

City of Hollywood

Employees' Retirement Fund

Chapter 112.664, F.S. Compliance Report

In Connection with the October 1, 2020 Funding Actuarial Valuation Report
And the Plan's Financial Reporting for the Year Ending September 30, 2020





August 30, 2021

Board of Trustees
City of Hollywood Employees' Retirement Fund
Hollywood, Florida

Dear Members of the Board:

Gabriel, Roeder, Smith & Company (GRS) has been engaged by the City of Hollywood (City) Employees' Retirement Fund (Retirement Fund 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 and is intended for use by the Plan and those designated or approved by the Board. This report may be provided to parties other than the Plan 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 and other information through October 1, 2020. 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 approved by the Board as authorized under and prescribed by the Florida Statutes, as described in our October 1, 2020 actuarial valuation report, and the GASB Statement No. 67 disclosure letter for the fiscal year ending September 30, 2020. This report is also based on the plan provisions, census data, and financial information as summarized in our October 1, 2020 actuarial valuation report and the September 30, 2020 GASB Statement No. 67 disclosure letter. Please refer to the October 1, 2020 actuarial valuation report, dated May 21, 2021, and the GASB Statement No. 67 disclosure letter, dated February 24, 2021, 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.

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 prepared using our proprietary valuation model and related software which in our professional judgment has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

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.

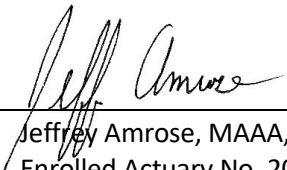
Jeffrey Amrose and Trisha Amrose are members of the American Academy of Actuaries. These actuaries meet the Academy's Qualification Standards to render the actuarial opinions contained herein.

The signing actuaries are independent of the plan sponsor.

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 & COMPANY

By 
Jeffrey Amrose, MAAA, FCA
Enrolled Actuary No. 20-6599
Senior Consultant & Actuary


By 
Trisha Amrose, MAAA, FCA
Enrolled Actuary No. 20-8010
Consultant & Actuary



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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,	<u>2020</u>
1. Total Pension Liability	
a. Service Cost	\$ 6,616,301
b. Interest	42,123,898
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	1,791,933
e. Assumption Changes	-
f. Benefit Payments	(34,242,206)
g. Contribution Refunds	(425,409)
h. Net Change in Total Pension Liability	<u>15,864,517</u>
i. Total Pension Liability - Beginning	<u>572,369,486</u>
j. Total Pension Liability - Ending	<u>\$ 588,234,003</u>
 2. Plan Fiduciary Net Position	
a. Contributions - Employer (City) and Non-Employer (County)	\$ 28,909,031
b. Contributions - State	-
c. Contributions - Member	3,635,402
d. Net Investment Income	25,730,381
e. Benefit Payments	(34,242,206)
f. Contribution Refunds	(425,409)
g. Administrative Expense	(731,022)
h. Other	-
i. Net Change in Plan Fiduciary Net Position	<u>22,876,177</u>
j. Plan Fiduciary Net Position - Beginning	<u>333,386,546</u>
k. Plan Fiduciary Net Position - Ending	<u>\$ 356,262,723</u>
 3. Net Pension Liability / (Asset)	 \$ 231,971,280
 Certain Key Assumptions	
Valuation Date	10/01/2019
Measurement Date	09/30/2020
Investment Return Assumption	7.50%
Mortality Table	Mortality Rates from 7/1/18 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

	2020
a. Service Cost	\$ 6,492,351
b. Interest	41,487,473
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	-
e. Assumption Changes	-
f. Benefit Payments	(34,242,206)
g. Contribution Refunds	(425,409)
h. Net Change in Total Pension Liability	13,312,209
i. Total Pension Liability - Beginning	564,007,767
j. Total Pension Liability - Ending	\$ 577,319,976

2. Plan Fiduciary Net Position

a. Contributions - Employer (City) and Non-Employer (County)	\$ 28,909,031
b. Contributions - State	-
c. Contributions - Member	3,635,402
d. Net Investment Income	25,730,381
e. Benefit Payments	(34,242,206)
f. Contribution Refunds	(425,409)
g. Administrative Expense	(731,022)
h. Other	-
i. Net Change in Plan Fiduciary Net Position	22,876,177
j. Plan Fiduciary Net Position - Beginning	333,386,546
k. Plan Fiduciary Net Position - Ending	\$ 356,262,723

