

March 4, 2020

Mr. William Johnston
City of Gainesville
General Employees' Pension Plan
P.O. Box 490, Station 8
Gainesville, FL 32602

RE: GASB Statement No.67 and No.68 – City of Gainesville General Employees' Pension Plan

Dear Mr. Johnston:

We are pleased to present a GASB Statement No.67 and No.68 measured as of September 30, 2019 for the City of Gainesville General Employees' Pension Plan. This letter replaces the draft letter dated December 20, 2019.

The calculation of the liability associated with the benefits referenced in this report was performed for satisfying the requirements of GASB No.67 and No.68 and is not applicable for other purposes, such as determining the plan's funding requirements. A calculation of the plan's liability for other purposes may produce significantly different results.

The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on an actuarial valuation as of October 1, 2018. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ending September 30, 2019 using generally accepted actuarial principles. It is our opinion that the assumptions used for this purpose are internally consistent, reasonable, and comply with the requirements under GASB No.67 and No.68.

Certain schedules should include a 10-year history of information. As provided for in GASB No.67 and No.68, this historical information is only presented for the years in which the information was measured in conformity with the requirements of GASB No.67 and No.68.

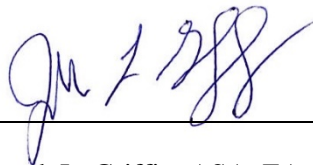
To the best of our knowledge, these statements are complete and accurate and are in accordance with generally recognized actuarial practices and methods. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including changes 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 contact me at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.

By:



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

Enclosures

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2019

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Equity in Pooled Cash	2,044,175
Total Cash and Equivalents	2,044,175
Total Investments	413,316,233
Total Assets	415,360,408
<u>LIABILITIES</u>	
Payables:	
Accounts Payable	69,098
Accrued Payroll	4,294
Total Liabilities	73,392
NET POSITION RESTRICTED FOR PENSIONS	415,287,016

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2019
Market Value Basis

ADDITIONS

Contributions:		
Employer	16,939,286	
Employee	4,602,400	
Buy-Back	121,500	
 Total Contributions		 21,663,186
Investment Income:		
Net Increase in Fair Value of Investments	(8,876,082)	
Interest & Dividends	8,114,659	
Less Investment Expense ¹	(1,969,943)	
 Net Investment Income		 (2,731,366)
 Other		 0
 Total Additions		 18,931,820

DEDUCTIONS

Distributions to Members:		
Benefit Payments - Regular Pension	32,588,558	
Benefit Payments - Disability Pension	196,505	
Refund of Contributions	512,458	
Retiree DROP Payouts & Rollovers	2,271,385	
 Total Distributions		 35,568,906
 Administrative Expense		 584,033
 Total Deductions		 36,152,939
 Net Increase in Net Position		 (17,221,119)
 NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		432,508,135
 End of the Year		 415,287,016

¹Investment related expenses include investment advisory, custodial and performance monitoring fees.

NOTES TO THE FINANCIAL STATEMENTS
(For the Year Ended September 30, 2019)

Plan Administration

The Employees' Plan is a contributory defined benefit single-employer pension plan that covers all permanent employees of the City, except certain personnel who elected to participate in the Defined Contribution Plan and who were grandfathered into that plan, and police officers and firefighters who participate in the Consolidated Plan. Benefits and refunds of the defined benefit pension plan are recognized when due and payable in accordance with the terms of the plan. The costs of administering the plan, like other plan costs, are captured within the plan itself and financed through contribution and investment income, as appropriate.

Plan Membership as of October 1, 2018:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	1,352
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	428
Active Plan Members	1,553
	3,333

Benefits Provided

The Plan provides retirement, termination, disability and death benefits. A summary of the benefit provisions can be found in the October 1, 2018 Actuarial Valuation Report for the City of Gainesville General Employees Pension Plan prepared by Foster & Foster Actuaries and Consultants.

Contributions

Member Contributions: 5% of Earnings.
Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes.

Investment Policy:

The following was the Board's adopted asset allocation policy as of September 30, 2019:

Asset Class	Target Allocation
Domestic Equity	47.00%
International Equity	28.00%
Broad Market Fixed Income	8.00%
Real Estate	12.00%
Alternative	5.00%
Total	100.00%

Concentrations:

The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan's Fiduciary Net Position.

