



March 31, 2017

Mr. Christopher Chiocca
Finance Director
City of Hialeah
501 Palm Avenue
Hialeah, Florida 33010-4719

**Re: City of Hialeah Elected Officers Retirement System
October 1, 2016 Actuarial Valuation**

Dear Chris:

As requested, we are pleased to enclose five (5) copies of the October 1, 2016 Actuarial Valuation Report for the City of Hialeah Elected Officers Retirement System.

We appreciate the opportunity to work with you on this important project and look forward to presenting the key financial results of our Actuarial Valuation at an upcoming meeting with the interested parties. Please provide the date and time for the meeting in order for us to attend and present the key financial results of our Report.

As you may be aware, the State issued a Memorandum on January 20, 2017 announcing the activation of their new online reporting portal for pension plans. Upon approval of the Actuarial Valuation Report, we will upload a copy of the Actuarial Valuation Report along with the newly required disclosure information as required by the State.

If you should have any question concerning the above, please do not hesitate to contact us.

Sincerest regards,

A handwritten signature in black ink that reads "L. F. Wilson". The signature is written in a cursive, flowing style.

Lawrence F. Wilson, A.S.A.
Senior Consultant and Actuary

Enclosures

cc: Ms. Ines F. Beecher (w/ enclosure)
Ms. Lorena Bravo (w/ enclosure)
Mr. Andrew Fierman (w/ enclosure)



CITY OF HIALEAH ELECTED OFFICERS RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF OCTOBER 1, 2016

This Valuation Determines the Annual Contribution for the System Year October 1, 2016 through September 30, 2017 with City Contribution to Be Paid in the Fiscal Year October 1, 2017 to September 30, 2018

March 31, 2017

**City of Hialeah Elected Officers
Retirement System**

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March 31, 2017

City Council
c/o Mr. Chris Chiocca
Finance Director
City of Hialeah
501 Palm Avenue
Hialeah, Florida 33010-4719

Dear City Council Members:

October 1, 2016 Actuarial Valuation

We are pleased to present our October 1, 2016 Actuarial Valuation for the City of Hialeah Elected Officers Retirement System. The purpose of this report is to indicate appropriate contribution levels, monitor minimum funding requirements and comment on the actuarial stability of the System. Gabriel, Roeder, Smith & Company (GRS), as System actuary, is authorized to prepare an annual Actuarial Valuation. This report is prepared for and at the request of the City Council.

This report consists of this commentary, detailed Tables I through XIX, and the State Required Exhibit on Table XX. The Tables contain basic System cost figures plus significant details on the benefits, liabilities and experience of the System. We suggest you thoroughly review the report at your convenience and contact us with any questions that may arise.

Retirement System Costs

Our Actuarial Valuation develops the required minimum System contribution under the Florida Protection of Public Employee Retirement Benefits Act. The minimum contribution consists of payment of annual normal costs including expenses and amortization of the components of the unfunded actuarial accrued liability over various periods as prescribed by law and includes an interest adjustment to reflect the assumed payment date (not less than normal cost). The minimum required contribution for System year ending September 30, 2017 to be paid in fiscal year ending September 30, 2018 is **\$185,898 (27.2%)**. The figure in parentheses is the minimum required System contribution expressed as a percentage of covered annual payroll as of October 1, 2016 (\$683,098).

This total cost is to be met by Member and City contributions. We anticipate Members will contribute **\$21,481 (3.1%)**. The resulting minimum required City contribution to be paid in fiscal year ending September 30, 2018 is \$164,417 (24.1%). The minimum required City contribution may be reduced by up to the total credit balance, if any, as of September 30, 2017 (\$1,218,334 as of September 30, 2016).

Changes in Actuarial Assumptions, Methods and System Benefits

System provisions remain unchanged from the October 1, 2015 Actuarial Valuation. System provisions are summarized on Table XI.

The mortality assumption has been updated to use the mortality assumption used by the Florida Retirement System (FRS) as required under F.S., Chapter 2015-157 based upon the July 1, 2016 FRS Actuarial Valuation. The remaining actuarial assumptions and methods are unchanged from the October 1, 2015 Actuarial Valuation. The actuarial assumptions and methods are outlined on Table XII.

As in prior years, the minimum required contribution amounts reflect F.S., 112.66 (13) requiring the City contribute not less than the City normal cost. This City funding requirement was added by Chapter 2011-216.

Comparison of October 1, 2015 and October 1, 2016 Valuation Results

Table II of our report provides information of a comparative nature. The left columns of the Table indicate the costs as calculated for October 1, 2015. The center columns indicate the costs as calculated for October 1, 2016 prior to the assumption change. The right columns indicate the costs as calculated for October 1, 2016 after the assumption change.

Comparing the left and center columns of Table II shows the effect of System experience during the year. The number of active participants decreased by approximately 9% and covered payroll decreased by approximately 14%. Total normal cost increased both as a dollar amount and as a percentage of covered payroll. The unfunded actuarial accrued liability decreased both as a dollar amount and as a percentage of covered payroll. The net City minimum funding requirement increased both as a dollar amount and as a percentage of covered payroll. The System remains in a surplus position.

Comparing the center and right columns of Table II shows the effect of the assumption change. Total normal cost, unfunded actuarial accrued liability and the net City minimum funding requirement increased both as a dollar amount and as a percentage of covered payroll.

System assets exceed the value of vested accrued benefits resulting in a Vested Benefit Security Ratio (VBSR) of 120.5% (121.7% prior to change in assumptions), an increase from 115.5% as of October 1, 2015. The VBSR is measured on a market value of assets basis.

System Experience

Table VIII indicates the System experienced an actuarial gain of \$299,784. This suggests actual System experience was more favorable than expected under the actuarial assumptions.



Table XVIII provides figures on recent System experience (salary, turnover and investment yield). System salary experience indicates that actual salary increases averaged approximately 2.1% this year. Salary experience was generally a source of actuarial gain when compared to the 8.0% pay increase assumption. The latest three, five and ten-year average salary increases are 2.0%, 1.0% and 4.9%, respectively.

There was no active member turnover this year. Turnover was generally an offsetting source of actuarial loss. The latest three and five-year average turnover is 60% and 30% of expected turnover, respectively.

Smoothed actuarial value investment return this year was 8.6% which exceeded the 6.0% investment return assumption. Smoothed actuarial value investment return was an additional source of actuarial gain during the previous year. The latest three, five and ten-year average annual smoothed actuarial value investment returns are 8.5%, 8.7% and 7.1%, respectively. One, three, five and ten-year average annual market value investment returns are 10.5%, 6.8%, 9.4% and 7.4%, respectively.

Member Census and Financial Data

The City submitted the October 1, 2016 Member census data used for this valuation to us. This information contains name, Social Security number, date of birth, date of hire and actual salary paid for the previous year. Dates of termination and retirement are provided where applicable. The City updated information on inactive participants including retirees, beneficiaries and vested terminees.

We received financial information concerning System assets from the City. The information was provided as of September 30, 2016. We do not audit the Member census data and asset information that is provided to us; however, we perform certain reasonableness checks. The System is responsible for the accuracy of the data.

Summary

In our opinion the benefits provided for under the current System will be sufficiently funded through the payment of the amount as indicated in this and future Actuarial Valuation reports. We will continue to update you on the future payment requirements for the System through our actuarial reports. These reports will also continue to monitor the future experience of the System.

The actuarial assumptions used in this Actuarial Valuation are as adopted by the City Council based on historical and expected future experience. Each assumption represents an estimate of future System experience. We continue to suggest an Experience Study be performed to determine any suggested updates to the actuarial assumptions.

