

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

GASB 67/68 DISCLOSURE INFORMATION
MEASUREMENT DATE: SEPTEMBER 30, 2023

GASB 68 REPORTING
AS OF SEPTEMBER 30, 2023



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS



January 18, 2024

Mr. William Johnston
City of Gainesville Consolidated Police Officers' and Firefighters' Retirement Plan

RE: GASB Statements No. 67 and No. 68 – City of Gainesville Consolidated Police Officers' and Firefighters' Retirement Plan

Dear William:

We are pleased to present this report of the GASB Statements No. 67 and No. 68 measured as of September 30, 2023 for the City of Gainesville Consolidated Police Officers' and Firefighters' Retirement Plan.

The calculation of the liability associated with the benefits referenced in this report was performed to satisfy the requirements of GASB No. 67 and No. 68 and is not applicable for other purposes, such as determining the plan's funding requirements. Use of the results for other purposes may not be applicable and may produce significantly different results.

The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on an actuarial valuation performed as of October 1, 2022. The total pension liability was rolled forward from the valuation date to the plan's fiscal year ending September 30, 2023 using generally accepted actuarial principles. It is our opinion that the assumptions used for this purpose are internally consistent, reasonable, and comply with the requirements under GASB No. 67 and No. 68.

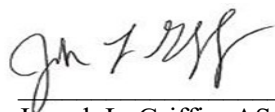
In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the City. The actuarial assumptions and methods are described in the Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

In performing the analysis, we used third-party software to model (calculate) the underlying liabilities and costs. These results are reviewed in the aggregate and for individual sample lives. The output from the software is either used directly or input into internally developed models to generate the costs. All internally developed models are reviewed as part of the process. As a result of this review, we believe that the models have produced reasonable results. We do not believe there are any material inconsistencies among assumptions or unreasonable output produced due to the aggregation of assumptions.

To the best of our knowledge, these statements are complete and accurate and are in accordance with generally recognized actuarial practices and methods. 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.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact us at (293) 433-5500.

Respectfully submitted,
Foster & Foster, Inc.

A handwritten signature in black ink, appearing to read "JL Griffin".

Joseph L. Griffin, ASA, EA, MAAA
Enrolled Actuary #23-6938

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I. SUMMARY

Valuation Date	10/01/2022	10/01/2021
GASB 67/68 Measurement Date	09/30/2023	09/30/2022
GASB 68 Reporting Date	09/30/2023	09/30/2022
Plan Membership:		
Inactives Currently Receiving Benefits	479	473
Inactives Not Yet Receiving Benefits	38	42
Active Plan Members	390	389
Total	907	904
Covered Payroll	\$ 31,229,110	\$ 28,686,181
Net Pension Liability		
Total Pension Liability	\$ 339,123,911	\$ 325,278,628
Plan Fiduciary Net Position	302,366,953	277,850,564
Net Pension Liability	\$ 36,756,958	\$ 47,428,064
Plan Fiduciary Net Position		
As a Percentage of Total Pension Liability	89.16%	85.42%
Net Pension Liability		
As a Percentage of Covered Payroll	117.70%	165.33%
Total Pension Expense	\$ 16,271,369	\$ 10,679,735
Development of Single Discount Rate		
Single Discount Rate	7.75%	7.75%
Long-Term Expected Rate of Return	7.75%	7.75%
High-quality Municipal Bond Rate	4.87%	1.93%
Number of Years Future Benefit Payments Are Expected to be Paid	All Years	All Years

