

CITY OF GAINESVILLE
GENERAL EMPLOYEES PENSION PLAN

SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2023 VALUATION DATE



October 3, 2024

VIA EMAIL

Board of Trustees
City of Gainesville
General Employees Pension Plan
200 East University Avenue
Gainesville, FL 32601

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, 2023 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.

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 “ACTUAL” represent the GASB 67/68 results for the Base and DROP accounts only, which is consistent with the development of funding requirements under Florida Statute. 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, 2023 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.
- 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, 2023

	ACTUAL	HYPOTHETICAL
Discount Rate:	7.75%	5.75%
<u>Total Pension Liability</u>		
Service Cost	9,893,114	15,537,163
Interest	50,384,686	47,223,564
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	(511,444)	(706,670)
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(41,677,081)	(41,677,081)
Net Change in Total Pension Liability	18,089,275	20,376,976
Total Pension Liability - Beginning	661,070,407	826,580,749
Total Pension Liability - Ending (a)	<u>\$ 679,159,682</u>	<u>\$ 846,957,725</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	5,674,901	5,674,901
Contributions - Employee	5,573,832	5,573,832
Net Investment Income	116,645,780	116,645,780
Benefit Payments, Including Refunds of Employee Contributions	(41,677,081)	(41,677,081)
Administrative Expenses	(600,828)	(600,828)
Net Change in Plan Fiduciary Net Position	85,616,604	85,616,604
Plan Fiduciary Net Position - Beginning	520,845,918	520,845,918
Plan Fiduciary Net Position - Ending (b)	<u>\$ 606,462,522</u>	<u>\$ 606,462,522</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 72,697,160</u>	<u>\$ 240,495,203</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
2023	606,462,522	-	48,589,735	-	45,117,993	602,990,780
2024	602,990,780	-	44,974,217	-	44,989,035	603,005,598
2025	603,005,598	-	46,632,869	-	44,925,910	601,298,639
2026	601,298,639	-	48,203,776	-	44,732,748	597,827,611
2027	597,827,611	-	49,685,240	-	44,406,337	592,548,708
2028	592,548,708	-	50,973,181	-	43,947,314	585,522,841
2029	585,522,841	-	52,056,277	-	43,360,839	576,827,403
2030	576,827,403	-	52,990,857	-	42,650,728	566,487,274
2031	566,487,274	-	53,744,700	-	41,820,157	554,562,731
2032	554,562,731	-	54,350,353	-	40,872,535	541,084,913
2033	541,084,913	-	54,814,089	-	39,810,035	526,080,859
2034	526,080,859	-	55,153,557	-	38,634,066	509,561,368
2035	509,561,368	-	55,313,704	-	37,347,600	491,595,264
2036	491,595,264	-	55,296,953	-	35,955,876	472,254,187
2037	472,254,187	-	55,119,304	-	34,463,826	451,598,709
2038	451,598,709	-	54,682,662	-	32,879,947	429,795,994
2039	429,795,994	-	54,024,092	-	31,215,756	406,987,658
2040	406,987,658	-	53,199,793	-	29,480,052	383,267,917
2041	383,267,917	-	52,307,730	-	27,676,339	358,636,526
2042	358,636,526	-	51,304,283	-	25,806,290	333,138,533
2043	333,138,533	-	50,214,157	-	23,872,438	306,796,814
2044	306,796,814	-	48,971,587	-	21,879,104	279,704,331
2045	279,704,331	-	47,612,476	-	19,832,102	251,923,957
2046	251,923,957	-	46,150,959	-	17,735,757	223,508,755
2047	223,508,755	-	44,545,238	-	15,595,801	194,559,318
2048	194,559,318	-	42,886,526	-	13,416,494	165,089,286
2049	165,089,286	-	41,129,087	-	11,200,668	135,160,867
2050	135,160,867	-	39,388,448	-	8,948,665	104,721,084
2051	104,721,084	-	37,567,490	-	6,660,144	73,813,738
2052	73,813,738	-	35,714,358	-	4,336,633	42,436,013
2053	42,436,013	-	33,818,239	-	1,978,334	10,596,108
2054	10,596,108	-	31,940,971	-	-	-

*All DROP Balances paid in 2023.

