

# City of Lauderdale General Employees Retirement System

ACTUARIAL VALUATION REPORT  
AS OF OCTOBER 1, 2016

ANNUAL EMPLOYER CONTRIBUTION FOR THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2017



August 17, 2017

Board of Trustees,  
City of Lauderhill General Employees Retirement System  
Ft. Lauderdale, FL

Dear Board Members:

The results of the October 1, 2016 Annual Actuarial Valuation Report for the City of Lauderhill General Employees Retirement System are presented in this report.

The contribution amount shown on page 1 may be considered as a minimum contribution rate that complies with the Board's funding policy. Users of this report should be aware that contributions made at that rate do not guarantee benefit security. Given the importance of benefit security to any retirement system, we suggest that contributions to the Plan in excess of those presented in this report be considered.

The contribution rate in this report is determined using the actuarial assumptions and methods disclosed in Section II of this report. This report includes risk metrics in Section I but does not include a more robust assessment of the risks of future experience not meeting the actuarial assumptions. Additional assessment of risks was outside the scope of this assignment. We encourage a review and assessment of investment and other significant risks that may have a material effect on the Plans financial condition.

This report was prepared at the request of the Board and is intended for use by the Retirement System and those designated or approved by the Board. This report may be provided to parties other than the System only in its entirety and only with the permission of the Board. GRS is not responsible for unauthorized use of this report.

The purpose of the valuation is to measure the System's funding progress, to determine the employer contribution rate for the fiscal year ending September 30, 2017, and to determine the actuarial information for Governmental Accounting Standards Board (GASB) Statement No. 67 for the fiscal year ending September 30, 2016. Estimated GASB Statement No. 67 information for the fiscal year ending September 30, 2017 is also presented. This report should not be relied on for any purpose other than the purpose described herein. Determinations of financial results associated with the benefits described in this report for purposes other than those identified above may be significantly different.

The findings in this report are based on data and other information through September 30, 2016. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. The limited scope of an actuarial valuation does not include an analysis of the potential range of such future measurements.

This valuation assumed the continuing ability of the plan sponsor to make the contributions necessary to fund this plan. A determination regarding whether or not the plan sponsor is actually able to do so is outside our scope of expertise and was not performed.

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

In addition, this report was prepared using assumptions approved by the Board and prescribed by the Florida Statutes as described in Section II. The prescribed assumptions are the assumed mortality rates detailed in the Actuarial Cost Methods and Assumptions section in accordance with Florida House Bill 1309 (codified in Chapter 2015-157).

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

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

This actuarial valuation was prepared and completed by us or under our direct supervision, and we acknowledge responsibility for the results. To the best of our knowledge, the results are complete and accurate. In our opinion, the techniques and assumptions used are reasonable, meet the requirements and intent of Part VII, Chapter 112, Florida Statutes, and are based on generally accepted actuarial principles and practices. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

Gabriel, Roeder, Smith & Company will be pleased to review this valuation and Report with the Board of Trustees and to answer any questions pertaining to the valuation.

Respectfully submitted,

GABRIEL, ROEDER, SMITH & COMPANY

By Theora Braccialarghe

Theora P. Braccialarghe, FSA, MAAA, FCA  
Enrolled Actuary No. 17-02826

By Melissa R. Moskowitz

Melissa R. Moskowitz, MAAA, FCA  
Enrolled Actuary No. 17-06467

# Table of Contents

<b>I</b>	<b>Introduction</b>	
	a. Discussion .....	1
	b. Financial Position of the Plan .....	3
	c. Recent History of Changes .....	8
<b>II</b>	<b>Valuation Results</b>	
	a. Comparative Summary of Valuation Results .....	9
	b. Derivation of Normal Cost & Present Value of Projected Benefits .....	10
	c. Liquidation of Unfunded Actuarial Accrued Liability.....	11
	d. Actuarial Gains & Losses.....	13
	e. Recent History of Valuation Results & Schedule of Funding Progress .....	17
	f. FASB Information.....	18
	g. GASB Information .....	19
	h. Actuarial Cost Methods and Assumptions.....	25
	i. Glossary of Terms .....	28
<b>III</b>	<b>Pension Fund Information</b>	
	a. Pension Fund Assets .....	31
	b. Receipts and Disbursements .....	32
	c. Actuarial Value of Assets .....	33
	d. DROP Reconciliation .....	34
	e. Investment Rate of Return .....	35
<b>IV</b>	<b>Member Statistics</b>	
	a. Statistical Data .....	36
	b. Age and Service Distribution .....	37
	c. Reconciliation of Membership Data .....	38
<b>V</b>	<b>Summary of Retirement Plan Provisions.....</b>	<b>39</b>
	<b>Appendix: State Requirements .....</b>	<b>46</b>

# SECTION I

---

## INTRODUCTION

# DISCUSSION OF VALUATION RESULTS

## Comparison of Required Employer Contributions

The required contribution for the Plan Year beginning October 1, 2016, is \$1,095,544. The results for the current and previous year are shown below.

Contribution Period	10/1/2016 to 9/30/2017		10/1/2015 to 9/30/2016	
	Amount	% of Pay	Amount	% of Pay
Required City Contribution	\$ 1,095,544	31.08 %	\$ 1,174,771	33.15 %

## Actuarial Experience

Actual experience during the last year was more favorable than that anticipated by the actuarial assumptions. There were liability gains due to terminations of non-vested members, as well as data corrections and fewer retirements than expected. In addition, the return on a net market value basis was 11.0% for the plan year ending in 2016. The return on a smoothed valuation asset basis was 7.9% as compared to the assumed rate of 7.25%, producing a modest experience gain due to investments.

## Revisions in Actuarial Assumptions or Methods

Effective October 1, 2016, the mortality table was changed from the RP-2000 Combined Healthy Participant Mortality Table for males and females with mortality improvements projected to all future years after 2000 using Scale AA to the mortality assumption used by the Florida Retirement System (FRS) for Regular Class members in the actuarial valuation as of July 1, 2016. This change was made in compliance with Florida House Bill 1309, which requires all public pension plans in Florida to use the same mortality tables used in either of the last two actuarial valuations reports of FRS no later than October 1, 2016.

In addition, this is the fourth year of a four-year phase in of assumption changes following the most recent Experience Study. In this final year of the phase in, the assumed investment return was lowered from 7.25% to 7.00%.

The combined changes increased the required contribution by about \$91,000.

Offsetting the effect of these assumption changes was the elimination of a base which was fully amortized last year. The final amortization payment on that base last year was about \$110,000.

## Revisions in Benefits

There have been no revisions in benefits since the last valuation.

## Variability of Future Contribution Rates

The Actuarial Cost Method used to determine the contribution rate is intended to produce contribution rates which are generally level as a percent of payroll. Even so, when experience differs from the assumptions, as it often does, the employer's contribution rate can vary significantly from year-to-year.

In addition some changes are expected as a result of the methods which are used to determine contribution amounts. The Actuarial Value of Assets exceeds the Market Value of Assets by \$318,276 as of the valuation date (see Section III). This difference will be recognized over the next few years in the absence of offsetting losses. In turn, the employer contribution rate should increase by about \$26,000 as this difference is recognized in the valuation process.

## Relationship to Market Value

If Market Value had been the basis for the valuation, the City contribution would have been about \$1,122,007 and the funded ratio would have been 74%. In the absence of other gains and losses, or changes in assumptions, methods, or plan provisions, the City contribution would be expected to move in that direction over the next few years.

## Recommendation and Conclusion

The funded ratio improved despite lowering the investment return assumption. However, the funded ratio is still under 80% and the goal should be 100%. Steps have already been taken to improve this situation by changing the plan to create new tiers for employees hired after certain dates, and by increased contributions due to shortening the amortization period for funding the unfunded liability. A reduction in the amortization period for new bases would improve the funded position of the Plan. Reducing existing amortization periods to 20 years in connection with this valuation would increase the contribution by about \$27,000.

The remainder of this Report covers detailed actuarial valuation results, financial information, other information and statistics, a summary of plan provisions, and annual filings required by law.

## FINANCIAL POSITION OF THE PLAN

The purpose of this Section of the Report is to provide certain measures, which indicate the financial position of the program. These measures relate to short-term solvency, long-term solvency and level funding.

The various percentages listed in this Section as of a single valuation date are not overly significant standing alone. What is more significant is the trend of the rates over a period of years. It is also important to keep in mind that each time benefits or assumptions are revised actuarial liabilities are created or diminished. Any newly created liabilities are financed systematically over a period of future years. All actuarially computed values in this analysis are based on the actuarial assumptions utilized in the respective years' actuarial valuations.

