

TOWN OF LONGBOAT KEY
CONSOLIDATED RETIREMENT SYSTEM
(POLICE OFFICERS)

SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2021 VALUATION DATE



April 7, 2022

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, 2021 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, 2021 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, 2021

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Discount Rate:	7.00%	5.00%
<u>Total Pension Liability</u>		
Service Cost	13,174	16,084
Interest	799,407	712,194
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	143,217	198,703
Changes of Assumptions	-	-
Contributions - Buy Back	-	-
Benefit Payments, Including Refunds of Employee Contributions	(861,120)	(861,120)
Net Change in Total Pension Liability	94,678	65,861
Total Pension Liability - Beginning	11,841,093	14,661,958
Total Pension Liability - Ending (a)	<u>\$ 11,935,771</u>	<u>\$ 14,727,819</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	553,969	553,969
Net Investment Income	1,610,874	1,610,874
Benefit Payments, Including Refunds of Employee Contributions	(861,120)	(861,120)
Administrative Expenses	(17,923)	(17,923)
Net Change in Plan Fiduciary Net Position	1,285,800	1,285,800
Plan Fiduciary Net Position - Beginning	7,763,990	7,763,990
Plan Fiduciary Net Position - Ending (b)	<u>\$ 9,049,790</u>	<u>\$ 9,049,790</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 2,885,981</u>	<u>\$ 5,678,029</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
2021	9,049,790	-	890,283	-	602,325	8,761,832
2022	8,761,832	-	934,866	-	580,608	8,407,574
2023	8,407,574	-	938,925	-	555,668	8,024,317
2024	8,024,317	-	937,966	-	528,873	7,615,224
2025	7,615,224	-	940,905	-	500,134	7,174,453
2026	7,174,453	-	942,560	-	469,222	6,701,115
2027	6,701,115	-	945,839	-	435,974	6,191,250
2028	6,191,250	-	947,531	-	400,224	5,643,943
2029	5,643,943	-	947,218	-	361,923	5,058,648
2030	5,058,648	-	946,554	-	320,976	4,433,070
2031	4,433,070	-	942,202	-	277,338	3,768,206
2032	3,768,206	-	932,519	-	231,136	3,066,823
2033	3,066,823	-	928,056	-	182,196	2,320,963
2034	2,320,963	-	922,364	-	130,185	1,528,784
2035	1,528,784	-	915,392	-	74,976	688,368
2036	688,368	-	907,030	-	-	-

Number of Years Expected Benefit Payments Sustained: 15.76

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
2021	9,049,790	-	890,283	-	430,232	8,589,739
2022	8,589,739	-	934,866	-	406,115	8,060,988
2023	8,060,988	-	938,925	-	379,576	7,501,639
2024	7,501,639	-	937,966	-	351,633	6,915,306
2025	6,915,306	-	940,905	-	322,243	6,296,644
2026	6,296,644	-	942,560	-	291,268	5,645,352
2027	5,645,352	-	945,839	-	258,622	4,958,135
2028	4,958,135	-	947,531	-	224,218	4,234,822
2029	4,234,822	-	947,218	-	188,061	3,475,665
2030	3,475,665	-	946,554	-	150,119	2,679,230
2031	2,679,230	-	942,202	-	110,406	1,847,434
2032	1,847,434	-	932,519	-	69,059	983,974
2033	983,974	-	928,056	-	25,997	81,915
2034	81,915	-	922,364	-	-	-

Number of Years Expected Benefit Payments Sustained: 13.09

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, 2023

Valuation Date: 10/1/2021

	ACTUAL	HYPOTHETICAL
Investment Rate of Return:	7.00%	5.00%
Minimum Required Contribution (Fixed \$)	\$503,616	\$641,478

ASSETS

Actuarial Value	8,430,475	8,430,475
Market Value	9,049,790	9,049,790

LIABILITIES

Present Value of Benefits		
Active Members		
Retirement Benefits	366,529	452,767
Disability Benefits	14,771	17,464
Death Benefits	659	717
Vested Benefits	1,392	1,729
Refund of Contributions	0	0
Service Retirees	10,066,009	12,515,945
Beneficiaries	761,604	855,554
Disability Retirees	674,082	836,114
Terminated Vested	81,445	97,885
Total:	11,966,491	14,778,175
Present Value of Future Salaries	0	0
Present Value of Future Member Contributions	0	0
Total Normal Cost	9,959	12,110
Present Value of Future Normal Costs (Entry Age Normal)	9,959	12,110
Total Actuarial Accrued Liability (EAN)	11,956,532	14,766,065
Unfunded Actuarial Accrued Liability (UAAL)	3,526,057	6,335,590

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2023

Valuation Date: 10/1/2021

	ACTUAL	HYPOTHETICAL
Investment Rate of Return:	7.00%	5.00%
<u>PENSION COST</u>		
Normal Cost ¹	11,005	13,018
Administrative Expenses ¹	20,593	20,034
Payment Required To Amortize UAAL ¹	472,018	608,426
Minimum Required Contribution	\$503,616	\$641,478

¹ Contributions developed as of 10/1/2021 displayed above have been adjusted to account for assumed salary increase and interest components.