

CITY OF SARASOTA POLICE OFFICERS' PENSION FUND

Chapter 112.664, F.S. Compliance Report

In Connection with the September 30, 2015 Funding Actuarial Valuation Report

And the Plan's Financial Reporting for the Year Ending September 30, 2015



May 13, 2016

Board of Trustees
City of Sarasota Police Officers' Pension Fund
Sarasota, Florida

Dear Board Members:

Gabriel, Roeder, Smith & Company (GRS) has been engaged by the City of Sarasota Police Officers' 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 Retirement Board and those designated or approved by the Board. This report may be provided to parties other than the System 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, 2015. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the 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 City and the Board concerning Plan benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal and year-to-year consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by the 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 September 30, 2015 actuarial valuation report. This report is also based on the Plan Provisions, census data, and financial information as summarized in our September 30, 2015 actuarial valuation report. Please refer to the September 30, 2015 actuarial valuation report, dated March 16, 2016, 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.

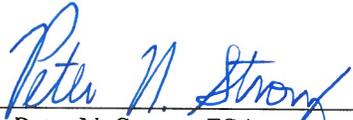
Peter N. Strong and Trisha Amrose are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. The signing actuaries are independent of the plan sponsor.

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 
Peter N. Strong, FSA
Enrolled Actuary No. 14-6975
Senior Consultant & Actuary

By 
Trisha Amrose, MAAA
Enrolled Actuary No. 14-8010
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 funding assumptions	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>2015</u>
1. Total pension liability	
a. Service Cost	\$ 3,290,606
b. Interest	16,362,460
c. Benefit Changes	3,008,519
d. Difference between actual & expected experience & Other	58,566
e. Assumption Changes	-
f. Benefit Payments	(13,454,067)
g. Contribution Refunds	(7,000)
h. Net Change in Total Pension Liability	<u>9,259,084</u>
i. Total Pension Liability - Beginning	<u>238,862,487</u>
j. Total Pension Liability - Ending	<u>\$ 248,121,571</u>
2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 7,864,404
b. Contributions - State	570,973
c. Contributions - Member	825,351
d. Net Investment Income	1,171,981
e. Benefit Payments	(13,454,067)
f. Contribution Refunds	(7,000)
g. Administrative Expense	(189,057)
h. Other	-
i. Net Change in Plan Fiduciary Net Position	<u>(3,217,415)</u>
j. Plan Fiduciary Net Position - Beginning	<u>196,028,450</u>
k. Plan Fiduciary Net Position - Ending	<u>\$ 192,811,035</u>
3. Net Pension Liability / (Asset)	55,310,536
Certain Key Assumptions	
Valuation Date	09/30/2014
Measurement Date	09/30/2015
Investment Return Assumption	7.00%
Mortality Table	RP-2000 fully generational using Scale AA

**Schedule of Changes in the Employers' Net Pension Liability
Using Assumptions required under 112.664(1)(a), F.S.**

Fiscal year ending September 30,	<u>2015</u>
1. Total pension liability	
a. Service Cost	\$ 3,290,606
b. Interest	16,362,460
c. Benefit Changes	3,008,519
d. Difference between actual & expected experience & Other	58,566
e. Assumption Changes	-
f. Benefit Payments	(13,454,067)
g. Contribution Refunds	(7,000)
h. Net Change in Total Pension Liability	<u>9,259,084</u>
i. Total Pension Liability - Beginning	<u>238,862,487</u>
j. Total Pension Liability - Ending	<u>\$ 248,121,571</u>
2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 7,864,404
b. Contributions - State	570,973
c. Contributions - Member	825,351
d. Net Investment Income	1,171,981
e. Benefit Payments	(13,454,067)
f. Contribution Refunds	(7,000)
g. Administrative Expense	(189,057)
h. Other	-
i. Net Change in Plan Fiduciary Net Position	<u>(3,217,415)</u>
j. Plan Fiduciary Net Position - Beginning	<u>196,028,450</u>
k. Plan Fiduciary Net Position - Ending	<u>\$ 192,811,035</u>
3. Net Pension Liability / (Asset)	55,310,536
Certain Key Assumptions	
Valuation Date	09/30/2014
Measurement Date	09/30/2015
Investment Return Assumption	7.00%
Mortality Table	RP-2000 fully generational using Scale AA

