

July 19, 2019

VIA EMAIL

Board of Trustees  
City of Gainesville  
Consolidated Police Officers' and Firefighters' Retirement Plan  
200 East University Avenue  
Gainesville, FL 32601

Re: City of Gainesville Consolidated Police Officers' and Firefighters' Retirement 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: 

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Joseph L. Griffin, ASA, EA, MAAA  
Enrolled Actuary #17-6938

cc via email: Stu Kaufman, Board Attorney

CITY OF GAINESVILLE  
CONSOLIDATED POLICE OFFICERS' AND FIREFIGHTERS' RETIREMENT 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: 7/19/2019

Joseph L. Griffin, ASA, EA, MAAA  
Enrolled Actuary #17-6938



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	3,794,534	6,066,357
Interest	21,796,490	20,871,659
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	(1,173,510)	(1,890,009)
Changes of Assumptions	3,042,026	4,538,354
Benefit Payments, Including Refunds of Employee Contributions	(19,210,658)	(19,210,658)
Share Plan Balance	1,453,977	1,453,977
Net Change in Total Pension Liability	9,702,859	11,829,680
Total Pension Liability - Beginning	278,266,916	351,399,954
Total Pension Liability - Ending (a)	<u>\$ 287,969,775</u>	<u>\$ 363,229,634</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	4,507,892	4,507,892
Contributions - State	1,366,304	1,366,304
Contributions - Employee	1,963,471	1,963,471
Net Investment Income	23,889,431	23,889,431
Benefit Payments, Including Refunds of Employee Contributions	(19,210,658)	(19,210,658)
Transfer to Supplemental Retirement Plan	(234,171)	(234,171)
Administrative Expenses	(699,346)	(699,346)
Net Change in Plan Fiduciary Net Position	11,582,923	11,582,923
Plan Fiduciary Net Position - Beginning	240,184,925	240,184,925
Share Plan Balance	1,453,977	1,453,977
Plan Fiduciary Net Position - Ending (b)	<u>\$ 253,221,825</u>	<u>\$ 253,221,825</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 34,747,950</u>	<u>\$ 110,007,809</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	253,221,825	-	26,899,290	-	18,942,002	245,264,537
2019	245,264,537	-	18,514,288	-	18,644,584	245,394,833
2020	245,394,833	-	18,868,439	-	18,640,888	245,167,282
2021	245,167,282	-	19,357,348	-	18,603,600	244,413,534
2022	244,413,534	-	19,756,684	-	18,528,280	243,185,130
2023	243,185,130	-	20,284,888	-	18,410,372	241,310,614
2024	241,310,614	-	20,685,979	-	18,246,442	238,871,077
2025	238,871,077	-	20,983,413	-	18,041,970	235,929,634
2026	235,929,634	-	21,395,053	-	17,793,336	232,327,917
2027	232,327,917	-	21,980,235	-	17,485,686	227,833,368
2028	227,833,368	-	22,496,005	-	17,110,244	222,447,607
2029	222,447,607	-	22,824,172	-	16,671,806	216,295,241
2030	216,295,241	-	23,112,018	-	16,174,399	209,357,622
2031	209,357,622	-	23,318,588	-	15,618,168	201,657,202
2032	201,657,202	-	23,503,382	-	15,002,535	193,156,355
2033	193,156,355	-	23,628,484	-	14,326,027	183,853,898
2034	183,853,898	-	23,666,867	-	13,589,617	173,776,648
2035	173,776,648	-	23,688,980	-	12,792,640	162,880,308
2036	162,880,308	-	23,563,208	-	11,936,798	151,253,898
2037	151,253,898	-	23,385,051	-	11,025,348	138,894,195
2038	138,894,195	-	23,207,005	-	10,055,965	125,743,155
2039	125,743,155	-	22,979,478	-	9,026,020	111,789,697
2040	111,789,697	-	22,738,867	-	7,933,201	96,984,031
2041	96,984,031	-	22,438,747	-	6,775,408	81,320,692
2042	81,320,692	-	22,073,459	-	5,552,433	64,799,666
2043	64,799,666	-	21,670,290	-	4,263,197	47,392,573
2044	47,392,573	-	21,233,845	-	2,905,276	29,064,004
2045	29,064,004	-	20,767,377	-	1,475,745	9,772,372
2046	9,772,372	-	20,274,903	-	-	-

\*All DROP, Share and Excess State Money Reserve Balances paid in 2018.

