

RETIREMENT SYSTEM FOR EMPLOYEES OF THE
HOUSING AUTHORITY OF THE CITY OF KEY WEST

SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
JANUARY 1, 2023 VALUATION DATE



June 1, 2023

VIA E-MAIL

Mr. Randy Sterling
Executive Director
Housing Authority of the City of Key West
1400 Kennedy Drive
Key West, FL 33045

Re: Retirement System for Employees of the Housing Authority of the City of Key West
Section 112.664, Florida Statutes Compliance

Dear Randy:

Please find enclosed the annual disclosures that satisfy the January 1, 2023 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.

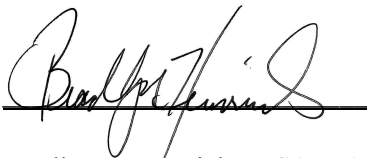
With respect to the reporting standards for defined benefit retirement plans or systems contained in Section 112.664(1), F.S., the actuarial disclosures required under this section were prepared and completed by me or under my direct supervision and I acknowledge responsibility for the results. To the 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:



Bradley R. Henrichs, FSA, EA, MAAA
Enrolled Actuary #23-6901

Enclosures

cc via email: Susy Pita, Plan Administrator
cc via email: Stu Kaufman, Board Attorney

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 January 1, 2023 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 DECEMBER 31, 2022

	ACTUAL	HYPOTHETICAL	
	6.75%	4.75%	8.75%
Discount Rate:	6.75%	4.75%	8.75%
<u>Total Pension Liability</u>			
Service Cost	348,643	554,597	229,182
Interest	992,467	877,689	1,062,972
Changes of Benefit Terms	(12,243)	(16,469)	(9,329)
Differences Between Expected and Actual Experience	270,823	374,488	189,127
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(729,752)	(729,752)	(729,752)
Net Change in Total Pension Liability	869,938	1,060,553	742,200
Total Pension Liability - Beginning	14,731,687	18,304,412	12,293,274
Total Pension Liability - Ending (a)	<u>\$ 15,601,625</u>	<u>\$ 19,364,965</u>	<u>\$ 13,035,474</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	474,797	474,797	474,797
Net Investment Income	(2,031,975)	(2,031,975)	(2,031,975)
Benefit Payments, Including Refunds of Employee Contributions	(729,752)	(729,752)	(729,752)
Administrative Expenses	(77,723)	(77,723)	(77,723)
Net Change in Plan Fiduciary Net Position	(2,364,653)	(2,364,653)	(2,364,653)
Plan Fiduciary Net Position - Beginning	15,495,154	15,495,154	15,495,154
Plan Fiduciary Net Position - Ending (b)	<u>\$ 13,130,501</u>	<u>\$ 13,130,501</u>	<u>\$ 13,130,501</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 2,471,124</u>	<u>\$ 6,234,464</u>	<u>\$ (95,027)</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: Discount Rate = 6.75%

Fiscal Year Beginning 1/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2023	13,130,501	-	2,517,877	-	801,330	11,413,954
2024	11,413,954	-	804,566	-	743,288	11,352,676
2025	11,352,676	-	833,461	-	738,176	11,257,391
2026	11,257,391	-	852,826	-	731,091	11,135,656
2027	11,135,656	-	876,467	-	722,076	10,981,265
2028	10,981,265	-	891,312	-	711,154	10,801,107
2029	10,801,107	-	904,159	-	698,559	10,595,507
2030	10,595,507	-	918,782	-	684,188	10,360,913
2031	10,360,913	-	929,833	-	667,980	10,099,060
2032	10,099,060	-	946,904	-	649,729	9,801,885
2033	9,801,885	-	952,053	-	629,495	9,479,327
2034	9,479,327	-	952,295	-	607,715	9,134,747
2035	9,134,747	-	955,090	-	584,361	8,764,018
2036	8,764,018	-	965,577	-	558,983	8,357,424
2037	8,357,424	-	960,197	-	531,719	7,928,946
2038	7,928,946	-	953,969	-	503,007	7,477,984
2039	7,477,984	-	940,296	-	473,029	7,010,717
2040	7,010,717	-	930,514	-	441,819	6,522,022
2041	6,522,022	-	916,053	-	409,320	6,015,289
2042	6,015,289	-	897,836	-	375,730	5,493,183
2043	5,493,183	-	876,303	-	341,215	4,958,095
2044	4,958,095	-	857,055	-	305,746	4,406,786
2045	4,406,786	-	831,133	-	269,407	3,845,060
2046	3,845,060	-	803,379	-	232,428	3,274,109
2047	3,274,109	-	773,942	-	194,882	2,695,049
2048	2,695,049	-	746,640	-	156,717	2,105,126
2049	2,105,126	-	715,615	-	117,944	1,507,455
2050	1,507,455	-	684,019	-	78,668	902,104
2051	902,104	-	651,273	-	38,912	289,743
2052	289,743	-	618,016	-	-	-

