

**CITY OF TAVARES
POLICE OFFICERS' PENSION TRUST FUND**

**SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2023 VALUATION DATE**



August 13, 2024

VIA E-MAIL

Ms. Siera Feketa
Plan Administrator
Foster & Foster, Inc.
2503 Del Prado Blvd. S., Suite 502
Cape Coral, FL 33904

Re: City of Tavares Police Officers' Pension Trust Fund
Section 112.664, Florida Statutes Compliance

Dear Siera:

Please find enclosed the annual disclosures that satisfy the October 1, 2023 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.

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: 
Douglas H. Lozen, EA, MAAA
Enrolled Actuary #23-7778

Enclosures

cc via email: Pedro Herrera, Board Attorney
cc via email: Jessica A. De la Torre Vila, Legal Assistant
cc via email: Frank Wan, Investment Consultant

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, 2023 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, 2023

	ACTUAL	HYPOTHETICAL	HYPOTHETICAL
Discount Rate:	7.00%	5.00%	9.00%
<u>Total Pension Liability</u>			
Service Cost	448,516	735,602	282,616
Interest	1,307,970	1,243,928	1,314,464
Share Plan Allocation	48,528	48,528	48,528
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	403,878	591,454	276,537
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,101,366)	(1,101,366)	(1,101,366)
Net Change in Total Pension Liability	1,107,526	1,518,146	820,779
Total Pension Liability - Beginning	18,787,458	24,693,641	14,873,225
Total Pension Liability - Ending (a)	<u>\$ 19,894,984</u>	<u>\$ 26,211,787</u>	<u>\$ 15,694,004</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	537,993	537,993	537,993
Contributions - State	174,263	174,263	174,263
Contributions - Employee	146,869	146,869	146,869
Net Investment Income	1,046,272	1,046,272	1,046,272
Benefit Payments, Including Refunds of Employee Contributions	(1,101,366)	(1,101,366)	(1,101,366)
Administrative Expenses	(51,972)	(51,972)	(51,972)
Net Change in Plan Fiduciary Net Position	752,059	752,059	752,059
Plan Fiduciary Net Position - Beginning	14,585,628	14,585,628	14,585,628
Plan Fiduciary Net Position - Ending (b)	<u>\$ 15,337,687</u>	<u>\$ 15,337,687</u>	<u>\$ 15,337,687</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 4,557,297</u>	<u>\$ 10,874,100</u>	<u>\$ 356,317</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: Discount Rate = 7.00%

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
2023	15,274,679	-	1,374,664	-	1,021,114	14,921,129
2024	14,921,129	-	892,896	-	1,013,228	15,041,461
2025	15,041,461	-	935,836	-	1,020,148	15,125,773
2026	15,125,773	-	978,796	-	1,024,546	15,171,523
2027	15,171,523	-	990,955	-	1,027,323	15,207,891
2028	15,207,891	-	1,049,984	-	1,027,803	15,185,710
2029	15,185,710	-	1,101,541	-	1,024,446	15,108,615
2030	15,108,615	-	1,116,218	-	1,018,535	15,010,932
2031	15,010,932	-	1,129,672	-	1,011,227	14,892,487
2032	14,892,487	-	1,163,567	-	1,001,749	14,730,669
2033	14,730,669	-	1,243,012	-	987,641	14,475,298
2034	14,475,298	-	1,302,400	-	967,687	14,140,585
2035	14,140,585	-	1,326,038	-	943,430	13,757,977
2036	13,757,977	-	1,377,234	-	914,855	13,295,598
2037	13,295,598	-	1,418,617	-	881,040	12,758,021
2038	12,758,021	-	1,438,095	-	842,728	12,162,654
2039	12,162,654	-	1,474,136	-	799,791	11,488,309
2040	11,488,309	-	1,501,299	-	751,636	10,738,646
2041	10,738,646	-	1,500,286	-	699,195	9,937,555
2042	9,937,555	-	1,500,117	-	643,125	9,080,563
2043	9,080,563	-	1,500,305	-	583,129	8,163,387
2044	8,163,387	-	1,493,957	-	519,149	7,188,579
2045	7,188,579	-	1,479,954	-	451,402	6,160,027
2046	6,160,027	-	1,461,518	-	380,049	5,078,558
2047	5,078,558	-	1,440,896	-	305,068	3,942,730
2048	3,942,730	-	1,417,978	-	226,362	2,751,114
2049	2,751,114	-	1,391,420	-	143,878	1,503,572
2050	1,503,572	-	1,363,885	-	57,514	197,201
2051	197,201	-	1,335,684	-	-	-

