

# City of Hollywood

# Employees' Retirement Fund

Chapter 112.664, F.S. Compliance Report

In Connection with the October 1, 2022 Funding Actuarial Valuation Report  
And the Plan's Financial Reporting for the Year Ending September 30, 2022





July 14, 2023

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, 2022. 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, 2022 actuarial valuation report, and the GASB Statement No. 67 disclosure letter for the fiscal year ending September 30, 2022. This report is also based on the plan provisions, census data, and financial information as summarized in our October 1, 2022 actuarial valuation report and the September 30, 2022 GASB Statement No. 67 disclosure letter. Please refer to the October 1, 2022 actuarial valuation report, dated June 9, 2023, and the GASB Statement No. 67 disclosure letter, dated February 16, 2023, 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   
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Senior Consultant & Actuary

By   
\_\_\_\_\_  
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**CH. 112.664, FLORIDA STATUTES**

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**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>2022</u>
<b>1. Total Pension Liability</b>	
a. Service Cost	\$ 6,631,353
b. Interest	42,664,590
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	243,733
e. Assumption Changes	19,015,461
f. Benefit Payments	(46,457,088)
g. Contribution Refunds	(921,883)
<b>h. Net Change in Total Pension Liability</b>	<u>21,176,166</u>
<b>i. Total Pension Liability - Beginning</b>	<u>601,504,574</u>
<b>j. Total Pension Liability - Ending</b>	<u>\$ 622,680,740</u>
 <b>2. Plan Fiduciary Net Position</b>	
a. Contributions - Employer (City) and Non-Employer (County)	\$ 28,424,569
b. Contributions - State	-
c. Contributions - Member	3,507,528
d. Net Investment Income	(40,656,005)
e. Benefit Payments	(46,457,088)
f. Contribution Refunds	(921,883)
g. Administrative Expense	(921,596)
h. Other	-
<b>i. Net Change in Plan Fiduciary Net Position</b>	<u>(57,024,475)</u>
<b>j. Plan Fiduciary Net Position - Beginning</b>	<u>442,686,502</u>
<b>k. Plan Fiduciary Net Position - Ending</b>	<u>\$ 385,662,027</u>
 <b>3. Net Pension Liability / (Asset)</b>	 \$ 237,018,713
 <b>Certain Key Assumptions</b>	
Valuation Date	10/01/2021
Measurement Date	09/30/2022
Investment Return Assumption	7.00%
Mortality Table	Mortality Rates from 7/1/20 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>2022</u>
a. Service Cost	\$ 6,631,353
b. Interest	42,664,590
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	243,733
e. Assumption Changes	19,015,461
f. Benefit Payments	(46,457,088)
g. Contribution Refunds	(921,883)
<b>h. Net Change in Total Pension Liability</b>	<u>21,176,166</u>
<b>i. Total Pension Liability - Beginning</b>	<u>601,504,574</u>
<b>j. Total Pension Liability - Ending</b>	<u>\$ 622,680,740</u>

**2. Plan Fiduciary Net Position**

a. Contributions - Employer (City) and Non-Employer (County)	\$ 28,424,569
b. Contributions - State	-
c. Contributions - Member	3,507,528
d. Net Investment Income	(40,656,005)
e. Benefit Payments	(46,457,088)
f. Contribution Refunds	(921,883)
g. Administrative Expense	(921,596)
h. Other	-
<b>i. Net Change in Plan Fiduciary Net Position</b>	<u>(57,024,475)</u>
<b>j. Plan Fiduciary Net Position - Beginning</b>	<u>442,686,502</u>
<b>k. Plan Fiduciary Net Position - Ending</b>	<u>\$ 385,662,027</u>

**3. Net Pension Liability / (Asset)**

\$ 237,018,713

**Certain Key Assumptions**

Valuation Date	10/01/2021
Measurement Date	09/30/2022
Investment Return Assumption	7.00%
Mortality Table	Mortality Rates from 7/1/20 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**