### SHORT TERM SOLVENCY

The ultimate test of financial position is the program's ability to pay all promised benefits when due. The program's progress in accumulating assets to pay all promised benefits can be measured by comparing the market value of assets with:

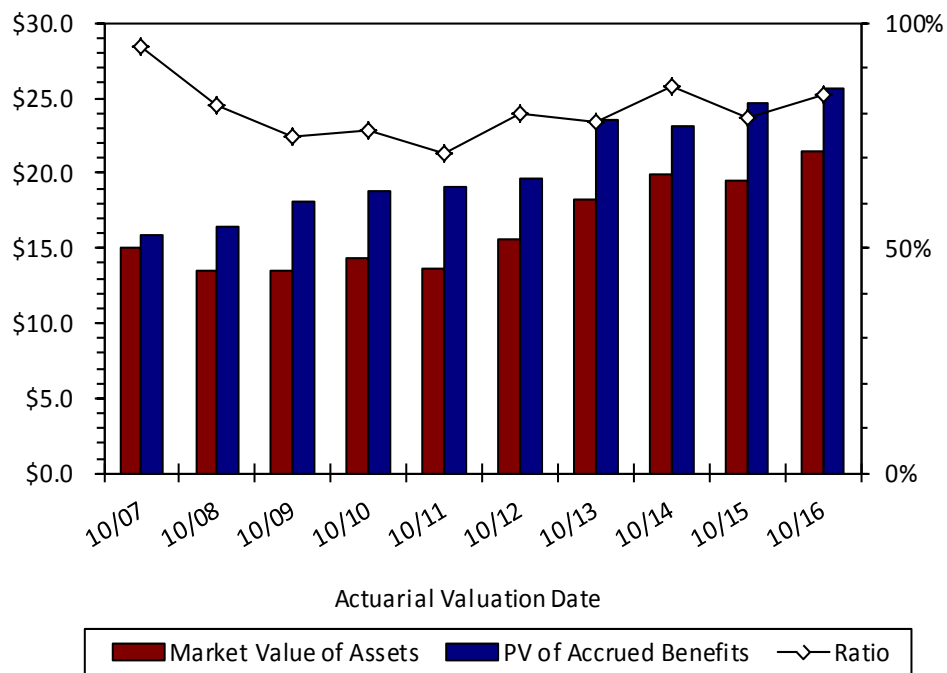
1. Accumulated contributions of active members of the program,
2. The actuarial present value (APV) of projected benefits payable to those already receiving benefits and to vested terminations, and
3. The employer financed portion of the actuarial present value of accrued benefits payable to active participants. This amount is based on benefits earned to date without future credited service or salary increases.

The total of the first two items should generally be fully covered by assets. The portion of the third item covered by assets should increase over time. Increases in benefits will, of course, adversely affect the trend in the years when such increases are first reflected in the actuarial values.

Although more conservative actuarial assumptions would be used in the event of a termination of the program, this test shows how much of the benefits accrued to date might be covered by assets in the event of a plan freeze using the valuation assumptions.

Valuation Date	Market Value of Assets	APV of All Accrued Benefits	Assets as % of Total
10/1/16	\$ 21,520,498	\$ 25,690,195	84 %
10/1/15	19,530,227	24,612,817	79
10/1/14	19,951,694	23,117,897	86
10/1/13	18,256,716	23,499,508	78
10/1/12	15,666,866	19,587,147	80

Ratio of Market Value of Assets to Present Value of Accrued Benefits (\$Mill)

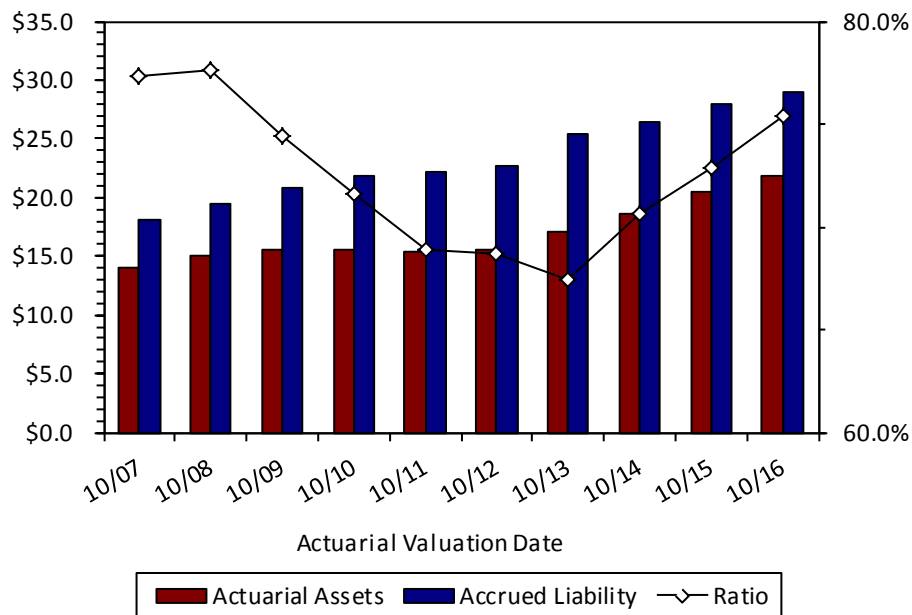


## LONG TERM SOLVENCY

Over the longer term, the solvency of an ongoing plan can be measured by comparing the actuarial value of assets to an amount known as the Actuarial Accrued Liability (AAL) under the Entry Age Actuarial Cost Method. This item has often been called the "past service liability". Its derivation differs from the short-term solvency value derivation in several ways, but mainly due to the fact that future salary increases are included in the AAL. As in the case of the short-term solvency values, the AAL is affected immediately by any revisions in benefits or assumptions. The accumulation of assets to equal the AAL can be considered a long range funding goal. Largely because of periodic benefit increases, very few retirement programs have attained this goal.

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	% of AAL Covered by Assets
10/1/16	\$ 21,838,774	\$ 28,952,205	75.4 %
10/1/15	20,400,790	27,967,004	72.9
10/1/14	18,643,107	26,421,033	70.6
10/1/13	17,133,048	25,418,523	67.4
10/1/12	15,606,667	22,723,956	68.7

Ratio of Actuarial Value of Assets to Actuarial Accrued Liability (\$Mill)

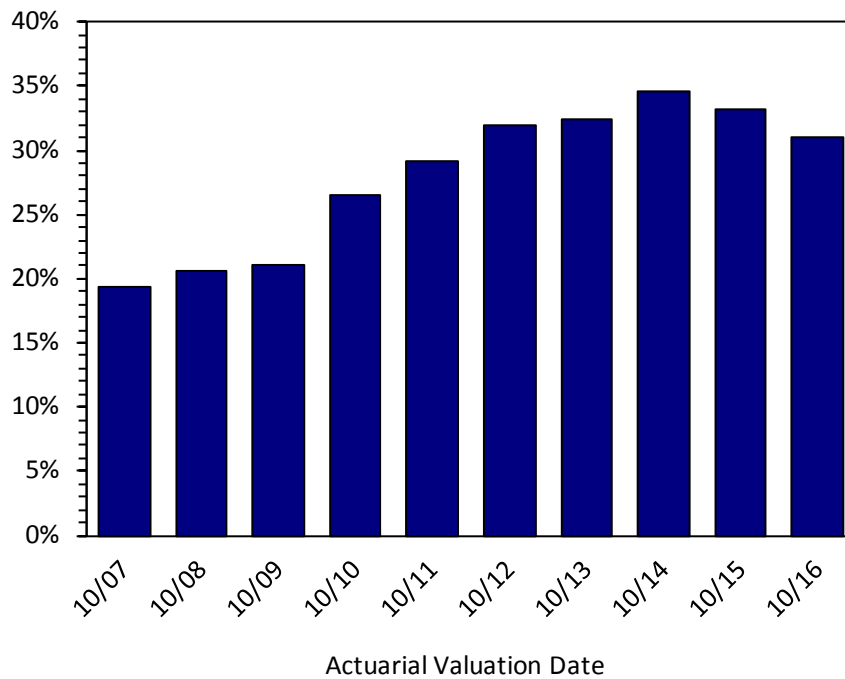


## LEVEL CONTRIBUTION RATES

The actuarial assumptions and cost methods have been chosen with the intent of producing required employer contributions, which remain fairly level as a percentage of covered payroll. If this goal is attained, future employer contribution rates will not have to be raised materially in order to make up for the past. For many employers, this measure of the program's soundness is the most important of all.

Valuation Date	Required City Contribution As % of Payroll
10/1/16	31.08 %
10/1/15	33.15
10/1/14	34.58
10/1/13	32.42
10/1/12	31.96

Required City Contribution As % of Payroll



A major factor affecting the stability of the percentages just shown is how well the actual plan experience is faring compared to the actuarial assumptions. The value of the difference between what actually occurred and what was assumed to occur is called the actuarial gain or loss. Gains tend to lower the subsequent cost of the program while losses tend to cause subsequent costs to rise. A summary of the actuarial gains and losses of the Plan is in the next Section.

Analysis of all the benchmarks listed above over a period of years will provide an indication of whether the program is becoming financially stronger or weaker.

## RECENT CHANGES IN PLAN, ASSUMPTIONS AND METHODS

1. Effective October 1, 2006, Ordinance No. 060-05-134 provided the following:
  - a. A benefit multiplier of 3.0% for all years of service
  - b. An 8.5% member contribution rate, increasing to 10.0% effective October 1, 2007
  - c. Establishment of a DROP
  - d. Restoration of Prior Service where member pays full actuarial cost
  - e. Purchase of Permissive Service where member pays full actuarial cost
  - f. Updated language regarding minimum distributions
2. Effective October 1, 2006, Ordinance No. 07R-08-148 provides for a coordination of benefits for employees who transfer from the General Employees' Pension Plan to the Managerial Employees' 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.
3. Effective March 31, 2008, Ordinance No. 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.
4. Effective October 1, 2013, the assumed investment return was changed to 7.5% net of investment expenses, and the RP-2000 Combined Healthy Participant Mortality Table using scale AA, with ages set ahead one year, and several other changes in actuarial assumptions were adopted based on an actuarial experience study.
5. Effective October 1, 2014, the assumed investment return was changed to 7.25% net of investment expenses.
6. Effective October 1, 2014, Ordinance No. 150-03-107 provided the following:
  - a. Tier I members hired before December 10, 2012 – no changes
  - b. Tier II members hired from December 11, 2012 to January 12, 2015 –benefit rate 2.5%
  - c. Tier III members hired after January 12, 2012 – benefit rate 2.25%
  - d. Tier II and Tier III members become vested after 10 years of service, may retire at the earlier of Age 60 & 15 years of service, Age 65 & 10 years of service, or with 25 years of service regardless of age, and may not participate in the DROP
7. Effective October 1, 2015, the one year age adjustment to the mortality table was eliminated. In addition the amortization period for new bases was shortened to 25 years, and the period for all current bases with more than 25 years remaining was shortened to 25 years.
8. Effective October 1, 2016, the assumed investment return was changed to 7.00% net of investment expenses, the assumed inflation rate was changed to 2.00%, and the mortality table was changed to the FRS Regular Class (Non-Special Risk) tables.

