

June 25, 2015

VIA EMAIL

Ms. Susan Smith
Town of Longboat Key
501 Bay Isles Road
Longboat Key, Florida 34228

Re: Town of Longboat Key Firefighters' Retirement System
Senate Bill 534 (Section 112.664, Florida Statutes) Compliance

Dear Susan:

Please find enclosed the annual disclosures that satisfy the October 1, 2014 financial reporting requirements made under Section 112.664.

Our office will submit this information electronically to the Department of Management Services by the June 28, 2015 deadline. 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.

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 #14-7778

DHL/lke
Enclosures

cc via email: H. Lee Dehner, Board Attorney

TOWN OF LONGBOAT KEY
FIREFIGHTERS' RETIREMENT SYSTEM

SECTION 112.664, FLORIDA STATUTES
COMPLIANCE

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.

By:  Date: 6/25/2015

Douglas H. Lozen, EA, MAAA
Enrolled Actuary #14-7778



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, 2014 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 AND RELATED RATIOS

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Static 9/30/2014	7.50% RP-2000 Generational 9/30/2014	5.50% RP-2000 Generational 9/30/2014
<u>Total Pension Liability</u>			
Service Cost	17,183	17,342	22,882
Interest	2,082,208	2,175,889	2,087,536
Change in Excess State Money	-	-	-
Change in Funding Standard Account	-	-	-
Share Plan Allocation	-	-	-
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	-	-	-
Changes of Assumptions	1,446,265	1,601,903	2,410,868
Contributions - Buy Back	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,806,573)	(1,806,573)	(1,806,573)
Net Change in Total Pension Liability	1,739,083	1,988,561	2,714,713
Total Pension Liability - Beginning	26,913,700	28,084,562	35,672,679
Total Pension Liability - Ending (a)	<u>28,652,783</u>	<u>\$ 30,073,123</u>	<u>\$ 38,387,392</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	1,526,725	1,526,725	1,526,725
Contributions - State	-	-	-
Contributions - Employee	-	-	-
Contributions - Buy Back	-	-	-
Net Investment Income	1,384,179	1,384,179	1,384,179
Benefit Payments, Including Refunds of Employee Contributions	(1,806,573)	(1,806,573)	(1,806,573)
Administrative Expense	(60,183)	(60,183)	(60,183)
Other	-	-	-
Net Change in Plan Fiduciary Net Position	1,044,148	1,044,148	1,044,148
Plan Fiduciary Net Position - Beginning	14,663,400	14,663,400	14,663,400
Plan Fiduciary Net Position - Ending (b)	<u>\$ 15,707,548</u>	<u>\$ 15,707,548</u>	<u>\$ 15,707,548</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 12,945,235</u>	<u>\$ 14,365,575</u>	<u>\$ 22,679,844</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.50% and RP-2000 Static 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
2014	15,707,549	-	2,544,044	-	1,082,665	14,246,170
2015	14,246,170	-	1,877,083	-	998,072	13,367,159
2016	13,367,159	-	1,896,574	-	931,415	12,402,000
2017	12,402,000	-	1,919,834	-	858,156	11,340,322
2018	11,340,322	-	1,944,754	-	777,596	10,173,164
2019	10,173,164	-	2,023,520	-	687,105	8,836,749
2020	8,836,749	-	2,048,472	-	585,938	7,374,215
2021	7,374,215	-	2,223,340	-	469,691	5,620,566
2022	5,620,566	-	2,306,177	-	335,061	3,649,450
2023	3,649,450	-	2,331,781	-	186,267	1,503,936
2024	1,503,936	-	2,350,813	-	-	-

*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 10.64

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.50% 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: 7.50% 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
2014	15,707,549	-	2,544,644	-	1,082,642	14,245,547
2015	14,245,547	-	1,879,110	-	997,949	13,364,386
2016	13,364,386	-	1,900,986	-	931,042	12,394,442
2017	12,394,442	-	1,926,834	-	857,327	11,324,935
2018	11,324,935	-	1,955,088	-	776,054	10,145,901
2019	10,145,901	-	2,037,905	-	684,521	8,792,517
2020	8,792,517	-	2,068,639	-	581,865	7,305,743
2021	7,305,743	-	2,249,539	-	463,573	5,519,777
2022	5,519,777	-	2,338,724	-	326,281	3,507,334
2023	3,507,334	-	2,371,314	-	174,126	1,310,146
2024	1,310,146	-	2,398,383	-	-	-

*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 10.55

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.50% 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: 5.50% 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
2014	15,707,549	-	2,544,644	-	793,937	13,956,842
2015	13,956,842	-	1,879,110	-	715,951	12,793,683
2016	12,793,683	-	1,900,986	-	651,375	11,544,072
2017	11,544,072	-	1,926,834	-	581,936	10,199,174
2018	10,199,174	-	1,955,088	-	507,190	8,751,276
2019	8,751,276	-	2,037,905	-	425,278	7,138,649
2020	7,138,649	-	2,068,639	-	335,738	5,405,748
2021	5,405,748	-	2,249,539	-	235,454	3,391,663
2022	3,391,663	-	2,338,724	-	122,227	1,175,166
2023	1,175,166	-	2,371,314	-	-	-

*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 9.50

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.50% 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, 2016

Valuation Date: 10/1/2014

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Static	7.50% RP-2000 Generational	5.50% RP-2000 Generational
Expected Sponsor Contribution (Fixed \$)	\$1,758,137	\$1,881,742	\$2,245,668
<u>ASSETS</u>			
Actuarial Value ¹	15,026,121	15,026,121	15,026,121
Market Value ¹	15,707,549	15,707,549	15,707,549
<u>LIABILITIES</u>			
Present Value of Benefits			
Active Members			
Retirement Benefits	2,399,631	2,539,212	3,745,798
Disability Benefits	218,455	227,741	298,579
Death Benefits	28,557	20,885	24,837
Vested Benefits	330,914	345,821	527,784
Refund of Contributions	0	0	0
Service Retirees	17,432,289	18,363,344	22,882,236
Beneficiaries	40,440	40,440	40,786
Terminated Vested ²	203,587	213,011	314,567
Disability Retirees	593,905	629,982	743,333
DROP Retirees ¹	7,576,289	7,853,095	10,052,062
Excess State Monies Reserve	0	0	0
Total:	28,824,067	30,233,531	38,629,982
Present Value of Future Salaries	N/A	N/A	N/A
Present Value of Future Member Contributions	N/A	N/A	N/A
Total Normal Cost (Entry Age Normal)	16,994	17,175	22,875
Present Value of Future Normal Costs (Entry Age Normal)	94,731	95,879	135,848
Total Actuarial Accrued Liability ^{1 2}	28,729,336	30,137,652	38,494,134
Unfunded Actuarial Accrued Liability (Entry Age Normal)	13,703,215	15,111,531	23,468,013

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2016

Valuation Date: 10/1/2014

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Static	7.50% RP-2000 Generational	5.50% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost (with interest) ³	18,906	19,107	24,762
Administrative Expenses (with interest) ³	66,953	66,953	65,148
Payment Required To Amortize UAAL (with interest) ³	1,672,278	1,795,682	2,155,758
Total Required Contribution	\$1,758,137	\$1,881,742	\$2,245,668

¹ The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2014.

² Terminated Vested liabilities include payable lump sums for Members with less than 10 years of Credited Service as of September 30, 2013.

³ Contributions include an interest load for assumed timing of Town Contributions.