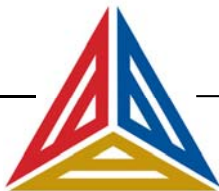


**CITY OF LAUDERHILL
GENERAL EMPLOYEES RETIREMENT SYSTEM
AUDITED FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 AND 2014**

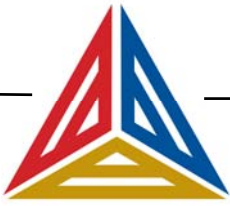


S. DAVIS & ASSOCIATES, P.A.
Certified Public Accountants & Consultants

**CITY OF LAUDERHILL
GENERAL EMPLOYEES RETIREMENT SYSTEM
AUDITED FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 AND 2014**

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S. DAVIS & ASSOCIATES, P.A.

Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying statements of net position available for benefits of the City of Lauderdale General Employees Retirement System (the "Plan") as of September 30, 2015 and 2014, and the related statements of changes in net position available for benefits for the years then ended, and the related notes to the financial statements.

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 audits. We conducted our audits 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 Plan'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 Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the

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INDEPENDENT AUDITOR'S REPORT - Continued

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.

The financial statements presented are only for the Plan which is also reported as a pension trust fund in the City of Lauderhill's comprehensive annual financial report. Accordingly, the accompanying financial statements are not intended to represent the financial position of the City of Lauderhill, Florida, as of September 30, 2015 and 2014, or its changes in financial position and cash flows for the fiscal years then ended in conformity with accounting principles generally accepted in the United States of America.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the Plan as of September 30, 2015 and 2014, and the changes in its financial status for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The Plan has not presented the Management's Discussion and Analysis that the accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have issued a report dated March 8, 2016 on our consideration of the Plan's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing this report in considering the results of our audit.

Report on Supplemental Information

Our audit was conducted for the purpose of forming our opinion on the financial statements of the Plan. The schedules of funding progress and employer contributions are presented for purposes of additional analysis and are not a required part of the financial statements. These schedules have not been subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on them.



Hollywood, Florida
March 8, 2016

**CITY OF LAUDERHILL
GENERAL EMPLOYEES RETIREMENT SYSTEM
STATEMENTS OF CHANGES IN PLAN NET ASSETS
SEPTEMBER 30, 2015 AND 2014**

<u>ASSETS</u>	<u>2015</u>	<u>2014</u>
Cash and short-term investments	\$ 449,880	\$ 301,859
Receivables:		
Accrued interest	<u>22,415</u>	<u>22,415</u>
Total receivables	<u>22,415</u>	<u>22,415</u>
Investments, at fair value:		
Mutual funds - equity	10,368,898	10,662,868
Mutual funds-international	2,954,120	3,158,543
Mutual funds - fixed income	4,286,336	4,266,134
Mutual funds –absolute return	931,479	995,559
Mortgage	<u>850,000</u>	<u>850,000</u>
Total investments	<u>19,390,832</u>	<u>19,933,104</u>
 Total Assets	 <u>19,863,127</u>	 <u>20,257,378</u>
 <u>LIABILITIES</u>		
Accounts payable and accrued expenses	<u>2,959</u>	<u>4,093</u>
Total liabilities	<u>2,959</u>	<u>4,093</u>
 Fiduciary Net Position Held in Trust for Pension Benefits	 <u>\$ 19,860,168</u>	 <u>\$ 20,253,285</u>

See notes to financial statements.

**CITY OF LAUDERHILL
GENERAL EMPLOYEES RETIREMENT SYSTEM
STATEMENTS OF CHANGES IN PLAN NET POSITION
FISCAL YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

	2015	2014
<u>ADDITIONS</u>		
Contributions:		
Employer	\$ 1,212,668	\$ 1,223,208
Plan members	356,306	358,549
Total contributions	1,568,974	1,581,757
Investment income:		
Investment earnings	1,253,006	903,361
Net (depreciation)/appreciation in fair value of investments	(1,733,444)	890,510
	(480,438)	1,793,871
Less investment expenses	32,014	28,221
Net investment (loss)/gain	(512,452)	1,765,650
Total additions	1,056,522	3,347,407
<u>DEDUCTIONS</u>		
Pension benefits	1,382,619	1,687,410
Administrative fees	67,020	58,696
Total deductions	1,449,639	1,746,106
Net (decrease)/ increase in net position	(393,113)	1,601,301
Net Position Held in Trust for Pension Benefits, Beginning of Year	20,253,285	18,651,984
Net Position Held in Trust for Pension Benefits, End of Year	\$ 19,860,168	\$ 20,253,285

See notes to financial statements.

