

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 Police Officers' 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
POLICE OFFICERS' 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	6,496	6,581	8,673
Interest	823,074	861,308	790,737
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	-	-	-
Contributions - Buy Back	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,267,283)	(1,267,283)	(1,267,283)
Net Change in Total Pension Liability	(437,713)	(399,394)	(467,873)
Total Pension Liability - Beginning	11,605,061	12,114,769	15,005,600
Total Pension Liability - Ending (a)	<u>11,167,348</u>	<u>\$ 11,715,375</u>	<u>\$ 14,537,727</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	552,573	552,573	552,573
Contributions - State	81,017	81,017	81,017
Contributions - Employee	35,601	35,601	35,601
Contributions - Buy Back	-	-	-
Net Investment Income	662,893	662,893	662,893
Benefit Payments, Including Refunds of Employee Contributions	(1,267,283)	(1,267,283)	(1,267,283)
Administrative Expense	(39,110)	(39,110)	(39,110)
Other	-	-	-
Net Change in Plan Fiduciary Net Position	25,691	25,691	25,691
Plan Fiduciary Net Position - Beginning	6,832,349	6,832,349	6,832,349
Plan Fiduciary Net Position - Ending (b)	<u>\$ 6,858,040</u>	<u>\$ 6,858,040</u>	<u>\$ 6,858,040</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 4,309,308</u>	<u>\$ 4,857,335</u>	<u>\$ 7,679,687</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	6,858,039	-	879,987	-	481,353	6,459,405
2015	6,459,405	-	821,004	-	453,668	6,092,069
2016	6,092,069	-	825,497	-	425,949	5,692,521
2017	5,692,521	-	831,584	-	395,755	5,256,692
2018	5,256,692	-	837,291	-	362,853	4,782,254
2019	4,782,254	-	845,981	-	326,945	4,263,218
2020	4,263,218	-	887,215	-	286,471	3,662,474
2021	3,662,474	-	952,868	-	238,953	2,948,559
2022	2,948,559	-	975,384	-	184,565	2,157,740
2023	2,157,740	-	973,288	-	125,332	1,309,784
2024	1,309,784	-	965,312	-	62,035	406,507
2025	406,507	-	960,562	-	-	-

*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 11.42

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	6,858,039	-	880,542	-	481,333	6,458,830
2015	6,458,830	-	822,890	-	453,554	6,089,494
2016	6,089,494	-	828,953	-	425,626	5,686,167
2017	5,686,167	-	836,744	-	395,085	5,244,508
2018	5,244,508	-	844,356	-	361,675	4,761,827
2019	4,761,827	-	855,261	-	325,065	4,231,631
2020	4,231,631	-	898,923	-	283,663	3,616,371
2021	3,616,371	-	968,035	-	234,927	2,883,263
2022	2,883,263	-	993,665	-	178,982	2,068,580
2023	2,068,580	-	994,604	-	117,846	1,191,822
2024	1,191,822	-	990,129	-	52,257	253,950
2025	253,950	-	988,859	-	-	-

*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 11.26

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	6,858,039	-	880,542	-	352,977	6,330,474
2015	6,330,474	-	822,890	-	325,547	5,833,131
2016	5,833,131	-	828,953	-	298,026	5,302,204
2017	5,302,204	-	836,744	-	268,611	4,734,071
2018	4,734,071	-	844,356	-	237,154	4,126,869
2019	4,126,869	-	855,261	-	203,458	3,475,066
2020	3,475,066	-	898,923	-	166,408	2,742,551
2021	2,742,551	-	968,035	-	124,219	1,898,735
2022	1,898,735	-	993,665	-	77,105	982,175
2023	982,175	-	994,604	-	-	-

*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 9.99

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.50% 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 \$)	\$623,019	\$673,088	\$810,602
<u>ASSETS</u>			
Actuarial Value ¹	6,429,064	6,429,064	6,429,064
Market Value ¹	6,858,039	6,858,039	6,858,039
<u>LIABILITIES</u>			
Present Value of Benefits			
Active Members			
Retirement Benefits	890,919	946,329	1,331,131
Disability Benefits	185,168	194,853	246,505
Death Benefits	12,272	8,932	10,411
Vested Benefits	58,445	61,270	84,175
Refund of Contributions	0	0	0
Service Retirees	8,047,924	8,447,665	10,540,013
Beneficiaries	774,042	805,771	927,871
Terminated Vested	0	0	0
Disability Retirees	128,350	139,768	155,768
DROP Retirees ¹	1,202,758	1,258,764	1,642,909
Excess State Monies Reserve	3,601	3,601	3,601
Total:	11,303,479	11,866,953	14,942,384
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)	28,053	29,064	36,026
Present Value of Future Normal Costs (Entry Age Normal)	133,237	138,144	179,178
Total Actuarial Accrued Liability ¹	11,170,242	11,728,809	14,763,206
Unfunded Actuarial Accrued Liability (Entry Age Normal)	4,741,178	5,299,745	8,334,142

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)	31,209	32,334	38,998
Administrative Expenses (with interest)	43,510	43,510	42,337
Payment Required To Amortize UAAL (with interest)	548,300	597,244	729,267
Total Required Contribution	\$623,019	\$673,088	\$810,602

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

² Funding rates include a 1.5 year interest load.