



**City of Lauderhill  
Police Officers' Retirement Plan**

**Financial Statements  
Years Ended September 30, 2015 and 2014**



**City of Lauderdale Police Officers' Retirement Plan**  
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## Independent Auditors' Report

Board of Trustees  
City of Lauderhill Police Officers' Retirement Plan  
Lauderhill, Florida

We have audited the accompanying financial statements of the City of Lauderhill Police Officers' Retirement Plan (the "Plan"), which comprise the statements of fiduciary net position as of September 30, 2015 and 2014, and the related statements of changes in fiduciary net position for the years then ended and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the City of Lauderhill Police Officers' Retirement Plan as of September 30, 2015 and 2014, and the related statements of changes in its fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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## Independent Auditors' Report (continued)

### Other Matters

#### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the management's discussion and required supplementary information as listed in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplemental Information*

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of the Plan. The accompanying supplemental schedules of investment expenses and administrative expenses as listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Goldstein Schechter Koch, P.A.*

Hollywood, Florida  
February 3, 2016

# *Lauderhill Police Officers' Retirement System*

C/O Precision Pension Administration, Inc.  
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## **Management's Discussion and Analysis** **(Required Supplementary Information – Unaudited)** **September 30, 2015 and 2014**

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Our discussion and analysis of the City of Lauderhill Police Officers' Retirement Plan (the "Plan") financial performance provides an overview of the Plan's financial activities and funding conditions for the fiscal years ended September 30, 2015 and 2014. Please read it in conjunction with the Plan's financial statements, which follow this discussion.

### ***Financial Highlights***

- Plan assets exceeded liabilities at the close of the fiscal years ended September 30, 2015 and 2014 by \$51,228,241 and \$48,801,039, respectively, (reported as net position restricted for pensions). Net position is held in trust to meet future benefit payments. The increase of \$2,427,202 and \$6,479,853, of the respective years has resulted primarily from changes in the fair value of the Plan's investments due to volatile financial markets.

- Receivables at September 30, 2015 were more than receivables at September 30, 2014 by \$33,811 (or 140.3%) due primarily to an increase in receivable for securities sold.

Receivables at September 30, 2014 were less than receivables at September 30, 2013 by \$289,380 (or 92.3%) due primarily to a decrease in receivable for securities sold.

- Liabilities at September 30, 2015 were more than liabilities at September 30, 2014 by \$8,212 (or 12.7%) due primarily to an increase in payable for securities purchased.

Liabilities at September 30, 2014 were less than liabilities at September 30, 2013 by \$413,716 (or 86.5%) due primarily to a decrease in payable for securities purchased.

- For the fiscal year ended September 30, 2015, City contributions to the Plan decreased by \$49,042 (or 1.9%) based on the actuarial valuation. Actual City contributions were \$2,466,585 and \$2,515,627 for 2015 and 2014, respectively.

For the fiscal year ended September 30, 2014, City contributions to the Plan increased by \$56,466 (or 2.3%) based on the actuarial valuation. Actual City contributions were \$2,515,627 and \$2,459,161 for 2014 and 2013, respectively.

**City of Lauderdale Police Officers' Retirement Plan**  
**Management's Discussion and Analysis**  
**(Required Supplementary Information – Unaudited)**  
**September 30, 2015 and 2014**

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***Financial Highlights - continued***

- For the fiscal year ended September 30, 2015, member contributions including buybacks decreased by \$56,816 (or 5.3%). Actual member contributions were \$961,701 and \$1,032,977 for 2015 and 2014, respectively, and buybacks were \$52,840 and \$38,380 for 2015 and 2014, respectively. Member contributions have fluctuated from year to year, based on the number of active members, salary and buybacks.

For the fiscal year ended September 30, 2014, member contributions including buybacks increased by \$20,930 (or 2.0%). Actual member contributions were \$1,032,977 and \$995,578 for 2014 and 2013, respectively, and buybacks were \$38,380 and \$54,849 for 2014 and 2013, respectively. Member contributions have fluctuated from year to year, based on the number of active members, salary and buybacks.

- For the fiscal year ended September 30, 2015, net investment income was \$366,152 compared to \$3,886,946 for fiscal year ended September 30, 2014. Actual results were \$837,619 of net depreciation in fair value of investments and \$2,732,142 of net appreciation in fair value of investments for 2015 and 2014, respectively, and \$1,346,694 and \$1,291,120 of income from interest and dividends for 2015 and 2014, respectively. Investment expenses increased by \$6,607 (or 4.8%).

For the fiscal year ended September 30, 2014, net investment income was \$3,886,946 compared to \$5,486,210 for fiscal year ended September 30, 2013. Actual results were \$2,732,142 and \$4,165,726 of net appreciation in fair value of investments for 2014 and 2013, respectively, and \$1,291,120 and \$1,421,871 of income from interest and dividends for 2014 and 2013, respectively. Investment expenses increased by \$12,523 (or 10.1%).

- For the fiscal year ended September 30, 2015, benefit payments and refunds of contributions increased by \$407,651 (33.3%).

For the fiscal year ended September 30, 2014, benefit payments and refunds of contributions decreased by \$167,272 (12.0%).

- For the fiscal year ended September 30, 2015, administrative expenses increased \$26,954 (or 21.1%) from 2014 due primarily to an increase in fees for professional services.

For the fiscal year ended September 30, 2014, administrative expenses increased \$12,559 (or 10.9%) from 2013 due primarily to an increase in fees for professional services.

***Plan Highlights***

For the year ending September 30, 2015, the total return of the portfolio was 1.3%. Actual net returns from investments were net investment income of \$366,152 in 2015 compared with net investment income of \$3,886,946 in 2014.