3. Net Pension Liability / (Asset)

\$ 221,057,253

Certain Key Assumptions

Valuation Date	10/01/2019
Measurement Date	09/30/2020
Investment Return Assumption	7.50%
Mortality Table	Mortality Rates from 7/1/19 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,	<u>2020</u>
1. Total Pension Liability	
a. Service Cost	\$ 9,927,272
b. Interest	38,302,807
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	-
e. Assumption Changes	-
f. Benefit Payments	(34,242,206)
g. Contribution Refunds	(425,409)
h. Net Change in Total Pension Liability	<u>13,562,464</u>
i. Total Pension Liability - Beginning	<u>703,821,210</u>
j. Total Pension Liability - Ending	<u><u>\$ 717,383,674</u></u>
 2. Plan Fiduciary Net Position	
a. Contributions - Employer (City) and Non-Employer (County)	\$ 28,909,031
b. Contributions - State	-
c. Contributions - Member	3,635,402
d. Net Investment Income	25,730,381
e. Benefit Payments	(34,242,206)
f. Contribution Refunds	(425,409)
g. Administrative Expense	(731,022)
h. Other	-
i. Net Change in Plan Fiduciary Net Position	<u>22,876,177</u>
j. Plan Fiduciary Net Position - Beginning	<u>333,386,546</u>
k. Plan Fiduciary Net Position - Ending	<u><u>\$ 356,262,723</u></u>
 3. Net Pension Liability / (Asset)	 \$ 361,120,951
 Certain Key Assumptions	
Valuation Date	10/01/2019
Measurement Date	09/30/2020
Investment Return Assumption	5.50%
Mortality Table	Mortality Rates from 7/1/19 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>2020</u>
1. Total Pension Liability	
a. Service Cost	\$ 4,504,700
b. Interest	43,038,401
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	-
e. Assumption Changes	-
f. Benefit Payments	(34,242,206)
g. Contribution Refunds	(425,409)
h. Net Change in Total Pension Liability	<u>12,875,486</u>
i. Total Pension Liability - Beginning	<u>465,864,910</u>
j. Total Pension Liability - Ending	<u><u>\$ 478,740,396</u></u>
2. Plan Fiduciary Net Position	
a. Contributions - Employer (City) and Non-Employer (County)	\$ 28,909,031
b. Contributions - State	-
c. Contributions - Member	3,635,402
d. Net Investment Income	25,730,381
e. Benefit Payments	(34,242,206)
f. Contribution Refunds	(425,409)
g. Administrative Expense	(731,022)
h. Other	-
i. Net Change in Plan Fiduciary Net Position	<u>22,876,177</u>
j. Plan Fiduciary Net Position - Beginning	<u>333,386,546</u>
k. Plan Fiduciary Net Position - Ending	<u><u>\$ 356,262,723</u></u>
3. Net Pension Liability / (Asset)	<u>\$ 122,477,673</u>
Certain Key Assumptions	
Valuation Date	10/01/2019
Measurement Date	09/30/2020
Investment Return Assumption	9.50%
Mortality Table	Mortality Rates from 7/1/19 FRS Valuation

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)*
2021	\$ 363,673,004	\$ 25,143,862	\$ 38,473,081	\$ 350,343,785
2022	350,343,785	24,136,163	39,422,836	335,057,112
2023	335,057,112	22,988,143	40,302,084	317,743,171
2024	317,743,171	21,693,316	41,148,913	298,287,574
2025	298,287,574	20,242,052	41,998,380	276,531,246
2026	276,531,246	18,621,458	42,885,555	252,267,149
2027	252,267,149	16,819,011	43,739,475	225,346,685
2028	225,346,685	14,822,905	44,586,392	195,583,198
2029	195,583,198	12,627,358	45,211,384	162,999,172
2030	162,999,172	10,225,319	45,852,606	127,371,885
2031	127,371,885	7,606,129	46,356,680	88,621,334
2032	88,621,334	4,766,527	46,652,889	46,734,972
2033	46,734,972	1,700,427	46,882,906	1,552,493
2034	1,552,493	-	46,858,110	-
2035	-	-	46,761,629	-
2036	-	-	46,570,194	-
2037	-	-	46,281,588	-
2038	-	-	45,847,447	-
2039	-	-	45,245,770	-
2040	-	-	44,583,871	-
2041	-	-	43,808,311	-
2042	-	-	42,968,007	-
2043	-	-	42,058,809	-
2044	-	-	41,023,939	-
2045	-	-	39,953,075	-
2046	-	-	38,792,547	-

