



PENSION PLAN FOR EMPLOYEES OF BROWARD HEALTH

GASB 67 and 68 DISCLOSURE

Fiscal Year: July 1, 2017 to June 30, 2018

Prepared by

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Certification

Actuarial computations presented in this report under Statements No. 67 and 68 of the Governmental Accounting Standards Board are for purposes of assisting the Broward Health in fulfilling its financial accounting requirements. No attempt is being made to offer any accounting opinion or advice. This report is for fiscal year July 1, 2017 to June 30, 2018. The reporting date for determining plan assets and obligations is June 30, 2018. The calculations enclosed in this report have been made on a basis consistent with our understanding of the plan provisions. Determinations for purposes other than meeting financial reporting requirements may be significantly different than the results contained in this report. Accordingly, additional determinations may be needed for other purposes, such as judging benefit security or meeting employer funding requirements.

In preparing this report, we relied, without audit, on information as of July 1, 2017 and June 30, 2018 furnished by the Broward Health. This information includes, but is not limited to, statutory provisions, member census data, and financial information. Please see Milliman's funding valuation report dated August 24, 2018 for more information on the plan's participant group as of July 1, 2017 as well as a summary of the plan provisions and a summary of the actuarial methods and assumptions used for funding purposes.

We performed a limited review of the census and financial information used directly in our analysis and have found them to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete our results may be different and our calculations may need to be revised.

We hereby certify that, to the best of our knowledge, this report, including all costs and liabilities based on actuarial assumptions and methods, is complete and accurate and determined in conformance with generally recognized and accepted actuarial principles and practices, which are consistent with the Actuarial Standards of Practice promulgated by the Actuarial Standards Board and the applicable Guides to Professional Conduct, amplifying Opinions and supporting Recommendations of the American Academy of Actuaries.

Each of the assumptions used in this valuation with the exception of those set by law was set based on industry standard published tables and data, the particular characteristics of the plan, relevant information from the plan sponsor or other sources about future expectations, and our professional judgment regarding future plan experience. We believe the assumptions are reasonable for the contingencies they are measuring, and are not anticipated to produce significant cumulative actuarial gains or losses over the measurement period.

This valuation report is only an estimate of the Plan's financial condition as of a single date. It can neither predict the Plan's future condition nor guarantee future financial soundness. Actuarial valuations do not affect the ultimate cost of Plan benefits, only the timing of Plan contributions. While the valuation is based on an array of individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. No one set of assumptions is uniquely correct. Determining results using alternative assumptions is outside the scope of our engagement.

Certification

Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as, but not limited to, the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of the actuarial assignment, we did not perform an analysis of the potential range of such future measurements.

Milliman's work is prepared solely for the internal use and benefit of the Broward Health. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exceptions: (a) the Plan Sponsor may provide a copy of Milliman's work, in its entirety, to the Plan Sponsor's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the Fund; and (b) the Plan Sponsor may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law.

No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their specific needs.

Certain information contained in the Appendix is included only for purposes of satisfying the requirements of Florida Statutes Section 112.664.

The consultants who worked on this assignment are pension actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

The signing actuaries are independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and has been prepared in accordance with generally recognized accepted actuarial principles and practices. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.



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Overview of GASB 67 and GASB 68

The Governmental Accounting Standards Board (GASB) released new accounting standards for public pension plans and participating employers in 2012. These standards, GASB Statements No. 67 and 68, have substantially revised the accounting requirements previously mandated under GASB Statements No. 25 and 27. The most notable change is the distinct separation of funding from financial reporting. The Annual Required Contribution (ARC) has been eliminated under GASB 67 and 68 and is no longer relevant for financial reporting purposes. As a result, plan sponsors have been encouraged to establish a formal funding policy that is separate from financial reporting calculations.

GASB 67 applies to financial reporting for public pension plans and is required to be implemented for plan fiscal years beginning after June 15, 2013. Note that a plan's fiscal year might not be the same as the employer's fiscal year. Even if the plan does not issue standalone financial statements, but rather is considered a pension trust fund of a government, it is subject to GASB 67. Under GASB 67, enhancements to the financial statement disclosures are required, along with certain required supplementary information.

GASB 68 governs the specifics of accounting for public pension plan obligations for participating employers and is required to be implemented for employer fiscal years beginning after June 15, 2014. GASB 68 requires a liability for pension obligations, known as the Net Pension Liability, to be recognized on the balance sheets of participating employers. Changes in the Net Pension Liability will be immediately recognized as Pension Expense on the income statement or reported as deferred inflows/outflows of resources depending on the nature of the change.

Executive Summary

Relationship Between Valuation Date, Measurement Date, and Reporting Date

The Valuation Date is July 1, 2017. This is the date as of which the actuarial valuation is performed. The Measurement Date is June 30, 2018. This is the date as of which the net pension liability is determined. The Reporting Date is June 30, 2018. This is the plan's and/or employer's fiscal year ending date.

Significant Changes

There have been no significant changes between the valuation date and fiscal year end.

