

**CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM**  
**CHAPTER 112.664, F.S. COMPLIANCE REPORT**  
**SEPTEMBER 30, 2014**

June 29, 2015

The City Commission and Retirement Board  
City of Fort Pierce Retirement and Benefit System  
Fort Pierce, Florida

Dear Board Members:

Gabriel, Roeder, Smith & Company (GRS) has been engaged by the City of Fort Pierce Retirement and Benefit System to prepare a disclosure report to satisfy the requirements set forth in Ch. 112.664, F.S. and as further required pursuant to Ch. 60T-1.0035, F.A.C.

This report was prepared at the request of the Board and is intended for use by the Retirement Board and those designated or approved by the Board. This report may be provided to parties other than the City and the Board only in its entirety and only with the permission of the City and the Board.

The purpose of the report is to provide the required information specified in Ch. 112.664, F.S. as well as supplement this information with additional exhibits. This report should not be relied on for any purpose other than the purpose described above.

The findings in this report are based on data or other information through September 30, 2014. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the System's funded status); and changes in plan provisions or applicable law. The scope of this engagement does not include an analysis of the potential range of such measurements.

This report was based upon information furnished by the City and the Board concerning System benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal and year-to-year consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by the City.

This report was prepared using certain assumptions prescribed by the Board as described in the actuarial valuation report dated March 10, 2015 and the GASB 67 report dated March 23, 2015.

**Note: As required in Section 112.664(c) of the Florida Statutes, the projections of the System assets on pages 5-8 do not include contributions from the employer, employee or state. For this reason, these projections should not be viewed as a representation of the amount of time the System can sustain benefit payments. Under the GASB standards which do include contributions from the employer, employee and State, the System is expected to be able to sustain the benefit payment demands in the near-term and long-term future.**

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 Retirement and Benefit 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. The signing actuaries are independent of the plan sponsor.

With respect to the reporting standards for defined benefit retirement plans or systems contained in Section 112.664(1) F.S., the actuarial disclosures required under this section were prepared and completed by the signed actuaries or under their direct supervision, and they acknowledge responsibility for the results. To the best of their knowledge, the results are complete and accurate, and in their opinion, meet the requirements of Section 112.664(1), F.S. and Section 60T-1.0035, F.A.C.

Brad Lee Armstrong and Jeffrey T. Tebeau are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,



Brad L. Armstrong  
ASA, EA, MAAA



Jeffrey T. Tebeau  
ASA, MAAA

BLA/JTT:

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**Schedule of Changes in the Employers' Net Pension Liability  
Using Financial Reporting Assumptions per GASB Statement No. 67**

Fiscal year ending September 30,	<u>2014</u>
<b>1. Total pension liability</b>	
a. Service Cost	\$ 4,049,351
b. Interest	13,874,945
c. Benefit Changes	-
d. Difference Between Expected and Actual Experience	(500,696)
e. Assumption Changes	(335,946)
f. Benefit Payments	(11,877,048)
g. Contribution Refunds	(307,836)
h. Other	-
<b>i. Net Change in Total Pension Liability</b>	<u>4,902,770</u>
<b>j. Total Pension Liability - Beginning</b>	<u>177,504,581</u>
<b>k. Total Pension Liability - Ending</b>	<u>\$ 182,407,351</u>
<b>2. Plan Fiduciary Net Position</b>	
a. Contributions - Employer	\$ 4,356,127
b. Contributions - Non-Employer Contributing Entity	-
c. Contributions - Member	1,493,529
d. Net Investment Income	16,939,786
e. Benefit Payments	(11,877,048)
f. Contribution Refunds	(307,836)
g. Administrative Expense	(199,552)
h. Other - Includes Share Accounts	(47,555)
<b>i. Net Change in Plan Fiduciary Net Position</b>	<u>10,357,451</u>
<b>j. Plan Fiduciary Net Position - Beginning</b>	<u>168,762,698</u>
<b>k. Plan Fiduciary Net Position - Ending</b>	<u>\$ 179,120,149</u>
<b>3. Net Pension Liability / (Asset)</b>	3,287,202

**Certain Key Assumptions**

Investment Return Assumption	8.00%
Mortality Table	RP-2000 Combined Mortality Table for males and females

