

CITY OF GAINESVILLE GENERAL
EMPLOYEES PENSION PLAN

GASB DISCLOSURE INFORMATION
STATEMENTS 67/68
MEASUREMENT DATE: SEPTEMBER 30, 2024

GASB 68 REPORTING
AS OF SEPTEMBER 30, 2024



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS



December 18, 2024

Mr. William Johnston
City of Gainesville General
Employees Pension Board

RE: GASB statements 67/68 – City of Gainesville General Employees Pension Plan

Dear Mr. Johnston:

We are pleased to present this report of the GASB statements 67/68 measured as of September 30, 2024 for the City of Gainesville General Employees Pension Plan.

The calculation of the liability associated with the benefits referenced in this report was performed to satisfy the requirements of GASB 67/68 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, 2023. The total pension liability was rolled forward from the valuation date to the plan's fiscal year ending September 30, 2024 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 67/68.

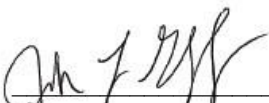
In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the City. The actuarial assumptions and methods are described in the Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed 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 (239) 433-5500.

Respectfully submitted,
Foster & Foster, Inc.



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

TABLE OF CONTENTS

I. Summary	5
II. Fiduciary Net Position	6
Statement of Fiduciary Net Position	7
Statement of Changes in Fiduciary Net Position	8
III. GASB Exhibits	9
Schedule of Changes in Net Pension Liability	10
Sensitivity to Changes in Discount Rate	11
Pension Expense	12
Pension Deferred Outflows/Inflows	13
IV. Supplementary GASB 68 Expense Detail	14
V. Additional Information	18
Schedule of Contributions	19
Investment Disclosures	20
Assumptions	21
Summary of Current Plan	23

I. SUMMARY

Valuation Date	10/01/2023	10/01/2022
GASB 67/68 Measurement Date	09/30/2024	09/30/2023
GASB 68 Reporting Date	09/30/2024	09/30/2023
Plan Membership		
Inactives Currently Receiving Benefits	1,537	1,507
Inactives Not Yet Receiving Benefits	548	529
Active Plan Members	1,636	1,644
Total	3,721	3,680
Covered Payroll	\$ 118,874,301	\$ 111,476,645
Net Pension Liability/(Asset)		
Total Pension Liability	\$ 698,853,628	\$ 679,159,682
Plan Fiduciary Net Position	731,780,898	606,462,522
Net Pension Liability/(Asset)	\$ (32,927,270)	\$ 72,697,160
Plan Fiduciary Net Position		
As a % of Total Pension Liability	104.71%	89.30%
Net Pension Liability/(Asset)		
As a % of Covered Payroll	-27.70%	65.21%
Total Pension Expense/(Income)	\$ (7,955)	\$ 37,116,980
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	4.06%	4.87%
Number of Years Future Benefit Payments Are Expected to be Paid	All Years	All Years

II. FIDUCIARY NET POSITION

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2024

<u>ASSETS</u>	MARKET VALUE
Total Cash and Equivalents	6,262,252
Receivables:	
Additional Contributions	44,381
Due from City of Gainesville	2,327,588
Investment Income	568,141
Total Receivable	2,940,110
Investments:	
Total Investments	722,870,943
Total Assets	732,073,305
<u>LIABILITIES</u>	
Accounts payable and accrued liabilities	292,407
Total Liabilities	292,407
NET POSITION RESTRICTED FOR PENSIONS	731,780,898

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2024
Market Value Basis

ADDITIONS

Contributions:

Member	6,012,168
City	8,451,963

Total Contributions 14,464,131

Investment Income:

Net Increase in Fair Value of Investments	150,062,180
Interest & Dividends	7,273,356
Less Investment Expense ¹	(3,024,444)

Net Investment Income 154,311,092

Total Additions 168,775,223

DEDUCTIONS

Distributions to Members:

Benefit Payments	41,439,168
Lump Sum DROP Distributions	713,246
Refunds of Member Contributions	790,227

Total Distributions 42,942,641

Administrative Expense 514,206

Total Deductions 43,456,847

Net Increase in Net Position 125,318,376

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year 606,462,522

End of the Year 731,780,898

¹ Investment related expenses include investment advisory, custodial and performance monitoring fees.

