

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 (Police Officers)
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

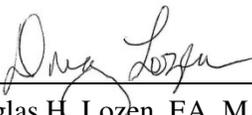
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Enclosures

cc via email: H. Lee Dehner, Board Attorney

TOWN OF LONGBOAT KEY
CONSOLIDATED RETIREMENT SYSTEM
(POLICE OFFICERS)

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



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	28,625	29,650	36,699	
Interest	812,505	853,683	781,652	
Changes of Benefit Terms	-	-	-	
Differences Between Expected and Actual				
Experience	(4,365)	6,723	227,967	
Changes of Assumptions	570,366	639,799	947,605	
Benefit Payments, Including Refunds of				
Employee Contributions	(717,957)	(717,957)	(717,957)	
Net Change in Total Pension Liability	689,174	811,898	1,275,966	
Total Pension Liability - Beginning	11,167,348	11,715,375	14,537,727	
Total Pension Liability - Ending (a)	<u>\$ 11,856,522</u>	<u>\$ 12,527,273</u>	<u>\$ 15,813,693</u>	
<u>Plan Fiduciary Net Position</u>				
Contributions - Employer	621,921	621,921	621,921	
Contributions - State	-	-	-	
Contributions - Employee	-	-	-	
Net Investment Income	(246,652)	(246,652)	(246,652)	
Benefit Payments, Including Refunds of				
Employee Contributions	(717,957)	(717,957)	(717,957)	
Administrative Expenses	(42,386)	(42,386)	(42,386)	
Net Change in Plan Fiduciary Net				
Position	(385,074)	(385,074)	(385,074)	
Plan Fiduciary Net Position - Beginning	6,858,040	6,858,040	6,858,040	
Plan Fiduciary Net Position - Ending (b)	<u>\$ 6,472,966</u>	<u>\$ 6,472,966</u>	<u>\$ 6,472,966</u>	
Net Pension Liability - Ending (a) - (b)	<u>\$ 5,383,556</u>	<u>\$ 6,054,307</u>	<u>\$ 9,340,727</u>	

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

Pension Expense	<u>\$ 309,675</u>	<u>\$ 347,994</u>	<u>\$ 383,735</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	6,472,966	-	933,916	-	420,421	5,959,471
2016	5,959,471	-	792,485	-	389,426	5,556,412
2017	5,556,412	-	798,852	-	360,989	5,118,549
2018	5,118,549	-	804,854	-	330,129	4,643,824
2019	4,643,824	-	813,861	-	296,583	4,126,546
2020	4,126,546	-	848,932	-	259,146	3,536,760
2021	3,536,760	-	923,494	-	215,251	2,828,517
2022	2,828,517	-	947,211	-	164,844	2,046,150
2023	2,046,150	-	946,199	-	110,114	1,210,065
2024	1,210,065	-	939,821	-	51,811	322,055
2025	322,055	-	936,450	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 10.34

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	6,472,966	-	934,510	-	420,400	5,958,856
2016	5,958,856	-	794,530	-	389,311	5,553,637
2017	5,553,637	-	802,484	-	360,668	5,111,821
2018	5,111,821	-	810,248	-	329,469	4,631,042
2019	4,631,042	-	821,276	-	295,428	4,105,194
2020	4,105,194	-	858,576	-	257,313	3,503,931
2021	3,503,931	-	936,384	-	212,502	2,780,049
2022	2,780,049	-	962,979	-	160,899	1,977,969
2023	1,977,969	-	964,770	-	104,691	1,117,890
2024	1,117,890	-	961,557	-	44,598	200,931
2025	200,931	-	961,430	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 10.21

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	6,472,966	-	934,510	-	300,286	5,838,742
2016	5,838,742	-	794,530	-	272,074	5,316,286
2017	5,316,286	-	802,484	-	245,752	4,759,554
2018	4,759,554	-	810,248	-	217,722	4,167,028
2019	4,167,028	-	821,276	-	187,820	3,533,572
2020	3,533,572	-	858,576	-	155,214	2,830,210
2021	2,830,210	-	936,384	-	118,101	2,011,927
2022	2,011,927	-	962,979	-	76,522	1,125,470
2023	1,125,470	-	964,770	-	32,154	192,854
2024	192,854	-	961,557	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 9.20

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 \$)	\$594,116	\$657,049	\$847,163
<u>ASSETS</u>			
Actuarial Value ¹	6,828,447	6,828,447	6,828,447
Market Value ¹	6,472,966	6,472,966	6,472,966
<u>LIABILITIES</u>			
Present Value of Benefits			
Active Members			
Retirement Benefits	997,467	1,063,736	1,486,454
Disability Benefits	136,768	144,444	182,996
Death Benefits	11,193	8,010	9,211
Vested Benefits	50,438	53,032	72,314
Refund of Contributions	0	0	0
Service Retirees	8,104,431	8,551,347	10,755,630
DROP Retirees ¹	1,364,850	1,434,038	1,863,643
Beneficiaries	785,299	820,553	944,061
Disability Retirees	126,020	138,189	153,730
Terminated Vested	56,455	59,761	79,441
Excess State Monies Reserve	3,601	3,601	3,601
Total:	11,636,522	12,276,711	15,551,081
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	21,210	21,960	27,683
Present Value of Future Normal Costs (Entry Age Normal)	88,577	91,679	120,372
Total Actuarial Accrued Liability ¹	11,547,945	12,185,032	15,430,709
Unfunded Actuarial Accrued Liability (UAAL)	4,719,498	5,356,585	8,602,262

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	23,437	24,266	29,759
Administrative Expenses ²	46,837	46,837	45,565
Payment Required To Amortize UAAL ²	523,842	585,946	771,839
Total Required Contribution	\$594,116	\$657,049	\$847,163

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.