Participant Data as of July 1, 2017

Actives	6,394
Terminated vested & other inactives	1,686
Retirees and beneficiaries	<u>1,412</u>
Total	9,492

Schedule of Employer Contributions

Fiscal Year Ending June 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2009	\$6,190,688	\$17,253,083	(\$11,062,395)	\$280,724,210	6.15%
2010	11,932,420	19,604,628	(7,672,208)	307,857,632	6.37%
2011	14,041,701	19,658,389	(5,616,688)	315,874,420	6.22%
2012	17,120,275	19,587,029	(2,466,754)	335,100,745	5.85%
2013	17,205,074	20,203,551	(2,998,477)	345,555,234	5.85%
2014	15,688,003	18,169,267	(2,481,264)	336,524,374	5.40%
2015	14,957,046	18,125,816	(3,168,770)	351,806,087	5.15%
2016	11,833,762	15,655,782	(3,822,020)	353,295,572	4.43%
2017	11,052,109	17,491,161	(6,439,052)	376,440,867	4.65%
2018	9,027,974	16,010,262	(6,982,288)	375,867,293	4.26%

Actuarial Methods and Assumptions Used for Funding Policy

The following actuarial methods and assumptions were used in the July 1, 2017 funding valuation. Please see the valuation report dated August 24, 2018 for further details.

Valuation Timing	Actuarially determined contribution rates are calculated as of July 1, one year prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal
Amortization Method	
Level percent or level dollar	Level dollar
Closed, open, or layered periods	Layered
Weighted Remaining Years of Existing Amortizations	15 Years*
Asset Valuation Method	
Smoothing period	3 years
Corridor	90% to 110% of Market
Inflation	2.50%
Salary Increases	4.50%
Investment Rate of Return	7.50% (gross of expenses)
Cost of Living Adjustments	None
Retirement Age	See funding report for table of rates
Turnover	See funding report for table of sample rates
Mortality	RP-2000 Combined Healthy Mortality with generational projection per Scale BB
Expenses	A load of \$2.3M is added to the Normal Cost for administrative and investment expenses

Statement of Fiduciary Net Position

	June 30, 2017	June 30, 2018
Assets		
Cash and cash equivalents	\$10,112,901	\$4,359,705
Receivables and prepaid expenses:		
Receivable contributions	0	0
Receivable investment income	799,568	817,993
Receivables from brokers for unsettled trades	0	0
Prepaid expenses	0	0
Total receivables	799,568	817,993
Investments:		
Fixed income	53,313,047	55,098,184
Stocks	192,291,146	217,438,178
Short-term investments	0	0
Real estate	32,013,085	34,143,049
Alternative investments	55,890,360	54,480,226
Total investments	333,507,638	361,159,638
Invested securities lending cash collateral	0	0
Capital assets net of accumulated depreciation	0	0
Total assets	344,420,107	366,337,336
Liabilities		
Accrued expenses and benefits payable	562,075	818,061
Securities lending cash collateral	0	0
Payable to brokers for unsettled trades	0	0
Total liabilities	562,075	818,061
Net position restricted for pensions	\$343,858,032	\$365,519,275

Statement of Changes in Fiduciary Net Position

June 30, 2018

Additions

Member contributions	\$0
Employer contributions	16,010,262
Total contributions	16,010,262
Investment income (loss):	
Interest	5,546,590
Dividends	0
Equity fund income, net	0
Net increase in fair value of investments	33,966,744
Securities lending income	0
Less investment expenses:	
Direct investment expense	0
Securities lending management fees	0
Securities lending borrower rebates	0
Net investment income	39,513,334
Other income	0
Total additions	55,523,596

Deductions

Service benefits	31,730,977
Disability benefits	N/A
Death benefits	N/A
Refunds of member contributions	N/A
Administrative expenses	2,131,376
Total deductions	33,862,353
Net increase (decrease)	21,661,243

Net position restricted for pensions

Beginning of year (June 30, 2017)	343,858,032
End of year (June 30, 2018)	\$365,519,275

Money-Weighted Rate of Return

Fiscal Year Ending June 30	Net Money-Weighted Rate of Return
2015	4.87%
2016	-0.38%
2017	13.96%
2018	11.71%

Calculation of Money-Weighted Rate of Return

The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the beginning of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated net of investment expenses.

	Net External Cash Flows	Periods Invested	Period Weight	Net External Cash Flows With Interest
Beginning Value - July 1, 2017	\$343,858,032	12.00	1.00	\$384,120,161
Monthly net external cash flows:				
July	(1,734,169)	12.00	1.00	(1,937,222)
August	(1,386,563)	11.00	0.92	(1,535,255)
September	(3,158,605)	10.00	0.83	(3,462,648)
October	1,374,991	9.00	0.75	1,494,053
November	(3,175,783)	8.00	0.67	(3,420,343)
December	1,406,383	7.00	0.58	1,499,666
January	(2,749,605)	6.00	0.50	(2,906,125)
February	(3,084,312)	5.00	0.42	(3,231,136)
March	1,564,263	4.00	0.33	1,622,478
April	(3,188,431)	3.00	0.25	(3,277,925)
May	257,526	2.00	0.17	262,419
June	(3,676,139)	1.00	0.08	(3,708,848)
Ending Value - June 30, 2018	365,519,275			365,519,275
Money-Weighted Rate of Return	11.71%			

Long-Term Expected Rate of Return

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice as of December 31, 2017.

