

CITY OF GAINESVILLE CONSOLIDATED POLICE OFFICERS AND FIREFIGHTERS RETIREMENT PLAN

**OCTOBER 1, 2020 ACTUARIAL VALUATION
REQUIRED CONTRIBUTIONS FOR FISCAL 2022**

July 21, 2021



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

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INTRODUCTION TO THE ACTUARIAL VALUATION

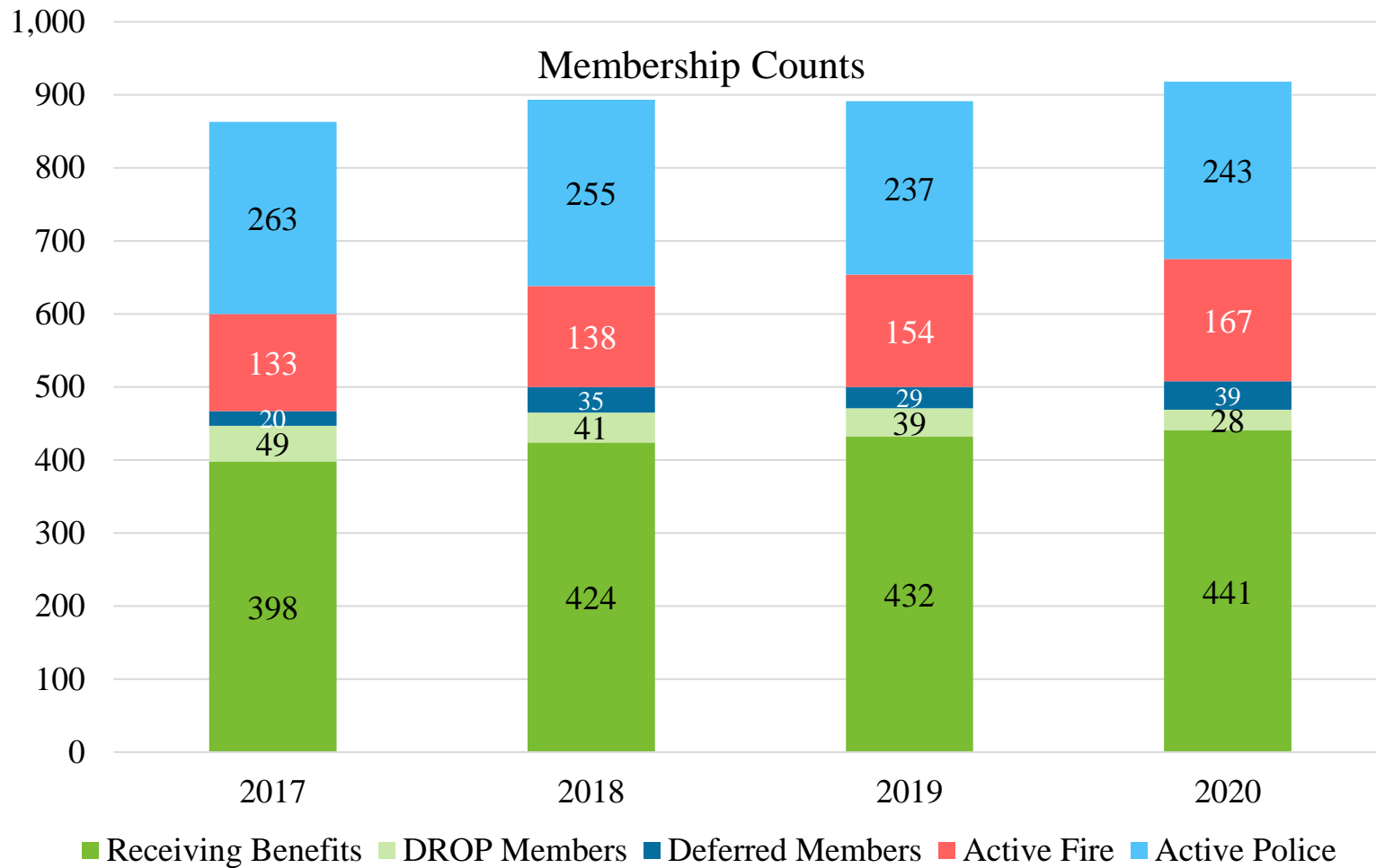
- Determines results as of the valuation date of October 1, 2020
- Inputs – Census data, plan provisions, assumptions, cost method
- Projects the plan's population and expected benefit payments 100 years into the future
- Applies the actuarial cost method:
 - Determines how future benefit accruals are funded over employees' careers
 - Determines how adjustments for actuarial gains and losses are handled