II. GASB EXHIBITS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY

GASB 67/68 Measurement Date	09/30/2023	09/30/2022
GASB 68 Reporting Period Ending	09/30/2023	09/30/2022
Total Pension Liability		
Service Cost	4,780,020	4,443,944
Interest	24,778,517	23,638,461
Share Plan Allocation	816,182	447,251
Changes in Benefit Terms	0	0
Experience Gains/Losses	4,142,248	7,955,203
Changes of Assumptions	0	5,128,200
Benefit Payments	<u>(20,671,684)</u>	<u>(22,223,037)</u>
Net Change in Total Pension Liability	13,845,283	19,390,022
Total Pension Liability – Beginning	<u>325,278,628</u>	<u>305,888,606</u>
Total Pension Liability – Ending (a)	\$ 339,123,911	\$ 325,278,628
Plan Fiduciary Net Position		
Contributions – Employer	2,204,746	1,869,220
Contributions – State	1,955,462	2,033,782
Contributions – Employee	2,552,294	2,332,944
Net Investment Income	39,167,792	(54,115,730)
Benefit Payments	(20,671,684)	(22,223,037)
Administrative Expense	(692,008)	(589,725)
Other	<u>(213)</u>	<u>325,736</u>
Net Change in Plan Fiduciary Net Position	24,516,389	(70,366,810)
Plan Fiduciary Net Position – Beginning	277,850,350	348,217,158
Adjustment to beginning of year	<u>214</u>	<u>216</u>
Plan Fiduciary Net Position – Ending (b)	\$ 302,366,953	\$ 277,850,564
Net Pension Liability – Ending (a) – (b)	\$ 36,756,958	\$ 47,428,064
Plan Fiduciary Net Position		
As % of Total Pension Liability	89.16%	85.42%
Covered Payroll	\$ 31,229,110	\$ 28,686,181
Net Pension Liability		
As % of Covered Payroll	117.70%	165.33%

SENSITIVITY TO CHANGES IN DISCOUNT RATE

GASB 67/68 Measurement Date	09/30/2023	09/30/2022
GASB 68 Reporting Date	09/30/2023	09/30/2022
Discount Rate	7.75%	7.75%
+ 1% Discount Rate	8.75%	8.75%
- 1% Discount Rate	6.75%	6.75%
Sponsor's Net Pension Liability		
Current Discount Rate	\$ 36,756,958	\$ 47,428,064
1% Increase in Discount Rate	3,975,464	15,698,079
1% Decrease in Discount Rate	76,228,525	85,646,856

PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF
RESOURCES RELATED TO PENSIONS
YEAR-END SEPTEMBER 30, 2023

For the year ended September 30, 2023, the Sponsor will recognize a Pension Expense of \$16,271,369. On September 30, 2023, the Sponsor reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	8,333,925	23,245
Changes of assumptions	3,137,759	2,257,158
Net difference between projected and actual earnings on pension plan investments	16,965,393	0
Total	\$ 28,437,077	\$ 2,280,403

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year-ended September 30:		
2024	\$	7,015,280
2025	\$	6,680,427
2026	\$	15,272,937
2027	\$	(2,811,970)
2028	\$	0
Thereafter	\$	0

III. SUPPLEMENTARY GASB 68 EXPENSE DETAIL

COMPONENTS OF PENSION EXPENSE
YEAR-END SEPTEMBER 30, 2023

	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense
Beginning Balance	\$ 47,428,064	\$ 80,281,080	\$ 29,386,677	
Total Pension Liability Factors:				
Service Cost	4,780,020	0	0	4,780,020
Interest	24,778,517	0	0	24,778,517
Share Plan Allocation	816,182	0	0	816,182
Changes in Benefit Terms	0	0	0	0
Experience Gains/Losses	4,142,248	4,142,248	0	0
Current Year Amortization	0	(2,529,694)	(325,519)	2,204,175
Changes of Assumptions	0	0	0	0
Current Year Amortization	0	(1,811,430)	(752,386)	1,059,044
Benefit Payments	(20,671,684)	0	0	0
Net Change	13,845,283	(198,876)	(1,077,905)	33,637,938
Plan Fiduciary Net Position:				
Contributions - Employer	2,204,746	0	0	0
Contributions – State	1,955,462	0	0	(1,955,462)
Contributions – Employee	2,552,294	0	0	(2,552,294)
Projected Net Investment Income	20,965,693	0	0	(20,965,693)
Difference in Projected and Actual Earnings	18,202,099	0	18,202,099	0
Current Year Amortization	0	(19,731,201)	(12,316,542)	7,414,659
Benefit Payments	(20,671,684)	0	0	0
Administrative Expenses	(692,008)	0	0	692,008
Other	(213)	0	0	213
Net Change	24,516,389	(19,731,201)	5,885,557	(17,366,569)
Adjustment to beginning of year	0	0	0	0
Ending Balance	\$ 36,756,958	\$ 60,351,003	\$ 34,194,329	\$ 16,271,369