Asset Class	Index	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
US Core Fixed Income	Barclays Aggregate	15.00%	2.66%	2.52%
US High Yield Bonds	BAML High Yield	3.50%	5.20%	4.65%
US Equity Market	Russell 3000	40.00%	5.15%	3.81%
Foreign Developed Equity	MSCI EAFE NR	15.00%	5.88%	4.20%
Emerging Markets Equity	MSCI EM NR	4.00%	8.14%	4.79%
Private Real Estate Property	NCREIF Property	10.00%	3.85%	3.13%
Private Equity	Cambridge Private Equity	7.50%	8.96%	5.08%
Hedge Funds - MultiStrategy	HFRI:Fund Wtd Composite	5.00%	3.79%	3.37%
Assumed Inflation - Mean			2.32%	2.32%
Assumed Inflation - Standard Deviation			1.85%	1.85%
Portfolio Real Mean Return			4.59%	3.83%
Portfolio Nominal Mean Return			6.91%	6.22%
Portfolio Standard Deviation				12.51%
Long-Term Expected Rate of Return				6.25%

Depletion Date Projection

In order to determine if the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, we have prepared a depletion date projection using the following techniques and assumptions:

- The employer contributes the actuarially determined contribution amounts.
- Benefit payments are projected based on the actuarial assumptions and the current plan provisions.
- Members are assumed to receive pay increases, terminate, retire, become disabled, die, and so forth according to the actuarial assumptions used for the 07/01/2017 valuation.
- Terminating and retiring members will not be replaced with new employees.
- Administrative and investment expenses are assumed to equal 0.62% of plan assets per year.
- All cash flows are assumed to occur on average halfway through the year.
- The long-term expected rate of return on pension plan investments is 6.25%.
- The tax-exempt, high-quality general obligation municipal bond index rate is N/A.
- With the exception of the Investment Rate of Return, which will be lowered to 6.25% beginning with the July 1, 2018 valuation, the funding policy used to determine actuarially determined contributions does not change. See page 6 of this report for details.
- The actuarial assumptions do not change.
- The plan provisions do not change except if any material future changes have been agreed upon as of the measurement date.

Actual results at each point in time will yield different values, reflecting the actual experience of the plan membership and assets.

Projection of Contributions

Year	Projected Payroll Current Employees	Projected Payroll Future Employees	Total Employee Payroll	Contributions from Current Employees	Employer Contributions for Current Employees	Contributions from Future Employees*	Total Contributions
1	\$373,542,712	\$0	\$373,542,712	\$0	\$16,070,674	\$0	\$16,070,674
2	341,434,779	0	341,434,779	0	12,902,114	0	12,902,114
3	314,866,105	0	314,866,105	0	11,891,058	0	11,891,058
4	291,305,934	0	291,305,934	0	10,932,790	0	10,932,790
5	270,348,948	0	270,348,948	0	10,766,392	0	10,766,392
6	251,051,271	0	251,051,271	0	10,576,024	0	10,576,024
7	233,354,034	0	233,354,034	0	9,976,516	0	9,976,516
8	216,840,561	0	216,840,561	0	9,724,977	0	9,724,977
9	201,832,406	0	201,832,406	0	9,876,265	0	9,876,265
10	188,284,053	0	188,284,053	0	9,121,256	0	9,121,256

Note: Years subsequent to year 10 have been omitted from this table.

* Contributions from future employees that are above service cost and, therefore, can be allocated to payment of benefits of current employees under GASB rules.

Projection of Fiduciary Net Position

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Administrative Expenses	Projected Investment Earnings	Projected Ending Fiduciary Net Position
1	\$365,519,275	\$16,070,674	\$41,602,312	\$2,265,642	\$21,976,290	\$359,698,285
2	359,698,285	12,902,114	40,277,307	2,229,561	21,555,994	351,649,525
3	351,649,525	11,891,058	39,608,446	2,179,671	21,043,812	342,796,279
4	342,796,279	10,932,790	39,442,149	2,124,795	20,467,450	332,629,575
5	332,629,575	10,766,392	39,177,101	2,061,778	19,837,083	321,994,171
6	321,994,171	10,576,024	38,365,795	1,995,855	19,193,835	311,402,380
7	311,402,380	9,976,516	37,038,065	1,930,203	18,556,657	300,967,286
8	300,967,286	9,724,977	36,477,013	1,865,521	17,916,157	290,265,886
9	290,265,886	9,876,265	35,201,946	1,799,190	17,293,966	280,434,982
10	280,434,982	9,121,256	33,684,818	1,738,254	16,705,255	270,838,420

Note: Years subsequent to year 10 have been omitted from this table.

Actuarial Present Value of Projected Benefit Payments

Year	Projected Beginning Fiduciary Net Position	Projected Benefit Payments	"Funded" Portion of Benefit Payments	'Unfunded' Portion of Benefit Payments	Present Value of "Funded" Benefit Payments*	Present Value of "Unfunded" Benefit Payments**	Present Value of Total Benefit Payments***
1	\$365,519,275	\$41,602,312	\$41,602,312	\$0	\$39,155,117	\$0	\$39,155,118
2	359,698,285	40,277,307	40,277,307	0	35,678,168	0	35,678,168
3	351,649,525	39,608,446	39,608,446	0	33,021,819	0	33,021,819
4	342,796,279	39,442,149	39,442,149	0	30,948,871	0	30,948,871
5	332,629,575	39,177,101	39,177,101	0	28,932,609	0	28,932,609
6	321,994,171	38,365,795	38,365,795	0	26,666,779	0	26,666,779
7	311,402,380	37,038,065	37,038,065	0	24,229,571	0	24,229,571
8	300,967,286	36,477,013	36,477,013	0	22,458,862	0	22,458,863
9	290,265,886	35,201,946	35,201,946	0	20,398,875	0	20,398,876
10	280,434,982	33,684,818	33,684,818	0	18,371,509	0	18,371,509

Total 433,120,158 + 0 = 433,120,158

Note: Years 11-99 have been omitted from this table.