III. GASB EXHIBITS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY

GASB 67/68 Measurement Date	09/30/2024	09/30/2023
GASB 68 Reporting Period Ending	09/30/2024	09/30/2023
Total Pension Liability		
Service Cost	10,054,186	9,893,114
Interest	51,750,047	50,384,686
Changes in Benefit Terms	0	0
Experience Gains/Losses	832,354	(511,444)
Changes of Assumptions	0	0
Benefit Payments	(42,942,641)	(41,677,081)
Net Change in Total Pension Liability	<u>19,693,946</u>	<u>18,089,275</u>
Total Pension Liability – Beginning	679,159,682	661,070,407
Total Pension Liability – Ending (a)	<u>\$ 698,853,628</u>	<u>\$ 679,159,682</u>
Plan Fiduciary Net Position		
Contributions – Employer	8,451,963	5,674,901
Contributions – Employee	6,012,168	5,573,832
Net Investment Income	154,311,092	116,645,780
Benefit Payments	(42,942,641)	(41,677,081)
Administrative Expense	(514,206)	(600,828)
Other	<u>0</u>	<u>0</u>
Net Change in Plan Fiduciary Net Position	125,318,376	85,616,604
Plan Fiduciary Net Position – Beginning	606,462,522	520,845,918
Adjustment to beginning of year	<u>0</u>	<u>0</u>
Plan Fiduciary Net Position – Ending (b)	<u>\$ 731,780,898</u>	<u>\$ 606,462,522</u>
Net Pension Liability – Ending (a) – (b)	<u>\$ (32,927,270)</u>	<u>\$ 72,697,160</u>
Plan Fiduciary Net Position		
As % of Total Pension Liability	104.71%	89.30%
Covered Payroll	<u>\$ 118,874,301</u>	<u>\$ 111,476,645</u>
Net Pension Liability		
As % of Covered Payroll	-27.70%	65.21%

SENSITIVITY TO CHANGES IN DISCOUNT RATE

GASB 67/68 Measurement Date	09/30/2024	09/30/2023
GASB 68 Reporting Date	09/30/2024	09/30/2023
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	\$ (32,927,270)	\$ 72,697,160
1% Increase in Discount Rate	(98,391,746)	8,749,210
1% Decrease in Discount Rate	45,027,756	148,878,596

PENSION EXPENSE
YEAR-END SEPTEMBER 30, 2024

For the year ended September 30, 2024, the Sponsor will recognize a Pension Expense/(Income) of (\$7,955). Below is a summary of the components of the Pension expense.

Fiscal Year End	09/30/2024
Beginning of Measurement Period	10/01/2023
End of Measurement Period	09/30/2024
<hr/>	
Service Cost	\$ 10,054,186
Interest on Total Pension Liability	51,750,047
Changes in Benefit Terms	0
Contributions – Employee	(6,012,168)
Projected Earnings on Investments	(45,877,378)
Administrative Expenses	514,206
Recognition of deferred outflows/(inflows)	
Experience Gains/Losses	2,461,579
Assumption Changes	1,785,275
Investment Returns	(14,683,702)
Total Pension Expense	<hr/> (7,955)

PENSION DEFERRED OUTFLOWS/INFLOWS
YEAR-END SEPTEMBER 30, 2024

On September 30, 2024, 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	7,782,872	333,037
Changes of assumptions	5,260,092	0
Net difference between projected and actual earnings on pension plan investments	0	74,221,732
Total	\$ 13,042,964	\$ 74,554,769

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:

2025	\$	(13,479,057)
2026	\$	6,647,211
2027	\$	(33,159,687)
2028	\$	(21,520,272)
2029	\$	0
Thereafter	\$	0

IV. SUPPLEMENTARY GASB 68 EXPENSE DETAIL

AMORTIZATION SCHEDULE – EXPERIENCE

Year	Initial Base	Recognition Period	2024	2025	2026	2027	2028	Thereafter
2024	\$ 832,354	5	\$ 166,470	\$ 166,471	\$ 166,471	\$ 166,471	\$ 166,471	\$ 0
2023	(511,444)	5	(102,289)	(102,289)	(102,289)	(102,289)	0	0
2022	13,619,109	6	2,269,852	2,269,852	2,269,852	2,269,852	0	0
2021	922,294	6	153,716	153,716	153,716	0	0	0
2020	(157,018)	6	(26,170)	(26,170)	0	0	0	0
Net Increase (Decrease) in Pension Expense			\$ 2,461,579	\$ 2,461,580	\$ 2,487,750	\$ 2,334,034	\$ 166,471	\$ 0

AMORTIZATION SCHEDULE – CHANGES OF ASSUMPTIONS

Year	Initial Base	Recognition Period	2024	2025	2026	2027	2028	Thereafter
2022	\$ 10,137,250	6	\$ 1,689,542	\$ 1,689,542	\$ 1,689,542	\$ 1,689,542	\$ 0	\$ 0
2021	574,399	6	95,733	95,733	95,733	0	0	0
Net Increase (Decrease) in Pension Expense			\$ 1,785,275	\$ 1,785,275	\$ 1,785,275	\$ 1,689,542	\$ 0	\$ 0

