



December 7, 2016

City of Wilton Manors Pension Plan for General Employees and Police, Pension Board  
c/o Ms. Judy Hoekstra  
City of Wilton Manors  
2020 Wilton Drive  
Wilton Manors, FL 33305

**Re: City of Wilton Manors Pension Plan for General Employees & Police Officers  
GASB No. 68 Disclosure Information for Reporting Year Ending September 30, 2016**

Dear Board Members:

As requested, we have prepared the actuarial disclosure information required under Governmental Accounting Standards Board (GASB) Statement Number 68 for the City of Wilton Manors Pension Plan for General Employees & Police Officers for use in the preparation of the City's GAAP-basis employer financial statement for the reporting year ending September 30, 2016.

GASB Statement No. 68 establishes the accounting and financial reporting standards for state and local government employers who provide their employees (including former employees) pension benefits through a trust. These calculations have been made on a basis that is consistent with our understanding of this accounting standard. Enclosed are the following exhibits:

- Executive Summary
- Schedule of Changes in Net Pension Liability and Related Ratios for Measurement Year
- Notes to Net Pension Liability
- Pension Expense Under GASB No. 68
- Statement of Outflows and Inflows Arising from Current Reporting Period
- Statement of Outflows and Inflows Arising from Current and Prior Reporting Periods
- Summary of Remaining Deferred Outflows and Inflows of Resources
- Schedule of Contributions
- Notes to Schedule of Contributions
- Sensitivity of Net Pension Liability to the Single Discount Rate Assumption

Please note that we have used the same payroll as was used for the GASB No. 67 exhibits for the fiscal year ending September 30, 2015. The definition of Covered Payroll under GASB No. 67 and 68 has recently been changed to be pensionable earnings for members of the Plan. Please update the amounts on pages 4, 5 and 11 if necessary to be based on the actual pensionable payroll for members covered in the Plan for the fiscal year.

The actuarial valuation of the liabilities was determined as of the beginning of the year, October 1, 2014 (based on the actuarial valuation results as reported in the October 1, 2014 actuarial valuation report dated June 1, 2015) and rolled forward to the September 30, 2015 measurement date. These liabilities are used for GASB Statement No. 68 reporting for the reporting period ending September 30, 2016. Using a measurement date of September 30, 2015 allows for timely reporting at the end of the year. If significant changes occur during the year, such as benefit changes or changes in assumptions or methods, these should be noted in the footnotes.

## **Required Disclosures**

This information is intended to assist in preparation of the financial statements of the Plan. Financial statements are the responsibility of management, subject to the auditor's review. Please let us know if the auditor recommends any changes.

Our calculation of the liability associated with the benefits described in this report was performed for the purpose of satisfying the requirements of GASB Statement No. 68. These calculations have been made on a basis that is consistent with our understanding of this Statement.

The Net Pension Liability is not an appropriate measure for measuring the sufficiency of plan assets to cover the estimated cost of settling the employer's benefit obligation. The Net Pension Liability is not an appropriate measure for assessing the need for or amount of future employer contributions. A calculation of the plan's liability for purposes other than satisfying the requirements of GASB Statement No. 68 may produce significantly different results. This report may be provided to parties other than the City or Board only in its entirety and only with the permission of the City or Board.

This report is based upon information, furnished to us by the Plan Administrator, concerning Plan benefits, active members, deferred vested members, retirees and beneficiaries, and financial data. This information was checked for internal consistency, but it was not otherwise audited. We are not responsible for the accuracy or completeness of the information provided by the Plan Administrator.

This report complements the actuarial valuation report that was provided to the Board and should be considered in conjunction with that report. Please see the actuarial valuation report as of October 1, 2014 dated June 1, 2015 and the GASB No. 67 report dated March 23, 2016 for additional discussion of the nature of actuarial calculations and information related to participant data, economic and demographic assumptions, and benefit provisions.

The findings in this report are based on data through September 30, 2014 and financial information through September 30, 2015. 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.

To the best of our knowledge, the information contained with this report is accurate and fairly represents the actuarial position of the Plan. All calculations have been made in conformity with generally accepted actuarial principles and practices as well as with the Actuarial Standards of Practice issued by the Actuarial Standards Board.

Theora P. Braccialarghe and Melissa R. Moskovitz are members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

The signing actuaries are independent of the Plan sponsor.

