

City of Vero Beach General Employee Retirement Plan

Actuarial Valuation and Review as of
October 1, 2014





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February 13, 2015

*Board of Trustees
City of Vero Beach General Employee Retirement Plan
1053 20th Place
Vero Beach, FL 32960*

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review as of October 1, 2014. The census information on which our calculations were based was prepared by the Administrative Office and the financial information was provided by the City's Financial Department. That assistance is gratefully acknowledged .

Statement by Enrolled Actuary: This actuarial valuation was 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, the techniques and assumptions used are reasonable and meet the requirements and intent of part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

The measurements shown in this actuarial valuation may not be applicable for other purposes. 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); and changes in plan provisions or applicable law.

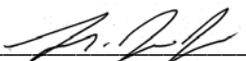
The actuarial calculations were directed under our supervision. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

We look forward to reviewing this report at your next meeting and to answering any questions.

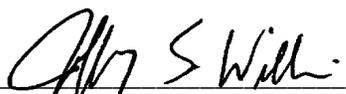
Sincerely,

Segal Consulting, a Member of The Segal Group, Inc.

By:



*Leon F. (Rocky) Joyner, Jr.
Vice President and Consulting Actuary*



*Jeffrey S. Williams, FCA, ASA, MAAA
Vice President and Consulting Actuary
Enrolled Actuary No. 14-07009*

SECTION 1**VALUATION SUMMARY**

| | |
|---|-----|
| Purpose | i |
| Significant Issues in Valuation Year | i |
| Summary of Key Valuation Results | iii |

SECTION 2**VALUATION RESULTS**

| | |
|-------------------------------------|----|
| A. Participant Data | 1 |
| B. Financial Information .. | 4 |
| C. Actuarial Experience.... | 7 |
| D. Recommended Contribution..... | 12 |

SECTION 3**SUPPLEMENTAL INFORMATION**

| | |
|---|----|
| EXHIBIT A Table of Plan Coverage | 14 |
| EXHIBIT B Participants in Active Service as of September 30, 2014..... | 15 |
| EXHIBIT C Reconciliation of Participant Data | 16 |
| EXHIBIT D Summary Statement of Income and Expenses on an Actuarial Value Basis..... | 17 |
| EXHIBIT E Summary Statement of Income and Expenses on a Market Value Basis..... | 18 |
| EXHIBIT F Summary Statement of Plan Assets..... | 19 |
| EXHIBIT G Development of the Fund Through September 30, 2014 | 20 |
| EXHIBIT H Development of Unfunded Actuarial Accrued Liability for Year Ended September 30, 2014 | 21 |
| EXHIBIT I Table of Amortization Bases | 22 |
| EXHIBIT J Definitions of Pension Terms | 23 |
| EXHIBIT K Supplementary State of Florida Information | 25 |

SECTION 4**REPORTING INFORMATION**

| | |
|--|----|
| EXHIBIT I Summary of Actuarial Valuation Results..... | 30 |
| EXHIBIT II Supplementary Information – Schedule of City Contributions... | 32 |
| EXHIBIT III Supplementary Information - Schedule of Funding Progress..... | 33 |
| EXHIBIT IV Funded Ratio | 34 |
| EXHIBIT V Actuarial Assumptions and Actuarial Cost Method..... | 35 |
| EXHIBIT VI Summary of Plan Provisions | 38 |

SECTION 5**GASB INFORMATION**

| | |
|---|----|
| EXHIBIT 1 General Information – “Financial Statements”, Note Disclosures and Required Supplementary Information for a Single Employer Pension Plan..... | 42 |
| EXHIBIT 2 Summary of Plan Provisions | 43 |
| EXHIBIT 3 Net Pension Liability ... | 47 |
| EXHIBIT 4 | |
| Schedules of Changes in Retirement Fund’s Net Pension Liability – Last Ten Fiscal Years... | 49 |
| EXHIBIT 5 Schedule of City of Vero Beach’s Contributions to General Employee Retirement Fund – Last Ten Fiscal Years | 50 |
| EXHIBIT 6 Notes to Required Supplementary Information | 51 |

SECTION 1: Valuation Summary for the City of Vero Beach General Employee Retirement Plan

Purpose

This report has been prepared by Segal Consulting to present a valuation of the City of Vero Beach General Employee Retirement Plan as of October 1, 2014. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits. The contribution requirements presented in this report are based on:

- The benefit provisions of the Pension Plan, as administered by the Board;
- The characteristics of covered active participants, inactive vested participants, and retired participants and beneficiaries as of October 1, 2014, provided by the Administrative Office;
- The assets of the Plan as of September 30, 2014, provided by the City's Financial Department;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

The assumptions and methods used to value the Plan were approved by the Board based on the five-year experience study for the period ended September 30, 2008.

Significant Issues in Valuation Year

The following key findings were the result of this actuarial valuation:

1. The recommended contribution has decreased by \$82,383, from \$4,972,378 in the prior valuation to \$4,889,995 this year. The recommended contribution would have decreased this year by \$453,447 to \$4,518,931, but Part VII, 112.64(5)(a) of Florida Statutes requires the payroll growth assumption used to amortize the outstanding bases be no greater than the average payroll growth for the prior ten years. As a result, for amortization purposes only, the payroll growth assumption was lowered from 3.75% to 0.70% for this valuation, causing a \$371,064 increase in the recommended contribution.
2. As a percentage of payroll, the contribution increased from 30.65% of pay in the prior valuation to 31.14% of pay this year. Covered payroll decreased from \$16,224,526 in the prior valuation to \$15,704,293 in the current valuation. If covered payroll had increased as expected, the current recommended contribution of \$4,889,995 would be 29.05% of pay. A reconciliation of the recommended contribution from October 1, 2013 to October 1, 2014 is shown in Section 2, Chart 14.

SECTION 1: Valuation Summary for the City of Vero Beach General Employee Retirement Plan

3. The GASB Schedule of Funding Progress, provided in Exhibit III of Section 4, shows that the funded ratio has increased from 62.31% as of October 1, 2013 to 66.86% as of October 1, 2014. This increase is primarily due to favorable investment experience.
4. The investment rate of return on an actuarial basis for the year ended September 30, 2014 was 10.86%. Since the rate of return was greater than the assumed rate of return of 7.75% per year, there was an actuarial investment gain amounting to \$1,890,712. The return on a market value basis was 10.69%. As of the valuation date, the smoothed actuarial value of assets is equal to 93.2% of market value.
5. There was a gain from sources other than investments of \$121,494. This gain is primarily attributable to pre-retirement mortality experience and salary increases less than expected for ongoing active participants, offset by post-retirement mortality expense and retirement experience among active and terminated vested participants.
6. As indicated in Section 2, Subsection B of this report, the total unrecognized investment gain as of September 30, 2014 is \$4,893,003. This investment gain will be recognized in the determination of the actuarial value of assets for funding purposes in the next few years, to the extent it is not offset by recognition of investment losses derived from future experience.
7. The actuarial valuation report as of October 1, 2014 is based on financial information as of that date. Changes in the value of assets subsequent to that date, to the extent that they exist, are not reflected. Unfavorable asset experience will increase the actuarial cost of the Plan, while favorable experience will decrease the actuarial cost of the Plan. For example, a 10% change in the current year's actuarial value of assets would produce a \$595,532 change in the recommended contribution level.
8. There were no plan changes reflected in this valuation and no assumption changes included with this valuation other than that mandated by Part VII, Chapter 112.64(5)(a) of Florida Statutes.

SECTION 1: Valuation Summary for the City of Vero Beach General Employee Retirement Plan

Summary of Key Valuation Results

| | 2014 | 2013 |
|--|--------------|--------------|
| Contributions for plan year beginning October 1: | | |
| Recommended | \$4,889,995 | \$4,972,378 |
| As a percentage of payroll | 31.14% | 30.65% |
| Actual | -- | 4,972,378 |
| Funding elements for plan year beginning October 1: | | |
| Employer normal cost | \$665,715 | \$690,829 |
| Market value of assets | 71,926,346 | 65,567,886 |
| Actuarial value of assets | 67,033,343 | 61,051,915 |
| Actuarial accrued liability | 100,265,184 | 97,981,168 |
| Unfunded actuarial accrued liability | 33,231,841 | 36,929,253 |
| Funded ratio – Actuarial value of assets | 66.86% | 62.31% |
| Funded ratio – Market value of assets | 71.74% | 66.92% |
| Demographic data for plan year beginning October 1: | | |
| Number of retired participants and beneficiaries | 348 | 324 |
| Number of vested former participants | 87 | 91 |
| Number of active participants | 339 | 350 |
| Total payroll | \$15,704,293 | \$16,224,526 |
| Average payroll | 46,325 | 46,356 |

SECTION 2: Valuation Results for the City of Vero Beach General Employee Retirement Plan

A. PARTICIPANT DATA

The Actuarial Valuation and Review considers the number and demographic characteristics of covered participants, including active participants, vested terminated participants, retired participants and beneficiaries.

This section presents a summary of significant statistical data on these participant groups.

More detailed information for this valuation year and the preceding valuation can be found in Section 3, Exhibits A, B, and C.

A historical perspective of how the participant population has changed over the past ten valuations can be seen in this chart.

CHART 1
Participant Population: 2005 – 2014

| Year Ended September 30 | Active Participants | Vested Terminated Participants* | Retired Participants and Beneficiaries | Ratio of Non-Actives to Actives |
|--------------------------------|----------------------------|--|---|--|
| 2005 | 369 | 77 | 204 | 0.76 |
| 2006 | 356 | 80 | 222 | 0.85 |
| 2007 | 355 | 85 | 233 | 0.90 |
| 2008 | 356 | 84 | 243 | 0.92 |
| 2009 | 386 | 83 | 249 | 0.86 |
| 2010 | 407 | 84 | 275 | 0.88 |
| 2011 | 405 | 88 | 281 | 0.91 |
| 2012 | 379 | 95 | 309 | 1.07 |
| 2013 | 350 | 91 | 324 | 1.19 |
| 2014 | 339 | 87 | 348 | 1.28 |

**Includes beneficiaries entitled to deferred benefits if applicable.*

SECTION 2: Valuation Results for the City of Vero Beach General Employee Retirement Plan

Active Participants

Plan costs are affected by the age, years of service and payroll of active participants. In this year's valuation, there were 339 active participants with an average age of 49.2, average years of service of 15.2 years and average payroll of \$46,325. The 350 active participants in the prior valuation had an average age of 49.2, average service of 15.1 years and average payroll of \$46,356.

Inactive Participants

In this year's valuation, there were 87 participants with a vested right to a deferred or immediate vested benefit.

These graphs show a distribution of active participants by age and by years of service.

