

May 30, 2018

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)
Section 112.664, Florida Statutes Compliance

Dear Susan:

Please find enclosed the annual disclosures that satisfy the October 1, 2017 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
cc via email: Amanda Kish, Plan Administrator

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: 5/30/2018

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, 2017 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
FISCAL YEAR SEPTEMBER 30, 2017

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.00% RP-2000 Generational	5.00% RP-2000 Generational
<u>Total Pension Liability</u>		
Service Cost	12,384	16,360
Interest	2,077,039	1,885,260
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	566,726	1,561,502
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,915,362)	(1,915,362)
Net Change in Total Pension Liability	740,787	1,547,760
Total Pension Liability - Beginning	30,617,284	38,646,520
Total Pension Liability - Ending (a)	<u>\$ 31,358,071</u>	<u>\$ 40,194,280</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	1,705,515	1,705,515
Net Investment Income	1,720,301	1,720,301
Benefit Payments, Including Refunds of Employee Contributions	(1,915,362)	(1,915,362)
Administrative Expenses	(66,030)	(66,030)
Net Change in Plan Fiduciary Net Position	1,444,424	1,444,424
Plan Fiduciary Net Position - Beginning	15,852,517	15,852,517
Plan Fiduciary Net Position - Ending (b)	<u>\$ 17,296,941</u>	<u>\$ 17,296,941</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 14,061,130</u>	<u>\$ 22,897,339</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
2017	17,251,626	-	1,958,876	-	1,139,053	16,431,803
2018	16,431,803	-	1,969,140	-	1,081,306	15,543,969
2019	15,543,969	-	2,052,106	-	1,016,254	14,508,117
2020	14,508,117	-	2,073,937	-	942,980	13,377,160
2021	13,377,160	-	2,215,476	-	858,860	12,020,544
2022	12,020,544	-	2,288,496	-	761,341	10,493,389
2023	10,493,389	-	2,316,122	-	653,473	8,830,740
2024	8,830,740	-	2,339,148	-	536,282	7,027,874
2025	7,027,874	-	2,364,820	-	409,182	5,072,236
2026	5,072,236	-	2,381,447	-	271,706	2,962,495
2027	2,962,495	-	2,419,776	-	122,682	665,401
2028	665,401	-	2,452,287	-	-	-

Number of Years Expected Benefit Payments Sustained: 11.27

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
2017	17,251,626	-	1,958,876	-	813,609	16,106,359
2018	16,106,359	-	1,969,140	-	756,089	14,893,308
2019	14,893,308	-	2,052,106	-	693,363	13,534,565
2020	13,534,565	-	2,073,937	-	624,880	12,085,508
2021	12,085,508	-	2,215,476	-	548,889	10,418,921
2022	10,418,921	-	2,288,496	-	463,734	8,594,159
2023	8,594,159	-	2,316,122	-	371,805	6,649,842
2024	6,649,842	-	2,339,148	-	274,013	4,584,707
2025	4,584,707	-	2,364,820	-	170,115	2,390,002
2026	2,390,002	-	2,381,447	-	59,964	68,519
2027	68,519	-	2,419,776	-	-	-

Number of Years Expected Benefit Payments Sustained: 10.03

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, 2019

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL
	7.00%	5.00%
	RP-2000	RP-2000
	Generational	Generational
<u>PENSION COST</u>		
Normal Cost ²	12,577	16,119
Administrative Expenses ²	72,963	70,982
Payment Required To Amortize UAAL ²	1,894,908	2,276,974
Total Required Contribution	\$1,980,448	\$2,364,075

¹ The asset values and liabilities include accumulated DROP Balances as of 9/30/2017.

² Funding rates include a 1.5 year interest load.