

CITY OF HIALEAH  
EMPLOYEES' RETIREMENT SYSTEM

SECTION 112.664, FLORIDA STATUTES COMPLIANCE

DETERMINED AS OF THE  
OCTOBER 1, 2021 VALUATION DATE

August 1, 2022

VIA EMAIL

Ms. Grisell Aedo, Retirement Director  
City of Hialeah, Retirement Department  
501 Palm Ave.  
Hialeah, FL 33010

Re: City of Hialeah Employees' Retirement System  
Section 112.664, Florida Statutes Compliance

Dear Grisell:

Please find enclosed the annual disclosures that satisfy the October 1, 2021 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: 

Bradley R. Heinrichs, FSA, EA, MAAA  
Enrolled Actuary #20-6901

Enclosures

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, 2021 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, 2021

	ACTUAL	HYPOTHETICAL	
	7.50%	5.50%	9.50%
Discount Rate:	7.50%	5.50%	9.50%
<u>Total Pension Liability</u>			
Service Cost	7,134,328	11,594,852	4,547,469
Interest	75,701,386	67,211,554	81,823,881
Change in Annuity Savings Fund	3,568,229	3,568,229	3,568,229
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	787,690	3,576,387	(2,894,615)
Changes of Assumptions	8,454,318	12,040,700	6,149,774
Contributions - Buy Back	609,371	609,371	609,371
Benefit Payments, Including Refunds of Employee Contributions	(74,613,487)	(74,613,487)	(74,613,487)
Net Change in Total Pension Liability	21,641,835	23,987,606	19,190,622
Total Pension Liability - Beginning	1,026,243,287	1,225,918,218	885,091,365
Total Pension Liability - Ending (a)	<u>\$ 1,047,885,122</u>	<u>\$ 1,249,905,824</u>	<u>\$ 904,281,987</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	43,667,040	43,667,040	43,667,040
Contributions - State	461,877	461,877	461,877
Contributions - Employee	4,723,287	4,723,287	4,723,287
Contributions - Buy Back	609,371	609,371	609,371
Contributions - Annuity Savings Fund	3,568,229	3,568,229	3,568,229
Net Investment Income	132,666,392	132,666,392	132,666,392
Benefit Payments, Including Refunds of Employee Contributions	(74,613,487)	(74,613,487)	(74,613,487)
Administrative Expenses	(885,940)	(885,940)	(885,940)
Net Change in Plan Fiduciary Net Position	110,196,769	110,196,769	110,196,769
Plan Fiduciary Net Position - Beginning	724,595,866	724,595,866	724,595,866
Plan Fiduciary Net Position - Ending (b)	<u>\$ 834,792,635</u>	<u>\$ 834,792,635</u>	<u>\$ 834,792,635</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 213,092,487</u>	<u>\$ 415,113,189</u>	<u>\$ 69,489,352</u>

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1  
Plan Assumptions: Discount Rate = 7.50%

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
2021	814,792,635	-	82,731,738	-	58,007,007	790,067,904
2022	790,067,904	-	71,287,814	-	56,581,800	775,361,890
2023	775,361,890	-	71,862,741	-	55,457,289	758,956,438
2024	758,956,438	-	72,476,797	-	54,203,853	740,683,494
2025	740,683,494	-	73,076,316	-	52,810,900	720,418,078
2026	720,418,078	-	73,380,939	-	51,279,571	698,316,710
2027	698,316,710	-	73,384,725	-	49,621,826	674,553,811
2028	674,553,811	-	73,495,732	-	47,835,446	648,893,525
2029	648,893,525	-	73,805,794	-	45,899,297	620,987,028
2030	620,987,028	-	73,650,742	-	43,812,124	591,148,410
2031	591,148,410	-	73,543,836	-	41,578,237	559,182,811
2032	559,182,811	-	72,947,355	-	39,203,185	525,438,641
2033	525,438,641	-	72,164,600	-	36,701,726	489,975,767
2034	489,975,767	-	71,565,534	-	34,064,475	452,474,708
2035	452,474,708	-	70,283,267	-	31,299,981	413,491,422
2036	413,491,422	-	69,088,009	-	28,421,056	372,824,469
2037	372,824,469	-	67,715,036	-	25,422,521	330,531,954
2038	330,531,954	-	66,231,011	-	22,306,234	286,607,177
2039	286,607,177	-	64,594,171	-	19,073,257	241,086,263
2040	241,086,263	-	62,949,059	-	15,720,880	193,858,084
2041	193,858,084	-	61,146,787	-	12,246,352	144,957,649
2042	144,957,649	-	59,308,660	-	8,647,749	94,296,738
2043	94,296,738	-	57,375,977	-	4,920,656	41,841,417
2044	41,841,417	-	55,348,146	-	-	-

\*All DROP Balances paid in 2021.

