

TOWN OF LONGBOAT KEY
CONSOLIDATED RETIREMENT SYSTEM
(FIREFIGHTERS)

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



July 19, 2023

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, 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.

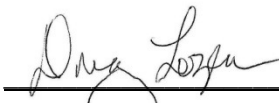
In addition to the enclosed report, the Plan or Plan Sponsor's website must provide a link to the Division of Retirement's Actuarial Summary Fact Sheet for the Plan, and also report the previous five years' assumed and actual rates of return, along with their respective asset allocations. The Board should 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: Ron Cohen, Board Attorney
cc via email: Scott Baur, 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, 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:	6.75%	4.75%
<u>Total Pension Liability</u>		
Service Cost	6,695	8,885
Interest	2,196,512	1,968,378
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	103,301	164,679
Changes of Assumptions	827,051	1,198,284
Benefit Payments, Including Refunds of Employee Contributions	(2,223,219)	(2,223,219)
Net Change in Total Pension Liability	910,340	1,117,007
Total Pension Liability - Beginning	32,483,655	40,470,294
Total Pension Liability - Ending (a)	<u>\$ 33,393,995</u>	<u>\$ 41,587,301</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	1,907,757	1,907,757
Net Investment Income	(2,764,811)	(2,764,811)
Benefit Payments, Including Refunds of Employee Contributions	(2,223,219)	(2,223,219)
Administrative Expenses	(56,620)	(56,620)
Net Change in Plan Fiduciary Net Position	(3,136,893)	(3,136,893)
Plan Fiduciary Net Position - Beginning	24,093,028	24,093,028
Plan Fiduciary Net Position - Ending (b)	<u>\$ 20,956,135</u>	<u>\$ 20,956,135</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 12,437,860</u>	<u>\$ 20,631,166</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: Discount Rate = 6.75%

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	20,956,135	-	2,323,368	-	1,336,125	19,968,892
2023	19,968,892	-	2,428,407	-	1,265,941	18,806,426
2024	18,806,426	-	2,454,815	-	1,186,584	17,538,195
2025	17,538,195	-	2,477,197	-	1,100,223	16,161,221
2026	16,161,221	-	2,491,519	-	1,006,794	14,676,496
2027	14,676,496	-	2,532,135	-	905,204	13,049,565
2028	13,049,565	-	2,552,477	-	794,700	11,291,788
2029	11,291,788	-	2,590,185	-	674,777	9,376,380
2030	9,376,380	-	2,610,279	-	544,809	7,310,910
2031	7,310,910	-	2,620,664	-	405,039	5,095,285
2032	5,095,285	-	2,642,829	-	254,736	2,707,192
2033	2,707,192	-	2,646,209	-	93,426	154,409
2034	154,409	-	2,645,389	-	-	-

Number of Years Expected Benefit Payments Sustained: 12.06

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 6.75% 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 = 4.75%

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	20,956,135	-	2,323,368	-	940,236	19,573,003
2023	19,573,003	-	2,428,407	-	872,043	18,016,639
2024	18,016,639	-	2,454,815	-	797,488	16,359,312
2025	16,359,312	-	2,477,197	-	718,234	14,600,349
2026	14,600,349	-	2,491,519	-	634,343	12,743,173
2027	12,743,173	-	2,532,135	-	545,163	10,756,201
2028	10,756,201	-	2,552,477	-	450,298	8,654,022
2029	8,654,022	-	2,590,185	-	349,549	6,413,386
2030	6,413,386	-	2,610,279	-	242,642	4,045,749
2031	4,045,749	-	2,620,664	-	129,932	1,555,017
2032	1,555,017	-	2,642,829	-	-	-

Number of Years Expected Benefit Payments Sustained: 10.59

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 4.75% 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

	ACTUAL	HYPOTHETICAL
Investment Rate of Return:	6.75%	4.75%
Minimum Required Contribution (Fixed \$)	\$1,904,613	\$2,282,708

ASSETS

Actuarial Value	22,984,405	22,984,405
Market Value	20,956,135	20,956,135

LIABILITIES

Present Value of Benefits		
Active Members		
Retirement Benefits	1,617,513	2,204,053
Disability Benefits	35,697	45,789
Death Benefits	2,688	3,086
Vested Benefits	11,328	15,150
Refund of Contributions	0	0
Service Retirees	30,270,668	37,534,875
DROP Retirees	0	0
Beneficiaries	234,592	286,586
Disability Retirees	1,084,771	1,292,665
Terminated Vested	334,060	461,883
Total:	33,591,317	42,305,970
Present Value of Future Salaries	N/A	N/A
Present Value of Future Member Contributions	N/A	N/A
Total Normal Cost	5,339	7,110
Present Value of Future Normal Costs (Entry Age Normal)	13,005	18,271
Total Actuarial Accrued Liability (EAN)	33,578,312	41,825,816
Unfunded Actuarial Accrued Liability (UAAL)	10,593,907	18,841,411

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

Valuation Date: 10/1/2022

	ACTUAL	HYPOTHETICAL
Investment Rate of Return:	6.75%	4.75%
<u>PENSION COST</u>		
Normal Cost ¹	5,880	7,617
Administrative Expenses ¹	56,711	55,166
Payment Required To Amortize UAAL ¹	1,842,022	2,219,925
Minimum Required Contribution	\$1,904,613	\$2,282,708

¹ Contributions developed as of 10/1/2022 displayed above have been adjusted to account for assumed salary increase and interest components.