

City of Vero Beach Firefighters Relief and Pension Fund

Chapter 112.664, F.S. Compliance Report

In Connection with the October 1, 2017 Funding
Actuarial Valuation Report And the Plan's Financial
Reporting for the Year Ending September 30, 2017

April 9, 2018

Board of Trustees
City of Vero Beach Firefighters
Relief and Pension Fund
Vero Beach, Florida

Dear Board Members:

Gabriel, Roeder, Smith & Company (GRS) has been engaged by the City of Vero Beach Firefighters Relief and Pension Fund (Plan) 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 Pension Fund and those designated or approved by the Board. This report may be provided to parties other than the Fund only in its entirety and only with the permission of 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, 2017. 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 plan'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 Plan Administrator and the City concerning Retirement Plan 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 Plan Administrator and the City.

Except as otherwise indicated as required for the disclosures contained herein, this report was prepared using certain assumptions selected by the Board as described in our October 1, 2017 actuarial valuation report. This report is also based on the Plan Provisions, census data, and financial information as summarized in our October 1, 2017 actuarial valuation report. Please refer to the October 1, 2017 actuarial valuation report, dated January 15, 2018, for summaries and descriptions of this information.

The use of an investment return assumption that is 2% higher than the investment return assumption used to determine the funding requirements does not represent an estimate of future Plan experience nor does it reflect an observation of future return estimates inherent in financial market data. The use of this investment return assumption is provided as a counterpart to the Chapter 112.664, Florida Statutes requirement to utilize an investment return assumption that is 2% lower than the assumption used to determine the funding requirements. The inclusion of the additional exhibits showing the effect of using a 2% higher investment return assumption shows a more complete assessment of the range of possible results as opposed to showing a one-sided range as required by Florida Statutes.

Jeffrey Amrose and Trisha Amrose are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. The signing actuaries are independent of the plan sponsor.

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 Plan 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.

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 me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, meet the requirements of Section 112.664(1), F.S. and Section 60T-1.0035, F.A.C.

Respectfully submitted,

GABRIEL, ROEDER, SMITH AND COMPANY



By _____

Jeffrey Amrose, MAAA
Enrolled Actuary No. 17-6599
Senior Consultant & Actuary



By _____

Trisha Amrose, MAAA
Enrolled Actuary No. 17-8010
Consultant & Actuary



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RESULTS

**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>2017</u>
a. Service Cost	\$ -
b. Interest	460,574
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	147,994
e. Assumption Changes	466,714
f. Benefit Payments	(728,993)
g. Contribution Refunds	-
h. Net Change in Total Pension Liability	<u>346,289</u>
i. Total Pension Liability - Beginning	<u>8,040,725</u>
j. Total Pension Liability - Ending	<u><u>\$ 8,387,014</u></u>

2. Plan Fiduciary Net Position

a. Contributions - Employer	\$ 84,119
b. Contributions - State	183,499
c. Contributions - Non-Employer Contributing Entity	-
d. Contributions - Member	-
e. Net Investment Income	873,992
f. Benefit Payments	(728,993)
g. Contribution Refunds	-
h. Administrative Expense	(16,663)
i. Other	-
j. Net Change in Plan Fiduciary Net Position	<u>395,954</u>
k. Plan Fiduciary Net Position - Beginning	<u>7,450,456</u>
l. Plan Fiduciary Net Position - Ending	<u><u>\$ 7,846,410</u></u>

3. Net Pension Liability / (Asset) 540,604

Certain Key Assumptions

Valuation Date	10/01/2016
Measurement Date	10/01/2017
Investment Return Assumption	6.00%
Mortality Table	FRS Mortality Rates from 7/1/16 FRS Valuation

**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>2017</u>
1. Total Pension Liability	
a. Service Cost	\$ -
b. Interest	460,574
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	147,994
e. Assumption Changes	466,714
f. Benefit Payments	(728,993)
g. Contribution Refunds	-
h. Net Change in Total Pension Liability	<u>346,289</u>
i. Total Pension Liability - Beginning	<u>8,040,725</u>
j. Total Pension Liability - Ending	<u>\$ 8,387,014</u>
2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 84,119
b. Contributions - State	183,499
c. Contributions - Non-Employer Contributing Entity	-
d. Contributions - Member	-
e. Net Investment Income	873,992
f. Benefit Payments	(728,993)
g. Contribution Refunds	-
h. Administrative Expense	(16,663)
i. Other	-
j. Net Change in Plan Fiduciary Net Position	<u>395,954</u>
k. Plan Fiduciary Net Position - Beginning	<u>7,450,456</u>
l. Plan Fiduciary Net Position - Ending	<u>\$ 7,846,410</u>
3. Net Pension Liability / (Asset)	540,604

