

TOWN OF LONGBOAT KEY
CONSOLIDATED RETIREMENT SYSTEM
(POLICE OFFICERS)

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 (Police Officers)
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	15,180	18,503
Interest	827,065	748,000
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	(257,101)	(279,536)
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(804,263)	(804,263)
Net Change in Total Pension Liability	(219,119)	(317,296)
Total Pension Liability - Beginning	12,205,770	15,347,236
Total Pension Liability - Ending (a)	<u>\$ 11,986,651</u>	<u>\$ 15,029,940</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	654,726	654,726
Contributions - State	-	-
Contributions - Employee	-	-
Net Investment Income	207,777	207,777
Benefit Payments, Including Refunds of Employee Contributions	(804,263)	(804,263)
Administrative Expenses	(18,631)	(18,631)
Net Change in Plan Fiduciary Net Position	39,609	39,609
Plan Fiduciary Net Position - Beginning	7,469,118	7,469,118
Plan Fiduciary Net Position - Ending (b)	<u>\$ 7,508,727</u>	<u>\$ 7,508,727</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 4,477,924</u>	<u>\$ 7,521,213</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	7,508,727	-	818,344	-	496,969	7,187,352
2020	7,187,352	-	860,574	-	472,995	6,799,773
2021	6,799,773	-	899,472	-	444,503	6,344,804
2022	6,344,804	-	927,520	-	411,673	5,828,957
2023	5,828,957	-	930,164	-	375,471	5,274,264
2024	5,274,264	-	927,795	-	336,726	4,683,195
2025	4,683,195	-	929,441	-	295,293	4,049,047
2026	4,049,047	-	931,065	-	250,846	3,368,828
2027	3,368,828	-	934,756	-	203,102	2,637,174
2028	2,637,174	-	937,359	-	151,795	1,851,610
2029	1,851,610	-	937,939	-	96,785	1,010,456
2030	1,010,456	-	935,498	-	37,989	112,947
2031	112,947	-	931,160	-	-	-

Number of Years Expected Benefit Payments Sustained: 12.12

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	7,508,727	-	818,344	-	354,978	7,045,361
2020	7,045,361	-	860,574	-	330,754	6,515,541
2021	6,515,541	-	899,472	-	303,290	5,919,359
2022	5,919,359	-	927,520	-	272,780	5,264,619
2023	5,264,619	-	930,164	-	239,977	4,574,432
2024	4,574,432	-	927,795	-	205,527	3,852,164
2025	3,852,164	-	929,441	-	169,372	3,092,095
2026	3,092,095	-	931,065	-	131,328	2,292,358
2027	2,292,358	-	934,756	-	91,249	1,448,851
2028	1,448,851	-	937,359	-	49,009	560,501
2029	560,501	-	937,939	-	-	-

Number of Years Expected Benefit Payments Sustained: 10.60

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
	<hr/>	<hr/>
Minimum Required Contribution (Fixed \$)	\$553,969	\$695,769
<hr/>		
<u>ASSETS</u>		
Actuarial Value	7,686,659	7,686,659
Market Value	7,508,727	7,508,727
<u>LIABILITIES</u>		
Present Value of Benefits		
Active Members		
Retirement Benefits	757,709	974,615
Disability Benefits	27,246	32,666
Death Benefits	2,734	3,021
Vested Benefits	7,217	9,201
Refund of Contributions	0	0
Service Retirees	9,525,697	12,016,888
Beneficiaries	821,615	937,235
Disability Retirees	678,596	845,800
Terminated Vested	274,991	347,854
Total:	<hr/> 12,095,805	<hr/> 15,167,280
Present Value of Future Salaries	N/A	N/A
Present Value of Future Member Contributions	N/A	N/A
Total Normal Cost	9,237	11,451
Present Value of Future Normal Costs (Entry Age Normal)	14,746	18,510
Total Actuarial Accrued Liability	12,081,059	15,148,770
Unfunded Actuarial Accrued Liability (UAAL)	4,394,400	7,462,111

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	10,207	12,310
Administrative Expenses ¹	22,492	21,882
Payment Required To Amortize UAAL ¹	521,270	661,577
Minimum Required Contribution	\$553,969	\$695,769

¹ Funding rates include a 1.5 year interest load.