

City of Hollywood General Employees' Retirement System

CHAPTER 112.664, F.S. COMPLIANCE REPORT

IN CONNECTION WITH THE OCTOBER 1, 2016 FUNDING ACTUARIAL
VALUATION REPORT AND THE PLAN'S FINANCIAL REPORTING FOR THE
YEAR ENDING SEPTEMBER 30, 2016





October 20, 2017

Board of Trustees
City of Hollywood
General Employees' Retirement System
Hollywood, Florida

Dear Board Members:

Gabriel, Roeder, Smith & Company (GRS) has been engaged by the City of Hollywood General Employees' Retirement System to prepare a disclosure report to satisfy the requirements set forth in Ch. 112.664, F.S. and as further required pursuant to Ch. 60T-1.0035, F.A.C.

This report was prepared at the request of the Board and is intended for use by the Retirement Board and those designated or approved by the Board. This report may be provided to parties other than the System only in its entirety and only with the permission of the Board.

The purpose of the report is to provide the required information specified in Ch. 112.664, F.S. as well as supplement this information with additional exhibits. This report should not be relied on for any purpose other than the purpose described above.

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

This report was based upon information furnished by the Plan Administrator 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 otherwise 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 October 1, 2016 actuarial valuation report and the GASB 67 disclosure letter for the fiscal year ending September 30, 2016. This report is also based on the plan provisions, census data, and financial information as summarized in our October 1, 2016 actuarial valuation report and September 30, 2016 GASB 67 disclosure letter. Please refer to the October 1, 2016 actuarial valuation report, dated July 21, 2017, and GASB 67 letter, dated January 25, 2017 for summaries and descriptions of this information. As directed, the Net Pension Liability calculations do not include the liability load to prefund the Supplemental Pension Distributions assumed to be paid after the fiscal year ending September 30, 2014.

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.


Jeffrey Amrose 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 Retirement Plan as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.


With respect to the reporting standards for defined benefit retirement plans or systems contained in Section 112.664(1) F.S., the actuarial disclosures required under this section were prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my 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 

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Enrolled Actuary No. 17-6599
Senior Consultant & Actuary

By 

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RESULTS

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

Fiscal year ending September 30,	<u>2016</u>
1. Total pension liability	
a. Service Cost	\$ 4,493,709
b. Interest	33,373,524
c. Benefit Changes	665,893
d. Difference between actual & expected experience & Other	1,986,958
e. Assumption Changes	4,147,745
f. Benefit Payments	(38,120,911)
g. Contribution Refunds	(271,849)
h. Net Change in Total Pension Liability	<u>6,275,069</u>
i. Total Pension Liability - Beginning	<u>437,152,336</u>
j. Total Pension Liability - Ending	<u>\$ 443,427,405</u>
2. Plan Fiduciary Net Position	
a. Contributions - Employer and Non-Employer (from City and County)	\$ 9,778,282
b. Contributions - State	-
c. Contributions - Member	3,088,620
d. Net Investment Income	29,224,225
e. Benefit Payments	(38,120,911)
f. Contribution Refunds	(271,849)
g. Administrative Expense	(298,730)
h. Other	-
i. Net Change in Plan Fiduciary Net Position	<u>3,399,637</u>
j. Plan Fiduciary Net Position - Beginning	<u>286,342,639</u>
k. Plan Fiduciary Net Position - Ending	<u>\$ 289,742,276</u>
3. Net Pension Liability / (Asset)	153,685,129
Certain Key Assumptions	
Valuation Date	10/01/2015
Measurement Date	09/30/2016
Investment Return Assumption	7.80%
Mortality Table	RP-2000 projected to 2016 using Scale AA