If all actuarial assumptions are met and if all future minimum required contributions are paid, System assets will be sufficient to pay all System benefits, future contributions are expected to remain relatively stable as a percent of payroll and the funded status is expected to improve. System minimum required contributions are determined in compliance with the requirements of the Florida Protection of Public Employee Retirement Benefits Act with normal cost determined as a level percent of covered payroll and a level dollar amortization payment using an initial amortization period of 15 years.

The Unfunded Actuarial Accrued Liability (UAAL) may not be appropriate for assessing the sufficiency of System assets to meet the estimated cost of settling benefit obligations but may be appropriate for assessing the need for or the amount of future contributions. The UAAL would be different if it reflected the market value of assets rather than the actuarial value of assets.

The Unfunded Actuarial Present Value of Vested Accrued Benefits and the corresponding Vested Benefit Security Ratio may be appropriate for assessing the sufficiency of System assets to meet the estimated cost of settling benefit obligations but may not be appropriate for assessing the need for or the amount of future contributions.

The GASB Net Pension Liability and System Fiduciary Net Position as a Percentage of Total Pension Liability may not be appropriate for assessing the sufficiency of System assets to meet the estimated cost of settling benefit obligations but may be appropriate for assessing the need for or the amount of future contributions.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: System 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); and changes in System provisions or applicable law. Due to the limited scope of the actuary's assignment, the actuary did not perform an analysis of the potential range of such future measurements.

This report should not be relied on for any purpose other than the purpose described in the primary communication. Determinations of the financial results associated with the benefits described in this report in a manner other than the intended purpose may produce significantly different results.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the System as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

City Council
March 31, 2017
Page Five

This report may be provided to parties other than the City Council only in its entirety and only with the permission of an approved representative of the City Council.

The signing actuaries are independent of the System sponsor.

The undersigned 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 in this report. We are available to respond to any questions with regards to matters covered in this report.

Very truly yours,



Lawrence F. Wilson, E.A., A.S.A.
Senior Consultant and Actuary



Jennifer M. Borregard, E.A.
Consultant and Actuary

**City of Hialeah Elected Officers
Retirement System**

Summary of Retirement System Costs as of October 1, 2016

	<u>Prior Assumptions</u>		<u>Current Assumptions</u>	
	<u>Cost Data</u>	<u>% of Payroll</u>	<u>Cost Data</u>	<u>% of Payroll</u>
A. Participant Data Summary (Table III)				
1. Active employees	10	N/A	10	N/A
2. Terminated vested	7	N/A	7	N/A
3. Receiving benefits	8	N/A	8	N/A
4. Annual payroll of active employees	\$ 683,098	100.0%	\$ 683,098	100.0%
B. Total Normal Costs				
1. Age retirement benefits	\$ 114,636	16.8%	\$ 115,884	17.0%
2. Termination benefits	44,294	6.5%	44,139	6.5%
3. Death benefits	332	0.0%	447	0.1%
4. Disability benefits	0	0.0%	0	0.0%
5. Estimated expenses	25,428	3.7%	25,428	3.7%
6. Total annual normal costs	\$ 184,690	27.0%	\$ 185,898	27.2%
C. Total Actuarial Accrued Liability				
1. Age retirement benefits active employees	\$ 2,135,453	312.6%	\$ 2,135,798	312.7%
2. Termination benefits active employees	455,323	66.7%	452,982	66.3%
3. Death benefits active employees	2,524	0.4%	3,080	0.5%
4. Disability benefits active employees	0	0.0%	0	0.0%
5. Retired or terminated vested participants receiving benefits	3,576,734	523.6%	3,680,930	538.9%
6. Terminated vested participants entitled to future benefits	2,572,136	376.5%	2,550,066	373.3%
7. Deceased participants whose beneficiaries are receiving benefits	0	0.0%	0	0.0%
8. Disabled participants receiving benefits	0	0.0%	0	0.0%
9. Miscellaneous liability	0	0.0%	0	0.0%
10. Total actuarial accrued liability	\$ 8,742,170	1279.8%	\$ 8,822,856	1291.6%
D. Net Smoothed Actuarial Value of Assets (Table VI)	\$ 9,343,634	1367.8%	\$ 9,343,634	1367.8%
E. Unfunded Actuarial Accrued Liability (C. - D.)	\$ (601,464)	(88.0%)	\$ (520,778)	(76.2%)

City of Hialeah Elected Officers
Retirement System

Summary of Retirement System Costs as of October 1, 2016

	<u>Prior Assumptions</u>		<u>Current Assumptions</u>	
	<u>Cost</u> <u>Data</u>	<u>% of</u> <u>Payroll</u>	<u>Cost</u> <u>Data</u>	<u>% of</u> <u>Payroll</u>
F. Preliminary Minimum Required Contribution				
1. Total normal cost	\$ 184,690	27.0%	\$ 185,898	27.2%
2. Amortization of unfunded liability	(67,806)	(9.9%)	(59,969)	(8.8%)
3. Interest adjustment	9,231	1.4%	10,045	1.5%
4. Total preliminary required contribution	\$ 126,115	18.5%	\$ 135,974	19.9%
G. Minimum Required Contribution (F.S., 112.66 (13)) (Greater of F.1. and F.4.)	\$ 184,690	27.0%	\$ 185,898	27.2%
H. Contribution Sources				
1. Expected City	\$ 163,209	23.9%	\$ 164,417	24.1%
2. Expected Member	\$ 21,481	3.1%	\$ 21,481	3.1%
I. Actuarial Gain / (Loss) (Table VIII)	\$ 299,784	43.9%	\$ 299,784	43.9%
J. Actuarial Present Value of Vested Accumulated Benefits				
1. Retired, terminated vested, beneficiaries and disabled receiving benefits including DROP participants	\$ 3,576,734	523.6%	\$ 3,680,930	538.9%
2. Terminated vested participants entitled to future benefits and miscellaneous	2,572,136	376.5%	2,550,066	373.3%
3. Active participants entitled to future benefits	1,696,430	248.3%	1,692,455	247.8%
4. Total actuarial present value of vested accumulated benefits	\$ 7,845,300	1148.5%	\$ 7,923,451	1159.9%
K. Net Market Value of Assets (Table V)	\$ 9,550,616	1398.1%	\$ 9,550,616	1398.1%
L. Unfunded Actuarial Present Value of Vested Accrued Benefits (J. - K., not less than zero)	\$ 0	0.0%	\$ 0	0.0%
M. Vested Benefit Security Ratio (K. ÷ J.)	121.7%	N/A	120.5%	N/A

**City of Hialeah Elected Officers
Retirement System**

Comparison of Cost Data of October 1, 2015 and October 1, 2016 Valuations

	October 1, 2015		Prior Assumptions October 1, 2016		Current Assumptions October 1, 2016	
	Cost Data	% of Annual Compensation	Cost Data	% of Annual Compensation	Cost Data	% of Annual Compensation
A. Participants						
1. Active employees	11	N/A	10	N/A	10	N/A
2. Terminated vested	7	N/A	7	N/A	7	N/A
3. Receiving benefits	8	N/A	8	N/A	8	N/A
4. Annual payroll of active employees	\$ 791,668	100.0%	\$ 683,098	100.0%	\$ 683,098	100.0%
B. Total Normal Costs	\$ 175,894	22.2%	\$ 184,690	27.0%	\$ 185,898	27.2%
C. Total Actuarial Accrued Liability	\$ 8,412,615	1062.6%	\$ 8,742,170	1279.8%	\$ 8,822,856	1291.6%
D. Net Smoothed Actuarial Value of Assets	\$ 8,654,447	1093.2%	\$ 9,343,634	1367.8%	\$ 9,343,634	1367.8%
E. Unfunded Actuarial Accrued Liability	\$ (241,832)	(30.5%)	\$ (601,464)	(88.0%)	\$ (520,778)	(76.2%)
F. Minimum Required City Contribution	\$ 155,257	19.6%	\$ 163,209	23.9%	\$ 164,417	24.1%
G. Actuarial Gain / (Loss)	\$ 476,069	60.1%	\$ 299,784	43.9%	\$ 299,784	43.9%
H. Unfunded Actuarial Present Value of Vested Accrued Benefits	\$ 0	0.0%	\$ 0	0.0%	\$ 0	0.0%
I. Vested Benefit Security Ratio	115.5%	N/A	121.7%	N/A	120.5%	N/A