CHART 2
Distribution of Active Participants by Age as of September 30, 2014

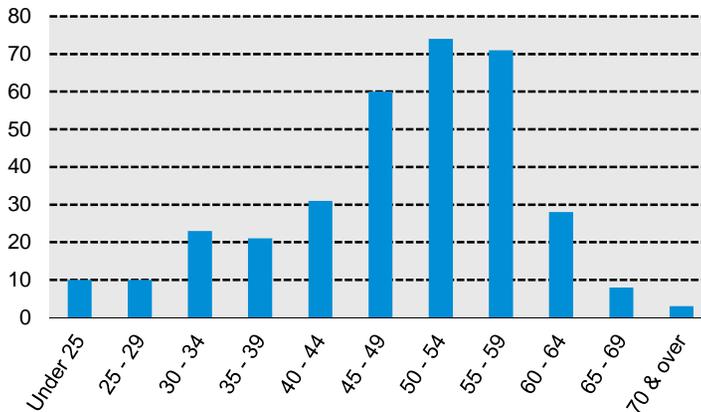
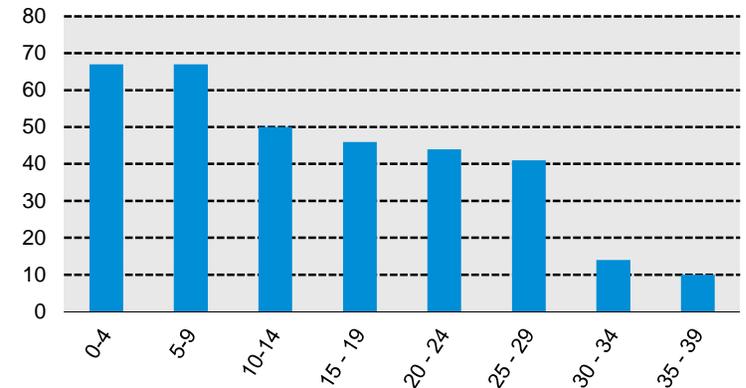


CHART 3
Distribution of Active Participants by Years of Service as of September 30, 2014



SECTION 2: Valuation Results for the City of Vero Beach General Employee Retirement Plan

Retired Participants and Beneficiaries

As of September 30, 2014, 304 retired participants and 44 beneficiaries were receiving total monthly benefits of \$479,500. For comparison, in the previous valuation, there were 281 retired participants and 43 beneficiaries receiving monthly benefits of \$447,780.

These graphs show a distribution of the current retired participants based on their monthly amount and age, by type of pension.

CHART 4
Distribution of Retired Participants by Type and by Monthly Amount as of September 30, 2014

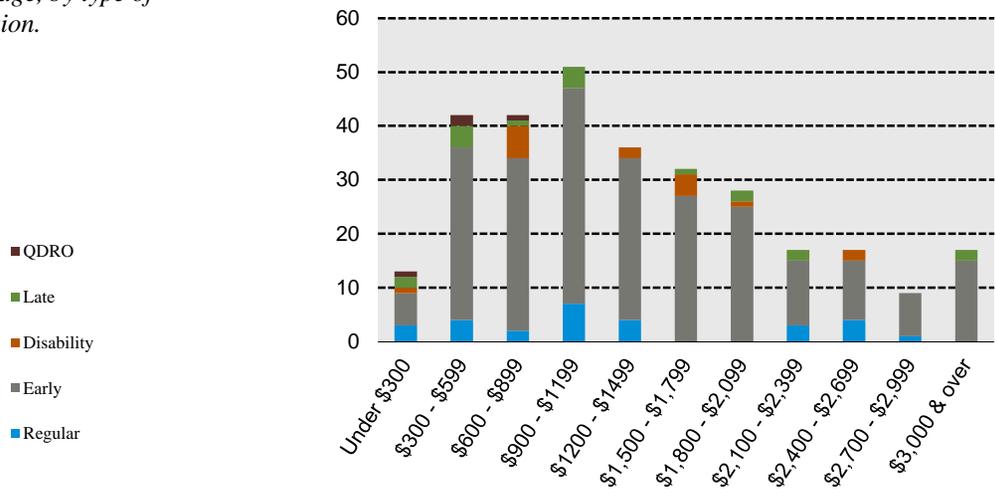
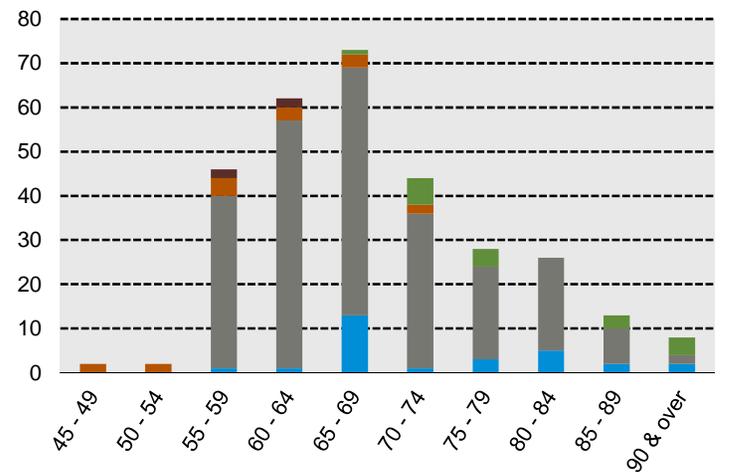


CHART 5
Distribution of Retired Participants by Type and by Age as of September 30, 2014



SECTION 2: Valuation Results for the City of Vero Beach General Employee Retirement Plan

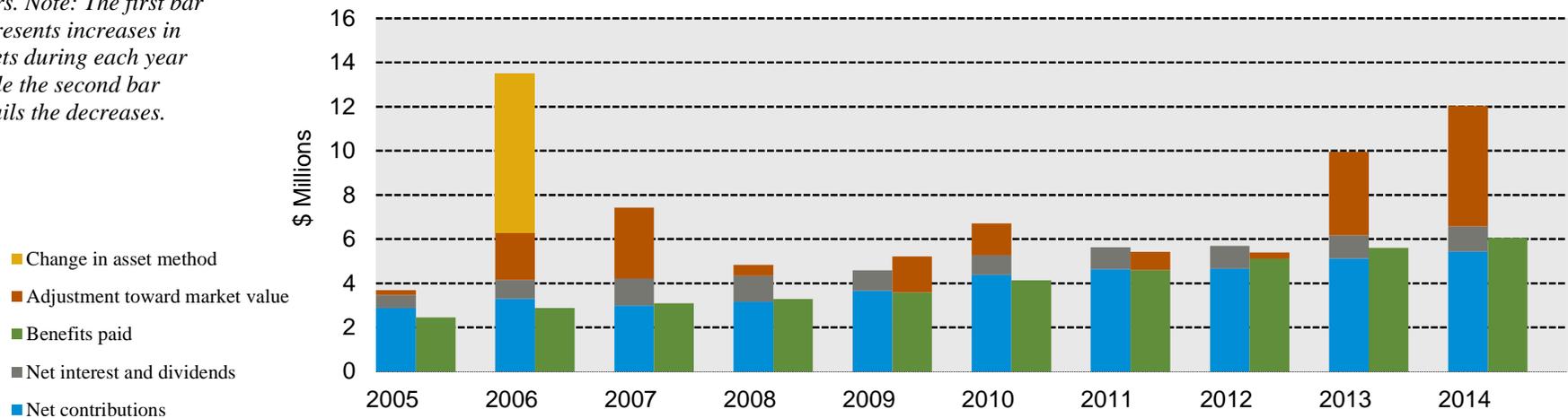
B. FINANCIAL INFORMATION

Retirement plan funding anticipates that, over the long term, both contributions and net investment earnings (less investment fees and administrative expenses) will be needed to cover benefit payments.

Retirement plan assets change as a result of the net impact of these income and expense components. Additional financial information, including a summary of these transactions for the valuation year, is presented in Section 3, Exhibits D, E and F.

The chart depicts the components of changes in the actuarial value of assets over the last ten years. Note: The first bar represents increases in assets during each year while the second bar details the decreases.

CHART 6
Comparison of Increases and Decreases in the Actuarial Value of Assets for Years Ended September 30, 2005 – 2014



SECTION 2: Valuation Results for the City of Vero Beach General Employee Retirement Plan

It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable.

The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

CHART 7

Determination of Actuarial Value of Assets for Year Ended September 30, 2014

| | | | |
|--|-------------|--------------|---------------------|
| 1. Market value of assets, September 30, 2014 | | | \$71,926,346 |
| | Original | Unrecognized | |
| | Amount * | Return** | |
| 2. Calculation of unrecognized return | | | |
| (a) Year ended September 30, 2014 | \$1,917,756 | \$1,534,205 | |
| (b) Year ended September 30, 2013 | 2,975,144 | 1,785,086 | |
| (c) Year ended September 30, 2012 | 5,438,661 | 2,175,464 | |
| (d) Year ended September 30, 2011 | -3,008,760 | -601,752 | |
| (e) Year ended September 30, 2010 | 380,813 | <u>0</u> | |
| (f) Total unrecognized return | | | 4,893,003 |
| 3. Preliminary actuarial value: (1) - (2f) | | | 67,033,343 |
| 4. Adjustment to be within 20% corridor | | | 0 |
| 5. Final actuarial value of assets as of September 30, 2014: (3) + (4) | | | <u>\$67,033,343</u> |
| 6. Actuarial value as a percentage of market value: (5) ÷ (1) | | | 93.2% |
| 7. Amount deferred for future recognition: (1) - (5) | | | \$4,893,003 |

*Total return minus expected return on a market value basis

**Recognition at 20% per year over five years

***Deferred return as of September 30, 2014 recognized in each of the next five years:

| | |
|---|-------------|
| (a) Amount recognized on September 30, 2015 | \$1,464,560 |
| (b) Amount recognized on September 30, 2016 | 2,066,312 |
| (c) Amount recognized on September 30, 2017 | 978,580 |
| (d) Amount recognized on September 30, 2018 | 383,551 |
| (e) Amount recognized on September 30, 2019 | 0 |

The chart shows the determination of the actuarial value of assets as of the valuation date.

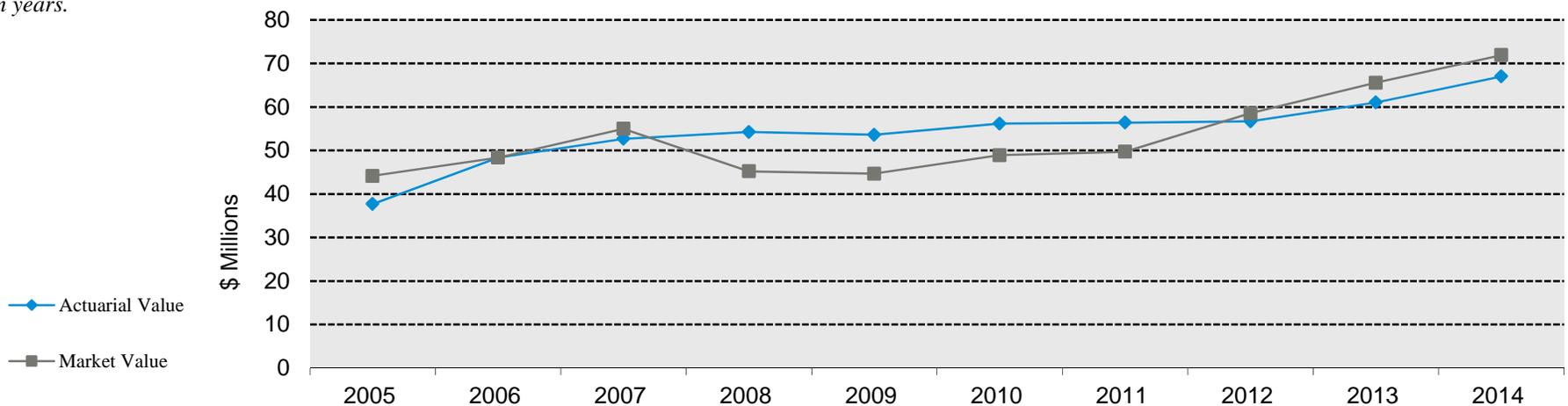
SECTION 2: Valuation Results for the City of Vero Beach General Employee Retirement Plan

Both the actuarial value and market value of assets are representations of the Plan's financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets. The actuarial asset value is significant because the Plan's liabilities are compared to these assets to determine what portion, if any, remains unfunded. Amortization of the unfunded actuarial accrued liability is an important element in determining the contribution requirement.

