

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 (Police Officers)
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/ike
Enclosures

cc via email: Ron Cohen, Board Attorney
cc via email: Amanda Kish, Plan Administrator

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: 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	19,241	23,508
Interest	814,693	726,670
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	176,585	609,436
Changes of Assumptions	-	-
Contributions - Buy Back	-	-
Benefit Payments, Including Refunds of Employee Contributions	(825,266)	(825,266)
Net Change in Total Pension Liability	185,253	534,348
Total Pension Liability - Beginning	12,035,458	14,926,131
Total Pension Liability - Ending (a)	<u>\$ 12,220,711</u>	<u>\$ 15,460,479</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	594,116	594,116
Net Investment Income	715,583	715,583
Benefit Payments, Including Refunds of Employee Contributions	(825,266)	(825,266)
Administrative Expenses	(27,650)	(27,650)
Net Change in Plan Fiduciary Net Position	456,783	456,783
Plan Fiduciary Net Position - Beginning	6,636,441	6,636,441
Plan Fiduciary Net Position - Ending (b)	<u>\$ 7,093,224</u>	<u>\$ 7,093,224</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 5,127,487</u>	<u>\$ 8,367,255</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	7,084,977	-	825,315	-	467,062	6,726,724
2018	6,726,724	-	832,455	-	441,735	6,336,004
2019	6,336,004	-	842,909	-	414,018	5,907,113
2020	5,907,113	-	880,841	-	382,668	5,408,940
2021	5,408,940	-	917,306	-	346,520	4,838,154
2022	4,838,154	-	944,013	-	305,630	4,199,771
2023	4,199,771	-	946,009	-	260,874	3,514,636
2024	3,514,636	-	942,743	-	213,029	2,784,922
2025	2,784,922	-	943,642	-	161,917	2,003,197
2026	2,003,197	-	944,441	-	107,168	1,165,924
2027	1,165,924	-	946,558	-	48,485	267,851
2028	267,851	-	947,490	-	-	-

Number of Years Expected Benefit Payments Sustained: 11.28

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	7,084,977	-	825,315	-	333,616	6,593,278
2018	6,593,278	-	832,455	-	308,853	6,069,676
2019	6,069,676	-	842,909	-	282,411	5,509,178
2020	5,509,178	-	880,841	-	253,438	4,881,775
2021	4,881,775	-	917,306	-	221,156	4,185,625
2022	4,185,625	-	944,013	-	185,681	3,427,293
2023	3,427,293	-	946,009	-	147,714	2,628,998
2024	2,628,998	-	942,743	-	107,881	1,794,136
2025	1,794,136	-	943,642	-	66,116	916,610
2026	916,610	-	944,441	-	-	-

Number of Years Expected Benefit Payments Sustained: 9.97

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
Total Required Contribution (Fixed \$)	\$654,726	\$795,177
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<u>ASSETS</u>		
Actuarial Value ¹	7,076,693	7,076,693
Market Value ¹	7,084,977	7,084,977
<u>LIABILITIES</u>		
Present Value of Benefits		
Active Members		
Retirement Benefits	799,863	1,065,312
Disability Benefits	75,046	91,254
Death Benefits	6,204	6,990
Vested Benefits	20,817	27,363
Refund of Contributions	0	0
Service Retirees	9,730,574	12,347,204
DROP Retirees ¹	0	0
Beneficiaries	849,831	978,650
Disability Retirees	683,080	855,226
Terminated Vested	66,430	85,614
Excess State Monies Reserve	3,601	3,601
Total:	12,235,446	15,461,214
Present Value of Future Salaries	N/A	N/A
Present Value of Future Member Contributions	N/A	N/A
Total Normal Cost	16,846	20,593
Present Value of Future Normal Costs (Entry Age Normal)	47,900	60,195
Total Actuarial Accrued Liability ¹	12,187,546	15,401,019
Unfunded Actuarial Accrued Liability (UAAL)	5,110,853	8,324,326

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	18,615	22,137
Administrative Expenses ²	30,553	29,724
Payment Required To Amortize UAAL ²	605,558	743,316
Total Required Contribution	\$654,726	\$795,177

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.