For the year ending September 30, 2014, the total return of the portfolio was 9.4%. Actual net returns from investments were net investment income of \$3,886,946 in 2014 compared with net investment income of \$5,486,210 in 2013.

**City of Lauderdale Police Officers' Retirement Plan**  
**Management's Discussion and Analysis**  
**(Required Supplementary Information – Unaudited)**  
**September 30, 2015 and 2014**

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***Overview of the Financial Statements***

The basic financial statements include the Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position and Notes to the Financial Statements. The Plan also includes in this report additional information to supplement the financial statements.

The Plan presents required supplementary information and other supplemental schedules as described below.

The Plan prepares its financial statements on the accrual basis of accounting and in accordance with generally accepted accounting principles in the United States of America. These statements provide information about the Plan's overall financial status.

***Description of the Financial Statements***

The *Statement of Fiduciary Net Position* presents information that includes all of the Plan's assets and liabilities, with the balance representing the net position restricted for pensions. It is a snapshot of the financial position of the Plan at that specific point in time and reflects the resources available to pay members, retirees and beneficiaries at that point in time.

The *Statement of Changes in Fiduciary Net Position* reports how the Plan's net position changed during the fiscal year. The additions and deductions to net assets are summarized in this statement. The additions include contributions to the retirement plan from employers (City and State) and members and net investment income, which include interest, dividends, investment expenses, and the net appreciation or depreciation in the fair value of investments. The deductions include benefit payments, refunds of member contributions, and administrative expenses.

The *Notes to the Financial Statements* are presented to provide the information necessary for a full understanding of the financial statements. They include additional information not readily evident in the statements themselves such as a description of the Plan, contributions, significant accounting policies, funding policy, and investment risk disclosure.

There is also *Required Supplementary Information* included in this report as required by the Governmental Accounting Standards Board. These schedules consist of the Plan's actuarial methods and assumptions and provide data on changes in the City's net pension liability, the City's contributions, and the Plan's investment returns.

Additional information is presented as part of *Other Supplemental Schedules*. This section is not required but management has chosen to include it. It includes *Schedules of Investment Expenses and Administrative Expenses*. The *Schedule of Investment Expenses* presents the expenses incurred in managing and monitoring the investments of the Plan and include financial management, consultant, and custodial fees. The *Schedule of Administrative Expenses* presents the expenses incurred in the administration of the Plan.

**City of Lauderdale Police Officers' Retirement Plan**  
**Management's Discussion and Analysis**  
(Required Supplementary Information – Unaudited)  
September 30, 2015 and 2014

*Condensed Statements of Fiduciary Net Position*

The table below reflects condensed comparative statements of fiduciary net position as of September 30:

	2015	2014	2013
Cash and cash equivalents	\$ 510,738	\$ 876,663	\$ 1,477,806
Receivables	57,912	24,101	313,481
Other assets	25,000	29,751	-
Investments	50,707,568	47,935,289	41,008,380
Total assets	51,301,218	48,865,804	42,799,667
Liabilities	72,977	64,765	478,481
Net position restricted for pensions	\$ 51,228,241	\$ 48,801,039	\$ 42,321,186

*Condensed Statements of Changes in Fiduciary Net Position*

The table below reflects condensed comparative statements of the changes in fiduciary net position and reflect the activities of the Plan for the fiscal years ended September 30:

	2015	2014	2013
Additions:			
Contributions			
City	\$ 2,466,585	\$ 2,515,627	\$ 2,459,161
Members	1,014,541	1,071,357	1,050,427
State	365,170	356,564	310,332
Total	3,846,296	3,943,548	3,819,920
Net investment income	366,152	3,886,946	5,486,210
Total additions	4,212,448	7,830,494	9,306,130
Deductions:			
Pension benefits paid	1,587,195	1,149,998	1,388,265
Refund of contributions	43,562	73,108	2,113
Administrative expenses	154,489	127,535	114,976
Total deductions	1,785,246	1,350,641	1,505,354
Net increase	2,427,202	6,479,853	7,800,776
Net position restricted for pensions at beginning of year, restated	48,801,039	42,321,186	34,520,410
Net position restricted for pensions at end of year	\$ 51,228,241	\$ 48,801,039	\$ 42,321,186

The Plan's investment activity, measured as of the end of any month, quarter or year, is a function of the underlying marketplace for the period measured and the investment policy's asset allocation. Benefit payments are a function of changing payments to retirees, their beneficiary (if the retiree is deceased) and new retirements during the period.



**City of Lauderhill Police Officers' Retirement Plan**  
**Management's Discussion and Analysis**  
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*Asset Allocation*

At the end of the fiscal year ended September 30, 2015, the domestic equity portion comprised 45.1% (\$23,127,028) of the total portfolio. The allocation to fixed income securities was 14.6% (\$7,474,387) while cash and cash equivalents comprised 1.0% (\$510,738). The portion of investments allocated to international equity, note receivable and real estate was \$11,099,572, \$2,000,000 and \$7,006,581 or 21.7%, 3.9%, and 13.7%, respectively, of the total portfolio.

At the end of the fiscal year ended September 30, 2014, the domestic equity portion comprised 55.3% (\$27,007,022) of the total portfolio. The allocation to fixed income securities was 16.5% (\$8,066,067) while cash and cash equivalents comprised 1.8% (\$876,663). The portion of investments allocated to international equity, note receivable and real estate was \$7,544,427, \$1,000,000 and \$4,317,773 or 15.5%, 2.0%, and 8.9%, respectively, of the total portfolio.