*All DROP Balances paid in 2023.

Number of Years Expected Benefit Payments Sustained: 29.47

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 1/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2023	13,130,501	-	2,517,877	-	563,899	11,176,523
2024	11,176,523	-	804,566	-	511,776	10,883,733
2025	10,883,733	-	833,461	-	497,183	10,547,455
2026	10,547,455	-	852,826	-	480,749	10,175,378
2027	10,175,378	-	876,467	-	462,514	9,761,425
2028	9,761,425	-	891,312	-	442,499	9,312,612
2029	9,312,612	-	904,159	-	420,875	8,829,328
2030	8,829,328	-	918,782	-	397,572	8,308,118
2031	8,308,118	-	929,833	-	372,552	7,750,837
2032	7,750,837	-	946,904	-	345,676	7,149,609
2033	7,149,609	-	952,053	-	316,995	6,514,551
2034	6,514,551	-	952,295	-	286,824	5,849,080
2035	5,849,080	-	955,090	-	255,148	5,149,138
2036	5,149,138	-	965,577	-	221,652	4,405,213
2037	4,405,213	-	960,197	-	186,443	3,631,459
2038	3,631,459	-	953,969	-	149,838	2,827,328
2039	2,827,328	-	940,296	-	111,966	1,998,998
2040	1,998,998	-	930,514	-	72,853	1,141,337
2041	1,141,337	-	916,053	-	32,457	257,741
2042	257,741	-	897,836	-	-	-

*All DROP Balances paid in 2023.

Number of Years Expected Benefit Payments Sustained: 19.29

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.

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3
Hypothetical Assumptions: Discount Rate = 8.75%

