

September 28, 2018

City of Wilton Manors Pension Plan for General Employees and Police, Pension Board  
c/o Ms. Judith Hoekstra  
City of Wilton Manors  
524 NE 21st Court  
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, 2018**

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, 2018.

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

The actuarial valuation of the liabilities was determined as of the beginning of the year, October 1, 2016 (based on the actuarial valuation results as reported in the October 1, 2016 actuarial valuation report dated June 6, 2017) and rolled forward to the September 30, 2017 measurement date. These liabilities are used for GASB Statement No. 68 reporting for the reporting period ending September 30, 2018. Using a measurement date of September 30, 2017 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 actuarial calculations for this report were prepared for the purpose of complying with 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. GRS is not responsible for unauthorized use of this report.

This report is based upon information, furnished to us by the Plan Administrator and City, 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 audited. We are not responsible for the accuracy or completeness of the information provided by the Plan Administrator and City.

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, 2016 dated June 6, 2017 and the GASB No. 67 report dated February 20, 2018 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, 2016 and financial 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.

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.



The signing actuaries are independent of the plan sponsor.

Theora Braccialarghe and Melissa Moskowitz 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.

Respectfully submitted,

GABRIEL, ROEDER, SMITH & COMPANY

By Theora Braccialarghe

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Senior Consultant & Actuary

Melissa R. Moskowitz

Melissa R. Moskowitz, EA, MAAA  
Consultant & Actuary

Enclosures



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

Actuarial Valuation Date	October 1, 2016
Measurement Date of the Net Pension Liability	September 30, 2017
Employer's Fiscal Year Ending Date (Reporting Date)	September 30, 2018

**Membership as of Actuarial Valuation Date**

Number of	
- Retirees and Beneficiaries	73
- Inactive, Nonretired Members	1
- Active Members	10
- Total	84
Covered Payroll	\$ 604,422

**Net Pension Liability**

Total Pension Liability	\$ 38,259,387
Plan Fiduciary Net Position	25,162,888
Net Pension Liability	\$ 13,096,499
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	65.77 %
Net Pension Liability as a Percentage of Covered Payroll	2,166.78 %

**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*	3.50 %
Last year ending September 30 in the 2018 to 2117 projection period for which projected benefit payments are fully funded	2117

**Total Pension Expense** \$ 1,968,160

**Deferred Outflows and Deferred Inflows of Resources by  
Source to be recognized in Future Pension Expenses**

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Difference between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	1,298,573	947,993
<b>Total</b>	<b>\$ 1,298,573</b>	<b>\$ 947,993</b>

*\*Source: "Fidelity General Obligation AA" rate as of September 29, 2017. This is the rate for Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity's "20-Year Municipal GO AA Index." In describing this index, Fidelity notes that the municipal curves are constructed using option adjusted analytics of a diverse population of over 10,000 tax exempt securities.*

**SCHEDULE OF CHANGES IN THE EMPLOYER'S  
NET PENSION LIABILITY AND RELATED RATIOS  
FOR REPORTING YEAR ENDED SEPTEMBER 30, 2018  
GASB Statement No. 68**