The target asset allocation was as follows:

	<b>2015</b>	2014
Domestic equity	<b>45%</b>	45%
Fixed income	<b>20%</b>	30%
Foreign equity	<b>15%</b>	15%
Absolute return	<b>10%</b>	10%
Real estate	<b>10%</b>	0%

*Contacting the Plan's Financial Management*

This financial report is designed to provide the Retirement Board, our membership, taxpayers, investors, and creditors with a general overview of the Plan's finances and to demonstrate the Plan's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City of Lauderhill Police Officers' Retirement Plan, c/o Precision Pension Administration, Inc. 13790 N.W. 4 Street, Suite 105, Sunrise, Florida 33325.

**City of Lauderdale Police Officers' Retirement Plan**  
**Statements of Fiduciary Net Position**  
**September 30, 2015 and 2014**

	2015	2014
<b>Assets</b>		
Cash and cash equivalents	\$ 510,738	\$ 876,663
Receivables:		
Receivable for securities sold	17,594	-
Interest and dividends	40,318	24,101
Total receivables	57,912	24,101
Other assets	25,000	29,751
Investments at fair value:		
Common stocks	11,227,364	11,370,938
Absolute return equity funds	11,899,664	15,636,084
Domestic fixed income funds	7,474,387	8,066,067
International equity funds	11,099,572	7,544,427
Notes receivable	2,000,000	1,000,000
Real estate fund	7,006,581	4,317,773
Total investments	50,707,568	47,935,289
<b>Total assets</b>	<b>51,301,218</b>	<b>48,865,804</b>
<b>Liabilities</b>		
Accounts payable	37,969	38,490
Payable for securities purchased	35,008	26,275
<b>Total liabilities</b>	<b>72,977</b>	<b>64,765</b>
<b>Net position restricted for pensions</b>	<b>\$ 51,228,241</b>	<b>\$ 48,801,039</b>

*The accompanying notes are an integral part of these financial statements.*

**City of Lauderdale Police Officers' Retirement Plan**  
**Statements of Changes in Fiduciary Net Position**  
**For the Years Ended September 30, 2015 and 2014**

	2015	2014
<b>Additions:</b>		
Contributions:		
City	\$ 2,466,585	\$ 2,515,627
Members	1,014,541	1,071,357
State	365,170	356,564
<b>Total contributions</b>	<b>3,846,296</b>	<b>3,943,548</b>
Investment income:		
Net (depreciation) appreciation in fair value of investments	(837,619)	2,732,142
Interest and dividends	1,346,694	1,291,120
<b>Total investment income</b>	<b>509,075</b>	<b>4,023,262</b>
Less: Investment expenses	142,923	136,316
<b>Net investment income</b>	<b>366,152</b>	<b>3,886,946</b>
<b>Total additions</b>	<b>4,212,448</b>	<b>7,830,494</b>
<b>Deductions:</b>		
Pension benefits paid	1,587,195	1,149,998
Refund of contributions	43,562	73,108
Administrative expenses	154,489	127,535
<b>Total deductions</b>	<b>1,785,246</b>	<b>1,350,641</b>
<b>Net increase in net position</b>	<b>2,427,202</b>	<b>6,479,853</b>
<b>Net position restricted for pensions</b>		
<b>Beginning of year</b>	<b>48,801,039</b>	<b>42,321,186</b>
<b>End of year</b>	<b>\$ 51,228,241</b>	<b>\$ 48,801,039</b>

*The accompanying notes are an integral part of these financial statements.*

# City of Lauderhill Police Officers' Retirement Plan

## Notes to Financial Statements

September 30, 2015 and 2014

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### Note 1 - Description of the Plan

#### *Organization*

The City of Lauderhill Police Officers' Retirement Plan (the "Plan"), is a single-employer defined benefit pension plan established by the City of Lauderhill, Florida (the "City") pursuant to the provisions of an ordinance on July 25, 1994. Since the Plan is sponsored by the City, the Plan is included as a pension trust fund in the City's comprehensive financial report as part of the City's financial reporting entity.

The Plan's governing board is made up of a Board of Trustees consisting of five members:

- Two are active police officers who are elected by active members of the Plan
- Two are legal residents of the City who are elected by the City Commission
- One is elected by a majority of the previous four members

The following brief description of the Plan is provided for general information purposes only. Members should refer to the plan agreement for more detailed and comprehensive information.

#### *Participants*

All full-time police officers (excluding the Police Chief) are required to become members of the Plan. Members are further divided in the following tiers:

Tier One members are members hired prior to March 23, 2009.

Tier Two members are members hired on or after March 23, 2009.

#### *Membership*

At October 1, Plan membership consisted of:

	<b>2014</b>	2013
Retirees and beneficiaries currently receiving benefits and terminated members entitled to benefits, but not yet receiving them.	<b>38</b>	31
Active plan participants:		
Vested	<b>82</b>	84
Nonvested	<b>25</b>	27
<b>Total active participants</b>	<b>107</b>	111

#### *Service Retirement Benefits*

All members

A service retirement benefit shall be payable on the first day of each month. The benefits shall commence on the first day of the month coincident with or next following the member's actual retirement. Several benefit options are available to members, which should be elected at the time of retirement. Early retirement, disability, death and other benefits are also provided. For service retirement benefit calculations, Final Monthly Compensation ("FMC") shall mean a member's average total compensation from the City during the 5 highest years out of the last 10 years of employment.

# City of Lauderdale Police Officers' Retirement Plan

## Notes to Financial Statements

September 30, 2015 and 2014

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### Note 1 - Description of the Plan - continued

#### *Service Retirement Benefits - continued*

##### Tier One members

Any member may retire and receive normal retirement benefits upon completing 20 years of creditable service regardless of age or the date upon which the member attains age 55 with 5 years of credited service, whichever occurs first. Members shall become fully vested after earning 5 years of credited service and whose contributions remain in the Plan.