**Schedule of Changes in the Employers' Net Pension Liability
Using Assumptions required under 112.664(1)(b), F.S.**

Fiscal year ending September 30,	<u>2015</u>
1. Total pension liability	
a. Service Cost	\$ 5,567,162
b. Interest	15,629,358
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	-
e. Assumption Changes	-
f. Benefit Payments	(13,454,067)
g. Contribution Refunds	(7,000)
h. Net Change in Total Pension Liability	<u>7,735,453</u>
i. Total Pension Liability - Beginning	<u>316,568,070</u>
j. Total Pension Liability - Ending	<u>\$ 324,303,523</u>
2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 7,864,404
b. Contributions - State	570,973
c. Contributions - Member	825,351
d. Net Investment Income	1,171,981
e. Benefit Payments	(13,454,067)
f. Contribution Refunds	(7,000)
g. Administrative Expense	(189,057)
h. Other	-
i. Net Change in Plan Fiduciary Net Position	<u>(3,217,415)</u>
j. Plan Fiduciary Net Position - Beginning	<u>196,028,450</u>
k. Plan Fiduciary Net Position - Ending	<u>\$ 192,811,035</u>
3. Net Pension Liability / (Asset)	131,492,488
Certain Key Assumptions	
Valuation Date	09/30/2014
Measurement Date	09/30/2015
Investment Return Assumption	5.00%
Mortality Table	RP-2000 fully generational using Scale AA

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>2015</u>
1. Total pension liability	
a. Service Cost	\$ 2,270,060
b. Interest	16,833,740
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	-
e. Assumption Changes	-
f. Benefit Payments	(13,454,067)
g. Contribution Refunds	(7,000)
h. Net Change in Total Pension Liability	<u>5,642,733</u>
i. Total Pension Liability - Beginning	<u>192,661,511</u>
j. Total Pension Liability - Ending	<u>\$ 198,304,244</u>
2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 7,864,404
b. Contributions - State	570,973
c. Contributions - Member	825,351
d. Net Investment Income	1,171,981
e. Benefit Payments	(13,454,067)
f. Contribution Refunds	(7,000)
g. Administrative Expense	(189,057)
h. Other	-
i. Net Change in Plan Fiduciary Net Position	<u>(3,217,415)</u>
j. Plan Fiduciary Net Position - Beginning	<u>196,028,450</u>
k. Plan Fiduciary Net Position - Ending	<u>\$ 192,811,035</u>
3. Net Pension Liability / (Asset)	5,493,209
Certain Key Assumptions	
Valuation Date	09/30/2014
Measurement Date	09/30/2015
Investment Return Assumption	9.00%
Mortality Table	RP-2000 fully generational using Scale AA

**Asset and Benefit Payment Projection
Not Reflecting Any Contributions from the Employer, State or Employee
Using Assumptions from the Plan's Latest Actuarial Valuation**

FYE	Market Value of Assets (BOY)	Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2016	188,568,870	12,764,543	12,436,504	188,896,909
2017	188,896,909	12,770,957	12,909,320	188,758,547
2018	188,758,547	12,740,658	13,498,293	188,000,912
2019	188,000,912	12,668,665	14,039,956	186,629,621
2020	186,629,621	12,555,754	14,523,412	184,661,963
2021	184,661,963	12,398,829	15,071,658	181,989,135
2022	181,989,135	12,190,590	15,675,709	178,504,015
2023	178,504,015	11,924,095	16,319,610	174,108,500
2024	174,108,500	11,598,791	16,822,957	168,884,334
2025	168,884,334	11,216,080	17,309,230	162,791,185
2026	162,791,185	10,770,479	17,854,405	155,707,258
2027	155,707,258	10,258,609	18,311,392	147,654,476
2028	147,654,476	9,681,196	18,703,360	138,632,312
2029	138,632,312	9,035,975	19,093,921	128,574,365
2030	128,574,365	8,320,122	19,430,969	117,463,518
2031	117,463,518	7,530,634	19,766,077	105,228,074
2032	105,228,074	6,663,206	20,078,847	91,812,433
2033	91,812,433	5,715,621	20,321,421	77,206,632
2034	77,206,632	4,686,123	20,524,024	61,368,732
2035	61,368,732	3,571,980	20,680,896	44,259,816
2036	44,259,816	2,369,059	20,832,224	25,796,651
2037	25,796,651	1,072,851	20,940,425	5,929,077
2038	5,929,077	-	20,960,415	-
2039	-	-	20,930,396	-
2040	-	-	20,829,479	-
2041	-	-	20,705,228	-

