

# City of Orlando General Employees' Pension Fund

Chapter 112.664, F.S. Compliance Report  
September 30, 2017



May 15, 2018

Board of Trustees  
City of Orlando General Employees'  
Pension Fund  
Orlando, Florida

Dear Board Members:

Gabriel, Roeder, Smith & Company (GRS) has been engaged by the City of Orlando General Employees' Pension Fund to prepare a disclosure report to satisfy the requirements set forth in Ch. 112.664, F.S. and as further required pursuant to Ch. 60T-1.0035, F.A.C.

This report was prepared at the request of the Board and is intended for use by the Retirement Board and those designated or approved by the Board. This report may be provided to parties other than the City and the Board only in its entirety and only with the permission of the City and the Board.

The purpose of the report is to provide the required information specified in Ch. 112.664, F.S. as well as supplement this information with additional exhibits. This report should not be relied on for any purpose other than the purpose described above.

The findings in this report are based on data or other information through September 30, 2017. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. The scope of this engagement does not include an analysis of the potential range of such measurements.

This report was based upon information furnished by the City and the Board concerning Fund benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by the City.

This report was prepared using certain assumptions prescribed by the Board as described in the final actuarial valuation report dated March 27, 2018 and the GASB Statement No. 67 report dated December 18, 2017.

**Note: As required in Section 112.664(c) of the Florida Statutes, the projections of the Fund assets on pages 5-8 do not include contributions from the employer, employee or state. For this reason, these projections should not be viewed as a representation of the amount of time the Fund can sustain benefit payments. Under the GASB standards which do include contributions from the employer, employee and State, the Fund is expected to be able to sustain the benefit payment demands in the near-term and long-term future.**

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Pension Fund as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes. The signing actuaries are independent of the plan sponsor.

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 the signed actuaries or under their direct supervision, and they acknowledge responsibility for the results. To the best of their knowledge, the results are complete and accurate, and in their opinion, meet the requirements of Section 112.664(1), F.S. and Section 60T-1.0035, F.A.C.

Brad Lee Armstrong and Jeffrey T. Tebeau are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,



Brad L. Armstrong, ASA, EA, FCA, MAAA



Jeffrey T. Tebeau, ASA, EA, MAAA

BLA/JTT:dj

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**Schedule of Changes in the Employers' Net Pension Liability  
Using Financial Reporting Assumptions per GASB Statement No. 67**

Fiscal year ending September 30,

**1. Total pension liability**

	<u>2017</u>
a. Service Cost	\$ 1,127,520
b. Interest	18,761,538
c. Benefit Changes	-
d. Difference between actual & expected experience	(815,012)
e. Assumption Changes	6,249,688
f. Benefit Payments	(18,000,074)
g. Contribution Refunds	-
h. Other	-
<b>i. Net Change in Total Pension Liability</b>	<u>7,323,660</u>
<b>j. Total Pension Liability - Beginning</b>	<u>258,590,117</u>
<b>k. Total Pension Liability - Ending</b>	<u><u>\$ 265,913,777</u></u>

**2. Plan Fiduciary Net Position**

a. Contributions - Employer	\$ 7,411,177
b. Contributions - Non-Employer Contributing Entity	-
c. Contributions - Member	346,072
d. Net Investment Income	21,238,852
e. Benefit Payments	(18,000,074)
f. Contribution Refunds	-
g. Administrative Expense	(127,283)
h. Other	(82,045)
<b>i. Net Change in Plan Fiduciary Net Position</b>	<u>10,786,699</u>
<b>j. Plan Fiduciary Net Position - Beginning</b>	<u>206,001,245</u>
<b>k. Plan Fiduciary Net Position - Ending</b>	<u><u>\$ 216,787,944</u></u>

