

City of Tampa,  
General Employees'



# retirement fund annual report



A PENSION TRUST FUND OF THE CITY OF TAMPA, FLORIDA

*As of September 30, 2018*

**Annual Report**  
for the fiscal year ended  
September 30, 2018

**general employees'  
retirement fund**

# vision *and* mission statements



At the General Employees' Retirement Fund, we are proud to serve those who serve the City of Tampa. For more than seven decades, we have built retirement security for people who invest their lifework in Tampa

## *vision*

A leader in pension fund administration displaying a devotion to maintaining excellence in public service and embracing the highest standards for quality, accountability, dependability and integrity

## *mission*

To deliver retirement benefits to our members and their beneficiaries

A publication of the  
General Employees' Retirement Fund,  
A pension trust fund of the City of Tampa, Florida

front cover: "Downtown Tampa Sunset" photo courtesy of Lance Raab;  
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this page: "Oyster Catchers Sunset" photo courtesy of Lance Raab;  
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# table *of* contents

<b>Award</b> .....	<b>1</b>
<b>Letter</b> .....	<b>2</b>
<b>Organizational Chart</b> .....	<b>4</b>
<b>Board of Trustees &amp; Pension Fund Staff</b> .....	<b>5</b>
<b>Investment Managers and Other Service Providers</b> .....	<b>6</b>
<b>Plan Description</b> .....	<b>7</b>
<b>Financial Highlights</b> .....	<b>10</b>
<b>Statement of Fiduciary Net Position — 09/30/2018</b> .....	<b>12</b>
<b>Statement of Changes in Fiduciary Net Position — 09/30/2018</b> .....	<b>13</b>
<b>Funded Status</b> .....	<b>14</b>
<b>Discount Rate</b> .....	<b>15</b>

# award

In 2018 the Public Pension Coordinating Council (PPCC) awarded the City of Tampa, General Employees' Retirement Fund, its third Public Pension Standards Award for Funding and Administration. The award recognizes the Fund's excellence in meeting the professional standards for plan funding and administration as set forth by the PPCC. These standards are the benchmark for measuring excellence in defined benefit plan funding and administration. The PPCC is a coalition of the National Association of State Retirement Administrators (NASRA); the National Coalition on Teacher Retirement (NCTR); and the National Conference on Public Employee Retirement Systems (NCPERS). Together these associations represent more than 500 of the largest pension plans in the United States.



Public Pension Coordinating Council

**Public Pension Standards Award  
For Funding and Administration  
2018**

Presented to

**City of Tampa, General Employees' Retirement Fund**

In recognition of meeting professional standards for  
plan funding and administration as  
set forth in the Public Pension Standards.

*Presented by the Public Pension Coordinating Council, a confederation of*

National Association of State Retirement Administrators (NASRA)  
National Conference on Public Employee Retirement Systems (NCPERS)  
National Council on Teacher Retirement (NCTR)

A handwritten signature in black ink, appearing to read 'Alan H. Winkle'.

Alan H. Winkle  
Program Administrator

Dear Members and Retirees,

On behalf of the Board of Trustees (the Board) of the General Employees' Retirement Fund (the Fund), I am pleased to submit our Annual Report for the fiscal year ended September 30, 2018. This report was written to provide you with an overview of the Fund's administration and financial highlights. Those readers seeking more detailed information on the Fund's financial and actuarial disclosures should refer to the City of Tampa's Comprehensive Annual Financial Report (CAFR) or the Fund's Actuarial Valuation Report.

### Overview

The Fund was first established on June 11, 1945 by a Special Act of the Florida State Legislature – specifically Chapter 23559, Special Act of 1945. The Fund administers two defined benefit plans (Division A and Division B) for approximately 5,000 members, retirees and beneficiaries in accordance with provisions outlined in *The Retirement Plan for City of Tampa General Employees' Retirement Fund — Special Act of the Florida State Legislature — Chapter 23559, Special Act of 1945* and the Tampa City Charter (Article VI, Section 6.01). The Fund is a single-employer defined benefit plan, with one participating employer, the City of Tampa.