Fiscal Year Beginning 1/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2023	13,130,501	-	2,517,877	-	1,038,762	11,651,386
2024	11,651,386	-	804,566	-	984,297	11,831,117
2025	11,831,117	-	833,461	-	998,759	11,996,415
2026	11,996,415	-	852,826	-	1,012,375	12,155,964
2027	12,155,964	-	876,467	-	1,025,301	12,304,798
2028	12,304,798	-	891,312	-	1,037,675	12,451,161
2029	12,451,161	-	904,159	-	1,049,920	12,596,922
2030	12,596,922	-	918,782	-	1,062,034	12,740,174
2031	12,740,174	-	929,833	-	1,074,085	12,884,426
2032	12,884,426	-	946,904	-	1,085,960	13,023,482
2033	13,023,482	-	952,053	-	1,097,902	13,169,331
2034	13,169,331	-	952,295	-	1,110,654	13,327,690
2035	13,327,690	-	955,090	-	1,124,388	13,496,988
2036	13,496,988	-	965,577	-	1,138,742	13,670,153
2037	13,670,153	-	960,197	-	1,154,130	13,864,086
2038	13,864,086	-	953,969	-	1,171,371	14,081,488
2039	14,081,488	-	940,296	-	1,190,992	14,332,184
2040	14,332,184	-	930,514	-	1,213,356	14,615,026
2041	14,615,026	-	916,053	-	1,238,737	14,937,710
2042	14,937,710	-	897,836	-	1,267,769	15,307,643
2043	15,307,643	-	876,303	-	1,301,081	15,732,421
2044	15,732,421	-	857,055	-	1,339,091	16,214,457
2045	16,214,457	-	831,133	-	1,382,403	16,765,727
2046	16,765,727	-	803,379	-	1,431,853	17,394,201
2047	17,394,201	-	773,942	-	1,488,133	18,108,392
2048	18,108,392	-	746,640	-	1,551,819	18,913,571
2049	18,913,571	-	715,615	-	1,623,629	19,821,585
2050	19,821,585	-	684,019	-	1,704,463	20,842,029
2051	20,842,029	-	651,273	-	1,795,184	21,985,940
2052	21,985,940	-	618,016	-	1,896,732	23,264,656
2053	23,264,656	-	586,131	-	2,010,014	24,688,539
2054	24,688,539	-	554,298	-	2,135,997	26,270,238
2055	26,270,238	-	521,443	-	2,275,833	28,024,628
2056	28,024,628	-	489,645	-	2,430,733	29,965,716
2057	29,965,716	-	458,620	-	2,601,936	32,109,032
2058	32,109,032	-	428,693	-	2,790,785	34,471,124
2059	34,471,124	-	399,829	-	2,998,731	37,070,026
2060	37,070,026	-	372,126	-	3,227,347	39,925,247
2061	39,925,247	-	345,666	-	3,478,336	43,057,917
2062	43,057,917	-	320,504	-	3,753,546	46,490,959
2063	46,490,959	-	296,614	-	4,054,982	50,249,327
2064	50,249,327	-	274,063	-	4,384,826	54,360,090
2065	54,360,090	-	252,883	-	4,745,444	58,852,651
2066	58,852,651	-	233,053	-	5,139,411	63,759,009
2067	63,759,009	-	214,487	-	5,569,529	69,114,051
2068	69,114,051	-	197,093	-	6,038,857	74,955,815
2069	74,955,815	-	180,800	-	6,550,724	81,325,739
2070	81,325,739	-	165,541	-	7,108,760	88,268,958
2071	88,268,958	-	151,243	-	7,716,917	95,834,632
2072	95,834,632	-	137,835	-	8,379,500	104,076,297
2073	104,076,297	-	125,264	-	9,101,196	113,052,229
2074	113,052,229	-	113,500	-	9,887,104	122,825,833
2075	122,825,833	-	102,526	-	10,742,775	133,466,082

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3
Hypothetical Assumptions: Discount Rate = 8.75%

Fiscal Year Beginning 1/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2076	133,466,082	-	92,312	-	11,674,244	145,048,014
2077	145,048,014	-	82,824	-	12,688,078	157,653,268
2078	157,653,268	-	74,039	-	13,791,422	171,370,651
2079	171,370,651	-	65,934	-	14,992,047	186,296,764
2080	186,296,764	-	58,475	-	16,298,409	202,536,698
2081	202,536,698	-	51,626	-	17,719,702	220,204,774
2082	220,204,774	-	45,362	-	19,265,933	239,425,345
2083	239,425,345	-	39,663	-	20,947,982	260,333,664
2084	260,333,664	-	34,508	-	22,777,686	283,076,842
2085	283,076,842	-	29,869	-	24,767,917	307,814,890
2086	307,814,890	-	25,718	-	26,932,678	334,721,850
2087	334,721,850	-	22,030	-	29,287,198	363,987,018
2088	363,987,018	-	18,780	-	31,848,042	395,816,280
2089	395,816,280	-	15,925	-	34,633,228	430,433,583
2090	430,433,583	-	13,422	-	37,662,351	468,082,512
2091	468,082,512	-	11,235	-	40,956,728	509,028,005
2092	509,028,005	-	9,333	-	44,539,542	553,558,214
2093	553,558,214	-	7,688	-	48,436,007	601,986,533
2094	601,986,533	-	6,272	-	52,673,547	654,653,808
2095	654,653,808	-	5,061	-	57,281,987	711,930,734
2096	711,930,734	-	4,037	-	62,293,763	774,220,460
2097	774,220,460	-	3,182	-	67,744,151	841,961,429
2098	841,961,429	-	2,477	-	73,671,517	915,630,469
2099	915,630,469	-	1,903	-	80,117,583	995,746,149
2100	995,746,149	-	1,444	-	87,127,725	1,082,872,430
2101	1,082,872,430	-	1,084	-	94,751,290	1,177,622,636
2102	1,177,622,636	-	805	-	103,041,945	1,280,663,776
2103	1,280,663,776	-	592	-	112,058,055	1,392,721,239
2104	1,392,721,239	-	432	-	121,863,090	1,514,583,897
2105	1,514,583,897	-	313	-	132,526,077	1,647,109,661
2106	1,647,109,661	-	226	-	144,122,085	1,791,231,520
2107	1,791,231,520	-	162	-	156,732,751	1,947,964,109
2108	1,947,964,109	-	115	-	170,446,855	2,118,410,849
2109	2,118,410,849	-	80	-	185,360,946	2,303,771,715
2110	2,303,771,715	-	55	-	201,580,023	2,505,351,683
2111	2,505,351,683	-	38	-	219,218,271	2,724,569,916
2112	2,724,569,916	-	25	-	238,399,867	2,962,969,758
2113	2,962,969,758	-	16	-	259,259,853	3,222,229,595
2114	3,222,229,595	-	10	-	281,945,089	3,504,174,674
2115	3,504,174,674	-	6	-	306,615,284	3,810,789,952
2116	3,810,789,952	-	4	-	333,444,121	4,144,234,069
2117	4,144,234,069	-	2	-	362,620,481	4,506,854,548
2118	4,506,854,548	-	1	-	394,349,773	4,901,204,320
2119	4,901,204,320	-	1	-	428,855,378	5,330,059,697
2120	5,330,059,697	-	-	-	466,380,223	5,796,439,920