## **SECTION II**

---

### **VALUATION RESULTS**

**COMPARATIVE SUMMARY OF VALUATION RESULTS AS OF OCTOBER 1**

	<b>2016</b>	<b>2016</b>	<b>2015</b>
	<i>New Assumptions</i>	<i>Old Assumptions</i>	
<b>Covered Group</b>			
A. Number of Participants			
Actives	83	83	84
Management Employees due future benefits	29	29	25
Retirees, Disabilities, Beneficiaries and Vested Terminations	96	96	96
Total Covered Annual Payroll	\$ 3,525,214	\$ 3,525,214	\$ 3,543,395
<b>Long Range Cost</b>			
B. Actuarial Present Value of Projected Benefits	\$ 32,734,594	\$ 31,653,012	\$ 31,553,391
C. Actuarial Present Value of Future Normal Costs	<u>3,782,389</u>	<u>3,616,691</u>	<u>3,586,387</u>
D. Actuarial Accrued Liability (AAL): B - C	28,952,205	28,036,321	27,967,004
E. Valuation Assets	<u>21,838,774</u>	<u>21,838,774</u>	<u>20,400,790</u>
F. Unfunded AAL (UAAL): D-E	7,113,431	6,197,547	7,566,214
<b>Current Cost</b>			
G. Payment Required to Amortize UAAL	\$ 620,461	\$ 556,437	\$ 757,350
As % of Payroll	17.60 %	15.78 %	21.37 %
H. Total Normal Cost (for current year, exclusive of funding toward UAAL)	776,290	751,417	715,771
As % of Payroll	22.02 %	21.32 %	20.20 %
I. Fiscal Year to which Contributions Apply	2016/2017	NA	2015/2016
J. Interest	51,314	49,709	55,990
K. Total Required Contribution if paid Monthly	1,448,065	1,357,563	1,529,111
As % of Payroll	41.08 %	38.51 %	43.15 %
L. Expected Member Contributions	352,521	352,521	354,340
As % of Payroll	10.00 %	10.00 %	10.00 %
M. Remaining Required City Contribution	1,095,544	1,005,042	1,174,771
As % of Payroll	31.08 %	28.51 %	33.15 %

<b>DERIVATION OF NORMAL COST AS OF OCTOBER 1</b>			
	<b>2016</b>	<b>2016</b>	<b>2015</b>
	<i>New Assumptions</i>	<i>Old Assumptions</i>	
A. Entry Age Normal Costs for Benefits			
1. Service Retirement Benefits	\$ 507,178	\$ 479,901	\$ 464,347
2. Vesting Benefits	84,698	79,219	75,462
3. Disability Benefits	51,539	61,884	55,135
4. Preretirement Death Benefits	8,212	6,175	5,498
5. Return of Contributions	50,618	50,193	52,471
6. Total	<u>702,245</u>	<u>677,372</u>	<u>652,913</u>
B. Normal Cost for Expenses	74,045	74,045	62,858
C. Total Normal Cost	776,290	751,417	715,771

<b>PRESENT VALUE OF PROJECTED BENEFITS AS OF OCTOBER 1</b>			
	<b>2016</b>	<b>2016</b>	<b>2015</b>
	<i>New Assumptions</i>	<i>Old Assumptions</i>	
A. Present Value of Future Salaries	\$ 21,355,121	\$ 21,182,559	\$ 21,395,495
B. Present Value of Future Member Contributions	2,135,512	2,118,255	2,139,549
C. Present Value of Projected Benefits			
1. Active Members			
a. Service Retirement Benefits	14,853,522	14,295,951	13,976,293
b. Vesting Benefits	863,113	802,873	863,684
c. Disability Benefits	577,764	685,307	664,527
d. Preretirement Death Benefits	118,491	96,341	92,704
e. Return of Contributions	161,006	154,693	139,072
f. Total	<u>16,573,896</u>	<u>16,035,165</u>	<u>15,736,280</u>
2. Inactive Members			
a. Service Retirees & DROP	14,169,234	13,591,878	14,031,982
b. Disability Retirees	453,732	552,377	553,896
c. Beneficiaries Receiving Benefits	1,311,691	1,253,959	944,316
d. Terminated Vested Members	226,041	219,633	286,917
e. Total	<u>16,160,698</u>	<u>15,617,847</u>	<u>15,817,111</u>
3. Grand Total	32,734,594	31,653,012	31,553,391

**LIQUIDATION OF THE UNFUNDED ACTUARIAL ACCRUED LIABILITY**

The Unfunded Actuarial Accrued Liability (UAAL) is being amortized as a level dollar amount over the number of years remaining in the amortization period. Details relating to the UAAL are as follows:

Date	Original UAAL		Current UAAL		
	Original Years	Amount	Years Remaining	Amount	Payment
10/1/02 (Gain)/Loss	30	\$ 602,388	16	474,860	46,979
10/1/03 (Gain)/Loss	30	644,765	17	524,636	50,221
10/1/03 Amendment	30	1,330,334	17	1,083,349	103,703
10/1/03 Amendment	30	84,100	17	68,487	6,556
10/1/04 (Gain)/Loss	30	348,586	18	292,654	27,190
10/1/05 (Gain)/Loss	30	(43,434)	19	(37,465)	(3,388)
10/1/05 Technical Change	30	(79,211)	19	(68,326)	(6,178)
10/1/06 (Gain)/Loss	30	(756,362)	20	(667,559)	(58,891)
10/1/06 Assumption Change	30	253,680	20	223,896	19,752
10/1/06 Amendment	30	1,387,234	20	1,224,362	108,010
10/1/07 (Gain)/Loss	30	(368,267)	21	(318,659)	(27,485)
10/1/08 (Gain)/Loss	30	319,941	22	282,530	23,871
10/1/09 (Gain)/Loss	30	1,124,035	23	1,013,591	84,037
10/1/10 (Gain)/Loss	30	973,884	24	895,081	72,936
10/1/11 (Gain)/Loss	30	869,734	24	821,090	66,907
10/1/12 (Gain)/Loss	30	373,482	24	353,593	28,813
10/1/13 (Gain)/Loss	30	137,745	24	132,103	10,764
10/1/13 Assumption Change	30	1,241,431	24	1,190,569	97,014
10/1/14 (Gain)/Loss	30	(923,985)	24	(897,315)	(73,118)
10/1/14 Assumption Change	30	674,994	24	655,511	53,414
10/1/14 Amendment	30	(11,874)	24	(11,532)	(940)
10/1/15 (Gain)/Loss	25	(357,260)	24	(351,574)	(28,648)
10/1/15 Assumption Change	25	420,080	24	413,395	33,686
10/1/16 (Gain)/Loss	25	(1,099,730)	25	(1,099,730)	(88,195)
10/1/16 Assumption Change	25	915,884	25	915,884	73,451
Totals				7,113,431	620,461

Fiscal Year Ended	UAAL
2016	\$ 7,113,431
2017	6,947,478
2018	6,769,908
2019	6,579,908
2020	6,376,608
2025	5,125,645
2030	3,371,105
2035	1,456,416
2040	(14,744)
2045	0

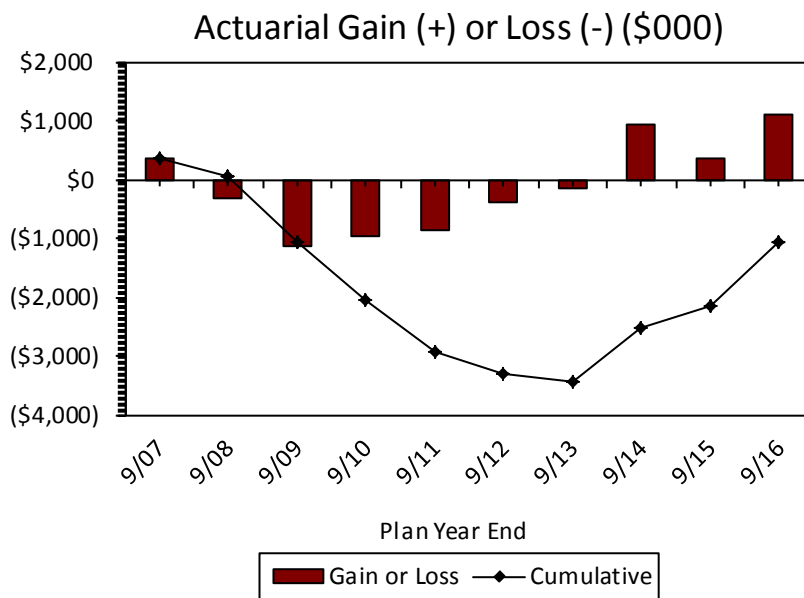
## ACTUARIAL GAINS AND LOSSES

The assumptions used to anticipate mortality, employment turnover, investment income, expenses, salary increases, and other factors have been based on long-range trends and expectations. Actual experience can vary from these expectations. The variance is measured by the gain and loss for the period involved. If significant long-term experience reveals consistent deviation from what has been expected and that deviation is expected to continue, the assumptions should be modified.