This chart shows the change in the actuarial value of assets versus the market value over the past ten years.

CHART 7

Actuarial Value of Assets vs. Market Value of Assets as of September 30, 2005 – 2014



SECTION 2: Valuation Results for the City of Vero Beach General Employee Retirement Plan

C. ACTUARIAL EXPERIENCE

To calculate the required contribution, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the contribution requirement will decrease from the previous year. On the other hand, the contribution requirement will increase if overall actuarial experience is less favorable than expected (an actuarial loss).

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term development and that, over the long term, experience will return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years.

The total gain is \$2,012,206, including a gain of \$1,890,712 from investment gains and \$121,494 in gains from all other sources. The net experience variation from individual sources other than investments was 0.1% of the actuarial accrued liability. A discussion of the major components of the actuarial experience is on the following pages.

This chart provides a summary of the actuarial experience during the past year.

CHART 8

Actuarial Experience for Year Ended September 30, 2014

| | |
|-------------------------------------|----------------|
| 1. Net gain from investments* | \$1,890,712 |
| 2. Net gain from other experience** | <u>121,494</u> |
| 3. Net experience gain: (1) + (2) | \$2,012,206 |

* Details in Chart 9

** Details in Chart 12

SECTION 2: Valuation Results for the City of Vero Beach General Employee Retirement Plan

Investment Rate of Return

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on the Plan’s investment policy. For valuation purposes, the assumed rate of return on the actuarial value of assets is 7.75%. The actual rate of return on an actuarial basis for the 2014 plan year was 10.86%.

Since the actual return for the year was greater than the assumed return, the Plan experienced an actuarial gain during the year ended September 30, 2014 with regard to its investments.

This chart shows the gain/(loss) due to investment experience.

CHART 9
Actuarial Value Investment Experience for Year Ended September 30, 2014

| | |
|-------------------------------------|--------------------|
| 1. Actual return | \$6,598,330 |
| 2. Average value of assets | 60,743,464 |
| 3. Actual rate of return: (1) ÷ (2) | 10.86% |
| 4. Assumed rate of return | 7.75% |
| 5. Expected return: (2) x (4) | \$4,707,618 |
| 6. Actuarial gain/(loss): (1) – (5) | <u>\$1,890,712</u> |

SECTION 2: Valuation Results for the City of Vero Beach General Employee Retirement Plan

Because actuarial planning is long term, it is useful to see how the assumed investment rate of return has followed actual experience over time. The chart below shows the rate of return on an actuarial basis compared to the market value investment return for the last ten years, including five-year and ten-year averages.

Based upon future expectations, the City has maintained the assumed rate of return of 7.75%. This assumption was set in 2010, based upon a long-term targeted investment mix of 60% equity, 30% fixed income, and 10% foreign accounts. As of the valuation date, the Plan's investments included 53% equity, 40% fixed income and 7% foreign accounts.

CHART 10

Investment Return – Actuarial Value vs. Market Value: 2005 - 2014

| Year Ended September 30 | Net Interest and Dividend Income | | Recognition of Capital Appreciation | | Change in Asset Method | | Actuarial Value Investment Return | | Market Value Investment Return | | |
|----------------------------|-------------------------------------|---------|--|---------|------------------------|---------|--------------------------------------|--------------------------|-----------------------------------|---------|--|
| | Amount | Percent | Amount | Percent | Amount | Percent | Amount | Percent | Amount | Percent | |
| 2005 | \$593,128 | 1.62% | \$217,459 | 0.59% | -- | -- | \$810,587 | 2.21% | \$5,187,288 | 13.38% | |
| 2006 | 855,288 | 2.26 | 2,137,285 | 5.64 | \$7,232,383 | 19.07% | 10,224,956* | 26.97* | 3,767,338 | 8.49 | |
| 2007 | 1,221,463 | 2.53 | 3,221,562 | 6.67 | -- | -- | 4,443,025 | 9.20 | 6,757,891 | 13.99 | |
| 2008 | 1,177,126 | 2.24 | 497,950 | 0.94 | -- | -- | 1,675,076 | 3.18 | -9,681,175 | -17.62 | |
| 2009 | 918,445 | 1.69 | -1,638,013 | -3.02 | -- | -- | -719,568 | -1.33 | -614,363 | -1.36 | |
| 2010 | 875,864 | 1.63 | 1,441,638 | 2.68 | -- | -- | 2,317,502 | 4.31 | 3,965,519 | 8.85 | |
| 2011 | 996,912 | 1.77 | -814,957 | -1.45 | -- | -- | 181,955 | 0.32 | 782,364 | 1.60 | |
| 2012 | 1,032,672 | 1.84 | -296,881 | -0.53 | -- | -- | 735,791 | 1.31 | 9,274,615 | 18.74 | |
| 2013 | 1,050,845 | 1.86 | 3,778,664 | 6.69 | -- | -- | 4,829,509 | 8.55 | 7,494,369 | 12.85 | |
| 2014 | <u>1,145,044</u> | 1.88 | <u>5,453,286</u> | 8.98 | -- | -- | <u>6,598,330</u> | 10.86 | <u>6,975,362</u> | 10.69 | |
| Total | \$9,866,787 | | \$13,997,993 | | \$7,232,383 | | \$31,097,163 | | \$33,909,208 | | |
| | | | | | | | | Five-year average return | 5.18% | 10.68% | |
| | | | | | | | | Ten-year average return | 6.06% | 6.80% | |

Note: Each year's yield is weighted by the average asset value in that year.

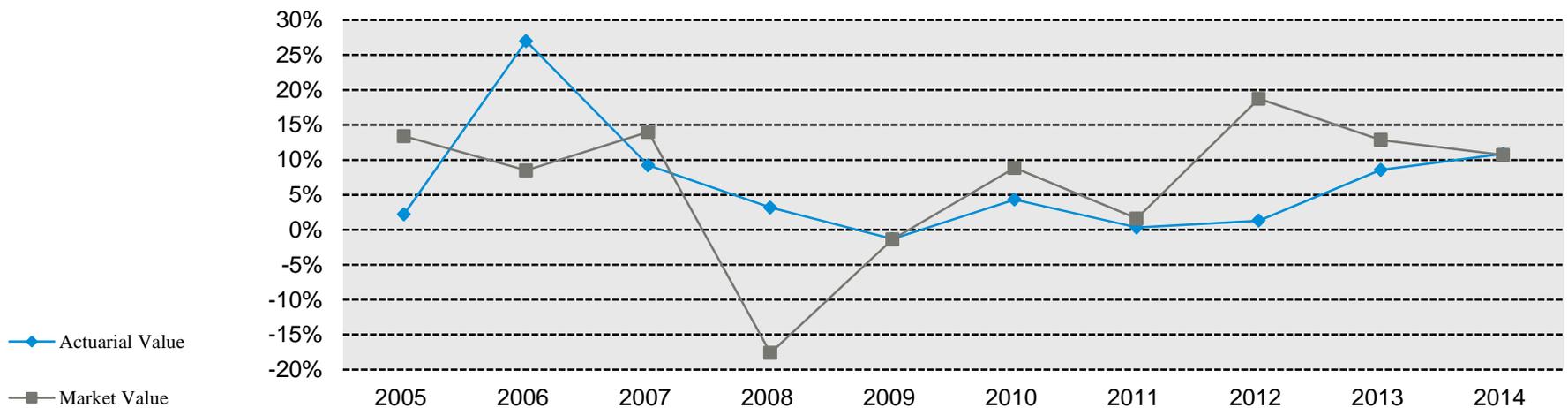
*Includes change in asset method.

SECTION 2: Valuation Results for the City of Vero Beach General Employee Retirement Plan

Subsection B described the actuarial asset valuation method that gradually takes into account fluctuations in the market value rate of return. The effect of this is to stabilize the actuarial rate of return, which contributes to leveling pension plan costs.

This chart illustrates how this leveling effect has actually worked over the years 2005 - 2014.

CHART 11
Market and Actuarial Rates of Return for Years Ended September 30, 2005 - 2014



SECTION 2: Valuation Results for the City of Vero Beach General Employee Retirement Plan

Other Experience

There are other differences between the expected and the actual experience that appear when the new valuation is compared with the projections from the previous valuation. These include:

- the extent of turnover among the participants,
- retirement experience (earlier or later than expected),
- mortality (more or fewer deaths than expected),
- the number of disability retirements, and
- salary increases different than assumed.

The net gain from this other experience for the year ended September 30, 2014 amounted to \$121,494, which is 0.1% of the actuarial accrued liability.

A brief summary of the demographic gain experience of the Plan for the year ended September 30, 2014 is shown in the chart below.

The chart shows elements of the experience gain/(loss) for the most recent year.

CHART 12

Experience Due to Changes in Demographics for Year Ended September 30, 2014

| | |
|--|-----------------|
| 1. Salary experience for continuing actives | \$1,190,155 |
| 2. Pre-retirement mortality | 650,300 |
| 3. Disability retirement experience | 27,261 |
| 4. Change in number of actives | 5,601 |
| 5. Data adjustments | -10,597 |
| 6. Turnover experience | -175,321 |
| 7. Retirement experience for active and terminated vested participants | -417,940 |
| 8. Other demographic experience | -513,312 |
| 9. Post-retirement mortality experience | <u>-634,653</u> |
| 10. Total | \$121,494 |

SECTION 2: Valuation Results for the City of Vero Beach General Employee Retirement Plan

D. RECOMMENDED CONTRIBUTION

The amount of annual contribution required to fund the Plan is comprised of an employer normal cost payment and a payment on the unfunded actuarial accrued liability. This total amount is then divided by the projected payroll for active members to determine the funding rate of 31.14% of payroll.

The portion of the recommended contribution that is based on an amortization of the unfunded actuarial accrued liability reflects bases that have been established with amortization periods specified by the City in the law governing the System.

The contribution requirements as of October 1, 2014 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions, if any.

The chart compares this valuation's recommended contribution with the prior valuation.

**CHART 13
Recommended Contribution**

| | Year Beginning October 1 | | | |
|--|--------------------------|---------------|--------------------|---------------|
| | 2014 | | 2013 | |
| | Amount | % of Payroll | Amount | % of Payroll |
| 1. Total normal cost | \$1,115,054 | 7.10% | \$1,153,621 | 7.11% |
| 2. Expected employee contributions | <u>-449,339</u> | <u>-2.86%</u> | <u>-462,792</u> | <u>-2.85%</u> |
| 3. Employer normal cost: (1) + (2) | \$665,715 | 4.24% | \$690,829 | 4.26% |
| 4. Actuarial accrued liability | 100,265,184 | | 97,981,168 | |
| 5. Actuarial value of assets | <u>67,033,343</u> | | <u>61,051,915</u> | |
| 6. Unfunded actuarial accrued liability: (4) - (5) | \$33,231,841 | | \$36,929,253 | |
| 7. Payment on unfunded actuarial accrued liability | 4,190,288 | 26.68% | 4,220,162 | 26.01% |
| 8. Total recommended contribution: (3) + (7), adjusted for timing* | <u>\$4,889,995</u> | <u>31.14%</u> | <u>\$4,972,378</u> | <u>30.65%</u> |
| 9. Total payroll | \$15,704,293 | | \$16,224,526 | |

*See Section 3. Exhibit I for details.

