

CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM
CHAPTER 112.664, F.S. COMPLIANCE REPORT
SEPTEMBER 30, 2015

May 17, 2016

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, 2015. 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 11, 2016 and the GASB Statement No. 67 report dated February 29, 2016.

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, FCA, MAAA



Jeffrey T. Tebeau
ASA, MAAA

BLA/JTT:bd

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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,

1. Total pension liability

	<u>2015</u>
a. Service Cost	\$ 4,044,804
b. Interest	14,241,759
c. Benefit Changes	-
d. Difference Between Expected and Actual Experience	-
e. Assumption Changes	-
f. Benefit Payments	(12,528,070)
g. Contribution Refunds	(287,469)
h. Other	-
i. Net Change in Total Pension Liability	<u>5,471,024</u>
j. Total Pension Liability - Beginning	<u>182,407,351</u>
k. Total Pension Liability - Ending	<u>\$ 187,878,375</u>

2. Plan Fiduciary Net Position

a. Contributions - Employer	\$ 4,093,268
b. Contributions - Non-Employer Contributing Entity	-
c. Contributions - Member	1,473,091
d. Net Investment Income	2,984,072
e. Benefit Payments	(12,528,070)
f. Contribution Refunds	(287,469)
g. Administrative Expense	(176,341)
h. Other - Includes Share Accounts	(44,893)
i. Net Change in Plan Fiduciary Net Position	<u>(4,486,342)</u>
j. Plan Fiduciary Net Position - Beginning	<u>179,120,149</u>
k. Plan Fiduciary Net Position - Ending	<u>\$ 174,633,807</u>

3. Net Pension Liability / (Asset) 13,244,568

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>2015</u>
1. Total pension liability	
a. Service Cost	\$ 4,355,277
b. Interest	14,785,281
c. Benefit Changes	-
d. Difference Between Expected and Actual Experience	-
e. Assumption Changes	-
f. Benefit Payments	(12,528,070)
g. Contribution Refunds	(287,469)
h. Other	-
i. Net Change in Total Pension Liability	<u>6,325,019</u>
j. Total Pension Liability - Beginning	<u>189,046,139</u>
k. Total Pension Liability - Ending	<u>\$ 195,371,158</u>
 2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 4,093,268
b. Contributions - Non-Employer Contributing Entity	-
c. Contributions - Member	1,473,091
d. Net Investment Income	2,984,072
e. Benefit Payments	(12,528,070)
f. Contribution Refunds	(287,469)
g. Administrative Expense	(176,341)
h. Other - Includes Share Accounts	(44,893)
i. Net Change in Plan Fiduciary Net Position	<u>(4,486,342)</u>
j. Plan Fiduciary Net Position - Beginning	<u>179,120,149</u>
k. Plan Fiduciary Net Position - Ending	<u>\$ 174,633,807</u>
 3. Net Pension Liability / (Asset)	 20,737,351

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>2015</u>
1. Total pension liability	
a. Service Cost	\$ 6,646,039
b. Interest	13,859,499
c. Benefit Changes	-
d. Difference Between Expected and Actual Experience	-
e. Assumption Changes	-
f. Benefit Payments	(12,528,070)
g. Contribution Refunds	(287,469)
h. Other	-
i. Net Change in Total Pension Liability	<u>7,689,999</u>
j. Total Pension Liability - Beginning	<u>234,076,396</u>
k. Total Pension Liability - Ending	<u><u>\$ 241,766,395</u></u>
2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 4,093,268
b. Contributions - Non-Employer Contributing Entity	-
c. Contributions - Member	1,473,091
d. Net Investment Income	2,984,072
e. Benefit Payments	(12,528,070)
f. Contribution Refunds	(287,469)
g. Administrative Expense	(176,341)
h. Other - Includes Share Accounts	(44,893)
i. Net Change in Plan Fiduciary Net Position	<u>(4,486,342)</u>
j. Plan Fiduciary Net Position - Beginning	<u>179,120,149</u>
k. Plan Fiduciary Net Position - Ending	<u><u>\$ 174,633,807</u></u>
3. Net Pension Liability / (Asset)	67,132,588

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>2015</u>
1. Total pension liability	
a. Service Cost	\$ 2,946,368
b. Interest	15,168,452
c. Benefit Changes	-
d. Difference Between Expected and Actual Experience	-
e. Assumption Changes	-
f. Benefit Payments	(12,528,070)
g. Contribution Refunds	(287,469)
h. Other	-
i. Net Change in Total Pension Liability	<u>5,299,281</u>
j. Total Pension Liability - Beginning	<u>156,619,108</u>
k. Total Pension Liability - Ending	<u><u>\$ 161,918,389</u></u>

2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 4,093,268
b. Contributions - Non-Employer Contributing Entity	-
c. Contributions - Member	1,473,091
d. Net Investment Income	2,984,072
e. Benefit Payments	(12,528,070)
f. Contribution Refunds	(287,469)
g. Administrative Expense	(176,341)
h. Other - Includes Share Accounts	(44,893)
i. Net Change in Plan Fiduciary Net Position	<u>(4,486,342)</u>
j. Plan Fiduciary Net Position - Beginning	<u>179,120,149</u>
k. Plan Fiduciary Net Position - Ending	<u><u>\$ 174,633,807</u></u>

