

CITY OF LAUDERHILL CONFIDENTIAL AND MANAGERIAL EMPLOYEE DEFINED BENEFIT RETIREMENT PLAN

A PENSION TRUST FUND OF THE CITY OF LAUDERHILL, FLORIDA

Financial Statements and
Report of Independent Certified Public Accountants
As of and for the Years Ended September 30, 2015 and 2014



C Borders-Byrd, CPA LLC
Accountants and Consultants

City of Lauderhill Confidential and Managerial
Employee Defined Benefit Retirement Plan

A Pension Trust Fund of the City of Lauderhill, Florida

Financial Statements and Report of Independent Certified Public Accountants
As of and for the Years Ended September 30, 2015 and 2014

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees
City of Lauderhill Confidential and Managerial
Employee Defined Benefit Retirement Plan

We have audited the accompanying financial statements of the City of Lauderhill Confidential and Managerial Employee Defined Benefit Retirement Plan (the "Plan"), a pension trust fund of the City of Lauderhill, Florida, 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 as listed in the table of contents.

Management's Responsibility for the Financial Statements

Plan 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 financial position of the City of Lauderdale Confidential and Managerial Employee Defined Benefit Retirement Plan as of September 30, 2015 and 2014, and the changes in plan net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis and 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Plan. The accompanying supplementary schedules of investment expenses and administrative expenses (other supplementary schedules) as listed in the accompanying table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2016, on our consideration of the Plans internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in Plan's internal control over financial reporting and compliance.

C Borders-Byrd, CPA LLC

Lauderhill, Florida
February 24, 2016

**City of Lauderdale Confidential and Managerial
Employee Defined Benefit Retirement Plan**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(REQUIRED SUPPLEMENTARY INFORMATION) - UNAUDITED**

September 30, 2015 and 2014

Our discussion and analysis of the City of Lauderdale Confidential and Managerial Employee Defined Benefit Retirement Plan (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 follows this discussion.

Financial Highlights

- Plan assets exceeded liabilities at the close of the fiscal year ended September 30, 2015 and 2014 by \$18,010,653 and \$18,114,404, respectively (reported as net position held restricted for pensions). Net position is held in trust to meet future benefit payments. The decrease of \$103,751 and increase of \$1,918,097, of the respective years has resulted primarily from the changes in the fair value of the Plan's investments due to volatile financial markets.
- The Plan's funded ratio, a comparison of the Plan's fiduciary net position to the net pension liability, was 61.69% as of the October 1, 2014 valuation to 63.76% as of the October 1, 2013 valuation, with updated procedures used to roll forward the total pension liability for the years ended September 30, 2015 and 2014, respectively.
- Receivables at September 30, 2015 increased by \$3 (or 0.04%) due primarily to an increase in interest and dividend.
- Receivables at September 30, 2014 increased by \$1,239 (or 17.69%) due primarily to an increase in City contributions receivable.
- For the fiscal year ending September 30, 2015, liabilities increased by \$142,977 due to an over payment of the City's contribution.
- For the fiscal year ending September 30, 2014, liabilities increased by \$3,716 (or 35.52%) due primarily to an increase in accounts payable.
- For the fiscal year ending September 30, 2015, City contributions to the Plan decreased \$118,482 (or 6.84%) based on the actuarial valuation. Actual City contributions were \$1,614,792 and \$1,733,274 for 2015 and 2014, respectively.
- For the fiscal year ending September 30, 2014, City contributions to the Plan increased \$89,594 (or 5.45%) based on the actuarial valuation. Actual City contributions were \$1,733,274 and \$1,643,680 for 2014 and 2013, respectively.

Financial Highlights - Continued

- For the fiscal year ending September 30, 2015, employee contributions including buybacks increased by \$15,173 (or 3.75%). Actual employee contributions, including buybacks were \$419,320 and \$404,147 for 2015 and 2014, respectively. Employee contributions have fluctuated from year to year, based on salaries and number of active employees.
- For the fiscal year ending September 30, 2014, employee contributions including buybacks increased by \$41,813 (or 11.54%). Actual employee contributions, including buybacks were \$404,147 and \$362,334 for 2014 and 2013, respectively. Employee contributions have fluctuated from year to year, based on salaries and number of active employees.
- For the fiscal year ending September 30, 2015, net investment income decreased by \$1,881,502. Actual net results were \$1,458,426 in net depreciation and \$1,036,944 in net appreciation in fair value of investments for 2015 and 2014, respectively, and \$992,285 and \$378,417 income from interest and dividends. Investment expenses increased by \$2,524 or (7.7%).
- For the fiscal year ending September 30, 2014, net investment income decreased by \$200,773. Actual net results were \$1,036,944 and \$1,178,296 in net appreciation in fair value of investments for 2014 and 2013, respectively, and \$378,417 and \$461,978 income from interest and dividends. Investment expenses decreased by \$24,140 or (42.43%).
- For the fiscal year ending September 30, 2015, benefit payments decreased by \$32,587 (or 2.1%) and refunds of contributions increased by \$17,044 (or 100%).
- For the fiscal year ending September 30, 2014, benefit payments increased by \$169,222 (or 12.55%) and refunds of contributions decreased by \$14,377 (or 100%).
- For the fiscal year ending September 30, 2015, administrative expenses increased \$50,055 from 2014 (or 59%) due primarily to an increase in payments for actuarial services and legal services.
- For the fiscal year ending September 30, 2014, administrative expenses increased \$914 from 2013 (or 1.09%) due primarily to an increase in payments for legal services.