Rate of Return:

For the year ended September 30, 2019, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was -0.64 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deferred Retirement Option Program

Eligibility: A member who has earned at least 27 years of Credited Service.
Participation: Members may participate for a maximum of 60 months or the attainment of 35 years of service.
Rate of Return: DROP benefits accumulate with interest as follows:

- For those who enter DROP on or before October 1, 2012 - 6.0% per year.
- For those who enter DROP after October 1, 2012 - 2.25% per year.
- For those who enter DROP on or after May 1, 2016 - One-time election for interest to accrue at (1) 2.25% per year or (2) a variable rate between 0.0% and 4.5% per year based on the plan's actual return for the previous plan year.

The DROP balance as September 30, 2019 is \$4,624,441.

NET PENSION LIABILITY OF THE SPONSOR

The components of the Net Pension Liability of the Sponsor on September 30, 2019 were as follows:

Total Pension Liability	\$ 585,350,537
Plan Fiduciary Net Position	\$ (415,287,016)
Sponsor's Net Pension Liability	<u>\$ 170,063,521</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	70.95%

Actuarial Assumptions:

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2018 updated to September 30, 2019 using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	Service based
Discount Rate	7.90%
Investment Rate of Return	7.90%

Mortality Rate Healthy Active Lives:

Female: RP2000 Generational, 100% Combined Healthy White Collar, Scale BB.

Male: RP2000 Generational, 50% Combined Healthy White Collar / 50% Combined Healthy Blue Collar, Scale BB.

Mortality Rate Healthy Inactive Lives:

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.

Male: RP2000 Generational, 50% Annuitant White Collar / 50% Annuitant Blue Collar, Scale BB.

Mortality Rate Disabled Lives:

Female: 100% RP2000 Disabled Female set forward two years.

Male: 100% RP2000 Disabled Male setback four years.

The assumed rates of mortality are mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumption used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in the July 1, 2018 FRS actuarial valuation report for non-special risk lives. We feel this assumption sufficiently accommodates future mortality improvements.

The most recent actuarial experience study used to review the other significant assumptions is unknown.

The Long-Term Expected Rate of Return on Pension Plan investments can be 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 expenses and inflation) are developed for each major asset class.

For 2019 the inflation rate assumption of the investment advisor was 2.50%.

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 geometric real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	7.50%
International Equity	8.50%
Broad Market Fixed Income	2.50%
Real Estate	4.50%
Alternative	7.00%

GASB 67

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.90 percent.

The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan'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 Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

	1% Decrease	Current Discount Rate	1% Increase
	6.90%	7.90%	8.90%
Sponsor's Net Pension Liability	\$ 236,933,522	\$ 170,063,521	\$ 114,028,644

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

	09/30/2019	09/30/2018	09/30/2017 ¹
Total Pension Liability			
Service Cost	7,962,015	8,196,544	8,355,553
Interest	43,726,387	42,877,827	39,934,706
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	6,644,543	(5,088,593)	7,646,058
Transfer from Disability Plan	-	-	-
Changes of assumptions	6,062,725	5,721,214	21,041,875
One time adjustment for DROP account balances	-	-	10,038,916
Contributions - Buy Back	121,500	89,300	-
Benefit Payments, including Refunds of Employee Contributions	(35,568,906)	(33,106,728)	(34,963,352)
Net Change in Total Pension Liability	28,948,264	18,689,564	52,053,756
Total Pension Liability - Beginning	556,402,274	537,712,710	485,658,954
Total Pension Liability - Ending (a)	<u>\$ 585,350,538</u>	<u>\$ 556,402,274</u>	<u>\$ 537,712,710</u>
Plan Fiduciary Net Position			
Contributions - Employer	16,939,286	16,372,689	14,654,934
Contributions - Employee	4,602,400	4,317,403	4,829,122
Contributions - Buy Back	121,500	89,300	-
Net Investment Income	(2,731,366)	49,219,793	58,605,302
Transfer from Disability Plan	-	-	-
Benefit Payments, including Refunds of Employee Contributions	(35,568,906)	(33,106,728)	(38,469,162)
Administrative Expense	(584,033)	(697,884)	(604,905)
Other	-	-	-
Net Change in Plan Fiduciary Net Position	(17,221,119)	36,194,573	39,015,291
Plan Fiduciary Net Position - Beginning	432,508,135	396,313,562	357,298,271
Plan Fiduciary Net Position - Ending (b)	<u>\$ 415,287,016</u>	<u>\$ 432,508,135</u>	<u>\$ 396,313,562</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 170,063,522</u>	<u>\$ 123,894,139</u>	<u>\$ 141,399,148</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	70.95%	77.73%	73.70%
Covered Payroll	\$ 92,048,000	\$ 89,976,976	\$ 91,143,976
Net Pension Liability as a percentage of Covered Payroll	184.76%	137.70%	155.14%

Note to Schedule:

¹ From 2017 CAFR, City of Gainesville, FL.

