

TOWN OF LONGBOAT KEY
CONSOLIDATED RETIREMENT SYSTEM
(FIREFIGHTERS)

SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2019 VALUATION DATE



July 22, 2020

VIA E-MAIL

Ms. Susan Smith
Town of Longboat Key
501 Bay Isles Road
Longboat Key, Florida 34228

Re: Town of Longboat Key Consolidated Retirement System (Firefighters)
Section 112.664, Florida Statutes Compliance

Dear Susan:

Please find enclosed the annual disclosures that satisfy the October 1, 2019 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.

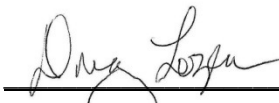
In addition to the enclosed report, the Plan or Plan Sponsor's website must provide a link to the Division of Retirement's Actuarial Summary Fact Sheet for the Plan, and also report the previous five years' assumed and actual rates of return, along with their respective asset allocations. The Board should 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 #20-7778

Enclosures

cc via email: Ron Cohen, Board Attorney
cc via email: Amanda Kish, Plan Administrator

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, 2019 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, 2019

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.00% RP-2000 Generational	5.00% RP-2000 Generational
<u>Total Pension Liability</u>		
Service Cost	11,489	15,130
Interest	2,155,999	1,977,931
Changes of Benefit Terms	410	525
Differences Between Expected and Actual Experience	328,243	452,803
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(2,047,660)	(2,047,660)
Net Change in Total Pension Liability	448,481	398,729
Total Pension Liability - Beginning	31,811,912	40,566,786
Total Pension Liability - Ending (a)	<u>\$ 32,260,393</u>	<u>\$ 40,965,515</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	1,980,448	1,980,448
Contributions - State	-	-
Contributions - Employee	-	-
Net Investment Income	518,225	518,225
Benefit Payments, Including Refunds of Employee Contributions	(2,047,660)	(2,047,660)
Administrative Expenses	(46,157)	(46,157)
Net Change in Plan Fiduciary Net Position	404,856	404,856
Plan Fiduciary Net Position - Beginning	18,530,550	18,530,550
Plan Fiduciary Net Position - Ending (b)	<u>\$ 18,935,406</u>	<u>\$ 18,935,406</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 13,324,987</u>	<u>\$ 22,030,109</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.00% and RP-2000 Generational Mortality

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
2019	18,935,406	-	2,216,862	-	1,247,888	17,966,432
2020	17,966,432	-	2,139,314	-	1,182,774	17,009,892
2021	17,009,892	-	2,246,898	-	1,112,051	15,875,045
2022	15,875,045	-	2,324,958	-	1,029,880	14,579,967
2023	14,579,967	-	2,354,450	-	938,192	13,163,709
2024	13,163,709	-	2,380,934	-	838,127	11,620,902
2025	11,620,902	-	2,405,830	-	729,259	9,944,331
2026	9,944,331	-	2,422,417	-	611,319	8,133,233
2027	8,133,233	-	2,463,219	-	483,114	6,153,128
2028	6,153,128	-	2,492,351	-	343,487	4,004,264
2029	4,004,264	-	2,534,107	-	191,605	1,661,762
2030	1,661,762	-	2,557,290	-	-	-

Number of Years Expected Benefit Payments Sustained: 11.65

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: 5.00% and RP-2000 Generational Mortality

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
2019	18,935,406	-	2,216,862	-	891,349	17,609,893
2020	17,609,893	-	2,139,314	-	827,012	16,297,591
2021	16,297,591	-	2,246,898	-	758,707	14,809,400
2022	14,809,400	-	2,324,958	-	682,346	13,166,788
2023	13,166,788	-	2,354,450	-	599,478	11,411,816
2024	11,411,816	-	2,380,934	-	511,067	9,541,949
2025	9,541,949	-	2,405,830	-	416,952	7,553,071
2026	7,553,071	-	2,422,417	-	317,093	5,447,747
2027	5,447,747	-	2,463,219	-	210,807	3,195,335
2028	3,195,335	-	2,492,351	-	97,458	800,442
2029	800,442	-	2,534,107	-	-	-

Number of Years Expected Benefit Payments Sustained: 10.32

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.

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2021

Valuation Date: 10/1/2019

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.00%	5.00%
	RP-2000	RP-2000
	Generational	Generational
Minimum Required Contribution (Fixed \$)	\$2,006,151	\$2,398,459
<u>ASSETS</u>		
Actuarial Value	19,370,420	19,370,420
Market Value	18,935,406	18,935,406
<u>LIABILITIES</u>		
Present Value of Benefits		
Active Members		
Retirement Benefits	2,049,539	2,898,979
Disability Benefits	56,454	71,475
Death Benefits	6,294	7,253
Vested Benefits	66,279	94,313
Refund of Contributions	0	0
Service Retirees	28,999,401	36,569,792
Beneficiaries	237,564	292,811
Disability Retirees	1,169,344	1,373,550
Terminated Vested	260,682	379,709
Total:	<u>32,845,557</u>	<u>41,687,882</u>
Present Value of Future Salaries	N/A	N/A
Present Value of Future Member Contributions	N/A	N/A
Total Normal Cost	6,584	8,660
Present Value of Future Normal Costs (Entry Age Normal)	21,232	29,269
Total Actuarial Accrued Liability	32,824,325	41,658,613
Unfunded Actuarial Accrued Liability (UAAL)	13,453,905	22,288,193

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2021

Valuation Date: 10/1/2019

	ACTUAL	HYPOTHETICAL
	7.00%	5.00%
	RP-2000	RP-2000
	Generational	Generational
<u>PENSION COST</u>		
Normal Cost ¹	7,275	9,310
Administrative Expenses ¹	55,208	53,709
Payment Required To Amortize UAAL ¹	1,943,668	2,335,440
Minimum Required Contribution	\$2,006,151	\$2,398,459

¹ Funding rates include a 1.5 year interest load.