* Discounted at the long-term expected rate of return, 6.25%

** Discounted at the municipal bond rate, N/A

*** Discounted at the single interest rate that produces a total actuarial present value equal to the sum of the actuarial present values of "funded" and "unfunded" benefit payments, 6.25%

Net Pension Liability

Net Pension Liability	June 30, 2017	June 30, 2018
Total pension liability	\$340,554,363	\$361,981,035
Fiduciary net position	343,858,032	365,519,275
Net pension liability	(3,303,669)	(3,538,240)
Fiduciary net position as a % of total pension liability	100.97%	100.98%
Covered payroll	376,440,867	375,867,293
Net pension liability as a % of covered payroll	-0.88%	-0.94%

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date. Any significant changes during this period have been reflected as prescribed by GASB 67 and 68.

Discount Rate

Discount rate	7.50%	6.25%
Long-term expected rate of return, net of investment expense	7.50%	6.25%
Municipal bond rate	N/A	N/A

The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Other Key Actuarial Assumptions

The plan has not had a formal actuarial experience study performed.

Valuation date	July 1, 2016	July 1, 2017
Measurement date	June 30, 2017	June 30, 2018
Actuarial cost method	Entry Age Normal	Entry Age Normal
Inflation	2.50%	2.50%
Salary increases including inflation	4.50%	4.50%
Mortality	RP-2000 Combined Healthy Mortality with generational projection per Scale BB	RP-2000 Combined Healthy Mortality with generational projection per Scale BB

Please see Milliman's funding valuation report dated August 24, 2018 for more detail.

Changes in Net Pension Liability

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of June 30, 2017	\$340,554,363	\$343,858,032	(\$3,303,669)
Changes for the year:			
Service cost	11,692,192		11,692,192
Interest on total pension liability	25,250,091		25,250,091
Effect of plan changes	0		0
Effect of economic/demographic gains or losses	(3,996,011)		(3,996,011)
Effect of assumptions changes or inputs	20,211,377		20,211,377
Benefit payments	(31,730,977)	(31,730,977)	0
Employer contributions		16,010,262	(16,010,262)
Member contributions		0	0
Net investment income		39,513,334	(39,513,334)
Administrative expenses		(2,131,376)	2,131,376
Balances as of June 30, 2018	361,981,035	365,519,275	(3,538,240)

Sensitivity Analysis

The following presents the net pension liability of the Broward Health, calculated using the discount rate of 6.25%, as well as what the Broward Health's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.25%) or 1 percentage point higher (7.25%) than the current rate

	1% Decrease 5.25%	Current Discount Rate 6.25%	1% Increase 7.25%
Total pension liability	\$386,166,294	\$361,981,035	\$340,441,871
Fiduciary net position	365,519,275	365,519,275	365,519,275
Net pension liability	20,647,019	(3,538,240)	(25,077,404)

Schedule of Changes in Net Pension Liability and Related Ratios
(in 1,000s)

	Fiscal Year Ending June 30									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total Pension Liability										
Service cost	\$11,692	\$11,114	\$10,603	\$9,775	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total pension liability	25,250	25,256	24,568	25,875	N/A	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic gains or losses	(3,996)	(2,843)	(2,600)	(0)	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	20,211	(4,654)	965	(5,629)	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(31,731)	(27,411)	(25,626)	(24,520)	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total pension liability	21,427	1,462	7,910	5,501	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning	340,554	339,093	331,183	325,683	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, ending (a)	361,981	340,554	339,093	331,183	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary Net Position										
Employer contributions	\$16,010	\$17,000	\$15,200	\$17,600	N/A	N/A	N/A	N/A	N/A	N/A
Member contributions	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A
Investment income net of investment expenses	39,513	42,242	(1,210)	15,583	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(31,731)	(27,411)	(25,626)	(24,520)	N/A	N/A	N/A	N/A	N/A	N/A
Administrative expenses	(2,131)	(2,273)	(2,126)	(2,533)	N/A	N/A	N/A	N/A	N/A	N/A
Net change in plan fiduciary net position	21,661	29,559	(13,762)	6,130	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, beginning	343,858	314,299	328,061	321,931	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, ending (b)	365,519	343,858	314,299	328,061	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability, ending = (a) - (b)	(\$3,538)	(\$3,304)	\$24,794	\$3,122	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position as a % of total pension liability	100.98%	100.97%	92.69%	99.06%	N/A	N/A	N/A	N/A	N/A	N/A
Covered payroll	\$375,867	\$376,441	\$353,296	\$351,806	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability as a % of covered payroll	-0.94%	-0.88%	7.02%	0.89%	N/A	N/A	N/A	N/A	N/A	N/A

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported.