*All DROP Balances paid in 2023.

Number of Years Expected Benefit Payments Sustained: 999.99

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 8.75% 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 DECEMBER 31, 2024

Valuation Date: 1/1/2023

	ACTUAL	HYPOTHETICAL	
	6.75%	4.75%	8.75%
Investment Rate of Return:	6.75%	4.75%	8.75%
Minimum Required Contribution (Fixed \$)	\$602,829	\$1,086,212	\$365,782
Minimum Required Contribution (% of Payroll)	15.6%	28.1%	9.5%

ASSETS

Actuarial Value ¹	14,885,067	14,885,067	14,885,067
Market Value ¹	13,130,501	13,130,501	13,130,501

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	7,316,713	11,349,894	5,020,092
Disability Benefits	154,111	230,715	108,562
Death Benefits	169,366	261,060	117,291
Vested Benefits	306,276	550,006	180,812
Refund of Contributions	0	0	0
Service Retirees	7,328,801	8,819,257	6,236,709
DROP Retirees ¹	2,481,932	2,658,928	2,357,378
Beneficiaries	80,114	98,198	67,377
Disability Retirees	0	0	0
Terminated Vested	805,386	1,120,229	608,691
Misc. Liability (Employee Account Balances)	3,139	3,139	3,139
Total:	18,645,838	25,091,426	14,700,051
Present Value of Future Salaries	25,674,798	29,169,476	22,957,462
Present Value of Future Member Contributions	0	0	0
Total Normal Cost	403,215	635,218	267,605
Present Value of Future Normal Costs (Entry Age Normal)	2,982,709	5,498,473	1,729,100
Total Actuarial Accrued Liability (EAN) ¹	15,663,129	19,592,953	12,970,951
Unfunded Actuarial Accrued Liability (UAAL)	778,062	4,707,886	(1,914,116)

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING DECEMBER 31, 2024

	Valuation Date: 1/1/2023		
	ACTUAL	HYPOTHETICAL	
Investment Rate of Return:	6.75%	4.75%	8.75%
<u>PENSION COST</u>			
Normal Cost ²	431,954	673,910	289,452
Administrative Expenses ²	75,599	74,868	76,330
Payment Required To Amortize UAAL ²	95,276	337,434	(138,479)
Minimum Required Contribution	\$602,829	\$1,086,212	\$365,782 ³

¹ The asset values and liabilities include accumulated DROP Balances as of 12/31/2022.

² Contributions developed as of 1/1/2023 displayed above have been adjusted to account for assumed salary increase and interest components.

³ Reflects normal cost minimum funding requirements of Chapter 112, Florida Statutes.