Certain Key Assumptions

Valuation Date	10/01/2016
Measurement Date	10/01/2017
Investment Return Assumption	6.00%
Mortality Table	FRS Mortality Rates from 7/1/16 FRS Valuation

**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>2017</u>
1. Total Pension Liability	
a. Service Cost	\$ -
b. Interest	399,670
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	-
e. Assumption Changes	-
f. Benefit Payments	(728,993)
g. Contribution Refunds	-
h. Net Change in Total Pension Liability	<u>(329,323)</u>
i. Total Pension Liability - Beginning	<u>10,356,251</u>
j. Total Pension Liability - Ending	<u><u>\$ 10,026,928</u></u>
2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 84,119
b. Contributions - State	183,499
c. Contributions - Non-Employer Contributing Entity	-
d. Contributions - Member	-
e. Net Investment Income	873,992
f. Benefit Payments	(728,993)
g. Contribution Refunds	-
h. Administrative Expense	(16,663)
i. Other	-
j. Net Change in Plan Fiduciary Net Position	<u>395,954</u>
k. Plan Fiduciary Net Position - Beginning	<u>7,450,456</u>
l. Plan Fiduciary Net Position - Ending	<u><u>\$ 7,846,410</u></u>
3. Net Pension Liability / (Asset)	2,180,518

Certain Key Assumptions

Valuation Date	10/01/2016
Measurement Date	10/01/2017
Investment Return Assumption	4.00%
Mortality Table	FRS Mortality Rates from 7/1/16 FRS Valuation

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

Fiscal year ending September 30,	2017
1. Total Pension Liability	
a. Service Cost	\$ -
b. Interest	557,739
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	-
e. Assumption Changes	-
f. Benefit Payments	(728,993)
g. Contribution Refunds	-
h. Net Change in Total Pension Liability	(171,254)
i. Total Pension Liability - Beginning	7,336,230
j. Total Pension Liability - Ending	\$ 7,164,976
2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 84,119
b. Contributions - State	183,499
c. Contributions - Non-Employer Contributing Entity	-
d. Contributions - Member	-
e. Net Investment Income	873,992
f. Benefit Payments	(728,993)
g. Contribution Refunds	-
h. Administrative Expense	(16,663)
i. Other	-
j. Net Change in Plan Fiduciary Net Position	395,954
k. Plan Fiduciary Net Position - Beginning	7,450,456
l. Plan Fiduciary Net Position - Ending	\$ 7,846,410
3. Net Pension Liability / (Asset)	(681,434)
Certain Key Assumptions	
Valuation Date	10/01/2016
Measurement Date	10/01/2017
Investment Return Assumption	8.00%
Mortality Table	FRS Mortality Rates from 7/1/16 FRS Valuation

Asset and Benefit Payment Projection
Not Reflecting Any Contributions from the Employer, State or Employee
Using Assumptions from Plan's most recent actuarial valuation

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2018	7,846,410	449,131	721,783	7,573,758
2019	7,573,758	432,843	719,432	7,287,168
2020	7,287,168	415,744	716,198	6,986,715
2021	6,986,715	397,842	712,038	6,672,518
2022	6,672,518	379,144	706,912	6,344,750
2023	6,344,750	359,662	700,771	6,003,641
2024	6,003,641	339,412	693,561	5,649,492
2025	5,649,492	318,413	685,223	5,282,681
2026	5,282,681	296,690	675,680	4,903,692
2027	4,903,692	274,275	664,868	4,513,099
2028	4,513,099	251,205	652,710	4,111,594
2029	4,111,594	227,524	639,065	3,700,053
2030	3,700,053	203,289	623,817	3,279,524
2031	3,279,524	178,566	606,850	2,851,240
2032	2,851,240	153,433	588,040	2,416,633
2033	2,416,633	127,977	567,359	1,977,252
2034	1,977,252	102,293	544,753	1,534,791
2035	1,534,791	76,480	520,259	1,091,012
2036	1,091,012	50,640	494,017	647,635
2037	647,635	24,877	466,025	206,487
2038	206,487	-	436,456	-
2039	-	-	405,607	-
2040	-	-	373,769	-
2041	-	-	341,362	-
2042	-	-	308,704	-
2043	-	-	276,044	-

