

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, 2024 VALUATION DATE



June 20, 2024

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, 2024 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.

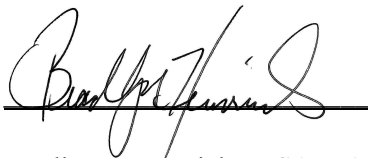
In addition to the enclosed report, the Plan or Plan Sponsor's website must provide a link to the Division of Retirement's Actuarial Summary Fact Sheet for the Plan, and also report the previous five years' assumed and actual rates of return, along with their respective asset allocations. The Board should 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, 2024 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, 2023

	ACTUAL	HYPOTHETICAL	HYPOTHETICAL
	6.75%	4.75%	8.75%
Discount Rate:			
<u>Total Pension Liability</u>			
Service Cost	403,215	635,217	267,605
Interest	1,053,011	930,786	1,128,610
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	65,656	238,817	(70,168)
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(809,368)	(809,368)	(809,368)
Net Change in Total Pension Liability	712,514	995,452	516,679
Total Pension Liability - Beginning	15,601,625	19,364,965	13,035,474
Total Pension Liability - Ending (a)	\$ 16,314,139	\$ 20,360,417	\$ 13,552,153
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	519,321	519,321	519,321
Net Investment Income	1,428,818	1,428,818	1,428,818
Benefit Payments, Including Refunds of Employee Contributions	(809,368)	(809,368)	(809,368)
Administrative Expenses	(75,227)	(75,227)	(75,227)
Net Change in Plan Fiduciary Net Position	1,063,544	1,063,544	1,063,544
Plan Fiduciary Net Position - Beginning	13,130,501	13,130,501	13,130,501
Plan Fiduciary Net Position - Ending (b)	\$ 14,194,045	\$ 14,194,045	\$ 14,194,045
Net Pension Liability - Ending (a) - (b)	\$ 2,120,094	\$ 6,166,372	\$ (641,892)

## 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
2024	14,194,045	-	2,649,475	-	868,678	12,413,248
2025	12,413,248	-	843,573	-	809,424	12,379,099
2026	12,379,099	-	868,857	-	806,265	12,316,507
2027	12,316,507	-	899,541	-	801,005	12,217,971
2028	12,217,971	-	917,521	-	793,747	12,094,197
2029	12,094,197	-	933,626	-	784,848	11,945,419
2030	11,945,419	-	952,756	-	774,160	11,766,823
2031	11,766,823	-	968,488	-	761,574	11,559,909
2032	11,559,909	-	989,158	-	746,910	11,317,661
2033	11,317,661	-	995,246	-	730,353	11,052,768
2034	11,052,768	-	996,999	-	712,413	10,768,182
2035	10,768,182	-	1,001,843	-	693,040	10,459,379
2036	10,459,379	-	1,014,333	-	671,774	10,116,820
2037	10,116,820	-	1,010,493	-	648,781	9,755,108
2038	9,755,108	-	1,006,132	-	624,513	9,373,489
2039	9,373,489	-	994,239	-	599,155	8,978,405
2040	8,978,405	-	987,995	-	572,698	8,563,108
2041	8,563,108	-	976,617	-	545,049	8,131,540
2042	8,131,540	-	960,290	-	516,469	7,687,719
2043	7,687,719	-	940,439	-	487,181	7,234,461
2044	7,234,461	-	921,801	-	457,215	6,769,875
2045	6,769,875	-	897,349	-	426,681	6,299,207
2046	6,299,207	-	870,885	-	395,804	5,824,126
2047	5,824,126	-	842,241	-	364,703	5,346,588
2048	5,346,588	-	815,719	-	333,364	4,864,233
2049	4,864,233	-	784,679	-	301,853	4,381,407
2050	4,381,407	-	753,132	-	270,327	3,898,602
2051	3,898,602	-	719,976	-	238,856	3,417,482
2052	3,417,482	-	686,109	-	207,524	2,938,897
2053	2,938,897	-	653,273	-	176,328	2,461,952
2054	2,461,952	-	620,203	-	145,250	1,986,999
2055	1,986,999	-	585,703	-	114,355	1,515,651
2056	1,515,651	-	551,880	-	83,680	1,047,451
2057	1,047,451	-	518,833	-	53,192	581,810
2058	581,810	-	486,447	-	22,855	118,218
2059	118,218	-	454,908	-	-	-

\*All DROP Balances paid in 2024.

