

City of Fort Lauderdale General Employees Retirement System

Chapter 112.664, F.S. Compliance Report

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





June 8, 2018

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

Dear Members of the Board:

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

This report was prepared at the request of the Board of Trustees and is intended for use by the 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 report is to provide the required information specified in Ch. 112.664, F.S. as well as supplement this information with additional exhibits. This report should not be relied on for any purpose other than the purpose described above.

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

This report was based upon information furnished by the Plan Administrator and the City concerning plan 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 and the City.

Except as otherwise indicated as required for the disclosures contained herein, this report was prepared using certain assumptions selected by the Board as described in our September 30, 2017 actuarial valuation report. This report is also based on the plan provisions, census data, and financial information as summarized in our September 30, 2017 actuarial valuation report. Please

refer to the September 30, 2017 actuarial valuation report, dated April 11, 2018, and the GASB Statement No. 67 disclosure report, dated March 15, 2018, for summaries and descriptions of this information.

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

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

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

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

Respectfully submitted,

GABRIEL, ROEDER, SMITH AND COMPANY

By Melissa R. Moskowitz
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CH. 112.664, FLORIDA STATUTES

RESULTS

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

Fiscal year ending September 30,

1. Total Pension Liability

	<u>2017</u>
a. Service Cost	\$ 9,607,674
b. Interest	46,437,709
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	(1,676,483)
e. Assumption Changes	14,797,404
f. Benefit Payments	(38,843,113)
g. Contribution Refunds	(90,430)
h. Net Change in Total Pension Liability	<u>30,232,761</u>
i. Total Pension Liability - Beginning	<u>629,028,556</u>
j. Total Pension Liability - Ending	<u><u>\$ 659,261,317</u></u>

2. Plan Fiduciary Net Position

a. Contributions - Employer	\$ 14,650,881
b. Contributions - Non-Employer Contributing Entity	-
c. Contributions - Member	2,978,329
d. Net Investment Income	88,659,514
e. Benefit Payments	(38,843,113)
f. Contribution Refunds	(90,430)
g. Administrative Expense	(445,475)
h. Other	-
i. Net Change in Plan Fiduciary Net Position	<u>66,909,706</u>
j. Plan Fiduciary Net Position - Beginning	<u>587,283,771</u>
k. Plan Fiduciary Net Position - Ending	<u><u>\$ 654,193,477</u></u>

3. Net Pension Liability / (Asset) 5,067,840

Certain Key Assumptions

Valuation Date	09/30/2016
Measurement Date	09/30/2017
Investment Return Assumption	7.50%
Mortality Table	Mortality Rates from 7/1/2016 FRS Valuation

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

Fiscal year ending September 30,

1. Total Pension Liability

	<u>2017</u>
a. Service Cost	\$ 9,607,674
b. Interest	46,437,709
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	(1,676,483)
e. Assumption Changes	14,797,404
f. Benefit Payments	(38,843,113)
g. Contribution Refunds	(90,430)
h. Net Change in Total Pension Liability	<u>30,232,761</u>
i. Total Pension Liability - Beginning	<u>629,028,556</u>
j. Total Pension Liability - Ending	<u>\$ 659,261,317</u>

2. Plan Fiduciary Net Position

a. Contributions - Employer	\$ 14,650,881
b. Contributions - Non-Employer Contributing Entity	-
c. Contributions - Member	2,978,329
d. Net Investment Income	88,659,514
e. Benefit Payments	(38,843,113)
f. Contribution Refunds	(90,430)
g. Administrative Expense	(445,475)
h. Other	-
i. Net Change in Plan Fiduciary Net Position	<u>66,909,706</u>
j. Plan Fiduciary Net Position - Beginning	<u>587,283,771</u>
k. Plan Fiduciary Net Position - Ending	<u>\$ 654,193,477</u>

3. Net Pension Liability / (Asset) 5,067,840

Certain Key Assumptions

Valuation Date	09/30/2016
Measurement Date	09/30/2017
Investment Return Assumption	7.50%
Mortality Table	Mortality Rates from 7/1/2016 FRS Valuation