**Recommended contributions are assumed to be paid at the middle of every year.

SECTION 2: Valuation Results for the City of Vero Beach General Employee Retirement Plan

Reconciliation of Recommended Contribution

The chart below details the changes in the recommended contribution from the prior valuation to the current year's valuation.

The chart reconciles the contribution from the prior valuation to the amount determined in this valuation.

CHART 14

Reconciliation of Recommended Contribution from October 1, 2013 to October 1, 2014

| | |
|---|-------------------------|
| Recommended Contribution as of October 1, 2013 | \$4,972,378 |
| Effect of lowering payroll inflation assumption for amortization purposes due to Florida statutes | 69,446 |
| Effect of expected change in amortization payment due to payroll growth assumption | 25,896 |
| Effect of other gains and losses on accrued liability | -10,853 |
| Effect of investment gain | -168,891 |
| Net effect of other changes | <u>2,019</u> |
| Total change | <u>-\$82,383</u> |
| Recommended Contribution as of October 1, 2014 | \$4,889,995 |

SECTION 3: Supplemental Information for the City of Vero Beach General Employee Retirement Plan

EXHIBIT A

Table of Plan Coverage

| Category | Year Ended September 30 | | Change From Prior Year |
|--|--------------------------------|--------------|-------------------------------|
| | 2014 | 2013 | |
| Active participants in valuation: | | | |
| Number | 339 | 350 | -3.1% |
| Average age | 49.2 | 49.2 | N/A |
| Average years of service | 15.2 | 15.1 | N/A |
| Total payroll | \$15,704,293 | \$16,224,526 | -3.2% |
| Average payroll | 46,325 | 46,356 | -0.1% |
| Account balances | 5,079,878 | 4,975,388 | 2.1% |
| Total active vested participants | 272 | 299 | -9.0% |
| Vested terminated participants | 87* | 91 | -7.7% |
| Beneficiaries with rights to a deferred benefit | 3 | 0 | N/A |
| Retired participants: | | | |
| Number in pay status | 288 | 264 | 9.1% |
| Average age | 69.7 | 70.0 | N/A |
| Average monthly benefit | \$1,424 | \$1,435 | -0.7% |
| Disabled participants: | | | |
| Number in pay status | 16 | 17 | -5.9% |
| Average age | 60.8 | 60.0 | N/A |
| Average monthly benefit | \$1,273 | \$1,313 | -3.0% |
| Beneficiaries in pay status: | | | |
| Number in pay status | 44 | 43 | 2.3% |
| Average age | 78.0 | 76.7 | N/A |
| Average monthly benefit | \$1,115 | \$1,084 | 2.9% |

**Includes beneficiaries entitled to deferred benefits.*

SECTION 3: Supplemental Information for the City of Vero Beach General Employee Retirement Plan

EXHIBIT B

**Participants in Active Service as of September 30, 2014
By Age, Years of Service, and Average Payroll**

| Age | Years of Service | | | | | | | | |
|--------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | Total | 0-4 | 5-9 | 10-14 | 15 - 19 | 20 - 24 | 25 - 29 | 30 - 34 | 35 & Over |
| Under 25 | 10 | 10 | -- | -- | -- | -- | -- | -- | -- |
| | \$30,544 | \$30,544 | -- | -- | -- | -- | -- | -- | -- |
| 25 - 29 | 10 | 6 | 4 | -- | -- | -- | -- | -- | -- |
| | 36,044 | 34,746 | \$37,991 | -- | -- | -- | -- | -- | -- |
| 30 - 34 | 23 | 6 | 11 | 5 | 1 | -- | -- | -- | -- |
| | 39,798 | 38,493 | 41,836 | \$36,338 | \$42,510 | -- | -- | -- | -- |
| 35 - 39 | 21 | 6 | 8 | 3 | 3 | 1 | -- | -- | -- |
| | 39,594 | 35,205 | 41,423 | 42,675 | 40,075 | \$40,622 | -- | -- | -- |
| 40 - 44 | 31 | 5 | 10 | 8 | 3 | 4 | 1 | -- | -- |
| | 45,610 | 48,893 | 40,532 | 45,761 | 53,133 | 45,600 | \$56,222 | -- | -- |
| 45 - 49 | 60 | 7 | 6 | 12 | 19 | 6 | 10 | -- | -- |
| | 41,235 | 32,328 | 36,026 | 45,406 | 40,437 | 43,185 | 45,938 | -- | -- |
| 50 - 54 | 74 | 8 | 10 | 7 | 7 | 15 | 14 | 12 | 1 |
| | 50,848 | 49,831 | 36,211 | 50,405 | 45,273 | 45,792 | 61,767 | \$60,362 | \$56,285 |
| 55 - 59 | 71 | 10 | 8 | 10 | 10 | 11 | 13 | 2 | 7 |
| | 50,148 | 38,841 | 44,900 | 43,132 | 54,889 | 62,824 | 49,630 | 55,885 | 54,952 |
| 60 - 64 | 28 | 4 | 3 | 1 | 4 | 9 | 4 | 1 | 2 |
| | 53,001 | 23,199 | 37,958 | 20,358 | 59,656 | 64,437 | 58,757 | 57,678 | 72,872 |
| 65 - 69 | 8 | 4 | 1 | 2 | -- | 1 | -- | -- | -- |
| | 64,392 | 63,465 | 30,763 | 89,849 | -- | 50,814 | -- | -- | -- |
| 70 & over | 3 | 1 | 1 | 1 | -- | -- | -- | -- | -- |
| | 27,043 | 19,632 | 24,765 | 36,733 | -- | -- | -- | -- | -- |
| Unknown | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Total | 339 | 67 | 62 | 49 | 47 | 47 | 42 | 15 | 10 |
| | \$46,325 | \$38,510 | \$39,609 | \$45,747 | \$46,699 | \$52,996 | \$53,823 | \$59,586 | \$58,669 |

SECTION 3: Supplemental Information for the City of Vero Beach General Employee Retirement Plan

EXHIBIT C

Reconciliation of Participant Data

| | Active Participants | Vested Former Participants* | Disableds | Retired Participants | Beneficiaries | Total |
|--------------------------------------|--------------------------------|--|------------------|---------------------------------|----------------------|--------------|
| Number as of October 1, 2013 | 350 | 91 | 17 | 264 | 43 | 765 |
| New participants | 22 | N/A | N/A | N/A | N/A | 22 |
| Terminations – with vested rights | -3 | 3 | 0 | 0 | 0 | 0 |
| Terminations – without vested rights | -1 | N/A | N/A | N/A | N/A | -1 |
| Retirements | -19 | -10 | N/A | 30 | N/A | 0 |
| New disabilities | 0 | 0 | 0 | N/A | N/A | 0 |
| Deferred beneficiaries | 0 | 3 | 0 | 0 | 0 | 3 |
| Return to work | 0 | 0 | 0 | 0 | N/A | 0 |
| Died with beneficiary | 0 | 0 | 0 | -2 | 2 | 0 |
| Died without beneficiary | -4 | 0 | -1 | -4 | 0 | -9 |
| Lump sum payoffs | -6 | 0 | 0 | 0 | 0 | -6 |
| Rehire | 0 | 0 | N/A | 0 | N/A | 0 |
| Certain period expired | N/A | N/A | 0 | 0 | 0 | 0 |
| Data adjustments | <u>0</u> | <u>0</u> | <u>0</u> | <u>1</u> | <u>-1</u> | <u>-1</u> |
| Number as of October 1, 2014 | 339 | 87 | 16 | 288 | 44 | 774 |

**Includes beneficiaries entitled to deferred benefits.*

SECTION 3: Supplemental Information for the City of Vero Beach General Employee Retirement Plan

EXHIBIT D

Summary Statement of Income and Expenses on an Actuarial Value Basis

| | Year Ended September 30, 2014 | Year Ended September 30, 2013 |
|---|--------------------------------------|--------------------------------------|
| Net assets at actuarial value at the beginning of the year | \$61,051,915 | \$56,700,541 |
| Contribution income: | | |
| Employer contributions | \$4,972,378 | \$4,641,428 |
| Employee contributions | <u>461,199</u> | <u>483,024</u> |
| Net contribution income | \$5,433,577 | \$5,124,452 |
| Investment income: | | |
| Interest, dividends and other income | \$1,534,085 | \$1,385,425 |
| Recognition of capital appreciation | 5,453,286 | 3,778,664 |
| Less investment and administrative fees | <u>-389,041</u> | <u>-334,580</u> |
| Net investment income | <u>6,598,330</u> | <u>4,829,509</u> |
| Total income available for benefits | \$12,031,907 | \$9,953,961 |
| Less benefit payments: | | |
| Pension Payments | -\$5,970,531 | -\$5,571,860 |
| Refunds | <u>-79,948</u> | <u>-30,727</u> |
| Net benefit payments | -\$6,050,479 | -\$5,602,587 |
| Change in reserve for future benefits | \$5,981,428 | \$4,351,374 |
| Net assets at actuarial value at the end of the year | \$67,033,343 | \$61,051,915 |

SECTION 3: Supplemental Information for the City of Vero Beach General Employee Retirement Plan

EXHIBIT E

Summary Statement of Income and Expenses on a Market Value Basis

| | Year Ended September 30, 2014 | Year Ended September 30, 2013 |
|--|-------------------------------|-------------------------------|
| Net assets at market value at the beginning of the year | \$65,567,886 | \$58,551,652 |
| Contribution income: | | |
| Employer contributions | \$4,972,378 | \$4,641,428 |
| Employee contributions | <u>461,199</u> | <u>483,024</u> |
| Net contribution income | \$5,433,577 | \$5,124,452 |
| Investment income: | | |
| Interest, dividends and other income | \$1,534,085 | \$1,385,425 |
| Appreciation/(depreciation)* | 5,830,318 | 6,443,524 |
| Less investment and administrative fees | <u>-389,041</u> | <u>-334,580</u> |
| Net investment income | <u>6,975,362</u> | <u>7,494,369</u> |
| Total income available for benefits | \$12,408,939 | \$12,618,821 |
| Less benefit payments: | | |
| Pension Payments | -\$5,970,531 | -\$5,571,860 |
| Refunds | <u>-79,948</u> | <u>-30,727</u> |
| Net benefit payments | -\$6,050,479 | -\$5,602,587 |
| Change in reserve for future benefits | \$6,358,460 | \$7,016,234 |
| Net assets at market value at the end of the year | \$71,926,346 | \$65,567,886 |
| <i>* Total realized investment gains and losses</i> | \$6,667,971 | \$712,889 |
| <i>Total unrealized investment gains and losses</i> | <u>-837,653</u> | <u>5,730,635</u> |
| | \$5,830,318 | \$6,443,254 |