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

Fiscal year ending September 30,	2016
1. Total pension liability	
a. Service Cost	\$ 4,765,794
b. Interest	33,993,146
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	-
e. Assumption Changes	-
f. Benefit Payments	(38,120,911)
g. Contribution Refunds	(271,849)
h. Net Change in Total Pension Liability	366,180
i. Total Pension Liability - Beginning	450,240,144
j. Total Pension Liability - Ending	\$ 450,606,324
2. Plan Fiduciary Net Position	
a. Contributions - Employer and Non-Employer (from City and County)	\$ 9,778,282
b. Contributions - State	-
c. Contributions - Member	3,088,620
d. Net Investment Income	29,224,225
e. Benefit Payments	(38,120,911)
f. Contribution Refunds	(271,849)
g. Administrative Expense	(298,730)
h. Other	-
i. Net Change in Plan Fiduciary Net Position	3,399,637
j. Plan Fiduciary Net Position - Beginning	286,342,639
k. Plan Fiduciary Net Position - Ending	\$ 289,742,276
3. Net Pension Liability / (Asset)	160,864,048
Certain Key Assumptions	
Valuation Date	10/01/2015
Measurement Date	09/30/2016
Investment Return Assumption	7.80%
Mortality Table	RP-2000 fully generational using Scale AA

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

Fiscal year ending September 30,	2016
1. Total pension liability	
a. Service Cost	\$ 7,228,250
b. Interest	31,468,274
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	-
e. Assumption Changes	-
f. Benefit Payments	(38,120,911)
g. Contribution Refunds	(271,849)
h. Net Change in Total Pension Liability	303,764
i. Total Pension Liability - Beginning	554,524,577
j. Total Pension Liability - Ending	\$ 554,828,341
2. Plan Fiduciary Net Position	
a. Contributions - Employer and Non-Employer (from City and County)	\$ 9,778,282
b. Contributions - State	-
c. Contributions - Member	3,088,620
d. Net Investment Income	29,224,225
e. Benefit Payments	(38,120,911)
f. Contribution Refunds	(271,849)
g. Administrative Expense	(298,730)
h. Other	-
i. Net Change in Plan Fiduciary Net Position	3,399,637
j. Plan Fiduciary Net Position - Beginning	286,342,639
k. Plan Fiduciary Net Position - Ending	\$ 289,742,276
3. Net Pension Liability / (Asset)	265,086,065
Certain Key Assumptions	
Valuation Date	10/01/2015
Measurement Date	09/30/2016
Investment Return Assumption	5.80%
Mortality Table	RP-2000 fully generational using Scale AA

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

Fiscal year ending September 30,	<u>2016</u>
1. Total pension liability	
a. Service Cost	\$ 3,286,264
b. Interest	35,294,306
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	-
e. Assumption Changes	-
f. Benefit Payments	(38,120,911)
g. Contribution Refunds	(271,849)
h. Net Change in Total Pension Liability	<u>187,810</u>
i. Total Pension Liability - Beginning	<u>376,056,100</u>
j. Total Pension Liability - Ending	<u><u>\$ 376,243,910</u></u>
2. Plan Fiduciary Net Position	
a. Contributions - Employer and Non-Employer (from City and County)	\$ 9,778,282
b. Contributions - State	-
c. Contributions - Member	3,088,620
d. Net Investment Income	29,224,225
e. Benefit Payments	(38,120,911)
f. Contribution Refunds	(271,849)
g. Administrative Expense	(298,730)
h. Other	-
i. Net Change in Plan Fiduciary Net Position	<u>3,399,637</u>
j. Plan Fiduciary Net Position - Beginning	<u>286,342,639</u>
k. Plan Fiduciary Net Position - Ending	<u><u>\$ 289,742,276</u></u>
3. Net Pension Liability / (Asset)	86,501,634
Certain Key Assumptions	
Valuation Date	10/01/2015
Measurement Date	09/30/2016
Investment Return Assumption	9.80%
Mortality Table	RP-2000 fully generational using Scale AA

Asset and Benefit Payment Projection
Not Reflecting Any Contributions from the Employer, State or Employee
Using Assumptions from the Latest Actuarial Valuation