### Governance

The Board has the authority to invest the assets of the Fund. To fulfill this obligation, the Board develops investment objectives and policy guidelines to manage its investments. The investment objectives are to earn an investment return greater than the actuarial return assumption; to achieve a long-term investment result that is at least 5% above inflation as measured by the Consumer Price Index; and to perform in the top 40% of a universe of similarly sized public funds. Primary risks include volatility in plan assets and contribution rates.

In making each and all of such investments, the Board shall exercise the judgment and care under the circumstances, then prevailing which men or women of ordinary prudence, discretion, and intelligence exercise in the management of their own affairs, not in regard to speculation, but in regard to the permanent disposition of the funds, considering the probable income therefrom, as well as probable safety of their capital (*Retirement Plan for City of Tampa General Employees' Retirement Fund — Special Act of the Florida State Legislature — Chapter 23559, Special Act of 1945*).

### Funding

The funded status is a measure of market value of assets to actuarial liabilities and acts as an indicator of the Fund's ability to pay its long-term obligations. The January 1, 2019 market value funded status, as determined by the Fund's actuary, Foster & Foster, was 90.8%. According to the U.S. Government Accountability Office, "Many experts consider a funded ratio of about 80% or better to be sound for government pensions."

*continued on next page*

### Investments

As of January 1, 2019, the Fund's investment portfolio returned (-4.81)% for one year, and 6.13% for three year reporting periods. As of January 1, 2019, the fair market value of the Fund's investment portfolio was \$670,386,000.

### Major Initiatives and Awards

Implementation of the Pension Administration System (PAS) project is underway. The multi-year initiative will replace legacy retirement payroll and membership/contribution data systems as well as introduce a retiree "self-service" module. The implementation team continues to invest significant time and resources in gathering and documenting requirements for the new system. The technological innovations will bring together certain processes for allowing for greater built-in security enhancements and numerous cost-effective improvements that promote trust, transparency, accuracy and accountability.

The Member Handbooks continue to be well received by the City of Tampa new hires. The intent of the handbook is to enhance retirement education and awareness of the two retirement plans (Division A – Defined Benefit Plan and Division B – Defined Benefit Plan) and the benefits that are administered by the Fund. The document was written in plain English and nontechnical terms, avoiding the formal language of the retirement laws and rules. For the third year the Fund produced annual member statements for all active members. The statements include individual data on vesting status, retirement eligibility dates and include projections of income in retirement.

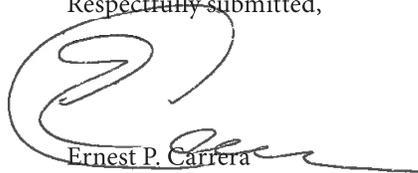
To improve the Plan's funded status and ability to pay its long-term obligations, the Board took action to reduce the actuarial assumed rate of return from 8.0% to 7.5% at a rate of 10 basis points per year over the next five years. Effective January 1, 2019, the actuarial rate of return was lowered to 7.8%. The assumed rate of return will continue to be reduced annually, until it reaches 7.5% on January 1, 2022.

The Fund was awarded its third annual Standards Award for Funding and Administration by the Public Pension Coordinating Council. This national award recognizes the Fund for meeting the professional standards for plan funding and administration. These standards are the benchmark for measuring excellence in defined benefit plan funding and administration.

### Acknowledgments

I would like to express my gratitude to the Board and the Fund's staff who share my dedication to excellence in governance. Their efforts to strive for the best earn us recognition throughout Florida as a leader in pension fund management. I would also like to thank the Mayor and Members of City Council for their support of the Fund. Your guidance and commitment is valued. I thank you for your continued support.

Respectfully submitted,



Ernest P. Carrera  
Board Chairman

# organizational chart



## Supporting Roles

### Actuary

The Board's designated plan actuary has the responsibility to prepare an annual actuarial valuation which includes an evaluation of the funded status and required contribution levels. The actuary is responsible for attesting to the appropriateness of the Fund's assumptions and funding policy.

### Investment Consultant

The role of the investment consultant is to provide a comprehensive evaluation of the investment results, to develop the Fund's Investment Policy Statement and asset allocation, as well as to provide assistance to the Board in researching and selecting investment managers.