**CITY OF LAUDERHILL
GENERAL EMPLOYEES RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 AND 2014**

I. PLAN DESCRIPTION

The City of Lauderhill (the “City”) established a single employer defined benefit plan on July 1, 1977. The City of Lauderhill General Employees Retirement System (the “Plan”) covered all general employees, firefighters and police officers of the City. The Plan was amended on March 14, 1983 to exclude the police officers and on October 11, 1994 to exclude the firefighters. The Plan is controlled by a Board of Trustees independent of the City. Effective October 1, 2002, the Plan was amended to exclude all managerial and confidential employees. The following brief description is provided for general information purposes only. Participants should refer to all Ordinances of the City that relate to the Plan and the City's Administrative Code Sec. 2-61 through 2-72. On February 26, 2016 the Plan was restated to include Tier 1, 2 & 3 classification for members’ qualifications to obtain benefits.

Plan Membership

The membership at October 1, 2014 and 2013 consisted of:

	2014	2013
Inactive employees:		
Retirees and beneficiaries currently receiving benefits	91	76
Disability retirees	3	3
Terminated employees entitle to benefits but not yet receiving them	7	7
Sub-total	101	86
Active Participants	85	85
Total members	186	171

Funding Requirements

The City is required to contribute an actuarially determined amount that, when combined with the Plan members' contribution, will fully provide for all benefits as they become payable. The Plan members contribute (10%) ten percent of earnings.

Eligibility for Retirement

To receive normal retirement benefits, Tier one (1) members are those members of the plan who were hired on or before December 10, 2012. Tier two (2) members are those members of the plan who were hired after December 10, 2012, and prior to and including January 12, 2015. Tier three (3) members are those members of the plan who were hired after January 12, 2015. A tier one (1) member may retire on the first day of the month coincident with, or next following, the earlier of the date upon which the member completes twenty (20) years of credited service, regardless of age, or attains age sixty-two (62) with seven (7) years of continuous service. A tier two (2) member or tier three member may retire on the first day of the month coincident with, or next following, the

**CITY OF LAUDERHILL
GENERAL EMPLOYEES RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2015 AND 2014**

I. PLAN DESCRIPTION (Continued)

Eligibility for Retirement – (continued)

earlier of the date upon which the member completes twenty-five (25) years of credited service, the date upon which the member attains age sixty-five (65) with ten (10) years of credited service, or the date upon which the member attains age sixty (60) with fifteen (15) years of credited service.

Vesting

If a member terminates his employment with the city, either voluntarily or by discharge, and is not eligible for any other benefits under this system, he shall be entitled to the following:

- (a) Tier one members with less than seven (7) years of continuous service, and tier two and tier three members with less than ten (10) years of credited service: A refund of contributions.
- (b) Tier one members with seven (7) or more years of continuous service, and tier two and tier three members with ten (10) or more years of service:
 - (1) The pension benefits accrued to his date of termination, payable for the life of the member and commencing upon the member's attainment of his otherwise normal retirement age, provided he does not elect to withdraw his member contributions;
 - Or, in the discretion of the member:
 - (2) Refund of accumulated contributions, in which event, no pension benefit shall be payable.

Each member entitled to a normal, early or vested retirement benefit shall have the right, at any time prior to the date on which benefit payments begin, to elect to have his benefit payable under any one of the three options available set forth in lieu of the benefits otherwise provided by the Plan, and to revoke any such elections and make a new election at any time prior to the actual beginning of payments

Pension Benefits

Tier one members shall be an amount equal to three (3) percent of average monthly earnings times years and completed months of continuous service for all years of employment. Tier two members shall be an amount equal to two and one-half (2.5) percent of average monthly earnings times years and completed months of continuous service for all years of employment. Tier three (3) members shall be an amount equal to two and one-quarter (2.25) percent of average monthly earnings times years and completed months of continuous service for all years of employment beginning on the member's anniversary date.