Plan Highlights

- For the fiscal year ending September 30, 2015, the total return of the portfolio was a loss of 2.4% for the year. Actual net investment return in 2015 was a net loss of \$501,421 compared with net investment income of \$1,382,606 in 2014.
- For the fiscal year ending September 30, 2014, the total return of the portfolio was 7.5% for the year. Actual net investment income in 2014 was \$1,382,606 compared with net investment income of \$1,583,379 in 2013.

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.

The Plan implemented the requirements of GASB 67, *Financial Reporting for Pension Plans – An Amendment of GASB 25* for the fiscal year ended September 30, 2014. The financial statements, notes to the financial statements, and required supplementary information reflect changes as required by this statement.

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 (employees), 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 members (employees) and net investment (loss) income, 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 return.

Additional information is presented as part of *Other Supplementary 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.

Recently Adopted Accounting Pronouncements

The Plan adopted Governmental Accounting Standards Board (“GASB”) Statement No. 67, *Financial Reporting for Pensions Plans- an amendment of GASB Statement No. 25* (GASB Statement No. 67). GASB Statement No. 67 applies to pension plans that administer pension benefits for governments through a trust or equivalent arrangement that meets certain specified criteria. GASB Statement No. 67 establishes standards of financial reporting for separately issued financial reports and specifies the required approach to measuring the net pension liability of employers for benefits provided through the pension plan. The adoption changed various reporting terminology, footnote disclosures, and required supplementary information to be disclosed.

Condensed Statements of Fiduciary Net Position

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Cash and cash equivalents	\$671,042	\$ 294,810	\$ 272,992
Receivables	8,244	8,241	7,002
Prepaid expenses	-	1,947	-
Investments at fair value	17,488,523	17,823,585	15,926,776
Total assets	\$18,167,809	18,128,583	16,206,770
Liabilities	157,156	14,179	10,463
Net position restricted for pensions	\$ 18,010,653	\$ 18,114,404	\$ 16,196,307

Condensed Statements of Changes in Fiduciary Net Position

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Additions:			
Contributions:			
City	\$ 1,614,792	\$ 1,733,274	\$ 1,643,680
Employee	419,320	404,147	362,334
Total	<u>2,034,112</u>	<u>2,137,421</u>	<u>2,006,014</u>
Net investment (loss) income	<u>(501,421)</u>	1,382,606	1,583,379
Total additions	<u>1,532,691</u>	<u>3,520,027</u>	<u>3,589,393</u>
Deductions:			
Benefits paid	1,484,500	1,517,087	1,347,865
Participants' contributions refunded	17,044	-	14,377
Administrative expenses	134,898	84,843	83,929
Total deductions	<u>1,636,442</u>	<u>1,601,930</u>	<u>1,446,171</u>
Net (decrease) increase	<u>(103,751)</u>	1,918,097	2,143,222
Net position restricted for pensions at beginning of year	<u>18,114,404</u>	<u>16,196,307</u>	<u>14,053,085</u>
Net position restricted for pensions at end of year	<u>\$ 18,010,653</u>	<u>\$ 18,114,404</u>	<u>\$ 16,196,307</u>

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.

The benefit payments are a function of changing payments to retirees, their beneficiary (if the retiree is deceased) and new retirements during the period.

Asset Allocation

At the end of the fiscal year ended September 30, 2015, the domestic equity portion comprised 47.56% (\$8,638,460) of the total portfolio. The allocation to fixed income securities was 30.27% (\$5,496,367), while cash and cash equivalents comprised 3.70% (\$671,042). The portion of investments allocated to international equity was \$2,953,696 (16.27%) and \$400,000 (2.20%) to note receivable.

At the end of the fiscal year ended September 30, 2014, the domestic equity portion comprised 38.57% (\$6,987,538) of the total portfolio. The allocation to fixed income securities was 30.02% (\$5,438,362), while cash and cash equivalents comprised 1.63% (\$294,810). The portion of investments allocated to international equity was \$3,504,137 (19.34%) and \$400,000 (2.21%) to note receivable. The portion of investment allocated to absolute return portfolio was \$1,493,549 (8.24 %).

The target assets allocation was as follows, at September 30, 2015 and 2014:

Domestic equity	45%
Fixed income	30%
International equity	15%
Absolute return	10%

Contacting the Plan's Financial Management

This financial report is designed to provide the Retirement Trustees, 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 City of Lauderhill Confidential and Managerial Employee Defined Benefit Retirement Plan, 3810 Inverrary Blvd., Suite 303, Lauderhill, Florida 33319.

