

CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM
CHAPTER 112.664, F.S. COMPLIANCE REPORT
SEPTEMBER 30, 2016

April 20, 2017

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, 2016. 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 14, 2017 and the GASB Statement No. 67 report dated February 20, 2017.

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, EA, 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,	<u>2016</u>
1. Total pension liability	
a. Service Cost	\$ 4,329,645
b. Interest	14,668,389
c. Benefit Changes	-
d. Difference Between Expected and Actual Experience	(619,703)
e. Assumption Changes	15,064,850
f. Benefit Payments	(12,884,323)
g. Contribution Refunds	(492,348)
h. Other	-
i. Net Change in Total Pension Liability	<u>20,066,510</u>
j. Total Pension Liability - Beginning	<u>187,878,375</u>
k. Total Pension Liability - Ending	<u>\$ 207,944,885</u>
 2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 4,211,311
b. Contributions - Non-Employer Contributing Entity	-
c. Contributions - Member	1,533,510
d. Net Investment Income	16,472,191
e. Benefit Payments	(12,884,323)
f. Contribution Refunds	(492,348)
g. Administrative Expense	(217,891)
h. Other - Includes Share Accounts	(50,240)
i. Net Change in Plan Fiduciary Net Position	<u>8,572,210</u>
j. Plan Fiduciary Net Position - Beginning	<u>174,633,807</u>
k. Plan Fiduciary Net Position - Ending	<u>\$ 183,206,017</u>
 3. Net Pension Liability / (Asset)	 24,738,868

Certain Key Assumptions

Investment Return Assumption	7.75%
Mortality Table	Mandated FRS Mortality Tables

**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>2016</u>
1. Total pension liability	
a. Service Cost	\$ 4,623,616
b. Interest	15,279,570
c. Benefit Changes	-
d. Difference Between Expected and Actual Experience	(983,983)
e. Assumption Changes	4,558,852
f. Benefit Payments	(12,884,323)
g. Contribution Refunds	(492,348)
h. Other	-
i. Net Change in Total Pension Liability	<u>10,101,384</u>
j. Total Pension Liability - Beginning	<u>195,371,158</u>
k. Total Pension Liability - Ending	<u><u>\$ 205,472,542</u></u>
 2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 4,211,311
b. Contributions - Non-Employer Contributing Entity	-
c. Contributions - Member	1,533,510
d. Net Investment Income	16,472,191
e. Benefit Payments	(12,884,323)
f. Contribution Refunds	(492,348)
g. Administrative Expense	(217,891)
h. Other - Includes Share Accounts	(50,240)
i. Net Change in Plan Fiduciary Net Position	<u>8,572,210</u>
j. Plan Fiduciary Net Position - Beginning	<u>174,633,807</u>
k. Plan Fiduciary Net Position - Ending	<u><u>\$ 183,206,017</u></u>
 3. Net Pension Liability / (Asset)	 22,266,525

Certain Key Assumptions

Investment Return Assumption	7.75%
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>2016</u>
1. Total pension liability	
a. Service Cost	\$ 7,024,881
b. Interest	14,315,430
c. Benefit Changes	-
d. Difference Between Expected and Actual Experience	(1,650,429)
e. Assumption Changes	7,324,868
f. Benefit Payments	(12,884,323)
g. Contribution Refunds	(492,348)
h. Other	-
i. Net Change in Total Pension Liability	<u>13,638,079</u>
j. Total Pension Liability - Beginning	<u>241,766,395</u>
k. Total Pension Liability - Ending	<u><u>\$ 255,404,474</u></u>
 2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 4,211,311
b. Contributions - Non-Employer Contributing Entity	-
c. Contributions - Member	1,533,510
d. Net Investment Income	16,472,191
e. Benefit Payments	(12,884,323)
f. Contribution Refunds	(492,348)
g. Administrative Expense	(217,891)
h. Other - Includes Share Accounts	(50,240)
i. Net Change in Plan Fiduciary Net Position	<u>8,572,210</u>
j. Plan Fiduciary Net Position - Beginning	<u>174,633,807</u>
k. Plan Fiduciary Net Position - Ending	<u><u>\$ 183,206,017</u></u>
 3. Net Pension Liability / (Asset)	 72,198,457

