

TOWN OF LONGBOAT KEY
CONSOLIDATED RETIREMENT SYSTEM
(GENERAL EMPLOYEES)

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 (General Employees)
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	1,456	1,874
Interest	960,911	840,446
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	(27,023)	753
Changes of Assumptions	320,014	450,637
Benefit Payments, Including Refunds of Employee Contributions	(1,035,185)	(1,035,185)
Net Change in Total Pension Liability	220,173	258,525
Total Pension Liability - Beginning	14,243,443	17,324,637
Total Pension Liability - Ending (a)	<u>\$ 14,463,616</u>	<u>\$ 17,583,162</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	409,499	409,499
Net Investment Income	(1,488,431)	(1,488,431)
Benefit Payments, Including Refunds of Employee Contributions	(1,035,185)	(1,035,185)
Administrative Expenses	(29,743)	(29,743)
Net Change in Plan Fiduciary Net Position	(2,143,860)	(2,143,860)
Plan Fiduciary Net Position - Beginning	13,140,864	13,140,864
Plan Fiduciary Net Position - Ending (b)	<u>\$ 10,997,004</u>	<u>\$ 10,997,004</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 3,466,612</u>	<u>\$ 6,586,158</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	10,997,004	-	1,027,316	-	707,626	10,677,314
2023	10,677,314	-	1,159,972	-	681,570	10,198,912
2024	10,198,912	-	1,158,022	-	649,343	9,690,233
2025	9,690,233	-	1,176,480	-	614,385	9,128,138
2026	9,128,138	-	1,187,939	-	576,056	8,516,255
2027	8,516,255	-	1,177,780	-	535,097	7,873,572
2028	7,873,572	-	1,178,345	-	491,697	7,186,924
2029	7,186,924	-	1,183,625	-	445,170	6,448,469
2030	6,448,469	-	1,193,580	-	394,988	5,649,877
2031	5,649,877	-	1,176,323	-	341,666	4,815,220
2032	4,815,220	-	1,175,623	-	285,350	3,924,947
2033	3,924,947	-	1,139,946	-	226,461	3,011,462
2034	3,011,462	-	1,131,803	-	165,075	2,044,734
2035	2,044,734	-	1,107,738	-	100,633	1,037,629
2036	1,037,629	-	1,072,560	-	-	-

Number of Years Expected Benefit Payments Sustained: 14.97

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	10,997,004	-	1,027,316	-	497,959	10,467,647
2023	10,467,647	-	1,159,972	-	469,664	9,777,339
2024	9,777,339	-	1,158,022	-	436,921	9,056,238
2025	9,056,238	-	1,176,480	-	402,230	8,281,988
2026	8,281,988	-	1,187,939	-	365,181	7,459,230
2027	7,459,230	-	1,177,780	-	326,341	6,607,791
2028	6,607,791	-	1,178,345	-	285,884	5,715,330
2029	5,715,330	-	1,183,625	-	243,367	4,775,072
2030	4,775,072	-	1,193,580	-	198,468	3,779,960
2031	3,779,960	-	1,176,323	-	151,610	2,755,247
2032	2,755,247	-	1,175,623	-	102,953	1,682,577
2033	1,682,577	-	1,139,946	-	52,849	595,480
2034	595,480	-	1,131,803	-	-	-

Number of Years Expected Benefit Payments Sustained: 12.53

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 \$)	\$420,663	\$588,911

ASSETS

Actuarial Value	12,023,490	12,023,490
Market Value	10,997,004	10,997,004

LIABILITIES

Present Value of Benefits		
Active Members		
Retirement Benefits	2,935,858	3,793,276
Disability Benefits	0	0
Death Benefits	17,724	20,353
Vested Benefits	32,154	54,413
Refund of Contributions	0	0
Service Retirees	10,483,229	12,424,621
DROP Retirees	0	0
Beneficiaries	235,800	265,563
Disability Retirees	0	0
Terminated Vested	583,403	854,947
Total:	14,288,168	18,268,120
Present Value of Future Salaries	N/A	N/A
Present Value of Future Member Contributions	N/A	N/A
Total Normal Cost	1,286	1,685
Present Value of Future Normal Costs (Entry Age Normal)	3,215	4,560
Total Actuarial Accrued Liability (EAN)	14,284,953	17,408,613
Unfunded Actuarial Accrued Liability (UAAL)	2,261,463	5,385,123

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	1,416	1,805
Administrative Expenses ¹	30,866	30,025
Payment Required To Amortize UAAL ¹	388,381	557,081
Minimum Required Contribution	\$420,663	\$588,911

¹ Funding rates include a 1.5 year interest load.