**Schedule of Changes in the Employers' Net Pension Liability  
Using Assumptions required under 112.664(1)(a), F.S.**

Fiscal year ending September 30,	<u>2014</u>
<b>1. Total pension liability</b>	
a. Service Cost	\$ 4,136,567
b. Interest	14,327,556
c. Benefit Changes	-
d. Difference Between Expected and Actual Experience	-
e. Assumption Changes	(351,703)
f. Benefit Payments	(11,877,048)
g. Contribution Refunds	(307,836)
h. Other	-
<b>i. Net Change in Total Pension Liability</b>	<u>5,927,536</u>
<b>j. Total Pension Liability - Beginning</b>	<u>183,118,603</u>
<b>k. Total Pension Liability - Ending</b>	<u><u>\$ 189,046,139</u></u>
 <b>2. Plan Fiduciary Net Position</b>	
a. Contributions - Employer	\$ 4,356,127
b. Contributions - Non-Employer Contributing Entity	-
c. Contributions - Member	1,493,529
d. Net Investment Income	16,939,786
e. Benefit Payments	(11,877,048)
f. Contribution Refunds	(307,836)
g. Administrative Expense	(199,552)
h. Other - Includes Share Accounts	(47,555)
<b>i. Net Change in Plan Fiduciary Net Position</b>	<u>10,357,451</u>
<b>j. Plan Fiduciary Net Position - Beginning</b>	<u>168,762,698</u>
<b>k. Plan Fiduciary Net Position - Ending</b>	<u><u>\$ 179,120,149</u></u>
 <b>3. Net Pension Liability / (Asset)</b>	 9,925,990

**Certain Key Assumptions**

Investment Return Assumption	8.00%
Mortality Table	RP-2000 fully generational using Scale AA

**Schedule of Changes in the Employers' Net Pension Liability  
Using Assumptions required under 112.664(1)(b), F.S.**

Fiscal year ending September 30,	<u>2014</u>
<b>1. Total pension liability</b>	
a. Service Cost	\$ 6,308,391
b. Interest	13,442,415
c. Benefit Changes	-
d. Difference Between Expected and Actual Experience	-
e. Assumption Changes	(468,020)
f. Benefit Payments	(11,877,048)
g. Contribution Refunds	(307,836)
h. Other	-
<b>i. Net Change in Total Pension Liability</b>	<u>7,097,902</u>
<b>j. Total Pension Liability - Beginning</b>	<u>226,978,495</u>
<b>k. Total Pension Liability - Ending</b>	<u>\$ 234,076,396</u>
<b>2. Plan Fiduciary Net Position</b>	
a. Contributions - Employer	\$ 4,356,127
b. Contributions - Non-Employer Contributing Entity	-
c. Contributions - Member	1,493,529
d. Net Investment Income	16,939,786
e. Benefit Payments	(11,877,048)
f. Contribution Refunds	(307,836)
g. Administrative Expense	(199,552)
h. Other - Includes Share Accounts	(47,555)
<b>i. Net Change in Plan Fiduciary Net Position</b>	<u>10,357,451</u>
<b>j. Plan Fiduciary Net Position - Beginning</b>	<u>168,762,698</u>
<b>k. Plan Fiduciary Net Position - Ending</b>	<u>\$ 179,120,149</u>
<b>3. Net Pension Liability / (Asset)</b>	54,956,247

**Certain Key Assumptions**

Investment Return Assumption	6.00%
Mortality Table	RP-2000 fully generational using Scale AA

**Schedule of Changes in the Employers' Net Pension Liability  
Using Assumptions required under 112.664(1)(b), F.S.  
Except 2% higher investment return assumption**

Fiscal year ending September 30,	<u>2014</u>
<b>1. Total pension liability</b>	
a. Service Cost	\$ 2,800,643
b. Interest	14,689,223
c. Benefit Changes	-
d. Difference Between Expected and Actual Experience	-
e. Assumption Changes	(270,219)
f. Benefit Payments	(11,877,048)
g. Contribution Refunds	(307,836)
h. Other	-
<b>i. Net Change in Total Pension Liability</b>	<u>5,034,763</u>
<b>j. Total Pension Liability - Beginning</b>	<u>151,584,346</u>
<b>k. Total Pension Liability - Ending</b>	<u>\$ 156,619,108</u>
<b>2. Plan Fiduciary Net Position</b>	
a. Contributions - Employer	\$ 4,356,127
b. Contributions - Non-Employer Contributing Entity	-
c. Contributions - Member	1,493,529
d. Net Investment Income	16,939,786
e. Benefit Payments	(11,877,048)
f. Contribution Refunds	(307,836)
g. Administrative Expense	(199,552)
h. Other - Includes Share Accounts	(47,555)
<b>i. Net Change in Plan Fiduciary Net Position</b>	<u>10,357,451</u>
<b>j. Plan Fiduciary Net Position - Beginning</b>	<u>168,762,698</u>
<b>k. Plan Fiduciary Net Position - Ending</b>	<u>\$ 179,120,149</u>
<b>3. Net Pension Liability / (Asset)</b>	(22,501,041)
<b>Certain Key Assumptions</b>	
Investment Return Assumption	10.00%
Mortality Table	RP-2000 fully generational using Scale AA