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

Fiscal year ending September 30,

1. Total Pension Liability

	<u>2017</u>
a. Service Cost	\$ 15,067,513
b. Interest	43,529,293
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	-
e. Assumption Changes	-
f. Benefit Payments	(38,843,113)
g. Contribution Refunds	(90,430)
h. Net Change in Total Pension Liability	<u>19,663,263</u>
i. Total Pension Liability - Beginning	<u>795,840,953</u>
j. Total Pension Liability - Ending	<u>\$ 815,504,216</u>

2. Plan Fiduciary Net Position

a. Contributions - Employer	\$ 14,650,881
b. Contributions - Non-Employer Contributing Entity	-
c. Contributions - Member	2,978,329
d. Net Investment Income	88,659,514
e. Benefit Payments	(38,843,113)
f. Contribution Refunds	(90,430)
g. Administrative Expense	(445,475)
h. Other	-
i. Net Change in Plan Fiduciary Net Position	<u>66,909,706</u>
j. Plan Fiduciary Net Position - Beginning	<u>587,283,771</u>
k. Plan Fiduciary Net Position - Ending	<u>\$ 654,193,477</u>

3. Net Pension Liability / (Asset)

161,310,739

Certain Key Assumptions

Valuation Date	09/30/2016
Measurement Date	09/30/2017
Investment Return Assumption	5.50%
Mortality Table	Mortality Rates from 7/1/2016 FRS Valuation

Schedule of Changes in the Employer's Net Pension Liability
Using Assumptions under 112.664(1)(b), F.S. except 2% higher investment return assumption

Fiscal year ending September 30,

	<u>2017</u>
1. Total Pension Liability	
a. Service Cost	\$ 6,574,207
b. Interest	49,224,685
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	-
e. Assumption Changes	-
f. Benefit Payments	(38,843,113)
g. Contribution Refunds	(90,430)
h. Net Change in Total Pension Liability	<u>16,865,349</u>
i. Total Pension Liability - Beginning	<u>531,047,144</u>
j. Total Pension Liability - Ending	<u>\$ 547,912,493</u>
2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 14,650,881
b. Contributions - Non-Employer Contributing Entity	-
c. Contributions - Member	2,978,329
d. Net Investment Income	88,659,514
e. Benefit Payments	(38,843,113)
f. Contribution Refunds	(90,430)
g. Administrative Expense	(445,475)
h. Other	-
i. Net Change in Plan Fiduciary Net Position	<u>66,909,706</u>
j. Plan Fiduciary Net Position - Beginning	<u>587,283,771</u>
k. Plan Fiduciary Net Position - Ending	<u>\$ 654,193,477</u>
3. Net Pension Liability / (Asset)	(106,280,984)
Certain Key Assumptions	
Valuation Date	09/30/2016
Measurement Date	09/30/2017
Investment Return Assumption	9.50%
Mortality Table	Mortality Rates from 7/1/2016 FRS Valuation

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

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2018	\$ 651,730,425	\$ 46,648,145	\$ 42,700,183	\$ 655,678,387
2019	655,678,387	46,872,005	44,545,838	658,004,554
2020	658,004,554	46,982,488	46,212,124	658,774,918
2021	658,774,918	46,980,025	47,819,444	657,935,499
2022	657,935,499	46,874,301	48,997,991	655,811,809
2023	655,811,809	46,683,547	49,906,127	652,589,229
2024	652,589,229	46,416,541	50,677,342	648,328,428
2025	648,328,428	46,085,937	51,090,992	643,323,373
2026	643,323,373	45,701,981	51,458,061	637,567,293
2027	637,567,293	45,265,002	51,756,163	631,076,132
2028	631,076,132	44,778,731	51,916,292	623,938,571
2029	623,938,571	44,250,798	51,909,625	616,279,744
2030	616,279,744	43,690,052	51,747,280	608,222,516
2031	608,222,516	43,105,798	51,423,477	599,904,837
2032	599,904,837	42,506,462	50,986,369	591,424,930
2033	591,424,930	41,901,830	50,367,964	582,958,796
2034	582,958,796	41,304,052	49,591,871	574,670,977
2035	574,670,977	40,721,834	48,751,840	566,640,971
2036	566,640,971	40,160,924	47,851,562	558,950,333
2037	558,950,333	39,629,834	46,824,070	551,756,097
2038	551,756,097	39,137,630	45,738,398	545,155,329
2039	545,155,329	38,696,408	44,461,785	539,389,952
2040	539,389,952	38,319,119	43,128,041	534,581,030
2041	534,581,030	38,015,307	41,721,325	530,875,012
2042	530,875,012	37,795,306	40,255,271	528,415,047
2043	528,415,047	37,668,669	38,757,972	527,325,744