**City of Lauderhill Confidential and Managerial
Employee Defined Benefit Retirement Plan**

STATEMENTS OF FIDUCIARY NET POSITION

September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Additions:		
Cash and cash equivalents	\$ <u>671,042</u>	\$ <u>294,810</u>
Receivables:		
City contributions	1,239	1,239
Interest and dividends	<u>7,005</u>	<u>7,002</u>
Total receivables	<u>8,244</u>	<u>8,241</u>
Prepaid expenses	<u>-</u>	<u>1,947</u>
Investments at fair value:		
Fixed income mutual funds	5,496,367	5,438,362
Domestic equity funds	8,638,460	6,987,537
International equity funds	2,953,696	3,504,137
Absolute return - mutual funds	-	1,493,549
Note receivable	<u>400,000</u>	<u>400,000</u>
Total investments	<u>17,488,523</u>	<u>17,823,585</u>
Total assets	<u>18,167,809</u>	<u>18,128,583</u>
Liabilities:		
Accounts payable	17,945	14,179
Prepaid contribution	<u>139,211</u>	<u>-</u>
Total liabilities	<u>157,156</u>	<u>14,179</u>
Net position restricted for pensions	<u>\$ 18,010,653</u>	<u>\$ 18,114,404</u>

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

**City of Lauderhill Confidential and Managerial
Employee Defined Benefit Retirement Plan**

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

For the Years Ended September 30, 2015 and 2014

	2015	2014
Additions:		
Contributions:		
City	\$ 1,614,792	\$ 1,733,274
Employee	<u>419,320</u>	<u>404,147</u>
Total contributions	<u>2,034,112</u>	<u>2,137,421</u>
Investment income:		
Net (depreciation) appreciation in fair value of investments	<u>(1,458,426)</u>	1,036,944
Interest and dividends	<u>992,285</u>	<u>378,417</u>
Total investment (loss) income	<u>(466,141)</u>	1,415,361
Less: Investment expenses	<u>35,280</u>	<u>32,755</u>
Net investment income (loss)	<u>(501,421)</u>	<u>1,382,606</u>
Total additions	<u>1,532,691</u>	<u>3,520,027</u>
Deductions:		
Pension benefits paid	1,484,500	1,517,087
Participants' contributions refunded	17,044	-
Administrative expenses	<u>134,898</u>	<u>84,843</u>
Total deductions	<u>1,636,442</u>	<u>1,601,930</u>
Net increase (decrease)	(103,751)	1,918,097
Net position restricted for pensions:		
Beginning of year	<u>18,114,404</u>	<u>16,196,307</u>
End of year	<u>\$ 18,010,653</u>	<u>\$ 18,114,404</u>

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

**City of Lauderhill Confidential and Managerial
Employee Defined Benefit Retirement Plan**

NOTES TO FINANCIAL STATEMENTS

September 30, 2015 and 2014

NOTE 1 - PLAN DESCRIPTION

Organization

City of Lauderhill Confidential and Managerial Employee Defined Benefit Retirement Plan (the "Plan"), a single-employer defined benefit plan established by the City of Lauderhill, Florida (the "City") pursuant to the provisions and requirements of Ordinance No. 020-09-165 (as amended) which passed on October 1, 2002. Since the Plan is solely sponsored by the City, the Plan is included as a pension trust fund in the City's comprehensive annual financial report as part of the City's financial reporting entity.

The Plan's governing board is made up of a five-member Board of Trustees who serves four year terms. Three members of the Board of Trustees are members of the Plan, elected by a majority vote of the active Plan members. The City Commission and City Manager are each responsible for the appointment of one trustee, who must also be a Plan member.

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

Participants

All confidential and/or management employees, including elected officials are eligible to participate in the Plan. Participation in the Plan is mandatory for all confidential and/or management employees, with exceptions of Directors who have a one-time option to participate in the Plan or the City's 401(a) plan.

Membership

As of October 1, membership in the Plan was as follows:

	<u>2014</u>	<u>2013</u>
Inactive plan members or beneficiaries currently receiving benefits	52	50
Inactive plan members entitled to but not yet receiving benefits	4	4
Active plan participants	<u>75</u>	<u>70</u>
	<u>131</u>	<u>124</u>

Pension Benefits

For benefit purposes, the members are divided into the following three tiers:

Tier One members are those members hired prior to March 1, 2009.

Tier Two members are those members hired on or after March 1, 2009 and prior to September 1, 2012.

Tier Three members are those members hired on or after September 1, 2012.