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, contrary to Florida Statutes and Plan provisions: 20.50

Certain Key Assumptions

Valuation Investment return assumption 6.00%
 Valuation Mortality Table FRS Mortality Rates from 7/1/16 FRS Valuation

Note: As required in Section 112.664(1)(c) of the Florida Statutes, the projection of the Fund assets do not include contributions from the Employer, Employee or State, which is contrary to Florida Statutes and Plan provisions. For this reason, these projections should not be viewed as a representation of the amount of time the Fund can sustain benefit payments. Under the GASB standards which DO include contributions from the employer, employee and State, the Fund is expected to be able to sustain the benefit payment demands in the near-term and long-term future.

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)
2018	7,846,410	449,131	721,783	7,573,758
2019	7,573,758	432,843	719,432	7,287,168
2020	7,287,168	415,744	716,198	6,986,715
2021	6,986,715	397,842	712,038	6,672,518
2022	6,672,518	379,144	706,912	6,344,750
2023	6,344,750	359,662	700,771	6,003,641
2024	6,003,641	339,412	693,561	5,649,492
2025	5,649,492	318,413	685,223	5,282,681
2026	5,282,681	296,690	675,680	4,903,692
2027	4,903,692	274,275	664,868	4,513,099
2028	4,513,099	251,205	652,710	4,111,594
2029	4,111,594	227,524	639,065	3,700,053
2030	3,700,053	203,289	623,817	3,279,524
2031	3,279,524	178,566	606,850	2,851,240
2032	2,851,240	153,433	588,040	2,416,633
2033	2,416,633	127,977	567,359	1,977,252
2034	1,977,252	102,293	544,753	1,534,791
2035	1,534,791	76,480	520,259	1,091,012
2036	1,091,012	50,640	494,017	647,635
2037	647,635	24,877	466,025	206,487
2038	206,487	-	436,456	-
2039	-	-	405,607	-
2040	-	-	373,769	-
2041	-	-	341,362	-
2042	-	-	308,704	-
2043	-	-	276,044	-

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, contrary to Florida Statutes and Plan provisions:** 20.50

Certain Key Assumptions

Valuation Investment return assumption 6.00%
 Valuation Mortality Table FRS Mortality Rates from 7/1/16 FRS Valuation

Note: As required in Section 112.664(1)(c) of the Florida Statutes, the projection of the Fund assets do not include contributions from the Employer, Employee or State, which is contrary to Florida Statutes and Plan provisions. For this reason, these projections should not be viewed as a representation of the amount of time the Fund can sustain benefit payments. Under the GASB standards which DO include contributions from the employer, employee and State, the Fund is expected to be able to sustain the benefit payment demands in the near-term and long-term future.

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)
2018	7,846,410	299,421	721,783	7,424,048
2019	7,424,048	282,573	719,432	6,987,189
2020	6,987,189	265,164	716,198	6,536,154
2021	6,536,154	247,205	712,038	6,071,322
2022	6,071,322	228,715	706,912	5,593,124
2023	5,593,124	209,710	700,771	5,102,063
2024	5,102,063	190,211	693,561	4,598,713
2025	4,598,713	170,244	685,223	4,083,734
2026	4,083,734	149,836	675,680	3,557,890
2027	3,557,890	129,018	664,868	3,022,040
2028	3,022,040	107,827	652,710	2,477,158
2029	2,477,158	86,305	639,065	1,924,398
2030	1,924,398	64,500	623,817	1,365,080
2031	1,365,080	42,466	606,850	800,697
2032	800,697	20,267	588,040	232,924
2033	232,924	-	567,359	-
2034	-	-	544,753	-
2035	-	-	520,259	-
2036	-	-	494,017	-
2037	-	-	466,025	-
2038	-	-	436,456	-
2039	-	-	405,607	-
2040	-	-	373,769	-
2041	-	-	341,362	-
2042	-	-	308,704	-
2043	-	-	276,044	-

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, contrary to Florida Statutes and Plan provisions: 15.42

Certain Key Assumptions

Valuation Investment return assumption 4.00%
 Valuation Mortality Table FRS Mortality Rates from 7/1/16 FRS Valuation

Note: As required in Section 112.664(1)(c) of the Florida Statutes, the projection of the Fund assets do not include contributions from the Employer, Employee or State, which is contrary to Florida Statutes and Plan provisions. For this reason, these projections should not be viewed as a representation of the amount of time the Fund can sustain benefit payments. Under the GASB standards which DO include contributions from the employer, employee and State, the Fund is expected to be able to sustain the benefit payment demands in the near-term and long-term future.