<b>DEVELOPMENT OF CURRENT YEAR ACTUARIAL GAIN / (LOSS)</b>	
A. Derivation of Experience Gain / (Loss)	
1. Unfunded Actuarial Accrued Liability (UAAL) Previous Valuation	\$ 7,566,214
2. Employer Normal Cost (NC) Previous Valuation	361,431
3. City Contributions Previous Year	1,162,968
4. Interest at Valuation Rate on:	
a. UAAL & NC (full year on (1) and (2))	574,754
b. Contributions (3a)	42,154
c. Net Total: (a) - (b)	532,600
5. Change in UAAL due to Benefit Changes	0
6. Change in UAAL due to Assumption Changes	915,884
7. Expected UAAL Current Year: (1) + (2) - (3) + (4) + (5) + (6)	8,213,161
8. Actual UAAL Current Year	7,113,431
9. Experience Gain / (Loss): (7) - (8)	1,099,730
B. Approximate Portion of Gain / (Loss) Due to Investments	123,769
C. Approximate Portion of Gain / (Loss) Due to Liabilities: (A) - (B)	975,961

The net actuarial gain (loss) for recent years is:

Year Ending	Actuarial Gain (Loss)
9/30/16	\$ 1,099,730
9/30/15	357,260
9/30/14	923,985
9/30/13	(137,745)
9/30/12	(373,482)
9/30/11	(879,550)
9/30/10	(973,884)
9/30/09	(1,124,035)
9/30/08	(319,941)
9/30/07	368,267



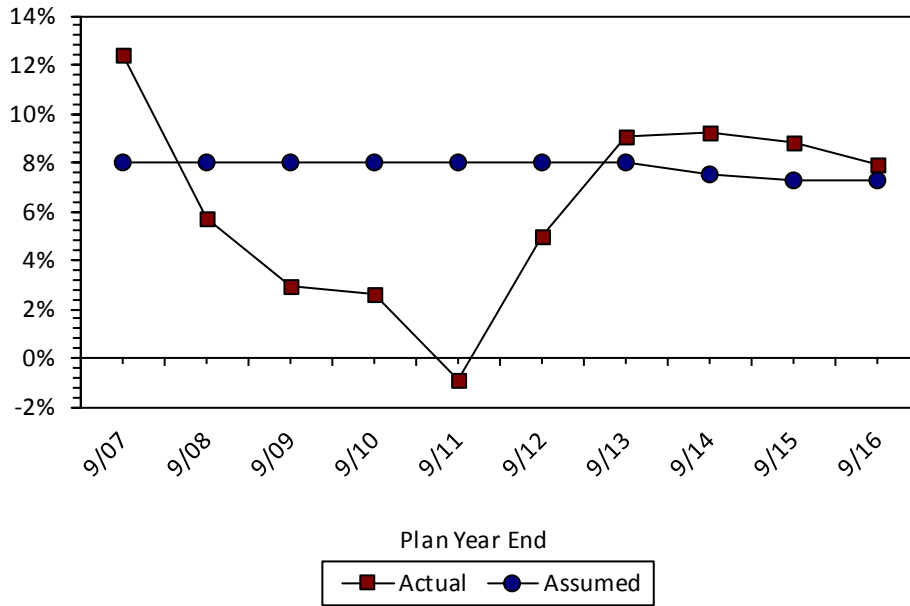
The fund earnings and salary increase assumptions have considerable impact on the cost of the Plan so it is important that they be in line with the actual experience. The following table shows the actual fund earnings and salary increase rates\* compared to the assumed rates for the last few years:

Year Ended	Investment Rate of Return			Salary Increase	
	Market Value	Actuarial Value	Assumed	Actual	Assumed
9/30/16	11.0 %	7.9 %	7.25 %	6.0 %	5.0 %
9/30/15	(2.5)	8.8	7.25	2.0	5.0
9/30/14	9.6	9.2	7.50	0.0	5.0
9/30/13	15.8	9.1	8.00	10.5	7.0
9/30/12	19.0	5.0	8.00	2.0	7.0
9/30/11	(4.4)	(0.9)	8.00	1.9	7.0
9/30/10	9.0	2.6	8.00	3.6	7.0
9/30/09	(0.2)	2.9	8.00	12.3	7.0
9/30/08	(12.2)	5.7	8.00	7.2	7.0
9/30/07	14.7	12.4	8.00	10.5	7.0

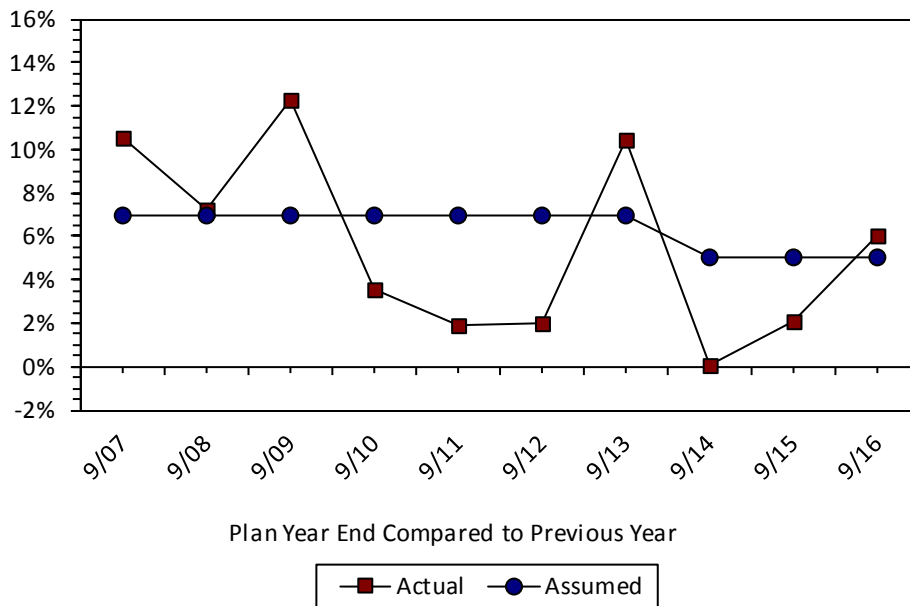
The actual salary increase rates shown above are the increases received by those active members who were included in the actuarial valuation both at the beginning and end of each year.

\*Prior to the October 1, 2016 valuation, actual Increases shown reflect an assumed 5% increase over the prior reported pay for management transferees when actual pays were not available.

### History of Investment Return Based on Actuarial Value of Assets



### History of Salary Increases



**RECENT HISTORY OF VALUATION RESULTS**

Valuation Date	Number of Members			Covered Annual Payroll	Actuarial Value of Assets	UAAL	Employer Normal Cost	
	Active	Mgt Xfr <sup>1</sup>	Inactive				Amount	% of Payroll
10/1/2016	83	29	96	\$3,525,214	\$21,838,774	\$7,113,431	\$423,769	12.02 %
10/1/2015	84	25	96	3,543,395	20,400,790	7,566,214	361,431	10.20
10/1/2014	81	27	92	3,472,515	18,643,107	7,777,926	389,975	11.23
10/1/2013	85	25	90	3,776,063	17,133,048	8,285,475	374,165	9.91
10/1/2012	82	21	92	3,453,665	15,606,667	7,117,289	340,497	9.86
10/1/2011	87	22	96	3,616,860	15,336,711	6,914,221	347,431	9.61
10/1/2010	91	23	104	3,756,141	15,597,828	6,187,152	357,435	9.52
10/1/2009	109	13	96	4,357,098	15,522,330	5,350,700	363,262	8.34
10/1/2008	105	13	90	3,931,828	15,083,377	4,344,582	348,498	8.86
10/1/2007	117	17	72	4,226,389	13,995,710	4,120,944	394,995	9.35

<sup>1</sup>Members who have transferred to the Managerial Plan and are entitled to future benefits from this Plan which reflect earnings while covered by the Management Plan.

**SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL As % of Covered Payroll [(b)-(a)]/(c)
10/1/2016	\$ 21,838,774	\$ 28,952,205	\$ 7,113,431	75.4 %	\$ 3,525,214	201.8 %
10/1/2015	20,400,790	27,967,004	7,566,214	72.9	3,543,395	213.5
10/1/2014	18,643,107	26,421,033	7,777,926	70.6	3,472,515	224.0
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
10/1/2007	13,995,710	18,116,654	4,120,944	77.3	4,226,389	97.5

<b>FASB NO. 35 INFORMATION</b>		
<b>AS OF OCTOBER 1</b>		
	<b>2016</b>	<b>2015</b>
<b>A. Number of Members Included in the Calculations</b>		
1. Retirees & beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	96	96
2. Management Transferees entitled to benefits but not yet receiving them	29	25
3. Current Employees		
a. Non Vested	29	23
b. Vested	<u>54</u>	<u>61</u>
c. Total	83	84
4. Total	208	205
<b>B. Statement of Accumulated Plan Benefits</b>		
1. Actuarial present value (APV) of accumulated vested plan benefits		
a. Participants currently receiving benefits	\$15,934,657	\$15,530,194
b. DROP Reserve	241,531	\$329,941
c. Other participants	<u>10,761,357</u>	<u>10,193,067</u>
d. Total	26,937,545	26,053,202
2. APV of accumulated non-vested plan benefits	<u>342,066</u>	<u>330,003</u>
3. Total APV of accumulated plan benefits	27,279,611	26,383,205
<b>C. Statement of Change in Accumulated Plan Benefits</b>		
1. Actuarial present value of accumulated plan benefits as of beginning of year	26,383,205	24,516,700
2. Increase (decrease) during year attributable to:		
a. Plan Amendment	0	14,299
b. Change in assumptions/methods	848,242	378,280
Change in methods -- include DROP Reserve	N/A	329,941
c. Benefits paid and contributions refunded	(1,707,950)	(1,382,619)
d. Interest, benefits accumulated, other	<u>1,756,114</u>	<u>2,526,604</u>
e. Net Increase	896,406	1,866,505
3. Actuarial present value of accumulated plan benefits as of end of year	27,279,611	26,383,205
D. Assumed rate of return	7.00%	7.25%
E. Market Value of Assets	\$21,762,029	\$19,860,168
F. Funded Ratio	79.77%	75.28%

**SCHEDULE OF CHANGES IN THE EMPLOYER'S  
NET PENSION LIABILITY AND RELATED RATIOS  
GASB Statement No. 67**

Fiscal year ending September 30,	<u>2017*</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>				
Service Cost	\$ 702,245	\$ 652,913	\$ 673,960	\$ 682,926
Interest	2,035,160	2,036,952	1,936,129	1,923,089
Benefit Changes	-	-	(11,874)	-
Difference between actual & expected experience	(1,001,008)	(73,178)	(646,450)	(4,059)
Assumption Changes	915,884	420,080	674,994	-
Benefit Payments	(1,628,556)	(1,633,810)	(1,382,619)	(1,708,640)
Refunds	(15,989)	(74,140)	-	-
Other	-	-	-	-
Net Change in Total Pension Liability	1,007,736	1,328,817	1,244,140	893,316
<b>Total Pension Liability - Beginning</b>	29,278,860	27,950,043	26,705,903	25,812,587
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 30,286,596</u>	<u>\$ 29,278,860</u>	<u>\$ 27,950,043</u>	<u>\$ 26,705,903</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - Employer (From City)	\$ 1,095,544	\$ 1,162,968	\$ 1,212,601	\$ 1,224,361
Contributions - Employer (From State)	-	-	-	-
Contributions - Non-Employer Contributing Entity	-	-	-	-
Contributions - Member	352,521	358,574	356,306	358,549
Net Investment Income	1,513,874	2,169,338	(512,452)	1,786,880
Benefit Payments	(1,628,556)	(1,633,810)	(1,382,619)	(1,708,640)
Refunds	(15,989)	(74,140)	-	-
Administrative Expense	(74,045)	(81,069)	(67,020)	(58,696)
Other: Adjustment to Beginning of Year	-	118	-	-
Net Change in Plan Fiduciary Net Position	1,243,349	1,901,979	(393,184)	1,602,454
<b>Plan Fiduciary Net Position - Beginning</b>	21,762,029	19,860,050	20,253,234	18,650,780
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 23,005,378</u>	<u>\$ 21,762,029</u>	<u>\$ 19,860,050</u>	<u>\$ 20,253,234</u>
<b>Net Pension Liability - Ending (a) - (b)</b>	7,281,218	7,516,831	8,089,993	6,452,669
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	75.96 %	74.33 %	71.06 %	75.84 %
Covered Payroll**	\$ 3,525,214	\$ 3,585,740	\$ 3,563,060	\$ 3,585,490
Net Pension Liability as a Percentage of Covered Payroll	206.55 %	209.63 %	227.05 %	179.97 %

\* These figures are estimates only. Actual figures will be provided after the end of the fiscal year.

\*\* Covered Payroll was calculated by dividing the total member contributions for the fiscal year by the member contribution rate of 10%.

**SCHEDULE OF THE EMPLOYER'S NET PENSION LIABILITY**  
**GASB Statement No. 67**

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 Liability 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	277.05%
2016	29,278,860	21,762,029	7,516,831	74.33%	3,585,740	209.63%
2017*	30,286,596	23,005,378	7,281,218	75.96%	3,525,214	206.55%

\* These figures are estimates only. Actual figures will be provided after the end of the fiscal year.

\*\* Covered Payroll was calculated by dividing the total member contributions for the fiscal year by the member contribution rate of 10%.

**SCHEDULE OF THE EMPLOYER'S NET PENSION LIABILITY**  
**GASB Statement No. 67**

**Valuation Date:** October 1, 2016  
**Measurement Date:**  
 Notes Actuarially determined contribution rates are calculated as of the October 1 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
Inflation	2.00%
Salary Increases	5.0%
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 Combined Healthy Participant Mortality Table (for pre-retirement mortality) and the RP-2000 Mortality Table for Annuitants (for post-retirement mortality), with mortality improvements projected to all future years after 2000 using Scale BB. For males, the base mortality rates include a 50% blue collar adjustment and a 50% white collar adjustment. For females, the base mortality rates include a 100% white collar adjustment. These are the same rates currently in use for Regular Class members of the Florida Retirement System (FRS), as mandated by Florida House Bill 1309.

**Other Information:**  
 Notes See Discussion of Valuation Results on Page 1

**SCHEDULE OF CONTRIBUTIONS**  
**GASB Statement No. 67**

<u>FY Ending September 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll*</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2008	\$ 814,864	\$ 814,864	\$ 0	\$ 4,926,990	16.54%
2009	809,482	809,482	0	4,760,650	17.00%
2010	920,970	920,970	0	4,005,580	22.99%
2011	993,731	993,731	0	3,631,980	27.36%
2012	1,056,516	1,056,516	0	3,495,200	30.23%
2013	1,103,955	1,103,955	0	3,798,110	29.07%
2014	1,224,361	1,224,361	0	3,585,490	34.15%
2015	1,200,656	1,212,601	(11,945)	3,563,060	34.03%
2016	1,174,771	1,162,968	11,803	3,585,740	32.43%
2017*	1,095,544	1,095,544	0	3,525,214	31.08%

\* These figures are estimates only. Actual figures will be provided after the end of the fiscal year.

\*\*Covered Payroll was calculated by dividing the total member contributions for the fiscal year by the member contribution rate of 10%.

**NOTES TO SCHEDULE OF CONTRIBUTIONS**  
**GASB Statement No. 67**

**Valuation Date:** October 1, 2016  
**Notes** Actuarially determined contribution rates are calculated as of the October 1 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 Period	25 years
Asset Valuation Method	4-year smoothed market
Inflation	2.00%
Salary Increases	5.0%
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 Combined Healthy Participant Mortality Table (for pre-retirement mortality) and the RP-2000 Mortality Table for Annuitants (for post-retirement mortality), with mortality improvements projected to all future years after 2000 using Scale BB. For males, the base mortality rates include a 50% blue collar adjustment and a 50% white collar adjustment. For females, the base mortality rates include a 100% white collar adjustment. These are the same rates currently in use for Regular Class members of the Florida Retirement System (FRS), as mandated by Florida House Bill 1309.

**Other Information:**  
**Notes** See Discussion of Valuation Results on Page 1

**SINGLE DISCOUNT RATE  
GASB Statement No. 67**

A single discount rate of 7.00% 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 7.00%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer 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 (7.00%) 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 7.00%, 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
6.00%	7.00%	8.00%
\$10,760,817	\$7,281,218	\$4,381,489

\* These figures are estimates only. Actual figures will be provided after the end of the fiscal year.

## ACTUARIAL COST METHODS AND ASSUMPTIONS AS OF OCTOBER 1, 2016

### Valuation Methods

<b>Actuarial Cost Method</b>	Entry Age Actuarial Cost Method.
<b>Administrative Expense</b>	One Year Term Cost Method.
<b>Actuarial Value of Assets</b>	The difference between actual and assumed return is recognized evenly over four years.
<b>Financing Unfunded Actuarial Accrued Liabilities</b>	Unfunded actuarial accrued liabilities are amortized by level dollar contributions over a fixed number of years.

### Actuarial Assumptions

**Rationale for Assumptions:** The covered group is too small to provide statistically significant experience on which to base certain demographic assumptions. The investment return assumption is per direction from the Board of Trustees based on information from their investment consultant. The mortality table is based on the assumption used by the Florida Retirement System, as required by Florida House Bill 1309 (codified in Chapter 2015-157). The other actuarial assumptions are based on a combination of the results of the experience study issued January 2013 and input from the Board of Trustees.

<b>Investment Earnings</b>	7.00% per direction from the Board of Trustees based on information from their investment consultant. The 7.00% is per year, on a net basis, after payment of investment expenses, compounded annually.
<b>Salary Increases</b>	5.00% per year from valuation date to the assumed retirement age. See Table below.
<b>Increase in Covered Payroll</b>	NA
<b>Inflation</b>	2.00% per year.
<b>Retirement Rates</b>	80% probability before age 65 and 100% thereafter.  Early Retirement assumed at after age 55 with 15 years of service, at the rate of 1.0% per year of those eligible.  Actuarial losses due to early retirement are assumed to be offset by gains due to eliminating future salary increases. Actuarial losses due to delayed retirement are assumed to be offset by gains due to delaying benefit commencement.