City of Lauderhill Confidential and Managerial
Employee Defined Benefit Retirement Plan

NOTES TO FINANCIAL STATEMENTS

September 30, 2015 and 2014

NOTE 1 - PLAN DESCRIPTION - Continued

Pension Benefits - Continued

Tier One Members

Normal retirement is the first day of the month coincident with or next following the earlier of the completion of 20 years of credited service, regardless of age or attainment of age 55 with 7 years of credit service. The normal form of retirement benefit is payable as a life annuity.

The normal retirement benefit shall be determined based upon the following percentages of final monthly compensation ("FMC"), the member's average monthly rate of earnable compensation from the City during the highest consecutive sixty months of employment, multiplied by the applicable years and completed months of credited service.

For former general employees' and former defined contribution plan members who became members of the Plan, the monthly retirement income is equal to 3.0% times FMC for credited service through September 30, 2004 plus 3.5% times FMC for credit service thereafter, payable under the normal form of payment under the plan.

Tier Two Members

Normal retirement is the first day of the month coincident with or next following the earlier of the completion of 20 years of credited service, regardless of age or attainment of age 55 with 10 years of credit service. The monthly retirement income is equal to 3.0% of FMC times years of service. The normal form of retirement benefit is payable as a life annuity.

Tier Three Members

Normal retirement is the first day of the month coincident with or next following the date the member completes 25 years of credit service, regardless of age. The monthly retirement income is equal to 2.25% of FMC times years of service. The normal form of retirement benefit is payable as a life annuity.

Early retirement, disability, death benefit and other benefits are also provided.

Cost-of-living Adjustment

The Board of Trustees shall be authorized to pay a non-recurring cost-of-living adjustment to all retired members beginning in the third year after retirement provided the Plan has positive actuarial experience in the preceding fiscal year and the amount of the cost-of-living adjustment does not exceed 3% of the member's annual retirement benefit in any given year.

**City of Lauderhill Confidential and Managerial
Employee Defined Benefit Retirement Plan**

NOTES TO FINANCIAL STATEMENTS

September 30, 2015 and 2014

NOTE 1 - PLAN DESCRIPTION - Continued

Deferred Retirement Option Plan

On January 10, 2005, the Plan adopted a Deferred Retirement Option Plan (DROP) for participants who are eligible to receive normal retirement. Eligible members may apply to participate by applying to the Board of Trustees.

Upon a member's election to participate in the DROP, that member shall cease to be a member of the Plan and shall be precluded from any additional benefits under the Plan; accordingly, that member shall be considered retired. Monthly retirement benefits that would have been payable had the member retired and elected to receive monthly pension payments will be paid into the DROP and credited to the retired member. Payments into the DROP are made monthly for the period the retired member participates in the DROP, up to a maximum of 60 months. Upon termination of employment, participants in the DROP will receive the balance of their account either in a lump-sum distribution or it may be rolled-over to a qualified retirement plan that accepts the payment.

DROP earnings shall be earned as follows:

For Tier One members, the DROP account shall earn interest at the same rate as the actual investment earnings of the Plan. However, should the investment earnings for the year be negative, the member's account shall not gain or lose interest for that year.

For Tier Two members, their DROP account shall earn interest at the same rate as the actual investment earnings of the Plan.

For Tier Three members, the DROP account shall earn or lose interest at one-half the rate of the actual investment earnings or losses of the Plan. The rate shall not be more than 5%, or less than zero.

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

	<u>2015</u>	<u>2014</u>
Beginning Balance	\$ 235,237	\$ 269,666
Additions	132,121	83,660
Distributions	-	(133,415)
Interest	2,046	15,326
Ending Balance	<u>\$ 369,404</u>	<u>\$ 235,237</u>

**City of Lauderhill Confidential and Managerial
Employee Defined Benefit Retirement Plan**

NOTES TO FINANCIAL STATEMENTS

September 30, 2015 and 2014

NOTE 1 - PLAN DESCRIPTION - Continued

Funding Requirements

Plan members are required to contribute 8% of the member's earnable compensation, annually. If a member terminates employment prior to the completion of seven years of credit services, the member shall be paid all accumulated contributions with interest at the rate of 3% per year. The refund of accumulated contributions will be paid in a single lump sum.

The Plan's funding policy provides for actuarially determined periodic City contributions sufficient to maintain the Plan on a sound actuarial basis and meet the benefits as they become payable.

Investments

The Plan has contracts with investment counselors who supervise and direct the investment of equity and fixed income securities. In addition, the Plan utilizes an investment advisor who monitors the investing activity. The investments owned are held by a custodian in the name of the Plan.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Plan's financial statements are prepared using the accrual basis of accounting. Employee contributions are recognized as revenue in the period in which the contributions are due. City contributions are recognized as revenues when due pursuant to actuarial valuations. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Interest and other income are recorded as earned and dividends are recorded as of the ex-dividend date.

Cash and Cash Equivalents

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

**City of Lauderhill Confidential and Managerial
Employee Defined Benefit Retirement Plan**

NOTES TO FINANCIAL STATEMENTS

September 30, 2015 and 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Investments

Investments are recorded 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 investment: These include common stock. 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, respectively. 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.