Upon normal retirement, a member will receive a monthly pension amount equal to 3% of FMC for all service accrued prior to October 1, 2001 multiplied by the number of years of credited continuous service and 3½% of FMC for all service accrued on or after October 1, 2001 multiplied by the number of years of credited and continuous service. The maximum accrual is 75% of FMC. For members employed by the City as of April 25, 2011, years of service accrued prior to October 1, 2001 shall be determined by multiplying 3½ % of FMC by the number of years of credited service for all service accrued prior to October 1, 2001.

Effective January 20, 2015, earnable compensation for Tier One members who did not retire and were not eligible for normal retirement as of April 28, 2014 is to be defined as a member's base pay, longevity pay, education incentive pay, assignment pay, up to three hundred (300) hours of overtime per calendar year and payouts for accrued holiday/incentive, vacation and/or sick time earned prior to September 30, 2013. The value of such accrued holiday/incentive, vacation and/or sick time earned as of September 30, 2013 will be at each individual member's rate of pay as of April 28, 2014 or September 30, 2014, whichever is higher.

##### Tier Two members

Any member may retire and receive normal retirement benefits upon completing 25 years of creditable service regardless of age or the date upon which the member attains age 55 with 10 years of credited service, whichever occurs first. Members shall become fully vested after earning 7 years of credited service and whose contributions remain in the Plan.

Upon normal retirement, member will receive a monthly pension amount equal to 3% of FMC multiplied by the number of years of credited service with a maximum of 75% benefit after 25 years of service. Members are allowed to purchase an increase in their multiplier up to 3.5% per year (from 3.0%) by paying the full actuarial costs.

Effective January 26, 2015, earnable compensation for Tier Two members is defined as a member's base pay, longevity pay, education incentive pay, assignment pay, and up to three hundred (300) hours of overtime per calendar year.

#### *Termination*

All members shall have the right to elect to receive, in lieu of all benefits under the Plan, a return of the member's accumulated contributions.

# City of Lauderdale Police Officers' Retirement Plan

## Notes to Financial Statements

September 30, 2015 and 2014

### Note 1 - Description of the Plan - continued

#### *Deferred Retirement Option Plan*

Any member who is eligible to receive a normal retirement benefit may freeze their accrued benefits and elect to participate in the Deferred Retirement Option Plan (DROP) while continuing their active employment. The maximum period of participation in the DROP is 5 years.

The member's DROP account earns interest at the actuarially assumed rate of the Plan. The assumed rate may be adjusted prospectively by the Board from time to time, but cannot be decreased retroactively. Once a member enters the DROP, their monthly retirement benefit is frozen, and their monthly benefit is paid into their DROP account. Upon termination of employment, the balance in the member's DROP account, including investment earnings, is paid in a cash lump sum, unless the members elects all or a portion paid to an eligible retirement plan in a direct rollover.

A summary of the changes in the DROP balance as of September 30 is as follows:

	2015	2014
Beginning balance	\$ 344,641	\$ 176,108
Additions	622,665	149,500
Distributions	(74,166)	-
Interest	29,280	19,033
Ending balance	\$ 922,420	\$ 344,641

#### *Cost-of-Living Adjustment*

Tier One members shall be eligible to receive a cost-of-living adjustment (COLA) in the form of a thirteenth check. The COLA shall be determined on an annual basis and is not guaranteed. The COLA shall be based upon the actuarial gains in the Plan. If the actuarial gains in the Plan exceeds the investment return assumed for purposes of the actuarial valuation of the Plan and a total experience gain for the Plan as compared to the actuarial assumptions, then a thirteenth check shall be issued. The cost-of-living adjustment shall not exceed the regular monthly retirement benefit.

Tier Two members are not eligible to receive any COLA, or any thirteenth check program.

#### *Post Retirement Supplement*

In addition to the monthly retirement benefits provided by the Plan, there shall be a supplemental payment of \$10 per month per year of service for all members employed by the City on or after April 25, 2011, provided such member has a least 20 years of credited service with the City or provided such members left the City at age 55 or older with more than 5 years of credited service with the City. This benefit shall commence on the fifth anniversary date of termination of service and shall cease upon the member reaching 65 years of age.

#### *Funding Requirements*

Members are required to contribute ten percent (10%) of earnable compensation. For Tier One members, earnable compensation is defined as total cash remuneration for services rendered. For Tier Two members, earnable compensation includes base pay, longevity pay, educational incentive pay, assignment pay and up to 300 hours of overtime pay per year.

# City of Lauderdale Police Officers' Retirement Plan

## Notes to Financial Statements

September 30, 2015 and 2014

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### Note 1 - Description of the Plan - continued

#### *Funding Requirements - continued*

Members may buyback up to a total of five years credited service for prior service as a police officer with any duly constituted police department, other eligible sworn law enforcement service, and/or for military service in the Armed Forces of the United States.

The City is required to contribute such amounts as are necessary to maintain the actuarial soundness of the Plan and when combined with members' contributions and allowable contributions from the State of Florida ("State"), will provide the Plan with assets sufficient to meet the benefits as they become payable.

#### *Investments*

The Plan has contracts with investment managers who supervise and direct the investment of equity and fixed income securities. In addition, the Plan utilizes an investment consultant who monitors the investing activity. The investments are held by a custodian in the name of the Plan.

### Note 2 - Summary of Significant Accounting Policies

#### *Basis of Accounting*

The Plan's financial statements are prepared using the accrual basis of accounting. Member contributions are recognized as revenue in the period in which the contributions are due. City contributions are recognized as revenue when due pursuant to actuarial valuations. State contributions are recognized as revenue in the period in which they are approved by the State. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investment purchases and sales are recorded on a trade date basis. Interest income is recorded as earned and dividend income is recorded as of the ex-dividend date.