**3. Net Pension Liability / (Asset)**

\$ 49,125,833

**Certain Key Assumptions**

Investment Return Assumption	7.25%
Mortality Table	Mandated FRS Mortality Tables

**Schedule of Changes in the Employers' Net Pension Liability  
Using Assumptions required under 112.664(1)(a), F.S.**

Fiscal year ending September 30,

	<u>2017</u>
<b>1. Total pension liability</b>	
a. Service Cost	\$ 1,121,502
b. Interest	18,193,060
c. Benefit Changes	-
d. Difference between actual and expected experience	(789,508)
e. Assumption Changes	5,819,582
f. Benefit Payments	(18,000,074)
g. Contribution Refunds	-
h. Other	-
<b>i. Net Change in Total Pension Liability</b>	<u>6,344,562</u>
<b>j. Total Pension Liability - Beginning</b>	<u>251,013,425</u>
<b>k. Total Pension Liability - Ending</b>	<u><u>\$ 257,357,987</u></u>
<b>2. Plan Fiduciary Net Position</b>	
a. Contributions - Employer	\$ 7,411,177
b. Contributions - Non-Employer Contributing Entity	-
c. Contributions - Member	346,072
d. Net Investment Income	21,238,852
e. Benefit Payments	(18,000,074)
f. Contribution Refunds	-
g. Administrative Expense	(127,283)
h. Other	(82,045)
<b>i. Net Change in Plan Fiduciary Net Position</b>	<u>10,786,699</u>
<b>j. Plan Fiduciary Net Position - Beginning</b>	<u>206,001,245</u>
<b>k. Plan Fiduciary Net Position - Ending</b>	<u><u>\$ 216,787,944</u></u>
<b>3. Net Pension Liability / (Asset)</b>	<b>\$ 40,570,043</b>

**Certain Key Assumptions**

Investment Return Assumption	7.25%
Mortality Table	RP-2000 fully generational using Scale AA

**Schedule of Changes in the Employers' Net Pension Liability  
Using Assumptions required under 112.664(1)(b), F.S.**

Fiscal year ending September 30,

	<u>2017</u>
<b>1. Total pension liability</b>	
a. Service Cost	\$ 1,860,922
b. Interest	16,388,354
c. Benefit Changes	-
d. Difference between actual and expected experience	(958,346)
e. Assumption Changes	8,083,996
f. Benefit Payments	(18,000,074)
g. Contribution Refunds	-
h. Other	-
<b>i. Net Change in Total Pension Liability</b>	<u>7,374,852</u>
<b>j. Total Pension Liability - Beginning</b>	<u>306,039,650</u>
<b>k. Total Pension Liability - Ending</b>	<u>\$ 313,414,502</u>
<b>2. Plan Fiduciary Net Position</b>	
a. Contributions - Employer	\$ 7,411,177
b. Contributions - Non-Employer Contributing Entity	-
c. Contributions - Member	346,072
d. Net Investment Income	21,238,852
e. Benefit Payments	(18,000,074)
f. Contribution Refunds	-
g. Administrative Expense	(127,283)
h. Other	(82,045)
<b>i. Net Change in Plan Fiduciary Net Position</b>	<u>10,786,699</u>
<b>j. Plan Fiduciary Net Position - Beginning</b>	<u>206,001,245</u>
<b>k. Plan Fiduciary Net Position - Ending</b>	<u>\$ 216,787,944</u>
<b>3. Net Pension Liability / (Asset)</b>	 \$ 96,626,558

**Certain Key Assumptions**

Investment Return Assumption	5.25%
Mortality Table	RP-2000 fully generational using Scale AA

**Schedule of Changes in the Employers' Net Pension Liability  
Using Assumptions required under 112.664(1)(b), F.S.  
Except 2% higher investment return assumption**

