

# City of Lauderdale General Employees Retirement System

## Chapter 112.664, F. S. Compliance Report

In Connection with the October 1, 2016 Funding Actuarial Valuation Report  
And the Plan's Financial Reporting for the Year Ending September 30, 2016





October 11, 2017

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

Dear Board Members:

Gabriel, Roeder, Smith & Company (GRS) has been engaged by the City of Lauderhill 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, 2016. 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, 2016 actuarial valuation report. This report is also based on the Plan provisions, census data, and financial information as summarized in our October 1, 2016 actuarial valuation report. Please refer to the October 1, 2016 actuarial valuation report, dated August 17, 2017, 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

By Theora Braccialarghe

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## **CHAPTER 112.664, FLORIDA STATUTES**

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### **RESULTS**

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

Fiscal year ending September 30,	<u>2016</u>
<b>1. Total pension liability</b>	
a. Service Cost	\$ 652,913
b. Interest	2,036,952
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	(73,178)
e. Assumption Changes	420,080
f. Benefit Payments	(1,633,810)
g. Contribution Refunds	(74,140)
<b>h. Net Change in Total Pension Liability</b>	<u>1,328,817</u>
<b>i. Total Pension Liability - Beginning</b>	<u>27,950,043</u>
<b>j. Total Pension Liability - Ending</b>	<u>\$ 29,278,860</u>
<b>2. Plan Fiduciary Net Position</b>	
a. Contributions - Employer	\$ 1,162,968
b. Contributions - Non-Employer Contributing Entity	-
c. Contributions - Member	358,574
d. Net Investment Income	2,169,338
e. Benefit Payments	(1,633,810)
f. Contribution Refunds	(74,140)
g. Administrative Expense	(81,069)
h. Other: Adjustment to Beginning of Year	118
<b>i. Net Change in Plan Fiduciary Net Position</b>	<u>1,901,979</u>
<b>j. Plan Fiduciary Net Position - Beginning</b>	<u>19,860,050</u>
<b>k. Plan Fiduciary Net Position - Ending</b>	<u>\$ 21,762,029</u>
<b>3. Net Pension Liability / (Asset)</b>	7,516,831
<b>Certain Key Assumptions</b>	
Valuation Date	10/01/2015
Measurement Date	09/30/2016
Investment Return Assumption	7.25%
Mortality Table	RP-2000 fully generational using Scale AA

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

Fiscal year ending September 30,

	<b>2016</b>
<b>1. Total pension liability</b>	
a. Service Cost	\$ 652,913
b. Interest	2,036,952
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	(73,178)
e. Assumption Changes	420,080
f. Benefit Payments	(1,633,810)
g. Contribution Refunds	(74,140)
<b>h. Net Change in Total Pension Liability</b>	<b>1,328,817</b>
<b>i. Total Pension Liability - Beginning</b>	<b>27,950,043</b>
<b>j. Total Pension Liability - Ending</b>	<b>\$ 29,278,860</b>

**2. Plan Fiduciary Net Position**

a. Contributions - Employer	\$ 1,162,968
b. Contributions - Non-Employer Contributing Entity	-
c. Contributions - Member	358,574
d. Net Investment Income	2,169,338
e. Benefit Payments	(1,633,810)
f. Contribution Refunds	(74,140)
g. Administrative Expense	(81,069)
h. Other: Adjustment to Beginning of Year	118
<b>i. Net Change in Plan Fiduciary Net Position</b>	<b>1,901,979</b>
<b>j. Plan Fiduciary Net Position - Beginning</b>	<b>19,860,050</b>
<b>k. Plan Fiduciary Net Position - Ending</b>	<b>\$ 21,762,029</b>

**3. Net Pension Liability / (Asset)** 7,516,831

**Certain Key Assumptions**

Valuation Date	10/01/2015
Measurement Date	09/30/2016
Investment Return Assumption	7.25%
Mortality Table	RP-2000 fully generational using Scale AA