*Net of DROP Accounts and including receivable City contribution as of 9/30/2020

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:** 13.00

Certain Key Assumptions

Investment Return Assumption 7.30%
Mortality Table Mortality Rates from 7/1/19 FRS Valuation

Note: As required in Section 112.664(1)(c) of the Florida Statutes, the projection of the Fund assets does 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)*
2021	\$ 363,673,004	\$ 25,143,862	\$ 38,473,081	\$ 350,343,785
2022	350,343,785	24,136,163	39,422,836	335,057,112
2023	335,057,112	22,988,143	40,302,084	317,743,171
2024	317,743,171	21,693,316	41,148,913	298,287,574
2025	298,287,574	20,242,052	41,998,380	276,531,246
2026	276,531,246	18,621,458	42,885,555	252,267,149
2027	252,267,149	16,819,011	43,739,475	225,346,685
2028	225,346,685	14,822,905	44,586,392	195,583,198
2029	195,583,198	12,627,358	45,211,384	162,999,172
2030	162,999,172	10,225,319	45,852,606	127,371,885
2031	127,371,885	7,606,129	46,356,680	88,621,334
2032	88,621,334	4,766,527	46,652,889	46,734,972
2033	46,734,972	1,700,427	46,882,906	1,552,493
2034	1,552,493	-	46,858,110	-
2035	-	-	46,761,629	-
2036	-	-	46,570,194	-
2037	-	-	46,281,588	-
2038	-	-	45,847,447	-
2039	-	-	45,245,770	-
2040	-	-	44,583,871	-
2041	-	-	43,808,311	-
2042	-	-	42,968,007	-
2043	-	-	42,058,809	-
2044	-	-	41,023,939	-
2045	-	-	39,953,075	-
2046	-	-	38,792,547	-

*Net of DROP Accounts and including receivable City contribution as of 9/30/2020

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:** 13.00

Certain Key Assumptions

Investment Return Assumption 7.30%
Mortality Table Mortality Rates from 7/1/19 FRS Valuation

Note: As required in Section 112.664(1)(c) of the Florida Statutes, the projection of the Fund assets does 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)*
2021	\$ 363,673,004	\$ 18,255,133	\$ 38,473,081	\$ 343,455,056
2022	343,455,056	17,158,413	39,422,836	321,190,633
2023	321,190,633	15,955,098	40,302,084	296,843,647
2024	296,843,647	14,642,267	41,148,913	270,337,001
2025	270,337,001	13,214,904	41,998,380	241,553,525
2026	241,553,525	11,665,870	42,885,555	210,333,840
2027	210,333,840	9,988,597	43,739,475	176,582,962
2028	176,582,962	8,177,358	44,586,392	140,173,928
2029	140,173,928	6,231,117	45,211,384	101,193,661
2030	101,193,661	4,148,170	45,852,606	59,489,225
2031	59,489,225	1,924,477	46,356,680	15,057,022
2032	15,057,022	-	46,652,889	-
2033	-	-	46,882,906	-
2034	-	-	46,858,110	-
2035	-	-	46,761,629	-
2036	-	-	46,570,194	-
2037	-	-	46,281,588	-
2038	-	-	45,847,447	-
2039	-	-	45,245,770	-
2040	-	-	44,583,871	-
2041	-	-	43,808,311	-
2042	-	-	42,968,007	-
2043	-	-	42,058,809	-
2044	-	-	41,023,939	-
2045	-	-	39,953,075	-
2046	-	-	38,792,547	-

*Net of DROP Accounts and including receivable City contribution as of 9/30/2020

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:** 11.25

Certain Key Assumptions

Investment Return Assumption 5.30%
Mortality Table Mortality Rates from 7/1/19 FRS Valuation