SECTION 3: Supplemental Information for the City of Vero Beach General Employee Retirement Plan

EXHIBIT F

Summary Statement of Plan Assets

| | Year Ended September 30, 2014 | Year Ended September 30, 2013 |
|--------------------------------------|-------------------------------|-------------------------------|
| Cash equivalents | \$0 | \$0 |
| Accounts receivable: | | |
| Investments: | | |
| Equities | \$38,246,490 | \$36,917,261 |
| Fixed income | 28,565,097 | 21,819,373 |
| International equities | <u>5,114,759</u> | <u>6,831,252</u> |
| Total assets | \$71,926,346 | \$65,567,886 |
| Net assets at market value | <u>\$71,926,346</u> | <u>\$65,567,886</u> |
| Net assets at actuarial value | <u>\$67,033,343</u> | <u>\$61,051,915</u> |

SECTION 3: Supplemental Information for the City of Vero Beach General Employee Retirement Plan

EXHIBIT G

Development of the Fund Through September 30, 2014

| Year Ended September 30 | Employer Contributions | Employee Contributions | Net Investment Return* | Benefit Payments | Actuarial Value of Assets at End of Year |
|------------------------------------|-----------------------------------|-----------------------------------|---------------------------------------|-----------------------------|---|
| 2005 | \$2,588,917 | \$293,132 | \$810,587 | \$2,459,120 | \$37,706,696 |
| 2006 | 3,008,235 | 288,416 | 10,224,956** | 2,873,078 | 48,355,225 |
| 2007 | 2,656,451 | 334,089 | 4,443,025 | 3,093,547 | 52,695,243 |
| 2008 | 2,866,308 | 295,394 | 1,675,076 | 3,283,957 | 54,248,064 |
| 2009 | 3,347,010 | 321,102 | -719,568 | 3,579,773 | 53,616,835 |
| 2010 | 4,050,000 | 339,504 | 2,317,502 | 4,133,241 | 56,190,600 |
| 2011 | 4,115,761 | 520,384 | 181,955 | 4,605,651 | 56,403,049 |
| 2012 | 4,153,621 | 507,866 | 735,791 | 5,099,786 | 56,700,541 |
| 2013 | 4,641,428 | 483,024 | 4,829,509 | 5,602,587 | 61,051,915 |
| 2014 | 4,972,378 | 461,199 | 6,598,330 | 6,050,479 | 67,033,343 |

**Net of investment fees and administrative expenses.*

***Includes effect of change in asset method.*

SECTION 3: Supplemental Information for the City of Vero Beach General Employee Retirement Plan

EXHIBIT H

Development of Unfunded Actuarial Accrued Liability for Year Ended September 30, 2014

| | | |
|--|-----------------|---------------------|
| 1. Unfunded actuarial accrued liability at beginning of year | | \$36,929,253 |
| 2. Employer normal cost at beginning of year | | 690,829 |
| 3. Total employer contributions | | -4,972,378 |
| 4. Interest | | |
| (a) For whole year on (1) + (2) | \$2,915,556 | |
| (b) For half year on (3) | <u>-319,213</u> | |
| (c) Total interest | | <u>2,596,343</u> |
| 5. Expected unfunded actuarial accrued liability | | \$35,244,047 |
| 6. Changes due to net experience gain | | -2,012,206 |
| 7. Unfunded actuarial accrued liability at end of year | | <u>\$33,231,841</u> |

SECTION 3: Supplemental Information for the City of Vero Beach General Employee Retirement Plan

EXHIBIT I

Table of Amortization Bases

| Type* | Date Established | Initial Years | Initial Amount | Annual Payment* | Years Remaining | Outstanding Balance |
|-------------------------------------|------------------|---------------|----------------|--------------------|-----------------|---------------------|
| Plan/Assumption changes (P) | 10/01/1997 | 20 | \$3,021,446 | \$508,265 | 3 | \$1,427,204 |
| Change in actuarial assumptions (P) | 10/01/1998 | 20 | 789,900 | 124,623 | 4 | 451,668 |
| Plan/Assumption changes (P) | 10/01/1998 | 20 | 4,515,700 | 712,448 | 4 | 2,582,102 |
| Plan amendment (D) | 10/01/2000 | 20 | 777,900 | 94,010 | 6 | 471,853 |
| Plan amendment (D) | 10/01/2001 | 20 | 566,300 | 66,401 | 7 | 375,709 |
| Plan amendment (D) | 10/01/2002 | 20 | 703,557 | 78,471 | 8 | 490,534 |
| Change in actuarial assumptions (P) | 10/01/2003 | 20 | -739,525 | -91,376 | 9 | -636,987 |
| Plan amendment (D) | 10/01/2003 | 20 | 535,819 | 56,969 | 9 | 387,481 |
| Plan amendment (D) | 10/01/2004 | 20 | 494,183 | 50,176 | 10 | 366,908 |
| Plan amendment (D) | 10/01/2005 | 20 | 567,091 | 52,758 | 11 | 410,795 |
| Change in cost method (P) | 10/01/2006 | 20 | 9,596,859 | 1,036,668 | 12 | 8,809,920 |
| Change in asset method (P) | 10/01/2006 | 20 | -7,232,383 | -781,253 | 12 | -6,639,329 |
| Plan amendment (D) | 10/01/2006 | 20 | 701,499 | 65,250 | 12 | 536,774 |
| Experience loss (P) | 10/01/2007 | 20 | 643,557 | 67,632 | 13 | 604,781 |
| Plan amendment (D) | 10/01/2007 | 20 | 590,101 | 54,853 | 13 | 473,642 |
| Experience loss (P) | 10/01/2008 | 20 | 4,027,935 | 411,636 | 14 | 3,851,749 |
| Plan amendment (D) | 10/01/2008 | 20 | 512,061 | 47,567 | 14 | 428,752 |
| Experience loss (P) | 10/01/2009 | 30 | 7,155,898 | 612,771 | 25 | 7,640,235 |
| Experience loss (P) | 10/01/2010 | 20 | 2,561,476 | 247,363 | 16 | 2,500,179 |
| Change in actuarial assumptions (P) | 10/01/2010 | 30 | 3,926,178 | 326,031 | 26 | 4,125,123 |
| Plan amendment (P) | 10/01/2010 | 20 | 402,546 | 38,874 | 16 | 392,914 |
| Plan amendment (P) | 10/01/2010 | 20 | 1,717,411 | 165,851 | 16 | 1,676,313 |
| Experience gain (P) | 10/01/2011 | 20 | -490,695 | -46,157 | 17 | -482,154 |
| Experience loss (P) | 10/01/2012 | 20 | 6,540,521 | 599,116 | 18 | 6,448,018 |
| Experience gain (P) | 10/01/2013 | 20 | -1,470,438 | -131,135 | 19 | -1,450,137 |
| Experience gain (P) | 10/01/2014 | 20 | -2,012,206 | <u>-177,524</u> | 20 | <u>-2,012,206</u> |
| Total | | | | \$4,190,288 | | \$33,231,841 |

*Effective October 1, 2006, all prior bases are treated as if they were originally amortized over 20 years, and future bases are established over 20 years. Exceptions have been made for the experience loss established October 1, 2009 and the change in actuarial assumptions established October 1, 2010, which have been amortized over 30 years.

Plan changes that only affect participants in payment status are amortized as a level dollar amount. All other changes are amortized as a level percentage of payroll.

(P) – Amortized as a level percentage of payroll; per Part VII, Chapter 112.64(5)(a) of Florida Statutes, outstanding balances were amortized using a 0.70% payroll growth rate for the October 1, 2014 actuarial valuation.

(D) – Amortized as a level dollar amount.

SECTION 3: Supplemental Information for the City of Vero Beach General Employee Retirement Plan

EXHIBIT J

Definitions of Pension Terms

The following list defines certain technical terms for the convenience of the reader:

Assumptions or Actuarial

Assumptions:

The estimates on which the cost of the Plan is calculated including:

- (a) Investment return — the rate of investment yield that the Plan will earn over the long-term future;
- (b) Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates;
- (c) Retirement rates — the rate or probability of retirement at a given age;
- (d) Withdrawal rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.

Normal Cost:

The amount of contributions required to fund the benefit allocated to the current year of service.

Actuarial Accrued Liability

For Actives:

The value of all projected benefit payments for current members less the portion that will be paid by future normal costs.

Actuarial Accrued Liability

For Pensioners:

The single-sum value of lifetime benefits to existing pensioners. This sum takes account of life expectancies appropriate to the ages of the pensioners and the interest that the sum is expected to earn before it is entirely paid out in benefits.

Unfunded Actuarial Accrued Liability:

The extent to which the actuarial accrued liability of the Plan exceeds the assets of the Plan. There is a wide range of approaches to paying off the unfunded actuarial accrued liability, from meeting the interest accrual only to amortizing it over a specific period of time.

SECTION 3: Supplemental Information for the City of Vero Beach General Employee Retirement Plan

Amortization of the Unfunded

Actuarial Accrued Liability: Payments made over a period of years equal in value to the Plan's unfunded actuarial accrued liability.

Investment Return:

The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next.

SECTION 3: Supplemental Information for the City of Vero Beach General Employee Retirement Plan

EXHIBIT K

Supplementary State of Florida Information - Summary of Salary Changes

| Year Ended September 30 | Total Salary | Percent Change in Total Salary | Percent Change in Salary of Employees Remaining Active | Expected Percent Change in Salary of Employees Remaining Active |
|------------------------------------|---------------------|---|---|--|
| 2004 | \$14,651,344 | 2.24% | 4.70% | 5.30% |
| 2005 | 15,030,075 | 2.58% | 5.30% | 5.30% |
| 2006 | 14,905,998 | -0.83% | 4.20% | 5.20% |
| 2007 | 15,539,566 | 4.25% | 7.20% | 5.20% |
| 2008 | 16,548,463 | 6.49% | 6.90% | 5.20% |
| 2009 | 18,811,487 | 13.68% | 5.80% | 5.10% |
| 2010 | 19,305,268 | 2.62% | 0.60% | 5.00% |
| 2011 | 18,830,488 | -2.46% | 0.66% | 5.07% |
| 2012 | 17,094,905 | -9.22% | -0.70% | 5.05% |
| 2013 | 16,224,526 | -5.09% | 1.65% | 5.01% |
| 2014 | 15,704,293 | -3.21% | 1.22% | 4.99% |

Note: The average total payroll growth for the most recent ten years was 0.70% per year.