Mutual funds: These include fixed income and equity mutual funds. These are valued using their respective net assets value (NAV) as of September 30, 2015 and 2014, respectively. The most significant input into the NAV of such funds is the fair value of the investment holdings.

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 statements of plan net position.

As of September 30, 2015 and 2014, there were no Plan investments in any one organization that represented 5 percent or more of the pension plan's 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.

City of Lauderhill Confidential and Managerial
Employee Defined Benefit Retirement Plan

NOTES TO FINANCIAL STATEMENTS

September 30, 2015 and 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Income Tax Status

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

Risks 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 employee 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.

Recently Adopted Accounting Pronouncements

The Plan has adopted Governmental Accounting Standards Board (“GASB”) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* (GASB Statement No. 63). The adoption of this Statement resulted in a change in the presentation of the Statement of Plan Net Assets to what is now referred to as the Statement of Plan Net Position and the term “net assets” is changed to “net position” throughout the financial statements.

The Plan adopted Governmental Accounting Standards Board (“GASB”) Statement No. 67, *Financial Reporting for Pensions Plans- an amendment of GASB Statement No. 25* (GASB Statement No. 67). GASB Statement No. 67 applies to pension plans that administer pension benefits for governments through a trust or equivalent arrangement that meets certain specified criteria. GASB Statement No. 67 establishes standards of financial reporting for separately issued financial reports and specifies the required approach to measuring the net pension liability of employers for benefits provided through the pension plan. The adoption changed various reporting terminology, footnote disclosures, and required supplementary information to be disclosed.

**City of Lauderhill Confidential and Managerial
Employee Defined Benefit Retirement Plan**

NOTES TO FINANCIAL STATEMENTS

September 30, 2015 and 2014

NOTE 3 – CONTRIBUTIONS

Actual Contributions

The actual contributions from the City of Lauderhill for the fiscal years ended September 30, 2015 and 2014, amounted to \$1,614,792 and \$1,733,274, respectively, and the actual amount of covered payroll was approximately \$4,337,897 and \$4,275,000, respectively.

	Amount	Actual Annual Covered Payroll	Amount	Actual Annual Covered Payroll
City contributions	\$ 1,614,792	37.23%	\$ 1,733,274	40.54%

For the fiscal years ended September 30, 2015 and 2014, employee contributions were \$353,495 and \$347,365, respectively and buybacks were \$65,825 and \$56,782, 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 for the years ended September 30, 2015 and 2014, were actuarially determined by the October 1, 2014 and 2013 valuations to be \$1,614,792 and \$1,732,035, respectively. The actuarially computed annual covered payroll used in the October 1, 2014 and 2013 valuations was approximately \$4,338,000 and \$3,967,000, respectively.

The amount covers the following:

	2015		2014	
	Amount	Percent of Actual Annual Covered Payroll	Amount	Percent of Actual Annual Covered Payroll
Normal cost	\$ 652,718	15.05%	\$ 681,321	15.94%
Amortization of the unfunded liability	962,074	22.18%	1,050,714	24.58%
Total required from the City	\$ 1,614,792	37.23%	\$ 1,732,035	40.52%

City of Lauderdale Confidential and Managerial
Employee Defined Benefit Retirement Plan

NOTES TO FINANCIAL STATEMENTS

September 30, 2015 and 2014

NOTE 4 - DEPOSIT 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 money market accounts at September 30, 2015 and 2014, respectively.

Investment Authorization

The Plan's investment policy is determined by the Board of Trustees. The policy has been identified by the Board as preserving the purchasing power of the Plan's assets by earning a positive real rate of return (after inflation) over the long-term while minimizing, to a reasonable extent, the short-term volatility of results. 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. Investments in all equity securities shall be limited to those listed on a major U.S. stock exchange and limited to no more than 70% (at market) of the Plan's total asset value with no more than 5% of an investment manager's equity portfolio invested in the shares of a single corporate issuer. Investments in stocks of foreign companies shall be limited to 10% of the value of the equity portfolio. No more than 20% of the equity securities are to be invested in small-cap stocks and shares of stock in those corporations whose stock has been publicly traded for less than one year are limited to 15% of the equity portfolio. The average credit quality of the fixed income portfolio must be rated "A" or higher by Moody's' or Standard & Poor's rating services. Fixed income securities rated below "BBB" shall not exceed 15% of the entire fixed income portfolio. No more than 5% at cost, of an investment manager's total fixed income portfolio, shall be invested in the securities of any single corporate issuer. For the years ended September 30, 2015 and 2014, the Plan held mutual funds which were not rated by any of three major credit rating agencies. However, on a weighted average, the components making up the funds were within the ratings outlined by the investment policy.