*All DROP and Share Balances paid in 2023.

Number of Years Expected Benefit Payments Sustained: 28.15

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.00% 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 = 5.00%

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
2023	15,274,679	-	1,374,664	-	729,367	14,629,382
2024	14,629,382	-	892,896	-	709,147	14,445,633
2025	14,445,633	-	935,836	-	698,886	14,208,683
2026	14,208,683	-	978,796	-	685,964	13,915,851
2027	13,915,851	-	990,955	-	671,019	13,595,915
2028	13,595,915	-	1,049,984	-	653,546	13,199,477
2029	13,199,477	-	1,101,541	-	632,435	12,730,371
2030	12,730,371	-	1,116,218	-	608,613	12,222,766
2031	12,222,766	-	1,129,672	-	582,897	11,675,991
2032	11,675,991	-	1,163,567	-	554,710	11,067,134
2033	11,067,134	-	1,243,012	-	522,281	10,346,403
2034	10,346,403	-	1,302,400	-	484,760	9,528,763
2035	9,528,763	-	1,326,038	-	443,287	8,646,012
2036	8,646,012	-	1,377,234	-	397,870	7,666,648
2037	7,666,648	-	1,418,617	-	347,867	6,595,898
2038	6,595,898	-	1,438,095	-	293,843	5,451,646
2039	5,451,646	-	1,474,136	-	235,729	4,213,239
2040	4,213,239	-	1,501,299	-	173,129	2,885,069
2041	2,885,069	-	1,500,286	-	106,746	1,491,529
2042	1,491,529	-	1,500,117	-	-	-

*All DROP and Share Balances paid in 2023.

Number of Years Expected Benefit Payments Sustained: 19.99

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.00% 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 = 9.00%