Number of Years Expected Benefit Payments Sustained: 23.76

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.50% 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 = 5.50%

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
2021	814,792,635	-	82,731,738	-	42,538,472	774,599,369
2022	774,599,369	-	71,287,814	-	40,642,550	743,954,105
2023	743,954,105	-	71,862,741	-	38,941,250	711,032,614
2024	711,032,614	-	72,476,797	-	37,113,682	675,669,499
2025	675,669,499	-	73,076,316	-	35,152,224	637,745,407
2026	637,745,407	-	73,380,939	-	33,058,022	597,422,490
2027	597,422,490	-	73,384,725	-	30,840,157	554,877,922
2028	554,877,922	-	73,495,732	-	28,497,153	509,879,343
2029	509,879,343	-	73,805,794	-	26,013,705	462,087,254
2030	462,087,254	-	73,650,742	-	23,389,404	411,825,916
2031	411,825,916	-	73,543,836	-	20,627,970	358,910,050
2032	358,910,050	-	72,947,355	-	17,734,000	303,696,695
2033	303,696,695	-	72,164,600	-	14,718,792	246,250,887
2034	246,250,887	-	71,565,534	-	11,575,747	186,261,100
2035	186,261,100	-	70,283,267	-	8,311,571	124,289,404
2036	124,289,404	-	69,088,009	-	4,935,997	60,137,392
2037	60,137,392	-	67,715,036	-	-	-

\*All DROP Balances paid in 2021.

Number of Years Expected Benefit Payments Sustained: 16.89

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.50% 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 = 9.50%

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
2021	814,792,635	-	82,731,738	-	73,475,543	805,536,440
2022	805,536,440	-	71,287,814	-	73,139,791	807,388,417
2023	807,388,417	-	71,862,741	-	73,288,419	808,814,095
2024	808,814,095	-	72,476,797	-	73,394,691	809,731,989
2025	809,731,989	-	73,076,316	-	73,453,414	810,109,087
2026	810,109,087	-	73,380,939	-	73,474,769	810,202,917
2027	810,202,917	-	73,384,725	-	73,483,503	810,301,695
2028	810,301,695	-	73,495,732	-	73,487,614	810,293,577
2029	810,293,577	-	73,805,794	-	73,472,115	809,959,898
2030	809,959,898	-	73,650,742	-	73,447,780	809,756,936
2031	809,756,936	-	73,543,836	-	73,433,577	809,646,677
2032	809,646,677	-	72,947,355	-	73,451,435	810,150,757
2033	810,150,757	-	72,164,600	-	73,536,503	811,522,660
2034	811,522,660	-	71,565,534	-	73,695,290	813,652,416
2035	813,652,416	-	70,283,267	-	73,958,524	817,327,673
2036	817,327,673	-	69,088,009	-	74,364,449	822,604,113
2037	822,604,113	-	67,715,036	-	74,930,927	829,820,004
2038	829,820,004	-	66,231,011	-	75,686,927	839,275,920
2039	839,275,920	-	64,594,171	-	76,662,989	851,344,738
2040	851,344,738	-	62,949,059	-	77,887,670	866,283,349
2041	866,283,349	-	61,146,787	-	79,392,446	884,529,008
2042	884,529,008	-	59,308,660	-	81,213,094	906,433,442
2043	906,433,442	-	57,375,977	-	83,385,818	932,443,283
2044	932,443,283	-	55,348,146	-	85,953,075	963,048,212
2045	963,048,212	-	53,261,036	-	88,959,681	998,746,857
2046	998,746,857	-	51,130,412	-	92,452,257	1,040,068,702
2047	1,040,068,702	-	48,946,944	-	96,481,547	1,087,603,305
2048	1,087,603,305	-	46,719,517	-	101,103,137	1,141,986,925
2049	1,141,986,925	-	44,450,864	-	106,377,342	1,203,913,403
2050	1,203,913,403	-	42,181,718	-	112,368,142	1,274,099,827
2051	1,274,099,827	-	39,895,718	-	119,144,437	1,353,348,546
2052	1,353,348,546	-	37,623,767	-	126,780,983	1,442,505,762
2053	1,442,505,762	-	35,375,317	-	135,357,720	1,542,488,165
2054	1,542,488,165	-	33,148,416	-	144,961,826	1,654,301,575
2055	1,654,301,575	-	30,960,596	-	155,688,021	1,779,029,000
2056	1,779,029,000	-	28,805,394	-	167,639,499	1,917,863,105
2057	1,917,863,105	-	26,712,898	-	180,928,132	2,072,078,339
2058	2,072,078,339	-	24,679,771	-	195,675,153	2,243,073,721
2059	2,243,073,721	-	22,716,659	-	212,012,962	2,432,370,024
2060	2,432,370,024	-	20,833,967	-	230,085,539	2,641,621,596
2061	2,641,621,596	-	19,039,746	-	250,049,664	2,872,631,514
2062	2,872,631,514	-	17,337,678	-	272,076,454	3,127,370,290
2063	3,127,370,290	-	15,731,100	-	296,352,950	3,407,992,140
2064	3,407,992,140	-	14,222,714	-	323,083,674	3,716,853,100
2065	3,716,853,100	-	12,812,573	-	352,492,447	4,056,532,974
2066	4,056,532,974	-	11,500,609	-	384,824,354	4,429,856,719
2067	4,429,856,719	-	10,284,533	-	420,347,873	4,839,920,059