Types of Investments

Florida Statutes and the Plan investment policy authorize the Trustees to invest funds as follows:

<u>Authorized Investments</u>	<u>Target % of Portfolio</u>
Domestic equity securities	45.0%
Fixed income securities	30.0%
International equity securities	15.0%
Absolute Return	10.0%

City of Lauderhill Confidential and Managerial
Employee Defined Benefit Retirement Plan

NOTES TO FINANCIAL STATEMENTS

September 30, 2015 and 2014

NOTE 4 - DEPOSIT AND INVESTMENT RISK DISCLOSURES - Continued

Rate of Return

For the years ended September 30, 2015 and 2014, the annual money-weighted rates of return on pension plan investments, net of pension plan investment expense, was a loss of 2.4% and income of 7.5%, respectively. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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's policy is to diversify 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 shows the distribution of the Plan's fixed income securities by maturity at September 30:

<u>Investment Type</u>	<u>2014 Fair Value</u>	<u>2015 Fair Value</u>	<u>Maturity Less than One Year</u>
Fixed income funds	<u>\$ 5,438,362</u>	<u>\$ 5,496,367</u>	<u>\$ 5,496,367</u>
Total fixed income securities	<u>\$ 5,438,362</u>	<u>\$ 5,496,367</u>	<u>\$ 5,496,367</u>

Credit Risk

This 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. Plan assets are invested in multiple mutual funds that are unrated.

**City of Lauderhill Confidential and Managerial
Employee Defined Benefit Retirement Plan**

NOTES TO FINANCIAL STATEMENTS

September 30, 2015 and 2014

NOTE 4 - DEPOSIT AND INVESTMENT RISK DISCLOSURES - Continued

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, as stated in the Management's Discussion and Analysis. There were no individual investments that represent 5% or more of plan net position at September 30, 2015 and 2014, respectively.

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 a failure of the counterparty, the Plan will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Plan and are held by either the counterparty or 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.

NOTE 5 - RELATED PARTY TRANSACTION

As of September 30, 2015 and 2014, the Plan has a note receivable from the City of Lauderhill Housing Authority and the City as guarantor, the Plan Sponsor, for \$400,000. 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 year ended September 30, 2015 and 2014, the Plan recorded interest income of \$28,000 and \$28,000, respectively. Included in interest and dividends receivable is \$7,000 and \$7,000 in accrued interest due on the note at September 30, 2015 and 2014, respectively.

The City of Lauderhill 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.

**City of Lauderdale Confidential and Managerial
Employee Defined Benefit Retirement Plan**

NOTES TO FINANCIAL STATEMENTS

September 30, 2015 and 2014

NOTE 6 – NET PENSION LIABILITY OF THE CITY

The components of the net pension liability of the City to Plan members for benefits provided through the pension plan (net pension liability) at September 30, 2015 and 2014 were as follows:

	2015	2014
Total pension liability	\$ 29,194,034	\$24,408,688
Pension plan's fiduciary net position		
	(18,010,653)	(18,114,404)
Total net pension liability	\$ 11,183,381	\$10,294,284

Plan fiduciary net position as a percentage of the total pension liability	61.69%	63.76%
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Actuarial Assumptions

The total pension liability at September 30, 2015 and 2014 was determined using an actuarial valuation as of October 1, 2014 and 2013, respectively, with updated procedures used to roll forward the total pension liability to September 30, 2015. The actuarial valuation used the following actuarial assumptions:

Inflation	3.0%
Projected salary increases	6.00%

Actuarial Assumptions

Investment rate of return 7.24% (2015) and 7.31% (2014) compounded annually, net of pension plan investment expenses, including inflation.

Mortality rates are calculated with the RP-2000 Combined Mortality Table with dynamic rates for assumed future mortality improvements by applying projections with Scale AA to future valuation years. For disabled lives, the RP-2000 Disabled Mortality Table with no future mortality improvement assumed. Twenty-five (25%) of pre-retirement deaths are assumed to be service related.

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*.

**City of Lauderhill Confidential and Managerial
Employee Defined Benefit Retirement Plan**

NOTES TO FINANCIAL STATEMENTS

September 30, 2015 and 2014

NOTE 6 – NET LIABILITY OF THE CITY – Continued

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 the rates of return for each major asset class included in the Plan's target asset allocation as of the valuation date of October 1, 2014 and 2013 are summarized in the following table:

Long-Term Expected Rate of Return on Plan Assets

Asset Class	Target Allocation	2015 Expected Long-Term Return	2014 Expected Long-Term Return
Fixed income mutual funds	30.0%	1.50%	1.75%
Domestic equity funds	45.0%	5.50% – 6.00%	5.75%
International equity funds	15.0%	5.75%	6.00%
Absolute return mutual funds	10.0%	1.50%	3.00%
Total/Weighted Arithmetic Average	100.0%	4.24%	4.31%
Assumed Rate of Inflation		3.00%	3.00%
Expected Nominal Long-Term Rate of Return		7.24%	7.31%

Discount Rate

The discount rates used to measure the total pension liability for the year ended September 30, 2015 and 2014 were 7.24% and 7.31%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rates and that contributions from the City will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**City of Lauderhill Confidential and Managerial
Employee Defined Benefit Retirement Plan**