Table III

**City of Hialeah Elected Officers
Retirement System**

**Characteristics of Participants in
Actuarial Valuation as of October 1, 2016**

A. Active System Participants Summary

1. Active participants fully vested	6
2. Active participants partially vested	0
3. Active participants non-vested	4
4. Total active participants	<u>10</u>
5. Annual rate of pay of active participants	\$ 683,098

B. Retired and Terminated Vested Participant Summary

1. Retired or terminated vested participants receiving benefits	8
2. Terminated vested participants entitled to future benefits	7
3. Deceased participants whose beneficiaries are receiving benefits	0
4. Disabled participants receiving benefits	0

C. Projected Annual Retirement Benefits

1. Retired or terminated vested receiving benefits	\$ 371,529
2. Terminated vested entitled to future benefits	242,600
3. Beneficiaries of deceased participants	0
4. Disabled participants	0

Table IV

**City of Hialeah Elected Officers
Retirement System**

Statement of System Assets as of October 1, 2016

	<u>Market Value¹</u>
A. <u>Cash and Cash Equivalents</u>	\$ 250,957
B. <u>General Investments</u>	
1. U.S. Government / Agency Bonds	\$ 0
2. Corporate Bonds	0
3. Mutual Funds	10,232,892
4. Real Estate	518,186
C. <u>Contribution Receivable</u>	\$ 0
D. <u>Accounts Payable</u>	\$ 233,085
E. <u>System Assets</u> (A. + B. + C. - D.)	\$ 10,768,950
F. <u>Funding Standard Account Credit Balance</u>	\$ 1,218,334
G. <u>Net System Assets</u> (E. - F.)	\$ 9,550,616

¹ As reported by the City

Table V

**City of Hialeah Elected Officers
Retirement System**

Reconciliation of System Assets *

A.	<u>Market Value of Assets as of October 1, 2015</u>		\$ 9,893,539
B.	<u>Receipts During Period</u>		
1.	Contributions		
	a. Employee	\$ 21,718	
	b. City	203,796	
	c. Total	\$ 225,514	
2.	Investment Income		
	a. Dividends and other income	\$ 236,069	
	b. Realized gains / (losses)	11,774	
	c. Unrealized gains / (losses)	801,964	
	d. Investment expenses	(19,559)	
	e. Net investment income	\$ 1,030,248	
3.	Total receipts during period		\$ 1,255,762
C.	<u>Disbursements During Period</u>		
1.	Pension payments	\$ 354,923	
2.	Contribution refunds	0	
3.	Administrative expenses	25,428	
4.	Total disbursements during period	\$ 380,351	
D.	<u>Total Market Value of Assets as of September 30, 2016</u>		\$ 10,768,950
E.	<u>Funding Standard Account Credit Balance</u>		\$ 1,218,334
F.	<u>Net Market Value of Assets as of September 30, 2016 (D. - E.)</u>		\$ 9,550,616

* As reported by City

**City of Hialeah Elected Officers
Retirement System**

Development of Smoothed Actuarial Value of Assets as of September 30

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
A. Preliminary smoothed actuarial value from prior year	\$ 9,146,093	\$ 9,872,781	\$ 10,561,968			
B. Market value beginning of year	9,866,602	9,893,539	10,768,950			
C. Market value end of year	9,893,539	10,768,950				
D. Non-investment net cash flow	38,356	(154,837)				
E. Investment return						
1. Total market value return: C. - B. - D.	(11,419)	1,030,248				
2. Amount for immediate recognition (6.0%)	593,147	588,967				
3. Amount for phased-in recognition: E.1. - E.2.	(604,566)	441,281				
F. Phased-in recognition of investment return						
1. Current year: 20% of E.3.	(120,913)	88,256				
2. First prior year	76,777	(120,913)	88,256			
3. Second prior year	63,147	76,777	(120,913)	88,256		
4. Third prior year	147,790	63,147	76,777	(120,913)	88,256	
5. Fourth prior year	(71,616)	147,790	63,145	76,775	(120,914)	88,257
6. Total phased-in recognition of investment return	<u>95,185</u>	<u>255,057</u>	<u>107,265</u>	<u>44,118</u>	<u>(32,658)</u>	<u>88,257</u>
G. Smoothed actuarial value end of year						
1. Preliminary total smoothed actuarial value end of year:						
A. + D. + E.2. + F.6.	9,872,781	10,561,968				
2. Upper corridor limit: 120% of C.	11,872,247	12,922,740				
3. Lower corridor limit: 80% of C.	7,914,831	8,615,160				
4. Smoothed actuarial value end of year:						
G.1., not more than G.2., nor less than G.3.	9,872,781	10,561,968				
H. Difference between market value and smoothed actuarial value	20,758	206,982				
I. Smoothed actuarial value rate of return	7.5%	8.6%				
J. Market value rate of return	(0.1%)	10.5%				
K. Funding Standard Account Credit Balance	1,218,334	1,218,334				
L. Net smoothed actuarial value of assets G.4. - K.	8,654,447	9,343,634				

**City of Hialeah Elected Officers
Retirement System**

Funding Standard Account

I. <u>Funding Standard Account for System Year Ended September 30, 2016</u>	
A. <u>Charges to the Funding Standard Account</u>	
1. Prior year funding deficiency	\$ 0
2. City normal cost for the System Year	203,796
3. Net amortization charges	(82,339)
4. Interest charge	<u>11,535</u>
5. Total employer charges	
(A.1. + A.2. + A.3. + A.4., but not less than A.2.)	\$ 203,796
B. <u>Credits to the Funding Standard Account</u>	
1. Prior year credit balance	\$ 1,218,334
2. City contributions	<u>203,796</u>
3. Total credits	\$ 1,422,130
C. <u>Credit Balance / (Funding Deficiency)</u>	
(B.3. - A.5.)	\$ 1,218,334

Table VIII

**City of Hialeah Elected Officers
Retirement System
Actuarial Gain / (Loss) for
System Year Ended September 30, 2016**

A. Derivation of Actuarial Gain / (Loss)

1. City normal cost previous valuation	\$	155,257
2. Unfunded actuarial accrued liability previous valuation		(241,832)
3. City contributions previous year		203,796
4. Interest on:		
(a) Normal cost	\$	9,315
(b) Unfunded actuarial accrued liability		(14,510)
(c) City contributions		6,114
(d) Net total: (a) + (b) - (c)	\$	(11,309)
5. Increase / (decrease) in unfunded actuarial accrued liability due to assumption change	\$	80,686
6. Expected unfunded actuarial accrued liability current year: (1. + 2. - 3. + 4. + 5.)	\$	(220,994)
7. Actual unfunded actuarial accrued liability current year		(520,778)
8. Actuarial gain / (loss): (6. - 7.)	\$	299,784

**B. Approximate Portion of Gain / (Loss)
due to Investments**

1. Smoothed actuarial value of net assets previous year	\$	8,654,447
2. Contributions during period		225,514
3. Benefits and administrative expenses during period		380,351
4. Expected net appreciation for period		514,622
5. Expected smoothed actuarial value of net assets current year: (1. + 2. - 3. + 4. + 5.)	\$	9,014,232
6. Actual smoothed actuarial value of net assets current year	\$	9,343,634
7. Approximate investment gain / (loss): (6. - 5.)	\$	329,402

