

TOWN OF LONGBOAT KEY
CONSOLIDATED RETIREMENT SYSTEM
(GENERAL EMPLOYEES)

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 (General Employees)
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.

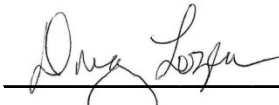
In addition to the enclosed report, the Plan or Plan Sponsor's website must provide a link to the Division of Retirement's Actuarial Summary Fact Sheet for the Plan, and also report the previous five years' assumed and actual rates of return, along with their respective asset allocations. The Board should 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	2,231	2,783
Interest	1,009,583	895,033
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	(253,661)	(259,602)
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(997,983)	(997,983)
Net Change in Total Pension Liability	(239,830)	(359,769)
Total Pension Liability - Beginning	14,919,372	18,396,870
Total Pension Liability - Ending (a)	<u>\$ 14,679,542</u>	<u>\$ 18,037,101</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	758,168	758,168
Contributions - Employee	-	-
Net Investment Income	308,291	308,291
Benefit Payments, Including Refunds of Employee Contributions	(997,983)	(997,983)
Administrative Expenses	(27,539)	(27,539)
Net Change in Plan Fiduciary Net Position	40,937	40,937
Plan Fiduciary Net Position - Beginning	11,055,871	11,055,871
Plan Fiduciary Net Position - Ending (b)	<u>\$ 11,096,808</u>	<u>\$ 11,096,808</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 3,582,734</u>	<u>\$ 6,940,293</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	11,096,808	-	1,016,354	-	741,204	10,821,658
2020	10,821,658	-	1,123,167	-	718,205	10,416,696
2021	10,416,696	-	1,150,108	-	688,915	9,955,503
2022	9,955,503	-	1,145,554	-	656,791	9,466,740
2023	9,466,740	-	1,166,138	-	621,857	8,922,459
2024	8,922,459	-	1,163,076	-	583,864	8,343,247
2025	8,343,247	-	1,176,003	-	542,867	7,710,111
2026	7,710,111	-	1,184,930	-	498,235	7,023,416
2027	7,023,416	-	1,170,940	-	450,656	6,303,132
2028	6,303,132	-	1,170,356	-	400,257	5,533,033
2029	5,533,033	-	1,174,967	-	346,188	4,704,254
2030	4,704,254	-	1,169,073	-	288,380	3,823,561
2031	3,823,561	-	1,151,363	-	227,352	2,899,550
2032	2,899,550	-	1,150,457	-	162,703	1,911,796
2033	1,911,796	-	1,121,144	-	94,586	885,238
2034	885,238	-	1,114,558	-	-	-

Number of Years Expected Benefit Payments Sustained: 15.79

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	11,096,808	-	1,016,354	-	529,432	10,609,886
2020	10,609,886	-	1,123,167	-	502,415	9,989,134
2021	9,989,134	-	1,150,108	-	470,704	9,309,730
2022	9,309,730	-	1,145,554	-	436,848	8,601,024
2023	8,601,024	-	1,166,138	-	400,898	7,835,784
2024	7,835,784	-	1,163,076	-	362,712	7,035,420
2025	7,035,420	-	1,176,003	-	322,371	6,181,788
2026	6,181,788	-	1,184,930	-	279,466	5,276,324
2027	5,276,324	-	1,170,940	-	234,543	4,339,927
2028	4,339,927	-	1,170,356	-	187,737	3,357,308
2029	3,357,308	-	1,174,967	-	138,491	2,320,832
2030	2,320,832	-	1,169,073	-	86,815	1,238,574
2031	1,238,574	-	1,151,363	-	33,145	120,356
2032	120,356	-	1,150,457	-	-	-

Number of Years Expected Benefit Payments Sustained: 13.10

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

	ACTUAL	HYPOTHETICAL
	7.00%	5.00%
	RP-2000	RP-2000
	Generational	Generational
<u>PENSION COST</u>		
Normal Cost ²	2,237	2,750
Administrative Expenses ²	33,998	33,075
Payment Required To Amortize UAAL ²	384,607	563,025
Minimum Required Contribution	\$420,842	\$598,850

¹ The asset values and liabilities include accumulated DROP Balances as of 9/30/2019.

² Funding rates include a 1.5 year interest load.