Number of Years Expected Benefit Payments Sustained: 35.26

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
2024	14,194,045	-	2,649,475	-	611,292	12,155,862
2025	12,155,862	-	843,573	-	557,369	11,869,658
2026	11,869,658	-	868,857	-	543,173	11,543,974
2027	11,543,974	-	899,541	-	526,975	11,171,408
2028	11,171,408	-	917,521	-	508,851	10,762,738
2029	10,762,738	-	933,626	-	489,056	10,318,168
2030	10,318,168	-	952,756	-	467,485	9,832,897
2031	9,832,897	-	968,488	-	444,061	9,308,470
2032	9,308,470	-	989,158	-	418,660	8,737,972
2033	8,737,972	-	995,246	-	391,417	8,134,143
2034	8,134,143	-	996,999	-	362,693	7,499,837
2035	7,499,837	-	1,001,843	-	332,448	6,830,442
2036	6,830,442	-	1,014,333	-	300,356	6,116,465
2037	6,116,465	-	1,010,493	-	266,533	5,372,505
2038	5,372,505	-	1,006,132	-	231,298	4,597,671
2039	4,597,671	-	994,239	-	194,776	3,798,208
2040	3,798,208	-	987,995	-	156,950	2,967,163
2041	2,967,163	-	976,617	-	117,746	2,108,292
2042	2,108,292	-	960,290	-	77,337	1,225,339
2043	1,225,339	-	940,439	-	35,868	320,768
2044	320,768	-	921,801	-	-	-

\*All DROP Balances paid in 2024.

Number of Years Expected Benefit Payments Sustained: 20.35

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
2024	14,194,045	-	2,649,475	-	1,126,064	12,670,634
2025	12,670,634	-	843,573	-	1,071,774	12,898,835
2026	12,898,835	-	868,857	-	1,090,636	13,120,614
2027	13,120,614	-	899,541	-	1,108,699	13,329,772
2028	13,329,772	-	917,521	-	1,126,214	13,538,465
2029	13,538,465	-	933,626	-	1,143,770	13,748,609
2030	13,748,609	-	952,756	-	1,161,320	13,957,173
2031	13,957,173	-	968,488	-	1,178,881	14,167,566
2032	14,167,566	-	989,158	-	1,196,386	14,374,794
2033	14,374,794	-	995,246	-	1,214,252	14,593,800
2034	14,593,800	-	996,999	-	1,233,339	14,830,140
2035	14,830,140	-	1,001,843	-	1,253,807	15,082,104
2036	15,082,104	-	1,014,333	-	1,275,307	15,343,078
2037	15,343,078	-	1,010,493	-	1,298,310	15,630,895
2038	15,630,895	-	1,006,132	-	1,323,685	15,948,448
2039	15,948,448	-	994,239	-	1,351,991	16,306,200
2040	16,306,200	-	987,995	-	1,383,568	16,701,773
2041	16,701,773	-	976,617	-	1,418,678	17,143,834
2042	17,143,834	-	960,290	-	1,458,073	17,641,617
2043	17,641,617	-	940,439	-	1,502,497	18,203,675
2044	18,203,675	-	921,801	-	1,552,493	18,834,367
2045	18,834,367	-	897,349	-	1,608,748	19,545,766
2046	19,545,766	-	870,885	-	1,672,153	20,347,034
2047	20,347,034	-	842,241	-	1,743,517	21,248,310
2048	21,248,310	-	815,719	-	1,823,539	22,256,130
2049	22,256,130	-	784,679	-	1,913,082	23,384,533
2050	23,384,533	-	753,132	-	2,013,197	24,644,598
2051	24,644,598	-	719,976	-	2,124,903	26,049,525
2052	26,049,525	-	686,109	-	2,249,316	27,612,732
2053	27,612,732	-	653,273	-	2,387,533	29,346,992
2054	29,346,992	-	620,203	-	2,540,728	31,267,517
2055	31,267,517	-	585,703	-	2,710,283	33,392,097
2056	33,392,097	-	551,880	-	2,897,664	35,737,881
2057	35,737,881	-	518,833	-	3,104,366	38,323,414
2058	38,323,414	-	486,447	-	3,332,017	41,168,984
2059	41,168,984	-	454,908	-	3,582,384	44,296,460
2060	44,296,460	-	424,449	-	3,857,371	47,729,382
2061	47,729,382	-	395,043	-	4,159,038	51,493,377
2062	51,493,377	-	366,802	-	4,489,623	55,616,198
2063	55,616,198	-	339,925	-	4,851,546	60,127,819
2064	60,127,819	-	314,330	-	5,247,432	65,060,921
2065	65,060,921	-	290,168	-	5,680,136	70,450,889
2066	70,450,889	-	267,457	-	6,152,752	76,336,184
2067	76,336,184	-	246,134	-	6,668,648	82,758,698
2068	82,758,698	-	226,122	-	7,231,493	89,764,069
2069	89,764,069	-	207,366	-	7,845,284	97,401,987
2070	97,401,987	-	189,798	-	8,514,370	105,726,559
2071	105,726,559	-	173,342	-	9,243,490	114,796,707
2072	114,796,707	-	157,915	-	10,037,803	124,676,595
2073	124,676,595	-	143,460	-	10,902,926	135,436,061
2074	135,436,061	-	129,935	-	11,844,971	147,151,097
2075	147,151,097	-	117,317	-	12,870,588	159,904,368

