

CITY OF DAVENPORT POLICE OFFICERS' AND FIREFIGHTERS' PENSION TRUST FUND

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

GASB 68 REPORTING  
AS OF SEPTEMBER 30, 2023



**FOSTER & FOSTER**  
ACTUARIES AND CONSULTANTS



January 2, 2024

Board of Trustees  
City of Davenport Police Officers' and Firefighters' Pension Trust Fund

RE: GASB Statements No. 67 and No. 68 – City of Davenport Police Officers' and Firefighters' Pension Trust Fund

Dear Board:

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 Davenport Police Officers' and Firefighters' Pension Trust Fund.

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.

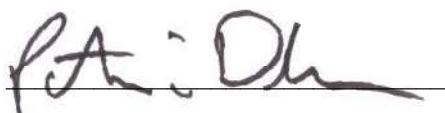
In conducting the valuation, we have relied on personnel and plan design information supplied by the City and asset information supplied by the custodian bank. The actuarial assumptions and methods are described in the Assumptions section of this report. While we cannot verify the accuracy of all this 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 "P.T. Donlan", written over a horizontal line.

Patrick T. Donlan, ASA, EA, MAAA  
Enrolled Actuary #23-6595

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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
<b>Plan Membership:</b>		
Inactives Currently Receiving Benefits	1	0
Inactives Not Yet Receiving Benefits	11	9
Active Plan Members	<u>30</u>	<u>29</u>
<b>Total</b>	<b>42</b>	<b>38</b>
 Covered Payroll	 \$ 1,890,127	 \$ 1,697,668
<b>Net Pension Liability</b>		
Total Pension Liability	\$ 1,948,651	\$ 1,391,499
Plan Fiduciary Net Position	<u>1,786,027</u>	<u>1,271,250</u>
Net Pension Liability	\$ 162,624	\$ 120,249
 <b>Plan Fiduciary Net Position</b>		
As a Percentage of Total Pension Liability	91.65%	91.36%
 <b>Net Pension Liability</b>		
As a Percentage of Covered Payroll	8.60%	7.08%
 Total Pension Expense	 \$ 386,029	 \$ 220,762
 <b>Development of Single Discount Rate</b>		
Single Discount Rate	7.50%	7.50%
Long-Term Expected Rate of Return	7.50%	7.50%
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. FIDUCIARY NET POSITION

STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2023

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Short Term Investments	53,652
Total Cash and Equivalents	53,652
Receivables:	
Member Contributions in Transit	3,869
State Contributions	314,261
Total Receivables	318,130
Investments:	
Mutual Funds:	
Fixed Income	512,063
Equity	913,533
Total Investments	1,425,596
Total Assets	1,797,378
<u>LIABILITIES</u>	
Payables:	
Refunds of Member Contributions	8,336
Investment Expenses	2,295
Administrative Expenses	280
To General Employees' Trust Fund	440
Total Liabilities	11,351
NET POSITION RESTRICTED FOR PENSIONS	1,786,027

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2023  
Market Value Basis

ADDITIONS

Contributions:

Member	94,506
City	83,213
State	314,261

Total Contributions 491,980

Investment Income:

Net Increase in Fair Value of Investments	74,210
Interest & Dividends	33,813
Less Investment Expense <sup>1</sup>	(9,045)

Net Investment Income 98,978

Total Additions 590,958

DEDUCTIONS

Distributions to Members:

Benefit Payments	20,850
Refunds of Member Contributions	19,670

Total Distributions 40,520

Administrative Expense 35,661

Total Deductions 76,181

Net Increase in Net Position 514,777

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year 1,271,250

End of the Year 1,786,027

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<sup>1</sup> 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	09/30/2023	09/30/2022
GASB 68 Reporting Period Ending	09/30/2023	09/30/2022
<b>Total Pension Liability</b>		
Service Cost	275,047	233,487
Interest	123,471	99,325
Changes in Benefit Terms	97,385	0
Experience Gains/Losses	101,769	(18,186)
Changes of Assumptions	0	0
Benefit Payments	(40,520)	(27,938)
Net Change in Total Pension Liability	557,152	286,688
Total Pension Liability – Beginning	1,391,499	1,104,811
Total Pension Liability – Ending (a)	\$ 1,948,651	\$ 1,391,499
<b>Plan Fiduciary Net Position</b>		
Contributions – Employer	83,213	139,804
Contributions – State	314,261	212,745
Contributions – Employee	94,506	84,883
Net Investment Income	98,978	(205,052)
Benefit Payments	(40,520)	(27,938)
Administrative Expense	(35,661)	(28,718)
Other	0	0
Net Change in Plan Fiduciary Net Position	514,777	175,724
Plan Fiduciary Net Position – Beginning	1,271,250	1,095,526
Adjustment to beginning of year	0	0
Plan Fiduciary Net Position – Ending (b)	\$ 1,786,027	\$ 1,271,250
Net Pension Liability – Ending (a) – (b)	\$ 162,624	\$ 120,249
<b>Plan Fiduciary Net Position</b>		
As % of Total Pension Liability	91.65%	91.36%
Covered Payroll	\$ 1,890,127	\$ 1,697,668
Net Pension Liability		
As % of Covered Payroll	8.60%	7.08%

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	7.50%	7.50%
+ 1% Discount Rate	8.50%	8.50%
- 1% Discount Rate	6.50%	6.50%
<b>Sponsor's Net Pension Liability</b>		
Current Discount Rate	\$ 162,624	\$ 120,249
1% Increase in Discount Rate	(103,199)	(72,516)
1% Decrease in Discount Rate	494,138	361,022

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 \$386,029. 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	110,094	70,586
Changes of assumptions	0	6,105
Net difference between projected and actual earnings on pension plan investments	170,216	0
<b>Total</b>	<b>\$ 280,310</b>	<b>\$ 76,691</b>

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	\$	58,910
2025	\$	58,939
2026	\$	69,049
2027	\$	2,357
2028	\$	14,364
Thereafter	\$	0

IV. 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	\$ 120,249	\$ 275,910	\$ 126,111	
<b>Total Pension Liability Factors:</b>				
Service Cost	275,047	0	0	275,047
Interest	123,471	0	0	123,471
Changes in Benefit Terms	97,385	0	0	97,385
Experience Gains/Losses	101,769	101,769	0	0
Current Year Amortization	0	(25,387)	(16,997)	8,390
Changes of Assumptions	0	0	0	0
Current Year Amortization	0	0	(2,035)	(2,035)
Benefit Payments	(40,520)	0	0	0
Net Change	<u>557,152</u>	<u>76,382</u>	<u>(19,032)</u>	<u>502,258</u>
<b>Plan Fiduciary Net Position:</b>				
Contributions - Employer	83,213	0	0	0
Contributions – State	314,261	0	0	0
Contributions – Employee	94,506	0	0	(94,506)
Projected Net Investment Income	110,936	0	0	(110,936)
Difference in Projected and Actual Earnings	(11,958)	11,958	0	0
Current Year Amortization	0	(63,691)	(10,139)	53,552
Benefit Payments	(40,520)	0	0	0
Administrative Expenses	(35,661)	0	0	35,661
Other	0	0	0	0
Net Change	<u>514,777</u>	<u>(51,733)</u>	<u>(10,139)</u>	<u>(116,229)</u>
Adjustment to beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending Balance	\$ 162,624	\$ 300,559	\$ 96,940	\$ 386,029

AMORTIZATION SCHEDULE – EXPERIENCE

Year	Initial Base	Recognition Period	2023	2024	2025	2026	2027	Thereafter
2023	\$ 101,769	6	\$ 16,959	\$ 16,962	\$ 16,962	\$ 16,962	\$ 16,962	16,962
2022	(18,186)	7	(2,598)	(2,598)	(2,598)	(2,598)	(2,598)	(2,598)
2021	(100,793)	7	(14,399)	(14,399)	(14,399)	(14,399)	(14,399)	0
2020	58,996	7	8,428	8,428	8,428	8,428	0	0
Net Increase (Decrease) in Pension Expense			\$ 8,390	\$ 8,393	\$ 8,393	\$ 8,393	(35)	\$ 14,364