For early retirement, a Plan member may receive the normal benefits deferred to the date of normal retirement or actuarially reduced and payable immediately.

**CITY OF LAUDERHILL
GENERAL EMPLOYEES RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2015 AND 2014**

Disability Benefits

A Plan member who incurs a service connected disability is eligible for benefits. A Plan member who incurs a non-service connected disability after 2 years of service is eligible for benefits. The benefit is equal to the greater of 20% of the rate of monthly earnings in effect on the date of disability or the monthly benefit accrued to date of disability. The total monthly benefits paid from the Plan, worker's compensation and social security benefits will not exceed 100% of the Plan member's salary for service incurred disability and will not exceed 100% for non-service incurred disability. The benefit is paid in the form of an annuity until the earlier of death or recovery.

Death Benefits

The Plan provides benefits for spouses and children of Plan members for both service connected deaths and non-service connected deaths. However, the Plan member must have been eligible for early or normal retirement to receive non-service connected death benefits.

Termination

A Plan member who is terminated with less than seven years of continuous service is entitled to a refund of their accumulated contributions plus interest credited. A Plan member with seven years of continuous service or more is entitled to the pension benefit accrued to the date of termination and is payable at the normal retirement age if their contributions are left in the Plan; if the contributions are withdrawn, no pension benefit will be paid.

Deferred Retirement Option Plan

Effective October 1, 2006, the City established a deferred retirement option plan (DROP). A tier one (1) member who reaches 20 years of service regardless of age and is eligible to participate for a maximum of sixty (60) months. Tier two (2) and tier three (3) members are not entitled to participate in DROP. Employees with more than twenty (20) years of service shall be eligible to participate in the DROP. An eligible participant who elects to participate in the DROP will be considered to have retired for purposes of the Plan. The participant's monthly retirement benefit, determined in accordance with the Plan based on years of credited service and final average earnings at the time the participant enters the DROP, will be paid into his or her DROP account every month during the DROP period. As a condition of participating in the DROP, the participant must agree to terminate City employment at the conclusion of the DROP. During a participant's participation in the DROP, the participant's monthly retirement benefit will be paid into the DROP account. An employee's account in the DROP program shall earn or lose interest, based on the actual investment returns, whether positive or negative, earned by the Plan. Within sixty (60) days following a DROP participant's termination of City employment, the member may request payment or may defer payment until a time not later than the latest date the member authorized by Section 401 (a)(9) of the Internal Revenue Code at the option of the member.

The administrative committee shall adopt any necessary rules for administering the DROP. As of September 30, 2015 and 2014, there were three (3) DROP participants, respectively.

**CITY OF LAUDERHILL
GENERAL EMPLOYEES RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2015 AND 2014**

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Plan's financial statements are prepared using the accrual basis of accounting. Employee and employer contributions to the plan are recognized when due rather than when incurred and the employer has made a formal commitment to provide the contributions. Expenditures incurred, benefits and refunds owed, and investments purchased are recognized when due and payable in accordance with the terms of the Plan rather than when paid.

New GASB Pronouncement

The Governmental Accounting Standards Board has issued a new pronouncement that the Plan has reviewed for application to their accounting and reporting.

GASB Statement No. 67, *Financial Reporting for Pension Plans, an amendment of GASB 25*, is effective for periods beginning after June 15, 2013. The objective of this is to improve the financial reporting by state and local government pension plans. The Plan has implemented this reporting for the year ended September 30, 2014.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts of assets, liabilities, disclosure of contingent liabilities, revenues, and expenses reported in the financial statements and accompanying notes. Although those estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Mortgages have been valued on the basis of their future principal and interest payments discounted at prevailing interest rates for similar investments. Securities traded on a national or international exchange are valued at the last reported sales price. Net appreciation/depreciation in fair value includes realized and unrealized gains and losses. Realized gains and losses are determined on the basis of specific cost. Dividends and interest are recognized as earned. Purchases and sales of investments are recorded on a trade-date basis.