#### *Cash Equivalents*

The Plan considers all highly liquid investments with an original maturity of one year or less when purchased, to be cash equivalents.

#### *Investments*

Investments are recorded at fair value in the Statement of Fiduciary Net Position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The diversity of the investment types in which the Plan has entered into requires a range of techniques to determine fair value. The overall valuation processes and information sources by major investment classification are as follows:

- Equity securities: These include common stock, domestic, international and absolute return equity funds. Domestic securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the fiscal year. Securities traded in the over-the counter market and listed securities for which no sale was reported on that date are valued at the last reported bid price. International equities are valued based upon quoted foreign market prices and translated into U.S. dollars at the exchange rate in effect at September 30, 2015 and 2014. Securities which are not traded on a national security exchange are valued by the respective fund manager or other third parties based on yields currently available on comparable securities of issuers with similar credit ratings.

# City of Lauderdale Police Officers' Retirement Plan

## Notes to Financial Statements

September 30, 2015 and 2014

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### Note 2 - Summary of Significant Accounting Policies - continued

#### *Investments - continued*

- Real estate: Real estate funds are valued using their respective net asset value ("NAV") as of September 30, 2015 and 2014. The most significant input into the NAV of such funds is the fair value of the investment holdings. These holdings are valued by the general partners on a quarterly or semi-annual basis, in conjunction with management and investment advisors.
- Notes receivable: The market value for notes receivable represents estimated fair value as a quoted price is not available.

Unrealized gains and losses are presented as net appreciation (depreciation) fair value of investments on the statement of changes in fiduciary net position along with gains and losses realized on sales of investments. Interest income is recorded as earned and dividend income is recorded as of the ex-dividend date. Purchases and sales of investments are recorded on a trade-date basis.

Given the inherent nature of investments, it is reasonably possible that changes in the value of those investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of fiduciary net position.

#### *Use of Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### *Income Tax Status*

The Plan is tax exempt under the Internal Revenue Code and, therefore, has recorded no income tax liability or expense.

#### *Risk and Uncertainties*

Contributions to the Plan and the actuarial information included in the required supplementary information (RSI) are reported based on certain assumptions pertaining to the interest rates, inflation rates and member compensation and demographics. Due to the changing nature of these assumptions, it is at least reasonably possible that changes in these assumptions may occur in the near term and, due to the uncertainties inherent in settling assumptions, that the effect of such changes could be material to the financial statements.

#### *Subsequent Events*

Management has evaluated subsequent events through February 3, 2016, the date which the financial statements were available for issue.

### Note 3 – Contributions

#### *Actual Contributions*

The actual City and State contributions amounted to \$2,831,755 and \$2,872,191, for the years ended September 30, 2015 and 2014, respectively. The actual amount of annual covered payroll for the years ended September 30, 2015 and 2014 were approximately \$9,617,000 and \$10,329,000, respectively. City and State contributions consisted of the following for the years ended September 30:



# City of Lauderdale Police Officers' Retirement Plan

## Notes to Financial Statements

September 30, 2015 and 2014

### Note 3 – Contributions - continued

#### *Actual Contributions - continued*

2015		
	Amount	Percent of Actual Covered Annual Payroll
City contributions	\$ 2,466,585	25.65%
State contributions	365,170	3.80
<b>Total City and State</b>	<b>\$ 2,831,755</b>	<b>27.73%</b>

  

2014		
	Amount	Percent of Actual Covered Annual Payroll
City contributions	\$ 2,515,627	24.35%
State contributions	356,564	3.45
<b>Total City and State</b>	<b>\$ 2,872,191</b>	<b>27.80%</b>

For the fiscal years ended September 30, 2015 and 2014, member contributions were \$961,701 and \$1,032,977, respectively and buybacks were \$52,840 and \$38,380, respectively.

#### *Actuarially Determined Contributions*

Effective May 30, 2012, the Division of Retirement mandated that local governments confer with the Plan's actuary to select and maintain a contribution method (percentage of payroll or fixed dollar contribution) that best fits the funding requirements of the Plan. For the years ended September 30, 2015 and 2014, the Plan selected to use the fixed dollar contribution amount.

The contributions required from the City and the State for the years ended September 30, 2015 and 2014, were actuarially determined by the October 1, 2014 and 2013 valuations to be \$2,831,595 and \$2,872,191, respectively. The actuarially computed annual covered payroll used in the October 1, 2014 and 2013 valuations was approximately \$9,712,000 and \$9,671,000, respectively.

The amount covers the following:

2015		
	Amount	Percent of Actual Annual Covered Payroll
Normal cost	\$ 1,541,290	16.03%
Amortization of the unfunded liability	1,290,305	13.42
<b>Total required from City and State</b>	<b>\$ 2,831,595</b>	<b>29.44%</b>

# City of Lauderdale Police Officers' Retirement Plan

## Notes to Financial Statements

September 30, 2015 and 2014

### Note 3 – Contributions - continued

#### *Actuarially Determined Contributions - continued*

	2014	
	Amount	Percent of Actual Annual Covered Payroll
Normal cost	\$ 1,616,489	15.65%
Amortization of the unfunded liability	1,255,702	12.16
Total required from City and State	\$ 2,872,191	27.81 %

### Note 4 – Deposits and Investment Risk Disclosures

#### *Cash and cash equivalents*

Deposits are carried at cost and are included in cash and cash equivalents in the statement of fiduciary net position. Cash and cash equivalents include money market accounts at September 30, 2015 and 2014.