Fiscal year ending September 30,

	<u>2017</u>
<b>1. Total pension liability</b>	
a. Service Cost	\$ 694,167
b. Interest	19,230,727
c. Benefit Changes	-
d. Difference between actual & expected experience	(666,475)
e. Assumption Changes	4,315,801
f. Benefit Payments	(18,000,074)
g. Contribution Refunds	-
h. Other	-
<b>i. Net Change in Total Pension Liability</b>	<u>5,574,146</u>
<b>j. Total Pension Liability - Beginning</b>	<u>211,081,661</u>
<b>k. Total Pension Liability - Ending</b>	<u>\$ 216,655,807</u>
<b>2. Plan Fiduciary Net Position</b>	
a. Contributions - Employer	\$ 7,411,177
b. Contributions - Non-Employer Contributing Entity	-
c. Contributions - Member	346,072
d. Net Investment Income	21,238,852
e. Benefit Payments	(18,000,074)
f. Contribution Refunds	-
g. Administrative Expense	(127,283)
h. Other	(82,045)
<b>i. Net Change in Plan Fiduciary Net Position</b>	<u>10,786,699</u>
<b>j. Plan Fiduciary Net Position - Beginning</b>	<u>206,001,245</u>
<b>k. Plan Fiduciary Net Position - Ending</b>	<u>\$ 216,787,944</u>
<b>3. Net Pension Liability / (Asset)</b>	\$ (132,137)

**Certain Key Assumptions**

Investment Return Assumption	9.25%
Mortality Table	RP-2000 fully generational using Scale AA



**Asset and Benefit Payment Projection**  
**Not Reflecting Any Contributions from the Employer, State or Employee**  
**Using Financial Reporting Assumptions per GASB Statement No. 67**

<b>FYE</b>	<b>Market Value of Assets (BOY)</b>	<b>Expected Investment Return</b>	<b>Projected Benefit Payments</b>	<b>Market Value of Assets (EOY)</b>
2018	\$ 216,787,944	\$ 15,024,044	\$ 19,119,506	\$ 212,692,482
2019	212,692,482	14,697,926	19,924,924	207,465,484
2020	207,465,484	14,298,205	20,497,739	201,265,949
2021	201,265,949	13,831,236	20,980,556	194,116,629
2022	194,116,629	13,299,051	21,362,892	186,052,788
2023	186,052,788	12,702,878	21,681,358	177,074,308
2024	177,074,308	12,044,085	21,898,006	167,220,387
2025	167,220,387	11,326,411	21,988,054	156,558,743
2026	156,558,743	10,553,608	21,983,487	145,128,864
2027	145,128,864	9,727,614	21,909,752	132,946,726
2028	132,946,726	8,848,814	21,788,242	120,007,298
2029	120,007,298	7,916,798	21,620,167	106,303,929
2030	106,303,929	6,930,781	21,413,892	91,820,818
2031	91,820,818	5,890,018	21,158,384	76,552,452
2032	76,552,452	4,793,800	20,862,143	60,484,109
2033	60,484,109	3,640,960	20,527,952	43,597,117
2034	43,597,117	2,430,011	20,159,436	25,867,693
2035	25,867,693	1,159,384	19,752,388	7,274,688
2036	7,274,688	-	19,305,106	-
2037	-	-	18,821,156	-
2038	-	-	18,300,706	-
2039	-	-	17,744,048	-
2040	-	-	17,151,807	-
2041	-	-	16,524,780	-
2042	-	-	15,864,322	-
2043	-	-	15,172,421	-

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits reflecting no contributions from the Employer, Employee or State: 18.42

**Certain Key Assumptions**

Valuation Investment Return Assumption 7.25%  
Valuation Mortality Table Mandated FRS Mortality Tables

**Asset and Benefit Payment Projection**  
**Not Reflecting Any Contributions from the Employer, State or Employee**  
**Using Assumptions required under 112.664(1)(a), F.S.**