Administrative Expenses

Administrative expenses incurred by the Plan are paid with Plan assets.

**CITY OF LAUDERHILL
GENERAL EMPLOYEES RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2015 AND 2014**

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Risks and Uncertainties

The Plan has investments in a combination of stocks, bonds, government securities and other investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and assets and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect balances and the amounts reported in the statement of plan net position and the statement of changes in plan net position. The Plan, through its investment advisors, monitors the Plan's investments and the risks associated therewith on a regular basis, which the Plan believes minimizes these risks.

III. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk - In the case of deposits, this is the risk that in the event of a bank failure, the Plan's deposits may not be returned to it. All of the Plan's deposits are entirely insured by federal depository insurance. The book and bank value of the Plan's deposits as of September 30, 2015 and 2014 was \$30,961.

Investments

The Board of Trustees has developed certain investment guidelines and has retained investment managers. The investment managers are expected to maximize the return on the investment portfolio and may make transactions consistent with the expectation within the Board's guidelines. The investment managers are compensated based on a percentage of their portfolio's market value. The following was the Board's adopted asset allocation policy as of September 30, 2015.

Asset Class	Target Allocation	Permissible Range	Representative Benchmark
Large Cap Domestic Equity	35%	45-65%	Russell 1000/3000
Small / Mid Cap Domestic Equity	15%	5-25%	Russell 2500
International Equity	15%	5-25%	MSCI EAFE
Total Equity	65%	75%	
Fixed Income Alts & Yield-based Strategies			
Fixed Income,	25%	15-35%	Barclays Aggregate
Absolute Return*	10%	5-15%	CPI+4%
Cash Equivalents	0%	0%	T-bills

**CITY OF LAUDERHILL
GENERAL EMPLOYEES RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2015 AND 2014**

III. DEPOSITS AND INVESTMENTS (Continued)

Investments (continued)

During the year the Plan adjusted its fixed income portfolio. The PIMCO Total Return Fund and the PIMCO All Assets All Authority Funds were disposed of and Westwood Income and Dodge & Cox Income Funds were acquired. The fixed income portfolio retains highly liquid mutual funds consistent with the trustee's investment policy. These additions however, are not 100% debt securities and as such, are not subject to interest rate risk and credit risk disclosures.

<u>Investment Type</u>	<u>Fair Value 2014</u>	<u>Fair Value 2015</u>	<u>Maturity Less Than One Year</u>
Cash Fidelity Institutional Prime	\$ 270,898	\$ 418,919	\$ 418,919
Mutual funds - fixed income:			
PIMCO – Total Return Fund	1,682,629	-	-
Dodge & Cox Income	-	1,694,151	1,694,151
PIMCO - Income Fund	1,134,216	1,156,852	1,156,852
PIMCO - High Yield Fund	1,449,289	1,435,333	1,435,333
Sub-total	<u>4,266,134</u>	<u>4,286,336</u>	<u>4,286,336</u>
Mortgage	<u>850,000</u>	<u>850,000</u>	<u>850,000</u>
Mutual funds – international:			
American Fund Europacific	1,218,021	1,157,957	1,157,957
American International Growth	1,004,946	887,567	887,567
Oppenheimer Int'l Growth	935,576	908,596	908,596
Sub-total	<u>3,158,543</u>	<u>2,954,120</u>	<u>2,954,120</u>
Mutual funds – equity			
AMG Yacktman Fund	2,045,443	1,943,276	1,943,276
T Rowe Price New American	2,262,124	2,326,502	2,326,502
Royce Pennsylvania Mutual	1,956,082	1,793,648	1,793,648
Vanguard 500 Index Fund	2,195,384	2,178,980	2,178,980
American Washington Mutual	2,203,834	2,126,491	2,126,491
Sub-total	<u>10,662,867</u>	<u>11,300,376</u>	<u>11,300,376</u>
Mutual funds- absolute return			
PIMCO – All Assets All Auth	995,559	-	-
Westwood Income Opportunity	-	931,479	931,479
Sub-total	<u>995,559</u>	<u>931,479</u>	<u>931,479</u>
Total Fair Value	<u>19,993,104</u>	<u>19,390,832</u>	<u>19,390,832</u>
	<u>\$ 20,204,002</u>	<u>\$ 19,809,751</u>	<u>\$ 19,809,751</u>