This actuarial valuation and/or cost determination 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 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.

Respectfully submitted,

GABRIEL, ROEDER, SMITH & COMPANY

By Theora Braccialarghe

Theora P. Braccialarghe, FSA, MAAA, FCA  
Enrolled Actuary No. 14-02826

By Melissa R. Moskowitz

Melissa R. Moskowitz, MAAA, FCA  
Enrolled Actuary No. 14-06467

Enclosures

**EXECUTIVE SUMMARY**  
**GASB Statement No. 68**

Actuarial Valuation Date	October 1, 2014
Measurement Date of the Net Pension Liability	September 30, 2015
Employer's Fiscal Year Ending Date (Reporting Date)	September 30, 2016

**Membership as of Actuarial Valuation Date**

Number of	
- Retirees and Beneficiaries	73
- Inactive, Nonretired Members	1
- Active Members	10
- Total	<u>84</u>
Covered Payroll	\$ 974,220

**Net Pension Liability**

Total Pension Liability	\$ 37,934,752
Plan Fiduciary Net Position	<u>23,065,544</u>
Net Pension Liability	\$ 14,869,208
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	60.80 %
Net Pension Liability as a Percentage of Covered Payroll	1,526.27 %

**Development of the Single Discount Rate**

Single Discount Rate	7.00 %
Long-Term Expected Rate of Investment Return	7.00 %
Long-Term Municipal Bond Rate*	3.71 %
Last year ending September 30 in the 2016 to 2115 projection period for which projected benefit payments are fully funded	2115

<b>Total Pension Expense</b>	<b>\$ 3,917,227</b>
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**Deferred Outflows and Deferred Inflows of Resources by Source to be recognized in Future Pension Expenses**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	<u>2,597,147</u>	<u>639,262</u>
<b>Total</b>	<b><u>\$ 2,597,147</u></b>	<b><u>\$ 639,262</u></b>

*\*Source: "20-Bond GO Index" is the Bond Buyer Index, general obligation, 20 years to maturity, mixed quality. In describing this index, the Bond Buyer notes that the bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA. The rate shown is as of September 24, 2015, the most recent date available on or before the measurement date.*

**SCHEDULE OF CHANGES IN THE EMPLOYER'S  
NET PENSION LIABILITY AND RELATED RATIOS  
FOR REPORTING YEAR ENDED SEPTEMBER 30, 2016  
GASB Statement No. 68**

<b>Measurement Year Ended September 30,</b>	<b>2015</b>	<b>2014</b>
<b>A. Total Pension Liability</b>		
1. Service Cost	\$ 129,615	\$ 112,087
2. Interest on the Total Pension Liability	2,571,868	2,578,844
3. Changes of Benefit Terms	-	-
4. Difference Between Expected and Actual Experience of the Total Pension Liability	-	115,752
5. Changes of Assumptions	2,522,504	-
6. Benefit Payments	(2,756,178)	(3,224,482)
7. Refunds	-	-
8. Other (Change in State Contribution Reserve)	-	-
9. Net Change in Total Pension Liability	<u>\$ 2,467,809</u>	<u>\$ (417,799)</u>
10. Total Pension Liability – Beginning	35,466,943	35,884,742
11. Total Pension Liability – Ending	<u><u>\$ 37,934,752</u></u>	<u><u>\$ 35,466,943</u></u>
<b>B. Plan Fiduciary Net Position</b>		
1. Contributions – Employer (from City)	\$ 1,676,869	\$ 1,645,738
2. Contributions – Employer (from State)	-	-
3. Contributions – Non-Employer Contributing Entity	-	-
4. Contributions – Employee (Including Buyback Contributions)	64,249	59,289
5. Net Investment Income	(1,489,322)	2,836,305
6. Benefit Payments	(2,756,178)	(3,224,482)
7. Refunds	-	-
8. Pension Plan Administrative Expense	(88,375)	(81,815)
9. Other	9,974	2,154
10. Net Change in Plan Fiduciary Net Position	<u>\$ (2,582,783)</u>	<u>\$ 1,237,189</u>
11. Plan Fiduciary Net Position – Beginning	25,648,327	24,411,138
12. Plan Fiduciary Net Position – Ending	<u><u>\$ 23,065,544</u></u>	<u><u>\$ 25,648,327</u></u>
<b>C. Net Pension Liability</b>	<u><u>\$ 14,869,208</u></u>	<u><u>\$ 9,818,616</u></u>
<b>D. Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>60.80%</b>	<b>72.32%</b>
<b>E. Covered Payroll</b>	<b>\$ 974,220</b>	<b>\$ 937,125</b>
<b>F. Net Pension Liability as a Percentage of Covered Payroll</b>	<b>1526.27%</b>	<b>1047.74%</b>