Number of years for which current market value of assets is 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:**

22.25

Certain Key Assumptions

Valuation Investment return assumption

7.00%

Valuation Mortality Table

RP-2000 fully generational using Scale AA

Note: As required in Section 112.664(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)	Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2016	188,568,870	12,764,543	12,436,504	188,896,909
2017	188,896,909	12,770,957	12,909,320	188,758,547
2018	188,758,547	12,740,658	13,498,293	188,000,912
2019	188,000,912	12,668,665	14,039,956	186,629,621
2020	186,629,621	12,555,754	14,523,412	184,661,963
2021	184,661,963	12,398,829	15,071,658	181,989,135
2022	181,989,135	12,190,590	15,675,709	178,504,015
2023	178,504,015	11,924,095	16,319,610	174,108,500
2024	174,108,500	11,598,791	16,822,957	168,884,334
2025	168,884,334	11,216,080	17,309,230	162,791,185
2026	162,791,185	10,770,479	17,854,405	155,707,258
2027	155,707,258	10,258,609	18,311,392	147,654,476
2028	147,654,476	9,681,196	18,703,360	138,632,312
2029	138,632,312	9,035,975	19,093,921	128,574,365
2030	128,574,365	8,320,122	19,430,969	117,463,518
2031	117,463,518	7,530,634	19,766,077	105,228,074
2032	105,228,074	6,663,206	20,078,847	91,812,433
2033	91,812,433	5,715,621	20,321,421	77,206,632
2034	77,206,632	4,686,123	20,524,024	61,368,732
2035	61,368,732	3,571,980	20,680,896	44,259,816
2036	44,259,816	2,369,059	20,832,224	25,796,651
2037	25,796,651	1,072,851	20,940,425	5,929,077
2038	5,929,077	-	20,960,415	-
2039	-	-	20,930,396	-
2040	-	-	20,829,479	-
2041	-	-	20,705,228	-

Number of years for which current market value of assets is 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:**

22.25

Certain Key Assumptions

Valuation Investment return assumption
Valuation Mortality Table

7.00%
RP-2000 fully generational using Scale AA

Note: As required in Section 112.664(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)	Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2016	188,568,870	9,117,531	12,436,504	185,249,897
2017	185,249,897	8,939,762	12,909,320	181,280,339
2018	181,280,339	8,726,560	13,498,293	176,508,605
2019	176,508,605	8,474,431	14,039,956	170,943,081
2020	170,943,081	8,184,069	14,523,412	164,603,737
2021	164,603,737	7,853,395	15,071,658	157,385,475
2022	157,385,475	7,477,381	15,675,709	149,187,147
2023	149,187,147	7,051,367	16,319,610	139,918,904
2024	139,918,904	6,575,371	16,822,957	129,671,318
2025	129,671,318	6,050,835	17,309,230	118,412,923
2026	118,412,923	5,474,286	17,854,405	106,032,804
2027	106,032,804	4,843,855	18,311,392	92,565,268
2028	92,565,268	4,160,679	18,703,360	78,022,587
2029	78,022,587	3,423,781	19,093,921	62,352,448
2030	62,352,448	2,631,848	19,430,969	45,553,327
2031	45,553,327	1,783,514	19,766,077	27,570,764
2032	27,570,764	876,567	20,078,847	8,368,484
2033	8,368,484	-	20,321,421	-
2034	-	-	20,524,024	-
2035	-	-	20,680,896	-
2036	-	-	20,832,224	-
2037	-	-	20,940,425	-
2038	-	-	20,960,415	-
2039	-	-	20,930,396	-
2040	-	-	20,829,479	-
2041	-	-	20,705,228	-

Number of years for which current market value of assets is 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:

17.42

Certain Key Assumptions

Valuation Investment return assumption

5.00%

Valuation Mortality Table

RP-2000 fully generational using Scale AA

Note: As required in Section 112.664(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)	Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2016	188,568,870	16,411,556	12,436,504	192,543,922
2017	192,543,922	16,748,034	12,909,320	196,382,635
2018	196,382,635	17,067,014	13,498,293	199,951,356
2019	199,951,356	17,363,824	14,039,956	203,275,224
2020	203,275,224	17,641,217	14,523,412	206,393,029
2021	206,393,029	17,897,148	15,071,658	209,218,519
2022	209,218,519	18,124,260	15,675,709	211,667,070
2023	211,667,070	18,315,654	16,319,610	213,663,113
2024	213,663,113	18,472,647	16,822,957	215,312,804
2025	215,312,804	18,599,237	17,309,230	216,602,811
2026	216,602,811	18,690,805	17,854,405	217,439,210
2027	217,439,210	18,745,516	18,311,392	217,873,335
2028	217,873,335	18,766,949	18,703,360	217,936,923
2029	217,936,923	18,755,097	19,093,921	217,598,099
2030	217,598,099	18,709,435	19,430,969	216,876,565
2031	216,876,565	18,629,417	19,766,077	215,739,906
2032	215,739,906	18,513,043	20,078,847	214,174,102
2033	214,174,102	18,361,205	20,321,421	212,213,886
2034	212,213,886	18,175,669	20,524,024	209,865,531
2035	209,865,531	17,957,257	20,680,896	207,141,893
2036	207,141,893	17,705,320	20,832,224	204,014,989
2037	204,014,989	17,419,030	20,940,425	200,493,594
2038	200,493,594	17,101,205	20,960,415	196,634,384
2039	196,634,384	16,755,227	20,930,396	192,459,214
2040	192,459,214	16,384,003	20,829,479	188,013,738
2041	188,013,738	15,989,501	20,705,228	183,298,011

Number of years for which current market value of assets is 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
Valuation Mortality Table

9.00%

RP-2000 fully generational using Scale AA

Note: As required in Section 112.664(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 - Fiscal Year Ending 9/30/2017

	Plan's Latest Actuarial Valuation	112.664(1)(a) Assumptions	112.664(1)(b) Assumptions	112.664(1)(b) F.S. except 2% higher investment return assumption
Normal Cost				
Service pensions	26.51 %	26.51 %	43.93 %	16.64 %
Disability pensions				
Service connected	6.21	6.21	8.83	4.60
Non-service connected	0.73	0.73	1.10	0.51
Pre-retirement survivor pensions				
Service connected	0.28	0.28	0.31	0.24
Non-service connected	0.04	0.04	0.04	0.03
Termination Benefits				
Deferred service pensions	1.18	1.18	2.02	0.72
Refunds of member contributions	0.43	0.43	0.39	0.47
Total Normal Cost	35.38	35.38	56.62	23.21
Unfunded Actuarial Accrued Liability				
Retired members and beneficiaries	0.00	0.00	0.00	0.00
Active and vested terminated members	38.97	38.97	71.89	7.61
Total Unf'd. Actuarial Accrued Liability	38.97	38.97	71.89	7.61
Administrative Expenses	1.84	1.84	1.84	1.84
Total Unadjusted Computed Contribution	76.19	76.19	130.35	32.66
Adjustments to Computed Contribution				
FS 112.64 (5) Compliance	9.13	9.13	19.58	0.96
Full funding credit	0.00	0.00	0.00	0.00
Total Adjustments	9.13	9.13	19.58	0.96
Total Adjusted Contribution Requirement	85.32 %	85.32 %	149.93 %	33.62 %
Member portion	8.00	8.00	8.00	8.00
Chapter 185 Portion *	5.43	5.43	5.43	5.43
City portion #	71.89 %	71.89 %	136.50 %	20.19 %
Estimated City Portion in Dollars	\$7,557,967	\$7,557,967	\$14,350,570	\$2,122,623
Estimated Total Contribution in Dollars	\$8,969,895	\$8,969,895	\$15,762,498	\$3,534,551
Expected covered payroll	\$10,513,238	\$10,513,238	\$10,513,238	\$10,513,238

* Based on estimate of respective fiscal year's payroll; if actual payroll is more than estimated, then City's portion will increase

The Pension Ordinance specifies a minimum City contribution of 8% of payroll.

FS 112.64 requires City contributions to be deposited not less frequently than quarterly. Member contributions, which are in addition to the City contributions, must be deposited immediately.