**CITY OF LAUDERHILL
GENERAL EMPLOYEES RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2015 AND 2014**

III. DEPOSITS AND INVESTMENTS (Continued)

Investments (continued)

Interest Rate Risk – Interest rate risk refers to the portfolio’s exposure to fair value losses arising from increasing interest rates. Interest rate risk disclosures are required for all debt investments as well as investments in mutual funds, external investment pools, and other pooled investments that do not meet the definition of a 2a7-like pool.

The Plan’s investment policy limits the duration of the fixed income portfolio to less than 35% of the duration of the Barclay Bond Index. As of September 30, 2015 and 2014, the average weighted maturity of the fixed income portfolios was 3.73 and 6.21 years, respectively.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The Plan limits its credit risk by limiting its investments in fixed income securities to a portfolio average that exceeds a credit rating of “A” or higher. As of September 30, 2015 and 2014, the average

The table below provides a breakdown of the fixed income investments by credit rating:

September 30, 2015

<u>Investment</u>	<u>Fair Value</u>	<u>Percent</u>	<u>Standard and Poor Rating Analysis</u>
Dodge & Cox Income Fund	1,694,151	40.0%	B to AAA
PIMCO Income Fund	1,435,333	33.0%	Below B to AAA
PIMCO High Yield Fund	1,156,852	27.0%	Below B to AAA
	<u>\$ 4,286,336</u>		

September 30, 2014

<u>Investment</u>	<u>Fair Value</u>	<u>Percent</u>	<u>Standard and Poor Rating Analysis</u>
PIMCO Total Return Fund	\$ 1,682,629	39.4%	A-
PIMCO Income Fund	1,134,216	26.6%	BA
PIMCO High Yield Fund	1,449,289	34.0%	BA-
	<u>\$ 4,282,533</u>		

**CITY OF LAUDERHILL
GENERAL EMPLOYEES RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2015 AND 2014**

III. DEPOSITS AND INVESTMENTS (Continued)

Investments (continued)

Custodial Credit Risk – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Plan will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. The Plan does not have any investments in the possession of counterparties. All are held by the master custodian under the Plan’s name.

Concentration of Credit Risk – GASB Statement 40 requires disclosure of investments in any one issuer that represents 5% or more of the total Plan’s investments. The Plan’s investment policy places investment limitations and provides target allocations to its investment managers to limit credit risk due to concentration. Equity and fixed income securities are also limited to no more than 5% in one single issuer. As of September 30, 2015 and 2014, the investments were in mutual fund vehicles and no investment by any one issuer was above the 5% threshold required for disclosure..

Foreign Currency Risk – GASB Statement 40 requires disclosure of investments with exposure to foreign currency risk. The Plan held the following equity investment in International Funds denominated in US currency:

<u>Investment</u>	<u>Fair Value 2014</u>	<u>Fair Value 2015</u>	<u>Currency</u>	<u>Maturity Less Than One Year</u>
Mutual funds-international				-
American Funds Europacific	\$ 1,218,021	\$ 1,157,957	USD	\$ 1,157,957
American Int’l Growth Income	\$ 1,004,946	\$ 887,567	USD	\$ 887,567
Oppenheimer Int’l Growth	935,576	908,596	USD	908,596
	<u>\$ 3,158,543</u>	<u>\$ 2,954,120</u>		<u>\$ 2,954,120</u>

Percentage of Total Investment: 16.0% 15.0%

**CITY OF LAUDERHILL
GENERAL EMPLOYEES RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2015 AND 2014**

III. DEPOSITS AND INVESTMENTS (Continued)

Investments (continued)

A reconciliation of deposits and investments as shown on the Statement of Plan Net Position is as follows:

September 30, 2015			
Per Statement of Plan Net Position		By Category	
Cash and cash equivalents	\$	449,880	Deposits
Investments		19,390,834	Investments
		\$ 19,840,714	\$ 19,840,714

September 30, 2014			
Per Statement of Plan Net Position		By Category	
Cash and cash equivalents	\$	301,859	Deposits
Investments		19,933,104	Investments
		\$ 20,234,963	\$ 20,234,963

Annual Money Weighted Rate of Return- The money market rate of return for fiscal year ended September 30, 2015 -2.5 %.