NOTES TO FINANCIAL STATEMENTS

September 30, 2015 and 2014

NOTE 6 – NET LIABILITY OF THE CITY - Continued

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

The following presents the net pension liability of the City, calculated using the discount rate of 7.24 percent (2015) and 7.31 percent (2014), as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage point higher than the current rate:

	1% Decrease (6.24%)	Current Discount Rate (7.24%)	1% Decrease (8.24%)
September 30, 2015	\$14,448,326	\$11,183,380	\$8,453,451
	1% Decrease (6.31%)	Current Discount Rate (7.31%)	1% Decrease (8.31%)
September 30, 2014	\$13,502,295	\$10,294,284	\$7,614,087

NOTE 7 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 24, 2016, the date which the financial statements were available for issue.

Required Supplementary Information

**City of Lauderdale Confidential and Managerial Employee Defined Benefit Retirement Plan
Required Supplementary Information
Schedule of Changes in the City's Net Pension Liability and Related Ratios (Unaudited)
For the Years Ended September 30, 2015 and 2014**

	2015	2014
Total pension liability:		
Service cost	\$ 923,381	\$ 909,893
Interest	2,026,166	1,986,883
Changes of benefit terms	-	-
Differences between expected and actual experience	(729,411)	-
Changes of assumptions	200,920	-
Benefit Payments, including refunds of member contributions	(1,635,710)	(1,517,087)
Net change in total pension liability	785,346	1,379,689
Total pension liability - beginning	28,408,688	27,028,999
Total pension liability - ending	29,194,034	28,408,688
Plan fiduciary net position:		
Contributions - employer	1,614,792	1,733,274
Contributions - member	419,320	404,147
Net investment income	(501,421)	1,382,606
Benefit payments, including refunds of member contributions	(1,501,544)	(1,517,087)
Administrative expenses	(134,898)	(84,843)
Other		
Net change in plan fiduciary net position	(103,751)	1,918,097
Plan fiduciary net position - beginning	18,114,404	16,196,307
Plan fiduciary net position - ending	18,010,653	18,114,404
City's Net Pension Liability	\$ 11,183,381	\$ 10,294,284
Total pension liability	\$ 29,194,034	\$ 28,408,688
Plan fiduciary net position	(18,010,653)	(18,114,404)
City's Net Pension Liability	\$ 11,183,381	\$ 10,294,284
Plan fiduciary net position as a percentage of the total pension liability	61.69%	63.76%
Covered-Employee Payroll	\$ 4,337,897	\$ 3,967,314
City's net pension liability as a percentage of covered-employee payroll	257.81%	259.48%

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

See accompanying report of independent certified public accountant and notes to required supplementary information.

City of Lauderhill Confidential and Managerial Employee Defined Benefit Retirement Plan
Required Supplementary Information
Schedule of Contributions by Employer (Unaudited)
For the Years Ended September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Actuarially determined contribution	\$ 1,614,792	\$ 1,732,035	\$ 1,643,680	\$ 1,442,701	\$ 1,566,677	\$ 1,464,812	\$ 1,225,500	\$ 1,151,671	\$ 1,009,804
Actual contributions in relation to the actuarially determined contribution	<u>1,614,792</u>	<u>1,733,274</u>	<u>1,643,680</u>	<u>1,442,701</u>	<u>1,566,677</u>	<u>1,464,812</u>	<u>1,225,500</u>	<u>1,151,671</u>	<u>1,009,804</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (1,239)</u>	<u>\$ -</u>						
Covered-employee payroll	\$ 4,337,897	\$ 3,967,314	\$ 3,565,534	\$ 3,995,271	\$ 4,414,548	\$ 3,917,402	\$ 3,492,838	\$ 4,520,343	\$ 3,895,689
Contributions as a percentage of covered-employee payroll	37.23%	43.69%	46.10%	36.11%	35.49%	37.39%	35.09%	25.48%	25.92%

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

City of Lauderdale Confidential and Managerial Employee Defined Benefit Retirement Plan
Required Supplementary Information
Schedule of Investment Returns (Unaudited)
For the Years Ended September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Annual money-weighted rate of return, net of investment expense	-2.40%	7.50%	10.60%	16.00%	-3.60%	8.10%	1.40%	-10.20%	13.60%	6.60%

The annualized compounded return is 4.5%.

See accompanying report of independent certified public accountant and notes to required supplementary information.

**City of Lauderhill Confidential and Managerial
Employee Defined Benefit Retirement Plan**

Required Supplementary Information
Notes to Required Supplementary Information (Unaudited)
For the Years Ended September 30, 2015 and 2014

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, 2014 and 2013. Unless otherwise noted, the following actuarial methods and assumptions were used to determine contribution rates reported in the Schedule of the City's contributions.