Pension Expense

Pension Expense	July 1, 2016 to June 30, 2017	July 1, 2017 to June 30, 2018
Service cost	\$11,113,550	\$11,692,192
Interest on total pension liability	25,256,158	25,250,091
Effect of plan changes	0	0
Administrative expenses	2,272,571	2,131,376
Member contributions	0	0
Expected investment return net of investment expenses	(23,105,397)	(25,132,002)
Recognition of Deferred Inflows/Outflows of Resources		
Recognition of economic/demographic gains or losses	(1,395,820)	(2,370,457)
Recognition of assumption changes or inputs	(2,389,436)	2,684,515
Recognition of investment gains or losses	3,203,235	326,969
Pension Expense	<u>14,954,861</u>	<u>14,582,684</u>

As of June 30, 2018, the deferred inflows and outflows of resources are as follows:

Deferred Inflows / Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	(\$5,006,674)	\$0
Changes of assumptions	(2,267,374)	15,504,411
Net difference between projected and actual earnings	(10,886,122)	0
Contributions made subsequent to measurement date	<u>0</u>	<u>0</u>
Total	(18,160,170)	15,504,411

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$1,982,074
2020	591,633
2021	(2,748,697)
2022	(2,480,770)
2023	0
Thereafter*	0

* Note that additional future deferred inflows and outflows of resources may impact these numbers.

Schedule of Deferred Inflows and Outflows of Resources

	Original Amount	Date Established	Original Rec. Period*	Amount Recognized in Pension Expense for FYE 06/30/2018	Amount Recognized in Pension Expense through 06/30/2018	Balance of Deferred Inflows as of 06/30/2018	Balance of Deferred Outflows as of 06/30/2018
Economic/ demographic gains or losses	(\$3,996,011)	06/30/2018	4.1	(\$974,637)	(\$974,637)	(\$3,021,374)	\$0
	(2,843,341)	06/30/2017	3.9	(729,062)	(1,458,124)	(1,385,217)	0
	(2,600,357)	06/30/2016	3.9	<u>(666,758)</u>	<u>(2,000,274)</u>	<u>(600,083)</u>	<u>0</u>
		Total		(2,370,457)	(4,433,035)	(5,006,674)	0
Assumption changes or inputs	20,211,377	06/30/2018	4.1	4,929,604	4,929,604	0	15,281,773
	(4,654,082)	06/30/2017	3.9	(1,193,354)	(2,386,708)	(2,267,374)	0
	964,760	06/30/2016	3.9	247,374	742,122	0	222,638
	(5,629,477)	06/30/2015	3.9	<u>(1,299,109)</u>	<u>(5,629,477)</u>	<u>0</u>	<u>0</u>
		Total		2,684,515	(2,344,459)	(2,267,374)	15,504,411
Investment gains or losses	(14,381,332)	06/30/2018	5.0	(2,876,266)	(2,876,266)	(11,505,066)	0
	(19,136,990)	06/30/2017	5.0	(3,827,398)	(7,654,796)	(11,482,194)	0
	25,352,517	06/30/2016	5.0	5,070,503	15,211,509	0	10,141,008
	9,800,649	06/30/2015	5.0	<u>1,960,130</u>	<u>7,840,520</u>	<u>0</u>	<u>1,960,129</u>
		Total		326,969	12,520,967	(22,987,260)	12,101,137
Total for economic/demographic gains or losses and assumption changes or inputs						(7,274,048)	15,504,411
Net deferred (inflows)/outflows for investment gains or losses						(10,886,123)	0
Total deferred (inflows)/outflows						(18,160,171)	15,504,411
Total net deferrals						(2,655,760)	

* Investment (gains)/losses are recognized in pension expense over a period of five years; economic/demographic (gains)/losses and assumption changes or inputs are recognized over the average remaining service life for all active and inactive members.

Milliman Financial Reporting Valuation

	Total	Plan	Net	Net Investment				Net Pension Liability plus Net Deferrals	Annual Expense
	Pension Liability	Fiduciary Net Position	Pension Liability	Deferred (Inflows)	Deferred Outflows	(Inflows)/ Outflows	Net Deferrals		
Balances as of June 30, 2017	(\$340,554,363)	\$343,858,032	\$3,303,669	(\$8,140,957)	\$470,012	\$3,822,178	(\$3,848,767)	(\$545,098)	
Service cost	(11,692,192)		(11,692,192)						11,692,192
Interest on total pension liability	(25,250,091)		(25,250,091)						25,250,091
Effect of plan changes	0		0						0
Effect of liability gains or losses	3,996,011		3,996,011	(3,996,011)			(3,996,011)		
Effect of assumption changes or inputs	(20,211,377)		(20,211,377)		20,211,377		20,211,377		
Benefit payments	31,730,977	(31,730,977)	0						
Administrative expenses		(2,131,376)	(2,131,376)						2,131,376
Member contributions		0	0						0
Expected net investment income		25,132,002	25,132,002						(25,132,002)
Investment gains or losses		14,381,332	14,381,332			(14,381,332)	(14,381,332)		
Employer contributions		16,010,262	16,010,262					16,010,262	
Recognition of liability gains or losses				2,370,457			2,370,457		(2,370,457)
Recognition of assumption changes or inputs				2,492,463	(5,176,978)		(2,684,515)		2,684,515
Recognition of investment gains or losses						(326,969)	(326,969)		326,969
Annual expense								(14,582,684)	14,582,684
Balances as of June 30, 2018	(361,981,035)	365,519,275	3,538,240	(7,274,048)	15,504,411	(10,886,123)	(2,655,760)	882,480	