**C. Approximate Portion of Gain / (Loss)
due to Liabilities: A. - B.**

\$ (29,618)

**City of Hialeah Elected Officers
Retirement System**

Amortization of Unfunded Actuarial Accrued Liability

A. Unfunded Actuarial Accrued Liability

<u>Date</u>	<u>Unfunded Liability</u>	<u>Amortization Payment</u>
October 1, 2016	\$ (520,778)	\$ (59,969)
October 1, 2017	\$ (488,458)	\$ (59,969)
October 1, 2018	\$ (454,198)	\$ (59,969)
October 1, 2019	\$ (417,883)	\$ (59,969)
October 1, 2020	\$ (379,389)	\$ (59,969)
...		
...		
October 1, 2031	\$ 0	\$ 0

**City of Hialeah Elected Officers
Retirement System**

Accounting Disclosure Exhibit

	10/01/2015	Prior Assumptions 10/01/2016	Current Assumptions 10/01/2016
I. <u>Number of System Members</u>			
a. Receiving benefits	8	8	8
b. Terminated due deferred benefits	7	7	7
c. Active system members	11	10	10
d. Total	26	25	25
II. <u>Financial Accounting Standards Board Allocation</u> <u>As of October 1, 2016</u>			
A. <u>Statement of Accumulated System Benefits</u>			
1. Actuarial present value of accumulated vested System benefits			
a. Participants currently receiving benefits including DROP participants	\$ 2,867,438	\$ 3,576,734	\$ 3,680,930
b. Other participants	4,644,309	4,268,566	4,242,521
c. Total	\$ 7,511,747	\$ 7,845,300	\$ 7,923,451
2. Actuarial present value of accumulated non-vested System benefits	\$ 190,265	\$ 129,477	\$ 133,952
3. Total actuarial present value of accumulated System benefits	\$ 7,702,012	\$ 7,974,777	\$ 8,057,403
B. <u>Statement of Change in Accumulated System Benefits</u>			
1. Actuarial present value of accumulated System benefits as of October 1, 2015			\$ 7,702,012
2. Increase / (decrease) during year attributable to:			
a. System amendment			\$ 0
b. Change in actuarial assumptions			82,626
c. Benefits paid including refunds			(354,923)
d. Other, including benefits accumulated, increase for interest due to decrease in the discount period			627,688
e. Net increase			\$ 355,391
3. Actuarial present value of accumulated System benefits as of October 1, 2016			\$ 8,057,403
C. <u>Significant Matters Affecting Calculations</u>			
1. Assumed rate of return used in determining actuarial present values			6.0%
2. Change in System provisions			None.
3. Change in actuarial assumptions			See Table XII, Item L.

**City of Hialeah Elected Officers
Retirement System**

Accounting Disclosure Exhibit

III. Net Pension Liability and Related Ratios (GASB No. 67 & No. 68)

Measurement date	9/30/2014	9/30/2015	9/30/2016	Projected 9/30/2017 *
A. <u>Total Pension Liability (TPL)</u>				
Service Cost	\$ 278,300	\$ 214,225	\$ 169,969	\$ 160,470
Interest	490,346	502,980	504,307	526,354
Benefit Changes	0	0	0	0
Difference Between Actual and Expected Experience	(76,666)	(237,890)	(332,714)	10,202
Assumption Changes	0	0	0	80,686
Benefit Payments, including Refunds of Member Contributions	(230,929)	(281,298)	(354,923)	(421,521)
Net Change in Total Pension Liability	461,051	198,017	(13,361)	356,191
Total Pension Liability (TPL) - (beginning of year)	8,086,261	8,547,312	8,745,329	8,731,968
Total Pension Liability (TPL) - (end of year)	<u>\$ 8,547,312</u>	<u>\$ 8,745,329</u>	<u>\$ 8,731,968</u>	<u>\$ 9,088,159</u>
B. <u>System Fiduciary Net Position</u>				
Contributions - City	\$ 305,000	\$ 304,126	\$ 203,796	\$ 155,257
Contributions - Member	15,655	21,453	21,718	21,481
Net Investment Income	918,376	(11,419)	1,030,248	638,031
Benefit Payments, including Refunds of Member Contributions	(230,929)	(281,298)	(354,923)	(421,521)
Administrative Expenses	(9,718)	(5,925)	(25,428)	(25,428)
Other	0	0	0	0
Net Change in System Fiduciary Net Position	998,384	26,937	875,411	367,820
System Fiduciary Net Position - (beginning of year)	8,868,218	9,866,602	9,893,539	10,768,950
System Fiduciary Net Position - (end of year)	<u>\$ 9,866,602</u>	<u>\$ 9,893,539</u>	<u>\$ 10,768,950</u>	<u>\$ 11,136,770</u>
C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u>	\$ (1,319,290)	\$ (1,148,210)	\$ (2,036,982)	\$ (2,048,611)
D. <u>System Fiduciary Net Position as Percentage of TPL: (B) / (A)</u>	115.44 %	113.13 %	123.33 %	122.54 %
E. <u>Covered Employee Payroll</u> **	\$ 1,001,519	\$ 872,761	\$ 688,294	\$ 683,098
F. <u>NPL as a Percentage of Covered Employee Payroll: (C) / (E)</u>	(131.73%)	(131.56%)	(295.95%)	(299.90%)
G. <u>Notes to Schedule:</u>				
Valuation Date	10/1/2013	10/1/2014	10/01/2015	10/01/2016
GASB No. 68 Reporting Date	9/30/2015	9/30/2016	9/30/2017	9/30/2018

Update procedures used to roll forward TPL to the measurement dates

No assumption changes or benefit changes through September 30, 2016 measurement date. See Table XII for assumption changes for September 30, 2017 measurement date.

* Projected - actual amounts will be available after fiscal year end

** Reported payroll on which contributions to the System are based as provided under GASB No. 82

**City of Hialeah Elected Officers
Retirement System**

Accounting Disclosure Exhibit

IV. Schedule of Employer Contributions (GASB No. 67 & No. 68)

<u>Fiscal Year Ended 9/30</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll^{1,2}</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2007	\$ 263,369	\$ 500,000	\$ (236,631)	\$ 986,381	50.69%
2008	288,006	500,000	(211,994)	1,116,589	44.78%
2009	299,852	500,000	(200,148)	1,200,461	41.65%
2010	356,028	500,000	(143,972)	1,206,773	41.43%
2011	313,841	313,841	0	1,113,794	28.18%
2012	280,405	280,405	0	1,048,795	26.74%
2013	312,403	312,403	0	1,085,310	28.78%
2014	288,521	305,000	(16,479)	1,001,519	30.45%
2015	304,126	304,126	0	872,761	34.85%
2016	203,796	203,796	0	688,294	29.61%
2017 ³	155,257	155,257	0	683,098	22.73%

¹ Projected prior to fiscal year ended September 30, 2014

² Reported payroll on which contributions to the System are based as provided under GASB No. 82

³ Projected - actual amounts will be available after fiscal year end

City of Hialeah Elected Officers
Retirement System

Accounting Disclosure Exhibit

V. Notes to Schedule of Contributions (GASB No. 67 & No. 68)

Valuation Date: Actuarially determined contributions are calculated as of October 1st - two year(s) prior to the fiscal year end in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar amount, closed
Amortization Period	15 years
Asset Valuation Method	Smoothed market value
Inflation	2.75%
Salary Increases	8.00%
Investment Rate of Return	6.00%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP 2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, with generational mortality improvements fully projected to each future valuation date with Scale AA.