Mortality

The RP-2000 Combined Mortality Table with dynamic rates for assumed future mortality improvements by applying projections with Scale AA to future valuations years. The following are sample values:

Age as of Current Valuation Date	Assumed Deaths Per 100 Lives					
	50	55	60	65	70	75
Males	0.169	0.282	0.547	1.06	1.825	3.150
Females	0.134	0.245	0.474	0.909	1.569	2.532

For disabled lives, the RP-2000 Disabled Mortality Table with no future mortality improvement assumed.

Interest to be Earned by Plan

7.75%, compounded annually, net of investment expenses.

Allowances for Administrative Expenses

Actual administrative expenses paid during the prior Plan year.

Employee Withdrawal Rates

Withdrawal rates were used in accordance with a table per the following illustrative example:

<u>Age</u>	<u>Withdrawal Rates Per 100 Employees</u>
20	25.0
25	24.0
30	17.0
35	13.2
40	10.2
45	7.2
50	4.2
55	1.2
60 & over	0.0

**City of Lauderhill Confidential and Managerial
Employee Defined Benefit Retirement Plan**

Required Supplementary Information
Notes to Required Supplementary Information (Unaudited)
For the Years Ended September 30, 2015 and 2014

Retirement Age Assumption

Tier One members: the earlier of the completion of 20 years of Credited Service or the attainment of age 55 with completion of seven (7) years of Credited Service.

Tier Two members: the earlier of the completion of 20 years of Credited Service or the attainment of age 55 with completion of 10 years of Credited Service.

However, members eligible for immediate normal retirement on the valuation date are assumed to have at least one year of future service.

Salary Increase Factors

Current salaries are assumed to increase at a rate of 6.0% per year until retirement.

Disability Rates

Disability incidence rates were used in accordance with a table per the following illustrative example:

<u>Age</u>	<u>Disability Rates Per 100 Employees</u>
20	0.07
25	0.09
30	0.11
35	0.14
40	0.19
45	0.30
50	0.51
55	0.96
60	1.66
65 & over	0.00

(25% of disabilities assumed to be service incurred, 75% assumed to be non-service incurred.)

**City of Lauderhill Confidential and Managerial
Employee Defined Benefit Retirement Plan**

Required Supplementary Information
Notes to Required Supplementary Information (Unaudited)
For the Years Ended September 30, 2015 and 2014

Asset Valuation Method

The actuarial value of assets is determined by smoothing the differences between actual investment earnings and assumed investment return over five (5) years. This method was adopted effective October 1, 2008 with no phase in. The resulting value would then be limited to between 80% and 120% of market value.

Actuarial Cost Method

Normal Retirement, Termination, Disability and Pre-Retirement Death Benefits: Entry-Age Actuarial Cost Method.

Under this method the normal cost for each active employee is the amount which is calculated to be a level percentage of pay that would be required annually from his date of hire to his retirement age to fund his estimated benefits, assuming the plan had always been in effect.

The normal cost for the plan is the sum of the individual normal costs for all active participants. The actuarial accrued liability as of any valuation date for each active employee or inactive employee who is eligible to receive benefits under the plan is the excess of the actuarial present value of estimated future benefits over the actuarial present value of current and future normal costs. The unfunded actuarial accrued liability as of any valuation date is the excess of the actuarial accrued liability over the actuarial value of assets of the plan.

The amortization bases would be funded by the excess of actual contributions over prior year's normal cost, adjusted with interest. For each existing base, the funding is done proportionally, determined based on the individual base's required amortization payment as a percentage of the overall total required total amortization payment for the prior year. New bases are then added to the total outstanding unfunded actuarial accrued liability as new layers.

Marriage Assumptions

100% of active participants were assumed married, with husbands three (3) years older than wives.

Inflation Assumption

3.5% per year.

Changes from Last Actuarial Valuation:

None.

Other Supplementary Information

**City of Lauderhill Confidential and Managerial
Employee Defined Benefit Retirement Plan**

**SCHEDULES OF INVESTMENT EXPENSES AND
ADMINISTRATIVE EXPENSES**

For the Years Ended September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Schedule "1"		
Schedule of Investment Expenses		
<hr/>		
Investment consultant fees:		
Southeastern Advisory Services, Inc.	\$ 28,169	\$ 26,007
Investment custodial fees:		
Fifth Third Bank	7,111	6,748
Total investment expenses	<u>\$ 35,280</u>	<u>\$ 32,755</u>

	<u>2015</u>	<u>2014</u>
Schedule "2"		
Schedule of Administrative Expenses		
<hr/>		
Professional services:		
Accounting	\$ 14,028	\$ 12,800
Actuarial	37,560	21,880
Administration fee	18,000	18,000
Legal	50,769	18,904
Total professional services	<u>120,357</u>	<u>71,584</u>
Other:		
Dues and subscriptions	600	600
Insurance	3,770	3,770
Miscellaneous	10,171	8,889
Total other	<u>14,541</u>	<u>13,259</u>
Total administrative expenses	<u>\$ 134,898</u>	<u>\$ 84,843</u>