AMORTIZATION SCHEDULE – INVESTMENTS

Year	Initial Base	Recognition Period	2024	2025	2026	2027	2028	Thereafter
2024	\$ (108,433,714)	5	\$ (21,686,742)	\$ (21,686,743)	\$ (21,686,743)	\$ (21,686,743)	\$ (21,686,743)	\$ 0
2023	(77,482,602)	5	(15,496,520)	(15,496,520)	(15,496,520)	(15,496,520)	0	0
2022	197,787,244	5	39,557,449	39,557,449	39,557,449	0	0	0
2021	(100,500,491)	5	(20,100,098)	(20,100,098)	0	0	0	0
2020	15,211,044	5	3,042,209	0	0	0	0	0
Net Increase (Decrease) in Pension Expense			\$ (14,683,702)	\$ (17,725,912)	\$ 2,374,186	\$ (37,183,263)	\$ (21,686,743)	\$ 0

V. ADDITIONAL INFORMATION

SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contrib. as % of Covered Payroll
09/30/2024	\$ 8,451,963	\$ 8,451,963	\$ 0	\$ 118,874,301	7.11%
09/30/2023	\$ 5,674,161	\$ 5,674,901	\$ (740)	\$ 111,476,645	5.09%

The following assumptions were used to determine the Actuarially Determined Contribution for the plan year ended September 30, 2024:

Calculation Timing	The Actuarially Determined Contribution is calculated using a October 1, 2022 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, 2022 Actuarial Valuation Report for the City of Gainesville General Employees Pension Plan prepared by Foster & Foster Actuaries and Consultants.

INVESTMENT DISCLOSURES

Schedule of Investment Returns

For the year ended September 30, 2024, the annual money-weighted return on Pension Plan investments, net of pension plan investment expense, was 25.10 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
09/30/2024	25.10%
09/30/2023	23.22%

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 arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocation adopted as of September 30, 2024, as provided by Mariner, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	47.00%	7.50%
International Equity	28.00%	8.50%
Domestic Fixed Income	8.00%	2.50%
Real Estate	12.00%	4.50%
Alternative	5.00%	6.99%
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	October 1, 2023
GASB 67/68 Measurement Date	September 30, 2024
GASB 68 Reporting Date	September 30, 2024
Discount Rate	7.75%
Long-Term Rate of Return	7.75%
Cost Method	Entry Age Normal
Latest Experience Study Date	The most recent actuarial experience study used to review the other significant assumptions is unknown.

Mortality

<i>Healthy Active Lives</i>	Female: PubG.H-2010 for Employees. Male: PubG.H-2010 for Employees, set back one year.
<i>Healthy Retiree Lives</i>	Female: PubG.H-2010 for Healthy Retirees. Male: PubG.H-2010 for Healthy Retirees, set back one year.
<i>Disabled Lives</i>	PubG.H-2010 for Disabled Retirees, set forward three years.

All rates are projected generationally with Mortality Improvement Scale MP-2018.

The previously 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 non-special-risk employees, with appropriate adjustments made based on plan demographics.

Salary Scale	Service based
Inflation	2.50%

A summary of other assumptions reflected in the valuation can be found in the October 1, 2023 Actuarial Valuation for the City of Gainesville General Employees Pension Plan prepared by Foster & Foster Actuaries and Consultants

Changes in Assumptions

Total Pension Liability as of the September 30, 2024 measurement date reflects 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 4.06 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 Employees' Plan is a contributory defined benefit single-employer pension plan that covers all permanent employees of the City, except certain personnel who elected to participate in the Defined Contribution Plan and who were grandfathered into that plan, and police officers and firefighters who participate in the Consolidated Plan. Benefits and refunds of the defined benefit pension plan are recognized when due and payable in accordance with the terms of the plan. The costs of administering the plan, like other plan costs, are captured within the plan itself and financed through contribution and investment income, as appropriate.

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, 2023 for the City of Gainesville General Employees Pension 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 27 years of Credited Service.

Participation:

Participation: Members may participate for a maximum of 60 months or the attainment of 35 years of service.

Rate of return:

DROP benefits accumulate with interest as follows:

- For those who enter DROP on or before October 1, 2012 - 6.0% per year.
- For those who enter DROP after October 1, 2012 - 2.25% per year.
- For those who enter DROP on or after May 1, 2016 - One-time election for interest to accrue at (1) 2.25% per year or (2) a variable rate between 0.0% and 4.5% per year based on the plan's actual return for the previous plan year.

DROP balance:

The DROP balance as of September 30, 2024 is \$6,024,094.