**Asset and Benefit Payment Projection  
Not Reflecting Any Contributions from the Employer, State or Employee  
Using Financial Reporting Assumptions per GASB Statement No. 67**

<b>FYE</b>	<b>Market Value of Assets (BOY)</b>	<b>Expected Investment Return</b>	<b>Projected Benefit Payments</b>	<b>Market Value of Assets (EOY)</b>
2015	\$ 179,120,149	\$ 13,822,264	\$ 12,683,704	\$ 180,258,709
2016	180,258,709	13,902,484	12,955,318	181,205,875
2017	181,205,875	13,969,417	13,176,317	181,998,975
2018	181,998,975	14,026,454	13,336,591	182,688,838
2019	182,688,838	14,068,969	13,653,450	183,104,357
2020	183,104,357	14,091,186	13,929,072	183,266,470
2021	183,266,470	14,094,676	14,166,051	183,195,094
2022	183,195,094	14,080,309	14,382,472	182,892,931
2023	182,892,931	14,047,404	14,600,763	182,339,573
2024	182,339,573	13,996,875	14,757,264	181,579,183
2025	181,579,183	13,931,178	14,878,906	180,631,456
2026	180,631,456	13,853,878	14,915,954	179,569,381
2027	179,569,381	13,764,172	15,034,460	178,299,093
2028	178,299,093	13,663,023	15,022,617	176,939,499
2029	176,939,499	13,556,940	14,955,497	175,540,942
2030	175,540,942	13,451,135	14,803,497	174,188,580
2031	174,188,580	13,348,511	14,664,395	172,872,696
2032	172,872,696	13,251,162	14,466,352	171,657,506
2033	171,657,506	13,161,566	14,275,858	170,543,214
2034	170,543,214	13,081,632	14,045,627	169,579,219
2035	169,579,219	13,017,220	13,727,927	168,868,512
2036	168,868,512	12,973,650	13,395,781	168,446,381
2037	168,446,381	12,953,406	13,057,605	168,342,182
2038	168,342,182	12,958,440	12,723,353	168,577,270
2039	168,577,270	12,992,379	12,345,068	169,224,580
2040	169,224,580	13,061,065	11,922,533	170,363,113

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits reflecting no contributions from the Employer, Employee or State: N/A\*

**Certain Key Assumptions**

Valuation Investment return assumption 8.00%  
 Valuation Mortality Table RP-2000 Combined Mortality Table for males and females

\* The Retirement System is not projected to run out of money under the 8.00% interest rate assumption.

**Asset and Benefit Payment Projection  
Not Reflecting Any Contributions from the Employer, State or Employee  
Using Assumptions required under 112.664(1)(a), F.S.**