	<b>2022</b>
a. Service Cost	\$ 10,833,945
b. Interest	38,287,221
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	-
e. Assumption Changes	-
f. Benefit Payments	(46,457,088)
g. Contribution Refunds	(921,883)
<b>h. Net Change in Total Pension Liability</b>	<b>1,742,195</b>
<b>i. Total Pension Liability - Beginning</b>	<b>778,599,967</b>
<b>j. Total Pension Liability - Ending</b>	<b>\$ 780,342,162</b>

**2. Plan Fiduciary Net Position**

a. Contributions - Employer (City) and Non-Employer (County)	\$ 28,424,569
b. Contributions - State	-
c. Contributions - Member	3,507,528
d. Net Investment Income	(40,656,005)
e. Benefit Payments	(46,457,088)
f. Contribution Refunds	(921,883)
g. Administrative Expense	(921,596)
h. Other	-
<b>i. Net Change in Plan Fiduciary Net Position</b>	<b>(57,024,475)</b>
<b>j. Plan Fiduciary Net Position - Beginning</b>	<b>442,686,502</b>
<b>k. Plan Fiduciary Net Position - Ending</b>	<b>\$ 385,662,027</b>

**3. Net Pension Liability / (Asset)**

\$ 394,680,135

**Certain Key Assumptions**

Valuation Date	10/01/2021
Measurement Date	09/30/2022
Investment Return Assumption	5.00%
Mortality Table	Mortality Rates from 7/1/20 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>2022</u>
<b>1. Total Pension Liability</b>	
a. Service Cost	\$ 4,843,575
b. Interest	44,275,700
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	-
e. Assumption Changes	-
f. Benefit Payments	(46,457,088)
g. Contribution Refunds	(921,883)
<b>h. Net Change in Total Pension Liability</b>	<u>1,740,304</u>
<b>i. Total Pension Liability - Beginning</b>	<u>510,798,130</u>
<b>j. Total Pension Liability - Ending</b>	<u><u>\$ 512,538,434</u></u>
<b>2. Plan Fiduciary Net Position</b>	
a. Contributions - Employer (City) and Non-Employer (County)	\$ 28,424,569
b. Contributions - State	-
c. Contributions - Member	3,507,528
d. Net Investment Income	(40,656,005)
e. Benefit Payments	(46,457,088)
f. Contribution Refunds	(921,883)
g. Administrative Expense	(921,596)
h. Other	-
<b>i. Net Change in Plan Fiduciary Net Position</b>	<u>(57,024,475)</u>
<b>j. Plan Fiduciary Net Position - Beginning</b>	<u>442,686,502</u>
<b>k. Plan Fiduciary Net Position - Ending</b>	<u><u>\$ 385,662,027</u></u>
<b>3. Net Pension Liability / (Asset)</b>	\$ 126,876,407
<b>Certain Key Assumptions</b>	
Valuation Date	10/01/2021
Measurement Date	09/30/2022
Investment Return Assumption	9.00%
Mortality Table	Mortality Rates from 7/1/20 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)*
2023	\$ 379,344,092	\$ 25,071,946	\$ 42,346,857	\$ 362,069,181
2024	362,069,181	23,826,783	43,373,125	342,522,839
2025	342,522,839	22,430,482	44,174,775	320,778,546
2026	320,778,546	20,878,512	45,028,185	296,628,873
2027	296,628,873	19,159,158	45,853,233	269,934,798
2028	269,934,798	17,262,607	46,652,253	240,545,152
2029	240,545,152	15,181,693	47,327,656	208,399,189
2030	208,399,189	12,907,472	48,013,457	173,293,204
2031	173,293,204	10,431,454	48,544,861	135,179,797
2032	135,179,797	7,752,621	48,856,147	94,076,271
2033	94,076,271	4,864,857	49,156,630	49,784,498
2034	49,784,498	1,761,561	49,238,692	2,307,367
2035	2,307,367	-	49,229,674	-
2036	-	-	49,114,808	-
2037	-	-	48,883,821	-
2038	-	-	48,521,013	-
2039	-	-	47,993,444	-
2040	-	-	47,381,666	-
2041	-	-	46,667,993	-
2042	-	-	45,822,554	-
2043	-	-	44,927,954	-
2044	-	-	43,957,001	-
2045	-	-	42,891,930	-
2046	-	-	41,742,421	-
2047	-	-	40,515,612	-
2048	-	-	39,144,780	-