IV. MORTGAGE RECEIVABLE

On April 11, 2007, the Plan loaned \$850,000 to the Lauderhill Community Redevelopment Agency (LCRA) for the purchase of certain property located in the City of Lauderhill. The loan is secured by a mortgage and security interest on the property and also collateralized by any rents or leases collected on the properties. Semi-annual payments of interest only are due and payable commencing on October 11, 2007, with the unpaid principal balance and accrued interest due on April 11, 2017. The interest rate on the loan accrues at 7% per year. The balance outstanding on the loan as of September 30, 2015 and 2014, was \$ 850,000.

In 2007, the Lauderhill Community Redevelopment Agency transferred the properties and assigned the mortgage debt owed to the Plan to the Lauderhill Housing Authority.

**CITY OF LAUDERHILL
GENERAL EMPLOYEES RETIREMENT SYSTEM
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2015 AND 2014**

V. FUNDED STATUS AND FUNDING PROGRESS

The funded status of the Plan as of October 1, 2014 the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value Of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL) - Entry Age <u>(b)</u>	Unfunded AAL (UAAL) <u>(a-b)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	UUAL as a Percentage of Covered Payroll <u>(a-b)/c</u>
10/1/2014	\$ 18,643,107	\$ 25,757,913	\$ 7,114,806	62.4%	\$ 3,472,515	204.9%

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

Additional information as of the latest actuarial valuation follows:

Valuation Date	10/1/2014
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar Amount, Closed
Remaining Amortization Period	30 Years
Asset Valuation Method	4-year smoothed market

Actuarial assumptions:	
Investment Rate of Return	7.25%
Projected Salary Increases	5.00%
Inflation	2.50%
Cost of Living Adjustments	None

VI. SUBSEQUENT EVENTS

Management evaluated subsequent events from October 1, 2015 through March 8, 2016, the date that the financial statements were available to be published. In February 2016, the Plan was restated to include a 3 tier classification for members to qualify for benefits. No additional events were identified during this review of subsequent events that required adjustment to or disclosure within these financial statements.

**CITY OF LAUDERHILL
GENERAL EMPLOYEES RETIREMENT SYSTEM
NET PENSION LIABILITY AND RELATED RATIOS**

Fiscal year ending September 30,	2015	2014
Total pension liability		
Service Cost	\$ 673,960	\$ 682,926
Interest	1,936,129	1,923,089
Benefit Changes	(11,874)	-
Difference between actual & expected experience	(646,450)	(4,059)
Assumption changes	674,994	-
Benefit Payments	(1,382,619)	(1,708,640)
Refunds	-	-
Other	-	-
Net Change in Total Pension Liability	1,244,140	893,316
Total Pension Liability – Beginning	26,705,903	25,812,587
Total Pension Liability – Ending (a)	\$ 27,950,043	\$ 26,705,903
 Plan Fiduciary Net Position		
Contributions – Employer	\$ 1,212,601	\$ 1,224,361
Contributions – Non-Employer Contributing Entity		-
Contributions – Member	356,306	358,549
Net Investment Income	(512,452)	1,786,880
Benefit Payments	(1,382,619)	(1,708,640)
Refunds	-	-
Administrative Expense	(67,020)	(58,696)
Other	-	-
Net Change in Plan Fiduciary Net Position	(393,184)	1,602,454
Plan Fiduciary Net Position – Beginning	20,253,234	18,650,780
Plan Fiduciary Net Position – Ending (b)	\$ 19,860,050	\$ 20,253,234
Net Pension Liability – Ending (a) – (b)	8,089,993	6,452,669
 Plan Fiduciary Net Position as a Percentage of Total Pension Covered Employee Payroll	\$ 71.06% 3,563,060*	75.84% \$ 3,585,490*
Net Pension Liability as a Percentage of Covered Employee	227.05%	179.97%

* - Total covered payroll for fiscal year ending September 30. These figures were calculated based on actual member contributions for the year divided by employee contribution rate.