## Mortality Rates

Rates used are the same rates currently in use for Regular Class (non-special risk) members of the Florida Retirement System (FRS), as mandated by Florida House Bill 1309. The table is the RP-2000 Combined Healthy Participant Mortality Table (for pre-retirement mortality) and the RP-2000 Mortality Table for Annuitants (for post-retirement mortality), with mortality improvements projected to all future years after 2000 using Scale BB. For males, the base mortality rates include a 50% blue collar adjustment and a 50% white collar adjustment. For females, the base mortality rates include a 100% white collar adjustment. Sample rates follow:

### FRS Regular Class Post-Retirement Healthy Mortality

Sample Ages in 2016	% Mortality During the Year		Future Life Expectancy (years)	
	Men	Women	Men	Women
50	0.55%	0.23%	34.55	38.21
55	0.60%	0.32%	29.92	33.19
60	0.77%	0.48%	25.25	28.29
65	1.16%	0.75%	20.73	23.56
70	1.81%	1.25%	16.49	19.10
75	3.01%	2.12%	12.64	15.04
80	5.10%	3.55%	9.33	11.43
Ref:	1421 x 1.00	1420 x 1.00	896	897

### FRS Regular Class Pre-Retirement Healthy Mortality

Sample Ages in 2016	% Mortality During the Year		Future Life Expectancy (years)	
	Men	Women	Men	Women
50	0.21%	0.15%	35.47	38.56
55	0.36%	0.24%	30.35	33.42
60	0.62%	0.40%	25.42	28.40
65	1.10%	0.71%	20.77	23.58
70	1.81%	1.25%	16.49	19.10
75	3.01%	2.12%	12.64	15.04
80	5.10%	3.55%	9.33	11.43
Ref:	1533 x 1.00	1534 x 1.00	896	897

FRS Regular Class Post Retirement Disabled Mortality

Sample Ages in 2016	% Mortality During the Year		Future Life Expectancy (years)	
	Men	Women	Men	Women
50	2.38%	1.35%	20.25	23.74
55	3.03%	1.87%	17.78	20.46
60	3.67%	2.41%	15.55	17.43
65	4.35%	3.13%	13.44	14.58
70	5.22%	4.29%	11.39	11.96
75	6.58%	5.95%	9.43	9.65
80	8.70%	8.23%	7.65	7.66
Ref:	1425 x 1.00	1423 x 1.00	1	1

**Turnover Rates**

See Table below.

**Disability**

See Table below.

Age	Disability Rate During Year	Termination Rate During Year	Current Salary as% of Salary at Age 62
20	0.07%	20.7%	12.9%
30	0.11	14.1	21.0
40	0.19	8.5	34.2
50	0.51	3.5	55.7
60	1.66	0.0	90.7

**Administrative Expense**

Average actual expenses paid during the previous two years.

**Changes since last Valuation**

The mortality assumption was changed to the mortality assumption used by the Florida Retirement System (FRS) for Regular Class members in the actuarial valuation as of July 1, 2016, as required by Florida Statutes. Also, the investment return assumption was lowered to 7.00% and the assumed inflated rate was changed to 2.00%

## GLOSSARY OF TERMS

<b><i>Actuarial Accrued Liability (AAL)</i></b>	The difference between the Actuarial Present Value of Future Benefits, and the Actuarial Present Value of Future Normal Costs.
<b><i>Actuarial Assumptions</i></b>	Assumptions about future plan experience that affect costs or liabilities, such as: mortality, withdrawal, disablement, and retirement; future increases in salary; future rates of investment earnings; future investment and administrative expenses; characteristics of members not specified in the data, such as marital status; characteristics of future members; future elections made by members; and other items.
<b><i>Actuarial Cost Method</i></b>	A procedure for allocating the Actuarial Present Value of Future Benefits between the Actuarial Present Value of Future Normal Costs and the Actuarial Accrued Liability.
<b><i>Actuarial Equivalent</i></b>	Of equal Actuarial Present Value, determined as of a given date and based on a given set of Actuarial Assumptions.
<b><i>Actuarial Present Value (APV)</i></b>	The amount of funds required to provide a payment or series of payments in the future. It is determined by discounting the future payments with an assumed interest rate and with the assumed probability each payment will be made.
<b><i>Actuarial Present Value of Future Benefits (APVFB)</i></b>	The Actuarial Present Value of amounts which are expected to be paid at various future times to active members, retired members, beneficiaries receiving benefits, and inactive, nonretired members entitled to either a refund or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would provide sufficient assets to pay all projected benefits and expenses when due.
<b><i>Actuarial Valuation</i></b>	The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a plan. An Actuarial Valuation for a governmental retirement system typically also includes calculations of items needed for compliance with GASB No. 67, such as the Funded Ratio and the Annual Required Contribution (ADC).
<b><i>Actuarial Value of Assets</i></b>	The value of the assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets or a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the actuarially required contribution (ADC).

<b><i>Amortization Method</i></b>	A method for determining the Amortization Payment. The most common methods used are level dollar and level percentage of payroll. Under the Level Dollar method, the Amortization Payment is one of a stream of payments, all equal, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the Amortization Payment is one of a stream of increasing payments, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the stream of payments increases at the rate at which total covered payroll of all active members is assumed to increase.
<b><i>Amortization Payment</i></b>	That portion of the plan contribution or ADC which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.
<b><i>Amortization Period</i></b>	The period used in calculating the Amortization Payment.
<b><i>Annual Required Contribution (ADC)</i></b>	The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation, determined under GASB No. 67. The ADC consists of the Employer Normal Cost and Amortization Payment.
<b><i>Closed Amortization Period</i></b>	A specific number of years that is reduced by one each year, and declines to zero with the passage of time. For example if the amortization period is initially set at 30 years, it is 29 years at the end of one year, 28 years at the end of two years, etc.
<b><i>Employer Normal Cost</i></b>	The portion of the Normal Cost to be paid by the employer. This is equal to the Normal Cost less expected member contributions.
<b><i>Entry Age Actuarial Cost Method</i></b>	Method under which the current year's cost, or Normal Cost is calculated for each individual. The Normal Cost is the amount, determined as a level amount which, if deposited each year from the time an employee was first included in the actuarial valuation (or would have been had the plan been in effect) until retirement, would fully fund his or her benefit. The Entry Age Actuarial Liability at any given time is equal to the Actuarial Present Value of Projected Benefits minus the Actuarial Present Value of future Normal Costs. Under the Entry Age Actuarial Cost Method, experience gains (losses) reduce (increase) the Actuarial Accrued Liability. Increases or decreases in the Actuarial Accrued Liability will also occur as a result of changes in pension Plan benefits, actuarial assumptions, or asset valuation methods.

<b><i>Equivalent Single Amortization Period</i></b>	For plans that do not establish separate amortization bases (separate components of the UAAL), this is the same as the Amortization Period. For plans that do establish separate amortization bases, this is the period over which the UAAL would be amortized if all amortization bases were combined upon the current UAAL payment.
<b><i>Experience Gain/Loss</i></b>	A measure of the difference between the normal cost rate from last year and the normal cost rate from this year.
<b><i>Funded Ratio</i></b>	The ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability.
<b><i>GASB</i></b>	Governmental Accounting Standards Board.
<b><i>GASB No. 67 and GASB No. 68</i></b>	These are the governmental accounting standards that set the accounting rules for public retirement systems and the employers that sponsor or contribute to them. Statement No. 68 sets the accounting rules for the employers that sponsor or contribute to public retirement systems, while Statement No. 67 sets the rules for the systems themselves.
<b><i>Normal Cost</i></b>	The annual cost assigned, under the Actuarial Cost Method, to the current plan year.
<b><i>Unfunded Actuarial Accrued Liability</i></b>	The difference between the Actuarial Accrued Liability and Actuarial Value of Assets.
<b><i>Valuation Date</i></b>	The date as of which the Actuarial Present Value of Future Benefits are determined. The benefits expected to be paid in the future are discounted to this date.

**SECTION III**

---

**PENSION FUND INFORMATION**

**MARKET VALUE OF ASSETS AT SEPTEMBER 30**

	2016		2015
Cash & Securities			
Cash	\$ 238,617	1.1%	\$ 449,880
Mutual Funds - Equity	13,063,248	60.0%	10,368,897
Mutual Funds - International	1,931,817	8.9%	2,954,120
Mutual Funds - Fixed Income	5,669,446	26.1%	4,286,336
Mutual Funds - Absolute Return	0	0.0%	931,479
Real Estate (Mortgages)	<u>850,000</u>	<u>3.9%</u>	<u>850,000</u>
Sub-Total	21,753,128	100.0%	19,840,712
Receivables & Accruals			
Accrued Interest	13,572		22,415
Payables/Prepaid			
Accounts Payable	4,671		2,959
Total Assets & Liabilities at Market Value	21,762,029		19,860,168
Reserve for DROP Accounts	<u>241,531</u>		<u>329,941</u>
Market Value of Assets, Net Reserve	21,520,498		19,530,227