Certain Key Assumptions

Investment Return Assumption	5.75%
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>2016</u>
1. Total pension liability	
a. Service Cost	\$ 3,144,170
b. Interest	15,680,214
c. Benefit Changes	-
d. Difference Between Expected and Actual Experience	(533,160)
e. Assumption Changes	2,947,875
f. Benefit Payments	(12,884,323)
g. Contribution Refunds	(492,348)
h. Other	-
i. Net Change in Total Pension Liability	<u>7,862,428</u>
j. Total Pension Liability - Beginning	<u>161,918,389</u>
k. Total Pension Liability - Ending	<u>\$ 169,780,817</u>
2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 4,211,311
b. Contributions - Non-Employer Contributing Entity	-
c. Contributions - Member	1,533,510
d. Net Investment Income	16,472,191
e. Benefit Payments	(12,884,323)
f. Contribution Refunds	(492,348)
g. Administrative Expense	(217,891)
h. Other - Includes Share Accounts	(50,240)
i. Net Change in Plan Fiduciary Net Position	<u>8,572,210</u>
j. Plan Fiduciary Net Position - Beginning	<u>174,633,807</u>
k. Plan Fiduciary Net Position - Ending	<u>\$ 183,206,017</u>
3. Net Pension Liability / (Asset)	(13,425,200)

Certain Key Assumptions

Investment Return Assumption	9.75%
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)
2017	\$ 183,206,017	\$ 13,653,010	\$ 14,076,301	\$ 182,782,725
2018	182,782,725	13,613,209	14,256,835	182,139,099
2019	182,139,099	13,548,108	14,649,597	181,037,610
2020	181,037,610	13,449,846	14,982,426	179,505,030
2021	179,505,030	13,320,221	15,262,433	177,562,818
2022	177,562,818	13,158,519	15,550,947	175,170,390
2023	175,170,390	12,960,694	15,871,269	172,259,815
2024	172,259,815	12,726,750	16,087,374	168,899,191
2025	168,899,191	12,459,523	16,262,306	165,096,408
2026	165,096,408	12,161,844	16,338,774	160,919,477
2027	160,919,477	11,830,356	16,539,441	156,210,392
2028	156,210,392	11,463,055	16,600,013	151,073,434
2029	151,073,434	11,065,104	16,595,806	145,542,732
2030	145,542,732	10,639,920	16,506,895	139,675,756
2031	139,675,756	10,187,601	16,445,668	133,417,690
2032	133,417,690	9,706,508	16,344,863	126,779,334
2033	126,779,334	9,197,352	16,207,660	119,769,026
2034	119,769,026	8,661,213	16,022,881	112,407,358
2035	112,407,358	8,100,702	15,764,350	104,743,710
2036	104,743,710	7,517,271	15,493,322	96,767,659
2037	96,767,659	6,910,129	15,209,410	88,468,377
2038	88,468,377	6,278,327	14,915,420	79,831,284
2039	79,831,284	5,622,734	14,559,748	70,894,270
2040	70,894,270	4,944,529	14,187,787	61,651,012
2041	61,651,012	4,242,234	13,825,016	52,068,231
2042	52,068,231	3,513,939	13,454,153	42,128,017
2043	42,128,017	2,759,857	13,033,930	31,853,943
2044	31,853,943	1,981,942	12,560,987	21,274,899
2045	21,274,899	1,180,313	12,090,104	10,365,108
2046	10,365,108	354,829	11,573,340	-

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: 29.92

Certain Key Assumptions

Valuation Investment Return Assumption 7.75%
Valuation Mortality Table Mandated FRS Mortality Tables