Other Information:

Benefit Changes

2013 - System closed to new entrants effective January 1, 2014; added member contributions of 7% of compensation for members not vested as of January 1, 2014.

Assumption Changes

2013 - payroll growth assumption eliminated. 2009 - mortality assumptions and actuarial value of assets method updated. 2006 - investment return assumption updated.

**City of Hialeah Elected Officers
Retirement System**

Accounting Disclosure Exhibit

VI. Discount Rate (GASB No. 67 & No. 68)

A discount rate of 6% was used to measure the TPL. This discount rate was based on the expected rate of return on System investments of 6%. The projection of cash flows used to determine this discount rate assumed member contributions will be made at the current member contribution rate and employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member contribution 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 System investments was applied to all periods of projected benefit payments to determine the TPL.

VII. Sensitivity of the NPL to the Discount Rate Assumption (GASB No. 67 & No. 68)

Measurement date: September 30, 2016

	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	5%	6%	7%
NPL	\$ (962,260)	\$ (2,036,982)	\$ (2,928,690)

Measurement date: September 30, 2017 *

	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	5%	6%	7%
NPL	\$ (917,760)	\$ (2,048,611)	\$ (2,982,089)

* Projected - actual amounts will be available after fiscal year end

**City of Hialeah Elected Officers
Retirement System**

Accounting Disclosure Exhibit

VIII. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Reporting Date (GASB No. 68)

Pension Expense for Fiscal Year Ending September 30, 2017 \$ (270,915)

Summary of Outstanding Deferred Inflows and Outflows of Resources as of September 30, 2017

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between actual and expected experience on liabilities	0	159,201
Changes of assumptions or other inputs	0	0
Net difference between projected and actual earnings on System investments	0	143,837
Total	<u>\$ 0</u>	<u>\$ 303,038</u>

Projected Deferred Outflows for City Contributions to Be Recognized in Pension Expense for Fiscal Year Ending September 30, 2018 \$ 155,257

Summary of Deferred Outflows and Inflows of Resources to Be Recognized in Pension Expense in Future Years.

<u>Year Ending 30-Sep</u>	<u>Amount</u>
2018	\$ (203,321)
2019	(44,118)
2020	32,658
2021	(88,257)
2022	0
Thereafter	0

**City of Hialeah Elected Officers
Retirement System**

Accounting Disclosure Exhibit

The following information is not required to be disclosed but is provided for informational purposes.

IX. Components of Pension Expense (GASB No. 68)

Measurement Date	<u>9/30/2014</u>	<u>9/30/2015</u>	<u>9/30/2016</u>	<u>Projected 9/30/2017 *</u>
Service Cost	\$ 278,300	\$ 214,225	\$ 169,969	\$ 160,470
Interest on Total Pension Liability	490,346	502,980	504,307	526,354
Current-Period Benefit Changes	0	0	0	0
Contributions - Member	(15,655)	(21,453)	(21,718)	(21,481)
Projected Earnings on System Investments	(534,493)	(593,147)	(588,967)	(638,031)
Administrative Expenses	9,718	5,925	25,428	25,428
Other Changes in System Fiduciary Net Position	0	0	0	0
Recognition of Beginning Deferred Outflows / (Inflows) due to Liabilities	(29,487)	(142,768)	(315,814)	(105,737)
Recognition of Beginning Deferred Outflows / (Inflows) due to Assets	(76,777)	44,136	(44,120)	(44,120)
Total Pension Expense	<u>\$ 121,952</u>	<u>\$ 9,898</u>	<u>\$ (270,915)</u>	<u>\$ (97,117)</u>

* Projected - actual amounts will be available after fiscal year end

**City of Hialeah Elected Officers
Retirement System**

Accounting Disclosure Exhibit

The following information is not required to be disclosed but is provided for informational purposes.

X. Recognition of Deferred Outflows and (Inflows) Due to Liabilities - Measurement Date (GASB No. 68)

Recognition of Deferred Outflows due to Differences Between Actual and Expected Experience on Liabilities

Established	Initial Balance	Initial Recognition Period	Remaining Recognition Period as of 9/30/2016	Recognition Amount for 2015 / 2016	Balance as of 9/30/2016
2013 / 2014	\$ 0	2.6	0.0	\$ 0	\$ 0
2014 / 2015	\$ 0	2.1	0.1	\$ 0	\$ 0
2015 / 2016	\$ 0	1.8	0.8	\$ 0	\$ 0
TOTAL				\$ 0	\$ 0

Recognition of Deferred (Inflows) due to Differences Between Actual and Expected Experience on Liabilities

Established	Initial Balance	Initial Recognition Period	Remaining Recognition Period as of 9/30/2016	Recognition Amount for 2015 / 2016	Balance as of 9/30/2016
2013 / 2014	\$ (76,666)	2.6	0.0	\$ (17,692)	\$ 0
2014 / 2015	\$ (237,890)	2.1	0.1	\$ (113,281)	\$ (11,328)
2015 / 2016	\$ (332,714)	1.8	0.8	\$ (184,841)	\$ (147,873)
TOTAL				\$ (315,814)	\$ (159,201)

Recognition of Deferred Outflows due to Changes of Assumptions or Other Inputs

Established	Initial Balance	Initial Recognition Period	Remaining Recognition Period as of 9/30/2016	Recognition Amount for 2015 / 2016	Balance as of 9/30/2016
2013 / 2014	\$ 0	2.6	0.0	\$ 0	\$ 0
2014 / 2015	\$ 0	2.1	0.1	\$ 0	\$ 0
2015 / 2016	\$ 0	1.8	0.8	\$ 0	\$ 0
TOTAL				\$ 0	\$ 0

**City of Hialeah Elected Officers
Retirement System**

Accounting Disclosure Exhibit

The following information is not required to be disclosed but is provided for informational purposes.

X. Recognition of Deferred Outflows and (Inflows) Due to Liabilities - Measurement Date (GASB No. 68) (cont'd)

Recognition of Deferred (Inflows) due to Changes of Assumptions or Other Inputs

Established	Initial Balance	Initial Recognition Period	Remaining Recognition Period as of 9/30/2016	Recognition Amount for 2015 / 2016	Balance as of 9/30/2016
2013 / 2014	\$ 0	2.6	0.0	\$ 0	\$ 0
2014 / 2015	\$ 0	2.1	0.1	\$ 0	\$ 0
2015 / 2016	\$ 0	1.8	0.8	\$ 0	\$ 0
TOTAL				\$ 0	\$ 0

XI. Recognition of Deferred Outflows and (Inflows) Due to Assets (GASB No. 68)

Recognition of Deferred Outflows / (Inflows) due to Difference Between Projected and Actual Earnings on System Investments

Established	Initial Balance	Initial Recognition Period	Remaining Recognition Period as of 9/30/2016	Recognition Amount for 2015 / 2016	Balance as of 9/30/2016
2013 / 2014	\$ (383,883)	5	2	\$ (76,777)	\$ (153,552)
2014 / 2015	\$ 604,566	5	3	\$ 120,913	\$ 362,740
2015 / 2016	\$ (441,281)	5	4	\$ (88,256)	\$ (353,025)
TOTAL				\$ (44,120)	\$ (143,837)

**City of Hialeah Elected Officers
Retirement System**

Outline of Principal Provisions of the Retirement System

A. Eligibility:

All elected officials, city attorneys and assistant city attorneys are eligible to participate. Effective January 1, 2014, the System is closed to new entrants.

B. Normal Retirement:

1. Eligibility:

Earlier of:

- (a) Attainment of age 55 with completion of 8 years of credited service.
- (b) Completion of 20 years of credited service.

2. Mandatory Retirement Age:

None.