Measurement Year Ended September 30,	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>A. Total Pension Liability</b>			
1. Service Cost	\$ 141,672	\$ 141,736	\$ 129,615
2. Interest on the Total Pension Liability	2,547,674	2,545,418	2,571,868
3. Changes of Benefit Terms	-	-	-
4. Difference Between Expected and Actual Experience of the Total Pension Liability	68,713	(360,289)	-
5. Changes of Assumptions	549,447	-	2,522,504
6. Benefit Payments	(2,603,571)	(2,706,165)	(2,756,178)
7. Refunds	-	-	-
8. Other (Change in State Contribution Reserve)	-	-	-
9. Net Change in Total Pension Liability	<u>\$ 703,935</u>	<u>\$ (379,300)</u>	<u>\$ 2,467,809</u>
10. Total Pension Liability – Beginning	37,555,452	37,934,752	35,466,943
11. Total Pension Liability – Ending	<u><u>\$38,259,387</u></u>	<u><u>\$37,555,452</u></u>	<u><u>\$37,934,752</u></u>
<b>B. Plan Fiduciary Net Position</b>			
1. Contributions – City	\$ 1,685,242	\$ 1,638,492	\$ 1,676,869
2. Contributions – State	-	-	-
3. Contributions – Other ( Non-Employer Contributing Entity)	-	-	-
4. Contributions – Employee (Including Buyback Contributions)	64,490	63,650	64,249
5. Net Investment Income	2,437,040	1,717,354	(1,489,322)
6. Benefit Payments	(2,603,571)	(2,706,165)	(2,756,178)
7. Refunds	-	-	-
8. Pension Plan Administrative Expense	(104,068)	(95,119)	(88,375)
9. Other	-	(1)	9,974
10. Net Change in Plan Fiduciary Net Position	<u>\$ 1,479,133</u>	<u>\$ 618,211</u>	<u>\$ (2,582,783)</u>
11. Plan Fiduciary Net Position – Beginning	23,683,755	23,065,544	25,648,327
12. Plan Fiduciary Net Position – Ending	<u><u>\$25,162,888</u></u>	<u><u>\$23,683,755</u></u>	<u><u>\$23,065,544</u></u>
<b>C. Net Pension Liability</b>	<u><u>\$13,096,499</u></u>	<u><u>\$13,871,697</u></u>	<u><u>\$14,869,208</u></u>
<b>D. Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>65.77%</b>	<b>63.06%</b>	<b>60.80%</b>
<b>E. Covered Payroll</b>	<b>\$ 604,422</b>	<b>\$ 595,805</b>	<b>\$ 600,852</b>
<b>F. Net Pension Liability as a Percentage of Covered Payroll</b>	<b>2166.78%</b>	<b>2328.23%</b>	<b>2474.69%</b>

\* Covered Payroll for the fiscal year is estimated from actual member contributions to the plan for the same period. This amount should be updated to actual Covered Payroll (as defined in GASB No. 68) for the fiscal year, if needed.

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

**Significant Assumptions and Methods used to Measure the Net Pension Liability**

The Total Pension Liability was determined by the actuarial valuation as of October 1, 2016, using the following actuarial assumptions and methods, applied to all periods included in the measurement:

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 mortality tables with collar adjustments and generational projections using scale BB as used by the Florida Retirement System for the Regular and Special Risk Class members in the July 1, 2016 actuarial valuation.

Standard actuarial update procedures were used to “roll forward” the Total Pension Liability to September 30, 2017, the Plan’s fiscal year end.

**Other Information**

See Discussion of Valuation Results in the October 1, 2016 Actuarial Valuation Report dated June 6, 2017

**PENSION EXPENSE**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2018**  
**(BASED ON MEASUREMENT PERIOD ENDING SEPTEMBER 30, 2017)**  
**GASB Statement No. 68**

<b>Pension Expense</b>	
1. Service Cost	\$ 141,672
2. Interest on the Total Pension Liability	2,547,674
3. Current-Period Benefit Changes	-
4. Employee Contributions (made negative for addition here)	(64,490)
5. Projected Earnings on Plan Investments (made negative for addition here)	(1,624,336)
6. Pension Plan Administrative Expense	104,068
7. Other Changes in Plan Fiduciary Net Position	-
8. Other Changes in Total Pension Liability (Change in State Contribution Reserve)	-
9. Recognition of Outflow (Inflow) of Resources due to Liabilities	618,160
10. Recognition of Outflow (Inflow) of Resources due to Assets	<u>245,412</u>
<b>11. Total Pension Expense</b>	<b>\$1,968,160</b>

**STATEMENT OF OUTFLOWS AND INFLOWS  
ARISING FROM CURRENT REPORTING PERIOD  
EMPLOYER FISCAL YEAR ENDED SEPTEMBER 30, 2018  
(BASED ON MEASUREMENT PERIOD ENDING SEPTEMBER 30, 2017)  
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	\$ 68,713
2. Assumption Changes (gains) or losses	549,447
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	68,713
5. Outflow (Inflow) of Resources to be recognized in the current pension expense for assumption changes	<u>549,447</u>
6. Outflow (Inflow) of Resources to be recognized in the current pension expense due to Liabilities	618,160
7. Deferred Outflow (Inflow) of Resources to be recognized in future 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	<u>-</u>
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	\$(812,704)
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	(162,541)
4. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses due to Assets	(650,163)