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2017	291,170,303	21,244,120	30,545,286	281,869,137
2018	281,869,137	20,486,392	31,624,189	270,731,340
2019	270,731,340	19,589,011	32,657,191	257,663,160
2020	257,663,160	18,535,473	33,885,474	242,313,159
2021	242,313,159	17,316,135	34,856,570	224,772,724
2022	224,772,724	15,934,683	35,657,576	205,049,831
2023	205,049,831	14,375,745	36,703,684	182,721,892
2024	182,721,892	12,613,874	37,810,690	157,525,076
2025	157,525,076	10,639,274	38,705,382	129,458,968
2026	129,458,968	8,441,306	39,663,233	98,237,041
2027	98,237,041	6,008,610	40,406,279	63,839,372
2028	63,839,372	3,339,320	40,943,159	26,235,533
2029	26,235,533	430,455	41,290,424	-
2030	-	-	41,505,232	-
2031	-	-	41,656,009	-
2032	-	-	41,657,883	-
2033	-	-	41,619,288	-
2034	-	-	41,399,279	-
2035	-	-	41,160,669	-
2036	-	-	40,830,013	-
2037	-	-	40,421,653	-
2038	-	-	39,930,618	-
2039	-	-	39,305,956	-
2040	-	-	38,598,430	-
2041	-	-	37,790,309	-
2042	-	-	36,902,312	-

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: 12.58

Certain Key Assumptions

Valuation Investment return assumption 7.70%
 Valuation Mortality Table FRS Mortality Rates from 7/1/16 FRS Valuation

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

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

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2017	291,170,303	21,244,120	30,545,286	281,869,137
2018	281,869,137	20,486,392	31,624,189	270,731,340
2019	270,731,340	19,589,011	32,657,191	257,663,160
2020	257,663,160	18,535,473	33,885,474	242,313,159
2021	242,313,159	17,316,135	34,856,570	224,772,724
2022	224,772,724	15,934,683	35,657,576	205,049,831
2023	205,049,831	14,375,745	36,703,684	182,721,892
2024	182,721,892	12,613,874	37,810,690	157,525,076
2025	157,525,076	10,639,274	38,705,382	129,458,968
2026	129,458,968	8,441,306	39,663,233	98,237,041
2027	98,237,041	6,008,610	40,406,279	63,839,372
2028	63,839,372	3,339,320	40,943,159	26,235,533
2029	26,235,533	430,455	41,290,424	-
2030	-	-	41,505,232	-
2031	-	-	41,656,009	-
2032	-	-	41,657,883	-
2033	-	-	41,619,288	-
2034	-	-	41,399,279	-
2035	-	-	41,160,669	-
2036	-	-	40,830,013	-
2037	-	-	40,421,653	-
2038	-	-	39,930,618	-
2039	-	-	39,305,956	-
2040	-	-	38,598,430	-
2041	-	-	37,790,309	-
2042	-	-	36,902,312	-

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: 12.58

Certain Key Assumptions

Valuation Investment return assumption 7.70%
 Valuation Mortality Table FRS Mortality Rates from 7/1/16 FRS Valuation

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

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

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2017	291,170,303	15,726,167	30,545,286	276,351,184
2018	276,351,184	14,850,728	31,624,189	259,577,723
2019	259,577,723	13,865,200	32,657,191	240,785,732
2020	240,785,732	12,759,051	33,885,474	219,659,309
2021	219,659,309	11,527,168	34,856,570	196,329,907
2022	196,329,907	10,174,564	35,657,576	170,846,895
2023	170,846,895	8,692,218	36,703,684	142,835,429
2024	142,835,429	7,064,015	37,810,690	112,088,754
2025	112,088,754	5,285,956	38,705,382	78,669,328
2026	78,669,328	3,353,750	39,663,233	42,359,845
2027	42,359,845	1,262,932	40,406,279	3,216,498
2028	3,216,498	-	40,943,159	-
2029	-	-	41,290,424	-
2030	-	-	41,505,232	-
2031	-	-	41,656,009	-
2032	-	-	41,657,883	-
2033	-	-	41,619,288	-
2034	-	-	41,399,279	-
2035	-	-	41,160,669	-
2036	-	-	40,830,013	-
2037	-	-	40,421,653	-
2038	-	-	39,930,618	-
2039	-	-	39,305,956	-
2040	-	-	38,598,430	-
2041	-	-	37,790,309	-
2042	-	-	36,902,312	-

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:** 11.00

Certain Key Assumptions

Valuation Investment return assumption 5.70%
 Valuation Mortality Table FRS Mortality Rates from 7/1/16 FRS Valuation