<b>FYE</b>	<b>Market Value of Assets (BOY)</b>	<b>Expected Investment Return</b>	<b>Projected Benefit Payments</b>	<b>Market Value of Assets (EOY)</b>
2015	\$ 179,120,149	\$ 13,814,204	\$ 12,885,195	\$ 180,049,158
2016	180,049,158	13,877,566	13,159,167	180,767,557
2017	180,767,557	13,926,102	13,382,559	181,311,100
2018	181,311,100	13,963,084	13,545,108	181,729,076
2019	181,729,076	13,983,609	13,867,932	181,844,752
2020	181,844,752	13,981,576	14,150,096	181,676,232
2021	181,676,232	13,958,314	14,394,607	181,239,940
2022	181,239,940	13,914,391	14,620,103	180,534,228
2023	180,534,228	13,848,771	14,849,175	179,533,824
2024	179,533,824	13,762,020	15,017,155	178,278,689
2025	178,278,689	13,656,211	15,152,114	176,782,785
2026	176,782,785	13,534,511	15,202,785	175,114,511
2027	175,114,511	13,395,626	15,338,381	173,171,756
2028	173,171,756	13,240,042	15,342,471	171,069,327
2029	171,069,327	13,073,847	15,292,483	168,850,691
2030	168,850,691	12,901,817	15,155,945	166,596,563
2031	166,596,563	12,726,390	15,033,385	164,289,568
2032	164,289,568	12,549,114	14,851,278	161,987,405
2033	161,987,405	12,371,817	14,679,392	159,679,829
2034	159,679,829	12,195,587	14,469,972	157,405,444
2035	157,405,444	12,025,446	14,174,729	155,256,162
2036	155,256,162	11,865,771	13,868,046	153,253,887
2037	153,253,887	11,717,991	13,558,010	151,413,867
2038	151,413,867	11,583,082	13,250,682	149,746,268
2039	149,746,268	11,463,650	12,901,276	148,308,642
2040	148,308,642	11,364,308	12,509,583	147,163,367

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits reflecting no contributions from the Employer, Employee or State:

N/A\*

**Certain Key Assumptions**

Valuation Investment return assumption

8.00%

Valuation Mortality Table

RP-2000 fully generational using Scale AA

\* The Retirement System is not projected to run out of money under the 8.00% interest rate assumption.

**Asset and Benefit Payment Projection  
Not Reflecting Any Contributions from the Employer, State or Employee  
Using Assumptions required under 112.664(1)(b), F.S.**

<b>FYE</b>	<b>Market Value of Assets (BOY)</b>	<b>Expected Investment Return</b>	<b>Projected Benefit Payments</b>	<b>Market Value of Assets (EOY)</b>
2015	\$ 179,120,149	\$ 10,360,653	\$ 12,885,195	\$ 176,595,607
2016	176,595,607	10,200,961	13,159,167	173,637,401
2017	173,637,401	10,016,767	13,382,559	170,271,609
2018	170,271,609	9,809,943	13,545,108	166,536,445
2019	166,536,445	9,576,149	13,867,932	162,244,661
2020	162,244,661	9,310,177	14,150,096	157,404,742
2021	157,404,742	9,012,446	14,394,607	152,022,582
2022	152,022,582	8,682,752	14,620,103	146,085,230
2023	146,085,230	8,319,639	14,849,175	139,555,694
2024	139,555,694	7,922,827	15,017,155	132,461,366
2025	132,461,366	7,493,119	15,152,114	124,802,370
2026	124,802,370	7,032,059	15,202,785	116,631,643
2027	116,631,643	6,537,747	15,338,381	107,831,010
2028	107,831,010	6,009,586	15,342,471	98,498,126
2029	98,498,126	5,451,113	15,292,483	88,656,756
2030	88,656,756	4,864,727	15,155,945	78,365,538
2031	78,365,538	4,250,931	15,033,385	67,583,083
2032	67,583,083	3,609,447	14,851,278	56,341,252
2033	56,341,252	2,940,093	14,679,392	44,601,953
2034	44,601,953	2,242,018	14,469,972	32,373,999
2035	32,373,999	1,517,198	14,174,729	19,716,468
2036	19,716,468	766,947	13,868,046	6,615,369
2037	6,615,369	-	13,558,010	-
2038	-	-	13,250,682	-
2039	-	-	12,901,276	-
2040	-	-	12,509,583	-

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits reflecting no contributions from the Employer, Employee or State: 22.50

**Certain Key Assumptions**

Valuation Investment return assumption 6.00%  
Valuation Mortality Table RP-2000 fully generational using Scale AA

**Asset and Benefit Payment Projection**  
**Not Reflecting Any Contributions from the Employer, State or Employee**  
**Using Assumptions required under 112.664(1)(b), F.S.**  
**Except 2% higher investment return assumption**