#### *Investment Authorization*

The Plan's investment policy is determined by the Board of Trustees. The policy has been identified by the Board as having the greatest expected investment return, and the resulting positive impact on asset values, funded status, and benefits, without exceeding a prudent level of risk.

The Trustees are authorized to acquire and retain every kind of investment specifically including, but not by way of limitation, bonds, debentures, and other corporate obligations, and stocks, preferred or common, which persons of prudence, discretion and intelligence acquire or retain for their own account.

Investment in all equity securities shall be limited to those listed on a major U.S. stock exchange and limited to no more than 75% (at market) of the Plan's total portfolio. No more than 5% of the portfolio may be invested in the shares of a single corporate issuer at cost. Investments in foreign securities shall be limited to 25% (at market) of the Plan's total portfolio. The Plan may achieve diversification through commingled fund or mutual fund vehicles. These pooled investments are considered an investment in foreign securities.

The average quality rating of the bond portfolio must be rated "A" or higher. Fixed income securities are limited to 40% of the Plan's total portfolio. The corporate fixed income portfolio shall be comprised of securities rated not less than "BBB" by a major rating service. In the event that there is a downgrade in the quality below the "BBB" rating the security must be sold at the earliest beneficial opportunity. Those securities rated below "BBB" shall not exceed 15% of the entire fixed income portfolio.

Investments in collateralized mortgage obligations should be limited to 15% of the market value of the investment managers' total fixed income portfolio.

# City of Lauderdale Police Officers' Retirement Plan

## Notes to Financial Statements

September 30, 2015 and 2014

### Note 4 – Deposits and Investment Risk Disclosures - continued

#### *Types of Investments*

Florida statutes and Plan investment policy authorize the Trustees to invest funds in various investments. The current target allocation of these investments at market is as follows:

	2015	2014
Domestic equity	45%	45%
Fixed income	20%	30%
Foreign equity	15%	15%
Absolute return	10%	10%
Real estate	10%	0%

#### *Rate of Return*

For the years ended September 30, 2015 and 2014, the annual money-weighted rates of return on pension plan investments, net of pension plan investment expense, was 1.2% and 9.2%, respectively. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

#### *Interest Rate Risk*

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to interest rate risk, the Plan diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer with various durations of maturities.

Information about the sensitivity of the fair values of the Plan's investments to market interest rate fluctuations is provided by the following tables that show the distribution of the Plan's investments by maturity at September 30:

2015					
Investment Maturities (in years)					
Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
<b>Bond funds</b>	<b>\$7,474,387</b>	<b>\$ -</b>	<b>\$2,328,294</b>	<b>\$ 3,022,061</b>	<b>\$ 2,124,032</b>
<b>Total fixed income securities</b>	<b>\$7,474,387</b>	<b>\$ -</b>	<b>\$2,328,294</b>	<b>\$ 3,022,061</b>	<b>\$ 2,124,032</b>

2014					
Investment Maturities (in years)					
Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
<b>Bond funds</b>	<b>\$8,066,067</b>	<b>\$ -</b>	<b>\$3,570,530</b>	<b>\$ 1,935,017</b>	<b>\$ 2,560,520</b>
<b>Total fixed income securities</b>	<b>\$8,066,067</b>	<b>\$ -</b>	<b>\$3,570,530</b>	<b>\$ 1,935,017</b>	<b>\$ 2,560,520</b>

#### *Credit Risk*

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. This risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization. The Plan's investment policy utilizes portfolio diversification in order to control this risk.

# City of Lauderhill Police Officers' Retirement Plan

## Notes to Financial Statements

September 30, 2015 and 2014

### Note 4 – Deposits and Investment Risk Disclosures - continued

#### *Credit Risk - continued*

The following table discloses credit ratings by investment type, at September 30, as applicable:

	2015		2014	
	Fair Value	Percentage of Portfolio	Fair Value	Percentage of Portfolio
Quality rating of credit risk debt securities				
AAA	\$ 859,012	11.5%	\$ 1,465,517	18.2%
AA	664,992	8.9	481,949	6.0
A	496,698	6.6	838,912	10.4
BBB	4,422,294	59.2	2,504,526	31.1
BB	205,461	2.7	822,727	10.2
B	203,419	2.7	747,686	9.3
Below B	622,511	8.3	1,204,750	14.8
Total fixed income securities	\$ 7,474,387	100.0%	\$ 8,066,067	100.0%

#### *Concentration of Credit Risk*

The investment policy of the Plan contains limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. There were no individual investments that represent 5% or more of fiduciary net position at September 30, 2015 and 2014.

#### *Custodial Credit Risk*

Deposits are exposed to custodial risk if they are uninsured and uncollateralized. Custodial risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the Plan and are held either by the counterparty or the counterparty's trust department or agent but not in the Plan's name.

Consistent with the Plan's investment policy, the investments are held by Plan's custodial bank and registered in the Plan's name. All of the Plan's deposits are insured and or collateralized by a financial institution separate from the Plan's depository financial institution.

### Note 5 – Related Party Transactions

As of September 30, 2014, the Plan had a note receivable from the City of Lauderhill Housing Authority ("CLHA") and the City as guarantor, the Plan Sponsor, for \$1,000,000. The note matures on July 1, 2020 and accrues interest at 7.0% per annum payable on the first day of each quarter.

In the year ending September 30, 2015, the Plan has a second \$1,000,000 note receivable from CLHA and the City as guarantor, the Plan Sponsor. The note matures on July 1, 2024 and accrues interest at 5.75% per annum. The notes shall be due upon maturity if not paid sooner.

