

TOWN OF LONGBOAT KEY
CONSOLIDATED RETIREMENT SYSTEM
(FIREFIGHTERS)

SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2020 VALUATION DATE



June 3, 2021

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, 2020 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.

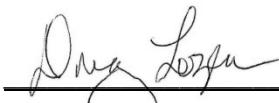
In addition to the enclosed report, the Plan or Plan Sponsor's website must provide a link to the Division of Retirement's Actuarial Summary Fact Sheet for the Plan, and also report the previous five years' assumed and actual rates of return, along with their respective asset allocations. The Board should 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, 2020 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, 2020

Header	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Discount Rate:	7.00%	5.00%
<u>Total Pension Liability</u>		
Service Cost	6,585	8,660
Interest	2,184,370	1,995,624
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	603,406	727,753
Changes of Assumptions	(722,995)	(1,228,745)
Benefit Payments, Including Refunds of Employee Contributions	(2,123,371)	(2,123,371)
Net Change in Total Pension Liability	(52,005)	(620,079)
Total Pension Liability - Beginning	32,260,393	40,965,515
Total Pension Liability - Ending (a)	<u>\$ 32,208,388</u>	<u>\$ 40,345,436</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	2,144,404	2,144,404
Net Investment Income	1,180,845	1,180,845
Benefit Payments, Including Refunds of Employee Contributions	(2,123,371)	(2,123,371)
Administrative Expenses	(48,857)	(48,857)
Net Change in Plan Fiduciary Net Position	1,153,021	1,153,021
Plan Fiduciary Net Position - Beginning	18,935,406	18,935,406
Plan Fiduciary Net Position - Ending (b)	<u>\$ 20,088,427</u>	<u>\$ 20,088,427</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 12,119,961</u>	<u>\$ 20,257,009</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: Discount Rate = 7.00%

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
2020	20,088,427	-	2,260,059	-	1,327,088	19,155,456
2021	19,155,456	-	2,270,592	-	1,261,411	18,146,275
2022	18,146,275	-	2,352,215	-	1,187,912	16,981,972
2023	16,981,972	-	2,381,799	-	1,105,375	15,705,548
2024	15,705,548	-	2,408,586	-	1,015,088	14,312,050
2025	14,312,050	-	2,432,284	-	916,714	12,796,480
2026	12,796,480	-	2,447,237	-	810,100	11,159,343
2027	11,159,343	-	2,487,047	-	694,107	9,366,403
2028	9,366,403	-	2,511,757	-	567,737	7,422,383
2029	7,422,383	-	2,549,143	-	430,347	5,303,587
2030	5,303,587	-	2,569,222	-	281,328	3,015,693
2031	3,015,693	-	2,575,911	-	120,942	560,724
2032	560,724	-	2,597,774	-	-	-

Number of Years Expected Benefit Payments Sustained: 12.22

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: Discount Rate = 5.00%

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
2020	20,088,427	-	2,260,059	-	947,920	18,776,288
2021	18,776,288	-	2,270,592	-	882,050	17,387,746
2022	17,387,746	-	2,352,215	-	810,582	15,846,113
2023	15,846,113	-	2,381,799	-	732,761	14,197,075
2024	14,197,075	-	2,408,586	-	649,639	12,438,128
2025	12,438,128	-	2,432,284	-	561,099	10,566,943
2026	10,566,943	-	2,447,237	-	467,166	8,586,872
2027	8,586,872	-	2,487,047	-	367,167	6,466,992
2028	6,466,992	-	2,511,757	-	260,556	4,215,791
2029	4,215,791	-	2,549,143	-	147,061	1,813,709
2030	1,813,709	-	2,569,222	-	-	-

Number of Years Expected Benefit Payments Sustained: 10.71

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, 2022

Valuation Date: 10/1/2020

Header	ACTUAL	HYPOTHETICAL
Investment Rate of Return:	7.00%	5.00%
Minimum Required Contribution (Fixed \$)	\$1,907,757	\$1,793,197

ASSETS

Actuarial Value	20,709,283	20,709,283
Market Value	20,088,427	20,088,427

LIABILITIES

Present Value of Benefits

Active Members

Retirement Benefits	2,201,850	3,017,974
Disability Benefits	45,900	58,756
Death Benefits	3,590	4,138
Vested Benefits	42,229	58,411
Refund of Contributions	0	0

Service Retirees	28,473,803	35,450,694
Beneficiaries	234,458	287,448
Disability Retirees	1,185,792	1,399,125
Terminated Vested	281,183	400,651
Total:	32,468,805	40,677,197

Present Value of Future Salaries	N/A	N/A
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Present Value of Future Member Contributions	N/A	N/A
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Total Normal Cost	6,608	8,758
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Present Value of Future Normal Costs (Entry Age Normal)	16,686	23,323
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Total Actuarial Accrued Liability	32,452,119	40,653,874
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Unfunded Actuarial Accrued Liability (UAAL)	11,742,836	19,944,591
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ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2022

Valuation Date: 10/1/2020

Header	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Investment Rate of Return:	7.00%	5.00%
<u>PENSION COST</u>		
Normal Cost ¹	7,302	9,415
Administrative Expenses ¹	52,495	51,070
Payment Required To Amortize UAAL ¹	<u>1,847,960</u>	<u>1,732,712</u>
Minimum Required Contribution	\$1,907,757	\$1,793,197

¹ Funding rates include a 1.5 year interest load.