<b>RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED SEPTEMBER 30</b>		
	2016	2015
Available Market Value of Fund, BOY	\$ 19,860,168	\$ 20,253,234
Receipts		
Contributions		
Members	358,574	356,306
City		
Prepaid Prior Year	0	51
Actual During Current Year	<u>1,162,968</u>	<u>1,212,668</u>
Total City Contribution	<u>1,162,968</u>	<u>1,212,719</u>
Total Contributions	1,521,542	1,569,025
Investment Income		
Dividends & Interest	1,096,765	1,253,006
Realized & Unrealized Gains (Losses)*	1,081,773	(1,733,444)
Investment & Custodial Expenses	<u>(29,533)</u>	<u>(32,014)</u>
Total Investment Income	2,149,005	(512,452)
Other Income	20,333	0
Total Receipts	3,690,880	1,056,573
Disbursements		
Benefit Payments & DROP Distributions	1,633,810	1,382,619
Refund of Contributions with Interest	74,140	0
Administrative Expenses	<u>81,069</u>	<u>67,020</u>
Total Disbursements	1,789,019	1,449,639
Net Increase (Decrease) in Fund	1,901,861	(393,066)
Value of Fund at End of Year	21,762,029	19,860,168
Reserve for DROP Accounts	<u>241,531</u>	<u>329,941</u>
Value of Fund at End of Year, Net Reserve	21,520,498	19,530,227

**ACTUARIAL VALUE OF ASSETS SEPTEMBER 30**

	2016	2015
A. Preliminary Valuation Assets, including Reserves	\$ 20,730,731	\$ 18,944,647
B. Contributions and Miscellaneous Income	1,521,542	1,569,025
C. Benefit Payments and Administrative Expenses	1,789,019	1,449,639
D. Actual Investment Earnings Net Investment Expenses	2,169,338	(512,452)
E. Expected Investment Earnings	1,493,282	1,377,815
F. Excess of Actual over Expected Investment Earnings: D-E	676,056	(1,890,267)
G. Recognition of Excess Earnings Over 4 Years		
1. From This Year	169,014	(472,567)
2. From One Year Ago	(472,567)	119,816
3. From Two Years Ago	119,816	307,506
4. From Three Years Ago	307,506	334,128
5. Total	<u>123,769</u>	<u>288,883</u>
H. Preliminary Valuation Assets at End of Year: A+B-C+E+G5	22,080,305	20,730,731
I. Final Valuation Assets must be within the range of 80% to 120% of Market Value		
1. 80% of Market Value	17,409,623	15,888,134
2. 120% of Market Value	26,114,435	23,832,202
3. Valuation Assets	22,080,305	20,730,731
J. Adjustment for Reserves -- DROP	<u>(241,531)</u>	<u>(329,941)</u>
K. Final Valuation Assets at End of Year	21,838,774	20,400,790
J. Investment earnings recognized in the Valuation Assets:	1,617,051	1,666,698

Reconciliation of DROP Accounts					
Year Ended	Balance at Beginning of Year	Credits	Interest	Distributions	Balance at End of Year
9/30/16 *	\$ 329,941	\$ 91,773	\$ 25,354	\$ 205,537	\$ 241,531
9/30/15 *	301,540	86,287	(3,173)	54,713	329,941
9/30/14 *	394,064	77,283	21,230	191,037	301,540
9/30/13 *	594,941	122,393	65,907	389,177	394,064
9/30/12 *	849,636	180,001	107,755	542,451	594,941
9/30/11 **	901,130	232,386	0	283,880	849,636
9/30/10	579,041	308,990	73,197	60,098	901,130

\* Estimate

\*\* Provided by auditor

## INVESTMENT RATE OF RETURN

The investment rate of return has been calculated on the following bases:

- Basis 1 - **Market Value Basis** - Interest, dividends, realized gains (losses) and unrealized appreciation (depreciation) less investment expenses, divided by the weighted average of the market value of the fund during the year. This figure is normally called the net Total Rate of Return.
- Basis 2 - **Valuation Asset Basis** - Investment earnings recognized in the Actuarial Value of Assets divided by the weighted average of the Actuarial Value of Assets during the year.

Year Ended	Investment Rate of Return	
	Basis 1	Basis 2
9/30/16	11.0 %	7.9 %
9/30/15	(2.5)	8.8
9/30/14	9.6	9.2
9/30/13	15.8	9.1
9/30/12	19.0	5.0
9/30/11	(4.4)	(0.9)
9/30/10	9.0	2.6
9/30/09	(0.2)	2.9
9/30/08	(12.2)	5.7
9/30/07	14.7	12.4
Average Compounded Rate of Return for Last 5 Years	10.3	8.0
Average Compounded Rate of Return for Last 10 Years	5.5	6.2

**SECTION IV**

---

**MEMBER STATISTICS**

<b>STATISTICAL DATA</b>			
	<b>10/1/2016</b>	<b>10/1/2015</b>	<b>10/1/2014</b>
<b>Active Partipants</b>			
Number	83	84	81
Total Annual Earnings	\$ 3,357,347	\$ 3,374,662 *	\$ 3,307,157
Average Annual Earnings	40,450	40,175	40,829
<b>Averages</b>			
Current Age	45.1	44.8	44.8
Age at Employment	36.1	35.2	35.4
Past Service	9.0	9.6	9.4
Service at Age 62	25.9	26.8	26.6
<b>Confidential &amp; Managerial Employees Retirement Plan Transfers</b>			
Number	29	25	27
Total Annual Earnings	1,714,788	1,557,671	1,605,727
<b>DROP Members</b>			
Number	3	3	3
Total Annual Pension	\$ 87,245	\$ 80,581	\$ 71,526
Average Monthly Benefit	2,423	2,238	1,987
<b>Retirees and Beneficiaries</b>			
Number	82	81	76
Total Annual Pension	\$ 1,346,020	\$ 1,362,012	\$ 1,295,160
Average Monthly Benefit	1,368	1,401	1,420
<b>Disability Retirees</b>			
Number	6	6	4
Total Annual Pension	\$ 44,501	\$ 44,501	\$ 28,134
Average Monthly Benefit	618	618	586
<b>Terminated Members with Vested Benefits</b>			
Number	5	6	9
Total Annual Pensions	\$ 35,781	\$ 42,856	\$ 66,529
Average Monthly Benefit	596	595	616

\*Reflects an assumed 5% increase over the prior reported pay for management transferees.

**Age and Service Distribution**

**Active Employees**

**As of October 1, 2016**

<u>Ages</u>	<u>Years of Past Service</u>											<u>Totals</u>
	<u>0</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30+</u>	
15-19	0	0	0	0	0	0	0	0	0	0	0	0
20-24	3	0	0	0	0	0	0	0	0	0	0	3
25-29	3	1	1	1	0	1	0	0	0	0	0	7
30-34	4	0	0	1	0	2	3	0	0	0	0	10
35-39	0	2	0	0	0	3	3	0	0	0	0	8
40-44	0	0	0	0	0	3	4	0	0	0	0	7
45-49	2	1	1	0	0	2	3	4	0	0	0	13
50-54	1	1	1	0	0	2	8	1	0	0	0	14
55-59	2	0	0	2	0	0	3	5	0	0	0	12
60-64	1	0	0	0	0	1	1	3	0	0	0	6
65&UP	0	0	0	0	0	0	0	2	1	0	0	3
<b>Totals</b>	<b>16</b>	<b>5</b>	<b>3</b>	<b>4</b>	<b>0</b>	<b>14</b>	<b>25</b>	<b>15</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>83</b>

**Reconciliation of Membership Data From 10/1/15 to 9/30/16**

**A. Active Members**

1	Number Included in Last Valuation	84
2	New Members Included in Current Valuation	16
3	Non-Vested Employment Terminations	(6)
4	Vested Employment Terminations	(1)
5	DROP Retirements	(1)
6	Service Retirements	(2)
7	Transfers from/(to) Confidential & Managerial Plan	<u>(7)</u>
8	Number Included in This Valuation	83

**B. Terminated Vested Members**

1	Number Included in Last Valuation	6
2	Additions from Active Members	1
3	Lump Sum Payments and Refunds	(1)
4	Payments Commenced	<u>(1)</u>
5	Number Included in This Valuation	5

**C. Members Transferred to the Confidential & Managerial**

1	Number Included in Last Valuation	25
2	Additions from Active Members	7
3	Non-Vested Termination	(1)
4	Data Correction	<u>(2)</u>
5	Number Included in This Valuation	29

**D. DROP Members**

1	Number Included in Last Valuation	3
2	Additions from Active Members	1
3	Retirement	<u>(1)</u>
4	Number Included in This Valuation	3

**E. Service Retirees, Disability Retirees and Beneficiaries**

1	Number Included in Last Valuation	87
2	Additions from Active Members	2
3	Additions from DROP	1
4	Additions from Terminated Vested	1
5	Deaths Resulting in No Further Payments	<u>(3)</u>
6	Number Included in This Valuation	88

## **SECTION V**

---

### **SUMMARY OF RETIREMENT PLAN PROVISIONS**

**CITY OF LAUDERHILL GENERAL EMPLOYEES RETIREMENT SYSTEM  
SUMMARY OF PLAN PROVISIONS EFFECTIVE OCTOBER 1, 2016  
INCLUDING ORDINANCE NO. 150-03-107**

**A. Ordinances**

Plan established under the Code of Ordinances for the City of Lauderhill, Florida, Chapter 2, Article II, Division 3, Part 2, and was most recently amended under Ordinance No. 150-03-107 passed and adopted on April 13, 2015. The Plan is also governed by certain provisions of Part VII, Chapter 112, Florida Statutes (F.S.) and the Internal Revenue Code.

**B. Effective Date**

July 1, 1977

**C. Plan Year**

October 1 through September 30.

**D. Type of Plan**

Qualified, governmental defined benefit retirement plan; for GASB purposes it is a single employer plan.

**E. Eligibility Requirements**

All full-time employees that are not police officers. Effective October 1, 2002, Management and Confidential Employees are covered in a separate plan.

Tier I members are members hired before December 10, 2012.