SECTION 3: Supplemental Information for the City of Vero Beach General Employee Retirement Plan

EXHIBIT K (continued)

Supplementary State of Florida Information – Recent History of Recommended and Actual Contributions

| Fiscal Year Ended September 30 | Valuation Date September 30 | Contribution Rate as Percent of Valuation Payroll | Valuation Payroll | Recommended Contribution | Actual Contribution |
|---------------------------------------|------------------------------------|--|--------------------------|---------------------------------|----------------------------|
| 2006 | 2005 | 20.01% | \$15,030,075 | \$3,008,235 | \$3,008,235 |
| 2007 | 2006 | 17.82% | 14,905,998 | 2,656,451 | 2,656,451 |
| 2008 | 2007 | 18.45% | 15,539,566 | 2,866,308 | 2,866,308 |
| 2009 | 2008 | 20.23% | 16,548,463 | 3,347,010 | 3,347,010 |
| 2010 | 2009 | 21.42% | 18,811,487 | 4,028,814 | 4,050,000 |
| 2011 | 2010 | 21.32% | 19,305,268 | 4,115,761 | 4,115,761 |
| 2012 | 2011 | 22.06% | 18,830,488 | 4,153,621 | 4,153,621 |
| 2013 | 2012 | 27.15% | 17,094,905 | 4,641,428 | 4,641,428 |
| 2014 | 2013 | 30.65% | 16,224,526 | 4,972,378 | 4,972,378 |
| 2015 | 2014 | 31.14% | 15,704,293 | 4,889,995 | -- |

SECTION 3: Supplemental Information for the City of Vero Beach General Employee Retirement Plan

EXHIBIT K (continued)

Supplementary State of Florida Information - Comparative Summary of Principal Valuation Results

| | Year Ended September 30, 2014 | Year Ended September 30, 2013 |
|---|----------------------------------|----------------------------------|
| Participant data | | |
| Active members | 339 | 350 |
| Total annual payroll | \$15,704,293 | \$16,224,526 |
| Retired members and beneficiaries | 348 | 324 |
| Total annualized benefit | \$5,754,000 | \$5,373,360 |
| Terminated vested members | 87 | 91 |
| Total annualized benefit | \$767,304 | \$819,113 |
| Actuarial value of assets | \$67,033,343 | \$61,051,915 |
| Present value of all future expected benefit payments: | | |
| Active members: | | |
| Retirement benefits | \$36,852,757 | \$38,694,131 |
| Vesting benefits | 1,150,061 | 1,241,092 |
| Disability benefits | 1,963,836 | 2,082,166 |
| Death benefits | 1,330,464 | 1,397,196 |
| Return of contributions | <u>5,079,878</u> | <u>4,975,388</u> |
| Total | \$46,376,997 | \$48,389,973 |
| Terminated vested members | 3,116,355 | 2,947,887 |
| Retired members and beneficiaries | <u>58,460,386</u> | <u>54,628,467</u> |
| Total | \$107,953,738 | \$105,966,327 |

SECTION 3: Supplemental Information for the City of Vero Beach General Employee Retirement Plan

EXHIBIT K (continued)

Supplementary State of Florida Information – Comparative Summary of Principal Valuation Results

| | Year Ended September 30, 2014 | Year Ended September 30, 2013 |
|---|----------------------------------|----------------------------------|
| Unfunded actuarial accrued liability | \$33,231,841 | \$36,929,253 |
| Actuarial present value of accrued benefits | | |
| Vested accrued benefits | | |
| Active members | \$28,597,307 | \$29,711,441 |
| Inactive members | 3,116,355 | 2,947,887 |
| Pensioners and beneficiaries | 58,460,386 | 54,628,467 |
| Nonvested active members | <u>361,005</u> | <u>308,427</u> |
| Total | \$90,535,053 | \$87,596,222 |
| Pension cost | | |
| Employer normal cost | \$665,715 | \$690,829 |
| Payment to amortize unfunded actuarial accrued liability* | 4,190,288 | 4,220,162 |
| Total recommended contribution payable monthly at valuation date | 4,889,995 | 4,972,378 |
| As % of payroll | 31.14% | 30.65% |
| Present value of active members' future salaries at attained age | \$116,655,606 | \$121,748,893 |

**See Section 3, Exhibit I for details.*

SECTION 3: Supplemental Information for the City of Vero Beach General Employee Retirement Plan

EXHIBIT K (continued)

Supplementary State of Florida Information - Actuarial Present Value of Accumulated Plan Benefits

The factors that affected the change in the actuarial present value of accumulated plan benefits from the preceding to the current benefit information date are as follows:

| Factors | Change in Actuarial Present Value of Accumulated Plan Benefits | |
|---|---|------------------|
| Actuarial present value of accumulated benefits as of October 1, 2013 | | \$87,596,222 |
| Benefits accumulated, net experience gain or loss, changes in data | \$2,454,597 | |
| Assumption changes | 0 | |
| Plan changes | 0 | |
| Benefits paid | -6,050,479 | |
| Interest | <u>6,534,713</u> | |
| Net increase | | <u>2,938,831</u> |
| Actuarial present value of accumulated benefits as of October 1, 2014 | | \$90,535,053 |

SECTION 4: Reporting Information for the City of Vero Beach General Employee Retirement Plan

EXHIBIT I

Summary of Actuarial Valuation Results

The valuation was made with respect to the following data supplied to us:

| | | |
|---|-----|-----|
| 1. Retired participants as of the valuation date (including 44 beneficiaries in pay status) | | 348 |
| 2. Participants inactive during year ended September 30, 2014 with vested rights (including three beneficiaries with rights to deferred pensions) | | 87 |
| 3. Participants active during the year ended September 30, 2014 | | 339 |
| Fully vested | 272 | |
| Not vested | 67 | |

The actuarial factors as of the valuation date are as follows:

| | | |
|---|--------------|--------------|
| 1. Employer normal cost | | \$665,715 |
| 2. Actuarial accrued liability | | 100,265,184 |
| Retired participants and beneficiaries | \$58,460,386 | |
| Inactive participants with vested rights | 3,116,355 | |
| Active participants | 38,682,650 | |
| Refunds of contributions not yet paid | 5,793 | |
| 3. Actuarial value of assets (\$71,926,346 at market value as reported by Plan Administrator) | | 67,033,343 |
| 4. Unfunded actuarial accrued liability | | \$33,231,841 |

SECTION 4: Reporting Information for the City of Vero Beach General Employee Retirement Plan

EXHIBIT I (continued)

Summary of Actuarial Valuation Results

The determination of the recommended contribution is as follows:

| | |
|---|--------------------|
| 1. Total normal cost | \$1,115,054 |
| 2. Expected employee contributions | <u>-449,339</u> |
| 3. Employer normal cost: (1) + (2) | \$665,715 |
| 4. Payment on unfunded actuarial accrued liability* | 4,190,288 |
| 5. Total recommended contribution: (3) + (4), adjusted for timing | <u>\$4,889,995</u> |
| 6. Total payroll | \$15,704,293 |
| 7. Total recommended contribution as a percentage of total payroll: (5) ÷ (6) | 31.14% |

**See Section 3, Exhibit I for details.*

SECTION 4: Reporting Information for the City of Vero Beach General Employee Retirement Plan

EXHIBIT II

Supplementary Information – Schedule of City Contributions

| Plan Year Ended September 30 | Actuarially Determined Employer Contributions (ADEC)* | Actual Contributions | Percentage Contributed |
|---|--|---------------------------------|-----------------------------------|
| 2010 | \$4,028,814 | \$4,050,000 | 100.5% |
| 2011 | 4,115,761 | 4,115,761 | 100.0% |
| 2012 | 4,153,621 | 4,153,621 | 100.0% |
| 2013 | 4,641,428 | 4,641,428 | 100.0% |
| 2014 | 4,972,378 | 4,972,378 | 100.0% |
| 2015 | 4,889,995 | -- | -- |

**Prior to 2012, this amount was the Annual Required Contribution (ARC).*

SECTION 4: Reporting Information for the City of Vero Beach General Employee Retirement Plan

EXHIBIT III

Supplementary Information - Schedule of Funding Progress

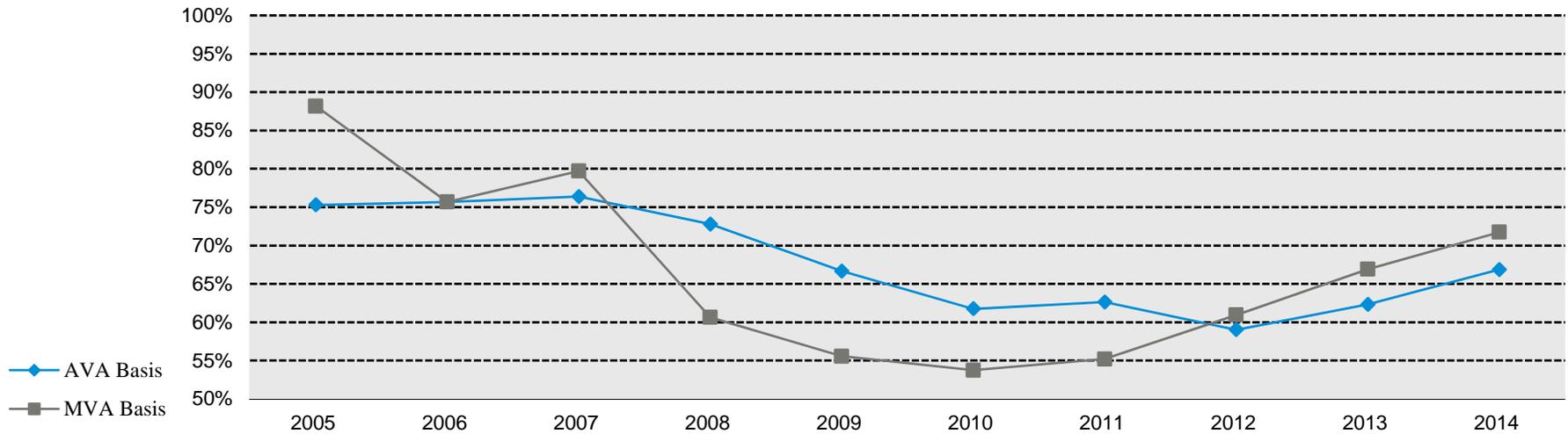
| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded/ (Overfunded) AAL (UAAL) (b) - (a) | Funded Ratio (a) / (b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll* [(b) - (a)] / (c) |
|---------------------------------|--------------------------------------|--|--|-------------------------------|----------------------------|---|
| 10/01/2009 | \$53,616,835 | \$80,438,088 | \$26,821,253 | 66.66% | \$18,811,487 | 142.58% |
| 10/01/2010 | 56,190,600 | 91,016,655 | 34,826,055 | 61.74% | 19,305,268 | 180.40% |
| 10/01/2011 | 56,403,049 | 90,069,213 | 33,666,164 | 62.62% | 18,830,488 | 178.79% |
| 10/01/2012 | 56,700,541 | 96,081,699 | 39,381,158 | 59.01% | 17,094,905 | 230.37% |
| 10/01/2013 | 61,051,915 | 97,981,168 | 36,929,253 | 62.31% | 16,224,526 | 227.61% |
| 10/01/2014 | 67,033,343 | 100,265,184 | 33,231,841 | 66.86% | 15,704,293 | 211.61% |

SECTION 4: Reporting Information for the City of Vero Beach General Employee Retirement Plan

**EXHIBIT IV
Funded Ratio**

A critical piece of information regarding the Plan's financial status is the funded ratio. This ratio compares the actuarial value of assets to the actuarial accrued liabilities of the Plan as calculated. High ratios indicate a well-funded plan with assets sufficient to cover the plan's actuarial accrued liabilities. Lower ratios may indicate recent changes to benefit structures, funding of the plan below actuarial requirements, poor asset performance, or a variety of other factors.

The chart below depicts a history of the funded ratios for this plan.