INTRODUCTION TO THE ACTUARIAL VALUATION

- Develops minimum funding requirements under Florida Statutes for the September 30, 2022 fiscal year
- The mortality tables were updated as mandated by Chapter 2015-157
 - Must use tables from one of the two most recent valuations of FRS
 - Special risk employees, with adjustments based on plan demographics
- Pub-2010 Public Retirement Plans Mortality Tables (released January 2019)
 - Approximately 46 million life-years of exposure
 - 580 thousand deaths
 - 35 different public pension systems covering 78 plans
 - Tables based on job classification (e.g., public safety) and income

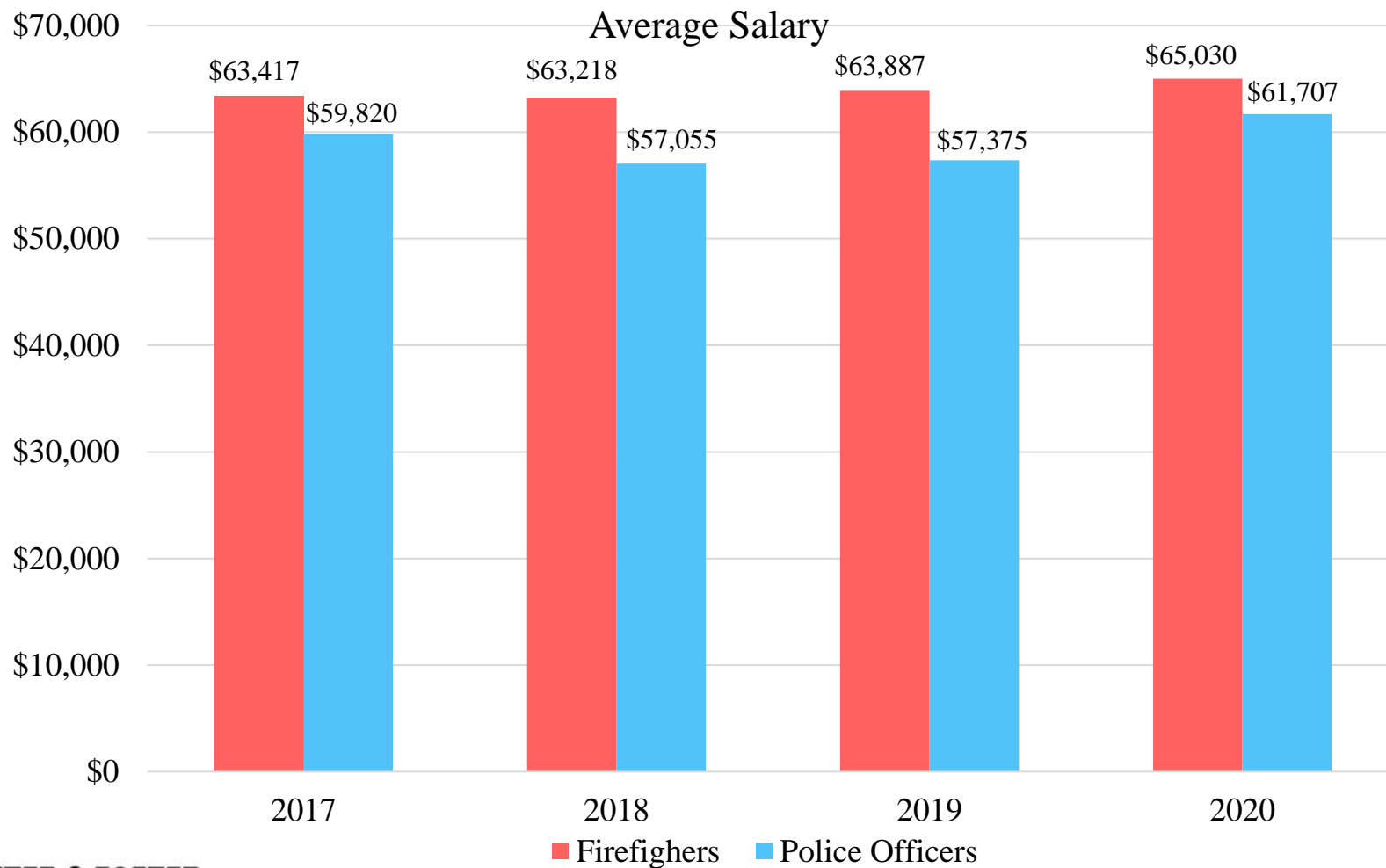
ACTUARIAL VALUATION RESULTS