Changes of assumptions:

For measurement date 09/30/2019, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 8.00% to 7.90%. Additionally, the inflation assumption rate was lowered from 3.75% to 2.50%.

For measurement date 09/30/2018, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 8.10% to 8.00%.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

	09/30/2016 ¹	09/30/2015 ¹	09/30/2014 ¹
Total Pension Liability			
Service Cost	7,789,638	7,153,541	6,612,646
Interest	38,189,162	35,741,289	36,171,225
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	1,125,190	1,954,558	1,105,967
Transfer from Disability Plan	-	2,455,848	-
Changes of assumptions	4,860,706	15,880,346	-
One time adjustment for DROP account balances	-	-	-
Contributions - Buy Back	-	-	-
Benefit Payments, including Refunds of Employee Contributions	(37,252,988)	(28,306,207)	(31,819,142)
Net Change in Total Pension Liability	14,711,708	34,879,375	12,070,696
Total Pension Liability - Beginning	470,947,246	436,067,871	423,997,175
Total Pension Liability - Ending (a)	\$485,658,954	\$470,947,246	\$436,067,871
Plan Fiduciary Net Position			
Contributions - Employer	13,481,032	11,746,935	11,519,431
Contributions - Employee	7,947,069	4,429,289	4,260,476
Contributions - Buy Back	-	-	-
Net Investment Income	39,190,078	(2,486,089)	34,176,892
Transfer from Disability Plan	-	2,320,442	-
Benefit Payments, including Refunds of Employee Contributions	(37,252,988)	(28,306,207)	(26,161,924)
Administrative Expense	(670,867)	(580,988)	(613,886)
Other	-	-	-
Net Change in Plan Fiduciary Net Position	22,694,324	(12,876,618)	23,180,989
Plan Fiduciary Net Position - Beginning	334,603,947	347,480,565	324,299,576
Plan Fiduciary Net Position - Ending (b)	\$357,298,271	\$334,603,947	\$347,480,565
Net Pension Liability - Ending (a) - (b)	\$128,360,683	\$136,343,299	\$88,587,306
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	73.57%	71.05%	79.68%
Covered Payroll	\$80,223,575	\$79,930,261	\$81,654,532
Net Pension Liability as a percentage of Covered Payroll	160.00%	170.58%	108.49%

Note to Schedule:¹ From 2017 CAFR, City of Gainesville, FL.

SCHEDULE OF CITY CONTRIBUTIONS
Last 10 Fiscal Years

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Total Contributions as a percentage of Covered Payroll
09/30/2019	\$ 16,939,286	\$ 16,939,286	\$ -	\$ 92,048,000	18.40%
09/30/2018	\$ 16,777,348	\$ 16,372,689	\$ 404,659	\$ 89,976,976	18.20%
09/30/2017 ¹	\$ 14,654,934	\$ 14,654,934	\$ -	\$ 91,143,976	16.08%
09/30/2016 ¹	\$ 13,481,032	\$ 13,481,032	\$ -	\$ 80,223,575	16.80%
09/30/2015 ¹	\$ 13,211,521	\$ 12,224,716	\$ 986,805	\$ 79,930,261	15.29%
09/30/2014 ¹	\$ 12,700,223	\$ 11,995,271	\$ 704,952	\$ 81,654,532	14.69%
09/30/2013 ¹	\$ 10,927,391	\$ 10,206,334	\$ 721,057	\$ 80,365,984	12.70%

¹ From 2017 CAFR, City of Gainesville, FL.

Notes to Schedule

Valuation Date: 10/01/2017

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method: The method used to determine Normal Cost and Accrued Actuarial Liability is the Entry Age Normal Cost Method.

Decrements: *Healthy Inactive Mortality:*
 Female: RP-2000 Annuitant Table with White Collar Adjustment projected generationally with Mortality Improvement Scale BB.
 Male: RP-2000 Annuitant Table with 50% White Collar and 50% Blue Collar Adjustment projected generationally with Mortality Improvement Scale BB.
Healthy Active Mortality:
 Female: RP-2000 Combined Healthy Table with White Collar Adjustment projected generationally with Mortality Improvement Scale BB.
 Male: RP-2000 Combined Healthy Table with 50% White Collar and 50% Blue Collar Adjustment projected
Disabled Mortality:
 Female: RP-2000 Disabled Female Retiree Table set forward two years.
 Male: RP-2000 Disabled Male Retiree Table set back four years

Retirement: See tables on page 25 of the 10/01/2017 Valuation.