AMORTIZATION SCHEDULE – EXPERIENCE

Year	Initial Base	Recognition Period	2023	2024	2025	2026	2027	Thereafter
2023	\$ 4,142,248	5	\$ 828,448	\$ 828,450	\$ 828,450	\$ 828,450	\$ 828,450	\$ 0
2022	7,955,203	5	1,591,041	1,591,041	1,591,041	1,591,041	0	0
2021	159,551	6	26,592	26,592	26,592	26,592	0	0
2020	501,678	6	83,613	83,613	83,613	0	0	0
2019	(1,185,483)	5.10	(232,448)	(23,245)	0	0	0	0
2018	(2,419,821)	5.20	(93,071)	0	0	0	0	0
Net Increase (Decrease) in Pension Expense			\$ 2,204,175	\$ 2,506,451	\$ 2,529,696	\$ 2,446,083	\$ 828,450	\$ 0

AMORTIZATION SCHEDULE – CHANGES OF ASSUMPTIONS

Year	Initial Base	Recognition Period	2023	2024	2025	2026	2027	Thereafter
2022	\$ 5,128,200	5	\$ 1,025,640	\$ 1,025,640	\$ 1,025,640	\$ 1,025,640	\$ 0	\$ 0
2021	(4,514,316)	6	(752,386)	(752,386)	(752,386)	(752,386)	0	0
2019	3,102,805	5.10	608,393	60,839	0	0	0	0
2018	4,612,282	5.20	177,397	0	0	0	0	0
Net Increase (Decrease) in Pension Expense			\$ 1,059,044	\$ 334,093	\$ 273,254	\$ 273,254	\$ 0	\$ 0

AMORTIZATION SCHEDULE – INVESTMENTS

Year	Initial Base	Recognition Period	2023	2024	2025	2026	2027	Thereafter
2023	\$ (18,202,099)	5	\$ (3,640,419)	\$ (3,640,420)	\$ (3,640,420)	\$ (3,640,420)	\$ (3,640,420)	0
2022	80,970,101	5	16,194,020	16,194,020	16,194,020	16,194,020	0	0
2021	(43,380,616)	5	(8,676,123)	(8,676,123)	(8,676,123)	0	0	0
2020	1,486,293	5	297,259	297,259	0	0	0	0
2019	16,199,612	5	3,239,922	0	0	0	0	0
Net Increase (Decrease) in Pension Expense			\$ 7,414,659	\$ 4,174,736	\$ 3,877,477	\$ 12,553,600	\$ (3,640,420)	0

IV. ADDITIONAL INFORMATION

SCHEDULE OF CONTRIBUTIONS

Plan Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contrib. as % of Covered Payroll
09/30/2023	\$ 3,344,026	\$ 3,344,026	\$ 0	\$ 31,229,110	10.71%
09/30/2022	\$ 1,869,220	\$ 1,869,220	\$ 0	\$ 28,686,181	6.52%

The following assumptions were used to determine the Actuarially Determined Contribution for the plan year ending September 30, 2023:

Calculation Timing	The Actuarially Determined Contribution is calculated using a October 1, 2021 valuation date.
Interest Rate	7.75%
Assumptions	All other assumptions and methods used for determining the Actuarially Determined Contribution can be found in the October 1, 2021 Actuarial Valuation Report for the City of Gainesville Consolidated Police Officers' and Firefighters' Retirement Plan prepared by Foster & Foster Actuaries and Consultants.

INVESTMENT DISCLOSURES

Schedule of Investment Returns

For the year ended September 30, 2023, the annual money-weighted return on Pension Plan investments, net of pension plan investment expense, was 15.77 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Fiscal Year Ended	Annual Money-Weighted Rate of Return Net of Investment Expense
09/30/2023	15.77%
09/30/2022	-15.40%

Support for Long-Term Expected Rate of Return

The Long-Term Expected Rate of Return on Pension Plan investments can be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Pension Plan investment expenses and inflation) are developed for each major asset class.