3. Amount of Pension:

Total service not to exceed 25 years, times 3.0% of final average monthly compensation at time of retirement.

4. Normal Form:

Normal form of benefit is payable for life with 60 months guaranteed.

5. Type of Final Average Salary:

Highest annual W-2 pay prior to termination or retirement divided by 12.

C. Deferred Retirement:

1. Eligibility:

100% vesting upon the completion of 8 years of credited service - pension begins at age 55. Employees who have not completed 8 years of credited service at date of termination of employment shall be entitled to the return of their member contributions with 3% compound interest.

2. Benefit:

Computed as a regular retirement but based upon service and compensation at time of termination.

City of Hialeah Elected Officers
Retirement System

Outline of Principal Provisions of the Retirement System

D. Duty Disability Retirement:

None.

E. Non-Duty Disability Retirement:

None.

F. Pre-Retirement Death:

1. Eligibility:

Immediate.

2. Benefit:

Computed as for normal retirement and payable immediately, but terminates after 60 payments of monthly amount or 120 payments of one-half monthly amount.

G. City Contributions:

Actuarially determined amounts sufficient to cover the funding requirements.

H. Member Contributions:

7% of compensation for members who are not vested as of January 1, 2014. None for members who are vested as of January 1, 2014.

I. Changes Since Previous Actuarial Valuation:

None.

**City of Hialeah Elected Officers
Retirement System**

**Actuarial Assumptions and Actuarial Cost Methods
Used in the Valuation**

A. Mortality:

For healthy male participants during employment, RP 2000 Combined Male Healthy Participant Mortality Table, with 50% Blue Collar Adjustment / 50% White Collar Adjustment and fully generational mortality improvements projected to each future decrement date with Scale BB. For healthy female participants during employment, RP 2000 Combined Female Healthy Participant Mortality Table, with White Collar Adjustment and fully generational mortality improvements projected to each future decrement date with Scale BB.

For healthy male participants post employment, RP 2000 Annuitant Male Mortality Table, with 50% Blue Collar Adjustment / 50% White Collar Adjustment and fully generational mortality improvements projected to each future decrement date with Scale BB. For healthy female participants post employment, RP 2000 Annuitant Female Mortality Tables with White Collar Adjustment and fully generational mortality improvements projected to each future decrement date with Scale BB.

Sample Ages (2016)	Pre-retirement Future Life Expectancy (Years)		Post-retirement Future Life Expectancy (Years)	
	Men	Women	Men	Women
	55	30.30	33.88	29.88
60	25.37	28.84	25.21	28.73
62	23.47	26.88	23.37	26.81

Sample Ages (2036)	Pre-retirement Future Life Expectancy (Years)		Post-retirement Future Life Expectancy (Years)	
	Men	Women	Men	Women
	55	32.47	35.88	32.06
60	27.57	30.88	27.42	30.78
62	25.66	28.91	25.57	28.86

B. Interest to be Earned by Fund:

6.0%, compounded annually, net of investment expenses - includes inflation of 2.75%.

City of Hialeah Elected Officers
Retirement System

Actuarial Assumptions and Actuarial Cost Methods
Used in the Valuation

C. Allowances for Expenses or Contingencies:

Estimated expenses are based on actual expenses paid in previous year.

D. Employee Withdrawal Rates:

The rates do not apply to members eligible to retire and do not include separation on account of death or disability. This estimate measures the probabilities of members remaining in employment. These rates were first used for the September 30, 1995 valuation for Elected Officers and September 30, 2004 for Attorneys.

<u>Sample Ages</u>	<u>Years of Service</u>	<u>Withdrawal Rates Per 100 Employees</u>	
		<u>Elected Officers</u>	<u>Attorneys</u>
ALL	Less than 5	10.00	20.00
25	5 & Over	10.00	10.00
30		10.00	10.00
35		10.00	10.00
40		10.00	10.00
45		10.00	10.00
50		10.00	10.00
55		10.00	10.00
55		10.00	10.00

E. Disability Rates:

None.

F. Salary Increase Factors:

Employee salaries are estimated to increase between the date of hire and date of retirement. The following assumed rates of increase in individual salaries were first used for the September 30, 2000 valuation.

<u>Sample Age</u>	<u>Salary Increase</u>
20	8.0%
30	8.0%
40	8.0%
50	8.0%
60	8.0%

General increase in wage level due to wage inflation is 3.75%.

City of Hialeah Elected Officers
Retirement System

Actuarial Assumptions and Actuarial Cost Methods
Used in the Valuation

G. Payroll Growth Assumption:

None.

H. Retirement Rates:

A member is assumed to retire upon becoming eligible for retirement after 20 or more years of service regardless of age or after attaining age 55 with 8 or more years of service. This rate was first used for the September 30, 1998 valuation.

I. Technical Assumptions:

1. Pay Increase Timing:

Beginning of year. This is equivalent to assuming that reported pays represent amounts paid to members during the year ended on the date preceding the valuation date.

2. Decrement Timing:

Decrements of all types are assumed to occur mid-year.

3. Eligibility Testing:

Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.

4. Benefit Service:

Exact fractional service is used to determine the amount of benefit payable.

5. Decrement Relativity:

Decrement rates are used directly from tabular rates, without adjustment for multiple decrement table effects.

6. Decrement Operation:

Mortality decrement does not operate during the first 5 years of service. Withdrawal does not operate during retirement eligibility.

7. Incidence of Contributions:

Contributions are assumed to be received midway through the fiscal year.

8. Marriage Assumption:

100% of members are assumed to be married for purposes of death-in-service benefits.

City of Hialeah Elected Officers
Retirement System

Actuarial Assumptions and Actuarial Cost Methods
Used in the Valuation

J. Asset Valuation Method:

The method used for determining the smoothed actuarial value of assets phases in the deviation between the expected and actual return on assets at the rate of 20% per year. The smoothed actuarial value of assets will be further adjusted to the extent necessary to fall within the corridor whose lower limit is 80% of the fair market value of plan assets and whose upper limit is 120% of the fair market value of plan assets.

K. Cost Method:

Entry-Age-Normal Cost Method

Under this method the normal cost for each active employee is the amount which is calculated to be a level percentage of pay that would be required annually from his entry age to his assumed retirement age to fund his estimated benefits, assuming the System had always been in effect. The normal cost for the System is the sum of such amounts for all employees. The actuarial accrued liability as of any valuation date for each active employee or inactive employee who is eligible to receive benefits under the System is the excess of the actuarial present value of estimated future benefits over the actuarial present value of current and future normal costs. The unfunded actuarial accrued liability as of any valuation date is the excess of the actuarial accrued liability over the assets of the System.

L. Changes Since Previous Actuarial Valuation:

Mortality was:

RP 2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, with generational mortality improvements fully projected to each future valuation date with Scale AA.