Permanent Withdrawal from Active Status: See tables on page 25 of the 10/01/2017 Valuation.

Disability: Representative values of the assumed annual rates of disability among members in active service are set forth in the following table. Two-thirds of disabilities are assumed to be ordinary and one-third is assumed to be service-related. 30% of disabilities are assumed to qualify for Social Security benefits.

Age	Males	Females
25	0.0300%	0.0100%
30	0.0580%	0.0250%
35	0.0730%	0.0480%
40	0.1020%	0.0750%
45	0.1880%	0.1650%
50	0.3130%	0.2850%
55	0.5230%	0.4780%
60	0.6860%	0.5990%
65	0.2390%	0.1500%

Interest Rates: 8.00% per annum. This interest rate is assumed to be net of investment expenses and commissions.

Marriage Assumption: *Percent Married:*
100% of members are assumed to be married

Age Difference Between Spouses:
Male spouses are assumed to be two years older than female spouses.

Salary Increases: Salaries are assumed to increase at the annual rates set forth in the following table:

Years of Service	Rate
6 and Under	5.00%
7-11	4.00%
Over 11	3.00%

Assets: The actuarial value of assets is based on a method which fully recognizes benefit payments, expenses, contributions, interest and dividends for the year, and recognizes gains or losses in the fair market value of assets at the rate of 20% per year. The result cannot be greater than 120% of market value or less than 80% of market value.

Unfunded Liability Bases and Funding Period (Pursuant to Chapter 112, Florida Statutes) All unfunded liability bases which were established prior to October 1, 2004, as well as those bases established as of that date, were combined into a single, “fresh-start” base effective October 1, 2004. Prior to the October 1, 2016 valuation, this base and new bases established after October 1, 2004 were amortized over a period of 30 years, with a one-year delay in payment.

Effective with the October 1, 2016 valuation, outstanding bases as of October 1, 2015 were re-amortized over their remaining periods without regard to the one-year delay in payment. Those bases were then rolled forward to October 1, 2016. New based established at October 1, 2016 and later will be amortized over a period of 30 years, which period is within the maximum amortization period allowed by Chapter 112.64, Florida Statutes. In addition, the annual payment towards the unfunded actuarial accrued liability has been determined as a level percentage of payroll. Total payroll has been assumed to increase at the rate of 4.50% per annum.

Vacation Payout and Accumulated Sick Leave: Service credits were adjusted by 0.15 year for employees in the paid-time-off (PTO) program and 0.25 year for employees not in the PTO program for benefit determination to recognize any accumulated unused sick leave. Final year of earnings was increased by 10% if service greater than 24, 8% if service greater than 17, 6% if service greater than 12, 4% if service greater than 7 and 2% if service 7 or less for benefit determination for non-PTO employees to recognize credits for special pay. No final earnings adjustment was made for PTO employees.

SCHEDULE OF INVESTMENT RETURNS
Last 10 Fiscal Years

Fiscal Year Ended	Annual Money-Weighted Rate of Return Net of Investment Expense
09/30/2019	-0.64%
09/30/2018	12.63%
09/30/2017 ¹	11.84%
09/30/2016 ¹	11.84%
09/30/2015 ¹	-0.74%
09/30/2014 ¹	10.61%

¹ From 2017 CAFR, City of Gainesville, FL.

NOTES TO THE FINANCIAL STATEMENTS
(For the Year Ended September 30, 2019)

General Information about the Pension Plan

Plan Description

The Employees' Plan is a contributory defined benefit single-employer pension plan that covers all permanent employees of the City, except certain personnel who elected to participate in the Defined Contribution Plan and who were grandfathered into that plan, and police officers and firefighters who participate in the Consolidated Plan. Benefits and refunds of the defined benefit pension plan are recognized when due and payable in accordance with the terms of the plan. The costs of administering the plan, like other plan costs, are captured within the plan itself and financed through contribution and investment income, as appropriate. All full-time, permanent employees of the City of Gainesville (except police officers and firefighters) or the Gainesville Gas Company are eligible for membership in the Plan upon date of hire.

Plan Membership as of October 1, 2018:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	1,352
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	428
Active Plan Members	<u>1,553</u>
	<u><u>3,333</u></u>

Benefits Provided

The Plan provides retirement, termination, disability and death benefits. A summary of the benefit provisions can be found in the October 1, 2018 Actuarial Valuation Report for the City of Gainesville General Employees Pension Plan prepared by Foster & Foster Actuaries and Consultants.

Contributions

Member Contributions: 5% of Earnings.
Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes.