### Investment Custodian

The custodian bank has the responsibility to hold and safeguard all securities on behalf of the Fund, to receive instructions from investment managers to purchase and sell various securities, and to provide monthly transaction accounting reports on security holdings.

### Investment Managers

The investment managers are charged with the responsibility to invest the assets of the Fund, to diversify the portfolio to achieve stated investment objectives, and to adhere to the policy guidelines contained in the Investment Policy Statement.

### Legal Counsel

The City Attorney is the legal advisor of the Board. The Board's legal counsel advises and represents the Board in all matters requiring legal insight and advice.

### Medical Examiners

The Board's independent medical examiners assist the Board in processing disability retirement applications. The role of the medical examiners is to prepare comprehensive medical evaluation reports and to formulate opinions as to whether the member is totally and permanently disabled or could provide a useful and efficient service to the City of Tampa.

# board of trustees and pension fund staff

## Board of Trustees



### Ernest P. Carrera

*Chairman  
Wealth Advisor*

LPL Financial  
Current term expires: 10/31/2021



### Stephen Hill

*Vice Chairman  
Managing Director*

Socius Capital, LLC  
Current term expires: 10/31/2019



### Derwin Bright

*Vehicle & Equipment Technician  
Waste Water Collection Team*

City of Tampa  
Current term expires: 10/31/2019



### Elizabeth Mackie

*Wealth Advisor*

Edge Capital Partners  
Current term expires: 10/31/2021



### Steve Kenny

*Pavement Inspection Technician  
Planning & Urban Design*

City of Tampa  
Current term expires: 10/31/2021



### Dennis Rogero

*Interim Chief Financial Officer*

Revenue & Finance  
City of Tampa



### Andy Waitman

*Budget Analyst*

Revenue & Finance  
City of Tampa  
Current term expires: 10/31/2020

## Plan Supervisor



### Dana Blydenburgh

*Plan Supervisor*

General Employees' Retirement Fund  
City of Tampa

## Board Attorney



### Justin Vaske, Esq.

*Office of the City Attorney*  
City of Tampa

## Chief Accountant

Lee Huffstutler, CPA

## Accounting Operations Manager

Terrie Williams

## Staff

Dana Neves

Anais Rodriguez

Viola Dawson

# investment managers *and* other service providers

## Investment Managers

### Domestic Equity

**Clarivest Asset Management**

San Diego, CA

**Dodge & Cox, Inc.**

San Francisco, CA

**Loomis Sayles, Inc.**

San Diego, CA

**LMCG Investments, LLC**

Boston, MA

**Wellington Management Company, LLP**

Boston, MA

### International Equity

**Aberdeen Asset Management**

Philadelphia, PA

**Fisher Investments**

Woodside, CA

**Marathon-London International Fund**

London, UK

### Domestic Fixed Income

**State Street Global Advisors**

Atlanta, GA

**Taplin, Canida & Habacht**

Miami, FL

### Global Multi-Sector Fixed Income

**Brandywine Global Investment Management, LLC**

Philadelphia, PA

### Real Estate

**Blackstone**

New York, NY

**UBS Global Asset Management**

Hartford, CT

## Other Service Providers

### Actuary

**Foster & Foster**

Ft. Myers, FL

### Auditor

**RSM**

Tampa, FL

### Investment Consultant

**Asset Consulting Group**

St. Louis, MO

### Legal Counsel

**Ford & Harrison**

Tampa, FL

**Shumaker, Loop & Kendrick**

Tampa, FL

### Master Custodian

**Northern Trust**

Chicago, IL

### Securities Litigation Law Firms

**Bernstein Liebhard, LLP**

New York, NY

**Motley Rice, LLC**

Mt. Pleasant, SC

**Polaszek Law Firm, PLLC**

New York, NY

**Robbins Geller Rudman & Dowd, LLP**

New York, NY

# plan description

On June 11, 1945, the Retirement Plan for City of Tampa General Employees' Retirement Fund (the Fund) was established by action of the Florida State Legislature — specifically Chapter 23559, Special Act of 1945. The Fund is a fiduciary pension trust fund of the City of Tampa. The Fund administers two defined benefit retirement plans for more than 5,000 members, and has approximately \$720 million in net assets.

