

September 12, 2019

VIA EMAIL

Board of Trustees
City of Gainesville
General Employees Pension Plan
200 East University Avenue
Gainesville, FL 33617

Re: City of Gainesville General Employees Pension Plan
Section 112.664, Florida Statutes Compliance

Dear Trustees:

Please find enclosed the annual disclosures that satisfy the October 1, 2018 financial reporting requirements made under Section 112.664.

Our office will submit this information electronically to the Department of Management Services. However, it is important for you to be aware that this report must also be made available on the Plan or Plan Sponsor's website, if such website exists. A deadline for this website publication is not made clear in the law.

In addition to the enclosed report, the Plan or Plan Sponsor's website must provide a link to the Division of Retirement's Actuarial Summary Fact Sheet for the Plan, and also report the previous five years' assumed and actual rates of return, along with their respective asset allocations. The Board should contact its Investment Consultant for this information.

Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations. Due to the limited scope of the valuation, we did not perform an analysis of the potential range of such future measurements.

If there are any questions, concerns, or comments about any of the items contained in this report, please feel free to contact me.

Respectfully submitted,

Foster & Foster, Inc.

By: 

Timothy Bowen, EA, MAAA, FCA
Enrolled Actuary #17-7204

CITY OF GAINESVILLE
GENERAL EMPLOYEES PENSION PLAN
SECTION 112.664, FLORIDA STATUTES COMPLIANCE

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), Florida Statutes, and Rule 60T-1.0035, Florida Administrative Code.

By:  Date: 9/12/2019

Timothy Bowen, EA, MAAA, FCA
Enrolled Actuary #17-7204



When reviewing the following schedules, please note the following:

- 1) The purpose of producing this report is solely to satisfy the requirements set forth by Section 112.664, Florida Statutes, and is mandatory for every Florida public pension fund, excluding the Florida Retirement System (FRS).
- 2) None of the schedules shown have any impact on the funding requirements of the Plan. These schedules are for statutory compliance purposes only.
- 3) In the schedules that follow, the columns labeled “CURRENT” represent GASB 67/68 results using the same assumptions used in the October 1, 2018 Actuarial Valuation Report. The columns labeled “HYPOTHETICAL” illustrate what the results would have been if different assumptions were used.
- 4) It is our opinion that the Plan’s actual assumptions utilized in the October 1, 2018 Actuarial Valuation Report, as adopted by the Board of Trustees, are reasonable individually and in the aggregate, and represent our best estimate of future Plan experience. Except as noted, all data, assumptions, methods, and plan provisions are the same as those used in the October 1, 2018 Actuarial Valuation Report.
- 5) The “Number of Years Expected Benefit Payments Sustained” calculated in Section II: Asset Sustainability should not be interpreted as the number of years the Plan has left until it is insolvent. This calculation is required by 112.664, Florida Statutes, but the numeric result is irrelevant, since in its calculation we are to assume there will be no further contributions to the Fund. As long as the Actuarially Determined Contribution is made each year the Plan will never become insolvent.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY
FISCAL YEAR SEPTEMBER 30, 2018

	<u>CURRENT</u>	<u>HYPOTHETICAL</u>
	7.90% RP-2000 Generational	5.90% RP-2000 Generational
<u>Total Pension Liability</u>		
Service Cost	8,370,763	13,028,725
Interest	42,444,220	40,308,820
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	6,021,728	10,058,640
Changes of Assumptions	5,948,093	7,947,954
Contributions - Buy Back	89,300	89,300
Benefit Payments, Including Refunds of Employee Contributions	(33,106,728)	(33,106,728)
Net Change in Total Pension Liability	29,767,376	38,326,711
Total Pension Liability - Beginning	538,735,346	675,338,311
Total Pension Liability - Ending (a)	<u>\$ 568,502,722</u>	<u>\$ 713,665,022</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	16,372,689	16,372,689
Contributions - State	0	0
Contributions - Employee	4,317,403	4,317,403
Contributions - Buy Back	89,300	89,300
Net Investment Income	49,219,793	49,219,793
Benefit Payments, Including Refunds of Employee Contributions	(33,106,728)	(33,106,728)
Administrative Expenses	(697,884)	(697,884)
Net Change in Plan Fiduciary Net Position	36,194,573	36,194,573
Plan Fiduciary Net Position - Beginning	396,313,562	396,313,562
Plan Fiduciary Net Position - Ending (b)	<u>\$ 432,508,135</u>	<u>\$ 432,508,135</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 135,994,587</u>	<u>\$ 281,156,887</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.90% and RP-2000 Generational Mortality

