

# City of Vero Beach Firefighters Relief and Pension Fund

Chapter 112.664, F.S. Compliance Report

In Connection with the October 1, 2018 Funding  
Actuarial Valuation Report And the Plan's Financial  
Reporting for the Year Ending September 30, 2018

April 10, 2019

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, 2018. 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 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, 2018 actuarial valuation report. This report is also based on the Plan Provisions, census data, and financial information as summarized in our October 1, 2018 actuarial valuation report. Please refer to the October 1, 2018 actuarial valuation report, dated February 1, 2019, 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



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

By



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Trisha Amrose, MAAA  
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Consultant & Actuary



## TABLE OF CONTENTS

<u>Title</u>	<u>Page</u>
Ch. 112.664, F.S. Results	
Schedule of Changes in Net Pension Liability	
1. Using financial reporting assumptions per GASB Statement No. 67	1
2. Using assumptions prescribed in Section 112.664(1)(a), F.S.	2
3. Using assumptions prescribed in Section 112.664(1)(b), F.S.	3
4. Using the mandated mortality and funding interest rate +2%	4
Assets Versus Benefit Payments Projections	
1. Using assumptions from the Plan's latest Actuarial Valuation	5
2. Using assumptions prescribed in Section 112.664(1)(a), F.S.	6
3. Using assumptions prescribed in Section 112.664(1)(b), F.S.	7
4. Using the mandated mortality and funding interest rate +2%	8
Actuarially Determined Contribution	9

**CH. 112.664, Florida Statutes**

**RESULTS**

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

Fiscal year ending September 30,	<u>2018</u>
<b>1. Total Pension Liability</b>	
a. Service Cost	\$ -
b. Interest	480,914
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	164,840
e. Assumption Changes	-
f. Benefit Payments	(743,573)
g. Contribution Refunds	-
<b>h. Net Change in Total Pension Liability</b>	<u>(97,819)</u>
<b>i. Total Pension Liability - Beginning</b>	<u>8,387,014</u>
<b>j. Total Pension Liability - Ending</b>	<u>\$ 8,289,195</u>
<b>2. Plan Fiduciary Net Position</b>	
a. Contributions - Employer	\$ 146,657
b. Contributions - State	138,704
c. Contributions - Non-Employer Contributing Entity	-
d. Contributions - Member	-
e. Net Investment Income	563,174
f. Benefit Payments	(743,573)
g. Contribution Refunds	-
h. Administrative Expense	(15,720)
i. Other	-
<b>j. Net Change in Plan Fiduciary Net Position</b>	<u>89,242</u>
<b>k. Plan Fiduciary Net Position - Beginning</b>	<u>7,846,410</u>
<b>l. Plan Fiduciary Net Position - Ending</b>	<u>\$ 7,935,652</u>
<b>3. Net Pension Liability / (Asset)</b>	353,543
<b>Certain Key Assumptions</b>	
Valuation Date	10/01/2017
Measurement Date	09/30/2018
Investment Return Assumption	6.00%
Mortality Table	FRS Mortality Rates from 7/1/17 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,

**1. Total Pension Liability**

	<b>2018</b>
a. Service Cost	\$ -
b. Interest	480,914
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	164,840
e. Assumption Changes	-
f. Benefit Payments	(743,573)
g. Contribution Refunds	-
<b>h. Net Change in Total Pension Liability</b>	<b>(97,819)</b>
<b>i. Total Pension Liability - Beginning</b>	<b>8,387,014</b>
<b>j. Total Pension Liability - Ending</b>	<b>\$ 8,289,195</b>

**2. Plan Fiduciary Net Position**

a. Contributions - Employer	\$ 146,657
b. Contributions - State	138,704
c. Contributions - Non-Employer Contributing Entity	-
d. Contributions - Member	-
e. Net Investment Income	563,174
f. Benefit Payments	(743,573)
g. Contribution Refunds	-
h. Administrative Expense	(15,720)
i. Other	-
<b>j. Net Change in Plan Fiduciary Net Position</b>	<b>89,242</b>
<b>k. Plan Fiduciary Net Position - Beginning</b>	<b>7,846,410</b>
<b>l. Plan Fiduciary Net Position - Ending</b>	<b>\$ 7,935,652</b>

**3. Net Pension Liability / (Asset)**

353,543

**Certain Key Assumptions**

Valuation Date	10/01/2017
Measurement Date	09/30/2018
Investment Return Assumption	6.00%
Mortality Table	FRS Mortality Rates from 7/1/17 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,

**1. Total Pension Liability**

	<b>2018</b>
a. Service Cost	\$ -
b. Interest	393,452
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	-
e. Assumption Changes	-
f. Benefit Payments	(743,573)
g. Contribution Refunds	-
<b>h. Net Change in Total Pension Liability</b>	<b>(350,121)</b>
<b>i. Total Pension Liability - Beginning</b>	<b>10,208,087</b>
<b>j. Total Pension Liability - Ending</b>	<b>\$ 9,857,966</b>

