS Mortality for Regular Class Members (for the 7/1/2016 Valuation)	FRS Mortality for Regular Class Members (for the 7/1/2016 Valuation)	FRS Mortality for Regular Class Members (for the 7/1/2016 Valuation)	FRS Mortality for Regular Class Members (for the 7/1/2016 Valuation)