Table XIII

**City of Hialeah Elected Officers
Retirement System
Distribution by Attained Age Groups
and Service Groups as of October 1, 2016**

<u>Attained</u> Age Group	-----COMPLETED YEARS OF SERVICE-----							Total
	<u>0-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30 & Over</u>	
Under 25	-	-	-	-	-	-	-	0
25-29	-	2	-	-	-	-	-	2
30-34	1	-	-	-	-	-	-	1
35-39	-	-	-	-	-	-	-	0
40-44	-	-	-	1	-	-	-	1
45-49	-	1	1	-	-	-	-	2
50-54	-	1	-	-	-	-	-	1
55-59	-	-	1	-	-	-	-	1
60-64	-	-	-	-	-	-	-	0
65 & Over	1	-	1	-	-	-	-	2
TOTAL	2	4	3	1	0	0	0	10
				<u>10/01/2015</u>		<u>10/01/2016</u>		
Average Attained Age				50.6 years		49.5 years		
Average Hire Age				41.1 years		40.6 years		
Average Service				9.5 years		9.0 years		
Average Pay				\$ 71,970		\$ 68,310		
Percent Female				45.5%		50.0%		

**City of Hialeah Elected Officers
Retirement System**

**Statistics for Participants Entitled to Deferred Benefits
and Participants Receiving Benefits**

A. Entitled to Deferred Benefits

<u>Current Age Group</u>	<u>Count</u>	<u>Total Annual Benefit</u>	<u>Average Annual Benefit</u>
Less than 40	-	-	-
40-44	-	-	-
45-49	4	\$ 84,245	\$ 21,061
50-54	3	158,355	52,785
55-59	-	-	-
60-64	-	-	-
65 & Over	-	-	-
TOTAL	<u>7</u>	<u>\$ 242,600</u>	<u>\$ 34,657</u>

B. Receiving Benefits

<u>Current Age Group</u>	<u>Count</u>	<u>Total Annual Benefit</u>	<u>Average Annual Benefit</u>
Less than 50	-	-	-
50-54	-	-	-
55-59	-	-	-
60-64	-	-	-
65-69	3	\$ 220,301	73,434
70-74	2	122,876	61,438
75-79	1	5,000	5,000
80-84	1	21,202	21,202
85 & Over	1	2,150	2,150
TOTAL	<u>8</u>	<u>\$ 371,529</u>	<u>\$ 46,441</u>

Table XV

**City of Hialeah Elected Officers
Retirement System**

Reconciliation of Employee Data

A. Active Participants

1. Active participants previous year	11
2. Retired during year	(1)
3. Died during year	0
4. Disabled during year	0
5. Terminated during year	0
6. New active participants	0
7. Re-instated during year	0
8. Active participants current year	<u>10</u>

B. Participants Receiving Benefits

1. Participants receiving benefits previous year	8
2. New retired participants	1
3. New terminated vested receiving benefits	0
4. New disabled receiving benefits	0
5. New beneficiaries receiving benefits	0
6. Died or ceased payment during year	(1)
7. Retired or terminated vested receiving benefits current year	<u>8</u>

C. Terminated Vested Participants Entitled to Future Benefits

1. Terminated vested entitled previous year	7
2. Died during year	0
3. Commenced receiving benefits during year	0
4. New terminated vested	0
5. Terminated vested paid lump sum	0
6. Terminated vested entitled current year	<u>7</u>

**City of Hialeah Elected Officers
Retirement System**

Projected Retirement Benefits

<u>Fiscal Year</u>	<u>Projected Total Annual Payout</u>
2017	\$ 421,521
2018	\$ 472,311
2019	\$ 493,651
2020	\$ 537,907
2021	\$ 585,763
2022	\$ 661,543
2023	\$ 699,939
2024	\$ 686,972
2025	\$ 710,651
2026	\$ 728,360

The above projected payout of system benefits during the next ten years is based on assumptions involving all decrements. The actual payouts may differ from the above estimates depending upon the death, salary and retirement experience of the system. However, since the projected payment is recomputed each valuation date, there is an automatic correction to the extent that actual experience varies from expected experience.

Table XVII

**City of Hialeah Elected Officers
Retirement System**

Summary of Transaction Information

Valuation Date	Benefits Paid ¹	Administrative Expenses	Employee Contributions	City Contributions	Smoothed Actuarial Value ^{2,3}
10/01/2016	\$ 354,923	\$ 25,428	\$ 21,718	\$ 203,796	\$ 9,343,634
10/01/2015	281,298	5,925	21,453	304,126	8,654,447
10/01/2014	230,929	9,718	15,655	305,000	9,146,093
10/01/2013	179,542	17,338	0	312,403	8,284,179
10/01/2012	180,809	8,660	0	280,405	7,484,518
10/01/2011	166,290	3,190	0	313,841	6,833,524
10/01/2010	161,821	4,057	0	500,000	6,293,694
10/01/2009	161,742	6,400	0	500,000	5,530,202
10/01/2008	169,428	6,400	0	500,000	4,839,784
10/01/2007	158,082	5,800	0	500,000	4,507,879
10/01/2006	154,695	0	0	500,000	3,920,986
10/01/2005	53,796	0	0	400,000	3,455,014
10/01/2004	55,076	0	0	311,137	3,049,827
10/01/2003	56,630	0	0	250,000	2,664,848
10/01/2002	50,532	4,900	0	250,000	2,062,206
10/01/2001	50,532	4,400	0	250,000	1,842,622
10/01/2000	52,188	4,175	0	342,700	1,717,505
10/01/1999	54,146	3,975	0	439,873	1,307,638

¹ Includes contribution refunds

² Market Value prior to October 1, 2009

³ Net of funding standard account credit balance effective October 1, 2015

**City of Hialeah Elected Officers
Retirement System**

Recent Compensation, Termination and Investment Return Experience

Valuation Date	Compensation		Termination	Investment Return ¹		
	% Increase / (Decrease)	Assumed Increase	Ratio of Actual to Expected	Market Value	Smoothed Actuarial Value ²	Assumed
10/01/2016	2.1%	8.0%	0.0	10.5%	8.6%	6.0%
10/01/2015	1.4%	8.0%	0.9	(0.1%)	7.5%	6.0%
10/01/2014	2.5%	8.0%	1.2	10.3%	9.4%	6.0%
10/01/2013	0.1%	8.0%	0.0	9.9%	9.4%	6.0%
10/01/2012	(0.9%)	8.0%	0.0	16.9%	8.4%	6.0%
10/01/2011	29.1%	8.0%	0.8	0.6%	6.6%	6.0%
10/01/2010	0.7%	8.0%	0.7	8.6%	7.8%	6.0%
10/01/2009	0.3%	8.0%	0.7	11.9%	7.2%	6.0%
10/01/2008	7.6%	8.0%	N/A	0.2%	0.2%	6.0%
10/01/2007	8.9%	8.0%	N/A	6.1%	6.1%	6.0%
Last 3 Years	2.0%	8.0%	0.6	6.8%	8.5%	6.0%
Last 5 Years	1.0%	8.0%	0.3	9.4%	8.7%	6.0%
Last 10 Years	4.9%	8.0%	N/A	7.4%	7.1%	6.0%

¹ Computed as $2I/(A+B-I)$, where A is beginning value, B is ending value and I is investment return.

² Market value prior to October 1, 2009

Table XIX

**City of Hialeah Elected Officers
Retirement System**

Employer Contribution Information

Valuation Date	Contribution Fiscal Year End	Minimum Required Employer Contributions	Actual Employer Contributions Paid
10/01/2016	09/30/2018	\$ 164,417	N/A
10/01/2015	09/30/2017	\$ 155,257	N/A
10/01/2014	09/30/2016	\$ 203,796	\$ 203,796
10/01/2013	09/30/2015	\$ 304,126	\$ 304,126
10/01/2012	09/30/2014	\$ 288,521	\$ 305,000
10/01/2011	09/30/2013	\$ 312,403	\$ 312,403
10/01/2010	09/30/2012	\$ 280,405	\$ 280,405
10/01/2009	09/30/2011	\$ 313,841	\$ 313,841
10/01/2008	09/30/2010	\$ 356,028	\$ 500,000
10/01/2007	09/30/2009	\$ 299,852	\$ 500,000
10/01/2006	09/30/2008	\$ 288,006	\$ 500,000
10/01/2005	09/30/2007	\$ 263,369	\$ 500,000
10/01/2004	09/30/2006	\$ 240,475	\$ 500,000
10/01/2003	09/30/2005	\$ 250,415	\$ 400,000
10/01/2002	09/30/2004	\$ 130,205	\$ 311,137
10/01/2001	09/30/2003	\$ 136,116	\$ 250,000