3. Net Pension Liability / (Asset) (12,715,418)

Certain Key Assumptions

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

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2016	\$ 174,633,807	\$ 13,434,320	\$ 13,409,614	\$ 174,658,513
2017	174,658,513	13,428,339	13,608,544	174,478,309
2018	174,478,309	13,408,144	13,753,007	174,133,446
2019	174,133,446	13,368,347	14,058,206	173,443,587
2020	173,443,587	13,303,515	14,299,308	172,447,794
2021	172,447,794	13,214,605	14,530,465	171,131,934
2022	171,131,934	13,099,777	14,769,431	169,462,280
2023	169,462,280	12,957,029	14,998,840	167,420,468
2024	167,420,468	12,788,106	15,138,294	165,070,280
2025	165,070,280	12,595,543	15,251,994	162,413,829
2026	162,413,829	12,383,089	15,250,435	159,546,483
2027	159,546,483	12,149,540	15,354,460	156,341,563
2028	156,341,563	11,894,494	15,320,780	152,915,277
2029	152,915,277	11,624,123	15,227,475	149,311,926
2030	149,311,926	11,343,701	15,031,324	145,624,303
2031	145,624,303	11,056,000	14,848,619	141,831,684
2032	141,831,684	10,762,305	14,605,748	137,988,240
2033	137,988,240	10,464,171	14,372,198	134,080,214
2034	134,080,214	10,162,667	14,093,749	130,149,132
2035	130,149,132	9,862,152	13,744,461	126,266,824
2036	126,266,824	9,566,319	13,375,661	122,457,482
2037	122,457,482	9,276,627	12,999,289	118,734,820
2038	118,734,820	8,993,135	12,641,266	115,086,689
2039	115,086,689	8,717,876	12,226,474	111,578,091
2040	111,578,091	8,453,662	11,814,644	108,217,109
2041	108,217,109	8,203,105	11,356,597	105,063,617

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%

* The Retirement System is not projected to run out of money under these assumptions.

**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.**

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2016	\$ 174,633,807	\$ 13,433,972	\$ 13,418,314	\$ 174,649,465
2017	174,649,465	13,426,445	13,637,795	174,438,115
2018	174,438,115	13,402,797	13,806,306	174,034,607
2019	174,034,607	13,357,212	14,138,925	173,252,893
2020	173,252,893	13,283,793	14,410,958	172,125,728
2021	172,125,728	13,182,985	14,676,823	170,631,889
2022	170,631,889	13,052,338	14,955,341	168,728,886
2023	168,728,886	12,889,186	15,228,114	166,389,958
2024	166,389,958	12,694,600	15,414,912	163,669,646
2025	163,669,646	12,470,352	15,580,497	160,559,501
2026	160,559,501	12,219,388	15,634,302	157,144,587
2027	157,144,587	11,939,645	15,798,043	153,286,190
2028	153,286,190	11,629,842	15,826,318	149,089,714
2029	149,089,714	11,295,255	15,798,055	144,586,914
2030	144,586,914	10,940,263	15,667,261	139,859,916
2031	139,859,916	10,566,683	15,552,748	134,873,851
2032	134,873,851	10,174,825	15,377,068	129,671,609
2033	129,671,609	9,765,324	15,210,107	124,226,826
2034	124,226,826	9,338,258	14,997,214	118,567,870
2035	118,567,870	8,896,862	14,714,200	112,750,531
2036	112,750,531	8,443,584	14,411,452	106,782,663
2037	106,782,663	7,978,650	14,099,087	100,662,226
2038	100,662,226	7,501,039	13,798,471	94,364,794
2039	94,364,794	7,011,619	13,439,125	87,937,287
2040	87,937,287	6,511,827	13,078,887	81,370,227
2041	81,370,227	6,002,835	12,669,583	74,703,479
2042	74,703,479	5,486,593	12,242,137	67,947,935
2043	67,947,935	4,964,353	11,787,042	61,125,246
2044	61,125,246	4,438,838	11,279,543	54,284,541
2045	54,284,541	3,911,703	10,776,504	47,419,740
2046	47,419,740	3,384,310	10,231,726	40,572,324
2047	40,572,324	2,857,997	9,694,713	33,735,609
2048	33,735,609	2,332,063	9,169,650	26,898,022
2049	26,898,022	1,806,744	8,627,446	20,077,320
2050	20,077,320	1,282,092	8,102,329	13,257,083
2051	13,257,083	757,844	7,568,077	6,446,850
2052	6,446,850	233,504	7,056,109	-

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: 36.92

Certain Key Assumptions

Valuation Investment Return Assumption	8.00%
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.**