# City of Lauderhill Police Officers' Retirement Plan

## Notes to Financial Statements

September 30, 2015 and 2014

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### Note 5 – Related Party Transactions – continued

During the fiscal year ended September 30, 2015 and 2014, the Plan recorded interest income of \$110,569 and \$70,000, respectively. Included in interest and dividends receivable is \$31,875 and \$17,500 in accrued interest due on the notes at September 30, 2015 and 2014, respectively.

The City of Lauderhill Housing Authority and the City, severally and expressly grant to the Plan a continuing first lien security interest in any and all money, general or specific deposits, or property of any such parties now or hereafter in their possession.

### Note 6 – Net Pension Liability of the City

The components of the net pension liability of the City at September 30 were as follows:

	2015	2014
Total pension liability	\$ 67,153,703	\$ 61,334,537
Plan fiduciary net position	(51,228,241)	(48,801,039)
City net pension liability	\$ 15,925,462	\$ 12,533,498
Plan fiduciary net position as a percentage of total pension liability	76.29%	79.57%

#### *Actuarial Assumptions*

The total pension liability at September 30, 2015 was determined using an actuarial valuation as of October 1, 2014, with update procedures used to roll forward the total pension liability to September 30, 2015. The actuarial valuation used the following actuarial assumptions:

Inflation	3.00%
Projected salary increases	5.50%
Projected COLAs	Variable 13 <sup>th</sup> check, only if plan has cumulative net actuarial gain
Investment rate of return	7.53% compounded annually, net of pension plan investment expense, including inflation.

Mortality rates are calculated with the RP-2000 Mortality Table with generational projection rates.

The actuarial assumptions used in the October 1, 2014 valuation were based on the results of an actuarial experience study for the period October 1, 2009 to September 30, 2014.

# City of Lauderdale Police Officers' Retirement Plan

## Notes to Financial Statements

September 30, 2015 and 2014

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### Note 6 – Net Pension Liability of the City – continued

#### *Actuarial Assumptions - continued*

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*.

ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of the valuation dates of October 1, 2014 and October 1, 2013 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Long-Term Expected Real Rate of Return

Asset Class	2015	2014
US Large Cap Stocks	5.50%	5.75%
US Small / Mid Cap Stocks	6.00%	6.25%
International Equity	5.75%	6.00%
US Direct Real Estate	4.40%	4.50%
Absolute Return	4.00%	3.00%
Global Infrastructure	4.25%	4.50%
US Aggregate Bond	1.50%	1.75%

\* Real rates of return are net of the long-term inflation assumption of 3.0% for 2015 and 2014.

#### *Discount Rate*

The discount rate used to measure the total pension liability was 7.53% and 7.64% for 2015 and 2014, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from the City will be made at statutorily required rates, actuarially determined. Based on those assumptions, the 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 was applied to all periods of projected benefit payments to determine the total pension liability.

# City of Lauderdale Police Officers' Retirement Plan

## Notes to Financial Statements

September 30, 2015 and 2014

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### Note 6 – Net Pension Liability of the City – continued

#### *Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

The following presents the net pension liability of the City calculated using the discount rate of 7.53% and 7.64% for 2015 and 2014, respectively, as well as what the employer net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

#### **City Net Pension Liability - 2015**

	<b>1% Decrease (6.53%)</b>	<b>Current Discount Rate (7.53%)</b>	<b>1% Increase (8.53%)</b>
<b>September 30, 2015</b>	<b>\$ 24,312,825</b>	<b>\$ 15,925,462</b>	<b>\$ 8,958,850</b>

#### City Net Pension Liability - 2014

	1% Decrease (6.64%)	Current Discount Rate (7.64%)	1% Increase (8.64%)
September 30, 2014	\$ 20,219,464	\$ 12,533,498	\$ 6,138,337

## **Required Supplementary Information**



**City of Lauderdale Police Officers' Retirement Plan**  
**Required Supplementary Information**  
**Schedule of Changes in the City's Net Pension Liability (Unaudited)**  
**Last Two Fiscal Years**

	2015	2014
<b>Total pension liability</b>		
Service cost	\$ 2,263,617	\$ 2,410,501
Interest	4,759,669	4,396,768
Changes of benefit terms		
Differences between expected and actual experience	(357,156)	-
Changes of assumptions	783,793	-
Benefit payments including refunds of member contributions	(1,630,757)	(1,223,106)
Net change in total pension liability	5,819,166	5,584,163
Total pension liability- beginning	61,334,537	55,750,374
Total pension liability- ending	67,153,703	61,334,537
<b>Plan fiduciary net position</b>		
Contributions - Employer	2,831,755	2,872,191
Contributions - Member	1,014,541	1,071,357
Net investment income	366,152	3,886,946
Benefit payments, including refunds of member contributions	(1,630,757)	(1,223,106)
Administrative expenses	(154,489)	(127,535)
Other	-	-
Net change in plan fiduciary net position	2,427,202	6,479,853
Plan fiduciary net position - beginning	48,801,039	42,321,186
Plan fiduciary net position - ending	\$ 51,228,241	\$ 48,801,039
City's net pension liability	\$ 15,925,462	\$ 12,533,498

*See independent auditors' report and notes to required supplementary information.*

# City of Lauderdale Police Officers' Retirement Plan

## Required Supplementary Information

### Schedule of Changes in the City's Net Pension Liability (Unaudited) - continued

#### Last Two Fiscal Years

	2015	2014
Total pension liability	\$ 67,153,703	\$ 61,334,537
Plan fiduciary net position	(51,228,241)	(48,801,039)
City's net pension liability	\$ 15,925,462	\$ 12,533,498

Plan fiduciary net position as a percentage of the total pension liability

	76.29%	79.57%
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Covered – actuarially computed employee payroll

\$ 9,712,011	\$ 9,671,315
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City's net pension liability as a percentage of covered – employee payroll