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

Fiscal year ending September 30,	<u>2016</u>
<b>1. Total pension liability</b>	
a. Service Cost	\$ 978,603
b. Interest	1,862,473
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	-
e. Assumption Changes	-
f. Benefit Payments	(1,633,810)
g. Contribution Refunds	(74,140)
<b>h. Net Change in Total Pension Liability</b>	<u>1,133,126</u>
<b>i. Total Pension Liability - Beginning</b>	<u>35,351,057</u>
<b>j. Total Pension Liability - Ending</b>	<u>\$ 36,484,183</u>
<b>2. Plan Fiduciary Net Position</b>	
a. Contributions - Employer	\$ 1,162,968
b. Contributions - Non-Employer Contributing Entity	-
c. Contributions - Member	358,574
d. Net Investment Income	2,169,338
e. Benefit Payments	(1,633,810)
f. Contribution Refunds	(74,140)
g. Administrative Expense	(81,069)
h. Other: Adjustment to Beginning of Year	118
<b>i. Net Change in Plan Fiduciary Net Position</b>	<u>1,901,979</u>
<b>j. Plan Fiduciary Net Position - Beginning</b>	<u>19,860,050</u>
<b>k. Plan Fiduciary Net Position - Ending</b>	<u>\$ 21,762,029</u>
<b>3. Net Pension Liability / (Asset)</b>	14,722,154
<b>Certain Key Assumptions</b>	
Valuation Date	10/01/2015
Measurement Date	09/30/2016
Investment Return Assumption	5.25%
Mortality Table	RP-2000 fully generational using Scale AA

**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,	<b>2016</b>
<b>1. Total pension liability</b>	
a. Service Cost	\$ 456,145
b. Interest	2,123,214
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	-
e. Assumption Changes	-
f. Benefit Payments	(1,633,810)
g. Contribution Refunds	(74,140)
<b>h. Net Change in Total Pension Liability</b>	<b>871,409</b>
<b>i. Total Pension Liability - Beginning</b>	<b>23,351,498</b>
<b>j. Total Pension Liability - Ending</b>	<b>\$ 24,222,907</b>
 <b>2. Plan Fiduciary Net Position</b>	
a. Contributions - Employer	\$ 1,162,968
b. Contributions - Non-Employer Contributing Entity	-
c. Contributions - Member	358,574
d. Net Investment Income	2,169,338
e. Benefit Payments	(1,633,810)
f. Contribution Refunds	(74,140)
g. Administrative Expense	(81,069)
h. Other: Adjustment to Beginning of Year	118
<b>i. Net Change in Plan Fiduciary Net Position</b>	<b>1,901,979</b>
<b>j. Plan Fiduciary Net Position - Beginning</b>	<b>19,860,050</b>
<b>k. Plan Fiduciary Net Position - Ending</b>	<b>\$ 21,762,029</b>
 <b>3. Net Pension Liability / (Asset)</b>	 <b>2,460,878</b>
 <b>Certain Key Assumptions</b>	
Valuation Date	10/01/2015
Measurement Date	09/30/2016
Investment Return Assumption	9.25%
Mortality Table	RP-2000 fully generational using Scale AA

## 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)
2017	21,520,498	1,449,012	1,640,640	21,328,870
2018	21,328,870	1,428,376	1,847,001	20,910,245
2019	20,910,245	1,395,457	1,950,296	20,355,406
2020	20,355,406	1,354,628	2,007,169	19,702,865
2021	19,702,865	1,307,882	2,037,662	18,973,085
2022	18,973,085	1,255,484	2,075,195	18,153,374
2023	18,153,374	1,196,484	2,121,496	17,228,362
2024	17,228,362	1,131,121	2,138,995	16,220,488
2025	16,220,488	1,060,115	2,151,975	15,128,628
2026	15,128,628	982,969	2,172,420	13,939,177
2027	13,939,177	898,903	2,195,416	12,642,664
2028	12,642,664	808,049	2,198,227	11,252,485
2029	11,252,485	711,305	2,181,965	9,781,825
2030	9,781,825	609,333	2,154,122	8,237,037
2031	8,237,037	502,150	2,126,919	6,612,268
2032	6,612,268	388,845	2,114,689	4,886,424
2033	4,886,424	269,141	2,083,110	3,072,455
2034	3,072,455	143,826	2,035,590	1,180,691
2035	1,180,691	12,556	2,002,644	-
2036	-	-	1,956,214	-
2037	-	-	1,916,286	-
2038	-	-	1,875,831	-
2039	-	-	1,835,920	-
2040	-	-	1,786,968	-
2041	-	-	1,739,712	-
2042	-	-	1,691,101	-