Net Pension Liability

The measurement date is September 30, 2019.
The measurement period for the pension expense was October 1, 2018 to September 30, 2019.
The reporting period is October 1, 2018 through September 30, 2019.

The Sponsor's Net Pension Liability was measured as of September 30, 2019.
The Total Pension Liability used to calculate the Net Pension Liability was determined as of that date.

Actuarial Assumptions:

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2018 updated to September 30, 2019 using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	Service based
Discount Rate	7.90%
Investment Rate of Return	7.90%

Mortality Rate Healthy Active Lives:

Female: RP2000 Generational, 100% Combined Healthy White Collar, Scale BB.

Male: RP2000 Generational, 50% Combined Healthy White Collar / 50% Combined Healthy Blue Collar, Scale BB.

Mortality Rate Healthy Inactive Lives:

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.

Male: RP2000 Generational, 50% Annuitant White Collar / 50% Annuitant Blue Collar, Scale BB.

Mortality Rate Disabled Lives:

Female: 100% RP2000 Disabled Female set forward two years.

Male: 100% RP2000 Disabled Male setback four years.

The assumed rates of mortality are mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumption used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in the July 1, 2018 FRS actuarial valuation report for non-special risk lives. We feel this assumption sufficiently accommodates future mortality improvements.

The most recent actuarial experience study used to review the other significant assumptions is unknown.

The Long-Term Expected Rate of Return on Pension Plan investments can be 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 expenses and inflation) are developed for each major asset class.

For 2019 the inflation rate assumption of the investment advisor was 2.50%.

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 geometric real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	47.00%	7.50%
International Equity	28.00%	8.50%
Broad Market Fixed Income	8.00%	2.50%
Real Estate	12.00%	4.50%
Alternative	5.00%	7.00%
Total	100.00%	

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.90 percent.

The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan'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 Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances at September 30, 2018	\$ 556,402,274	\$ 432,508,135	\$ 123,894,139
Changes for a Year:			
Service Cost	7,962,015	-	7,962,015
Interest	43,726,387	-	43,726,387
Differences between Expected and Actual Experience	6,644,543	-	6,644,543
Changes of assumptions	6,062,725	-	6,062,725
Changes of benefit terms	-	-	-
Contributions - Employer	-	16,939,286	(16,939,286)
Contributions - Employee	-	4,602,400	(4,602,400)
Contributions - Buy Back	121,500	121,500	-
Net Investment Income	-	(2,731,366)	2,731,366
Benefit Payments, including Refunds of Employee Contributions	(35,568,906)	(35,568,906)	-
Administrative Expense	-	(584,033)	584,033
Other Changes	-	-	-
Net Changes	28,948,264	(17,221,119)	46,169,383
Balances at September 30, 2019	\$ 585,350,538	\$ 415,287,016	\$ 170,063,522

Sensitivity of the Net Pension Liability to changes in the Discount Rate.

	Current Discount		
	1% Decrease	Rate	1% Increase
	6.90%	7.90%	8.90%
Sponsor's Net Pension Liability	\$ 236,933,522	\$ 170,063,522	\$ 114,028,644

Pension Plan Fiduciary Net Position.

Detailed information about the pension Plan's Fiduciary Net Position is available in a separately issued Plan financial report.

**PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED
INFLOWS OF RESOURCES RELATED TO PENSIONS**

For the year ended September 30, 2019, the Sponsor will recognize a Pension Expense of \$28,003,352.

On September 30, 2019, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	8,793,725	2,968,345
Changes of assumptions	19,803,879	-
Net difference between Projected and Actual Earnings on Pension Plan investments	<u>4,349,873</u>	<u>-</u>
Total	<u>\$ 32,947,477</u>	<u>\$ 2,968,345</u>

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in Pension Expense as follows:

Year ended September 30:	
2020	\$ 7,876,922
2021	\$ 5,742,079
2022	\$ 6,468,192
2023	\$ 9,891,939
2024	\$ -
Thereafter	\$ -

