

CITY OF HAINES CITY
MUNICIPAL POLICE OFFICERS' RETIREMENT TRUST FUND

SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2022 VALUATION DATE





April 19, 2023

VIA E-MAIL

Mr. Omar DeJesus
City of Haines City
620 E. Main St.
Haines City, FL 33844

Re: City of Haines City Municipal Police Officers' Retirement Trust Fund
Section 112.664, Florida Statutes Compliance

Dear Omar:

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.

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:

A handwritten signature in black ink, appearing to read 'P.T. Donlan'.

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

Enclosures

cc via email: Caleb Hynson, Plan Administrator

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 the final recorded GASB 67/68 results. 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.
- 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:	7.30%	5.30%	9.30%
Total Pension Liability			
Service Cost	550,787	834,703	384,394
Interest	1,143,793	1,092,436	1,149,470
Change in Excess State Money	80,589	80,589	80,589
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual			
Experience	(179,663)	(350,256)	(59,502)
Changes of Assumptions	94,385	142,289	65,289
Benefit Payments, Including Refunds of			
Employee Contributions	(968,611)	(968,611)	(968,611)
Net Change in Total Pension Liability	721,280	831,150	651,629
Total Pension Liability - Beginning	<u>15,693,450</u>	<u>20,267,090</u>	<u>12,591,825</u>
Total Pension Liability - Ending (a)	<u>\$ 16,414,730</u>	<u>\$ 21,098,240</u>	<u>\$ 13,243,454</u>
Plan Fiduciary Net Position			
Contributions - Employer	596,403	596,403	596,403
Contributions - State	270,349	270,349	270,349
Contributions - Employee	324,215	324,215	324,215
Net Investment Income	(2,075,785)	(2,075,785)	(2,075,785)
Benefit Payments, Including Refunds of			
Employee Contributions	(968,611)	(968,611)	(968,611)
Administrative Expenses	(56,141)	(56,141)	(56,141)
Net Change in Plan Fiduciary Net Position	(1,909,570)	(1,909,570)	(1,909,570)
Plan Fiduciary Net Position - Beginning	<u>14,960,816</u>	<u>14,960,816</u>	<u>14,960,816</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 13,051,246</u>	<u>\$ 13,051,246</u>	<u>\$ 13,051,246</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 3,363,484</u>	<u>\$ 8,046,994</u>	<u>\$ 192,208</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: Discount Rate = 7.30%

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	13,004,655	-	1,228,513	-	904,499	12,680,641
2023	12,680,641	-	1,040,085	-	887,724	12,528,280
2024	12,528,280	-	1,018,029	-	877,406	12,387,657
2025	12,387,657	-	1,003,442	-	867,673	12,251,888
2026	12,251,888	-	981,132	-	858,577	12,129,333
2027	12,129,333	-	963,310	-	850,280	12,016,303
2028	12,016,303	-	974,911	-	841,606	11,882,998
2029	11,882,998	-	972,730	-	831,954	11,742,222
2030	11,742,222	-	1,016,091	-	820,095	11,546,226
2031	11,546,226	-	1,037,282	-	805,014	11,313,958
2032	11,313,958	-	1,033,320	-	788,203	11,068,841
2033	11,068,841	-	1,126,457	-	766,910	10,709,294
2034	10,709,294	-	1,148,682	-	739,852	10,300,464
2035	10,300,464	-	1,209,205	-	707,798	9,799,057
2036	9,799,057	-	1,211,059	-	671,128	9,259,126
2037	9,259,126	-	1,193,452	-	632,355	8,698,029
2038	8,698,029	-	1,188,433	-	591,578	8,101,174
2039	8,101,174	-	1,202,299	-	547,502	7,446,377
2040	7,446,377	-	1,177,479	-	500,608	6,769,506
2041	6,769,506	-	1,159,597	-	451,849	6,061,758
2042	6,061,758	-	1,158,506	-	400,223	5,303,475
2043	5,303,475	-	1,138,300	-	345,606	4,510,781
2044	4,510,781	-	1,117,612	-	288,494	3,681,663
2045	3,681,663	-	1,092,008	-	228,903	2,818,558
2046	2,818,558	-	1,065,654	-	166,858	1,919,762
2047	1,919,762	-	1,038,295	-	102,245	983,712
2048	983,712	-	1,007,519	-	-	-