**2. Plan Fiduciary Net Position**

a. Contributions - Employer	\$ 146,657
b. Contributions - State	138,704
c. Contributions - Non-Employer Contributing Entity	-
d. Contributions - Member	-
e. Net Investment Income	563,174
f. Benefit Payments	(743,573)
g. Contribution Refunds	-
h. Administrative Expense	(15,720)
i. Other	-
<b>j. Net Change in Plan Fiduciary Net Position</b>	<b>89,242</b>
<b>k. Plan Fiduciary Net Position - Beginning</b>	<b>7,846,410</b>
<b>l. Plan Fiduciary Net Position - Ending</b>	<b>\$ 7,935,652</b>

**3. Net Pension Liability / (Asset)**

1,922,314

**Certain Key Assumptions**

Valuation Date	10/01/2017
Measurement Date	09/30/2018
Investment Return Assumption	4.00%
Mortality Table	FRS Mortality Rates from 7/1/17 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,

	<u>2018</u>
<b>1. Total Pension Liability</b>	
a. Service Cost	\$ -
b. Interest	554,318
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	-
e. Assumption Changes	-
f. Benefit Payments	(743,573)
g. Contribution Refunds	-
<b>h. Net Change in Total Pension Liability</b>	<u>(189,255)</u>
<b>i. Total Pension Liability - Beginning</b>	<u>7,300,764</u>
<b>j. Total Pension Liability - Ending</b>	<u>\$ 7,111,509</u>
<b>2. Plan Fiduciary Net Position</b>	
a. Contributions - Employer	\$ 146,657
b. Contributions - State	138,704
c. Contributions - Non-Employer Contributing Entity	-
d. Contributions - Member	-
e. Net Investment Income	563,174
f. Benefit Payments	(743,573)
g. Contribution Refunds	-
h. Administrative Expense	(15,720)
i. Other	-
<b>j. Net Change in Plan Fiduciary Net Position</b>	<u>89,242</u>
<b>k. Plan Fiduciary Net Position - Beginning</b>	<u>7,846,410</u>
<b>l. Plan Fiduciary Net Position - Ending</b>	<u>\$ 7,935,652</u>
<b>3. Net Pension Liability / (Asset)</b>	<b>(824,143)</b>

**Certain Key Assumptions**

Valuation Date	10/01/2017
Measurement Date	09/30/2018
Investment Return Assumption	8.00%
Mortality Table	FRS Mortality Rates from 7/1/17 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)
2019	7,935,652	453,651	749,615	7,639,688
2020	7,639,688	436,057	744,127	7,331,618
2021	7,331,618	417,767	737,675	7,011,710
2022	7,011,710	398,796	730,224	6,680,282
2023	6,680,282	379,165	721,729	6,337,718
2024	6,337,718	358,899	712,140	5,984,477
2025	5,984,477	338,027	701,382	5,621,122
2026	5,621,122	316,586	689,388	5,248,320
2027	5,248,320	294,617	676,083	4,866,853
2028	4,866,853	272,171	661,325	4,477,700
2029	4,477,700	249,312	644,987	4,082,025
2030	4,082,025	226,113	626,952	3,681,186
2031	3,681,186	202,659	607,086	3,276,759
2032	3,276,759	179,045	585,349	2,870,455
2033	2,870,455	155,377	561,681	2,464,150
2034	2,464,150	131,766	536,112	2,059,804
2035	2,059,804	108,325	508,789	1,659,340
2036	1,659,340	85,169	479,705	1,264,804
2037	1,264,804	62,417	449,030	878,191
2038	878,191	40,179	417,066	501,305
2039	501,305	18,555	384,117	135,743
2040	135,743	-	350,617	-
2041	-	-	316,893	-
2042	-	-	283,207	-
2043	-	-	250,188	-
2044	-	-	218,356	-

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: 21.42

**Certain Key Assumptions**

Valuation Investment return assumption 6.00%  
 Valuation Mortality Table FRS Mortality Rates from 7/1/17 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)
2019	7,935,652	453,651	749,615	7,639,688
2020	7,639,688	436,057	744,127	7,331,618
2021	7,331,618	417,767	737,675	7,011,710
2022	7,011,710	398,796	730,224	6,680,282
2023	6,680,282	379,165	721,729	6,337,718
2024	6,337,718	358,899	712,140	5,984,477
2025	5,984,477	338,027	701,382	5,621,122
2026	5,621,122	316,586	689,388	5,248,320
2027	5,248,320	294,617	676,083	4,866,853
2028	4,866,853	272,171	661,325	4,477,700
2029	4,477,700	249,312	644,987	4,082,025
2030	4,082,025	226,113	626,952	3,681,186
2031	3,681,186	202,659	607,086	3,276,759
2032	3,276,759	179,045	585,349	2,870,455
2033	2,870,455	155,377	561,681	2,464,150
2034	2,464,150	131,766	536,112	2,059,804
2035	2,059,804	108,325	508,789	1,659,340
2036	1,659,340	85,169	479,705	1,264,804
2037	1,264,804	62,417	449,030	878,191
2038	878,191	40,179	417,066	501,305
2039	501,305	18,555	384,117	135,743
2040	135,743	-	350,617	-
2041	-	-	316,893	-
2042	-	-	283,207	-
2043	-	-	250,188	-
2044	-	-	218,356	-