Glossary

Actuarially Determined Contribution	A target or recommended contribution to a defined benefit pension plan for the reporting period, determined based on the funding policy and most recent measurement available when the contribution for the reporting period was adopted.
Deferred Inflows/Outflows of Resources	Portion of changes in net pension liability that is not immediately recognized in Pension Expense. These changes include differences between expected and actual experience, changes in assumptions, and differences between expected and actual earnings on plan investments.
Discount Rate	Single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the sum of: <ol style="list-style-type: none">1) The actuarial present value of benefit payments projected to be made in future periods where the plan assets are projected to be sufficient to meet benefit payments, calculated using the Long-Term Expected Rate of Return.2) The actuarial present value of projected benefit payments not included in (1), calculated using the Municipal Bond Rate.
Fiduciary Net Position	Equal to market value of assets.
Long-Term Expected Rate of Return	Long-term expected rate of return on pension plan investments expected to be used to finance the payment of benefits, net of investment expenses.
Money-Weighted Rate of Return	The internal rate of return on pension plan investments, net of investment expenses.
Municipal Bond Rate	Yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.
Net Pension Liability	Total Pension Liability minus the Plan's Fiduciary Net Position (unfunded accrued liability).
Projected Benefit Payments	All benefits estimated to be payable through the pension plan to current active and inactive employees as a result of their past service and expected future service.
Service Cost	The portion of the actuarial present value of projected benefit payments that is attributed to a valuation year.
Total Pension Liability	The portion of actuarial present value of projected benefit payments that is attributable to past periods of member service using the Entry Age Normal cost method based on the requirements of GASB 67 and 68.

Milliman Financial Reporting Valuation - Information Required under Florida Statutes Section 112.664(1)(b)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Deferred (Inflows)	Deferred Outflows	Net Investment (Inflows)/ Outflows	Net Deferrals	Net Pension Liability plus Net Deferrals	Annual Expense
Balances as of June 30, 2017	(\$381,212,281)	\$343,858,032	(\$37,354,249)	(\$7,473,625)	\$429,499	(\$7,510,927)	(\$14,555,053)	(\$51,909,302)	
Service cost	(14,392,250)		(14,392,250)						14,392,250
Interest on total pension liability	(20,897,326)		(20,897,326)						20,897,326
Effect of plan changes	0		0						0
Effect of liability gains or losses	2,780,352		2,780,352	(2,780,352)			(2,780,352)		
Effect of assumption changes or inputs	(31,418,078)		(31,418,078)		31,418,078		31,418,078		
Benefit payments	31,730,977	(31,730,977)	0						
Administrative expenses		(2,131,376)	(2,131,376)						2,131,376
Member contributions		0	0						0
Expected net investment income		18,427,830	18,427,830						(18,427,830)
Investment gains or losses		21,085,504	21,085,504			(21,085,504)	(21,085,504)		
Employer contributions		16,010,262	16,010,262					16,010,262	
Recognition of liability gains or losses				1,135,000	(226,052)		908,948		(908,948)
Recognition of assumption changes or inputs				3,131,514	(7,662,946)		(4,531,432)		4,531,432
Recognition of investment gains or losses						4,803,844	4,803,844		(4,803,844)
Annual expense								(17,811,762)	17,811,762
Balances as of June 30, 2018	(413,408,606)	365,519,275	(47,889,331)	(5,987,463)	23,958,579	(23,792,587)	(5,821,471)	(53,710,802)	

These amounts are based on the same data, assumptions, methods, and plan provisions as the amounts found on Exhibit 20, except for the discount rate and expected return on assets, both of which are assumed 4.25%.

**Projection of Fiduciary Net Position
for purposes of Florida Statutes Section 112.664(1)(c)**

Year	Month	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Administrative Expenses	Projected Investment Earnings	Projected Ending Fiduciary Net Position
1		\$365,519,275	\$0	\$41,602,312	\$2,265,642	\$21,474,081	\$343,125,402
2		343,125,402	0	40,277,307	2,126,835	20,120,208	320,841,468
3		320,841,468	0	39,608,446	1,988,710	18,752,681	297,996,993
4		297,996,993	0	39,442,149	1,847,110	17,334,523	274,042,257
5		274,042,257	0	39,177,101	1,698,629	15,850,274	249,016,801
6		249,016,801	0	38,365,795	1,543,511	14,316,384	223,423,879
7		223,423,879	0	37,038,065	1,384,875	12,763,276	197,764,215
8		197,764,215	0	36,477,013	1,225,826	11,182,050	171,243,427
9		171,243,427	0	35,201,946	1,061,439	9,569,483	144,549,525
10		144,549,525	0	33,684,818	895,979	7,953,695	117,922,423
11		117,922,423	0	31,013,577	730,933	6,378,135	92,556,047
12		92,556,047	0	30,453,898	573,701	4,815,140	66,343,589
13		66,343,589	0	29,624,108	411,225	3,207,870	39,516,126
14		39,516,126	0	28,439,770	244,938	1,573,361	12,404,779
15	0	12,404,779	0	2,298,341	6,408	58,606	10,158,636
15	1	10,158,636	0	2,298,341	6,408	46,908	7,900,795
15	2	7,900,795	0	2,298,341	6,408	35,148	5,631,194
15	3	5,631,194	0	2,298,341	6,408	23,327	3,349,772
15	4	3,349,772	0	2,298,341	6,408	11,445	1,056,468
15	5	1,056,468	0	2,298,341	6,408	0	(1,248,281)