*All DROP Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 26.98

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.30% 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 = 5.30%

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	13,004,655	-	1,228,513	-	656,691	12,432,833
2023	12,432,833	-	1,040,085	-	631,378	12,024,126
2024	12,024,126	-	1,018,029	-	610,301	11,616,398
2025	11,616,398	-	1,003,442	-	589,078	11,202,034
2026	11,202,034	-	981,132	-	567,708	10,788,610
2027	10,788,610	-	963,310	-	546,269	10,371,569
2028	10,371,569	-	974,911	-	523,858	9,920,516
2029	9,920,516	-	972,730	-	500,010	9,447,796
2030	9,447,796	-	1,016,091	-	473,807	8,905,512
2031	8,905,512	-	1,037,282	-	444,504	8,312,734
2032	8,312,734	-	1,033,320	-	413,192	7,692,606
2033	7,692,606	-	1,126,457	-	377,857	6,944,006
2034	6,944,006	-	1,148,682	-	337,592	6,132,916
2035	6,132,916	-	1,209,205	-	293,001	5,216,712
2036	5,216,712	-	1,211,059	-	244,393	4,250,046
2037	4,250,046	-	1,193,452	-	193,626	3,250,220
2038	3,250,220	-	1,188,433	-	140,768	2,202,555
2039	2,202,555	-	1,202,299	-	84,874	1,085,130
2040	1,085,130	-	1,177,479	-	-	-

*All DROP Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 18.92

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.30% 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 3
Hypothetical Assumptions: Discount Rate = 9.30%

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	13,004,655	-	1,228,513	-	1,152,307	12,928,449
2023	12,928,449	-	1,040,085	-	1,153,982	13,042,346
2024	13,042,346	-	1,018,029	-	1,165,600	13,189,917
2025	13,189,917	-	1,003,442	-	1,180,002	13,366,477
2026	13,366,477	-	981,132	-	1,197,460	13,582,805
2027	13,582,805	-	963,310	-	1,218,407	13,837,902
2028	13,837,902	-	974,911	-	1,241,592	14,104,583
2029	14,104,583	-	972,730	-	1,266,494	14,398,347
2030	14,398,347	-	1,016,091	-	1,291,798	14,674,054
2031	14,674,054	-	1,037,282	-	1,316,453	14,953,225
2032	14,953,225	-	1,033,320	-	1,342,601	15,262,506
2033	15,262,506	-	1,126,457	-	1,367,033	15,503,082
2034	15,503,082	-	1,148,682	-	1,388,373	15,742,773
2035	15,742,773	-	1,209,205	-	1,407,850	15,941,418
2036	15,941,418	-	1,211,059	-	1,426,238	16,156,597
2037	16,156,597	-	1,193,452	-	1,447,068	16,410,213
2038	16,410,213	-	1,188,433	-	1,470,888	16,692,668
2039	16,692,668	-	1,202,299	-	1,496,511	16,986,880
2040	16,986,880	-	1,177,479	-	1,525,027	17,334,428
2041	17,334,428	-	1,159,597	-	1,558,181	17,733,012
2042	17,733,012	-	1,158,506	-	1,595,300	18,169,806
2043	18,169,806	-	1,138,300	-	1,636,861	18,668,367
2044	18,668,367	-	1,117,612	-	1,684,189	19,234,944
2045	19,234,944	-	1,092,008	-	1,738,071	19,881,007
2046	19,881,007	-	1,065,654	-	1,799,381	20,614,734
2047	20,614,734	-	1,038,295	-	1,868,890	21,445,329
2048	21,445,329	-	1,007,519	-	1,947,566	22,385,376
2049	22,385,376	-	977,728	-	2,036,376	23,444,024
2050	23,444,024	-	944,821	-	2,136,360	24,635,563
2051	24,635,563	-	911,011	-	2,248,745	25,973,297
2052	25,973,297	-	876,339	-	2,374,767	27,471,725
2053	27,471,725	-	841,545	-	2,515,739	29,145,919
2054	29,145,919	-	806,441	-	2,673,071	31,012,549
2055	31,012,549	-	771,210	-	2,848,306	33,089,645
2056	33,089,645	-	736,206	-	3,043,103	35,396,542
2057	35,396,542	-	701,359	-	3,259,265	37,954,448
2058	37,954,448	-	666,762	-	3,498,759	40,786,445
2059	40,786,445	-	632,203	-	3,763,742	43,917,984
2060	43,917,984	-	598,203	-	4,056,556	47,376,337
2061	47,376,337	-	564,567	-	4,379,747	51,191,517
2062	51,191,517	-	531,341	-	4,736,104	55,396,280
2063	55,396,280	-	498,666	-	5,128,666	60,026,280
2064	60,026,280	-	466,637	-	5,560,745	65,120,388
2065	65,120,388	-	435,328	-	6,035,953	70,721,013
2066	70,721,013	-	404,829	-	6,558,230	76,874,414
2067	76,874,414	-	375,204	-	7,131,874	83,631,084
2068	83,631,084	-	346,515	-	7,761,578	91,046,147
2069	91,046,147	-	318,791	-	8,452,468	99,179,824
2070	99,179,824	-	292,070	-	9,210,142	108,097,896
2071	108,097,896	-	266,407	-	10,040,716	117,872,205
2072	117,872,205	-	241,865	-	10,950,868	128,581,208

