

March 2, 2015

Ms. Brenda J. Clanton  
Chairperson, Board of Trustees  
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. 67 Disclosure Information**

Dear Brenda:

As requested, we have prepared the actuarial disclosure information required under Governmental Accounting Standards Board (GASB) Statement Number 67 for the fiscal year ending September 30, 2014.

Enclosed are the following exhibits:

- Schedule of changes in Net Pension Liability and Ratios, using the single discount rate as determined above
- Schedule of Contributions
- Notes to Schedule of Contributions
- Sensitivity Analysis

The actuarial valuation of the liabilities has been determined as of the beginning of the year, October 1, 2013, and “rolled forward” to the measurement date, September 30, 2014. Using the beginning of the year valuation of liabilities allows for timelier 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 may need to be reflected in the process. Please refer to our October 1, 2013 actuarial valuation report for information related to participant data, economic and demographic assumptions, and benefit provisions.

The enclosed exhibits were based upon draft audited financial information as of September 30, 2014, which was prepared by the Plan’s auditor. If any of this information changes during the auditing process (including benefit payments, contributions, administrative expenses, or the actual market value of assets as of September 30, 2014), then the enclosed exhibits will need to be revised.

Please note that there are other items not listed above that will be required in the Plan’s financial statements and/or the City’s Comprehensive Annual Financial Report (CAFR) to fully comply with GASB No. 67 standards. This additional information will need to be provided by the Plans’ investment consultants, accountants or other financial statement preparers.

### **Required Disclosures**

This report was prepared at the request of the Board and is intended for use by the Retirement System and those designated or approved by them. This report may be provided to parties other than the Retirement System only in its entirety and only with their permission. This report should not be relied on for any purpose other than the purpose described above.

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The calculations in this report are based on financial information as of September 30, 2014 as well as information furnished by the Plan Administrator for the October 1, 2013 Actuarial Valuation concerning plan benefits, financial transactions, plan provisions, and active members, retirees and beneficiaries. We reviewed this information 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.

The calculations are based upon assumptions regarding future events, which may or may not materialize. They are also based on the assumptions, methods, and plan provisions outlined in our October 1, 2013 Actuarial Valuation Report. 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. If you have reason to believe that the assumptions that were used are unreasonable, that the plan provisions are incorrectly described, that important plan provisions relevant to this proposal are not described, or that conditions have changed since the calculations were made, you should contact the author of the report prior to relying on information in the report.

As indicated below, the undersigned actuaries 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 undersigned actuaries are independent of the plan sponsor.

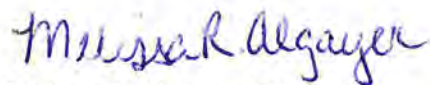
To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Plan as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards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

We welcome your questions and comments.

Sincerely yours,



Theora P. Braccialarghe, FSA, EA, MAAA  
Senior Consultant & Actuary



Melissa R. Algayer, EA, MAAA  
Consultant & Actuary

Enclosures

**SCHEDULE OF CHANGES IN THE EMPLOYER'S  
NET PENSION LIABILITY AND RELATED RATIOS  
GASB Statement No. 67**

Fiscal year ending September 30,	<u>2014</u>
<b>Total pension liability</b>	
Service Cost	\$ 112,087
Interest	2,578,844
Benefit Changes	-
Difference between actual & expected experience	54,908
Assumption Changes	-
Benefit Payments	(3,224,482)
Refunds	(0)
<b>Net Change in Total Pension Liability</b>	<u>(478,643)</u>
<b>Total Pension Liability - Beginning</b>	<u>35,884,742</u>
<b>Total Pension Liability - Ending (a)</b>	<u>\$35,406,099</u>
<b>Plan Fiduciary Net Position</b>	
Contributions - Employer and State	\$ 1,645,738
Contributions - Member	59,289
Net Investment Income	2,836,305
Benefit Payments	(3,224,482)
Refunds	(0)
Administrative Expense	(81,815)
Other	2,154
<b>Net Change in Plan Fiduciary Net Position</b>	<u>1,237,189</u>
<b>Plan Fiduciary Net Position - Beginning</b>	<u>24,411,138</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$25,648,327</u>
<b>Net Pension Liability - Ending (a) - (b)</b>	<u>9,757,772</u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	72.44 %
<b>Covered Employee Payroll</b>	\$ 554,092 *
<b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>	1,761.04 %

\* Total covered payroll for fiscal year ending September 30, 2014. This figure was calculated based on actual member contributions for the fiscal year divided by employee contribution rate.

**SCHEDULE OF THE EMPLOYER'S NET PENSION LIABILITY**  
**GASB Statement No. 67**

<u>FY Ending September 30,</u>	<u>Total Pension Liability</u>	<u>Plan Net Position</u>	<u>Net Pension Liability</u>	<u>Plan Net Position as a % of Total Pension Liability</u>	<u>Covered Payroll*</u>	<u>Net Pension Liability as a % of Covered Payroll</u>
2014	\$35,406,099	\$25,648,327	\$ 9,757,772	72.44%	\$554,092	1761.04%

\* Total covered payroll for fiscal year ending September 30, 2014. This figure was calculated based on actual member contributions for the fiscal year divided by employee contribution rate.

**SCHEDULE OF CONTRIBUTIONS**  
**GASB Statement No. 67**

<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%
2013	1,606,783	1,606,783	-	622,190	258.25%
2012	1,518,314	1,518,314	-	849,026	178.83%
2011	1,550,528	1,550,528	-	919,415	168.64%
2010	1,338,012	1,338,012	-	1,121,175	119.34%
2009	1,211,419	1,211,419	-	1,570,672	77.13%
2008	1,263,599	1,263,599	-	2,355,661	53.64%
2007	1,229,891	1,229,891	-	4,882,290	25.19%
2006	1,081,629	1,081,629	-	4,118,048	26.27%
2005	799,497	799,497	-	4,497,194	17.78%

\* Total covered payroll for fiscal year ending September 30 2014. This figure was calculated based on actual member contributions for the fiscal year divided by employee contribution rate. Covered payroll for fiscal year ending September 30, 2013 and prior years are based on expected payroll shown in previous Actuarial Valuation Reports.

**NOTES TO SCHEDULE OF CONTRIBUTIONS**  
**GASB Statement No. 67**

**Valuation Date:** October 1, 2013  
**Measurement Date:** September 30, 2014  
**Notes:** Actuarially determined contribution rates are calculated as of October 1 2013, 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	17 years
Asset Valuation Method	5-year smoothed market
Inflation	3.0%
Salary Increases	5.5%
Investment Rate of Return	7.50%
Annual cost-of-living adjustment for eligible retirees	3.0%
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 on Page 1 of the October 1, 2013 Actuarial Valuation Report.

**SINGLE DISCOUNT RATE**  
**GASB Statement No. 67**

A single discount rate of 7.50% 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 7.50%. 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 (7.50%) 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 7.50%, 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>1% Decrease</b>	<b>Current Single Discount</b>	<b>1% Increase</b>
<b>6.50%</b>	<b>Rate Assumption</b>	<b>8.50%</b>
<b>7.50%</b>	<b>7.50%</b>	<b>8.50%</b>
\$ 13,600,633	\$ 9,757,772	\$ 6,551,779