163.98%	129.59%
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\* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**City of Lauderdale Police Officers' Retirement Plan**  
**Required Supplementary Information**  
**Schedule of Contributions by Employer (Unaudited)**  
**Last 10 Fiscal Years**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contribution	\$ 2,831,595	\$ 2,872,191	\$ 2,769,493	\$ 2,629,422	\$ 2,306,698
Contributions in relation to the actuarially determined contribution	2,831,595	2,872,191	2,769,493	2,629,422	2,306,698
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 9,712,011	\$ 9,671,315	\$ 8,844,361	\$ 8,818,777	\$ 9,149,345
Contributions as a percentage of covered-employee payroll	29.16%	29.70%	31.31%	29.82%	25.21%
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Actuarially determined contribution	\$ 2,320,277	\$ 2,076,113	\$ 2,095,909	\$ 1,782,115	\$ 1,415,977
Contributions in relation to the actuarially determined contribution	2,320,277	2,076,113	2,095,909	1,782,115	1,415,977
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 8,751,221	\$ 7,677,961	\$ 8,102,977	\$ 7,098,797	\$ 6,518,591
Contributions as a percentage of covered-employee payroll	26.51%	27.04%	25.87%	25.10%	21.72%

*See independent auditors' report and notes to required supplementary information.*

**City of Lauderhill Police Officers' Retirement Plan**  
**Required Supplementary Information**  
**Schedule of Investment Returns (Unaudited)**  
**Last Ten Fiscal Years**

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Annual money-weighted rate of return, net of investment expense, is as follows:

<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
1.2%	9.2%	16.1%	17.4%	(4.4%)
<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>
9.5%	1.2%	(11.9%)	14.6%	7.4%

*See independent auditors' report and notes to required supplementary information.*

## City of Lauderdale Police Officers' Retirement Plan

### Required Supplementary Information

#### Notes to Required Supplementary Information (Unaudited)

##### Last Ten Fiscal Years

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*Method and assumptions used in calculations of City's actuarially determined contributions.* The actuarially determined contribution rates in the schedule of City's contributions are calculated as of October 1, 2014. Unless otherwise noted above, the following actuarial methods and assumptions were used to determine contribution rates reported in the Schedule of the City's contributions.

Actuarial cost method	Entry-Age-Actuarial Cost Method.
Asset valuation method	The actuarial value of assets is determined by smoothing the differences between actual and investment earnings and assumed investment return over four (4) years. This method was adopted effective October 1, 2001 with no phase-in. The resulting value would then be limited to between 80 % and 120% of market value.
Interest Rates	7.50% compounded annually, net of pension plan investment expense.
Inflation	3.00%
Projected salary increases	Current salaries are assumed to increase at a rate of 5.5% per year until retirement. In addition, cash outs of accumulated sick and vacation leaves are assumed to equal 30% of earnings for the final year of employment.
Expense and or Contingency Loading	Actual administrative expense paid during the prior plan year.
Mortality Rates:	The RP-2000 Mortality Table with generational projection rates.

# City of Lauderdale Police Officers' Retirement Plan

## Required Supplementary Information

### Notes to Required Supplementary Information (Unaudited) - continued Last Ten Fiscal Years

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Retirement Rates: Tier One Members: the earlier of the completion of 20 years of Credited Service or the attainment of age 55 with completion of five (5) years of Credited Service.

Tier Two Members: the earlier of the completion of 25 years of Credited Service or the attainment of age 55 with completion of ten (10) years of Credited Service.

Disability Rates: Disability incidence rates were used in accordance with a table per the following illustrative example:

<u>Age</u>	<u>Disability Rates Per 100 Employees</u>
20	0.03
25	0.03
30	0.04
35	0.05
40	0.07
45	0.10
50	0.18
55	0.36
60	0.90
65 & Over	0.00

Withdrawal Rates: Withdrawal rates were used in accordance with a table per the following illustrative example:

<u>Age</u>	<u>Disability Rates Per 100 Employees</u>
20	6.0
25	5.7
30	5.0
35	3.8
40	2.6
45	1.6
50	0.5
55 & Over	0.0

Marital Assumptions: 100% of active participants were assumed married, with husbands three (3) years older than wives.

Withdrawal of Employee Contributions:

It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.

Changes from Last Actuarial Valuation:

The assumed interest to be earned by the Fund was changed from 7.75% to 7.50% per annum, net of investment fees. The assumed annual salary increase was changed from 6.0% to 5.5% per year, and the assumed additional salary increase in the last year of employment due to cash outs of accumulated sick and vacation leaves was changed from 30% of pay to the Earnable Compensation.

## **Other Supplemental Schedules**

**City of Lauderdale Police Officers' Retirement Plan**  
**Other Supplemental Schedules of Investment Expenses and Administrative Expenses**  
**For the Years Ended September 30, 2015 and 2014**

	2015	2014
<b>Schedule "1" - Schedule of Investment Expenses</b>		
Financial management expenses:		
ICC Capital Management	\$ 65,010	\$ 65,794
Total financial management expenses	65,010	65,794
Investment consultant fees:		
Southeastern Advisory Services, Inc.	51,446	45,634
Investment custodial fees:		
Salem Trust	26,467	24,888
Total investment expenses	\$ 142,923	\$ 136,316

<b>Schedule "2" - Schedule of Administrative Expenses</b>		
Professional services:		
Actuarial	\$ 45,920	\$ 29,650
Administrator	39,240	36,000
Audit	17,722	19,400
Legal	41,219	32,430
Total professional services	144,101	117,480
Other:		
Conferences	5,007	5,047
Insurance and other	5,381	5,008
Total other	10,388	10,055
Total administrative expenses	\$ 154,489	\$ 127,535





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