CENSUS DATA



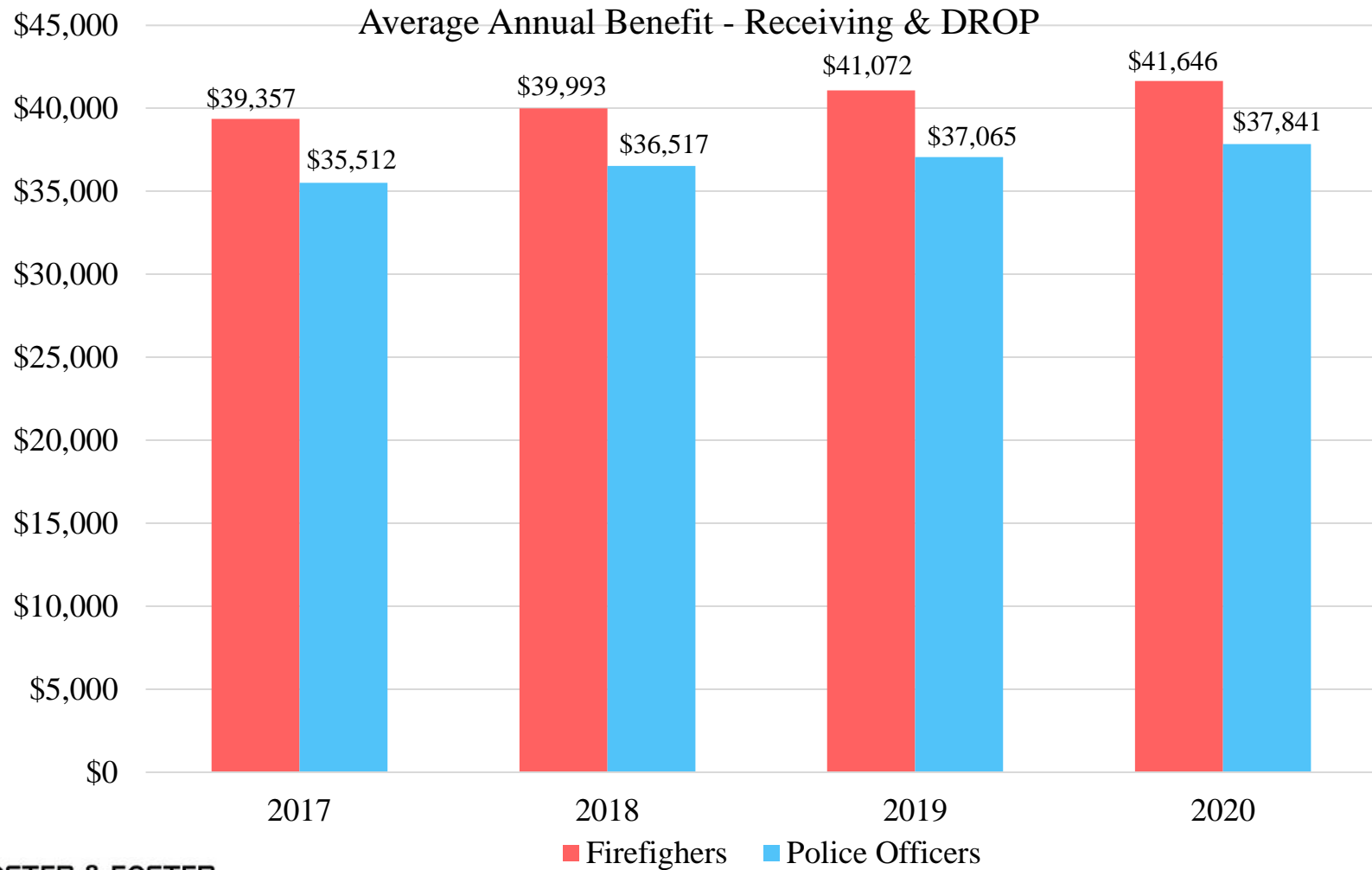
ACTUARIAL VALUATION RESULTS

CENSUS DATA



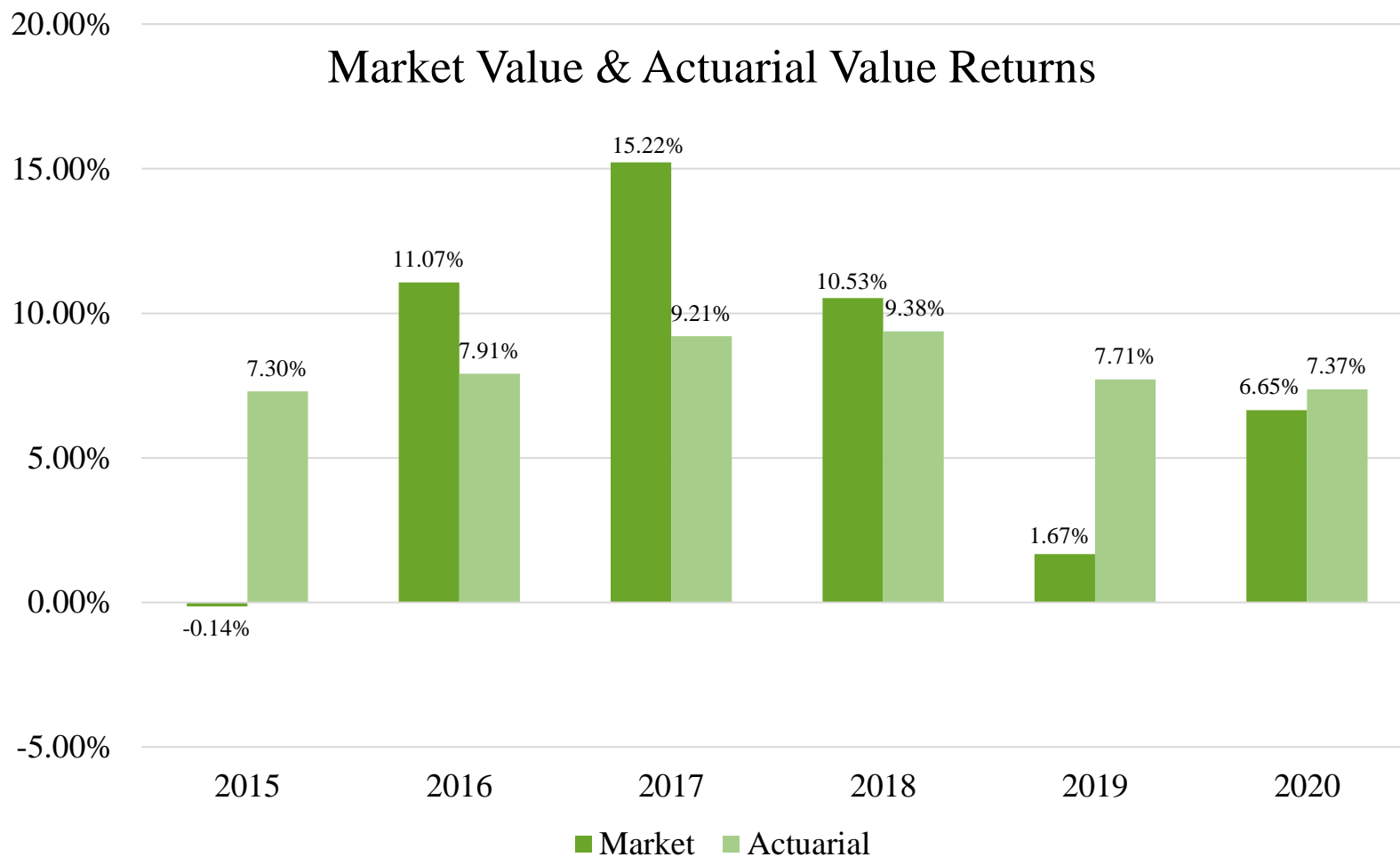
ACTUARIAL VALUATION RESULTS

CENSUS DATA



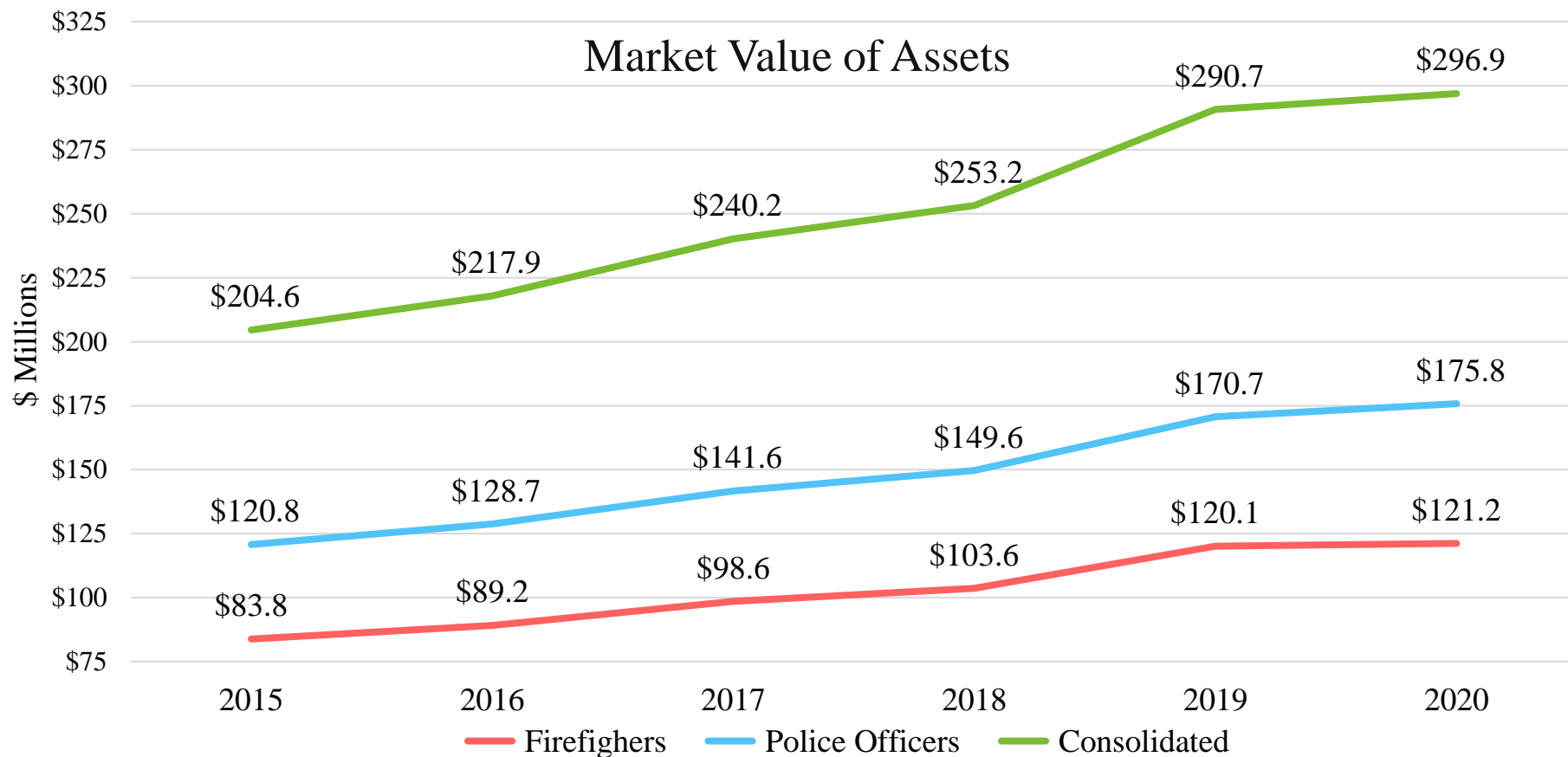