**CITY OF LAUDERHILL
GENERAL EMPLOYEES RETIREMENT SYSTEM
SCHEDULE OF EMPLOYER'S NET PENSION LIABILITY**

FY Ending September 30,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability	Covered Payroll *	Net Pension as a % of Covered Payroll
2014	\$ 26,705,903	\$ 20,253,234	\$ 6,452,669	75.84%	\$ 3,585,490	179.97%
2015	\$ 27,950,043	\$ 19,860,050	\$ 8,089,993	71.06%	\$ 3,563,060	227.05%

* - Total covered payroll for fiscal year ending September 30. These figures were calculated based on actual member contributions for the year divided by employee contribution rate.

**CITY OF LAUDERHILL
GENERAL EMPLOYEES RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS**

FY Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll*	Actual Contribution as a % of Covered Payroll
2005	\$ 583,904	\$ 583,904	\$ -	\$ 4,339,657	13.46%
2006	588,553	588,553	-	4,364,157	13.49%
2007	695,661	695,661	-	4,435,906	15.68%
2008	814,864	814,864	-	4,926,990	16.54%
2009	809,482	809,482	-	4,760,650	17.00%
2010	920,970	920,970	-	4,005,580	22.99%
2011	993,731	993,731	-	3,631,980	27.36%
2012	1,056,516	1,056,516	-	3,495,200	30.23%
2013	1,103,955	1,103,955	-	3,798,110	29.07%
2014	1,224,361	1,224,361	-	3,585,490	34.15%
2015	1,200,656	1,212,601	11,945	3,563,060	34.03%

*Total covered payroll for fiscal year ending September 30. These figures were calculated based on actual member contributions for the fiscal year divided by employee contribution rate.

**CITY OF LAUDERHILL
GENERAL EMPLOYEES RETIREMENT SYSTEM
NOTES TO SCHEDULE OF CONTRIBUTIONS**

Valuation Date: October 1, 2014

Measurement Date: September 30, 2014

Notes Actuarially determined contribution rates are calculated as of October 1, 2014 which is one year prior to the end of the fiscal year in which contributions are reported

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method Entry Age Normal

Amortization Method Level Dollar, Closed

Remaining Amortization Method 30 years

Asset Valuation Method 4-year smoothed market

Inflation 2.5%

Salary Increases 5.0%

Investment Rate of Return 7.25%

Retirement Age Experience – based table of rates that are specific to the type of eligibility condition

Mortality RP-200 Combined Healthy Participant Mortality Table with mortality improvement projected to all future years after 2000 using Scale AA, and ages set forward one year

Other Information:

Notes See Discussion of Valuation Results on Page 1 of the October 1, 2014 Actuarial Valuation Report dated May 22, 2015, as well as the Actuarial Impact Statement dated February 16, 2016.

**CITY OF LAUDERHILL
GENERAL EMPLOYEES RETIREMENT SYSTEM
SINGLE DISCOUNT RATE**

A single discount rate of 7.25% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these 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 (7.25%) was applied to all periods of projected benefit payments to determine the total pension liability.

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the Plan’s net pension liability, calculated using a single discount rate of 7.25%, as well as what the plan’s net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption		
1% Decrease	Current Single Discount Rate Assumption	1% Increase
<u>6.25%</u>	<u>7.25%</u>	<u>8.25%</u>
\$ 11,196,833	\$ 8,089,993	\$ 5,504,259

