

CITY OF GAINESVILLE
GENERAL EMPLOYEES PENSION PLAN

SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2022 VALUATION DATE



November 14, 2023

VIA E-MAIL

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, 2022 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.

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.

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: _____



Joseph L. Griffin, ASA, EA, MAAA
Enrolled Actuary #23-6938

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, 2022 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, 2022 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, 2022 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, 2022

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Discount Rate:	7.75%	5.75%
<u>Total Pension Liability</u>		
Service Cost	9,941,415	15,540,545
Interest	48,135,336	45,385,956
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	13,619,109	17,415,085
Changes of Assumptions	10,137,250	14,655,550
Contributions - Buy Back	-	-
Benefit Payments, Including Refunds of Employee Contributions	(40,258,669)	(40,258,669)
Net Change in Total Pension Liability	41,574,441	52,738,467
Total Pension Liability - Beginning	619,495,966	773,842,282
Total Pension Liability - Ending (a)	<u>\$ 661,070,407</u>	<u>\$ 826,580,749</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	5,551,544	5,551,544
Contributions - Employee	5,331,766	5,331,766
Contributions - Buy Back	-	-
Net Investment Income	(144,078,947)	(144,078,947)
Benefit Payments, Including Refunds of Employee Contributions	(40,258,669)	(40,258,669)
Administrative Expenses	(478,628)	(478,628)
Net Change in Plan Fiduciary Net Position	(173,932,934)	(173,932,934)
Plan Fiduciary Net Position - Beginning	692,370,620	692,370,620
Adjustment to beginning of Year	2,408,232	2,408,232
Plan Fiduciary Net Position - Ending (b)	<u>\$ 520,845,918</u>	<u>\$ 520,845,918</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 140,224,489</u>	<u>\$ 305,734,831</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: Discount Rate = 7.75%

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
2022	520,845,918	-	46,734,292	-	38,554,605	512,666,231
2023	512,666,231	-	43,421,713	-	38,049,042	507,293,560
2024	507,293,560	-	44,963,148	-	37,572,929	499,903,341
2025	499,903,341	-	46,467,714	-	36,941,885	490,377,512
2026	490,377,512	-	47,873,399	-	36,149,163	478,653,276
2027	478,653,276	-	49,205,247	-	35,188,926	464,636,955
2028	464,636,955	-	50,323,007	-	34,059,347	448,373,295
2029	448,373,295	-	51,241,528	-	32,763,321	429,895,088
2030	429,895,088	-	52,021,644	-	31,301,031	409,174,475
2031	409,174,475	-	52,660,938	-	29,670,410	386,183,947
2032	386,183,947	-	53,153,443	-	27,869,560	360,900,064
2033	360,900,064	-	53,495,467	-	25,896,806	333,301,403
2034	333,301,403	-	53,704,872	-	23,749,795	303,346,326
2035	303,346,326	-	53,762,930	-	21,426,027	271,009,423
2036	271,009,423	-	53,627,012	-	18,925,184	236,307,595
2037	236,307,595	-	53,343,018	-	16,246,797	199,211,374
2038	199,211,374	-	52,847,836	-	13,391,028	159,754,566
2039	159,754,566	-	52,139,961	-	10,360,555	117,975,160
2040	117,975,160	-	51,273,039	-	7,156,245	73,858,366
2041	73,858,366	-	50,328,475	-	3,773,795	27,303,686
2042	27,303,686	-	49,266,718	-	-	-

*All DROP Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 20.55

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.75% 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: Discount Rate = 5.75%

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
2022	520,845,918	-	46,734,292	-	28,605,029	502,716,655
2023	502,716,655	-	43,421,713	-	27,657,833	486,952,775
2024	486,952,775	-	44,963,148	-	26,707,094	468,696,721
2025	468,696,721	-	46,467,714	-	25,614,115	447,843,122
2026	447,843,122	-	47,873,399	-	24,374,619	424,344,342
2027	424,344,342	-	49,205,247	-	22,985,149	398,124,244
2028	398,124,244	-	50,323,007	-	21,445,358	369,246,595
2029	369,246,595	-	51,241,528	-	19,758,485	337,763,552
2030	337,763,552	-	52,021,644	-	17,925,782	303,667,690
2031	303,667,690	-	52,660,938	-	15,946,890	266,953,642
2032	266,953,642	-	53,153,443	-	13,821,673	227,621,872
2033	227,621,872	-	53,495,467	-	11,550,263	185,676,668
2034	185,676,668	-	53,704,872	-	9,132,393	141,104,189
2035	141,104,189	-	53,762,930	-	6,567,807	93,909,066
2036	93,909,066	-	53,627,012	-	3,857,995	44,140,049
2037	44,140,049	-	53,343,018	-	-	-

*All DROP Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 15.83

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.75% 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, 2024

Valuation Date: 10/1/2022

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Investment Rate of Return:	7.75%	5.75%
Minimum Required Contribution (Fixed \$)	\$13,167,362	\$26,513,447
Minimum Required Contribution (% of Payroll)	12.11%	24.39%
Expected Member Contribution	5,436,304	5,436,304
Expected Sponsor Contribution (Fixed \$)	\$7,731,058	\$21,077,143
Expected Sponsor Contribution (% of Payroll)	7.11%	19.39%

ASSETS

Actuarial Value ¹	625,015,101	625,015,101
Market Value ¹	520,845,918	520,845,918

LIABILITIES

Present Value of Benefits

Actives

Retirement Benefits	233,175,420	347,969,836
Disability Benefits	7,252,729	10,075,400
Death Benefits	2,564,853	3,595,253
Vested Benefits	10,683,138	18,896,760
Refund of Contributions	1,205,688	1,243,927
Service Retirees	406,857,618	490,233,941
DROP Retirees ¹	32,189,912	39,420,350
Beneficiaries	26,638,902	31,474,788
Disability Retirees	2,067,971	2,392,229
Terminated Vested	17,304,488	24,058,544
Total:	<u>739,940,719</u>	<u>969,361,028</u>

Present Value of Future Salaries	909,371,828	1,035,903,161
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Present Value of Future Member Contributions	45,468,591	51,795,158
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Total Normal Cost	9,893,113	15,537,164
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Present Value of Future Normal Costs (Entry Age Normal)	79,344,971	143,448,526
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Total Actuarial Accrued Liability (EAN) ¹	660,595,748	825,912,502
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Unfunded Actuarial Accrued Liability (UAAL)	35,580,647	200,897,401
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ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2024

Valuation Date: 10/1/2022

	ACTUAL	HYPOTHETICAL
Investment Rate of Return:	7.75%	5.75%
<u>PENSION COST</u>		
Normal Cost (with interest)	10,276,471	15,983,857
Administrative Expenses (with interest)	556,828	551,468
Payment Required To Amortize UAAL (with interest)	2,334,063	9,978,122
Minimum Required Contribution	\$13,167,362	\$26,513,447

¹ The asset values and liabilities include accumulated DROP Plan Balances as of 9/30/2022.