

July 27, 2016

VIA EMAIL

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

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

Dear Susan:

Please find enclosed the annual disclosures that satisfy the October 1, 2015 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.

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
CONSOLIDATED RETIREMENT SYSTEM
(FIREFIGHTERS)

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: 7/27/2016

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



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

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, 2015 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.

	ACTUAL		HYPOTHETICAL	
	7.00% RP-2000 Static 9/30/2015	7.00% RP-2000 Generational 9/30/2015	5.00% RP-2000 Generational 9/30/2015	
<u>GASB 67: Schedule of Changes in Net Pension Liability</u>				
<u>Total Pension Liability</u>				
Service Cost	16,994	17,175	22,875	
Interest	2,089,626	2,196,166	2,068,120	
Changes of Benefit Terms	-	-	-	
Differences Between Expected and Actual				
Experience	82,293	69,371	112,614	
Changes of Assumptions	1,573,612	1,758,229	2,654,519	
Benefit Payments, Including Refunds of				
Employee Contributions	(1,616,182)	(1,616,182)	(1,616,182)	
Net Change in Total Pension Liability	2,146,343	2,424,759	3,241,946	
Total Pension Liability - Beginning	28,652,783	30,073,123	38,387,392	
Total Pension Liability - Ending (a)	<u>\$ 30,799,126</u>	<u>\$ 32,497,882</u>	<u>\$ 41,629,338</u>	
<u>Plan Fiduciary Net Position</u>				
Contributions - Employer	2,906,549	2,906,549	2,906,549	
Contributions - State	-	-	-	
Contributions - Employee	-	-	-	
Net Investment Income	(507,354)	(507,354)	(507,354)	
Benefit Payments, Including Refunds of				
Employee Contributions	(1,616,182)	(1,616,182)	(1,616,182)	
Administrative Expenses	(47,913)	(47,913)	(47,913)	
Net Change in Plan Fiduciary Net				
Position	735,100	735,100	735,100	
Plan Fiduciary Net Position - Beginning	15,707,548	15,707,548	15,707,548	
Plan Fiduciary Net Position - Ending (b)	<u>\$ 16,442,648</u>	<u>\$ 16,442,648</u>	<u>\$ 16,442,648</u>	
Net Pension Liability - Ending (a) - (b)	<u>\$ 14,356,478</u>	<u>\$ 16,055,234</u>	<u>\$ 25,186,690</u>	

GASB 68: Pension Expense for Fiscal Year Ending September 30, 2015

Pension Expense	<u>\$ 1,988,209</u>	<u>\$ 2,193,219</u>	<u>\$ 2,920,132</u>
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PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.00% 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
2015	16,442,648	-	2,782,658	-	1,053,592	14,713,582
2016	14,713,582	-	1,905,182	-	963,269	13,771,669
2017	13,771,669	-	1,928,948	-	896,504	12,739,225
2018	12,739,225	-	1,953,715	-	823,366	11,608,876
2019	11,608,876	-	2,034,410	-	741,417	10,315,883
2020	10,315,883	-	2,058,514	-	650,064	8,907,433
2021	8,907,433	-	2,238,896	-	545,159	7,213,696
2022	7,213,696	-	2,323,531	-	423,635	5,313,800
2023	5,313,800	-	2,348,844	-	289,756	3,254,712
2024	3,254,712	-	2,368,221	-	144,942	1,031,433
2025	1,031,433	-	2,391,184	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 10.43

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: 7.00% 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
2015	16,442,648	-	2,783,352	-	1,053,568	14,712,864
2016	14,712,864	-	1,908,057	-	963,118	13,767,925
2017	13,767,925	-	1,934,396	-	896,051	12,729,580
2018	12,729,580	-	1,962,463	-	822,384	11,589,501
2019	11,589,501	-	2,047,180	-	739,614	10,281,935
2020	10,281,935	-	2,077,022	-	647,040	8,851,953
2021	8,851,953	-	2,263,473	-	540,415	7,128,895
2022	7,128,895	-	2,354,530	-	416,614	5,190,979
2023	5,190,979	-	2,386,911	-	279,827	3,083,895
2024	3,083,895	-	2,414,313	-	131,372	800,954
2025	800,954	-	2,446,475	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 10.33

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 3
Hypothetical Assumptions: 5.00% 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
2015	16,442,648	-	2,783,352	-	752,549	14,411,845
2016	14,411,845	-	1,908,057	-	672,891	13,176,679
2017	13,176,679	-	1,934,396	-	610,474	11,852,757
2018	11,852,757	-	1,962,463	-	543,576	10,433,870
2019	10,433,870	-	2,047,180	-	470,514	8,857,204
2020	8,857,204	-	2,077,022	-	390,935	7,171,117
2021	7,171,117	-	2,263,473	-	301,969	5,209,613
2022	5,209,613	-	2,354,530	-	201,617	3,056,700
2023	3,056,700	-	2,386,911	-	93,162	762,951
2024	762,951	-	2,414,313	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 9.32

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, 2017

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL	
	7.00% RP-2000 Static	7.00% RP-2000 Generational	5.00% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$1,705,515	\$1,846,165	\$2,236,422
<u>ASSETS</u>			
Actuarial Value ¹	17,382,475	17,382,475	17,382,475
Market Value ¹	16,442,648	16,442,648	16,442,648
<u>LIABILITIES</u>			
Present Value of Benefits			
Active Members			
Retirement Benefits	2,921,917	3,102,554	4,548,343
Disability Benefits	227,011	237,594	312,254
Death Benefits	29,292	21,150	25,004
Vested Benefits	325,690	341,492	520,261
Refund of Contributions	0	0	0
Service Retirees	19,768,368	20,912,803	26,310,968
DROP Retirees ¹	6,863,239	7,155,817	9,062,374
Beneficiaries	17,220	17,220	17,274
Disability Retirees	600,529	641,096	759,016
Terminated Vested	235,042	246,831	363,485
Excess State Monies Reserve	0	0	0
Total:	30,988,308	32,676,557	41,918,979
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	18,624	18,866	25,399
Present Value of Future Normal Costs (Entry Age Normal)	97,556	98,975	141,408
Total Actuarial Accrued Liability ¹	30,890,752	32,577,582	41,777,571
Unfunded Actuarial Accrued Liability (UAAL)	13,508,277	15,195,107	24,395,096

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2017

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL	
	7.00% RP-2000 Static	7.00% RP-2000 Generational	5.00% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost ²	20,580	20,847	27,304
Administrative Expenses ²	52,944	52,944	51,506
Payment Required To Amortize UAAL ²	1,631,991	1,772,374	2,157,612
Total Required Contribution	\$1,705,515	\$1,846,165	\$2,236,422

¹ The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2015.

² Contributions developed as of 10/1/2015 displayed above have been adjusted to account for a 1.5 year interest load.