**CITY OF LAUDERHILL
GENERAL EMPLOYEES RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation <u>Date</u>	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL) - Entry Age <u>(b)</u>	Unfunded AAL (UAAL) <u>(a-b)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	AAL (UAAL) as a % of Covered Payroll <u>(a-b)/c</u>
10/1/2014	\$ 18,643,107	\$ 26,432,907	\$ 7,789,800	70.5%	\$ 3,472,515	224.3%
10/1/2013	17,133,048	25,418,523	8,285,475	67.4%	3,776,063	219.4%
10/1/2012	15,606,667	22,723,956	7,117,289	68.7 %	3,453,665	206.1 %
10/1/2011	15,336,711	22,250,932	6,914,221	68.9%	3,616,860	191.2%
10/1/2010	15,597,828	21,784,980	6,187,152	71.6%	3,756,141	164.7%
10/1/2009	15,522,330	20,873,030	5,350,700	74.4%	4,357,098	122.8%
10/1/2008	15,083,377	19,427,959	4,344,582	77.6%	3,931,828	110.5%

Effective October 1, 2006, Ordinance 07R-08-148 provides for a coordination of benefits for employees who transfer from the General Employees' Pension Plan to the Managerial Employees' Pension Plan. The benefit payable from the General Employees' Pension Plan will reflect years of service as of the date of transfer and average final compensation as of the date the employee terminates service with the City (rather than as of the date of transfer). The Normal Retirement Date to be used for benefit payment purposes is the date in the Managerial Employees' Pension Plan rather than the one in the General Employees' Pension Plan.

Effective March 31, 2008, Ordinance 08O-02-106 provided for a 3% multiplier for all years of service in the General Employees' Pension Plan for employees who transferred from the General Employees' Pension Plan to the Managerial Employees' Pension Plan subsequent to October 1, 2002 and prior to October 1, 2006.

**CITY OF LAUDERHILL
GENERAL EMPLOYEES RETIREMENT SYSTEM
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

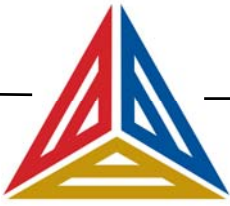
Fiscal Year Ended September 30,	Annual Required Contribution	Percentage Contributed
2015	\$ 1,212,601	100%
2014	1,224,261	100%
2013	1,103,955	100%
2012	1,056,516	100%
2011	993,731	100%
2010	920,970	100%
2009	809,482	100%
2008	814,864	100%

The information presented in the required supplemental schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	10/1/14
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar Amount, Closed
Equivalent Single Amortization Period	30 years
Asset Valuation Method	4-year Smoothed Market

Actuarial assumptions:

Investment Rate of Return	7.25%
Projected Salary Increases	5.00%
Inflation	2.50%
Cost of Living Adjustments	None



S. DAVIS & ASSOCIATES, P.A.

Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited in accordance with the 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, the statements of net position available for benefits of City of Lauderhill General Employees Retirement System (the "Plan") as of and for the year ended September 30, 2015, and the related changes in plan net position, and have issued our report thereon dated March 8, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Plan's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in

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**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

internal control over that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plan’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance.

Pursuant to Chapter 119, Florida Statutes, this report is public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this report is intended solely for the information and use of the Board of Trustees and management and the City of Lauderhill, Florida, and is not intended to be and should not be used by anyone other than these specified parties



Hollywood, Florida
March 8, 2016

**CITY OF LAUDERHILL
GENERAL EMPLOYEES RETIREMENT SYSTEM
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2015**

A. CURRENT YEAR FINDINGS AND RESPONSES

B. PRIOR YEAR FINDINGS AND RESPONSES

None

C. OTHER MATTERS

2010-01 OBTAIN AN IRS DETERMINATION LETTER

Observation:

The Plan currently does not have an IRS Determination Letter. Although submitting a request for a determination letter is voluntary, there are compelling reasons for requesting a favorable determination letter, including:

- I. minimizing the risk that a plan will be disqualified on audit because the form of the plan document does not satisfy the applicable tax-qualification requirements; and
- II. the availability of certain self-correction programs under the Employee Plans Compliance Resolution System (EPCRS).

We recommend that the Plan apply for an IRS Determination Letter.

Response:

This has been referred to the Plan's legal counsel Stu Kaufman, of Klausner and Kaufman for his legal opinion.

Current Year Status - 2015:

Unresolved