<b>FYE</b>	<b>Market Value of Assets (BOY)</b>	<b>Expected Investment Return</b>	<b>Projected Benefit Payments</b>	<b>Market Value of Assets (EOY)</b>
2018	\$ 216,787,944	\$ 15,024,443	\$ 19,108,505	\$ 212,703,882
2019	212,703,882	14,699,956	19,891,725	207,512,114
2020	207,512,114	14,303,652	20,440,712	201,375,054
2021	201,375,054	13,842,150	20,897,691	194,319,513
2022	194,319,513	13,317,782	21,251,928	186,385,368
2023	186,385,368	12,732,137	21,539,376	177,578,129
2024	177,578,129	12,087,055	21,720,257	167,944,927
2025	167,944,927	11,386,842	21,770,087	157,561,681
2026	157,561,681	10,635,887	21,719,594	146,477,974
2027	146,477,974	9,836,863	21,594,203	134,720,634
2028	134,720,634	8,990,921	21,415,857	122,295,698
2029	122,295,698	8,098,456	21,185,701	109,208,454
2030	109,208,454	7,159,564	20,911,704	95,456,314
2031	95,456,314	6,174,440	20,583,244	81,047,510
2032	81,047,510	5,143,340	20,209,774	65,981,075
2033	65,981,075	4,066,096	19,793,979	50,253,192
2034	50,253,192	2,942,336	19,338,485	33,857,043
2035	33,857,043	1,771,750	18,838,212	16,790,582
2036	16,790,582	554,223	18,292,256	-
2037	-	-	17,705,144	-
2038	-	-	17,077,070	-
2039	-	-	16,409,758	-
2040	-	-	15,706,003	-
2041	-	-	14,968,629	-
2042	-	-	14,200,998	-
2043	-	-	13,406,965	-

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits reflecting no contributions from the Employer, Employee or State: 18.92

**Certain Key Assumptions**

Valuation Investment Return Assumption 7.25%  
 Valuation Mortality Table RP-2000 fully generational using Scale AA

**Asset and Benefit Payment Projection**  
**Not Reflecting Any Contributions from the Employer, State or Employee**  
**Using Assumptions required under 112.664(1)(b), F.S.**

<b>FYE</b>	<b>Market Value of Assets (BOY)</b>	<b>Expected Investment Return</b>	<b>Projected Benefit Payments</b>	<b>Market Value of Assets (EOY)</b>
2018	\$ 216,787,944	\$ 10,879,769	\$ 19,108,505	\$ 208,559,208
2019	208,559,208	10,427,201	19,891,725	199,094,684
2020	199,094,684	9,915,902	20,440,712	188,569,874
2021	188,569,874	9,351,354	20,897,691	177,023,537
2022	177,023,537	8,735,873	21,251,928	164,507,482
2023	164,507,482	8,071,234	21,539,376	151,039,341
2024	151,039,341	7,359,409	21,720,257	136,678,492
2025	136,678,492	6,604,156	21,770,087	121,512,561
2026	121,512,561	5,809,270	21,719,594	105,602,238
2027	105,602,238	4,977,270	21,594,203	88,985,304
2028	88,985,304	4,109,562	21,415,857	71,679,009
2029	71,679,009	3,207,023	21,185,701	53,700,332
2030	53,700,332	2,270,335	20,911,704	35,058,963
2031	35,058,963	1,300,285	20,583,244	15,776,004
2032	15,776,004	297,734	20,209,774	-
2033	-	-	19,793,979	-
2034	-	-	19,338,485	-
2035	-	-	18,838,212	-
2036	-	-	18,292,256	-
2037	-	-	17,705,144	-
2038	-	-	17,077,070	-
2039	-	-	16,409,758	-
2040	-	-	15,706,003	-
2041	-	-	14,968,629	-
2042	-	-	14,200,998	-
2043	-	-	13,406,965	-

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits reflecting no contributions from the Employer, Employee or State: 14.75

**Certain Key Assumptions**

Valuation Investment Return Assumption 5.25%  
 Valuation Mortality Table RP-2000 fully generational using Scale AA

**Asset and Benefit Payment Projection**  
**Not Reflecting Any Contributions from the Employer, State or Employee**  
**Using Assumptions required under 112.664(1)(b), F.S.**  
**Except 2% higher investment return assumption**