SECTION 4: Reporting Information for the City of Vero Beach General Employee Retirement Plan

EXHIBIT V

Actuarial Assumptions and Actuarial Cost Method

Mortality Rates:

Healthy: 1994 Group Annuity Mortality Table, set back one year for males and three years for females

Disabled: RP-2000 Disabled Retiree Mortality Table

These mortality tables were determined to contain provision appropriate to reasonably reflect future mortality improvement, based on a five-year review of mortality experience for the 2003-2008 period. Specifically, the healthy mortality tables were expected to provide for an approximate margin of 9% between actual experience and expected deaths. The mortality assumptions will be assessed again at the time of the next five-year review, and further adjustment for expected improvement in life expectancy will be made if warranted.

Termination Rates before Retirement:

| Age | Rate (%) | | Disability | Withdrawal* |
|-----|-----------|--------|------------|-------------|
| | Mortality | | | |
| | Male | Female | | |
| 20 | 0.05 | 0.03 | 0.03 | 15.57 |
| 25 | 0.06 | 0.03 | 0.04 | 11.44 |
| 30 | 0.08 | 0.03 | 0.05 | 10.27 |
| 35 | 0.08 | 0.04 | 0.07 | 8.06 |
| 40 | 0.10 | 0.06 | 0.10 | 5.59 |
| 45 | 0.15 | 0.08 | 0.16 | 3.38 |
| 50 | 0.23 | 0.11 | 0.27 | 1.43 |
| 55 | 0.40 | 0.17 | 0.45 | 0.65 |
| 60 | 0.71 | 0.29 | 0.73 | 0.00 |
| 65 | 1.29 | 0.58 | 0.00 | 0.00 |

* Withdrawal rates cut off at Early Retirement Age.

SECTION 4: Reporting Information for the City of Vero Beach General Employee Retirement Plan

| | | |
|--------------------------|---------------------------|----------------------------|
| Retirement Rates: | Retirement Age | Rate (per year) |
| | 55 | 22.00% |
| | 56-57 | 2.50 |
| | 58 | 8.00 |
| | 59-61 | 10.00 |
| | 62 | 40.00 |
| | 63 | 10.00 |
| | 64 | 17.50 |
| | 65 | 25.00 |
| | 66-69 | 35.00 |
| | 70 | 100.00 |

Retirement Age for Inactive Vested Participants: 65

Unknown Data for Participants: Same as those exhibited by Participants with similar known characteristics. If not specified, Participants are assumed to be male.

Percent Married: 80%

Age of Spouse: Females 3 years younger than males

Net Investment Return: 7.75%, net of investment expenses

| | | |
|--------------------------|------------|-----------------|
| Salary Increases: | Age | Rate (%) |
| | 20 | 6.50 |
| | 25 | 6.25 |
| | 30 | 6.00 |
| | 35 | 5.75 |
| | 40 | 5.50 |
| | 45 | 5.25 |
| | 50 | 5.00 |
| | 55 | 4.75 |
| | 60 | 3.75 |

Above rates include 3.75% inflation.

SECTION 4: Reporting Information for the City of Vero Beach General Employee Retirement Plan

| | |
|------------------------------------|---|
| Payroll Growth Rate: | 0.70%, used for amortization of unfunded actuarial accrued liability; the Plan's long-term payroll growth assumption is 3.75%. |
| Cost of Living Adjustments: | 1% per year to all retirees and beneficiaries |
| Administration Expenses: | \$0 (expenses are paid by the city) |
| Actuarial Value of Assets: | Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five-year period. The actuarial value of assets is further adjusted, if necessary, to be within 20% of the market value. |
| Actuarial Cost Method: | Entry Age Normal Cost Method. Entry Age is the age at the time the participant commenced employment. Normal Cost and Actuarial Accrued Liability is calculated on an individual basis and are allocated by service, with Normal Cost determined as if the current benefit accrual rate had always been in effect. |
| Changes in Assumptions: | There have been no changes in actuarial assumptions since the last valuation. |

SECTION 4: Reporting Information for the City of Vero Beach General Employee Retirement Plan

EXHIBIT VI

Summary of Plan Provisions

This exhibit summarizes the major provisions of the Plan included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Plan Year: October 1 through September 30

Normal Retirement:

Participants with 25 years of service or vested participants who have reached age 65 by September 30, 2010:

| | |
|-----------------------------------|---|
| <i>Age Requirement</i> | 65 |
| <i>Service Requirement</i> | 5 years of continuous service |
| <i>Amount</i> | 2.25% of Average Basic Monthly Compensation for each of the first 25 years of continuous service plus 0.5% of Average Basic Monthly Compensation for each year thereafter |
| <i>Basic Monthly Compensation</i> | The average salary of the Member's highest five consecutive years within the last 10 years of consecutive service preceding retirement. The salary in effect on each January 1 st shall be used as the basis for this computation. |
| <i>Normal Annuity Form</i> | Single life |

Participants with less than 25 years of service or employees younger than age 65 on October 1, 2010:

| | |
|-----------------------------------|---|
| <i>Age Requirement</i> | 65 |
| <i>Service Requirement</i> | 5 years of continuous service |
| <i>Amount</i> | 2.25% of Average Basic Monthly Compensation for each year of service accrued before October 1, 2010 plus 1.60% of Average Basic Monthly Compensation for each year of service accrued after September 30, 2010 |
| <i>Basic Monthly Compensation</i> | The average salary of the Member's highest five consecutive years within the last 10 years of consecutive service preceding retirement. The salary in effect on each January 1 st shall be used as the basis for this computation. |
| <i>Normal Annuity Form</i> | Single life |

SECTION 4: Reporting Information for the City of Vero Beach General Employee Retirement Plan

Early Retirement:

Participants with 25 years of service or vested participants who have reached age 65 by September 30, 2010:

| | |
|----------------------------|---|
| <i>Age Requirement</i> | 55 |
| <i>Service Requirement</i> | 5 years of continuous service |
| <i>Amount</i> | Normal pension accrued reduced by 1.5% for each year preceding normal retirement. |

Participants with less than 25 years of service or employees younger than age 65 on October 1, 2010:

| | |
|----------------------------|--|
| <i>Age Requirement</i> | 55 |
| <i>Service Requirement</i> | 5 years of continuous service |
| <i>Amount</i> | Normal pension accrued reduced by 1.5% for each year preceding normal retirement for benefits accrued before October 1, 2010 and 3% for each year preceding normal retirement for benefits accrued after September 30, 2010. |

Disability:

| | |
|----------------------------|---|
| <i>Age Requirement</i> | None |
| <i>Service Requirement</i> | 5 years of continuous service |
| <i>Amount</i> | Normal pension accrued, but not less than 25% of Basic Monthly Compensation at date of disability. The monthly benefit payable when combined with any benefit payable under workers compensation and social security, shall not exceed 100% of the participants final basic monthly salary at the time of disability. |

Vesting:

| | |
|----------------------------|--|
| <i>Age Requirement</i> | None |
| <i>Service Requirement</i> | 5 years of continuous service |
| <i>Amount</i> | Refund of contributions or the Normal retirement benefit, payable at Normal retirement date. If participant elects an earlier commencement date, early retirement reduction factors apply. |

SECTION 4: Reporting Information for the City of Vero Beach General Employee Retirement Plan

Pre-Retirement Death Benefit:

Requirement

Death while in active service or on total and permanent disability.

Amount

a. Before Vesting

If a member dies before becoming Vested, the spouse (or designated beneficiary, if not married) receives 100% of the member's contributions without interest.

b. After Vesting

A benefit payable to the spouse (or designated beneficiary, if not married) as though participant had retired on his date of death and chosen the 66 2/3% joint and survivor option; benefit begins when the participant would have reached age 55.

Participation:

Effective October 1, 2010, an employee begins participation on the first day of the month following date of hire. For employees hired prior to October 1, 2010 who had not met the previous eligibility requirement for participation in the Plan, participation began on October 1, 2010.

Contributions:

Participants with 25 years of service on September 30, 2010 or vested participants who had reached age 65 by that date:

Members shall pay 2.25% of their basic monthly salaries in effect on January 1. Contributions will cease upon completion of 25 years of continuous service, retirement, death or termination, whichever comes first.

Participants with less than 25 years of service or employees younger than age 65 on October 1, 2010:

Members shall pay 3.25% of their basic monthly salaries in effect on January 1. Contributions will cease upon retirement, death or termination, whichever comes first.

SECTION 4: Reporting Information for the City of Vero Beach General Employee Retirement Plan

| | |
|------------------------------------|---|
| Military Service Buy Back: | Vested employees with prior military service may elect to purchase up to 4 years of retirement credit. The cost of purchase shall be determined by the employee's current contribution rate at the time of purchase, multiplied by the number of months being purchased. |
| Cost-of-Living Adjustment: | Benefits will be increased 1% each year on October 1 st for all retirees and beneficiaries receiving benefits at the time of each increase and who retired on or after October 1, 1998. The Board may grant the COLA to annuitants who retired prior to October 1, 1998 at their discretion. |
| Changes in Plan Provisions: | There have been no changes in plan provisions since the last valuation. |

SECTION 5: GASB Information for the City of Vero Beach General Employee Retirement Plan

EXHIBIT 1

General Information – “Financial Statements”, Note Disclosures and Required Supplementary Information for a Single Employer Pension Plan

Plan membership: All qualified participants of the General Employee Retirement Plan of Vero Beach, Florida

At September 30, 2013, pension plan membership consisted of the following:

| | |
|---|------------|
| Retirees or beneficiaries currently receiving benefits | 324 |
| Terminated participants entitled to, but not yet receiving benefits | 91 |
| Active employees | <u>350</u> |
| Total | 765 |

At September 30, 2014, pension plan membership consisted of the following:

| | |
|---|------------|
| Retirees or beneficiaries currently receiving benefits | 348 |
| Terminated participants entitled to, but not yet receiving benefits | 87 |
| Active employees | <u>339</u> |
| Total | 774 |

Benefits provided: This exhibit summarizes the major plan provisions for participants of the City of Vero Beach General Employee Retirement Plan. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

SECTION 5: GASB Information for the City of Vero Beach General Employee Retirement Plan

EXHIBIT 2

Summary of Plan Provisions

This exhibit summarizes the major provisions of the Plan included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Plan Year: October 1 through September 30

Normal Retirement:

Participants with 25 years of service or vested participants who have reached age 65 by September 30, 2010:

| | |
|-----------------------------------|---|
| <i>Age Requirement</i> | 65 |
| <i>Service Requirement</i> | 5 years of continuous service |
| <i>Amount</i> | 2.25% of Average Basic Monthly Compensation for each of the first 25 years of continuous service plus 0.5% of Average Basic Monthly Compensation for each year thereafter |
| <i>Basic Monthly Compensation</i> | The average salary of the Member's highest five consecutive years within the last 10 years of consecutive service preceding retirement. The salary in effect on each January 1 st shall be used as the basis for this computation. |
| <i>Normal Annuity Form</i> | Single life |

Participants with less than 25 years of service or employees younger than age 65 on October 1, 2010:

| | |
|-----------------------------------|---|
| <i>Age Requirement</i> | 65 |
| <i>Service Requirement</i> | 5 years of continuous service |
| <i>Amount</i> | 2.25% of Average Basic Monthly Compensation for each year of service accrued before October 1, 2010 plus 1.60% of Average Basic Monthly Compensation for each year of service accrued after September 30, 2010 |
| <i>Basic Monthly Compensation</i> | The average salary of the Member's highest five consecutive years within the last 10 years of consecutive service preceding retirement. The salary in effect on each January 1 st shall be used as the basis for this computation. |
| <i>Normal Annuity Form</i> | Single life |