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

	09/30/2019	09/30/2018	09/30/2017 ¹
Total Pension Liability			
Service Cost	7,962,015	8,196,544	8,355,553
Interest	43,726,387	42,877,827	39,934,706
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	6,644,543	(5,088,593)	7,646,058
Transfer from Disability Plan	-	-	-
Changes of assumptions	6,062,725	5,721,214	21,041,875
One time adjustment for DROP account balances	-	-	10,038,916
Contributions - Buy Back	121,500	89,300	-
Benefit Payments, including Refunds of Employee Contributions	(35,568,906)	(33,106,728)	(34,963,352)
Net Change in Total Pension Liability	28,948,264	18,689,564	52,053,756
Total Pension Liability - Beginning	556,402,274	537,712,710	485,658,954
Total Pension Liability - Ending (a)	\$ 585,350,538	\$ 556,402,274	\$ 537,712,710
Plan Fiduciary Net Position			
Contributions - Employer	16,939,286	16,372,689	14,654,934
Contributions - Employee	4,602,400	4,317,403	4,829,122
Contributions - Buy Back	121,500	89,300	-
Net Investment Income	(2,731,366)	49,219,793	58,605,302
Transfer from Disability Plan	-	-	-
Benefit Payments, including Refunds of Employee Contributions	(35,568,906)	(33,106,728)	(38,469,162)
Administrative Expense	(584,033)	(697,884)	(604,905)
Other	-	-	-
Net Change in Plan Fiduciary Net Position	(17,221,119)	36,194,573	39,015,291
Plan Fiduciary Net Position - Beginning	432,508,135	396,313,562	357,298,271
Plan Fiduciary Net Position - Ending (b)	\$ 415,287,016	\$ 432,508,135	\$ 396,313,562
Net Pension Liability - Ending (a) - (b)	\$ 170,063,522	\$ 123,894,139	\$ 141,399,148
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	70.95%	77.73%	73.70%
Covered Payroll	\$ 92,048,000	\$ 89,976,976	\$ 91,143,976
Net Pension Liability as a percentage of Covered Payroll	184.76%	137.70%	155.14%

Note to Schedule:

¹ From 2017 CAFR, City of Gainesville, FL.

Changes of assumptions:

For measurement date 09/30/2019, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 8.00% to 7.90%. Additionally, the inflation assumption rate was lowered from 3.75% to 2.50%.

For measurement date 09/30/2018, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 8.10% to 8.00%.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

	09/30/2016 ¹	09/30/2015 ¹	09/30/2014 ¹
Total Pension Liability			
Service Cost	7,789,638	7,153,541	6,612,646
Interest	38,189,162	35,741,289	36,171,225
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	1,125,190	1,954,558	1,105,967
Transfer from Disability Plan	-	2,455,848	-
Changes of assumptions	4,860,706	15,880,346	-
One time adjustment for DROP account balances	-	-	-
Contributions - Buy Back	-	-	-
Benefit Payments, including Refunds of Employee Contributions	(37,252,988)	(28,306,207)	(31,819,142)
Net Change in Total Pension Liability	14,711,708	34,879,375	12,070,696
Total Pension Liability - Beginning	470,947,246	436,067,871	423,997,175
Total Pension Liability - Ending (a)	\$ 485,658,954	\$ 470,947,246	\$ 436,067,871
Plan Fiduciary Net Position			
Contributions - Employer	13,481,032	11,746,935	11,519,431
Contributions - Employee	7,947,069	4,429,289	4,260,476
Contributions - Buy Back	-	-	-
Net Investment Income	39,190,078	(2,486,089)	34,176,892
Transfer from Disability Plan	-	2,320,442	-
Benefit Payments, including Refunds of Employee Contributions	(37,252,988)	(28,306,207)	(26,161,924)
Administrative Expense	(670,867)	(580,988)	(613,886)
Other	-	-	-
Net Change in Plan Fiduciary Net Position	22,694,324	(12,876,618)	23,180,989
Plan Fiduciary Net Position - Beginning	334,603,947	347,480,565	324,299,576
Plan Fiduciary Net Position - Ending (b)	\$ 357,298,271	\$ 334,603,947	\$ 347,480,565
Net Pension Liability - Ending (a) - (b)	\$ 128,360,683	\$ 136,343,299	\$ 88,587,306
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	73.57%	71.05%	79.68%
Covered Payroll	\$ 80,223,575	\$ 79,930,261	\$ 81,654,532
Net Pension Liability as a percentage of Covered Payroll	160.00%	170.58%	108.49%

Note to Schedule:¹ From 2017 CAFR, City of Gainesville, FL.

SCHEDULE OF CITY CONTRIBUTIONS
Last 10 Fiscal Years

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Total Contributions as a percentage of Covered Payroll
09/30/2019	\$ 16,939,286	\$ 16,939,286	\$ -	\$ 92,048,000	18.40%
09/30/2018	\$ 16,777,348	\$ 16,372,689	\$ 404,659	\$ 89,976,976	18.20%
09/30/2017 ¹	\$ 14,654,934	\$ 14,654,934	\$ -	\$ 91,143,976	16.08%
09/30/2016 ¹	\$ 13,481,032	\$ 13,481,032	\$ -	\$ 80,223,575	16.80%
09/30/2015 ¹	\$ 13,211,521	\$ 12,224,716	\$ 986,805	\$ 79,930,261	15.29%
09/30/2014 ¹	\$ 12,700,223	\$ 11,995,271	\$ 704,952	\$ 81,654,532	14.69%
09/30/2013 ¹	\$ 10,927,391	\$ 10,206,334	\$ 721,057	\$ 80,365,984	12.70%

¹ From 2017 CAFR, City of Gainesville, FL.