ACTUARIAL VALUATION RESULTS

ASSETS



ACTUARIAL VALUATION RESULTS

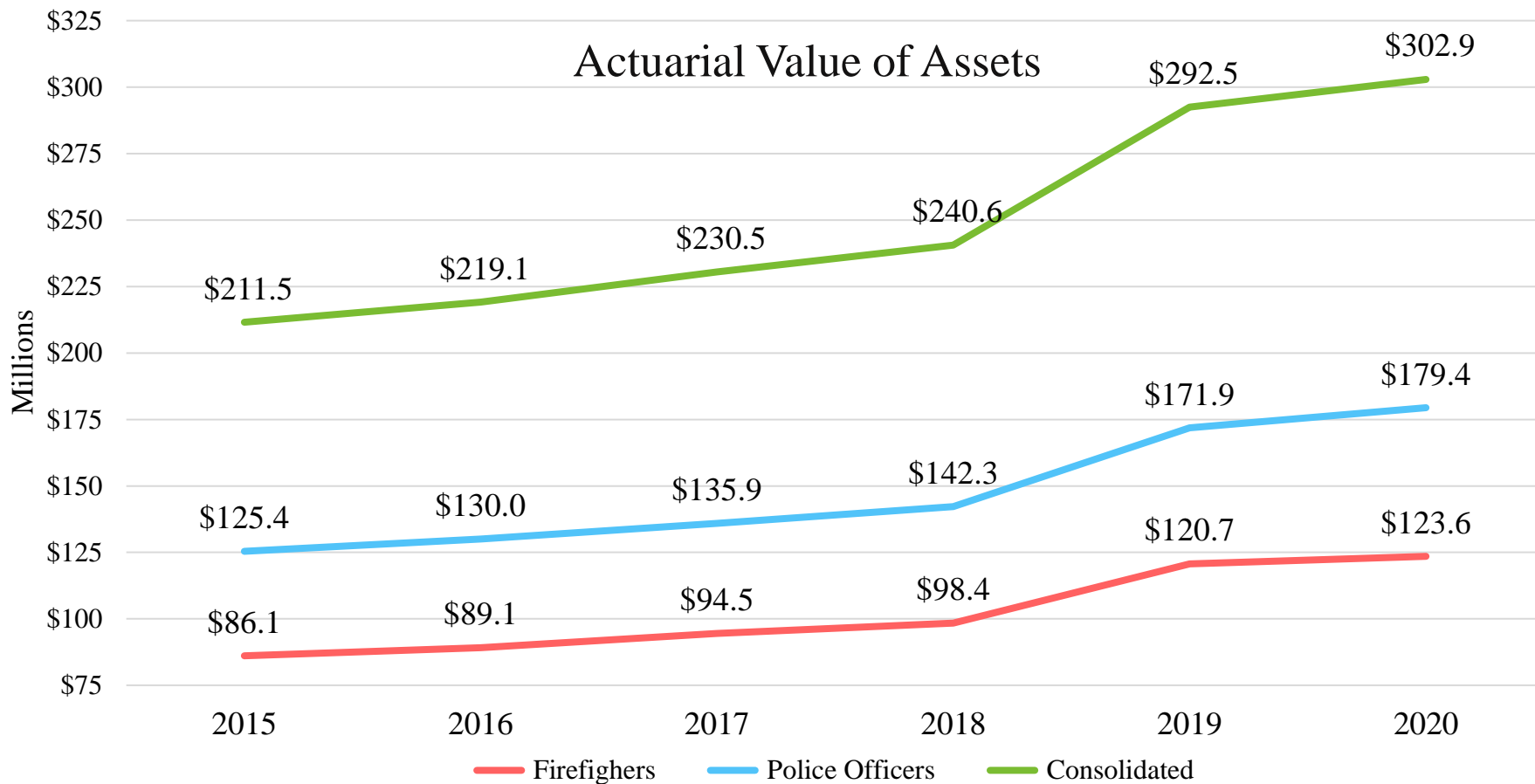
ASSETS



Notes: Beginning in 2018, the Market Value includes Share Plan balances and 2019 includes pension obligation bond receivable.