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:**

18.58

### Certain Key Assumptions

Valuation Investment return assumption

7.00%

Valuation Mortality Table

FRS Mortality Rates from 7/1/16 FRS Valuation

**Note: As required in Section 112.664(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**

**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)
2017	21,520,498	1,449,012	1,640,640	21,328,870
2018	21,328,870	1,428,376	1,847,001	20,910,245
2019	20,910,245	1,395,457	1,950,296	20,355,406
2020	20,355,406	1,354,628	2,007,169	19,702,865
2021	19,702,865	1,307,882	2,037,662	18,973,085
2022	18,973,085	1,255,484	2,075,195	18,153,374
2023	18,153,374	1,196,484	2,121,496	17,228,362
2024	17,228,362	1,131,121	2,138,995	16,220,488
2025	16,220,488	1,060,115	2,151,975	15,128,628
2026	15,128,628	982,969	2,172,420	13,939,177
2027	13,939,177	898,903	2,195,416	12,642,664
2028	12,642,664	808,049	2,198,227	11,252,485
2029	11,252,485	711,305	2,181,965	9,781,825
2030	9,781,825	609,333	2,154,122	8,237,037
2031	8,237,037	502,150	2,126,919	6,612,268
2032	6,612,268	388,845	2,114,689	4,886,424
2033	4,886,424	269,141	2,083,110	3,072,455
2034	3,072,455	143,826	2,035,590	1,180,691
2035	1,180,691	12,556	2,002,644	-
2036	-	-	1,956,214	-
2037	-	-	1,916,286	-
2038	-	-	1,875,831	-
2039	-	-	1,835,920	-
2040	-	-	1,786,968	-
2041	-	-	1,739,712	-
2042	-	-	1,691,101	-

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:** 18.58

**Certain Key Assumptions**

Valuation Investment return assumption 7.00%  
 Valuation Mortality Table FRS Mortality Rates from 7/1/16 FRS Valuation

**Note: As required in Section 112.664(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**

**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)
2017	21,520,498	1,035,009	1,640,640	20,914,867
2018	20,914,867	999,568	1,847,001	20,067,434
2019	20,067,434	954,614	1,950,296	19,071,753
2020	19,071,753	903,408	2,007,169	17,967,992
2021	17,967,992	847,458	2,037,662	16,777,788
2022	16,777,788	787,010	2,075,195	15,489,603
2023	15,489,603	721,443	2,121,496	14,089,549
2024	14,089,549	651,003	2,138,995	12,601,557
2025	12,601,557	576,278	2,151,975	11,025,860
2026	11,025,860	496,983	2,172,420	9,350,423
2027	9,350,423	412,636	2,195,416	7,567,643
2028	7,567,643	323,426	2,198,227	5,692,842
2029	5,692,842	230,093	2,181,965	3,740,970
2030	3,740,970	133,195	2,154,122	1,720,043
2031	1,720,043	32,829	2,126,919	-
2032	-	-	2,114,689	-
2033	-	-	2,083,110	-
2034	-	-	2,035,590	-
2035	-	-	2,002,644	-
2036	-	-	1,956,214	-
2037	-	-	1,916,286	-
2038	-	-	1,875,831	-
2039	-	-	1,835,920	-
2040	-	-	1,786,968	-
2041	-	-	1,739,712	-
2042	-	-	1,691,101	-

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:** 14.83

**Certain Key Assumptions**

Valuation Investment return assumption 5.00%  
 Valuation Mortality Table FRS Mortality Rates from 7/1/16 FRS Valuation