Notes to Schedule

Valuation Date: 10/01/2017

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Decrements:

Healthy Inactive Mortality:

Female: RP-2000 Annuitant Table with White Collar Adjustment projected generationally with Mortality Improvement Scale BB.

Male: RP-2000 Annuitant Table with 50% White Collar and 50% Blue Collar Adjustment projected generationally with Mortality Improvement Scale BB.

Healthy Active Mortality:

Female: RP-2000 Combined Healthy Table with White Collar Adjustment projected generationally with Mortality Improvement Scale BB.

Male: RP-2000 Combined Healthy Table with 50% White Collar and 50% Blue

Disabled Mortality:

Female: RP-2000 Disabled Female Retiree Table set forward two years.

Male: RP-2000 Disabled Male Retiree Table set back four years

Retirement:

See tables on page 25 of the 10/01/2017 Valuation.

Permanent Withdrawal from Active Status:

See tables on page 25 of the 10/01/2017 Valuation.

Disability:

Representative values of the assumed annual rates of disability among members in active service are set forth in the following table. Two-thirds of disabilities are assumed to be ordinary and one-third is assumed to be service-related. 30% of disabilities are assumed to qualify for Social Security benefits.

Age	Males	Females
25	0.0300%	0.0100%
30	0.0580%	0.0250%
35	0.0730%	0.0480%
40	0.1020%	0.0750%
45	0.1880%	0.1650%
50	0.3130%	0.2850%
55	0.5230%	0.4780%
60	0.6860%	0.5990%
65	0.2390%	0.1500%

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Interest Rates: 8.00% per annum. This interest rate is assumed to be net of investment expenses and
 Marriage Assumption: *Percent Married:*

100% of members are assumed to be married

Age Difference Between Spouses:

Male spouses are assumed to be two years older than female spouses.

Salary Increases:

Salaries are assumed to increase at the annual rates set forth in the following table:

Years of Service	Rate
6 and Under	5.00%
7-11	4.00%
Over 11	3.00%

Assets:

The actuarial value of assets is based on a method which fully recognizes benefit payments, expenses, contributions, interest and dividends for the year, and recognizes gains or losses in the fair market value of assets at the rate of 20% per year. The result cannot be greater than 120% of market value or less than 80% of market value.

Unfunded Liability Bases and Funding Period (Pursuant to Chapter 112, Florida Statutes)

All unfunded liability bases which were established prior to October 1, 2004, as well as those bases established as of that date, were combined into a single, "fresh-start" base effective October 1, 2004. Prior to the October 1, 2016 valuation, this base and new bases established after October 1, 2004 were amortized over a period of 30 years, with a one-year delay in payment.

Effective with the October 1, 2016 valuation, outstanding bases as of October 1, 2015 were re-amortized over their remaining periods without regard to the one-year delay in payment. Those bases were then rolled forward to October 1, 2016. New bases established at October 1, 2016 and later will be amortized over a period of 30 years, which period is within the maximum amortization period allowed by Chapter 112.64, Florida Statutes. In addition, the annual payment towards the unfunded actuarial accrued liability has been determined as a level.

Vacation Payout and Accumulated Sick Leave:

Service credits were adjusted by 0.15 year for employees in the paid-time-off (PTO) program and 0.25 year for employees not in the PTO program for benefit determination to recognize any accumulated unused sick leave. Final year of earnings was increased by 10% if service greater than 24, 8% if service greater than 17, 6% if service greater than 12, 4% if service greater than 7 and 2% if service 7 or less for benefit determination for non-PTO employees to recognize credits for special pay. No final earnings adjustment was made for PTO employees.

EXPENSE DEVELOPMENT AND AMORTIZATION SCHEDULES

The following information is not required to be disclosed but is provided for informational purposes.

COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2019

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 123,894,139	\$ 41,052,231	\$ 35,926,046	\$ -
Total Pension Liability Factors:				
Service Cost	7,962,015	-	-	7,962,015
Interest	43,726,387	-	-	43,726,387
Changes in benefit terms	-	-	-	-
Contributions - Buy Back	121,500	-	-	121,500
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	6,644,543	-	6,644,543	-
Current year amortization of experience difference	-	(1,060,124)	(3,449,501)	2,389,377
Change in assumptions about future economic or demographic factors or other inputs	6,062,725	-	6,062,725	-
Current year amortization of change in assumptions	-	-	(10,358,089)	10,358,089
Benefit Payments, including Refunds of Employee Contributions	(35,568,906)	-	-	-
Net change	<u>28,948,264</u>	<u>(1,060,124)</u>	<u>(1,100,322)</u>	<u>64,557,368</u>
Plan Fiduciary Net Position:				
Contributions - Employer	16,939,286	-	-	-
Contributions - Employee	4,602,400	-	-	(4,602,400)
Contributions - Buy Back	121,500	-	-	(121,500)
Projected Net Investment Income	34,021,061	-	-	(34,021,061)
Difference between projected and actual earnings on Pension Plan investments	(36,752,427)	-	36,752,427	-
Current year amortization	-	(11,971,695)	(13,578,607)	1,606,912
Benefit Payments, including Refunds of Employee Contributions	(35,568,906)	-	-	-
Administrative Expenses	(584,033)	-	-	584,033
Other	-	-	-	-
Net change	<u>(17,221,119)</u>	<u>(11,971,695)</u>	<u>23,173,820</u>	<u>(36,554,016)</u>
Ending Balance	<u>\$ 170,063,522</u>	<u>\$ 28,020,412</u>	<u>\$ 57,999,544</u>	<u>\$ 28,003,352</u>

AMORTIZATION SCHEDULE - INVESTMENTS

Increase (Decrease) in Pension Expense Arising from the Recognition of the of Differences Between Projected and Actual Earnings on Pension Plan Investments

Plan Year Ending	Differences Between Projected and Actual Earnings	Recognition Period (Years)	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
2019	\$ 36,752,427	5	\$ 7,350,487	\$ 7,350,485	\$ 7,350,485	\$ 7,350,485	\$ 7,350,485	\$ -	\$ -	\$ -	\$ -	\$ -
2018	\$ (17,645,916)	5	\$ (3,529,183)	\$ (3,529,183)	\$ (3,529,183)	\$ (3,529,184)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ (30,110,034)	5	\$ (6,022,007)	\$ (6,022,007)	\$ (6,022,006)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ (12,102,524)	5	\$ (2,420,505)	\$ (2,420,504)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ 31,140,596	5	\$ 6,228,120	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 1,606,912	\$ (4,621,209)	\$ (2,200,704)	\$ 3,821,301	\$ 7,350,485	\$ -	\$ -	\$ -	\$ -	\$ -

AMORTIZATION SCHEDULE - CHANGES OF ASSUMPTIONS

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Changes of Assumptions

Plan Year Ending	Changes of Assumptions	Recognition Period (Years)	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
2019	\$ 6,062,725	5.0	\$ 1,212,545	\$ 1,212,545	\$ 1,212,545	\$ 1,212,545	\$ 1,212,545	\$ -	\$ -	\$ -	\$ -	\$ -
2018	\$ 5,721,214	4.8	\$ 1,191,920	\$ 1,191,920	\$ 1,191,920	\$ 953,534	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ 21,043,627	4.9	\$ 4,294,618	\$ 4,294,618	\$ 3,865,155	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 4,858,954	5.8	\$ 1,012,282	\$ 809,826	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ 15,880,346	6.0	\$ 2,646,724	\$ 2,646,726	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 10,358,089	\$ 10,155,635	\$ 6,269,620	\$ 2,166,079	\$ 1,212,545	\$ -	\$ -	\$ -	\$ -	\$ -

AMORTIZATION SCHEDULE - EXPERIENCE

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Differences between Expected and Actual Experience

Plan Year Ending	Differences Between Expected and Actual Experience	Recognition Period (Years)	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
2019	\$ 6,644,543	5.0	\$ 1,328,907	\$ 1,328,909	\$ 1,328,909	\$ 1,328,909	\$ 1,328,909	\$ -	\$ -	\$ -	\$ -	\$ -
2018	\$ (5,088,593)	4.8	\$(1,060,124)	\$(1,060,124)	\$(1,060,124)	\$ (848,097)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ 7,646,058	4.9	\$ 1,560,420	\$ 1,560,420	\$ 1,404,378	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ 1,125,189	5.8	\$ 234,414	\$ 187,533	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ 1,954,558	6.0	\$ 325,760	\$ 325,758	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 2,389,377	\$ 2,342,496	\$ 1,673,163	\$ 480,812	\$ 1,328,909	\$ -	\$ -	\$ -	\$ -	\$ -