\*Net of DROP Accounts and Supplemental Pension Distribution (if any)

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:** 12.00

**Certain Key Assumptions**

Investment Return Assumption 7.00%  
Mortality Table Mortality Rates from 7/1/21 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)*
2023	\$ 379,344,092	\$ 25,071,946	\$ 42,346,857	\$ 362,069,181
2024	362,069,181	23,826,783	43,373,125	342,522,839
2025	342,522,839	22,430,482	44,174,775	320,778,546
2026	320,778,546	20,878,512	45,028,185	296,628,873
2027	296,628,873	19,159,158	45,853,233	269,934,798
2028	269,934,798	17,262,607	46,652,253	240,545,152
2029	240,545,152	15,181,693	47,327,656	208,399,189
2030	208,399,189	12,907,472	48,013,457	173,293,204
2031	173,293,204	10,431,454	48,544,861	135,179,797
2032	135,179,797	7,752,621	48,856,147	94,076,271
2033	94,076,271	4,864,857	49,156,630	49,784,498
2034	49,784,498	1,761,561	49,238,692	2,307,367
2035	2,307,367	-	49,229,674	-
2036	-	-	49,114,808	-
2037	-	-	48,883,821	-
2038	-	-	48,521,013	-
2039	-	-	47,993,444	-
2040	-	-	47,381,666	-
2041	-	-	46,667,993	-
2042	-	-	45,822,554	-
2043	-	-	44,927,954	-
2044	-	-	43,957,001	-
2045	-	-	42,891,930	-
2046	-	-	41,742,421	-
2047	-	-	40,515,612	-
2048	-	-	39,144,780	-

*\*Net of DROP Accounts and Supplemental Pension Distribution (if any)*

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:** 12.00

**Certain Key Assumptions**

Investment Return Assumption 7.00%  
Mortality Table Mortality Rates from 7/1/21 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)*
2023	\$ 379,344,092	\$ 17,908,533	\$ 42,346,857	\$ 354,905,768
2024	354,905,768	16,660,960	43,373,125	328,193,603
2025	328,193,603	15,305,311	44,174,775	299,324,139
2026	299,324,139	13,840,502	45,028,185	268,136,456
2027	268,136,456	12,260,492	45,853,233	234,543,715
2028	234,543,715	10,560,879	46,652,253	198,452,341
2029	198,452,341	8,739,426	47,327,656	159,864,111
2030	159,864,111	6,792,869	48,013,457	118,643,523
2031	118,643,523	4,718,555	48,544,861	74,817,217
2032	74,817,217	2,519,457	48,856,147	28,480,527
2033	28,480,527	195,111	49,156,630	-
2034	-	-	49,238,692	-
2035	-	-	49,229,674	-
2036	-	-	49,114,808	-
2037	-	-	48,883,821	-
2038	-	-	48,521,013	-
2039	-	-	47,993,444	-
2040	-	-	47,381,666	-
2041	-	-	46,667,993	-
2042	-	-	45,822,554	-
2043	-	-	44,927,954	-
2044	-	-	43,957,001	-
2045	-	-	42,891,930	-
2046	-	-	41,742,421	-
2047	-	-	40,515,612	-
2048	-	-	39,144,780	-

