

TOWN OF LONGBOAT KEY
CONSOLIDATED RETIREMENT SYSTEM
(POLICE OFFICERS)

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 (Police Officers)
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	10,590	12,881
Interest	805,117	714,800
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	25,391	43,130
Changes of Assumptions	288,948	414,532
Benefit Payments, Including Refunds of Employee Contributions	(882,183)	(882,183)
Net Change in Total Pension Liability	247,863	303,160
Total Pension Liability - Beginning	11,935,771	14,727,819
Total Pension Liability - Ending (a)	<u>\$ 12,183,634</u>	<u>\$ 15,030,979</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	568,816	568,816
Net Investment Income	(1,027,388)	(1,027,388)
Benefit Payments, Including Refunds of Employee Contributions	(882,183)	(882,183)
Administrative Expenses	(20,757)	(20,757)
Net Change in Plan Fiduciary Net Position	(1,361,512)	(1,361,512)
Plan Fiduciary Net Position - Beginning	9,049,790	9,049,790
Plan Fiduciary Net Position - Ending (b)	<u>\$ 7,688,278</u>	<u>\$ 7,688,278</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 4,495,356</u>	<u>\$ 7,342,701</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	7,688,278	-	912,256	-	488,170	7,264,192
2023	7,264,192	-	926,691	-	459,057	6,796,558
2024	6,796,558	-	926,071	-	427,513	6,298,000
2025	6,298,000	-	929,297	-	393,751	5,762,454
2026	5,762,454	-	931,247	-	357,536	5,188,743
2027	5,188,743	-	934,850	-	318,689	4,572,582
2028	4,572,582	-	936,876	-	277,030	3,912,736
2029	3,912,736	-	936,910	-	232,489	3,208,315
2030	3,208,315	-	936,648	-	184,949	2,456,616
2031	2,456,616	-	933,577	-	134,313	1,657,352
2032	1,657,352	-	927,106	-	80,581	810,827
2033	810,827	-	922,468	-	-	-

Number of Years Expected Benefit Payments Sustained: 11.88

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	7,688,278	-	912,256	-	343,527	7,119,549
2023	7,119,549	-	926,691	-	316,170	6,509,028
2024	6,509,028	-	926,071	-	287,185	5,870,142
2025	5,870,142	-	929,297	-	256,761	5,197,606
2026	5,197,606	-	931,247	-	224,769	4,491,128
2027	4,491,128	-	934,850	-	191,126	3,747,404
2028	3,747,404	-	936,876	-	155,751	2,966,279
2029	2,966,279	-	936,910	-	118,647	2,148,016
2030	2,148,016	-	936,648	-	79,785	1,291,153
2031	1,291,153	-	933,577	-	39,157	396,733
2032	396,733	-	927,106	-	-	-

Number of Years Expected Benefit Payments Sustained: 10.43

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 \$)	\$538,787	\$671,360

ASSETS

Actuarial Value	8,434,046	8,434,046
Market Value	7,688,278	7,688,278

LIABILITIES

Present Value of Benefits		
Active Members		
Retirement Benefits	104,522	127,218
Disability Benefits	11,055	12,995
Death Benefits	303	330
Vested Benefits	0	0
Refund of Contributions	0	0
Service Retirees	10,723,648	13,313,445
DROP Retirees	0	0
Beneficiaries	552,191	615,299
Disability Retirees	683,531	850,079
Terminated Vested	0	0
Total:	12,075,250	14,919,366
Present Value of Future Salaries	N/A	N/A
Present Value of Future Member Contributions	N/A	N/A
Total Normal Cost	8,490	10,232
Present Value of Future Normal Costs (Entry Age Normal)	8,490	10,232
Total Actuarial Accrued Liability (EAN)	12,066,760	14,909,134
Unfunded Actuarial Accrued Liability (UAAL)	3,632,714	6,475,088

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	9,350	10,961
Administrative Expenses ¹	21,298	20,718
Payment Required To Amortize UAAL ¹	508,139	639,681
Minimum Required Contribution	\$538,787	\$671,360

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