The Fund's Board of Trustees (the Board) is a seven-member group that oversees the administration of the defined benefit retirement plans. Three members are appointed by the Mayor, three members are elected City of Tampa general employees and the seventh member is the Director of Finance for the City of Tampa. The Fund is not subject to the provisions of the Employee Retirement Income Security Act of 1974.

The Fund administers two defined benefit plans — the Division A and Division B retirement plans and has one participating employer, the City of Tampa. The Fund covers all full-time or part-time regular employees as well as certain types of temporary employees of the City of Tampa and administers benefits to general employees, the Mayor and members of City Council.

Active members can accrue benefits in one of two General Employees' Retirement Fund plans. These plans are called the Division A — Defined Benefit Plan and the Division B — Defined Benefit Plan. All general employees with a hire date on or after October 1, 1981 accrue benefits under the Division B — Defined Benefit Plan. All general employees with a hire date before October 1, 1981 accrue benefits under the plan that they self-elected, and this election cannot be changed.

Members are vested after six years of continuous service. The Division A Plan is contributory for employees; the Division B Plan is non-contributory for employees. The following table demonstrates the changes in retirees and beneficiaries during the past two calendar years.

## Plan Membership

	January 1, 2018	January 1, 2017	Increase/ (Decrease)	Percent Change
Active Members	2,412	2,367	45	1.9%
Terminated Vested Members	606	580	26	4.5%
Retirees & Beneficiaries	2,220	2,199	21	1.0%
Total:	5,238	5,146	92	1.8%

## Summary of Benefit and Contribution Provisions

Outlined on the following pages is a summary of the main provisions of the plan, set by *The Retirement Plan for City of Tampa General Employees' Retirement Fund – Special Act of the Florida State Legislature – Chapter 23559 Special Act of 1945*.

## Division A — Defined Benefit Plan

The Division A Plan pays a monthly benefit at retirement based on the member's years of continuous service and average monthly salary. General employees are required to pay contributions of 7% of their creditable compensation. Members of the Division A Plan are not covered for Social Security or Medicare benefits.

The benefit level is set by the formulas, regardless of the Fund's investment performance. The City of Tampa contributes an amount each year that varies according to calculations by the actuary. The participating entities' contributions are invested by outside investment firms with the primary objective of ensuring the security, stability, and continued growth of assets for members' future benefits. *The Retirement Plan for City of Tampa General Employees' Retirement Fund – Special Act of the Florida State Legislature – Chapter 23559 Special Act of 1945* requires that the plans be maintained on an actuarially sound basis.

### Retirement Eligibility

Members of Division A are eligible for normal retirement upon attaining of age 55. The plan does not offer reduced benefits at an age younger than 55.

### Retirement Allowance

Upon retirement, a member becomes eligible to receive an annual allowance, payable in equal monthly installments. The annual normal retirement allowance is computed as follows: 2% of the member's average monthly salary, multiplied by the number of years of continuous service up to 30 years; plus 0.5% of the member's average monthly salary, multiplied by the number of years of continuous service greater than 15, maximum 30 years.

### Benefit Payment Types

If a Division A retiree is unmarried at the time his or her death, monthly benefit payments from the Fund stop, unless certain conditions are met that make the minor child or children or solely dependent parents eligible.

If a Division A retiree is married at the time of his or her death, monthly payments from the Fund continue after death, if there is a surviving spouse. The spouse is eligible to receive 75% of

the retiree's accrued pension benefit. If the surviving spouse remarries, his or her benefit amount will be reduced to 50% of the retiree's accrued monthly pension benefit.

### Death Benefits

If an active member dies while working for the City of Tampa, his or her member contributions will be payable to his or her named beneficiary, unless certain conditions are met that make his or her spouse, minor children or solely dependent parents eligible for a monthly pension benefit.