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3  
Hypothetical Assumptions: Discount Rate = 9.50%

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
2068	4,839,920,059	-	9,162,570	-	459,357,184	5,290,114,673
2069	5,290,114,673	-	8,131,700	-	502,174,638	5,784,157,611
2070	5,784,157,611	-	7,188,389	-	549,153,525	6,326,122,747
2071	6,326,122,747	-	6,328,782	-	600,681,044	6,920,475,009
2072	6,920,475,009	-	5,548,654	-	657,181,565	7,572,107,920
2073	7,572,107,920	-	4,843,669	-	719,120,178	8,286,384,429
2074	8,286,384,429	-	4,209,382	-	787,006,575	9,069,181,622
2075	9,069,181,622	-	3,641,202	-	861,399,297	9,926,939,717
2076	9,926,939,717	-	3,134,665	-	942,910,377	10,866,715,429
2077	10,866,715,429	-	2,685,347	-	1,032,210,412	11,896,240,494
2078	11,896,240,494	-	2,288,764	-	1,130,034,131	13,023,985,861
2079	13,023,985,861	-	1,940,448	-	1,237,186,486	14,259,231,899
2080	14,259,231,899	-	1,636,102	-	1,354,549,316	15,612,145,113
2081	15,612,145,113	-	1,371,655	-	1,483,088,632	17,093,862,090
2082	17,093,862,090	-	1,143,242	-	1,623,862,595	18,716,581,443
2083	18,716,581,443	-	947,157	-	1,778,030,247	20,493,664,533
2084	20,493,664,533	-	779,883	-	1,946,861,086	22,439,745,736
2085	22,439,745,736	-	638,195	-	2,131,745,531	24,570,853,072
2086	24,570,853,072	-	519,042	-	2,334,206,387	26,904,540,417
2087	26,904,540,417	-	419,531	-	2,555,911,412	29,460,032,298
2088	29,460,032,298	-	336,937	-	2,798,687,064	32,258,382,425
2089	32,258,382,425	-	268,815	-	3,064,533,562	35,322,647,172
2090	35,322,647,172	-	213,012	-	3,355,641,363	38,678,075,523
2091	38,678,075,523	-	167,615	-	3,674,409,213	42,352,317,121
2092	42,352,317,121	-	130,899	-	4,023,463,909	46,375,650,131
2093	46,375,650,131	-	101,386	-	4,405,681,947	50,781,230,692
2094	50,781,230,692	-	77,830	-	4,824,213,219	55,605,366,081
2095	55,605,366,081	-	59,170	-	5,282,506,967	60,887,813,878
2096	60,887,813,878	-	44,497	-	5,784,340,205	66,672,109,586
2097	66,672,109,586	-	33,060	-	6,333,848,840	73,005,925,366
2098	73,005,925,366	-	24,238	-	6,935,561,758	79,941,462,886
2099	79,941,462,886	-	17,512	-	7,594,438,142	87,535,883,516
2100	87,535,883,516	-	12,450	-	8,315,908,343	95,851,779,409
2101	95,851,779,409	-	8,697	-	9,105,918,631	104,957,689,343
2102	104,957,689,343	-	5,962	-	9,970,980,204	114,928,663,585
2103	114,928,663,585	-	4,006	-	10,918,222,850	125,846,882,429
2104	125,846,882,429	-	2,635	-	11,955,453,706	137,802,333,500
2105	137,802,333,500	-	1,694	-	13,091,221,602	150,893,553,408
2106	150,893,553,408	-	1,063	-	14,334,887,523	165,228,439,868
2107	165,228,439,868	-	651	-	15,696,701,757	180,925,140,974
2108	180,925,140,974	-	389	-	17,187,888,374	198,113,028,959
2109	198,113,028,959	-	227	-	18,820,737,740	216,933,766,472
2110	216,933,766,472	-	128	-	20,608,707,809	237,542,474,153
2111	237,542,474,153	-	71	-	22,566,535,041	260,109,009,123
2112	260,109,009,123	-	38	-	24,710,355,865	284,819,364,950
2113	284,819,364,950	-	20	-	27,057,839,669	311,877,204,599
2114	311,877,204,599	-	10	-	29,628,334,436	341,505,539,025



## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3  
Hypothetical Assumptions: Discount Rate = 9.50%

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
2115	341,505,539,025	-	5	-	32,443,026,207	373,948,565,227
2116	373,948,565,227	-	2	-	35,525,113,696	409,473,678,921
2117	409,473,678,921	-	1	-	38,899,999,497	448,373,678,417
2118	448,373,678,417	-	-	-	42,595,499,450	490,969,177,867

\*All DROP Balances paid in 2021.

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 9.50% 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, 2023

Valuation Date: 10/1/2021

	ACTUAL	HYPOTHETICAL	
	7.50%	5.50%	9.50%
Investment Rate of Return:	7.50%	5.50%	9.50%
Minimum Required Contribution (Fixed \$)	\$38,714,375	\$54,017,675	\$25,337,233
Minimum Required Contribution (% of Payroll)	71.00%	99.06%	46.46%
Expected Member Contribution	5,190,274	5,214,700	5,166,410
Expected State Money	461,877	461,877	461,877
Expected Sponsor Contribution (Fixed \$)	\$33,062,224	\$48,341,098	\$19,708,946
Expected Sponsor Contribution (% of Payroll)	60.63%	88.65%	36.13%

**ASSETS**

Actuarial Value (AVA) <sup>1</sup>	762,499,914	762,499,914	762,499,914
Market Value (MVA) <sup>1</sup>	814,792,635	814,792,635	814,792,635

**LIABILITIES**

Present Value of Benefits			
Active Members			
Retirement Benefits	222,764,189	327,839,267	159,996,096
Disability Benefits	11,887,224	17,187,054	8,636,449
Death Benefits	1,877,931	2,803,684	1,342,177
Vested Benefits	2,847,084	5,038,673	1,722,763
Refund of Contributions	1,756,758	1,863,186	1,661,489
Service Retirees	631,042,968	755,743,262	539,906,525
DROP Retirees <sup>1</sup>	47,287,713	55,476,897	41,497,944
Beneficiaries	10,844,396	12,692,829	9,475,788
Disability Retirees	41,605,041	48,025,338	36,673,268
Terminated Vested	15,277,876	21,927,824	11,175,660
Annuity Savings/Reserve	130,146,648	130,146,648	130,146,648
Total:	1,117,337,828	1,378,744,662	942,234,807
Present Value of Future Salaries	451,932,346	516,315,128	401,871,676
Total Normal Cost	7,736,171	12,628,502	4,917,286
Present Value of Future			
Normal Costs (Entry Age Normal)	60,494,648	113,799,511	33,970,926
Total Actuarial Accrued Liability (EAN) <sup>1</sup>	1,056,843,180	1,264,945,151	908,263,881
Unfunded Actuarial Accrued Liability (UAAL)	294,343,266	502,445,237	145,763,967

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2023

	Valuation Date: 10/1/2021		
	ACTUAL	HYPOTHETICAL	
Investment Rate of Return:	7.50%	5.50%	9.50%
<b><u>PENSION COST</u></b>			
Normal Cost <sup>2</sup>	8,061,481	13,097,898	5,147,729
Administrative Expenses <sup>2</sup>	593,969	591,187	596,712
Payment Required To Amortize UAAL <sup>2</sup>	30,058,925	40,328,590	19,592,792
Minimum Required Contribution	\$38,714,375	\$54,017,675	\$25,337,233

<sup>1</sup> The asset values and liabilities include accumulated DROP Balance as of 9/30/2021.

<sup>2</sup> Contributions are adjusted to reflect payments made on December 31.