**NOTES TO NET PENSION LIABILITY**  
**GASB Statement No. 68**

Valuation Date: October 1, 2014  
Measurement Date: September 30, 2015

**Methods and Assumptions Used to Determine Net Pension Liability:**

Actuarial Cost Method	Entry Age Normal
Salary Increases	5.50%
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 males and females with a one-year age setforward, plus an additional five-year age setforward for impaired mortality, and with mortality improvement projected to all future years after 2000 using Scale AA.

**Other Information:**

Notes See Discussion of Valuation Results in the October 1, 2014 Actuarial Valuation Report dated June 1, 2015

**PENSION EXPENSE**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2016**  
**(BASED ON MEASUREMENT PERIOD ENDING SEPTEMBER 30, 2015)**  
**GASB Statement No. 68**

**Pension Expense**

1. Service Cost	\$ 129,615
2. Interest on the Total Pension Liability	2,571,868
3. Current-Period Benefit Changes	-
4. Employee Contributions (made negative for addition here)	(64,249)
5. Projected Earnings on Plan Investments (made negative for addition here)	(1,757,112)
6. Pension Plan Administrative Expense	88,375
7. Other Changes in Plan Fiduciary Net Position	(9,974)
8. Other Changes in Total Pension Liability (Change in State Contribution Reserve)	-
9. Recognition of Outflow (Inflow) of Resources due to Liabilities	2,522,504
10. Recognition of Outflow (Inflow) of Resources due to Assets	436,200
<b>11. Total Pension Expense</b>	<b>\$ 3,917,227</b>

**STATEMENT OF OUTFLOWS AND INFLOWS  
ARISING FROM CURRENT REPORTING PERIOD  
EMPLOYER FISCAL YEAR ENDED SEPTEMBER 30, 2016  
(BASED ON MEASUREMENT PERIOD ENDING SEPTEMBER 30, 2015)  
GASB Statement No. 68**

**A. Outflows (Inflows) of Resources due to Liabilities**

1. Difference between expected and actual experience of the Total Pension Liability due to (gains) or losses	\$	-
2. Assumption Changes (gains) or losses	\$	2,522,504
3. Recognition period for Liabilities: Average of the expected remaining service lives of all employees {in years}		1.0
4. Outflow (Inflow) of Resources to be recognized in the current pension expense for the difference between expected and actual experience of the Total Pension Liability	\$	-
5. Outflow (Inflow) of Resources to be recognized in the current pension expense for assumption changes	\$	2,522,504
6. Outflow (Inflow) of Resources to be recognized in the current pension expense due to Liabilities	\$	2,522,504
7. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses for the difference between expected and actual experience of the Total Pension Liability	\$	-
8. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses for assumption changes	\$	-
9. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses due to Liabilities	\$	-

**B. Outflows (Inflows) of Resources due to Assets**

1. Net difference between projected and actual earnings on pension plan investments due to (gains) or losses	\$	3,246,434
2. Recognition period for Assets {in years}		5.0
3. Outflow (Inflow) of Resources to be recognized in the current pension expense due to Assets	\$	649,287
4. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses due to Assets	\$	2,597,147

**C. Outflow of Resources due to Employer Contribution**

1. Deferred Outflow of Resources due to Employer pension contribution made subsequent to 9/30/2015 but before 9/30/2016	TBD
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**STATEMENT OF OUTFLOWS AND INFLOWS  
ARISING FROM CURRENT AND PRIOR REPORTING PERIODS  
EMPLOYER FISCAL YEAR ENDED SEPTEMBER 30, 2016  
(BASED ON MEASUREMENT PERIOD ENDING SEPTEMBER 30, 2015)  
GASB Statement No. 68**