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3
Hypothetical Assumptions: Discount Rate = 9.30%

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
2073	128,581,208	-	218,510	-	11,947,892	140,310,590
2074	140,310,590	-	196,409	-	13,039,752	153,153,933
2075	153,153,933	-	175,624	-	14,235,149	167,213,458
2076	167,213,458	-	156,200	-	15,543,588	182,600,846
2077	182,600,846	-	138,159	-	16,975,454	199,438,141
2078	199,438,141	-	121,497	-	18,542,098	217,858,742
2079	217,858,742	-	106,180	-	20,255,926	238,008,488
2080	238,008,488	-	92,175	-	22,130,503	260,046,816
2081	260,046,816	-	79,455	-	24,180,659	284,148,020
2082	284,148,020	-	67,982	-	26,422,605	310,502,643
2083	310,502,643	-	57,702	-	28,874,063	339,319,004
2084	339,319,004	-	48,565	-	31,554,409	370,824,848
2085	370,824,848	-	40,525	-	34,484,826	405,269,149
2086	405,269,149	-	33,526	-	37,688,472	442,924,095
2087	442,924,095	-	27,499	-	41,190,662	484,087,258
2088	484,087,258	-	22,361	-	45,019,075	529,083,972
2089	529,083,972	-	18,027	-	49,203,971	578,269,916
2090	578,269,916	-	14,412	-	53,778,432	632,033,936
2091	632,033,936	-	11,429	-	58,778,625	690,801,132
2092	690,801,132	-	8,989	-	64,244,087	755,036,230
2093	755,036,230	-	7,010	-	70,218,043	825,247,263
2094	825,247,263	-	5,419	-	76,747,743	901,989,587
2095	901,989,587	-	4,150	-	83,884,839	985,870,276
2096	985,870,276	-	3,146	-	91,685,789	1,077,552,919
2097	1,077,552,919	-	2,359	-	100,212,312	1,177,762,872
2098	1,177,762,872	-	1,747	-	109,531,866	1,287,292,991
2099	1,287,292,991	-	1,277	-	119,718,189	1,407,009,903
2100	1,407,009,903	-	919	-	130,851,878	1,537,860,862
2101	1,537,860,862	-	651	-	143,021,030	1,680,881,241
2102	1,680,881,241	-	453	-	156,321,934	1,837,202,722
2103	1,837,202,722	-	309	-	170,859,839	2,008,062,252
2104	2,008,062,252	-	207	-	186,749,780	2,194,811,825
2105	2,194,811,825	-	135	-	204,117,493	2,398,929,183
2106	2,398,929,183	-	87	-	223,100,410	2,622,029,506
2107	2,622,029,506	-	54	-	243,848,742	2,865,878,194
2108	2,865,878,194	-	33	-	266,526,671	3,132,404,832
2109	3,132,404,832	-	20	-	291,313,648	3,423,718,460
2110	3,423,718,460	-	11	-	318,405,816	3,742,124,265
2111	3,742,124,265	-	6	-	348,017,556	4,090,141,815
2112	4,090,141,815	-	3	-	380,383,189	4,470,525,001
2113	4,470,525,001	-	2	-	415,758,825	4,886,283,824
2114	4,886,283,824	-	1	-	454,424,396	5,340,708,219