Tier II members are members hired from December 11, 2012 to January 12, 2015.

Tier III members are members hired after January 12, 2015

**F. Continuous Service**

Service is measured as the total number of years and completed months of continuous service from the date of employment to the date of termination or retirement. No service is credited for any periods of employment for which the member received a refund of Employee Contributions.

## **G. Earnings**

Basic compensation paid by the City excluding overtime, bonuses, and any other non-regular payments.

## **H. Average Monthly Earnings (AME)**

The average of Earnings during the highest 5 consecutive years of the last 10 prior to termination or retirement.

## **I. Normal Retirement**

Eligibility: Tier I: A participant may retire on the first day of the month coincident with or next following the earlier of:

- (1) age 62 with 7 years of Continuous Service, or
- (2) 20 years of Continuous Service regardless of age.

Tier II and Tier III: A participant may retire on the first day of the month coincident with or next following the earlier of:

- (1) age 60 with 15 years of Continuous Service, or
- (2) age 65 with 10 year of Continuous Service, or
- (3) 25 years of Continuous Service regardless of age.

Benefit: Tier I: 3.0% of AME multiplied by years of Continuous Service.

Tier II: 2.5% of AME multiplied by years of Continuous Service.

Tier III: 2.25% of AME multiplied by years of Continuous Service.

For members who transferred to the Management Plan, service will be calculated as of the date of transfer and the AME will be calculated as of the date of termination. Additionally, for members who transferred to the Management Plan after October 1, 2002 and before October 1, 2006, the benefit multiplier will be 3.0% for all years of Continuous Service in the General Plan.

Minimum: \$25 multiplied by years of Continuous Service, up to a maximum of \$250 per month at 10 years of Continuous Service.

Normal Form  
of Benefit: Single Life Annuity; other options are available.

COLA: There are currently no automatic COLA's; although the City has adopted ad hoc COLA increases in the past (refer to Section V, Cost of Living Increases).

#### **J. Early Retirement**

Eligibility: A member may elect to retire earlier than the Normal Retirement Eligibility upon the attainment of age 55 with 15 years of Continuous Service.

Benefit: The Normal Retirement Benefit is actuarially reduced (1/15<sup>th</sup>-1/30<sup>th</sup> method) for each month by which the Early Retirement date precedes the Normal Retirement date.

Normal Form  
of Benefit: Single Life Annuity; other options are available.

COLA: There are currently no automatic COLA's; although the City has adopted ad hoc COLA increases in the past (refer to Section V, Cost of Living Increases).

#### **K. Delayed Retirement**

Same as Normal Retirement taking into account compensation earned and service credited until the date of actual retirement.

#### **L. Service Connected Disability**

Eligibility: Any member who becomes totally and permanently disabled as a direct result of illness or injury while in the performance of duties for the City is eligible for a disability benefit.

Benefit: The greater of the accrued Normal Retirement Benefit or 20% of the monthly rate of Earnings on the date of disability. Total disability benefits including social security and worker's compensation are subject to a cap of 100% of the rate of Earnings.

Note: Continuous Service during disability shall be credited for retirement benefit purposes

Normal Form  
of Benefit: Payable until the earlier of death or recovery from disability.

COLA: There are currently no automatic COLA's; although the City has adopted ad hoc COLA increases in the past (refer to Section V, Cost of Living Increases).

### **M. Non-Service Connected Disability**

**Eligibility:** Any member with 2 or more years of Continuous Service who becomes totally and permanently disabled from an illness or injury not related to the performance of duties for the City is eligible for a disability benefit.

**Benefit:** The greater of the accrued Normal Retirement Benefit or 20% of the monthly rate of Earnings on the date of disability. Total disability benefits including social security and worker's compensation are subject to a cap of 100% of the rate of Earnings.

**Note:** Continuous Service during disability shall be credited for retirement benefit purposes

**Normal Form**

**of Benefit:** Payable until the earlier of death or recovery from disability.

**COLA:** There are currently no automatic COLA's; although the City has adopted ad hoc COLA increases in the past (refer to Section V, Cost of Living Increases).

### **N. Death in the Line of Duty**

**Eligibility:** Any member who dies as a direct result of an occurrence arising in the performance of duties for the City is eligible for survivor benefits.

**Benefit:** 20% of the member's monthly rate of Earnings on the date of death payable to the spouse. If there is no spouse, the benefit is divided equally among any surviving children.

**Normal Form**

**of Benefit:** Benefit is paid until death or remarriage of the spouse or until age 18 for any surviving children.

**COLA:** There are currently no automatic COLA's; although the City has adopted ad hoc COLA increases in the past (refer to Section V, Cost of Living Increases).

### **O. Other Pre-Retirement Death**

**Eligibility:** Any member who is eligible for Early or Normal Retirement who dies while actively working prior to actual retirement is eligible for survivor benefits.

**Benefit:** If the member has a spouse, the benefit is paid as if the member had elected a 50% joint and survivor benefit with the spouse as beneficiary.

If there is no spouse, the benefit is paid as if the member had elected a 10 year certain and life benefit to be split equally between any surviving children.

Normal Form

of Benefit: Spouse's benefit is paid until the latest of death or remarriage; upon death or remarriage the benefit continues until the youngest child reaches the age of 18.

When there is no spouse at the time of death, any surviving children's benefits are paid until the latest of 10 years or the date the youngest child reaches the age of 18.

COLA: There are currently no automatic COLA's; although the City has adopted ad hoc COLA increases in the past (refer to Section V, Cost of Living Increases).

**P. Post Retirement Death**

Benefit determined by the form of benefit elected upon retirement.

**Q. Optional Forms**

Each member entitled to a Retirement benefit may elect, in lieu of the Normal Form of benefit, a 10 Year Certain and Life option, or a 50%, 75% or 100% Joint and Last Survivor option.

**R. Vested Termination**

Eligibility: A participant has earned a non-forfeitable right to Plan benefits after the completion of the requisite years of Continuous Service if accumulated contributions are left in the fund. Members in Tier I are vested after 7 years of service. Members in Tiers II and III are vested after 10 years of service.

Benefit: The participant's accrued Normal Retirement Benefit as of the date of termination.  
Benefit begins at the member's Normal Retirement date.

Normal Form

of Benefit: Single Life Annuity; other options are available.

COLA: There are currently no automatic COLA's; although the City has adopted ad hoc COLA increases in the past (refer to Section V, Cost of Living Increases).

**S. Refunds**

Eligibility: All members terminating employment with less than 7 years of Continuous Service will receive a refund of their own accumulated Member Contributions with interest. Vested members (those with 7 or more years of Continuous Service) may elect a refund in lieu of the vested benefits otherwise due.

Benefit: Refund of the Member's Contributions with interest. The current annual rate of interest is 3.0%.

**T. Member Contributions**

10.0% of Earnings effective 10/1/07.

Employer "pick-up" of Member Contributions was effective 1/13/92.

**U. Employer Contributions**

Any additional amount determined by the actuary needed to fund the plan properly according to State laws.

**V. Cost of Living Increases**

There are currently no automatic COLA's; although the City has adopted ad hoc COLA increases in the past (refer to Section V, Cost of Living Increases), as provided below.

An ad hoc 9.25% increase was granted to retirees and beneficiaries receiving payments as of 10/1/91, with smaller increases applicable to those whose benefits started after 7/1/88.

An ad hoc 3.00% increase was granted to retirees and beneficiaries receiving payments as of 11/25/02.

**W. 13<sup>th</sup> Check**

None.

**X. Deferred Retirement Option Plan**

Eligibility: Plan members in Tier I are eligible for the DROP on the first day of the month coincident with or next following Normal Retirement with at least 20 years of Continuous Service. Plan members in Tier II and III are not eligible for the DROP.

Members who meet eligibility must submit a written election to participate in the DROP.

Benefit: The member's Continuous Service and AME are frozen upon entry into the DROP.

The monthly retirement benefit as described under Normal Retirement is calculated based upon the frozen Continuous Service and AME. The maximum DROP period is 60 months.

Interest

Credited: The member's DROP account is credited or debited at a rate equal to the actual net rate of investment return realized by the Plan.

Form of

Benefit: Upon exit from the DROP, the DROP account is payable as a lump sum payout, installment payments, a direct rollover to an IRA or other qualified plan, or a combination of these payment options.

COLA: There are currently no automatic COLA's; although the City has adopted ad hoc COLA increases in the past (refer to Section V, Cost of Living Increases).

**Y. Other Ancillary Benefits**

There are no ancillary retirement type benefits not required by statutes but which might be deemed a City of Lauderhill General Employees' Retirement System liability if continued beyond the availability of funding by the current funding source.

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 reflects 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). In addition, 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.

**Z. Changes from Previous Valuation**

None.

## STATE REQUIREMENTS

1. A copy of this Report is to be furnished to the Division of Retirement within 60 days of receipt from the actuary, at the following address:

**BUREAU OF LOCAL RETIREMENT  
DIVISION OF RETIREMENT  
P.O. Box 9000  
TALLAHASSEE, FL 32315-9000**

2. Contributions to the System -
  - (a) Employee contributions must be deposited to the fund on at least a monthly basis.
  - (b) City contributions must be deposited to the fund on at least a quarterly basis.
  - (c) Any other revenues collected for this Plan must be deposited within 5 days of receipt by the City.
3. Information for employees -
  - (a) A written plan description is to be distributed to each member every two years.
  - (b) Pertinent actuarial and financial information is to be included as part of the written plan description distributed to members.