**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)
2017	\$ 183,206,017	\$ 13,653,037	\$ 14,075,589	\$ 182,783,465
2018	182,783,465	13,613,393	14,253,560	182,143,298
2019	182,143,298	13,548,658	14,643,816	181,048,140
2020	181,048,140	13,450,975	14,974,343	179,524,772
2021	179,524,772	13,322,140	15,252,393	177,594,518
2022	177,594,518	13,161,439	15,539,009	175,216,947
2023	175,216,947	12,964,898	15,855,875	172,325,971
2024	172,325,971	12,732,658	16,067,208	168,991,422
2025	168,991,422	12,467,735	16,234,848	165,224,308
2026	165,224,308	12,173,180	16,302,026	161,095,462
2027	161,095,462	11,845,864	16,491,220	156,450,106
2028	156,450,106	11,484,087	16,536,668	151,397,525
2029	151,397,525	11,093,414	16,513,397	145,977,542
2030	145,977,542	10,677,740	16,400,504	140,254,777
2031	140,254,777	10,237,639	16,312,424	134,179,992
2032	134,179,992	9,771,905	16,181,789	127,770,108
2033	127,770,108	9,281,725	16,011,817	121,040,017
2034	121,040,017	8,768,726	15,790,337	114,018,406
2035	114,018,406	8,236,203	15,489,632	106,764,977
2036	106,764,977	7,686,251	15,175,082	99,276,147
2037	99,276,147	7,118,606	14,846,343	91,548,409
2038	91,548,409	6,533,015	14,502,880	83,578,544
2039	83,578,544	5,931,122	14,095,882	75,413,784
2040	75,413,784	5,314,769	13,672,237	67,056,316
2041	67,056,316	4,683,091	13,258,658	58,480,749
2042	58,480,749	4,034,688	12,840,514	49,674,924
2043	49,674,924	3,370,246	12,375,764	40,669,405
2044	40,669,405	2,692,402	11,857,467	31,504,340
2045	31,504,340	2,001,892	11,346,946	22,159,286
2046	22,159,286	1,299,165	10,791,732	12,666,719
2047	12,666,719	585,101	10,234,066	3,017,754
2048	3,017,754	-	9,693,090	-

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: 31.33

Certain Key Assumptions

Valuation Investment Return Assumption 7.75%
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)
2017	\$ 183,206,017	\$ 10,129,673	\$ 14,075,589	\$ 179,260,101
2018	179,260,101	9,897,666	14,253,560	174,904,206
2019	174,904,206	9,635,982	14,643,816	169,896,373
2020	169,896,373	9,338,529	14,974,343	164,260,559
2021	164,260,559	9,006,476	15,252,393	158,014,641
2022	158,014,641	8,639,095	15,539,009	151,114,727
2023	151,114,727	8,233,240	15,855,875	143,492,093
2024	143,492,093	7,788,863	16,067,208	135,213,748
2025	135,213,748	7,308,039	16,234,848	126,286,938
2026	126,286,938	6,792,816	16,302,026	116,777,728
2027	116,777,728	6,240,597	16,491,220	106,527,105
2028	106,527,105	5,649,879	16,536,668	95,640,316
2029	95,640,316	5,024,558	16,513,397	84,151,477
2030	84,151,477	4,367,195	16,400,504	72,118,168
2031	72,118,168	3,677,812	16,312,424	59,483,557
2032	59,483,557	2,955,078	16,181,789	46,256,846
2033	46,256,846	2,199,429	16,011,817	32,444,458
2034	32,444,458	1,411,584	15,790,337	18,065,705
2035	18,065,705	593,451	15,489,632	3,169,524
2036	3,169,524	-	15,175,082	-
2037	-	-	14,846,343	-
2038	-	-	14,502,880	-
2039	-	-	14,095,882	-
2040	-	-	13,672,237	-
2041	-	-	13,258,658	-
2042	-	-	12,840,514	-