*All DROP Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 999.99

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 9.30% 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, 2024**

Valuation Date: 10/1/2022

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>	
Investment Rate of Return:	7.30%	5.30%	9.30%
Minimum Required Contribution (Fixed \$)	\$1,009,178	\$1,563,685	\$586,555
Minimum Required Contribution (% of Payroll)	28.0%	43.4%	16.3%
Expected Member Contribution	339,193	339,193	339,193
Expected State Money	189,760	189,760	189,760
Expected Sponsor Contribution (Fixed \$)	\$480,225	\$1,034,732	\$57,602
Expected Sponsor Contribution (% of Payroll)	13.3%	28.7%	1.6%

ASSETS

Actuarial Value ¹	14,514,099	14,514,099	14,514,099
Market Value ¹	13,004,655	13,004,655	13,004,655

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	6,868,581	10,853,773	4,565,501
Disability Benefits	258,565	367,731	190,422
Death Benefits	40,552	57,118	29,657
Vested Benefits	2,176,356	3,711,481	1,339,454
Refund of Contributions	432,954	453,884	413,882
Service Retirees	8,761,034	10,608,416	7,436,939
DROP Retirees ¹	655,502	769,980	572,078
Beneficiaries	207,396	236,068	184,923
Disability Retirees	882,818	1,100,545	736,413
Terminated Vested	562,010	754,520	437,417
Excess State Monies Reserve	278,705	278,705	278,705
Total:	21,124,473	29,192,221	16,185,391
Present Value of Future Salaries	26,882,812	29,949,889	24,385,914
Present Value of Future Member Contributions	2,526,984	2,815,290	2,292,276
Total Normal Cost	629,019	968,834	430,652
Present Value of Future Normal Costs (Entry Age Normal)	4,332,936	7,607,490	2,629,498
Total Actuarial Accrued Liability (EAN) ¹	16,791,537	21,584,731	13,555,893
Unfunded Actuarial Accrued Liability (UAAL)	2,277,438	7,070,632	(958,206)

**ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2024**

Valuation Date: 10/1/2022

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>	
Investment Rate of Return:	7.30%	5.30%	9.30%
<u>PENSION COST</u>			
Normal Cost (with interest)	651,978	994,508	450,677
Administrative Expenses (with interest)	69,878	69,204	70,552
Payment Required To Amortize UAAL (with interest)	<u>287,322</u>	<u>499,973</u>	<u>65,326</u>
Minimum Required Contribution	\$1,009,178	\$1,563,685	\$586,555

¹ The asset values and liabilities include accumulated DROP Balances as of 9/30/2022.

FIVE-YEAR HISTORY OF RATES OF RETURN AND ASSET ALLOCATION

RATES OF RETURN FOR THE FISCAL YEARS ENDING SEPTEMBER 30

Fiscal Year Ending	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Investment Return	-13.44%	22.80%	9.10%	4.95%	6.57%
Actuarial Assumption Rate	7.35%	7.40%	7.45%	7.50%	7.50%

ASSET ALLOCATIONS FOR THE FISCAL YEARS ENDING SEPTEMBER 30

Fiscal Year Ending	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Asset Class					
Domestic Equity	36.34%	41.56%	37.73%	37.18%	38.27%
Convertibles	8.37%	10.51%	12.39%	9.94%	10.37%
Infrastructure	5.05%	4.68%	3.10%	3.14%	2.84%
International Equity	9.11%	11.75%	11.53%	11.35%	12.32%
Private Real Estate	13.68%	7.90%	8.75%	9.88%	9.94%
Fixed Income	23.92%	20.12%	23.66%	26.63%	24.76%
Cash	3.53%	3.48%	2.84%	1.88%	1.50%

It is important to note that the above historical investment returns and asset classes were provided by the Board's investment consultant, and were not audited by Foster & Foster.