Number of Years Expected Benefit Payments Sustained: 28.48

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	253,221,825	-	26,899,290	-	14,146,559	240,469,094
2019	240,469,094	-	18,514,288	-	13,641,505	235,596,311
2020	235,596,311	-	18,868,439	-	13,343,563	230,071,435
2021	230,071,435	-	19,357,348	-	13,003,173	223,717,260
2022	223,717,260	-	19,756,684	-	12,616,496	216,577,072
2023	216,577,072	-	20,284,888	-	12,179,643	208,471,827
2024	208,471,827	-	20,685,979	-	11,689,601	199,475,449
2025	199,475,449	-	20,983,413	-	11,150,041	189,642,077
2026	189,642,077	-	21,395,053	-	10,557,728	178,804,752
2027	178,804,752	-	21,980,235	-	9,901,063	166,725,580
2028	166,725,580	-	22,496,005	-	9,173,177	153,402,752
2029	153,402,752	-	22,824,172	-	8,377,449	138,956,029
2030	138,956,029	-	23,112,018	-	7,516,601	123,360,612
2031	123,360,612	-	23,318,588	-	6,590,378	106,632,402
2032	106,632,402	-	23,503,382	-	5,597,962	88,726,982
2033	88,726,982	-	23,628,484	-	4,537,852	69,636,350
2034	69,636,350	-	23,666,867	-	3,410,372	49,379,855
2035	49,379,855	-	23,688,980	-	2,214,587	27,905,462
2036	27,905,462	-	23,563,208	-	951,308	5,293,562
2037	5,293,562	-	23,385,051	-	-	-

\*All DROP, Share and Excess State Money Reserve Balances paid in 2018.

Number of Years Expected Benefit Payments Sustained: 19.23

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
Total Required Contribution (Fixed \$)	\$8,509,968	\$14,294,527
Total Required Contribution (% of Payroll)	34.03%	57.16%
Expected Member Contribution	2,012,464	2,012,464
Expected State Money	1,132,133	1,132,133
Expected Sponsor Contribution (Fixed \$)	\$5,365,371	\$11,149,930
Expected Sponsor Contribution (% of Payroll)	21.45%	44.58%
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<b><u>ASSETS</u></b>		
Actuarial Value (AVA) <sup>1</sup>	240,646,321	240,646,321
Market Value (MVA) <sup>1</sup>	253,221,825	253,221,825
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<b><u>LIABILITIES</u></b>		
Present Value of Benefits		
Active Members		
Retirement Benefits	89,464,548	138,220,454
Disability Benefits	4,655,494	6,543,849
Death Benefits	767,259	1,163,320
Vested Benefits	437,546	757,624
Refund of Contributions	624,312	660,622
Service Retirees	171,656,121	210,884,651
DROP Retirees <sup>1</sup>	37,249,704	45,791,817
Beneficiaries	7,822,016	9,312,122
Disability Retirees	4,544,298	5,426,816
Terminated Vested	1,686,349	2,330,793
Excess State Monies Reserve	951,203	951,203
Total:	<u>321,312,827</u>	<u>423,497,248</u>
Present Value of Future Salaries	197,512,242	222,020,933
Present Value of Future Member Contributions	15,949,825	17,932,445
Total Normal Cost	3,842,440	6,148,818
Present Value of Future Normal Costs (Entry Age Normal)	33,343,052	60,267,614
Actuarial Accrued Liability (EAN AL)	287,969,775	363,229,634
Unfunded Actuarial Accrued Liability (UAAL)	47,323,454	122,583,313

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
<b><u>PENSION COST</u></b>		
Normal Cost (with interest)	4,114,043	6,520,114
Estimated Administrative Expenses	748,779	741,576
Payment Required to Amortize UAAL (with interest)	3,647,146	7,032,837
Total Required Contribution	\$8,509,968	\$14,294,527

<sup>1</sup> The asset values and liabilities include accumulated DROP, Share and Excess State Money Reserve Balances as of 9/30/2018.