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

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

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2017	291,170,303	26,762,073	30,545,286	287,387,090
2018	287,387,090	26,342,775	31,624,189	282,105,676
2019	282,105,676	25,780,377	32,657,191	275,228,862
2020	275,228,862	25,053,754	33,885,474	266,397,142
2021	266,397,142	24,149,979	34,856,570	255,690,551
2022	255,690,551	23,072,591	35,657,576	243,105,566
2023	243,105,566	21,801,111	36,703,684	228,202,993
2024	228,202,993	20,301,872	37,810,690	210,694,175
2025	210,694,175	18,560,124	38,705,382	190,548,917
2026	190,548,917	16,559,578	39,663,233	167,445,262
2027	167,445,262	14,282,486	40,406,279	141,321,469
2028	141,321,469	11,722,439	40,943,159	112,100,749
2029	112,100,749	8,871,187	41,290,424	79,681,512
2030	79,681,512	5,716,103	41,505,232	43,892,383
2031	43,892,383	2,237,245	41,656,009	4,473,619
2032	4,473,619	-	41,657,883	-
2033	-	-	41,619,288	-
2034	-	-	41,399,279	-
2035	-	-	41,160,669	-
2036	-	-	40,830,013	-
2037	-	-	40,421,653	-
2038	-	-	39,930,618	-
2039	-	-	39,305,956	-
2040	-	-	38,598,430	-
2041	-	-	37,790,309	-
2042	-	-	36,902,312	-

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:** 15.08

Certain Key Assumptions

Valuation Investment return assumption 9.70%
 Valuation Mortality Table FRS Mortality Rates from 7/1/16 FRS Valuation

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

ACTUARIALLY DETERMINED CONTRIBUTION

	Plan's Latest Actuarial Valuation	112.664(1)(a) F.S. Assumptions	112.664(1)(b) F.S. Assumptions	112.664(1)(b) F.S. Except 2% Higher Investment Return Assumption
A. Valuation Date	October 1, 2016	October 1, 2016	October 1, 2016	October 1, 2016
B. Actuarially Determined Contribution (ADC) to Be Paid During Fiscal Year Ending	9/30/2018	9/30/2018	9/30/2018	9/30/2018
C. Assumed Dates of Employer Contributions	Biweekly	Biweekly	Biweekly	Biweekly
D. Annual Payment to Amortize Unfunded Actuarial Liability	\$ 20,276,963	\$ 20,276,963	\$ 25,996,038	\$ 14,643,278
E. Employer Normal Cost	2,704,760	2,704,760	5,594,870	996,222
F. ADC if Paid on Valuation Date: D + E	22,981,723	22,981,723	31,590,908	15,639,500
G. ADC Adjusted for Frequency of Payments	23,867,760	23,867,760	32,500,948	16,392,088
H. ADC Adjusted for Frequency of Payments as % of Covered Payroll	63.11 %	63.11 %	85.94 %	43.34 %
I. Assumed Rate of Increase in Covered Payroll to Contribution Year	3.50 %	3.50 %	3.50 %	3.50 %
J. Covered Payroll for Contribution Year	39,142,136	39,142,136	39,142,136	39,142,136
K. ADC for Contribution Year: H x J	24,702,602	24,702,602	33,638,752	16,964,202
L. Estimated Credit for State Revenue in Contribution Year	0	0	0	0
M. Employer ADC in Contribution Year	24,702,602	24,702,602	33,638,752	16,964,202
N. Employer ADC as % of Covered Payroll in Contribution Year: M ÷ J	63.11 %	63.11 %	85.94 %	43.34 %
O. Expected Member Contributions	3,131,371	3,131,371	3,131,371	3,131,371
P. Total Contribution (including Members) in Contributing Year	27,833,973	27,833,973	36,770,123	20,095,573
Q. Total Contribution as a % of covered payroll in Contribution Year: P ÷ J	71.11 %	71.11 %	93.94 %	51.34 %
R. Certain Key Assumptions				
Investment Return Assumption	7.70%	7.70%	5.70%	9.70%
Mortality Table	FRS Mortality Rates from 7/1/16 FRS Valuation	FRS Mortality Rates from 7/1/16 FRS Valuation	FRS Mortality Rates from 7/1/16 FRS Valuation	FRS Mortality Rates from 7/1/16 FRS Valuation