*A monthly pension benefit is only payable when:*

- An active or retired member is married, and/or has a child or children under 18, or has one or both solely dependent parents, and at the time of his or her death is vested.
- His or her spouse will receive a monthly pension equal to 75% of the accrued pension; however, his/her pension will be reduced to 50% of the accrued pension if he/she remarries.
- A child or children will receive a monthly pension of \$100 per month (per child) until they marry or reach 18 or die, however combined payments to the spouse, and/or children shall not exceed the maximum pension earned at the time of death.
- Orphaned children will receive equally a pension equal to 75% of the accrued pension until they marry or reach age 18 or die. If there is a balance in the contribution account at the time the children reach age 18, it will be paid in a lump sum to the member's legal heirs.
- If the member does not have a spouse or minor children, and either or both parents are solely dependent on the member's earnings, either or both shall jointly receive an amount equal to that which would have been paid to the member's spouse. The dependent parent or parents may elect to withdraw in a lump sum the amount contributed by the member during the period of membership, in which case no further payments will be made.
- If a terminated vested member dies before retirement, then at the time the decedent would have reached age 55, his or her widow, widower, children or dependent parent or parents shall receive the pension benefits described above. If the member is not survived by a widow, widower, children, or dependent parents, then the full amount of his or her contributions to the Fund, without interest will be refunded to his or her legal heirs.

### Automatic Cost-of-Living Allowances (COLA)

Retired members of the Division A plan receive a 2.2% automatic cost-of-living allowance in January of each year.

## Division B – Defined Benefit Plan

The Division B Plan pays a monthly benefit at retirement based on the member's years of continuous service and average monthly salary. The plan is non-contributory for employees. Members of the Division B Plan are covered for Social Security and/or Medi-care benefits.

The benefit level is set by the formula, regardless of the Fund's investment performance. The City of Tampa contributes an amount each year that varies according to calculations by the actuary. The participating entities' contributions are invested by outside investment firms with the primary objective of ensuring the security, stability, and continued growth of assets for members' future benefits. *The Retirement Plan for City of Tampa General Employees' Retirement Fund – Special Act of the Florida State Legislature – Chapter 23559 Special Act of 1945* requires that the plans be maintained on an actuarially sound basis.

### Retirement Eligibility

Members of Division B are eligible for normal retirement upon attaining age 62. Early retirement is permitted at any time within the seven-year period prior to age 62 provided the member has completed six or more years of continuous service.

### Retirement Allowance

Upon retirement, a member becomes eligible to receive an annual allowance, payable in equal monthly installments. The annual allowances are computed as follows:

- **Normal Retirement Allowance** — 1.2% of the member's average monthly salary, multiplied by the number of years of continuous service.
- **Early Retirement Allowance** — If a member retires prior to age 62, the allowance is determined as follows: The benefit is reduced by five-twelfths of 1% for each complete month by which retirement precedes the earlier of age 62.

### Benefit Payment Types

If a member of Division B is unmarried at the time he or she retires from the City of Tampa, monthly benefit payments from the Fund will stop upon death.

If a Division B member is married at the time he or she retires from the City of Tampa, monthly payments equal to 50% of his or her accrued pension benefit will continue after his or her death, provided they were still married to the same person and their spouse is still alive.

### Death Benefits

If an active member dies while working for the City of Tampa and is vested, his or her named beneficiary will receive in a lump sum, an amount equal to his or her annual salary at the time of death.

If the active member is survived by a spouse, he or she will receive a monthly pension benefit equal to 50% of his or her accrued pension.

If a retired member dies and is survived by a spouse, he or she will receive a monthly pension benefit equal to 50% of his or her accrued pension, provided they were married at the time of the decedent's retirement and they were still married to the same person at the time of the member's death.

If a terminated vested member dies before retirement, then at the time the decedent would have reached age 62, his or her spouse will receive a monthly pension benefit equal to 50% of his or her accrued pension, provided they were married at the time of the decedent's termination and they were still married to the same person at the time of the member's death.

### Automatic Cost-of-Living Allowances (COLA)

Retired members of the Division B plan receive a 1.2% cost-of-living allowance in January of each year.



"Tampa Bay Cloudy Sunset" photo courtesy of Lance Raab; [facebook.com/LanceRaabPhotography](https://facebook.com/LanceRaabPhotography)

## Disability Retirement Benefits

Any member in service who has six or more years of continuous service may retire at any time prior to the member's normal retirement date on account of permanent disability, provided that the medical examiners certify that the member is totally and permanently disabled and is unable to perform any job with the City of Tampa.