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: 21.42

**Certain Key Assumptions**

Valuation Investment return assumption 6.00%  
 Valuation Mortality Table FRS Mortality Rates from 7/1/17 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)
2019	7,935,652	302,434	749,615	7,488,471
2020	7,488,471	284,656	744,127	7,029,000
2021	7,029,000	266,407	737,675	6,557,732
2022	6,557,732	247,705	730,224	6,075,212
2023	6,075,212	228,574	721,729	5,582,057
2024	5,582,057	209,039	712,140	5,078,957
2025	5,078,957	189,131	701,382	4,566,705
2026	4,566,705	168,880	689,388	4,046,198
2027	4,046,198	148,326	676,083	3,518,441
2028	3,518,441	127,511	661,325	2,984,627
2029	2,984,627	106,485	644,987	2,446,126
2030	2,446,126	85,306	626,952	1,904,480
2031	1,904,480	64,037	607,086	1,361,431
2032	1,361,431	42,750	585,349	818,832
2033	818,832	21,520	561,681	278,671
2034	278,671	425	536,112	-
2035	-	-	508,789	-
2036	-	-	479,705	-
2037	-	-	449,030	-
2038	-	-	417,066	-
2039	-	-	384,117	-
2040	-	-	350,617	-
2041	-	-	316,893	-
2042	-	-	283,207	-
2043	-	-	250,188	-
2044	-	-	218,356	-

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: 15.50

**Certain Key Assumptions**

Valuation Investment return assumption 4.00%  
 Valuation Mortality Table FRS Mortality Rates from 7/1/17 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)
2019	7,935,652	604,868	749,615	7,790,905
2020	7,790,905	593,507	744,127	7,640,285
2021	7,640,285	581,716	737,675	7,484,326
2022	7,484,326	569,537	730,224	7,323,639
2023	7,323,639	557,022	721,729	7,158,932
2024	7,158,932	544,229	712,140	6,991,021
2025	6,991,021	531,226	701,382	6,820,865
2026	6,820,865	518,094	689,388	6,649,571
2027	6,649,571	504,922	676,083	6,478,410
2028	6,478,410	491,820	661,325	6,308,905
2029	6,308,905	478,913	644,987	6,142,831
2030	6,142,831	466,348	626,952	5,982,227
2031	5,982,227	454,295	607,086	5,829,436
2032	5,829,436	442,941	585,349	5,687,028
2033	5,687,028	432,495	561,681	5,557,842
2034	5,557,842	423,183	536,112	5,444,912
2035	5,444,912	415,241	508,789	5,351,365
2036	5,351,365	408,921	479,705	5,280,581
2037	5,280,581	404,485	449,030	5,236,036
2038	5,236,036	402,200	417,066	5,221,170
2039	5,221,170	402,329	384,117	5,239,382
2040	5,239,382	405,126	350,617	5,293,891
2041	5,293,891	410,836	316,893	5,387,834
2042	5,387,834	419,698	283,207	5,524,325
2043	5,524,325	431,939	250,188	5,706,076
2044	5,706,076	447,752	218,356	5,935,472

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 7/1/17 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, 2018	October 1, 2018	October 1, 2018	October 1, 2018
B. Actuarially Determined Contribution (ADC) to Be Paid During Fiscal Year Ending	9/30/2019	9/30/2019	9/30/2019	9/30/2019
C. Assumed Dates of Employer Contributions	Quarterly	Quarterly	Quarterly	Quarterly
D. Annual Payment to Amortize Unfunded Actuarial Liability	\$ 235,058	\$ 235,058	\$ 415,703	\$ 78,212
E. Employer Normal Cost	16,191	16,191	16,191	16,191
F. Employer ADC if Paid on Valuation Date: D + E	251,249	251,249	431,894	94,403
G. Employer ADC Adjusted for Frequency of Payments	260,462	260,462	442,532	98,985
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	260,462	260,462	442,532	98,985
L. Estimated Credit for State Revenue in Contribution Year	136,257	136,257	136,257	136,257
M. Net Employer ADC in Contribution Year	124,205	124,205	306,275	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	260,462	260,462	442,532	98,985
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 7/1/17 FRS Valuation			