

CITY OF GAINESVILLE
CONSOLIDATED POLICE OFFICERS' AND FIREFIGHTERS' RETIREMENT PLAN

SECTION 112.664, FLORIDA STATUTES COMPLIANCE

DETERMINED AS OF THE
OCTOBER 1, 2022 VALUATION DATE

August 28, 2023

VIA EMAIL

Board of Trustees
City of Gainesville
Consolidated Police Officers' and Firefighters' Retirement Plan
200 East University Avenue
Gainesville, FL 32601

Re: City of Gainesville Consolidated Police Officers' and Firefighters' Retirement 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

cc via email: Stu Kaufman, Board Attorney

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 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	4,443,944	7,110,593
Interest	23,638,461	22,380,306
Share Plan Allocation	447,251	447,251
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	7,955,203	11,413,553
Changes of Assumptions	5,128,200	7,598,397
Benefit Payments, Including Refunds of Employee Contributions	(22,223,037)	(22,223,037)
Net Change in Total Pension Liability	19,390,022	26,727,063
Total Pension Liability - Beginning	305,888,606	383,328,154
Total Pension Liability - Ending (a)	<u>\$ 325,278,628</u>	<u>\$ 410,055,217</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	1,869,220	1,869,220
Contributions - State	2,033,782	2,033,782
Contributions - Employee	2,332,944	2,332,944
Net Investment Income	(54,115,730)	(54,115,730)
Benefit Payments, Including Refunds of Employee Contributions	(22,223,037)	(22,223,037)
Administrative Expenses	(589,725)	(589,725)
Other	325,952	325,952
Net Change in Plan Fiduciary Net Position	(70,366,594)	(70,366,594)
Plan Fiduciary Net Position - Beginning	348,217,158	348,217,158
Plan Fiduciary Net Position - Ending (b)	<u>\$ 277,850,564</u>	<u>\$ 277,850,564</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 47,428,064</u>	<u>\$ 132,204,653</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	277,850,564	-	26,554,696	-	20,504,424	271,800,292
2023	271,800,292	-	20,973,706	-	20,251,792	271,078,378
2024	271,078,378	-	21,416,351	-	20,178,691	269,840,718
2025	269,840,718	-	21,998,831	-	20,060,201	267,902,088
2026	267,902,088	-	22,440,157	-	19,892,856	265,354,787
2027	265,354,787	-	23,275,972	-	19,663,052	261,741,867
2028	261,741,867	-	24,084,012	-	19,351,739	257,009,594
2029	257,009,594	-	24,638,543	-	18,963,500	251,334,551
2030	251,334,551	-	25,013,921	-	18,509,138	244,829,768
2031	244,829,768	-	25,495,796	-	17,986,345	237,320,317
2032	237,320,317	-	25,724,128	-	17,395,515	228,991,704
2033	228,991,704	-	26,018,773	-	16,738,630	219,711,561
2034	219,711,561	-	26,184,497	-	16,012,997	209,540,061
2035	209,540,061	-	26,396,736	-	15,216,481	198,359,806
2036	198,359,806	-	26,396,556	-	14,350,018	186,313,268
2037	186,313,268	-	26,278,412	-	13,420,990	173,455,846
2038	173,455,846	-	26,182,489	-	12,428,257	159,701,614
2039	159,701,614	-	26,032,991	-	11,368,097	145,036,720
2040	145,036,720	-	25,928,974	-	10,235,598	129,343,344
2041	129,343,344	-	25,755,903	-	9,026,068	112,613,509
2042	112,613,509	-	25,470,986	-	7,740,546	94,883,069
2043	94,883,069	-	25,181,256	-	6,377,664	76,079,477
2044	76,079,477	-	24,820,405	-	4,934,369	56,193,441
2045	56,193,441	-	24,393,509	-	3,409,743	35,209,675
2046	35,209,675	-	23,909,361	-	1,802,262	13,102,576
2047	13,102,576	-	23,381,414	-	-	-