ACTUARIAL VALUATION RESULTS

ASSETS



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ACTUARIAL VALUATION RESULTS

LIABILITIES

Reconciliation of Entry Age Normal Accrued Liability (Millions)			
	Firefighters	Police Officers	Consolidated
Accrued Liability as of October 1, 2019	\$121.8	\$173.2	\$295.0
Entry Age Normal Cost	1.7	2.3	4.0
Benefit Payments	(9.5)	(10.6)	(20.1)
Interest and changes to Share/DROP balances	<u>9.3</u>	<u>14.6</u>	<u>23.9</u>
Expected Accrued Liability as of October 1, 2020	\$123.3	\$179.5	\$302.8
Assumption Changes	(1.9)	(2.2)	(4.1)
(Gains)/Losses	<u>0.1</u>	<u>(0.4)</u>	<u>(0.3)</u>
Accrued Liability as of October 1, 2020	\$121.5	\$176.9	\$298.4

*The Share Balances are included in both assets and liabilities as of October 1, 2019 and October 1, 2020 for State reporting purposes.

ACTUARIAL VALUATION RESULTS

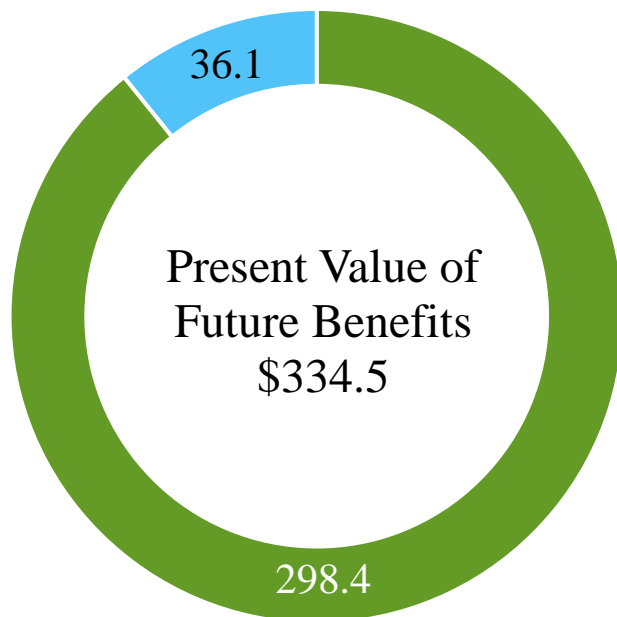
SUMMARY OF (GAINS) / LOSSES

Summary of (Gains)/Losses (Millions)			
	Firefighters	Police Officers	Consolidated
Investment (gain) / loss	\$0.6	\$0.9	\$1.5
Contribution Timing	(1.9)	(2.1)	(4.0)
Salary Increases	0.5	2.6	3.1
Active decrements	(0.4)	(1.3)	(1.7)
Inactive mortality	(0.0)	(0.5)	(0.5)
Other	<u>(0.0)</u>	<u>(1.1)</u>	<u>(1.1)</u>
Total (gain) / loss	\$(1.2)	\$(1.5)	\$(2.7)

ACTUARIAL VALUATION RESULTS

UNFUNDED LIABILITIES AND FUNDED PERCENTAGE

Consolidated



- Actuarial Accrued Liability
- Future Normal Costs

(millions)	Firefighters	Police Officers	Consolidated
Actuarial Accrued Liability	\$121.5	\$176.9	\$298.4
Actuarial Value of Assets (AV)	\$123.6	\$179.4	\$302.9
Funded Percentage AV Basis	101.7%	101.4%	101.5%
Market Value of Assets (MV)	\$121.2	\$175.8	\$296.9
Funded Percentage MV Basis	99.7%	99.4%	99.5%