*\*Net of DROP Accounts and Supplemental Pension Distribution (if any)*

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:** 10.50

**Certain Key Assumptions**

Investment Return Assumption 5.00%  
Mortality Table Mortality Rates from 7/1/21 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)*
2023	\$ 379,344,092	\$ 32,235,360	\$ 42,346,857	\$ 369,232,595
2024	369,232,595	31,279,143	43,373,125	357,138,613
2025	357,138,613	30,154,610	44,174,775	343,118,448
2026	343,118,448	28,854,392	45,028,185	326,944,655
2027	326,944,655	27,361,623	45,853,233	308,453,045
2028	308,453,045	25,661,423	46,652,253	287,462,215
2029	287,462,215	23,741,855	47,327,656	263,876,414
2030	263,876,414	21,588,272	48,013,457	237,451,229
2031	237,451,229	19,186,092	48,544,861	208,092,460
2032	208,092,460	16,529,795	48,856,147	175,766,108
2033	175,766,108	13,606,901	49,156,630	140,216,379
2034	140,216,379	10,403,733	49,238,692	101,381,420
2035	101,381,420	6,908,992	49,229,674	59,060,738
2036	59,060,738	3,105,300	49,114,808	13,051,230
2037	13,051,230	-	48,883,821	-
2038	-	-	48,521,013	-
2039	-	-	47,993,444	-
2040	-	-	47,381,666	-
2041	-	-	46,667,993	-
2042	-	-	45,822,554	-
2043	-	-	44,927,954	-
2044	-	-	43,957,001	-
2045	-	-	42,891,930	-
2046	-	-	41,742,421	-
2047	-	-	40,515,612	-
2048	-	-	39,144,780	-

*\*Net of DROP Accounts and Supplemental Pension Distribution (if any)*

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:**

14.25

**Certain Key Assumptions**

Investment Return Assumption

9.00%

Mortality Table

Mortality Rates from 7/1/21 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. Investment Return Assumption
A. Valuation Date	October 1, 2022	October 1, 2022	October 1, 2022	October 1, 2022
B. Actuarially Determined Contribution (ADC) to Be Paid During Fiscal Year Ending	September 30, 2024	September 30, 2024	September 30, 2024	September 30, 2024
C. Assumed Dates of Employer Contributions	Biweekly	Biweekly	Biweekly	Biweekly
D. Annual Payment to Amortize Unfunded Actuarial Accrued Liability	\$ 21,317,615	\$ 21,317,615	\$ 26,236,658	\$ 16,165,884
E. Employer Normal Cost	4,294,202	4,294,202	7,901,923	2,199,650
F. ADC if Paid on Valuation Date: D + E	25,611,817	25,611,817	34,138,581	18,365,534
G. ADC Adjusted for Frequency of Payments	26,512,405	26,512,405	35,004,062	19,188,181
H. ADC Adjusted for Frequency of Payments as % of Covered Payroll	64.81 %	64.81 %	85.57 %	46.91 %
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	42,338,440	42,338,440	42,338,440	42,338,440
K. ADC for Contribution Year: H x J	27,439,543	27,439,543	36,229,003	19,860,962
L. Estimated Credit for State Revenue in Contribution Year	0	0	0	0
M. Employer ADC in Contribution Year	27,439,543	27,439,543	36,229,003	19,860,962
N. Employer ADC as % of Covered Payroll in Contribution Year: M ÷ J	64.81 %	64.81 %	85.57 %	46.91 %
O. Expected Member Contributions	3,526,161	3,526,161	3,526,161	3,526,161
P. Total Contribution (including Members) in Contribution Year	30,965,704	30,965,704	39,755,164	23,387,123
Q. Total Contribution as % of Covered Payroll in Contribution Year: P ÷ J	73.14 %	73.14 %	93.90 %	55.24 %
R. Certain Key Assumptions Investment Return Assumption	7.00%	7.00%	5.00%	9.00%
Mortality Table	Mortality Rates from 7/1/21 FRS Valuation			