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
2023	15,274,679	-	1,374,664	-	1,312,861	15,212,876
2024	15,212,876	-	892,896	-	1,328,979	15,648,959
2025	15,648,959	-	935,836	-	1,366,294	16,079,417
2026	16,079,417	-	978,796	-	1,403,102	16,503,723
2027	16,503,723	-	990,955	-	1,440,742	16,953,510
2028	16,953,510	-	1,049,984	-	1,478,567	17,382,093
2029	17,382,093	-	1,101,541	-	1,514,819	17,795,371
2030	17,795,371	-	1,116,218	-	1,551,354	18,230,507
2031	18,230,507	-	1,129,672	-	1,589,910	18,690,745
2032	18,690,745	-	1,163,567	-	1,629,807	19,156,985
2033	19,156,985	-	1,243,012	-	1,668,193	19,582,166
2034	19,582,166	-	1,302,400	-	1,703,787	19,983,553
2035	19,983,553	-	1,326,038	-	1,738,848	20,396,363
2036	20,396,363	-	1,377,234	-	1,773,697	20,792,826
2037	20,792,826	-	1,418,617	-	1,807,517	21,181,726
2038	21,181,726	-	1,438,095	-	1,841,641	21,585,272
2039	21,585,272	-	1,474,136	-	1,876,338	21,987,474
2040	21,987,474	-	1,501,299	-	1,911,314	22,397,489
2041	22,397,489	-	1,500,286	-	1,948,261	22,845,464
2042	22,845,464	-	1,500,117	-	1,988,586	23,333,933
2043	23,333,933	-	1,500,305	-	2,032,540	23,866,168
2044	23,866,168	-	1,493,957	-	2,080,727	24,452,938
2045	24,452,938	-	1,479,954	-	2,134,166	25,107,150
2046	25,107,150	-	1,461,518	-	2,193,875	25,839,507
2047	25,839,507	-	1,440,896	-	2,260,715	26,659,326
2048	26,659,326	-	1,417,978	-	2,335,530	27,576,878
2049	27,576,878	-	1,391,420	-	2,419,305	28,604,763
2050	28,604,763	-	1,363,885	-	2,513,054	29,753,932
2051	29,753,932	-	1,335,684	-	2,617,748	31,035,996
2052	31,035,996	-	1,305,355	-	2,734,499	32,465,140
2053	32,465,140	-	1,272,872	-	2,864,583	34,056,851
2054	34,056,851	-	1,238,895	-	3,009,366	35,827,322
2055	35,827,322	-	1,204,005	-	3,170,279	37,793,596
2056	37,793,596	-	1,167,697	-	3,348,877	39,974,776
2057	39,974,776	-	1,129,969	-	3,546,881	42,391,688
2058	42,391,688	-	1,090,751	-	3,766,168	45,067,105
2059	45,067,105	-	1,049,923	-	4,008,793	48,025,975
2060	48,025,975	-	1,007,378	-	4,277,006	51,295,603
2061	51,295,603	-	963,099	-	4,573,265	54,905,769
2062	54,905,769	-	917,184	-	4,900,246	58,888,831
2063	58,888,831	-	869,793	-	5,260,854	63,279,892
2064	63,279,892	-	821,193	-	5,658,237	68,116,936
2065	68,116,936	-	771,722	-	6,095,797	73,441,011
2066	73,441,011	-	721,712	-	6,577,214	79,296,513
2067	79,296,513	-	671,432	-	7,106,472	85,731,553
2068	85,731,553	-	621,197	-	7,687,886	92,798,242
2069	92,798,242	-	571,366	-	8,326,130	100,553,006
2070	100,553,006	-	522,319	-	9,026,266	109,056,953
2071	109,056,953	-	474,487	-	9,793,774	118,376,240
2072	118,376,240	-	428,287	-	10,634,589	128,582,542

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3
Hypothetical Assumptions: Discount Rate = 9.00%

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	128,582,542	-	384,152	-	11,555,142	139,753,532
2074	139,753,532	-	342,497	-	12,562,406	151,973,441
2075	151,973,441	-	303,638	-	13,663,946	165,333,749
2076	165,333,749	-	267,701	-	14,867,991	179,934,039
2077	179,934,039	-	234,700	-	16,183,502	195,882,841
2078	195,882,841	-	204,536	-	17,620,252	213,298,557
2079	213,298,557	-	177,066	-	19,188,902	232,310,393
2080	232,310,393	-	152,127	-	20,901,090	253,059,356
2081	253,059,356	-	129,594	-	22,769,510	275,699,272
2082	275,699,272	-	109,402	-	24,808,011	300,397,881
2083	300,397,881	-	91,484	-	27,031,693	327,338,090
2084	327,338,090	-	75,779	-	29,457,018	356,719,329
2085	356,719,329	-	62,176	-	32,101,942	388,759,095
2086	388,759,095	-	50,532	-	34,986,045	423,694,608
2087	423,694,608	-	40,674	-	38,130,684	461,784,618
2088	461,784,618	-	32,422	-	41,559,157	503,311,353
2089	503,311,353	-	25,590	-	45,296,870	548,582,633
2090	548,582,633	-	19,988	-	49,371,538	597,934,183
2091	597,934,183	-	15,441	-	53,813,382	651,732,124
2092	651,732,124	-	11,794	-	58,655,360	710,375,690
2093	710,375,690	-	8,904	-	63,933,411	774,300,197
2094	774,300,197	-	6,634	-	69,686,719	843,980,282
2095	843,980,282	-	4,867	-	75,958,006	919,933,421
2096	919,933,421	-	3,510	-	82,793,850	1,002,723,761
2097	1,002,723,761	-	2,484	-	90,245,027	1,092,966,304
2098	1,092,966,304	-	1,720	-	98,366,890	1,191,331,474
2099	1,191,331,474	-	1,162	-	107,219,780	1,298,550,092
2100	1,298,550,092	-	763	-	116,869,474	1,415,418,803
2101	1,415,418,803	-	488	-	127,387,670	1,542,805,985
2102	1,542,805,985	-	302	-	138,852,525	1,681,658,208
2103	1,681,658,208	-	181	-	151,349,231	1,833,007,258
2104	1,833,007,258	-	104	-	164,970,649	1,997,977,803
2105	1,997,977,803	-	59	-	179,818,000	2,177,795,744
2106	2,177,795,744	-	33	-	196,001,615	2,373,797,326
2107	2,373,797,326	-	17	-	213,641,759	2,587,439,068
2108	2,587,439,068	-	9	-	232,869,516	2,820,308,575
2109	2,820,308,575	-	4	-	253,827,772	3,074,136,343
2110	3,074,136,343	-	2	-	276,672,271	3,350,808,612
2111	3,350,808,612	-	1	-	301,572,775	3,652,381,386
2112	3,652,381,386	-	-	-	328,714,325	3,981,095,711