ACTUARIAL VALUATION RESULTS

REQUIRED CONTRIBUTION - CONSOLIDATED

Valuation Date Fiscal Year	10/1/2020 2022	10/1/2019 2021
Normal Cost	\$4,402,818	\$4,181,060
Administrative Expenses	767,655	825,775
Amortization of Unfunded Accrued Liability	<u>0</u>	<u>237,722</u>
Minimum Required Contribution % of Total Annual Payroll	\$5,170,473 20.11%	\$5,244,557 21.22%
Expected Member Contributions % of Total Annual Payroll	\$2,088,140 8.12%	\$2,004,518 8.11%
Expected State Contribution % of Total Annual Payroll	\$1,139,280 4.43%	\$1,112,344 4.50%
Expected City Contribution % of Total Annual Payroll	\$1,943,053 7.56%	\$2,127,695 8.62%

ACTUARIAL VALUATION RESULTS

REQUIRED CONTRIBUTION - FIREFIGHTERS

Valuation Date Fiscal Year	10/1/2020 2022	10/1/2019 2021
Normal Cost	\$1,837,157	\$1,768,894
Administrative Expenses	310,544	292,173
Amortization of Unfunded Accrued Liability	<u>0</u>	<u>106,422</u>
Minimum Required Contribution % of Total Annual Payroll	\$2,147,701 20.19%	\$2,167,489 21.50%
Expected Member Contributions % of Total Annual Payroll	\$957,214 9.00%	\$907,472 9.00%
Expected State Contribution % of Total Annual Payroll	\$580,919 5.46%	\$553,983 5.49%
Expected City Contribution % of Total Annual Payroll	\$609,568 5.73%	\$706,034 7.01%

ACTUARIAL VALUATION RESULTS

REQUIRED CONTRIBUTION – POLICE OFFICERS

Valuation Date Fiscal Year	10/1/2020 2022	10/1/2019 2021
Normal Cost	\$2,565,661	\$2,412,166
Administrative Expenses	457,111	533,602
Amortization of Unfunded Accrued Liability	0	131,300
Minimum Required Contribution % of Total Annual Payroll	\$3,022,773 20.04%	\$3,077,068 21.04%
Expected Member Contributions % of Total Annual Payroll	\$1,130,926 7.50%	\$1,097,046 7.50%
Expected State Contribution % of Total Annual Payroll	\$558,361 3.70%	\$558,361 3.82%
Expected City Contribution % of Total Annual Payroll	\$1,333,485 8.84%	\$1,421,661 9.72%

ITEMS FOR DISCUSSION

- Experience Study for 10/1/2021 Valuation

APPENDIX

QUALIFICATION STATEMENT AND DISCLOSURES

This report is being provided to the Board of Trustees of the City of Gainesville Consolidated Police Officers' and Firefighters' Retirement Plan for use in determining whether assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable fiscal year. Use of the results for other purposes may not be applicable and may produce significantly different results. In reviewing the results of this report it should be noted that there are risks that may not be inherently apparent to the reader that should be carefully considered. Please see the October 1, 2020 valuation report for further discussion regarding risk.

The valuations have been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflect laws and regulations issued to date pursuant to the provisions of Chapter 112, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in the valuations, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience. 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. For determining required contributions under Florida Statutes, funded percentages and unfunded liabilities are measured on an actuarial value of assets basis. The same measurements using market value of assets would result in different funded percentages and unfunded liabilities. The funded percentage and unfunded liabilities are appropriate for assessing the need and level of future contributions but do not assess the funded status of the plan if the plan were to settle all or a portion of its liabilities.

Joe Griffin is familiar with the immediate and long-term aspects of pension valuations, and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein.

DATA, ASSUMPTIONS, METHODS AND PLAN PROVISIONS

This report relies on census and financial information provided by the City of Gainesville. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. We have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results.

Please see the October 1, 2020 Actuarial Valuation Report for details regarding the data, assumptions, methods and plan provision used in developing the results provided in this report.