**City of Hialeah Elected Officers
Retirement System**

Actuarial Valuation as of October 1, 2016

State Required Exhibit

	<u>10/01/2015</u>	Prior Assumptions <u>10/01/2016</u>	Current Assumptions <u>10/01/2016</u>
A. <u>Participant Data</u>			
1. Active participants	11	10	10
2. Retired participants and beneficiaries receiving benefits	8	8	8
3. Disabled participants receiving benefits	0	0	0
4. Terminated vested participants	7	7	7
5. Annual payroll of active participants	\$ 791,668	\$ 683,098	\$ 683,098
6. Annual benefits payable to those currently receiving benefits	\$ 281,298	\$ 371,529	\$ 371,529
B. <u>Value of Assets</u>			
1. Net Smoothed Actuarial Value of Assets	\$ 8,654,447	\$ 9,343,634	\$ 9,343,634
2. Net Market Value of Assets	\$ 8,675,205	\$ 9,550,616	\$ 9,550,616
C. <u>Liabilities</u>			
1. Actuarial present value of future expected benefit payments for active members			
a. Retirement benefits	\$ 3,180,892	\$ 2,602,309	\$ 2,604,422
b. Vesting benefits	679,046	708,378	705,681
c. Death benefits	3,966	4,070	5,116
d. Disability benefits	0	0	0
e. Total	<u>\$ 3,863,904</u>	<u>\$ 3,314,757</u>	<u>\$ 3,315,219</u>
2. Actuarial present value of future expected benefit payments for terminated vested members	\$ 2,422,651	\$ 2,572,136	\$ 2,550,066
3. Actuarial present value of future expected benefit payments for members currently receiving benefits			
a. Service retired	\$ 2,867,438	\$ 3,576,734	\$ 3,680,930
b. Disability retired	0	0	0
c. Beneficiaries	0	0	0
d. Miscellaneous	0	0	0
e. Total	<u>\$ 2,867,438</u>	<u>\$ 3,576,734</u>	<u>\$ 3,680,930</u>

City of Hialeah Elected Officers
Retirement System

Actuarial Valuation as of October 1, 2016

State Required Exhibit

	<u>10/01/2015</u>	Prior Assumptions <u>10/01/2016</u>	Current Assumptions <u>10/01/2016</u>
4. Total actuarial present value of future expected benefit payments	\$ 9,153,993	\$ 9,463,627	\$ 9,546,215
5. Actuarial accrued liabilities	\$ 8,412,615	\$ 8,742,170	\$ 8,822,856
6. Unfunded actuarial accrued liabilities	\$ (241,832)	\$ (601,464)	\$ (520,778)
 D. <u>Statement of Accumulated System Benefits</u>			
1. Actuarial present value of accumulated vested benefits			
a. Participants currently receiving benefits	\$ 2,867,438	\$ 3,576,734	\$ 3,680,930
b. Other participants	4,644,309	4,268,566	4,242,521
c. Total	<u>\$ 7,511,747</u>	<u>\$ 7,845,300</u>	<u>\$ 7,923,451</u>
2. Actuarial present value of accumulated non-vested system benefits	<u>190,265</u>	<u>129,477</u>	<u>133,952</u>
3. Total actuarial present value of accumulated system benefits	\$ 7,702,012	\$ 7,974,777	\$ 8,057,403
 E. <u>Statement of Change in Accumulated System Benefits</u>			
1. Actuarial present value of accumulated System benefits as of October 1, 2015			\$ 7,702,012
2. Increase (decrease) during year attributable to:			
a. System amendment			\$ 0
b. Change in actuarial assumptions			82,626
c. Benefits paid including refunds			(354,923)
d. Other, including benefits accumulated and increase for interest due to decrease in the discount period			<u>627,688</u>
e. Net increase			\$ 355,391
3. Actuarial present value of accumulated System benefits as of October 1, 2016			\$ 8,057,403

City of Hialeah Elected Officers
Retirement System

Actuarial Valuation as of October 1, 2016

State Required Exhibit

	<u>10/01/2015</u>	Prior Assumptions <u>10/01/2016</u>	Current Assumptions <u>10/01/2016</u>
F. <u>Pension Cost</u>			
1. Total normal cost	\$ 175,894	\$ 184,690	\$ 185,898
2. Payment required to amortize unfunded liability	(29,210)	(67,806)	(59,969)
3. Interest adjustment	11,964	9,231	10,045
4. Total preliminary required contribution	<u>\$ 158,648</u>	<u>\$ 126,115</u>	<u>\$ 135,974</u>
5. Total required contribution (Greater of F.1. and F.4.)	\$ 175,894	\$ 184,690	\$ 185,898
6. Item 5 as a percentage of payroll	22.2%	27.0%	27.2%
7. Estimated employee contributions	\$ 20,637	\$ 21,481	\$ 21,481
8. Item 7 as a percentage of payroll	2.6%	3.1%	3.1%
9. Net amount payable by City	\$ 155,257	\$ 163,209	\$ 164,417
10. Item 9 as a percentage of payroll	19.6%	23.9%	24.1%
G. <u>Past Contributions</u>			
1. Total City contribution required (Prior Year Valuation)	\$ 203,796	\$ 155,257	\$ 155,257
2. Actual City contributions paid	\$ 203,796	N/A	N/A
H. <u>Net Actuarial Gain / (Loss)</u>	\$ 476,069	\$ 299,784	\$ 299,784
I. <u>Disclosure of Following Items</u>			
1. Actuarial present value of future salaries - attained age	\$ 2,814,225	\$ 2,769,090	\$ 2,767,068
2. Actuarial present value of future employee contributions - attained age	\$ 128,973	\$ 134,396	\$ 134,324
3. Actuarial present value of future contributions from other sources	N/A	N/A	N/A
4. Amount of active members' accumulated contributions	\$ 37,578	\$ 60,205	\$ 60,205
5. Actuarial present value of future salaries and future benefits at entry age	N/A	N/A	N/A
6. Actuarial present value of future employee contributions at entry age	N/A	N/A	N/A

City of Hialeah Elected Officers
Retirement System

State Required Exhibit

	<u>Unfunded Actuarial Accrued Liabilities</u>	Current Unfunded <u>Liabilities</u>	Amortization <u>Payment</u>	Remaining Funding <u>Period</u>
10/01/2010	Combined Bases *	\$ 61,041	\$ 6,195	14 years
10/01/2011	Actuarial Loss / (Gain)	156,336	20,039	10 years
10/01/2012	Actuarial Loss / (Gain)	(186,280)	(22,282)	11 years
10/01/2013	Actuarial Loss / (Gain)	(439,369)	(49,440)	12 years
10/01/2014	Actuarial Loss / (Gain)	(792,116)	(84,413)	13 years
10/01/2015	Actuarial Loss / (Gain)	(576,409)	(58,503)	14 years
10/01/2015	Establish Credit Balance	1,475,117	149,717	14 years
10/01/2016	Actuarial Loss / (Gain)	(299,784)	(29,119)	15 years
10/01/2016	Assumptions Change	<u>80,686</u>	<u>7,837</u>	15 years
	TOTAL	\$ (520,778)	\$ (59,969)	

* Combined per Internal Revenue Code Regulation 1.412(b)-1

This actuarial valuation and / or cost determination was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the system and/or paid from the system's assets for which liabilities or current costs have not been established or other wise provided for in the valuation. All known events or trends which may require material increase in system costs or required contribution rates have been taken into account in the valuation.

Enrollment Number: 14-02802

Dated: March 31, 2017



Lawrence F. Wilson, A.S.A.