**Note: As required in Section 112.664(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)
2017	21,520,498	1,863,016	1,640,640	21,742,874
2018	21,742,874	1,873,744	1,847,001	21,769,617
2019	21,769,617	1,871,502	1,950,296	21,690,823
2020	21,690,823	1,861,851	2,007,169	21,545,505
2021	21,545,505	1,847,401	2,037,662	21,355,244
2022	21,355,244	1,828,588	2,075,195	21,108,637
2023	21,108,637	1,804,310	2,121,496	20,791,451
2024	20,791,451	1,774,976	2,138,995	20,427,432
2025	20,427,432	1,741,630	2,151,975	20,017,087
2026	20,017,087	1,703,779	2,172,420	19,548,446
2027	19,548,446	1,660,566	2,195,416	19,013,596
2028	19,013,596	1,612,303	2,198,227	18,427,673
2029	18,427,673	1,560,302	2,181,965	17,806,010
2030	17,806,010	1,505,605	2,154,122	17,157,493
2031	17,157,493	1,448,463	2,126,919	16,479,037
2032	16,479,037	1,387,952	2,114,689	15,752,301
2033	15,752,301	1,323,967	2,083,110	14,993,158
2034	14,993,158	1,257,783	2,035,590	14,215,350
2035	14,215,350	1,189,263	2,002,644	13,401,969
2036	13,401,969	1,118,148	1,956,214	12,563,903
2037	12,563,903	1,044,518	1,916,286	11,692,135
2038	11,692,135	967,880	1,875,831	10,784,184
2039	10,784,184	887,960	1,835,920	9,836,224
2040	9,836,224	804,847	1,786,968	8,854,102
2041	8,854,102	718,582	1,739,712	7,832,973
2042	7,832,973	628,868	1,691,101	6,770,740
2043	6,770,740	535,385	1,644,039	5,662,085
2044	5,662,085	438,026	1,590,256	4,509,856
2045	4,509,856	337,167	1,527,113	3,319,910
2046	3,319,910	232,628	1,470,319	2,082,218
2047	2,082,218	123,849	1,412,243	793,824
2048	793,824	10,791	1,347,853	-

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:

31.58

**Certain Key Assumptions**

Valuation Investment return assumption 9.00%  
 Valuation Mortality Table FRS Mortality Rates from 7/1/16 FRS Valuation

**Note: As required in Section 112.664(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, 2016	October 1, 2016	October 1, 2016	October 1, 2016
B. Actuarially Determined Contribution (ADC) to Be Paid During Fiscal Year Ending	9/30/2017	9/30/2017	9/30/2017	9/30/2017
C. Assumed Dates of Employer Contributions	Monthly	Monthly	Monthly	Monthly
D. Annual Payment to Amortize Unfunded Actuarial Liability	\$ 620,461	\$ 620,461	\$ 1,044,092	\$ 221,656
E. Total Normal Cost	776,290	776,290	1,137,716	561,126
F. ADC if Paid on Valuation Date: D + E	1,396,751	1,396,751	2,181,808	782,782
G. ADC Adjusted for Frequency of Payments	1,448,065	1,448,065	2,239,575	819,431
H. ADC Adjusted for Frequency of Payments as % of Covered Payroll	41.08 %	41.08 %	63.53 %	23.24 %
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	3,525,214	3,525,214	3,525,214	3,525,214
K. ADC for Contribution Year: H x J	1,448,065	1,448,065	2,239,575	819,431
L. Estimated Credit for State Revenue in Contribution Year	0	0	0	0
M. Employer ADC in Contribution Year	1,095,544	1,095,544	1,887,054	466,910
N. Employer ADC as % of Covered Payroll in Contribution Year: M ÷ J	31.08 %	31.08 %	53.53 %	13.24 %
O. Expected Member Contributions	352,521	352,521	352,521	352,521
P. Total Contribution (including Members) in Contribution Year	1,448,065	1,448,065	2,239,575	819,431
Q. Total Contribution as a % of Covered Payroll in Contribution Year: P ÷ J	41.08 %	41.08 %	63.53 %	23.24 %
R. Certain Key Assumptions:				
Investment Return Assumption	7.00%	7.00%	5.00%	9.00%
Mortality Table	FRS Mortality Rates from 7/1/16 FRS Valuation			