

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 (General Employees)
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
(GENERAL EMPLOYEES)

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	2,151	2,201	2,806	
Interest	1,008,600	1,026,503	919,819	
Changes of Benefit Terms	-	-	-	
Differences Between Expected and Actual Experience	34,090	13,156	17,184	
Changes of Assumptions	-	-	-	
Benefit Payments, Including Refunds of Employee Contributions	(928,199)	(928,199)	(928,199)	
Net Change in Total Pension Liability	116,642	113,661	11,610	
Total Pension Liability - Beginning	14,870,522	15,126,228	18,857,666	
Total Pension Liability - Ending (a)	<u>\$ 14,987,164</u>	<u>\$ 15,239,889</u>	<u>\$ 18,869,276</u>	
<u>Plan Fiduciary Net Position</u>				
Contributions - Employer	704,515	704,515	704,515	
Contributions - Employee	-	-	-	
Net Investment Income	(101,832)	(101,832)	(101,832)	
Benefit Payments, Including Refunds of Employee Contributions	(928,199)	(928,199)	(928,199)	
Administrative Expenses	(44,104)	(44,104)	(44,104)	
Net Change in Plan Fiduciary Net Position	(369,620)	(369,620)	(369,620)	
Plan Fiduciary Net Position - Beginning	10,203,725	10,203,725	10,203,725	
Plan Fiduciary Net Position - Ending (b)	<u>\$ 9,834,105</u>	<u>\$ 9,834,105</u>	<u>\$ 9,834,105</u>	
Net Pension Liability - Ending (a) - (b)	<u>\$ 5,153,059</u>	<u>\$ 5,405,784</u>	<u>\$ 9,035,171</u>	

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

Pension Expense	<u>\$ 343,455</u>	<u>\$ 360,202</u>	<u>\$ 413,046</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	9,834,105	-	1,504,898	-	635,716	8,964,923
2016	8,964,923	-	1,032,966	-	591,391	8,523,348
2017	8,523,348	-	1,025,468	-	560,743	8,058,623
2018	8,058,623	-	1,059,517	-	527,021	7,526,127
2019	7,526,127	-	1,135,082	-	487,101	6,878,146
2020	6,878,146	-	1,157,026	-	440,974	6,162,094
2021	6,162,094	-	1,167,804	-	390,473	5,384,763
2022	5,384,763	-	1,213,837	-	334,449	4,505,375
2023	4,505,375	-	1,222,685	-	272,582	3,555,272
2024	3,555,272	-	1,216,042	-	206,308	2,545,538
2025	2,545,538	-	1,218,737	-	135,532	1,462,333
2026	1,462,333	-	1,217,998	-	59,733	304,068
2027	304,068	-	1,199,652	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 12.25

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	9,834,105	-	1,504,898	-	635,716	8,964,923
2016	8,964,923	-	1,032,984	-	591,390	8,523,329
2017	8,523,329	-	1,025,552	-	560,739	8,058,516
2018	8,058,516	-	1,059,741	-	527,005	7,525,780
2019	7,525,780	-	1,135,535	-	487,061	6,877,306
2020	6,877,306	-	1,157,783	-	440,889	6,160,412
2021	6,160,412	-	1,168,959	-	390,315	5,381,768
2022	5,381,768	-	1,215,608	-	334,177	4,500,337
2023	4,500,337	-	1,225,310	-	272,138	3,547,165
2024	3,547,165	-	1,219,662	-	205,613	2,533,116
2025	2,533,116	-	1,223,626	-	134,491	1,443,981
2026	1,443,981	-	1,224,414	-	58,224	277,791
2027	277,791	-	1,207,766	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 12.23

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	9,834,105	-	1,504,898	-	454,083	8,783,290
2016	8,783,290	-	1,032,984	-	413,340	8,163,646
2017	8,163,646	-	1,025,552	-	382,544	7,520,638
2018	7,520,638	-	1,059,741	-	349,538	6,810,435
2019	6,810,435	-	1,135,535	-	312,133	5,987,033
2020	5,987,033	-	1,157,783	-	270,407	5,099,657
2021	5,099,657	-	1,168,959	-	225,759	4,156,457
2022	4,156,457	-	1,215,608	-	177,433	3,118,282
2023	3,118,282	-	1,225,310	-	125,281	2,018,253
2024	2,018,253	-	1,219,662	-	70,421	869,012
2025	869,012	-	1,223,626	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 10.71

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 \$)	\$712,431	\$732,039	\$899,119
<u>ASSETS</u>			
Actuarial Value ¹	10,284,623	10,284,623	10,284,623
Market Value ¹	9,834,105	9,834,105	9,834,105
<u>LIABILITIES</u>			
Present Value of Benefits			
Active Members			
Retirement Benefits	2,657,446	2,716,273	3,712,334
Death Benefits	39,631	37,555	44,694
Vested Benefits	128,702	134,612	238,986
Refund of Contributions	0	0	0
Service Retirees	8,705,968	8,825,936	10,540,135
DROP Retirees ¹	2,459,167	2,484,379	2,901,846
Beneficiaries	0	0	0
Terminated Vested	1,054,906	1,081,892	1,489,177
Total:	15,045,820	15,280,647	18,927,172
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	1,991	2,070	2,624
Present Value of Future Normal Costs (Entry Age Normal)	10,506	10,777	14,734
Total Actuarial Accrued Liability ¹	15,035,314	15,269,870	18,912,438
Unfunded Actuarial Accrued Liability (UAAL)	4,750,691	4,985,247	8,627,815

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	2,200	2,287	2,821
Administrative Expenses ²	48,735	48,735	47,412
Payment Required To Amortize UAAL ²	661,496	681,017	848,886
Total Required Contribution	\$712,431	\$732,039	\$899,119

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.