*All DROP and Share Balances paid in 2023.

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 9.00% 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, 2025

Valuation Date: 10/1/2023

	ACTUAL	HYPOTHETICAL	HYPOTHETICAL
Investment Rate of Return:	7.00%	5.00%	9.00%
Minimum Required Contribution (Fixed \$)	\$932,243	\$1,584,037	\$408,570
Minimum Required Contribution (% of Payroll)	66.70%	113.34%	29.23%
Expected Member Contribution	163,456	161,877	165,036
Expected State Money	125,735	125,735	125,735
Expected Sponsor Contribution (Fixed \$)	\$643,052	\$1,296,425	\$117,799
Expected Sponsor Contribution (% of Payroll)	45.90%	92.54%	8.43%

ASSETS

Actuarial Value ¹	16,364,185	16,364,185	16,364,185
Market Value ¹	15,274,679	15,274,679	15,274,679

LIABILITIES

Present Value of Benefits			
Actives			
Retirement Benefits	10,376,048	16,874,668	6,729,863
Disability Benefits	153,226	226,164	108,383
Death Benefits	55,245	73,255	42,340
Vested Benefits	0	0	0
Refund of Contributions	8,409	8,665	8,171
Service Retirees	10,903,574	13,732,356	8,961,565
DROP Retirees ¹	1,102,968	1,252,306	990,938
Beneficiaries	0	0	0
Disability Retirees	695,569	909,844	557,411
Terminated Vested	699,596	1,055,588	484,448
Share Plan Balances ¹	173,364	173,364	173,364
Total:	24,167,999	34,306,210	18,056,483
Present Value of Future Salaries	15,056,554	17,103,097	13,396,262
Present Value of Future Member Contributions	1,701,391	1,932,650	1,513,778
Total Normal Cost	401,771	664,834	249,988
Present Value of Future Normal Costs (Entry Age Normal)	4,502,469	8,497,284	2,476,954
Total Actuarial Accrued Liability (EAN) ¹	19,665,530	25,808,926	15,579,529
Unfunded Actuarial Accrued Liability (UAAL)	3,301,345	9,444,741	(784,656)

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2025

Valuation Date: 10/1/2023

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>	<u>HYPOTHETICAL</u>
Investment Rate of Return:	7.00%	5.00%	9.00%
<u>PENSION COST</u>			
Normal Cost ²	439,244	719,821	275,945
Administrative Expenses ²	51,466	50,968	51,963
Payment Required To Amortize UAAL ²	<u>441,533</u>	<u>813,248</u>	<u>80,662</u>
Minimum Required Contribution	\$932,243	\$1,584,037	\$408,570

¹ The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2023.

² Contributions developed as of 10/1/2023 displayed above have been adjusted to account for assumed salary increase and interest components.