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2018	432,508,135	-	40,254,475	-	32,578,091	424,831,751
2019	424,831,751	-	36,408,779	-	32,123,562	420,546,534
2020	420,546,534	-	37,625,611	-	31,736,965	414,657,888
2021	414,657,888	-	38,891,636	-	31,221,754	406,988,006
2022	406,988,006	-	40,238,036	-	30,562,650	397,312,620
2023	397,312,620	-	41,563,985	-	29,745,920	385,494,555
2024	385,494,555	-	42,759,217	-	28,765,081	371,500,419
2025	371,500,419	-	43,870,291	-	27,615,657	355,245,785
2026	355,245,785	-	44,789,699	-	26,295,224	336,751,310
2027	336,751,310	-	45,727,438	-	24,797,120	315,820,992
2028	315,820,992	-	46,441,752	-	23,115,409	292,494,649
2029	292,494,649	-	46,933,576	-	21,253,201	266,814,274
2030	266,814,274	-	47,297,102	-	19,210,092	238,727,264
2031	238,727,264	-	47,569,186	-	16,980,471	208,138,549
2032	208,138,549	-	47,653,602	-	14,560,628	175,045,575
2033	175,045,575	-	47,641,591	-	11,946,758	139,350,742
2034	139,350,742	-	47,502,503	-	9,132,360	100,980,599
2035	100,980,599	-	47,225,468	-	6,112,061	59,867,192
2036	59,867,192	-	46,817,399	-	2,880,221	15,930,014
2037	15,930,014	-	46,270,282	-	-	-

*All DROP Balances paid in 2018.

Number of Years Expected Benefit Payments Sustained: 19.34

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.90% interest.

It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent. Furthermore, State and local laws mandate that the Actuarially Determined Contribution be made each year.

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 2
Hypothetical Assumptions: 5.90% and RP-2000 Generational Mortality

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2018	432,508,135	-	40,254,475	-	24,330,473	416,584,133
2019	416,584,133	-	36,408,779	-	23,504,405	403,679,759
2020	403,679,759	-	37,625,611	-	22,707,150	388,761,298
2021	388,761,298	-	38,891,636	-	21,789,613	371,659,275
2022	371,659,275	-	40,238,036	-	20,740,875	352,162,114
2023	352,162,114	-	41,563,985	-	19,551,427	330,149,556
2024	330,149,556	-	42,759,217	-	18,217,427	305,607,766
2025	305,607,766	-	43,870,291	-	16,736,685	278,474,160
2026	278,474,160	-	44,789,699	-	15,108,679	248,793,140
2027	248,793,140	-	45,727,438	-	13,329,836	216,395,538
2028	216,395,538	-	46,441,752	-	11,397,305	181,351,091
2029	181,351,091	-	46,933,576	-	9,315,174	143,732,689
2030	143,732,689	-	47,297,102	-	7,084,964	103,520,551
2031	103,520,551	-	47,569,186	-	4,704,422	60,655,787
2032	60,655,787	-	47,653,602	-	2,172,910	15,175,095
2033	15,175,095	-	47,641,591	-	-	-

*All DROP Balances paid in 2018.

Number of Years Expected Benefit Payments Sustained: 15.32

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.90% interest.

It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent. Furthermore, State and local laws mandate that the Actuarially Determined Contribution be made each year.

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2020

Valuation Date: 10/1/2018

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.90%	5.90%
	RP-2000	RP-2000
	Generational	Generational
Minimum Required Contribution (Fixed \$)	\$21,064,348	\$30,300,285
Minimum Required Contribution (% of Payroll)	23.82%	34.26%
Expected Member Contribution	4,422,195	4,422,195
Expected Sponsor Contribution (Fixed \$)	\$16,642,153	\$25,878,090
Expected Sponsor Contribution (% of Payroll)	18.82%	29.26%

ASSETS

Actuarial Value ¹	399,538,409	399,538,409
Market Value ¹	432,508,135	432,508,135

LIABILITIES

Present Value of Benefits		
Active Members		
Retirement Benefits	198,603,129	293,847,175
Disability Benefits	5,655,006	7,658,557
Death Benefits	3,865,999	5,433,984
Vested Benefits	7,401,522	12,936,866
Refund of Contributions	818,274	844,318
Service Retirees	348,153,328	422,763,697
DROP Retirees ¹	32,640,014	39,796,872
Beneficiaries	21,017,078	24,909,393
Disability Retirees	1,767,336	2,047,095
Terminated Vested	11,628,075	16,267,860
Total:	<u>631,549,761</u>	<u>826,505,817</u>
Present Value of Future Salaries	713,050,804	806,374,281
Present Value of Future Member Contributions	35,652,540	40,318,714
Total Normal Cost	8,133,472	12,744,735
Present Value of Future Normal Costs (Entry Age Normal)	63,047,039	112,850,796
Total Actuarial Accrued Liability ¹	568,502,722	713,655,021
Unfunded Actuarial Accrued Liability (UAAL)	168,964,313	314,116,612

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2020

Valuation Date: 10/1/2018

	ACTUAL	HYPOTHETICAL
	7.90%	5.90%
	RP-2000	RP-2000
	Generational	Generational
<u>PENSION COST</u>		
Normal Cost (with interest)	8,454,744	13,120,705
Administrative Expenses (with interest)	725,450	718,472
Payment Required To Amortize UAAL (with interest)	11,884,154	16,461,108
Minimum Required Contribution	\$21,064,348	\$30,300,285

¹ The asset values and liabilities include accumulated DROP Balances as of 9/30/2018.