<b>FYE</b>	<b>Market Value of Assets (BOY)</b>	<b>Expected Investment Return</b>	<b>Projected Benefit Payments</b>	<b>Market Value of Assets (EOY)</b>
2015	\$ 179,120,149	\$ 17,267,755	\$ 12,885,195	\$ 183,502,709
2016	183,502,709	17,692,313	13,159,167	188,035,855
2017	188,035,855	18,134,457	13,382,559	192,787,753
2018	192,787,753	18,601,520	13,545,108	197,844,165
2019	197,844,165	19,091,020	13,867,932	203,067,253
2020	203,067,253	19,599,220	14,150,096	208,516,377
2021	208,516,377	20,131,907	14,394,607	214,253,677
2022	214,253,677	20,694,363	14,620,103	220,327,937
2023	220,327,937	21,290,335	14,849,175	226,769,097
2024	226,769,097	21,926,052	15,017,155	233,677,994
2025	233,677,994	22,610,194	15,152,114	241,136,073
2026	241,136,073	23,353,468	15,202,785	249,286,756
2027	249,286,756	24,161,757	15,338,381	258,110,132
2028	258,110,132	25,043,890	15,342,471	267,811,551
2029	267,811,551	26,016,531	15,292,483	278,535,599
2030	278,535,599	27,095,763	15,155,945	290,475,416
2031	290,475,416	28,295,872	15,033,385	303,737,903
2032	303,737,903	29,631,226	14,851,278	318,517,852
2033	318,517,852	31,117,816	14,679,392	334,956,275
2034	334,956,275	32,772,129	14,469,972	353,258,432
2035	353,258,432	34,617,107	14,174,729	373,700,810
2036	373,700,810	36,676,679	13,868,046	396,509,443
2037	396,509,443	38,973,044	13,558,010	421,924,476
2038	421,924,476	41,529,914	13,250,682	450,203,708
2039	450,203,708	44,375,307	12,901,276	481,677,739
2040	481,677,739	47,542,295	12,509,583	516,710,451

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits reflecting no contributions from the Employer, Employee or State: N/A\*

**Certain Key Assumptions**

Valuation Investment return assumption 10.00%  
 Valuation Mortality Table RP-2000 fully generational using Scale AA

\* The Retirement System is not projected to run out of money under the 10.00% interest rate assumption.

City of Fort Pierce Retirement and Benefit System

<b>ACTUARIALLY DETERMINED CONTRIBUTION</b>				
	GASB No. 67 Assumptions	112.664(1)(a) F.S. Assumptions	112.664(1)(b) F.S. Assumptions	112.664(1)(b) F.S. except 2% higher investment return assumption
A. Valuation Date	September 30, 2014	September 30, 2014	September 30, 2014	September 30, 2014
B. Actuarial Determined Contribution (ADC) to Be Paid During Fiscal Year Ending	9/30/2016	9/30/2016	9/30/2016	9/30/2016
C. Assumed Dates of Employer Contributions	Quarterly	Quarterly	Quarterly	Quarterly
D. Annual Payment to Amortize Unfunded Actuarial Liability	\$ 1,156,269	\$ 1,684,023	\$ 4,319,734	\$ (1,052,814)
E. Total Normal Cost	<u>4,578,462</u>	<u>4,709,482</u>	<u>6,707,367</u>	<u>3,094,039</u>
F. ADC: D + E	\$ 5,734,731	\$ 6,393,505	\$ 11,027,101	\$ 2,041,225
G. As a % of Covered Payroll	20.88 %	23.28 %	40.15 %	7.43 %
H. Assumed Rate of Increase in Covered Payroll to Contribution Year	9.20 %	9.20 %	9.20 %	9.20 %
I. Covered Payroll for Contribution Year	\$ 27,464,823	\$ 27,464,823	\$ 27,464,823	\$ 27,464,823
J. ADC for Contribution Year: G x I	5,734,731	6,393,505	11,027,101	2,041,225
K. Allowable Credit for State Revenue in Contribution Year	0	0	0	0
L. Member Contributions	<u>1,538,722</u>	<u>1,538,722</u>	<u>1,538,722</u>	<u>1,538,722</u>
M. Employer ADC in Contribution Year	\$ 4,196,009	\$ 4,854,783	\$ 9,488,379	\$ 502,503
N. Employer ADC as % of Covered Payroll in Contribution Year: M ÷ I	15.28 %	17.68 %	34.55 %	1.83 %
O. Certain Key Assumptions				
Investment Return Assumption	8.00%	8.00%	6.00%	10.00%
Mortality Table	RP-2000 Combined Mortality Table for males and females	RP-2000 fully generational using Scale AA	RP-2000 fully generational using Scale AA	RP-2000 fully generational using Scale AA