**Projection of Fiduciary Net Position
for purposes of Florida Statutes Section 112.664(1)(c)**

Year	Month	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Adminstrative Expenses	Projected Investment Earnings	Projected Ending Fiduciary Net Position
1		\$365,519,275	\$0	\$41,602,312	\$2,265,642	\$14,602,375	\$336,253,696
2		336,253,696	0	40,277,307	2,084,241	13,390,599	307,282,747
3		307,282,747	0	39,608,446	1,904,667	12,177,363	277,946,997
4		277,946,997	0	39,442,149	1,722,832	10,937,992	247,720,008
5		247,720,008	0	39,177,101	1,535,472	9,662,958	216,670,393
6		216,670,393	0	38,365,795	1,343,014	8,364,680	185,326,264
7		185,326,264	0	37,038,065	1,148,730	7,064,897	154,204,366
8		154,204,366	0	36,477,013	955,823	5,758,238	122,529,769
9		122,529,769	0	35,201,946	759,491	4,443,335	91,011,667
10		91,011,667	0	33,684,818	564,128	3,140,206	59,902,927
11		59,902,927	0	31,013,577	371,303	1,878,946	30,396,992
12		30,396,992	0	30,453,898	188,413	640,723	395,405
13	0	395,405	0	2,468,676	204	0	(2,073,475)

Broward Health

Pension Plan for Employees of Broward Health

60T-1.0035 Additional Actuarial Disclosures

Electronic Reporting Format – Must be submitted as a semi-colon delimited file in the following layout:

Reference	Field Name	Field Value	Field Layout Variable length with the maximum number of characters (v#) or Fixed Length with the number of characters (f#)	Reported Value
(Negative values indicated with dashes)				
(a)	City/District		v25	North Broward Hospital
(b)	Plan Name		v50	Pension Plan for Employees of Broward Health
(c)	Plan Type		v25	Defined Benefit Plan
(d)	Valuation Date		f8 using MMDDYYYY format	07012017
(e)	Interest Rate:			
(e)(1)	Discount Rate, net of investment fees		v5 using xx.xx format	06.25
(e)(2)	Long-Term Expected Rate of Return, net of investment fees		v5 using xx.xx format	06.25
(f)	Certification Statement			
(f)(1)	Signature	Y / N	f1	Y
(f)(2)	Actuary's Name		v50	Michael McGrath, FSA
(f)(3)	Enrollment Number		v10	17-3052
(f)(4)	Signature Date		f8 using MMDDYYYY format	10222018
(f)(5)	Cover letter attached (pdf)?	Y / N	f1	Y
Section 112.664(1)(a), F.S. (descriptive separator, not part of the electronic file)				
(g)	Total pension liability:	Place responses in (g)(1)-(10)	Leave blank	
(g)(1)	Service cost	\$ _____	v20 rounded to the nearest whole dollar, exclude "\$" in beginning of field and exclude commas; example 12313445	11692192
(g)(2)	Interest	\$ _____	Use (g)(1) field layout	25250091
(g)(3)	Benefit changes	\$ _____	Use (g)(1) field layout	0
(g)(4)	Difference between expected and actual experience	\$ _____	Use (g)(1) field layout	-3996011
(g)(5)	Changes in assumptions	\$ _____	Use (g)(1) field layout	20211377
(g)(6)	Benefit payments	\$ _____	Use (g)(1) field layout	-31730977
(g)(7)	Contribution refunds	\$ _____	Use (g)(1) field layout	0
(g)(8)	Net change in total pension liability	\$ _____	Use (g)(1) field layout	21426672
(g)(9)	Total pension liability – beginning of year	\$ _____	Use (g)(1) field layout	340554363
(g)(10)	Total pension liability – ending of year	\$ _____	Use (g)(1) field layout	361981035

Broward Health

Pension Plan for Employees of Broward Health

60T-1.0035 Additional Actuarial Disclosures

Electronic Reporting Format – Must be submitted as a semi-colon delimited file in the following layout:

Reference	Field Name	Field Value	Field Layout Variable length with the maximum number of characters (v#) or Fixed Length with the number of characters (f#)	Reported Value
(h)	Plan fiduciary net position:	Place responses in (h)(1)-(11)	Leave blank	
(h)(1)	Contributions – Employer	\$ _____	Use (g)(1) field layout	16010262
(h)(2)	Contributions – State	\$ _____	Use (g)(1) field layout	0
(h)(3)	Contributions – Member	\$ _____	Use (g)(1) field layout	0
(h)(4)	Net investment income	\$ _____	Use (g)(1) field layout	39513334
(h)(5)	Benefit payments	\$ _____	Use (g)(1) field layout	-31730977
(h)(6)	Contributions refunds	\$ _____	Use (g)(1) field layout	0
(h)(7)	Administrative expense	\$ _____	Use (g)(1) field layout	-2131376
(h)(8)	Other	\$ _____	Use (g)(1) field layout	0
(h)(9)	Net change in plan fiduciary net position	\$ _____	Use (g)(1) field layout	21661243
(h)(10)	Plan fiduciary net position – beginning of year	\$ _____	Use (g)(1) field layout	343858032
(h)(11)	Plan fiduciary net position – ending of year	\$ _____	Use (g)(1) field layout	365519275
(i)	Net pension liability/(asset) [(g)(10) minus (h)(11)]	\$ _____	Use (g)(1) field layout	-3538240
Section 112.664(1)(b), F.S.			(descriptive separator, not part of the electronic file)	
(j)	Total pension liability:	Place responses in (j)(1)-(10)	Leave blank	
(j)(1)	Service cost	\$ _____	Use (g)(1) field layout	14392250
(j)(2)	Interest	\$ _____	Use (g)(1) field layout	20897326
(j)(3)	Benefit changes	\$ _____	Use (g)(1) field layout	0
(j)(4)	Difference between expected and actual experience	\$ _____	Use (g)(1) field layout	-2780352
(j)(5)	Changes in assumptions	\$ _____	Use (g)(1) field layout	31418078
(j)(6)	Benefit payments	\$ _____	Use (g)(1) field layout	-31730977
(j)(7)	Contribution refunds	\$ _____	Use (g)(1) field layout	0
(j)(8)	Net change in total pension liability	\$ _____	Use (g)(1) field layout	32196325
(j)(9)	Total pension liability – beginning of year	\$ _____	Use (g)(1) field layout	381212281
(j)(10)	Total pension liability – ending of year	\$ _____	Use (g)(1) field layout	413408606
(k)	Plan fiduciary net position:	Place responses in (k)(1)-(11)	Leave blank	
(k)(1)	Contributions – Employer	\$ _____	Use (g)(1) field layout	16010262
(k)(2)	Contributions – State	\$ _____	Use (g)(1) field layout	0
(k)(3)	Contributions – Member	\$ _____	Use (g)(1) field layout	0
(k)(4)	Net investment income	\$ _____	Use (g)(1) field layout	39513334
(k)(5)	Benefit payments	\$ _____	Use (g)(1) field layout	-31730977
(k)(6)	Contributions refunds	\$ _____	Use (g)(1) field layout	0
(k)(7)	Administrative expense	\$ _____	Use (g)(1) field layout	-2131376
(k)(8)	Other	\$ _____	Use (g)(1) field layout	0
(k)(9)	Net change in plan fiduciary net position	\$ _____	Use (g)(1) field layout	21661243