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2016	\$ 174,633,807	\$ 10,075,479	\$ 13,418,314	\$ 171,290,972
2017	171,290,972	9,868,324	13,637,795	167,521,501
2018	167,521,501	9,637,101	13,806,306	163,352,297
2019	163,352,297	9,376,970	14,138,925	158,590,341
2020	158,590,341	9,083,092	14,410,958	153,262,475
2021	153,262,475	8,755,444	14,676,823	147,341,095
2022	147,341,095	8,391,805	14,955,341	140,777,560
2023	140,777,560	7,989,810	15,228,114	133,539,256
2024	133,539,256	7,549,908	15,414,912	125,674,252
2025	125,674,252	7,073,040	15,580,497	117,166,794
2026	117,166,794	6,560,979	15,634,302	108,093,471
2027	108,093,471	6,011,667	15,798,043	98,307,096
2028	98,307,096	5,423,636	15,826,318	87,904,414
2029	87,904,414	4,800,323	15,798,055	76,906,682
2030	76,906,682	4,144,383	15,667,261	65,383,805
2031	65,383,805	3,456,446	15,552,748	53,287,502
2032	53,287,502	2,735,938	15,377,068	40,646,372
2033	40,646,372	1,982,479	15,210,107	27,418,744
2034	27,418,744	1,195,208	14,997,214	13,616,739
2035	13,616,739	375,578	14,714,200	-
2036	-	-	14,411,452	-
2037	-	-	14,099,087	-
2038	-	-	13,798,471	-
2039	-	-	13,439,125	-
2040	-	-	13,078,887	-
2041	-	-	12,669,583	-

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: 19.92

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

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2016	\$ 174,633,807	\$ 16,792,465	\$ 13,418,314	\$ 178,007,958
2017	178,007,958	17,118,906	13,637,795	181,489,069
2018	181,489,069	17,458,592	13,806,306	185,141,355
2019	185,141,355	17,807,189	14,138,925	188,809,619
2020	188,809,619	18,160,414	14,410,958	192,559,075
2021	192,559,075	18,522,066	14,676,823	196,404,317
2022	196,404,317	18,892,665	14,955,341	200,341,641
2023	200,341,641	19,272,758	15,228,114	204,386,285
2024	204,386,285	19,667,883	15,414,912	208,639,256
2025	208,639,256	20,084,901	15,580,497	213,143,660
2026	213,143,660	20,532,651	15,634,302	218,042,008
2027	218,042,008	21,014,299	15,798,043	223,258,265
2028	223,258,265	21,534,511	15,826,318	228,966,457
2029	228,966,457	22,106,743	15,798,055	235,275,146
2030	235,275,146	22,744,152	15,667,261	242,352,036
2031	242,352,036	23,457,566	15,552,748	250,256,854
2032	250,256,854	24,256,832	15,377,068	259,136,618
2033	259,136,618	25,153,156	15,210,107	269,079,667
2034	269,079,667	26,158,106	14,997,214	280,240,560
2035	280,240,560	27,288,346	14,714,200	292,814,705
2036	292,814,705	28,560,898	14,411,452	306,964,151
2037	306,964,151	29,991,461	14,099,087	322,856,525
2038	322,856,525	31,595,729	13,798,471	340,653,783
2039	340,653,783	33,393,422	13,439,125	360,608,080
2040	360,608,080	35,406,864	13,078,887	382,936,056
2041	382,936,056	37,660,126	12,669,583	407,926,600

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 these assumptions.

City of Fort Pierce Retirement and Benefit System

ACTUARIALLY DETERMINED CONTRIBUTION				
	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, 2015	September 30, 2015	September 30, 2015	September 30, 2015
B. Actuarial Determined Contribution (ADC) to Be Paid During Fiscal Year Ending	9/30/2017	9/30/2017	9/30/2017	9/30/2017
C. Assumed Dates of Employer Contributions	Quarterly	Quarterly	Quarterly	Quarterly
D. Annual Payment to Amortize Unfunded Actuarial Liability	\$ 1,158,641	\$ 1,357,628	\$ 4,112,356	\$ (1,511,450)
E. Total Normal Cost	<u>4,703,469</u>	<u>4,888,984</u>	<u>7,331,966</u>	<u>3,384,368</u>
F. ADC: D + E	\$ 5,862,110	\$ 6,246,612	\$ 11,444,323	\$ 1,872,918
G. As a % of Covered Payroll	21.07 %	22.45 %	41.14 %	6.73 %
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	\$ 27,819,729	\$ 27,819,729	\$ 27,819,729	\$ 27,819,729
J. ADC for Contribution Year: G x I	5,862,110	6,246,612	11,444,323	1,872,918
K. Allowable Credit for State Revenue in Contribution Year	0	0	0	0
L. Member Contributions	<u>1,565,758</u>	<u>1,565,758</u>	<u>1,565,758</u>	<u>1,565,758</u>
M. Employer ADC in Contribution Year	\$ 4,296,352	\$ 4,680,854	\$ 9,878,564	\$ 307,160
N. Employer ADC as % of Covered Payroll in Contribution Year: M ÷ I	15.44 %	16.83 %	35.51 %	1.10 %
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