**A. Outflows and Inflows of Resources due to Liabilities and Assets to be Recognized in Current Pension Expense**

	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
1. Due to Liabilities	\$ 2,522,504	\$ -	\$ 2,522,504
2. Due to Assets	649,287	213,087	436,200
<b>3. Total</b>	<b>\$ 3,171,791</b>	<b>\$ 213,087</b>	<b>\$ 2,958,704</b>

**B. Outflows and Inflows of Resources by Source to be Recognized in Current Pension Expense**

	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
1. Differences between expected and actual experience	\$ -	\$ -	\$ -
2. Assumption Changes	2,522,504	-	2,522,504
3. Net Difference between projected and actual earnings on pension plan investments	649,287	213,087	436,200
<b>4. Total</b>	<b>\$ 3,171,791</b>	<b>\$ 213,087</b>	<b>\$ 2,958,704</b>

**C. Deferred Outflows and Deferred Inflows of Resources by Source to be Recognized in Future Pension Expenses**

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
1. Differences between expected and actual experience	\$ -	\$ -	\$ -
2. Assumption Changes	-	-	-
3. Net Difference between projected and actual earnings on pension plan investments	2,597,147	639,262	1,957,885
<b>4. Total</b>	<b>\$ 2,597,147</b>	<b>\$ 639,262</b>	<b>\$ 1,957,885</b>

**D. Deferred Outflows and Deferred Inflows of Resources by Year to be Recognized in Future Pension Expenses**

Year Ending September 30	Net Deferred Outflows of Resources
2017	\$ 436,200
2018	436,200
2019	436,199
2020	649,286
2021	-
Thereafter	-
<b>Total</b>	<b>\$ 1,957,885</b>

**SUMMARY OF REMAINING DEFERRED  
OUTFLOWS AND INFLOWS OF RESOURCES  
GASB Statement No. 68**

<u>Date Established</u>	<u>Source</u>	<u>Recognition Period (years)</u>	<u>Original Amount</u>	<u>Years Remaining</u>	<u>Remaining Amount</u>	<u>Amount Recognized in Current Expense</u>
<b><u>Deferred Outflows of Resources</u></b>						
9/30/2016	Investment Exp. Loss	5.0	\$ 3,246,434	5.0	\$ 3,246,434	\$ 649,287
9/30/2016	Assumption Changes	1.0	<u>2,522,504</u>	1.0	<u>2,522,504</u>	<u>2,522,504</u>
		SUBTOTAL:	5,768,938		5,768,938	3,171,791
<b><u>Deferred Inflows of Resources</u></b>						
9/30/2015	Investment Exp. Gain	5.0	<u>(1,065,436)</u>	4.0	<u>(852,349)</u>	<u>(213,087)</u>
		SUBTOTAL:	(1,065,436)		(852,349)	(213,087)
		<b>GRAND TOTAL:</b>	<b>\$ 4,703,502</b>		<b>\$ 4,916,589</b>	<b>\$ 2,958,704</b>

**SCHEDULE OF CONTRIBUTIONS**  
**GASB Statement No. 68**

<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>
2014	\$ 1,645,738	\$ 1,645,738	\$ -	\$ 937,125	175.62 %
2015	1,674,023	1,676,869	(2,846)	974,220	172.12 %
2016	TBD	TBD	TBD	TBD	TBD

**NOTES TO SCHEDULE OF CONTRIBUTIONS**  
**GASB Statement No. 68**

Valuation Date: October 1, 2015  
Notes Actuarially determined contributions are calculated as of 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	15 years
Asset Valuation Method	5-year smoothed market
Salary Increases	5.50%
Investment Rate of Return	7.00%
Annual cost-of-living adjustment for eligible retirees	3.00%
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 males and females with a five-year age setforward for impaired mortality, and with mortality improvement projected to all future years after 2000 using Scale AA.

**Other Information:**

Notes See Discussion of Valuation Results in the October 1, 2015 Actuarial Valuation Report dated June 2, 2016

**SENSITIVITY OF NET PENSION LIABILITY  
TO THE SINGLE DISCOUNT RATE ASSUMPTION  
GASB Statement No. 68**

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**

	<b>Current Single Discount Rate Assumption</b>	
<b>1% Decrease 6.00%</b>	<b>7.00%</b>	<b>1% Increase 8.00%</b>
\$ 19,213,599	\$ 14,869,208	\$ 11,267,170