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

Certain Key Assumptions

Valuation Investment return assumption 7.40%
 Valuation Mortality Table Mortality Rates from 7/1/2016 FRS Valuation (Regular Class)

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

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

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2018	\$ 651,730,425	\$ 46,648,145	\$ 42,700,183	\$ 655,678,387
2019	655,678,387	46,872,005	44,545,838	658,004,554
2020	658,004,554	46,982,488	46,212,124	658,774,918
2021	658,774,918	46,980,025	47,819,444	657,935,499
2022	657,935,499	46,874,301	48,997,991	655,811,809
2023	655,811,809	46,683,547	49,906,127	652,589,229
2024	652,589,229	46,416,541	50,677,342	648,328,428
2025	648,328,428	46,085,937	51,090,992	643,323,373
2026	643,323,373	45,701,981	51,458,061	637,567,293
2027	637,567,293	45,265,002	51,756,163	631,076,132
2028	631,076,132	44,778,731	51,916,292	623,938,571
2029	623,938,571	44,250,798	51,909,625	616,279,744
2030	616,279,744	43,690,052	51,747,280	608,222,516
2031	608,222,516	43,105,798	51,423,477	599,904,837
2032	599,904,837	42,506,462	50,986,369	591,424,930
2033	591,424,930	41,901,830	50,367,964	582,958,796
2034	582,958,796	41,304,052	49,591,871	574,670,977
2035	574,670,977	40,721,834	48,751,840	566,640,971
2036	566,640,971	40,160,924	47,851,562	558,950,333
2037	558,950,333	39,629,834	46,824,070	551,756,097
2038	551,756,097	39,137,630	45,738,398	545,155,329
2039	545,155,329	38,696,408	44,461,785	539,389,952
2040	539,389,952	38,319,119	43,128,041	534,581,030
2041	534,581,030	38,015,307	41,721,325	530,875,012
2042	530,875,012	37,795,306	40,255,271	528,415,047
2043	528,415,047	37,668,669	38,757,972	527,325,744

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

Certain Key Assumptions

Valuation Investment return assumption 7.40%
 Valuation Mortality Table Mortality Rates from 7/1/2016 FRS Valuation (Regular Class)

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

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

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2018	\$ 651,730,425	\$ 34,040,538	\$ 42,700,183	\$ 643,070,780
2019	643,070,780	33,523,084	44,545,838	632,048,026
2020	632,048,026	32,882,866	46,212,124	618,718,768
2021	618,718,768	32,119,688	47,819,444	603,019,012
2022	603,019,012	31,240,081	48,997,991	585,261,102
2023	585,261,102	30,256,634	49,906,127	565,611,609
2024	565,611,609	29,174,739	50,677,342	544,109,006
2025	544,109,006	28,002,430	51,090,992	521,020,444
2026	521,020,444	26,745,736	51,458,061	496,308,119
2027	496,308,119	25,403,222	51,756,163	469,955,178
2028	469,955,178	23,975,840	51,916,292	442,014,726
2029	442,014,726	22,467,235	51,909,625	412,572,336
2030	412,572,336	20,881,730	51,747,280	381,706,786
2031	381,706,786	19,223,733	51,423,477	349,507,042
2032	349,507,042	17,496,748	50,986,369	316,017,421
2033	316,017,421	15,705,006	50,367,964	281,354,463
2034	281,354,463	13,854,160	49,591,871	245,616,752
2035	245,616,752	11,947,005	48,751,840	208,811,917
2036	208,811,917	9,983,851	47,851,562	170,944,206
2037	170,944,206	7,966,737	46,824,070	132,086,873
2038	132,086,873	5,897,754	45,738,398	92,246,229
2039	92,246,229	3,780,828	44,461,785	51,565,272
2040	51,565,272	1,620,068	43,128,041	10,057,299
2041	10,057,299	-	41,721,325	-
2042	-	-	40,255,271	-
2043	-	-	38,757,972	-

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits, **reflecting no contributions from the Employer, Employee or State, contrary to Florida Statutes and Plan provisions:** 23.25

Certain Key Assumptions

Valuation Investment return assumption 5.40%
 Valuation Mortality Table Mortality Rates from 7/1/2016 FRS Valuation (Regular Class)