AMORTIZATION SCHEDULE – CHANGES OF ASSUMPTIONS

Year	Initial Base	Recognition Period	2023	2024	2025	2026	2027	Thereafter
2020	\$ (14,246)	7	\$ (2,035)	\$ (2,035)	\$ (2,035)	\$ (2,035)	\$ 0	\$ 0
Net Increase (Decrease) in Pension Expense			\$ (2,035)	\$ (2,035)	\$ (2,035)	\$ (2,035)	\$ 0	\$ 0

AMORTIZATION SCHEDULE – INVESTMENTS

Year	Initial Base	Recognition Period	2023	2024	2025	2026	2027	Thereafter
2023	\$ 11,958	5	\$ 2,390	\$ 2,392	\$ 2,392	\$ 2,392	\$ 2,392	0
2022	301,496	5	60,299	60,299	60,299	60,299	0	0
2021	(50,550)	5	(10,110)	(10,110)	(10,110)	0	0	0
2020	(143)	5	(29)	(29)	0	0	0	0
2019	5,008	5	1,002	0	0	0	0	0
Net Increase (Decrease) in Pension Expense			\$ 53,552	\$ 52,552	\$ 52,581	\$ 62,691	\$ 2,392	0

V. 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	\$ 313,761	\$ 397,474	\$ (83,713)	\$ 1,890,127	21.03%
09/30/2022	\$ 320,859	\$ 352,549	\$ (31,690)	\$ 1,697,668	20.77%

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	7.50%
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 Davenport Police Officers' and Firefighters' Pension Trust Fund 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 7.48 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	7.48%
09/30/2022	-17.03%

### *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 Burgess Chambers, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	40.00%	7.20%
International Equity	10.00%	2.90%
Bonds	25.00%	1.70%
Convertibles	10.00%	5.90%
Private Real Estate	10.00%	5.90%
Infrastructure	5.00%	5.10%
<b>Total</b>	<b>100.00%</b>	

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	7.50%
Long-Term Rate of Return	7.50%
Mortality	
<i>Healthy Active Lives:</i>	PubS.H-2010 (Below Median) for Employees, set forward one year.
<i>Healthy Retiree Lives:</i>	Female: PubS.H-2010 for Healthy Retirees, set forward one year. Male: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year.
<i>Beneficiary Lives:</i>	Female: PubG.H-2010 (Below Median) for Healthy Retirees. Male: PubG.H-2010 (Below Median) 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 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 special risk employees, with appropriate adjustments made based on plan demographics.
Salary Increases	Age based
Inflation	2.50%
Latest Experience Study Date	There is insufficient plan experience at the present time to base assumptions on Davenport experience. When the Plan was adopted, the assumptions were based upon the assumptions used by the City of Lake Alfred Police Officers' and Firefighters' Retirement System, with the exception of the investment return assumption and the FRS mortality rates. We will monitor the plan experience and expect to do a study in 2024.

A summary of other assumptions reflected in the valuation can be found in the October 1, 2022 Actuarial Valuation Report for the City of Davenport Police Officers' and Firefighters' Pension Trust Fund 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 (7.50 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 7.50 percent.

## SUMMARY OF CURRENT PLAN

### Plan Description

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of:

Five Trustees, two of whom, unless otherwise prohibited by law, shall be legal residents of the municipality who shall be appointed by the City Council, one of whom shall be a full-time Police Officer Member of the System who shall be elected by a majority of the Police Officers who are Members of the System, one of whom shall be a full-time Firefighter Member of the System who shall be elected by a majority of the Firefighters who are Members of the System. The fifth Trustee shall be chosen by a majority of the previous four Trustees as provided for herein, and such person's name shall be submitted to the City Council.

Full-time employees who are classified as full-time sworn police officers or firefighters shall participate in the System as a condition of employment.

### 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 Davenport Police Officers' and Firefighters' Pension Trust Fund prepared by Foster & Foster Actuaries and Consultants.

### Benefit Changes

For measurement date 09/30/2023 the Board approved the following benefit change:

- Include overtime up to 300 hours per year as pensionable salary.