SECTION 5: GASB Information for the City of Vero Beach General Employee Retirement Plan

Early Retirement:

Participants with 25 years of service or vested participants who have reached age 65 by September 30, 2010:

| | |
|----------------------------|---|
| <i>Age Requirement</i> | 55 |
| <i>Service Requirement</i> | 5 years of continuous service |
| <i>Amount</i> | Normal pension accrued reduced by 1.5% for each year preceding normal retirement. |

Participants with less than 25 years of service or employees younger than age 65 on October 1, 2010:

| | |
|----------------------------|--|
| <i>Age Requirement</i> | 55 |
| <i>Service Requirement</i> | 5 years of continuous service |
| <i>Amount</i> | Normal pension accrued reduced by 1.5% for each year preceding normal retirement for benefits accrued before October 1, 2010 and 3% for each year preceding normal retirement for benefits accrued after September 30, 2010. |

Disability:

| | |
|----------------------------|---|
| <i>Age Requirement</i> | None |
| <i>Service Requirement</i> | 5 years of continuous service |
| <i>Amount</i> | Normal pension accrued, but not less than 25% of Basic Monthly Compensation at date of disability. The monthly benefit payable when combined with any benefit payable under workers compensation and social security, shall not exceed 100% of the participants final basic monthly salary at the time of disability. |

Vesting:

| | |
|----------------------------|--|
| <i>Age Requirement</i> | None |
| <i>Service Requirement</i> | 5 years of continuous service |
| <i>Amount</i> | Refund of contributions or the Normal retirement benefit, payable at Normal retirement date. If participant elects an earlier commencement date, early retirement reduction factors apply. |

SECTION 5: GASB Information for the City of Vero Beach General Employee Retirement Plan

Pre-Retirement Death Benefit:

Requirement

Death while in active service or on total and permanent disability.

Amount

a. Before Vesting

If a member dies before becoming Vested, the spouse (or designated beneficiary, if not married) receives 100% of the member's contributions without interest.

b. After Vesting

A benefit payable to the spouse (or designated beneficiary, if not married) as though participant had retired on his date of death and chosen the 66 2/3% joint and survivor option; benefit begins when the participant would have reached age 55.

Participation:

Effective October 1, 2010, an employee begins participation on the first day of the month following date of hire. For employees hired prior to October 1, 2010 who had not met the previous eligibility requirement for participation in the Plan, participation began on October 1, 2010.

Contributions:

Participants with 25 years of service on September 30, 2010 or vested participants who had reached age 65 by that date:

Members shall pay 2.25% of their basic monthly salaries in effect on January 1. Contributions will cease upon completion of 25 years of continuous service, retirement, death or termination, whichever comes first.

Participants with less than 25 years of service or employees younger than age 65 on October 1, 2010:

Members shall pay 3.25% of their basic monthly salaries in effect on January 1. Contributions will cease upon retirement, death or termination, whichever comes first.

SECTION 5: GASB Information for the City of Vero Beach General Employee Retirement Plan

Military Service Buy Back:

Vested employees with prior military service may elect to purchase up to 4 years of retirement credit. The cost of purchase shall be determined by the employee's current contribution rate at the time of purchase, multiplied by the number of months being purchased.

Cost-of-Living Adjustment:

Benefits will be increased 1% each year on October 1st for all retirees and beneficiaries receiving benefits at the time of each increase and who retired on or after October 1, 1998. The Board may grant the COLA to annuitants who retired prior to October 1, 1998 at their discretion.

SECTION 5: GASB Information for City of Vero Beach General Employee Retirement Plan

EXHIBIT 3

Net Pension Liability

The components of the net pension liability of the Retirement Plan at September 30, 2014 were as follows:

| | |
|--|-------------------|
| Total pension liability | \$99,400,031 |
| Plan fiduciary net position | <u>71,926,346</u> |
| City's net pension liability | 27,473,685 |
| Plan fiduciary net position as a percentage of the total pension liability | 72.36% |

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of October 1, 2013, using the following actuarial assumptions, applied to all periods included in the measurement, with the results rolled forward to September 30, 2014:

| | |
|----------------------------|---|
| Inflation | 1.25%* |
| Salary increases | Varies from 3.75% - 6.50% (including long-term payroll inflation rate of 3.75%) |
| Investment rate of return | 7.75%, including inflation, net of pension plan investment expense |
| Cost-of-living adjustments | 1.00% annually |

Healthy mortality rates were based on the sex-distinct 1994 Group Annuity Mortality Table, set back one year for males and three years for females. Disabled mortality rates were based on the RP-2000 Disabled Retiree Mortality Table. The current tables were determined to contain a margin of 9% to anticipate future mortality improvement based on the review of mortality experience for the 2003-2008 period.

The actuarial assumptions used in the October 1, 2013 valuation were based on the results of an experience study for the period October 1, 2003 to September 30, 2008.

**The Fund's payroll inflation assumption is 3.75%. However, based on Part VII, Chapter 112.64(5)(a) of Florida Statutes, an assumption of 1.25% was used for amortization purposes in the October 1, 2013 valuation.*

SECTION 5: GASB Information for City of Vero Beach General Employee Retirement Plan

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan’s target asset allocation as of September 30, 2014 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-------------------------|--------------------------|---|
| Domestic equity | 50% | 6.6% |
| International equity | 10% | 7.7% |
| Fixed income | 30% | 2.2% |
| Short-term money market | 5% | 1.8% |
| Real estate | <u>5%</u> | 4.4% |
| Total | 100% | |

Discount rate: The blended discount rate used to measure the total pension liability is 7.75%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at their applicable contribution rates and that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the Fund’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the Plan’s investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the Fund, calculated using the discount rate of 7.75%, as well as what the Plan’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75%) or one percentage point higher (8.75%) than the current rate:

| | 1% Decrease (6.75%) | Current Discount Rate (7.75%) | 1% Increase (8.75%) |
|-----------------------|--------------------------------|--|--------------------------------|
| Net pension liability | \$38,727,741 | \$27,473,685 | \$17,881,191 |

SECTION 5: GASB Information for City of Vero Beach General Employee Retirement Plan

EXHIBIT 4

Schedules of Changes in Retirement Fund's Net Pension Liability – Last Ten Fiscal Years

| | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---------------------|---|------|------|------|
| Total pension liability | | | | | |
| Service cost | \$1,525,171 | (Historical information prior to implementation of GASB 67/68 is not required.) | | | |
| Interest | 7,257,316 | | | | |
| Change of benefit terms | 0 | | | | |
| Differences between expected and actual experience | 0 | | | | |
| Changes of assumptions | 0 | | | | |
| Benefit payments, including refunds of employee contributions | <u>-6,050,479</u> | | | | |
| Net change in total pension liability | \$2,732,008 | | | | |
| Total pension liability – beginning | <u>96,668,023</u> | | | | |
| Total pension liability – ending (a) | <u>\$99,400,031</u> | | | | |
| Plan fiduciary net position | | | | | |
| Contributions – employer | \$4,972,378 | | | | |
| Contributions – employee | 461,199 | | | | |
| Net investment income | 6,975,362 | | | | |
| Benefit payments, including refunds of employee contributions | -6,050,479 | | | | |
| Administrative expense | 0 | | | | |
| Other | <u>0</u> | | | | |
| Net change in plan fiduciary net position | \$6,358,460 | | | | |
| Plan fiduciary net position – beginning | <u>65,567,886</u> | | | | |
| Plan fiduciary net position – ending (b) | \$71,926,346 | | | | |
| City's net pension liability – ending (a) – (b) | <u>\$27,473,685</u> | | | | |
| Plan fiduciary net position as a percentage of the total pension liability | 72.36% | | | | |
| Covered employee payroll | \$15,704,293 | | | | |
| City's net pension liability as percentage of covered employee payroll | 174.94% | | | | |

Notes to Schedule:

Benefit changes: There have been no changes in benefit provisions since GASB 67 implementation.

Change of assumptions: There have been no assumption changes since GASB 67 implementation.

SECTION 5: GASB Information for City of Vero Beach General Employee Retirement Plan

EXHIBIT 5

Schedule of City of Vero Beach's Contributions to General Employee Retirement Fund – Last Ten Fiscal Years

| Year Ended September 30 | Actuarially Determined Contribution | Contributions in Relation to the Actuarially Determined Contribution | Contribution Deficiency (Excess) | Covered-Employee Payroll | Contributions as a Percentage of Covered-Employee Payroll |
|------------------------------------|--|---|---|-------------------------------------|--|
| 2005 | \$2,558,917 | \$2,558,917 | \$0 | \$14,651,344 | 17.67% |
| 2006 | 3,008,235 | 3,008,235 | 0 | 15,030,075 | 20.01% |
| 2007 | 2,656,451 | 2,656,451 | 0 | 14,905,998 | 17.82% |
| 2008 | 2,866,308 | 2,866,308 | 0 | 15,539,566 | 18.45% |
| 2009 | 3,347,010 | 3,347,010 | 0 | 16,548,463 | 20.23% |
| 2010 | 4,028,814 | 4,050,000 | (21,186) | 18,811,487 | 21.42% |
| 2011 | 4,115,761 | 4,115,761 | 0 | 19,305,268 | 21.32% |
| 2012 | 4,153,621 | 4,153,621 | 0 | 18,830,488 | 22.06% |
| 2013 | 4,641,428 | 4,641,428 | 0 | 17,094,905 | 27.15% |
| 2014 | 4,972,378 | 4,972,378 | 0 | 16,224,526 | 30.65% |

SECTION 5: GASB Information for City of Vero Beach General Employee Retirement Plan

EXHIBIT 6

Notes to Required Supplementary Information

| | |
|--|--|
| Valuation date | Actuarially determined contribution is calculated using an October valuation date as of the beginning of the fiscal year in which contributions are reported |
| Methods and used assumptions to determine contribution rates: | |
| Actuarial cost method | Entry Age Normal Cost Method |
| Amortization method | Level percent of payroll, using 1.25% annual increases* |
| Remaining amortization period | Effective period of 13 years remaining as of October 1, 2013 |
| Asset valuation method | Market value of assets |
| Actuarial assumptions: | |
| Investment rate of return | 7.75%, including inflation, net of pension plan investment expense |
| Inflation rate | 1.25%* |
| Projected salary increases | Varies from 3.75% - 6.50% (including long-term payroll inflation rate of 3.75%) |
| Cost-of-living adjustment | 1.00% |
| Retirement rates | Rates based on age ranging from 55 to 70 years, with 100% retirement at age 70 |
| Mortality: | |
| <i>Healthy</i> | 1994 Group Annuity Mortality Table, set back one year for males and three years for females. |
| <i>Disabled</i> | RP-2000 Disabled Retiree Mortality Table |
| Other information: | See Exhibit 3 for the history of changes to plan provisions and assumptions, if any. |

**The Fund's payroll inflation assumption is 3.75%. However, based on Part VII, Chapter 112.64(5)(a) of Florida Statutes, an assumption of 1.25% was used for amortization purposes in the October 1, 2013 valuation.*

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