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

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

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2018	651,730,425	59,255,751	42,700,183	668,285,993
2019	668,285,993	60,725,229	44,545,838	684,465,384
2020	684,465,384	62,167,776	46,212,124	700,421,036
2021	700,421,036	63,592,064	47,819,444	716,193,656
2022	716,193,656	65,019,298	48,997,991	732,214,963
2023	732,214,963	66,482,619	49,906,127	748,791,455
2024	748,791,455	68,004,562	50,677,342	766,118,675
2025	766,118,675	69,613,879	51,090,992	784,641,562
2026	784,641,562	71,337,778	51,458,061	804,521,279
2027	804,521,279	73,192,461	51,756,163	825,957,577
2028	825,957,577	75,199,947	51,916,292	849,241,232
2029	849,241,232	77,388,923	51,909,625	874,720,530
2030	874,720,530	79,791,608	51,747,280	902,764,858
2031	902,764,858	82,442,993	51,423,477	933,784,374
2032	933,784,374	85,379,372	50,986,369	968,177,377
2033	968,177,377	88,641,379	50,367,964	1,006,450,792
2034	1,006,450,792	92,275,557	49,591,871	1,049,134,478
2035	1,049,134,478	96,327,304	48,751,840	1,096,709,942
2036	1,096,709,942	100,841,711	47,851,562	1,149,700,091
2037	1,149,700,091	105,871,077	46,824,070	1,208,747,098
2038	1,208,747,098	111,472,523	45,738,398	1,274,481,223
2039	1,274,481,223	117,711,531	44,461,785	1,347,730,969
2040	1,347,730,969	124,659,693	43,128,041	1,429,262,621
2041	1,429,262,621	132,389,784	41,721,325	1,519,931,080
2042	1,519,931,080	140,981,524	40,255,271	1,620,657,333
2043	1,620,657,333	150,520,165	38,757,972	1,732,419,526

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

Certain Key Assumptions

Valuation Investment return assumption 9.40%
 Valuation Mortality Table Mortality Rates from 7/1/2016 FRS Valuation (Regular Class)

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

ACTUARIALLY DETERMINED CONTRIBUTION

	Plan's Latest Actuarial Valuation	112.664(1)(a), F.S. Assumptions	112.664(1)(b), F.S. Assumptions	112.664(1)(b), F.S. Except 2% Higher Investment Return Assumption
A. Valuation Date	9/30/2017	9/30/2017	9/30/2017	9/30/2017
B. Actuarially Determined Contribution (ADC) to Be Paid During Fiscal Year (FY) Ending	9/30/2019	9/30/2019	9/30/2019	9/30/2019
C. Assumed Dates of Employer Contributions	Biweekly	Biweekly	Biweekly	Biweekly
D. Annual Payment to Amortize Unfunded Actuarial Accrued Liability	\$ 2,462,598	\$ 2,462,598	\$ 13,196,352	\$ -
E. Normal Cost (Including Administrative Expenses)	8,998,501	8,998,501	13,782,023	6,181,293
F. ADC if Paid in Full at the Beginning of FY: D + E	11,461,099	11,461,099	26,978,375	6,181,293
G. ADC Adjusted for Frequency and Timing of Payments	11,886,127	11,886,127	27,703,815	6,471,165
H. Covered Payroll for Contribution Year	44,087,763	44,087,763	44,087,763	44,087,763
I. ADC as % of Expected Covered Payroll in the Contribution Year $G \div H$	26.96 %	26.96 %	62.84 %	14.68 %
J. Member Portion of Contribution	2,636,448	2,636,448	2,636,448	2,636,448
K. Employer ADC in Contribution Year	9,249,679	9,249,679	25,067,367	3,834,717
L. Employer ADC as % of Covered Payroll in Contribution Year: $K \div H$	20.98 %	20.98 %	56.86 %	8.70 %
M. Certain Key Assumptions				
Investment Return Assumption	7.40%	7.40%	5.40%	9.40%
Mortality Table	Mortality Rates from 7/1/2016 FRS Valuation (Regular Class)	Mortality Rates from 7/1/2016 FRS Valuation (Regular Class)	Mortality Rates from 7/1/2016 FRS Valuation (Regular Class)	Mortality Rates from 7/1/2016 FRS Valuation (Regular Class)