Broward Health

Pension Plan for Employees of Broward Health

60T-1.0035 Additional Actuarial Disclosures

Electronic Reporting Format – Must be submitted as a semi-colon delimited file in the following layout:

Reference	Field Name	Field Value	Field Layout Variable length with the maximum number of characters (v#) or Fixed Length with the number of characters (f#)	Reported Value
(k)(10)	Plan fiduciary net position – beginning of year	\$ _____	Use (g)(1) field layout	343858032
(k)(11)	Plan fiduciary net position – ending of year	\$ _____	Use (g)(1) field layout	365519275
(l)	Net pension liability/(asset) [(j)(10) minus (k)(11)] Section 112.664(1)(c), F.S. (on last valuation basis)	\$ _____	Use (g)(1) field layout (descriptive separator, not part of the electronic file)	47889331
(m)	Number of Years, and fractional parts of Years, for which the Market Value of Assets are adequate to sustain expected retirement benefits Section 112.664(1)(c), F.S. (on Section 112.664(1)(a), F.S. basis)		v6 using xxx.xx format (descriptive separator, not part of the electronic file)	014.42
(n)	Number of Years, and fractional parts of Years, for which the Market Value of Assets are adequate to sustain expected retirement benefits Section 112.664(1)(c), F.S. (on Section 112.664(1)(b), F.S. basis)		v6 using xxx.xx format (descriptive separator, not part of the electronic file)	014.42
(o)	Number of Years, and fractional parts of Years, for which the Market Value of Assets are adequate to sustain expected retirement benefits Section 112.664(1)(d), F.S. (on last valuation basis)		v6 using xxx.xx format (descriptive separator, not part of the electronic file)	012.00
(p)	Recommended Plan contributions in Annual Dollar Value \$ _____ Recommended Plan contributions as a Percentage of		Use (g)(1) field layout	9027974
(q)	Valuation Payroll Section 112.664(1)(d), F.S. (on Section 112.664(1)(a), F.S. basis)		v6 using xxx.xx format (descriptive separator, not part of the electronic file)	002.40
(r)	Recommended Plan contributions in Annual Dollar Value \$ _____ Recommended Plan contributions as a Percentage of		Use (g)(1) field layout	14582684
(s)	Valuation Payroll Section 112.664(1)(d), F.S. (on Section 112.664(1)(b), F.S. basis)		v6 using xxx.xx format (descriptive separator, not part of the electronic file)	003.88
(t)	Recommended Plan contributions in Annual Dollar Value \$ _____ Recommended Plan contributions as a Percentage of		Use (g)(1) field layout	17811762
(u)	Valuation Payroll		v6 using xxx.xx format	004.74

Broward Health

Pension Plan for Employees of Broward Health

60T-1.0035 Additional Actuarial Disclosures

Electronic Reporting Format – Must be submitted as a semi-colon delimited file in the following layout:

Reference	Field Name	Field Value	Field Layout Variable length with the maximum number of characters (v#) or Fixed Length with the number of characters (f#)	Reported Value
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Output For Text File

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North Broward Hospital;Pension Plan for Employees of Broward Health;Defined Benefit Plan;07012017;06.25;06.25;Y;Michael McGrath, FSA;17-3052;00043395;Y;11692192;25250091;0;-3996011;20211377;-31730977;0;21426672;340554363;361981035;16010262;0;0;39513334;-31730977;0;-2131376;0;21661243;343858032;365519275;-3538240;14392250;20897326;0;-2780352;31418078;-31730977;0;32196325;381212281;413408606;16010262;0;0;39513334;-31730977;0;-2131376;0;21661243;343858032;365519275;47889331;014.42;014.42;012.00;9027974;002.40;14582684;003.88;17811762;004.74
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