The annual allowance, payable monthly, is computed in the same way as a normal retirement allowance for the Division A and Division B plans. Disability retirement benefits allow vested members to retire at any age and benefits are not reduced for early retirement in the Division B plan.

## Deferred Retirement Option Program (DROP)

Effective October 1, 1999, the DROP was implemented for general employees participating in the Division A and B Plans. Members of both plans are eligible to enter the DROP upon attainment of vesting status and age 55. Eligible members may elect to participate for a maximum of seven years, deferring receipt of retirement benefits while continuing employment with the City of Tampa without loss of any other employee benefits.

Upon a member's election to participate in the DROP, the amount of continuous service and the average final compensation become frozen for purposes of determining pension benefits. The participant is considered retired for all purposes related to the Fund and does not accrue additional retirement benefits, except for annual cost-of-living-adjustments.

Each DROP participant's monthly pension is tracked by an individual DROP account in lieu of being paid to the participant. Upon termination of employment, the participant will receive the DROP account balance and will begin receiving the monthly pension directly. DROP participants are provided with two options for investing their accumulated DROP balances. Option #1 is the annual net rate of return for the pension trust fund. Option #2 is the low risk, variable rate. After an initial election, participants are provided with an opportunity to update their election annually.

# 2018 financial highlights

## Summary of Financial Statements and Analysis

The table below provides a summary of the financial statements for the fiscal year ended September 30:

Activity for the Fiscal Year Ended September 30	2018	2017	2016
Total Assets	\$733,440,122	\$718,148,883	\$659,376,342
Total Liabilities	<u>(2,595,912)</u>	<u>(3,892,548)</u>	<u>(4,133,385)</u>
Net Position	<u>730,844,210</u>	<u>714,256,335</u>	<u>655,242,957</u>
Contributions	20,502,929	19,633,456	14,488,551
Net Investment Earnings	<u>47,213,391</u>	<u>89,924,223</u>	<u>57,407,640</u>
Total Additions	<u>67,716,320</u>	<u>109,557,679</u>	<u>71,896,191</u>
Benefit Payments	50,806,974	50,133,469	46,628,140
Administrative Expenses	<u>321,471</u>	<u>410,832</u>	<u>261,762</u>
Total Deductions	51,128,445	50,544,301	46,889,902
Net Change	<u>\$16,587,875</u>	<u>\$59,013,378</u>	<u>\$25,006,289</u>
Contribution Rates	10.8%	13.60%	10.30%

The Fund's net position increased by \$16.6 million during the fiscal year and increased \$59.0 million the prior fiscal year. Investments returned 6.47% net of fees for the fiscal year ended 2018 and 13.99% in fiscal year 2017.

Total additions to net position were \$67.7 million in fiscal year 2018, compared to \$109.6 million in the prior year. For fiscal year 2018, revenue includes member and employer contributions of \$20.5 million and net investment income of \$47.2 million. Net investment income fluctuates year-to-year depending upon market conditions.

Total plan expenses in fiscal year 2018 were \$51.1 million. Total expenses are primarily driven by pension benefit payments, which compose 99% of total expenses. Retiree benefits increased by \$584,144 during fiscal year 2018 and increased by \$3.6 million during fiscal year 2017.



"Tampa Bay Sunrise Panorama" photo courtesy of Lance Raab; facebook.com/LanceRaabPhotography

## Pension Funding

Funded status measures the progress of accumulating the funds necessary to meet future obligations. Historically, periods of diminished funded status were made up as market conditions improved. Similarly, years of enhanced funded status were eroded when market conditions were poor. We are dedicated to maintaining and enhancing the stability of this Fund. The fact that a retirement fund has an unfunded liability does not mean that the plan is underfunded, and most retirement funds, including the General Employees' Retirement Fund, have a plan to pay off the actuarial liability in 20-30 years.