## 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	159,904,368	-	105,562	-	13,987,014	173,785,820
2077	173,785,820	-	94,625	-	15,202,119	188,893,314
2078	188,893,314	-	84,480	-	16,524,469	205,333,303
2079	205,333,303	-	75,101	-	17,963,378	223,221,580
2080	223,221,580	-	66,458	-	19,528,981	242,684,103
2081	242,684,103	-	58,516	-	21,232,299	263,857,886
2082	263,857,886	-	51,255	-	23,085,323	286,891,954
2083	286,891,954	-	44,656	-	25,101,092	311,948,390
2084	311,948,390	-	38,699	-	27,293,791	339,203,482
2085	339,203,482	-	33,355	-	29,678,845	368,848,972
2086	368,848,972	-	28,593	-	32,273,034	401,093,413
2087	401,093,413	-	24,379	-	35,094,607	436,163,641
2088	436,163,641	-	20,684	-	38,163,414	474,306,371
2089	474,306,371	-	17,455	-	41,501,044	515,789,960
2090	515,789,960	-	14,637	-	45,130,981	560,906,304
2091	560,906,304	-	12,188	-	49,078,768	609,972,884
2092	609,972,884	-	10,070	-	53,372,187	663,335,001
2093	663,335,001	-	8,247	-	58,041,452	721,368,206
2094	721,368,206	-	6,685	-	63,119,426	784,480,947
2095	784,480,947	-	5,354	-	68,641,849	853,117,442
2096	853,117,442	-	4,232	-	74,647,591	927,760,801
2097	927,760,801	-	3,299	-	81,178,926	1,008,936,428
2098	1,008,936,428	-	2,531	-	88,281,827	1,097,215,724
2099	1,097,215,724	-	1,910	-	96,006,292	1,193,220,106
2100	1,193,220,106	-	1,416	-	104,406,697	1,297,625,387
2101	1,297,625,387	-	1,031	-	113,542,176	1,411,166,532
2102	1,411,166,532	-	738	-	123,477,039	1,534,642,833
2103	1,534,642,833	-	518	-	134,281,225	1,668,923,540
2104	1,668,923,540	-	357	-	146,030,794	1,814,953,977
2105	1,814,953,977	-	242	-	158,808,462	1,973,762,197
2106	1,973,762,197	-	161	-	172,704,185	2,146,466,221
2107	2,146,466,221	-	106	-	187,815,790	2,334,281,905
2108	2,334,281,905	-	68	-	204,249,664	2,538,531,501
2109	2,538,531,501	-	43	-	222,121,504	2,760,652,962
2110	2,760,652,962	-	26	-	241,557,133	3,002,210,069
2111	3,002,210,069	-	16	-	262,693,380	3,264,903,433
2112	3,264,903,433	-	9	-	285,679,050	3,550,582,474
2113	3,550,582,474	-	5	-	310,675,966	3,861,258,435
2114	3,861,258,435	-	3	-	337,860,113	4,199,118,545
2115	4,199,118,545	-	2	-	367,422,873	4,566,541,416
2116	4,566,541,416	-	1	-	399,572,374	4,966,113,789
2117	4,966,113,789	-	-	-	434,534,957	5,400,648,746