*All DROP and Share Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 25.56

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	277,850,564	-	26,554,696	-	15,212,960	266,508,828
2023	266,508,828	-	20,973,706	-	14,721,264	260,256,386
2024	260,256,386	-	21,416,351	-	14,349,022	253,189,057
2025	253,189,057	-	21,998,831	-	13,925,904	245,116,130
2026	245,116,130	-	22,440,157	-	13,449,023	236,124,996
2027	236,124,996	-	23,275,972	-	12,908,003	225,757,027
2028	225,757,027	-	24,084,012	-	12,288,614	213,961,629
2029	213,961,629	-	24,638,543	-	11,594,436	200,917,522
2030	200,917,522	-	25,013,921	-	10,833,607	186,737,208
2031	186,737,208	-	25,495,796	-	10,004,385	171,245,797
2032	171,245,797	-	25,724,128	-	9,107,065	154,628,734
2033	154,628,734	-	26,018,773	-	8,143,112	136,753,073
2034	136,753,073	-	26,184,497	-	7,110,497	117,679,073
2035	117,679,073	-	26,396,736	-	6,007,641	97,289,978
2036	97,289,978	-	26,396,556	-	4,835,273	75,728,695
2037	75,728,695	-	26,278,412	-	3,598,896	53,049,179
2038	53,049,179	-	26,182,489	-	2,297,581	29,164,271
2039	29,164,271	-	26,032,991	-	928,497	4,059,777
2040	4,059,777	-	25,928,974	-	-	-

*All DROP and Share Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 18.16

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, 2023

Valuation Date: 10/1/2021

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Investment Rate of Return:	7.75%	5.75%
Minimum Required Contribution (Fixed \$)	\$5,483,833	\$13,438,755
Minimum Required Contribution (% of Payroll)	19.30%	47.29%
Expected Member Contribution	2,317,879	2,317,879
Expected State Money	1,139,280	1,139,280
Expected Sponsor Contribution (Fixed \$)	\$2,026,674	\$9,981,596
Expected Sponsor Contribution (% of Payroll)	7.13%	35.12%

ASSETS

Actuarial Value ¹	332,839,491	332,839,491
Market Value ¹	277,850,564	277,850,564

LIABILITIES

Present Value of Benefits		
Active Members		
Retirement Benefits	119,875,946	181,845,323
Disability Benefits	5,852,619	8,422,260
Death Benefits	670,220	1,023,955
Vested Benefits	393,586	696,736
Refund of Contributions	700,693	740,366
Service Retirees	202,257,319	247,262,994
DROP Retirees ¹	20,197,793	25,196,868
Beneficiaries	9,053,971	10,585,423
Disability Retirees	4,621,020	5,556,332
Terminated Vested	2,620,566	3,675,391
Share Plan Balances ¹	2,905,925	2,905,925
Total:	<u>369,149,658</u>	<u>487,911,573</u>
Present Value of Future Salaries	233,257,089	262,392,852
Present Value of Future Member Contributions	19,096,475	21,492,006
Total Normal Cost	4,780,020	7,688,534
Present Value of Future Normal Costs (Entry Age Normal)	40,026,501	72,799,273
Total Actuarial Accrued Liability (EAN) ¹	329,123,157	415,112,300
Unfunded Actuarial Accrued Liability (UAAL)	(3,716,334)	82,272,809

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2023

Valuation Date: 10/1/2021

	ACTUAL	HYPOTHETICAL
Investment Rate of Return:	7.75%	5.75%
<u>PENSION COST</u>		
Normal Cost (with interest)	5,114,203	8,146,867
Administrative Expenses (with interest)	369,630	366,072
Payment Required To Amortize UAAL (with interest)	-263,691	4,925,816
Minimum Required Contribution	\$5,483,833 ²	\$13,438,755

¹ The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2021.

² Reflects normal cost minimum funding requirements of Chapter 112, Florida Statutes.