Asset and Benefit Payment Projection

Not Reflecting Any Contributions from the Employer, State or Employee

Using Assumptions 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)
2018	7,846,410	598,841	721,783	7,723,468
2019	7,723,468	589,100	719,432	7,593,136
2020	7,593,136	578,803	716,198	7,455,741
2021	7,455,741	567,978	712,038	7,311,681
2022	7,311,681	556,658	706,912	7,161,427
2023	7,161,427	544,883	700,771	7,005,540
2024	7,005,540	532,701	693,561	6,844,679
2025	6,844,679	520,165	685,223	6,679,622
2026	6,679,622	507,343	675,680	6,511,284
2027	6,511,284	494,308	664,868	6,340,724
2028	6,340,724	481,150	652,710	6,169,164
2029	6,169,164	467,971	639,065	5,998,069
2030	5,998,069	454,893	623,817	5,829,145
2031	5,829,145	442,058	606,850	5,664,353
2032	5,664,353	429,627	588,040	5,505,939
2033	5,505,939	417,781	567,359	5,356,361
2034	5,356,361	406,719	544,753	5,218,327
2035	5,218,327	396,656	520,259	5,094,724
2036	5,094,724	387,817	494,017	4,988,524
2037	4,988,524	380,441	466,025	4,902,940
2038	4,902,940	374,777	436,456	4,841,261
2039	4,841,261	371,077	405,607	4,806,730
2040	4,806,730	369,588	373,769	4,802,549
2041	4,802,549	370,549	341,362	4,831,737
2042	4,831,737	374,191	308,704	4,897,223
2043	4,897,223	380,736	276,044	5,001,915

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, contrary to Florida Statutes and Plan provisions:** N/A

Certain Key Assumptions

Valuation Investment return assumption 8.00%
 Valuation Mortality Table FRS Mortality Rates from 7/1/16 FRS Valuation

Note: As required in Section 112.664(1)(c) of the Florida Statutes, the projection of the Fund assets do not include contributions from the Employer, Employee or State, which is contrary to Florida Statutes and Plan provisions. For this reason, these projections should not be viewed as a representation of the amount of time the Fund can sustain benefit payments. Under the GASB standards which DO include contributions from the employer, employee and State, the Fund is expected to be able to sustain the benefit payment demands in the near-term and long-term future.

ACTUARIALLY DETERMINED CONTRIBUTION

	Plan's Latest Actuarial Valuation	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	October 1, 2017	October 1, 2017	October 1, 2017	October 1, 2017
B. Actuarially 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	\$ 257,800	\$ 257,800	\$ 445,139	\$ 96,617
E. Employer Normal Cost	17,467	17,467	17,467	17,467
F. Employer ADC if Paid on Valuation Date: D + E	275,267	275,267	462,606	114,084
G. Employer ADC Adjusted for Frequency of Payments	285,361	285,361	474,000	119,622
H. Employer ADC Adjusted for Frequency of Payments as % of Covered Payroll	N/A	N/A	N/A	N/A
I. Assumed Rate of Increase in Covered Payroll to Contribution Year	0.00 %	0.00 %	0.00 %	0.00 %
J. Covered Payroll for Contribution Year	0	0	0	0
K. Employer ADC for Contribution Year: H x J	285,361	285,361	474,000	119,622
L. Estimated Credit for State Revenue in Contribution Year	152,123	152,123	152,123	152,123
M. Net Employer ADC in Contribution Year	133,238	133,238	321,877	0
N. Net Employer ADC as % of Covered Payroll in Contribution Year: M ÷ J	N/A	N/A	N/A	N/A
O. Expected Member Contribution	0	0	0	0
P. Total Contribution (Including Members) in Contribution Year	285,361	285,361	474,000	119,622
Q. Total Contribution as % of Covered Payroll in Contribution Year: P ÷ J	N/A	N/A	N/A	N/A
R. Certain Key Assumptions				
Investment Return Assumption	6.00%	6.00%	4.00%	8.00%
Mortality Table	FRS Mortality Rates from 7/1/16 FRS Valuation	FRS Mortality Rates from 7/1/16 FRS Valuation	FRS Mortality Rates from 7/1/16 FRS Valuation	FRS Mortality Rates from 7/1/16 FRS Valuation