Number of Years Expected Benefit Payments Sustained: 31.33

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
2023	606,462,522	-	48,589,735	-	33,474,640	591,347,427
2024	591,347,427	-	44,974,217	-	32,709,468	579,082,678
2025	579,082,678	-	46,632,869	-	31,956,559	564,406,368
2026	564,406,368	-	48,203,776	-	31,067,508	547,270,100
2027	547,270,100	-	49,685,240	-	30,039,580	527,624,440
2028	527,624,440	-	50,973,181	-	28,872,926	505,524,185
2029	505,524,185	-	52,056,277	-	27,571,023	481,038,931
2030	481,038,931	-	52,990,857	-	26,136,251	454,184,325
2031	454,184,325	-	53,744,700	-	24,570,439	425,010,064
2032	425,010,064	-	54,350,353	-	22,875,506	393,535,217
2033	393,535,217	-	54,814,089	-	21,052,370	359,773,498
2034	359,773,498	-	55,153,557	-	19,101,311	323,721,252
2035	323,721,252	-	55,313,704	-	17,023,703	285,431,251
2036	285,431,251	-	55,296,953	-	14,822,510	244,956,808
2037	244,956,808	-	55,119,304	-	12,500,336	202,337,840
2038	202,337,840	-	54,682,662	-	10,062,299	157,717,477
2039	157,717,477	-	54,024,092	-	7,515,562	111,208,947
2040	111,208,947	-	53,199,793	-	4,865,020	62,874,174
2041	62,874,174	-	52,307,730	-	2,111,418	12,677,862
2042	12,677,862	-	51,304,283	-	-	-

*All DROP Balances paid in 2023.

Number of Years Expected Benefit Payments Sustained: 19.25

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, 2025

Valuation Date: 10/1/2023

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Investment Rate of Return:	7.75%	5.75%
Minimum Required Contribution (Fixed \$)	\$12,297,140	\$26,207,518
Minimum Required Contribution (% of Payroll)	10.97%	23.39%
Expected Member Contribution	5,604,071	5,604,071
Expected Sponsor Contribution (Fixed \$)	\$6,693,069	\$20,603,447
Expected Sponsor Contribution (% of Payroll)	5.97%	18.39%

ASSETS

Actuarial Value ¹	662,167,389	662,167,389
Market Value ¹	606,462,522	606,462,522

LIABILITIES

Present Value of Benefits		
Actives		
Retirement Benefits	241,243,491	360,450,692
Disability Benefits	7,012,415	9,600,037
Death Benefits	2,664,080	3,730,301
Vested Benefits	11,391,710	20,210,053
Refund of Contributions	1,170,071	1,206,293
Service Retirees	421,020,351	506,501,494
DROP Retirees ¹	27,146,638	33,035,992
Beneficiaries	27,954,294	32,941,947
Disability Retirees	2,237,931	2,565,236
Terminated Vested	19,501,247	26,909,688
Total:	761,342,228	997,151,733
Present Value of Future Salaries	949,171,234	1,083,162,469
Present Value of Future Member Contributions	47,458,562	54,158,123
Total Normal Cost	10,054,186	15,838,761
Present Value of Future Normal Costs (Entry Age Normal)	81,410,061	148,032,003
Total Actuarial Accrued Liability (EAN) ¹	679,932,167	849,119,730
Unfunded Actuarial Accrued Liability (UAAL)	17,764,778	186,952,341

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2025

Valuation Date: 10/1/2023

	ACTUAL	HYPOTHETICAL
Investment Rate of Return:	7.75%	5.75%
<u>PENSION COST</u>		
Normal Cost (with interest)	10,443,786	16,294,125
Administrative Expenses (with interest)	560,642	555,245
Payment Required To Amortize UAAL (with interest)	1,292,712	9,358,148
Minimum Required Contribution	\$12,297,140	\$26,207,518

¹ The asset values and liabilities include accumulated DROP Plan Balances as of 9/30/2023.