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: 19.25

Certain Key Assumptions

Valuation Investment Return Assumption 5.75%
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)
2017	\$ 183,206,017	\$ 17,176,402	\$ 14,075,589	\$ 186,306,830
2018	186,306,830	17,470,055	14,253,560	189,523,324
2019	189,523,324	17,764,638	14,643,816	192,644,147
2020	192,644,147	18,052,805	14,974,343	195,722,609
2021	195,722,609	18,339,400	15,252,393	198,809,615
2022	198,809,615	18,626,411	15,539,009	201,897,017
2023	201,897,017	18,911,985	15,855,875	204,953,127
2024	204,953,127	19,199,654	16,067,208	208,085,573
2025	208,085,573	19,496,895	16,234,848	211,347,619
2026	211,347,619	19,811,669	16,302,026	214,857,262
2027	214,857,262	20,144,636	16,491,220	218,510,678
2028	218,510,678	20,498,629	16,536,668	222,472,638
2029	222,472,638	20,886,054	16,513,397	226,845,296
2030	226,845,296	21,317,892	16,400,504	231,762,683
2031	231,762,683	21,801,631	16,312,424	237,251,890
2032	237,251,890	22,343,197	16,181,789	243,413,298
2033	243,413,298	22,952,220	16,011,817	250,353,702
2034	250,353,702	23,639,707	15,790,337	258,203,071
2035	258,203,071	24,419,680	15,489,632	267,133,120
2036	267,133,120	25,305,694	15,175,082	277,263,732
2037	277,263,732	26,309,455	14,846,343	288,726,843
2038	288,726,843	27,443,852	14,502,880	301,667,815
2039	301,667,815	28,725,438	14,095,882	316,297,371
2040	316,297,371	30,172,472	13,672,237	332,797,606
2041	332,797,606	31,801,407	13,258,658	351,340,355
2042	351,340,355	33,629,710	12,840,514	372,129,551

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 9.75%
 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	F.S. Except 2% Higher Investment Return
A. Valuation Date	September 30, 2016	September 30, 2016	September 30, 2016	September 30, 2016
B. Actuarial Determined Contribution (ADC) to Be Paid During Fiscal Year Ending	9/30/2018	9/30/2018	9/30/2018	9/30/2018
C. Assumed Dates of Employer Contributions	Quarterly	Quarterly	Quarterly	Quarterly
D. Annual Payment to Amortize Unfunded Actuarial Liability	\$ 1,767,019	\$ 1,607,245	\$ 4,458,272	\$ -
E. Total Normal Cost	<u>4,781,134</u>	<u>4,774,823</u>	<u>7,168,133</u>	<u>3,327,824</u>
F. ADC: D + E	\$ 6,548,153	\$ 6,382,068	\$ 11,626,406	\$ 3,327,824
G. As a % of Covered Payroll	22.02 %	21.46 %	39.10 %	11.19 %
H. Assumed Rate of Increase in Covered Payroll to Contribution Year	8.16 %	8.16 %	8.16 %	8.16 %
I. Covered Payroll for Contribution Year	\$ 29,736,599	\$ 29,736,599	\$ 29,736,599	\$ 29,736,599
J. ADC for Contribution Year: G x I	6,548,153	6,382,068	11,626,406	3,327,824
K. Allowable Credit for State Revenue in Contribution Year	0	0	0	0
L. Member Contributions	<u>1,669,414</u>	<u>1,669,414</u>	<u>1,669,414</u>	<u>1,669,414</u>
M. Employer ADC in Contribution Year	\$ 4,878,739	\$ 4,712,654	\$ 9,956,992	\$ 1,658,410
N. Employer ADC as % of Covered Payroll in Contribution Year: M ÷ I	16.41 %	15.85 %	33.48 %	5.58 %
O. Certain Key Assumptions				
Investment Return Assumption	7.75%	7.75%	5.75%	9.75%
Mortality Table	Mandated FRS Mortality Tables	RP-2000 fully generational using Scale AA	RP-2000 fully generational using Scale AA	RP-2000 fully generational using Scale AA