Note: As required in Section 112.664(1)(c) of the Florida Statutes, the projection of the Fund assets does 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)*
2021	\$ 363,673,004	\$ 32,032,591	\$ 38,473,081	\$ 357,232,514
2022	357,232,514	31,389,462	39,422,836	349,199,140
2023	349,199,140	30,601,473	40,302,084	339,498,529
2024	339,498,529	29,659,939	41,148,913	328,009,555
2025	328,009,555	28,551,964	41,998,380	314,563,139
2026	314,563,139	27,260,194	42,885,555	298,937,778
2027	298,937,778	25,767,328	43,739,475	280,965,631
2028	280,965,631	24,056,536	44,586,392	260,435,775
2029	260,435,775	22,118,198	45,211,384	237,342,589
2030	237,342,589	19,940,715	45,852,606	211,430,698
2031	211,430,698	17,507,469	46,356,680	182,581,487
2032	182,581,487	14,810,719	46,652,889	150,739,317
2033	150,739,317	11,838,701	46,882,906	115,695,112
2034	115,695,112	8,580,743	46,858,110	77,417,745
2035	77,417,745	5,025,435	46,761,629	35,681,551
2036	35,681,551	1,152,870	46,570,194	-
2037	-	-	46,281,588	-
2038	-	-	45,847,447	-
2039	-	-	45,245,770	-
2040	-	-	44,583,871	-
2041	-	-	43,808,311	-
2042	-	-	42,968,007	-
2043	-	-	42,058,809	-
2044	-	-	41,023,939	-
2045	-	-	39,953,075	-
2046	-	-	38,792,547	-

*Net of DROP Accounts and including receivable City contribution as of 9/30/2020

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:** 15.75

Certain Key Assumptions

Investment Return Assumption 9.30%
 Mortality Table Mortality Rates from 7/1/19 FRS Valuation

Note: As required in Section 112.664(1)(c) of the Florida Statutes, the projection of the Fund assets does 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, 2020	October 1, 2020	October 1, 2020	October 1, 2020
B. Actuarially Determined Contribution (ADC) to Be Paid During Fiscal Year Ending	September 30, 2022	September 30, 2022	September 30, 2022	September 30, 2022
C. Assumed Dates of Employer Contributions	Biweekly	Biweekly	Biweekly	Biweekly
D. Annual Payment to Amortize Unfunded Actuarial Accrued Liability	\$ 23,257,751	\$ 23,257,751	\$ 29,944,556	\$ 16,612,846
E. Employer Normal Cost	3,875,138	3,875,138	7,386,913	1,843,380
F. ADC if Paid on Valuation Date: D + E	27,132,889	27,132,889	37,331,469	18,456,226
G. ADC Adjusted for Frequency of Payments	28,126,468	28,126,468	38,333,259	19,309,310
H. ADC Adjusted for Frequency of Payments as % of Covered Payroll	68.96 %	68.96 %	93.98 %	47.34 %
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	42,217,087	42,217,087	42,217,087	42,217,087
K. ADC for Contribution Year: H x J	29,112,903	29,112,903	39,675,618	19,985,569
L. Estimated Credit for State Revenue in Contribution Year	0	0	0	0
M. Employer ADC in Contribution Year	29,112,903	29,112,903	39,675,618	19,985,569
N. Employer ADC as % of Covered Payroll in Contribution Year: M ÷ J	68.96 %	68.96 %	93.98 %	47.34 %
O. Expected Member Contributions	3,559,355	3,559,355	3,559,355	3,559,355
P. Total Contribution (including Members) in Contribution Year	32,672,258	32,672,258	43,234,973	23,544,924
Q. Total Contribution as % of Covered Payroll in Contribution Year: P ÷ J	77.39 %	77.39 %	102.41 %	55.77 %
R. Certain Key Assumptions	7.30%	7.30%	5.30%	9.30%
Investment Return Assumption				
Mortality Table	Mortality Rates from 7/1/19 FRS Valuation	Mortality Rates from 7/1/19 FRS Valuation	Mortality Rates from 7/1/19 FRS Valuation	Mortality Rates from 7/1/19 FRS Valuation