These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the Pension Plan's target asset allocation adopted as of September 30, 2023, as provided by Willis Towers Watson Investments, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Large Cap Equity	35.00%	7.40%
Small Cap Equity	15.00%	7.30%
International Equity	20.00%	7.60%
Securitized Credit	7.50%	5.40%
High Yield	7.50%	6.70%
Real Estate	15.00%	6.50%
Total	100.00%	

Inflation rate of investment advisor 2.50%

Concentrations

The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan's fiduciary net position.

ASSUMPTIONS

Valuation Date	10/01/2022
GASB 67/68 Measurement Date	09/30/2023
GASB 68 Reporting Date	09/30/2023
Discount Rate	7.75%
Long-Term Rate of Return	7.75%
Mortality	
<i>Healthy Active Lives</i>	PubS.H-2010 (Below Median) for Employees, set forward one year.
<i>Healthy Retiree Lives</i>	PubS.H-2010 for Healthy Retirees, set forward one year.
<i>Beneficiary Lives</i>	Female: PubG.H-2010 for Healthy Retirees. Male: PubG.H-2010 for Healthy Retirees, set back one year.
<i>Disabled Lives</i>	80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.
	All rates are projected generationally with Mortality Improvement Scale MP-2018.
	The above described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2021 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics.
Salary Scale	Service based
Inflation	2.50%
Latest Experience Study Date	The most recent actuarial experience study used to review the other significant assumptions was conducted by the prior actuary Conduent in 2017.

A summary of other assumptions reflected in the valuation can be found in the October 1, 2022 Actuarial Valuation for the City of Gainesville Consolidated Police Officers' and Firefighters' Retirement Plan prepared by Foster & Foster Actuaries and Consultants..

Changes in Assumptions

Total Pension Liability and GASB 68 Pension Expense measured as of September 30, 2023 reflect no assumption changes.

Development of the Discount Rate

The projection of cash flows used to determine the Discount Rate assumed that current Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate.

Based on those assumptions, the Pension Plan'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 Pension Plan investments (7.75 percent) was applied to all periods of projected benefit payments to determine the Total Pension Liability.

No projected benefit payments were discounted using a high-quality municipal bond rate of 4.87 percent. The high-quality municipal bond rate was based on the daily rate closest to, but not later than the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index.

The single equivalent Discount Rate was 7.75 percent.

SUMMARY OF CURRENT PLAN

Plan Description

The Plan is a single-employer defined benefit pension plan administered by the Board of Trustees of the Consolidated Plan. The five-member Consolidated Board of Trustees is responsible for the overall administration of the Plan and the investment of Plan assets. The Consolidated Board of Trustees is comprised of two City appointees, one police officer who is a member of the Plan, one firefighter who is a member of the Plan, and a fifth member appointed by the other four Trustees. The Police Trustee is a police officer elected by active Police members and the Fire Trustee is a firefighter elected by active Fire members. Employees in the DROP or reverse DROP are not eligible to vote for the Trustee from their area, but are eligible to be elected as a Trustee of the Plan. The fifth member is selected by the other four Trustees and is then, through a ministerial function, confirmed by the City Commission. The Chair of the Board is the designated agent for the service of legal process.

Benefits Provided

The Plan provides retirement, termination, disability and death benefits.

A summary of the benefit provisions can be found in the Actuarial Valuation as of October 1, 2022 for the City of Gainesville Consolidated Police Officers' and Firefighters' Retirement Plan prepared by Foster & Foster Actuaries and Consultants.

Benefit Changes

No benefit changes have been reflected since the prior year.

Deferred Retirement Option Program

Eligibility:	A Member who has earned at least 25 years of service or age plus service equal 70.
Participation:	Members may participate for a maximum of 60 months.
Rate of return:	DROP benefits accumulate with interest at 4.5% per year for police officers and 5.5% per year for firefighters.
Distribution:	Lump sum and/or rollover to qualified retirement plan(s) at termination of employment.
Reverse DROP:	Members can select a date in the past for participation in the DROP.
DROP balance:	The DROP balance as of September 30, 2023 is \$2,916,534.