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

1. Deferred Outflow of Resources due to Employer pension contribution made subsequent to 9/30/2017 but before 9/30/2018	TBD
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**STATEMENT OF OUTFLOWS AND INFLOWS  
ARISING FROM CURRENT AND PRIOR REPORTING PERIODS  
EMPLOYER FISCAL YEAR ENDED SEPTEMBER 30, 2018  
(BASED ON MEASUREMENT PERIOD ENDING SEPTEMBER 30, 2017)  
GASB Statement No. 68**

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

	Outflows	Inflows	Net Outflows
1. Due to Liabilities	\$ 618,160	\$ -	\$ 618,160
2. Due to Assets	649,287	403,875	245,412
<b>3. Total</b>	<b>\$ 1,267,447</b>	<b>\$ 403,875</b>	<b>\$ 863,572</b>

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

	Outflows	Inflows	Net Outflows
1. Differences between expected and actual experience	\$ 68,713	\$ -	\$ 68,713
2. Assumption Changes	549,447	-	549,447
3. Net Difference between projected and actual earnings on pension plan investments	649,287	403,875	245,412
<b>4. Total</b>	<b>\$ 1,267,447</b>	<b>\$ 403,875</b>	<b>\$ 863,572</b>

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

	Outflows	Inflows	Net Outflows
1. Differences between expected and actual experience	\$ -	\$ -	\$ -
2. Assumption Changes	-	-	-
3. Net Difference between projected and actual earnings on pension plan investments	1,298,573	947,993	350,580
<b>4. Total</b>	<b>\$ 1,298,573</b>	<b>\$ 947,993</b>	<b>\$ 350,580</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
2019	\$ 245,411
2020	458,498
2021	(190,789)
2022	(162,540)
2023	-
Thereafter	-
<b>Total</b>	<b>\$ 350,580</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	3.0	\$ 1,947,860	\$ 649,287
9/30/2018	Assumption Changes	1.0	549,447	1.0	549,447	549,447
9/30/2018	Liability Exp. Loss	1.0	68,713	1.0	68,713	68,713
SUBTOTALS:			3,864,594		2,566,020	1,267,447
<b><u>Deferred Inflows of Resources</u></b>						
9/30/2015	Investment Exp. Gain	5.0	(1,065,436)	2.0	(426,175)	(213,087)
9/30/2017	Investment Exp. Gain	5.0	(141,236)	4.0	(112,989)	(28,247)
9/30/2018	Investment Exp. Gain	5.0	(812,704)	5.0	(812,704)	(162,541)
SUBTOTALS:			(2,019,376)		(1,351,868)	(403,875)
<b>GRAND TOTALS:</b>			<b>\$ 1,845,218</b>		<b>\$ 1,214,152</b>	<b>\$ 863,572</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	\$ -	\$ 554,092	297.02 %
2015	1,674,023	1,676,869	(2,846)	600,852	279.08 %
2016	1,638,492	1,638,492	-	595,805	275.00 %
2017	1,685,242	1,685,242	-	604,422	278.82 %
2018	TBD	TBD	TBD	TBD	TBD

*\* Covered Payroll for the fiscal year is estimated from actual member contributions to the plan for the same period. This amount should be updated to actual Covered Payroll (as defined in GASB No. 68) for the fiscal year, if needed.*

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

Valuation Date: October 1, 2017  
 Notes Actuarially determined contribution rates 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	13 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 mortality tables with collar adjustments and generational projections using scall BB as used by the Florida Retirement System for the Regular and Special Risk Class members in the July 1, 2016 actuarial valuation.

**Other Information:**

Notes See Discussion of Valuation Results in the October 1, 2017 Actuarial Valuation Report dated June 4, 2018

**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**

1% Decrease 6.00%	Current Single Discount Rate Assumption 7.00%	1% Increase 8.00%
\$17,457,770	\$13,096,499	\$9,483,191