<b>FYE</b>	<b>Market Value of Assets (BOY)</b>	<b>Expected Investment Return</b>	<b>Projected Benefit Payments</b>	<b>Market Value of Assets (EOY)</b>
2018	\$ 216,787,944	\$ 19,169,116	\$ 19,108,505	\$ 216,848,556
2019	216,848,556	19,138,499	19,891,725	216,095,330
2020	216,095,330	19,043,435	20,440,712	214,698,053
2021	214,698,053	18,893,052	20,897,691	212,693,414
2022	212,693,414	18,691,239	21,251,928	210,132,725
2023	210,132,725	18,441,081	21,539,376	207,034,431
2024	207,034,431	18,146,123	21,720,257	203,460,296
2025	203,460,296	17,813,211	21,770,087	199,503,421
2026	199,503,421	17,449,535	21,719,594	195,233,362
2027	195,233,362	17,060,354	21,594,203	190,699,513
2028	190,699,513	16,649,222	21,415,857	185,932,877
2029	185,932,877	16,218,952	21,185,701	180,966,129
2030	180,966,129	15,772,201	20,911,704	175,826,626
2031	175,826,626	15,311,988	20,583,244	170,555,369
2032	170,555,369	14,841,670	20,209,774	165,187,264
2033	165,187,264	14,364,350	19,793,979	159,757,635
2034	159,757,635	13,883,176	19,338,485	154,302,327
2035	154,302,327	13,401,698	18,838,212	148,865,812
2036	148,865,812	12,924,071	18,292,256	143,497,626
2037	143,497,626	12,454,668	17,705,144	138,247,150
2038	138,247,150	11,998,047	17,077,070	133,168,126
2039	133,168,126	11,559,100	16,409,758	128,317,469
2040	128,317,469	11,142,963	15,706,003	123,754,429
2041	123,754,429	10,754,986	14,968,629	119,540,785
2042	119,540,785	10,400,726	14,200,998	115,740,514
2043	115,740,514	10,085,925	13,406,965	112,419,475

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits reflecting no contributions from the Employer, Employee or State:

N/A\*

**Certain Key Assumptions**

Valuation Investment Return Assumption

9.25%

Valuation Mortality Table

RP-2000 fully generational using Scale AA

\* The Pension Fund is not projected to run out of money under these assumptions.

**ACTUARIALLY DETERMINED CONTRIBUTION**

	GASB No. 67 Assumptions	112.664(1)(a) F.S. Assumptions	112.664(1)(b) F.S. Assumptions	112.664(1)(b) F.S. Except 2% Higher Investment Return Assumption
A. Valuation Date	September 30, 2017	September 30, 2017	September 30, 2017	September 30, 2017
B. Actuarial Determined Contribution (ADC) to Be Paid During Fiscal Year Ending	9/30/2019	9/30/2019	9/30/2019	9/30/2019
C. Assumed Dates of Employer Contributions	Quarterly	Quarterly	Quarterly	Quarterly
D. Annual Payment to Amortize Unfunded Actuarial Liability	\$ -	\$ -	\$ -	\$ -
E. Total Normal Cost	<u>9,707,980</u>	<u>8,258,259</u>	<u>16,920,992</u>	<u>1,114,740</u>
F. ADC: D + E	\$ 9,707,980	\$ 8,258,259	\$ 16,920,992	\$ 1,114,740
G. As a % of Covered Payroll	197.14 %	167.70 %	343.61 %	22.64 %
H. Assumed Rate of Increase in Covered Payroll to Contribution Year	0.00 %	0.00 %	0.00 %	0.00 %
I. Covered Payroll for Contribution Year	4,924,478	4,924,478	4,924,478	4,924,478
J. ADC for Contribution Year: G x I	9,707,980	8,258,259	16,920,992	1,114,740
K. Allowable Credit for State Revenue in Contribution Year	0	0	0	0
L. Member Contributions	<u>240,315</u>	<u>240,315</u>	<u>240,315</u>	<u>240,315</u>
M. Employer ADC in Contribution Year	\$ 9,467,665	\$ 8,017,944	\$ 16,680,677	\$ 874,425
N. Employer ADC as % of Covered Payroll in Contribution Year: M ÷ I	192.26 %	162.82 %	338.73 %	17.76 %
O. Certain Key Assumptions				
Investment Return Assumption	7.25%	7.25%	5.25%	9.25%
Mortality Table	Mandated FRS Mortality Tables	RP-2000 fully generational using Scale AA	RP-2000 fully generational using Scale AA	RP-2000 fully generational using Scale AA