

June 28, 2017

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, 2016 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 #17-7778

DHL/lke

Enclosures

cc via email: Ron Cohen, 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: 6/28/2017

Douglas H. Lozen, EA, MAAA
Enrolled Actuary #17-7778



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, 2016 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.

GASB 67: SCHEDULE OF CHANGES IN NET PENSION LIABILITY
FISCAL YEAR SEPTEMBER 30, 2016

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.00%	5.00%
	RP-2000	RP-2000
	Generational	Generational
	<u> </u>	<u> </u>
<u>Total Pension Liability</u>		
Service Cost	7,140	9,729
Interest	2,005,250	1,901,865
Changes of Benefit Terms	(349,443)	(1,791,371)
Differences Between Expected and Actual Experience	79,615	137,507
Changes of Assumptions	1,696,399	380,255
Benefit Payments, Including Refunds of Employee Contributions	(3,620,803)	(3,620,803)
Net Change in Total Pension Liability	(181,842)	(2,982,818)
Total Pension Liability - Beginning	30,799,126	41,629,338
Total Pension Liability - Ending (a)	<u>\$ 30,617,284</u>	<u>\$ 38,646,520</u>
 <u>Plan Fiduciary Net Position</u>		
Contributions - Employer	1,758,137	1,758,137
Contributions - State	-	-
Contributions - Employee	-	-
Net Investment Income	1,308,231	1,308,231
Benefit Payments, Including Refunds of Employee Contributions	(3,620,803)	(3,620,803)
Administrative Expenses	(35,696)	(35,696)
Net Change in Plan Fiduciary Net Position	(590,131)	(590,131)
Plan Fiduciary Net Position - Beginning	16,442,648	16,442,648
Plan Fiduciary Net Position - Ending (b)	<u>\$ 15,852,517</u>	<u>\$ 15,852,517</u>
 Net Pension Liability - Ending (a) - (b)	<u>\$ 14,764,767</u>	<u>\$ 22,794,003</u>

GASB 68: PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.00%	5.00%
	<u> </u>	<u> </u>
Pension Expense	<u>\$ 2,472,507</u>	<u>\$ 3,491,383</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan 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
2016	15,852,517	-	1,925,220	-	1,042,293	14,969,590
2017	14,969,590	-	1,934,833	-	980,152	14,014,909
2018	14,014,909	-	1,958,107	-	912,510	12,969,312
2019	12,969,312	-	2,038,976	-	836,488	11,766,824
2020	11,766,824	-	2,060,308	-	751,567	10,458,083
2021	10,458,083	-	2,196,814	-	655,177	8,916,446
2022	8,916,446	-	2,268,115	-	544,767	7,193,098
2023	7,193,098	-	2,295,849	-	423,162	5,320,411
2024	5,320,411	-	2,319,017	-	291,263	3,292,657
2025	3,292,657	-	2,346,121	-	148,372	1,094,908
2026	1,094,908	-	2,362,347	-	-	-

Number of Years Expected Benefit Payments Sustained: 10.46

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: 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
2016	15,852,517	-	1,925,220	-	744,495	14,671,792
2017	14,671,792	-	1,934,833	-	685,219	13,422,178
2018	13,422,178	-	1,958,107	-	622,156	12,086,227
2019	12,086,227	-	2,038,976	-	553,337	10,600,588
2020	10,600,588	-	2,060,308	-	478,522	9,018,802
2021	9,018,802	-	2,196,814	-	396,020	7,218,008
2022	7,218,008	-	2,268,115	-	304,198	5,254,091
2023	5,254,091	-	2,295,849	-	205,308	3,163,550
2024	3,163,550	-	2,319,017	-	100,202	944,735
2025	944,735	-	2,346,121	-	-	-

Number of Years Expected Benefit Payments Sustained: 9.40

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, 2018

Valuation Date: 10/1/2016

	ACTUAL	HYPOTHETICAL
	7.00%	5.00%
	RP-2000	RP-2000
	Generational	Generational
Total Required Contribution (Fixed \$)	\$1,876,726	\$2,261,833
<u>ASSETS</u>		
Actuarial Value ¹	16,493,651	16,493,651
Market Value ¹	15,852,517	15,852,517
<u>LIABILITIES</u>		
Present Value of Benefits		
Active Members		
Retirement Benefits	2,574,850	3,714,467
Disability Benefits	126,515	160,064
Death Benefits	30,716	35,443
Vested Benefits	168,591	247,221
Refund of Contributions	0	0
Service Retirees	27,499,853	35,040,065
DROP Retirees ¹	0	0
Beneficiaries	0	0
Disability Retirees	586,599	683,540
Terminated Vested	212,809	326,134
Excess State Monies Reserve	0	0
Total:	31,199,933	40,206,934
Present Value of Future Salaries	N/A	N/A
Present Value of Future Member Contributions	N/A	N/A
Total Normal Cost	12,384	16,359
Present Value of Future Normal Costs (Entry Age Normal)	53,001	73,269
Total Actuarial Accrued Liability ¹	31,146,932	40,133,665
Unfunded Actuarial Accrued Liability (UAAL)	14,653,281	23,640,014

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2018

Valuation Date: 10/1/2016

	ACTUAL	HYPOTHETICAL
	7.00%	5.00%
	RP-2000	RP-2000
	Generational	Generational
<u>PENSION COST</u>		
Normal Cost ²	13,684	17,586
Administrative Expenses ²	39,444	38,373
Payment Required To Amortize UAAL ²	1,823,598	2,205,874
Total Required Contribution	\$1,876,726	\$2,261,833

¹ The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2016.

² Contributions developed as of 10/1/2016 displayed above have been adjusted to account for a 1.5 year interest load.