## Investment Results

The 2018 investment results were favorable and showed consistent, steady growth. The Fund's pension return for fiscal year 2018 was 6.47% (net of fees), slightly less than the policy index return of 6.91%. The Fund uses a measurement date of January 1st for its actuarial valuation opposed to fiscal year end, September 30th. In calendar year 2018 the Fund achieved an investment return of (5.19)% (net of fees), slightly above the policy index return of (4.80)%.

The pension fund's  
investment return was

6.47%

net of fees for fiscal year

2018



# statement *of* fiduciary net position

## General Employees' Retirement Fund Defined Benefit Pension Trust Fund

As of September 30

Assets	2018	2017
Cash	\$553,279	\$315,344
<b>Investments at Fair Value</b>		
Debt and Other Interest-Bearing Investments	205,057,967	206,134,483
Equities	458,550,249	445,672,969
Real Estate Investments	<u>66,544,815</u>	<u>61,252,902</u>
Total Cash and Investments	<u>730,706,310</u>	<u>713,375,698</u>
Accounts Receivable, Net	1,175,989	3,461,390
Interest and Dividends Receivable	1,557,823	1,311,792
Prepaid Costs	-	-
Total Assets	<u>733,440,122</u>	<u>718,148,880</u>
<b>Liabilities</b>		
Accounts Payable	2,595,912	3,892,546
Unearned Revenue	<u>-</u>	<u>-</u>
Total Liabilities	<u>2,595,912</u>	<u>3,892,546</u>
Net Position Held in Trust for Benefits	<u>\$730,844,210</u>	<u>\$714,256,335</u>

# statement *of changes in* fiduciary net position

## General Employees' Retirement Fund Defined Benefit Pension Trust Fund

As of September 30

Additions	2018	2017
<b>Contributions</b>		
Employer	\$20,479,928	\$19,603,745
Employee	23,001	29,711
<b>Total Contributions</b>	<u>20,502,929</u>	<u>19,633,456</u>
<b>Investment Earnings</b>		
Interest and Dividends	13,635,621	13,492,985
Net Increase in the Fair Value of Investments	<u>37,389,350</u>	<u>80,767,323</u>
<b>Total Investment Earnings</b>	51,024,971	94,260,308
Less Investment Expense	<u>(3,811,580)</u>	<u>(4,336,085)</u>
<b>Net Investment Earnings</b>	<u>47,213,391</u>	<u>89,924,223</u>
<b>Total Additions (Subtractions), Net</b>	<u>67,716,320</u>	<u>109,557,679</u>
<b>Deductions</b>		
Pension Benefits	50,806,974	50,133,469
Administrative Expenses	<u>321,471</u>	<u>410,832</u>
<b>Total Deductions</b>	<u>51,128,445</u>	<u>50,544,301</u>
<b>Change in Net Position</b>	<b>16,587,875</b>	<b>59,013,378</b>
Net Position – Beginning of Year	<u>714,256,335</u>	<u>655,242,957</u>
Net Position – End of Year	<u><b>\$730,844,210</b></u>	<u><b>\$714,256,335</b></u>

# funded status

The funded status is the ratio of the fair value of plan assets to the actuarial liability, or pension obligation. Prior to fiscal year 2014, the funded status represented the ratio of the actuarial value of assets to the actuarial accrued liability using the Entry Age Normal – Frozen Initial Liability actuarial cost method. Beginning with fiscal year 2014, and in accordance with Governmental Accounting Standard No. 67, the funded status is determined using the Fiduciary Net Position (market value of assets) and the Total Plan Liability (Entry Age Normal actuarial cost method).

An increase in the funded status over time usually indicates a plan is gaining financial strength. However a decrease in the funded status will not necessarily indicate a plan is in financial decline. Changes in actuarial assumptions and performance of financial markets can significantly impact the funded status.