\*All DROP Balances paid in 2024.

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, 2025

Valuation Date: 1/1/2024

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>	<u>HYPOTHETICAL</u>
Investment Rate of Return:	6.75%	4.75%	8.75%
Minimum Required Contribution (Fixed \$)	\$677,861	\$1,164,153	\$370,111
Minimum Required Contribution (% of Payroll)	18.5%	31.7%	10.1%

**ASSETS**

Actuarial Value <sup>1</sup>	15,124,330	15,124,330	15,124,330
Market Value <sup>1</sup>	14,194,045	14,194,045	14,194,045

**LIABILITIES**

Present Value of Benefits

Actives

Retirement Benefits	7,811,190	11,993,273	5,402,769
Disability Benefits	148,617	214,518	107,586
Death Benefits	168,700	257,921	117,541
Vested Benefits	318,529	569,072	189,022
Refund of Contributions	0	0	0

Service Retirees

DROP Retirees <sup>1</sup>

Beneficiaries

Disability Retirees

Terminated Vested

Misc. Liability (EE Acct. Balances)

Total:

	8,347,162	10,038,552	7,104,948
	2,054,264	2,107,515	2,018,285
	214,941	278,270	173,492
	0	0	0
	420,742	639,570	290,571
	3,485	3,485	3,485
	<u>19,487,630</u>	<u>26,102,176</u>	<u>15,828,441</u>

Present Value of Future Salaries

	25,499,705	28,869,159	22,859,810
--	------------	------------	------------

Present Value of Future

Total Normal Cost

	400,092	629,516	265,999
--	---------	---------	---------

Present Value of Future

Normal Costs (Entry Age Normal)

	2,969,787	5,441,171	1,730,206
--	-----------	-----------	-----------

Total Actuarial Accrued Liability (EAN) <sup>1</sup>

	16,517,843	20,661,005	13,677,493
--	------------	------------	------------

Unfunded Actuarial Accrued

Liability (UAAL)

	1,393,513	5,536,675	(1,446,837)
--	-----------	-----------	-------------

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING DECEMBER 31, 2025

	Valuation Date: 1/1/2024		
	ACTUAL	HYPOTHETICAL	HYPOTHETICAL
Investment Rate of Return:	6.75%	4.75%	8.75%
<b><u>PENSION COST</u></b>			
Normal Cost <sup>2</sup>	428,236	667,281	287,465
Administrative Expenses <sup>2</sup>	81,855	81,063	82,646
Payment Required To Amortize UAAL <sup>2</sup>	167,770	415,809	(83,202)
Minimum Required Contribution <sup>3</sup>	\$677,861	\$1,164,153	\$370,111

<sup>1</sup> The asset values and liabilities include accumulated DROP Plan Balances as of 12/31/2023.

<sup>2</sup> Contributions developed as of 01/1/2024 displayed above have been adjusted to account for assumed salary increase and interest components.

<sup>3</sup> Reflects normal cost minimum funding requirements of Chapter 112, Florida Statutes.