The primary concern to most pension plan participants is whether there will be enough money available to pay benefits. The City of Tampa has traditionally contributed the actuarially determined contribution (ADC) as determined by the Fund’s actuary. *The Retirement Plan for City of Tampa General Employees’ Retirement Fund — Special Act of the Florida State Legislature – Chapter 23559, Special Act of 1945* requires that contributions

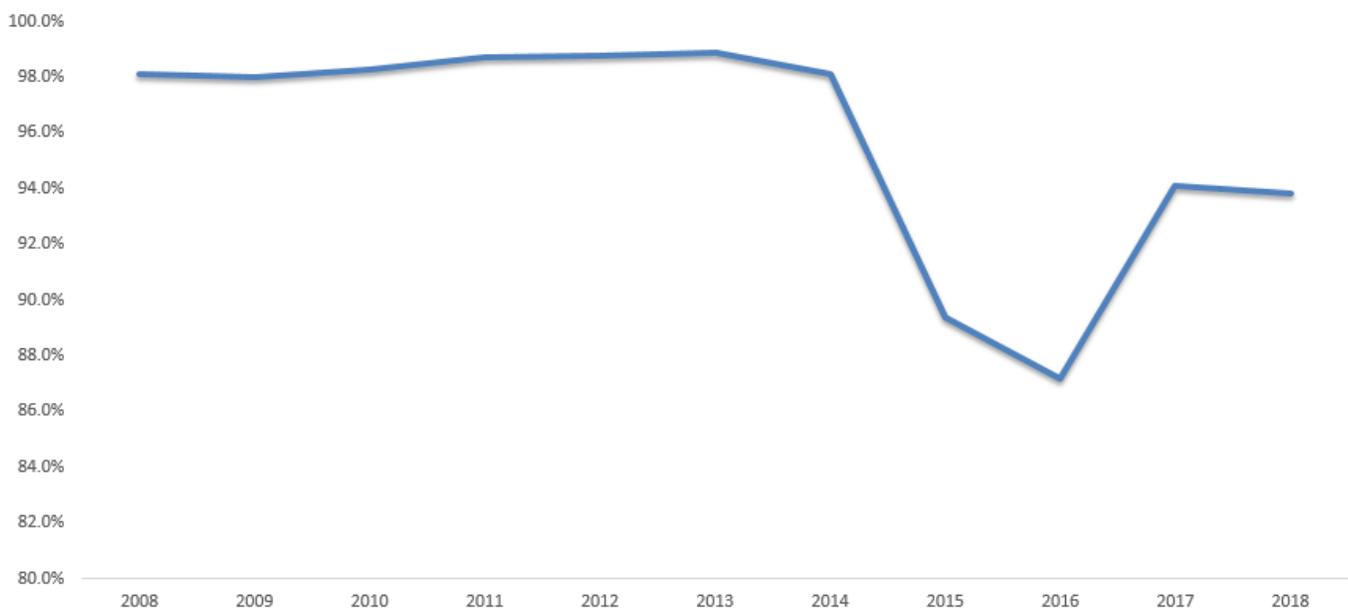
to the Fund consist of the amount of monies necessary to maintain a level of funding adequate to enable payment of the benefit amounts prescribed by the Plan, to pay the annual amortization of any accrued unfunded liability, and to fund the costs of administering the plan.

The benefit structure of the plan, coupled with contributions and investment returns, are the primary drivers of the funded status.

Pension liabilities are  
**93.8% funded**  
 We have remained in compliance  
 with the 30-year funding window  
 required by accounting standards.

## Schedule of Funding Status

As of September 30, 2018



Prior to fiscal year 2014 GASB 25 was used as the accounting basis to determine funded status. This method used Entry Age Normal — Frozen Initial Liability and actuarial value of assets. Starting in fiscal year 2014, GASB 67 was implemented which uses entry age normal actuarial accrued liability and market value of assets. Although the Fund uses January 1st as its valuation date, the reporting date (Fund’s fiscal year end) is used for determining funded status under GASB 67.

# discount rate

The discount rate used to measure the total pension liability was 7.9%. 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 the City's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund'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 the Fund's investments was applied to all periods of projected benefit payments to determine the total pension liability.

In fiscal year 2017, the Fund's Board of Trustees took action to lower the discount rate to 7.5% over a five year period at a rate of ten basis points per year. Effective January 1, 2019, the discount rate was reduced to 7.8% and will continue to be reduced annually until it reaches 7.5% on January 1, 2022.



"Tampa Riverwalk" photo courtesy of Gabe Faraone





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