

June 25, 2015

VIA EMAIL

Ms. Susan Smith  
Town of Longboat Key  
501 Bay Isles Road  
Longboat Key, Florida 34228

Re: Town of Longboat Key General Employees' Retirement System  
Senate Bill 534 (Section 112.664, Florida Statutes) Compliance

Dear Susan:

Please find enclosed the annual disclosures that satisfy the October 1, 2014 financial reporting requirements made under Section 112.664.

Our office will submit this information electronically to the Department of Management Services by the June 28, 2015 deadline. 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

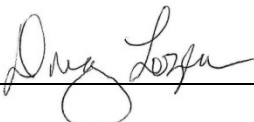
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Enclosures

cc via email: H. Lee Dehner, Board Attorney

TOWN OF LONGBOAT KEY  
GENERAL EMPLOYEES' RETIREMENT SYSTEM

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: 6/25/2015

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, 2014 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 AND RELATED RATIOS

	ACTUAL	HYPOTHETICAL	
	7.00% RP-2000 Static 9/30/2014	7.00% RP-2000 Generational 9/30/2014	5.00% RP-2000 Generational 9/30/2014
<u>Total Pension Liability</u>			
Service Cost	2,197	2,216	2,833
Interest	999,070	1,015,798	917,078
Change in Excess State Money	-	-	-
Change in Funding Standard Account	-	-	-
Share Plan Allocation	-	-	-
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	-	-	-
Changes of Assumptions	-	-	-
Contributions - Buy Back	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(801,953)	(801,953)	(801,953)
Net Change in Total Pension Liability	199,314	216,061	117,958
Total Pension Liability - Beginning	14,671,208	14,910,167	18,739,708
Total Pension Liability - Ending (a)	<u>14,870,522</u>	<u>\$ 15,126,228</u>	<u>\$ 18,857,666</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	597,459	597,459	597,459
Contributions - State	-	-	-
Contributions - Employee	-	-	-
Contributions - Buy Back	-	-	-
Net Investment Income	896,778	896,778	896,778
Benefit Payments, Including Refunds of Employee Contributions	(801,953)	(801,953)	(801,953)
Administrative Expense	(49,855)	(49,855)	(49,855)
Other	-	-	-
Net Change in Plan Fiduciary Net Position	642,429	642,429	642,429
Plan Fiduciary Net Position - Beginning	9,561,296	9,561,296	9,561,296
Plan Fiduciary Net Position - Ending (b)	<u>\$ 10,203,725</u>	<u>\$ 10,203,725</u>	<u>\$ 10,203,725</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 4,666,797</u>	<u>\$ 4,922,503</u>	<u>\$ 8,653,941</u>

## 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
2014	10,203,725	-	1,391,058	-	665,574	9,478,241
2015	9,478,241	-	1,007,819	-	628,203	9,098,625
2016	9,098,625	-	1,013,799	-	601,421	8,686,247
2017	8,686,247	-	1,006,385	-	572,814	8,252,676
2018	8,252,676	-	1,064,453	-	540,431	7,728,654
2019	7,728,654	-	1,136,010	-	501,245	7,093,889
2020	7,093,889	-	1,155,169	-	456,141	6,394,861
2021	6,394,861	-	1,172,080	-	406,617	5,629,398
2022	5,629,398	-	1,217,476	-	351,446	4,763,368
2023	4,763,368	-	1,224,424	-	290,581	3,829,525
2024	3,829,525	-	1,215,900	-	225,510	2,839,135
2025	2,839,135	-	1,219,040	-	156,073	1,776,168
2026	1,776,168	-	1,217,557	-	81,717	640,328
2027	640,328	-	1,201,732	-	-	-

\*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 13.53

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
2014	10,203,725	-	1,391,058	-	665,574	9,478,241
2015	9,478,241	-	1,007,837	-	628,203	9,098,607
2016	9,098,607	-	1,013,888	-	601,416	8,686,135
2017	8,686,135	-	1,006,594	-	572,799	8,252,340
2018	8,252,340	-	1,064,883	-	540,393	7,727,850
2019	7,727,850	-	1,136,753	-	501,163	7,092,260
2020	7,092,260	-	1,156,291	-	455,988	6,391,957
2021	6,391,957	-	1,173,692	-	406,358	5,624,623
2022	5,624,623	-	1,219,820	-	351,030	4,755,833
2023	4,755,833	-	1,227,750	-	289,937	3,818,020
2024	3,818,020	-	1,220,392	-	224,548	2,822,176
2025	2,822,176	-	1,224,818	-	154,684	1,752,042
2026	1,752,042	-	1,224,992	-	79,768	606,818
2027	606,818	-	1,210,992	-	-	-

\*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 13.50

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
2014	10,203,725	-	1,391,058	-	475,410	9,288,077
2015	9,288,077	-	1,007,837	-	439,208	8,719,448
2016	8,719,448	-	1,013,888	-	410,625	8,116,185
2017	8,116,185	-	1,006,594	-	380,644	7,490,235
2018	7,490,235	-	1,064,883	-	347,890	6,773,242
2019	6,773,242	-	1,136,753	-	310,243	5,946,732
2020	5,946,732	-	1,156,291	-	268,429	5,058,870
2021	5,058,870	-	1,173,692	-	223,601	4,108,779
2022	4,108,779	-	1,219,820	-	174,943	3,063,902
2023	3,063,902	-	1,227,750	-	122,501	1,958,653
2024	1,958,653	-	1,220,392	-	67,423	805,684
2025	805,684	-	1,224,818	-	-	-

\*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 11.66

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, 2016

Valuation Date: 10/1/2014

	ACTUAL	HYPOTHETICAL	
	7.00% RP-2000 Static	7.00% RP-2000 Generational	5.00% RP-2000 Generational
Expected Sponsor Contribution (Fixed \$)	\$738,676	\$758,384	\$925,813
<b><u>ASSETS</u></b>			
Actuarial Value <sup>1</sup>	9,776,235	9,776,235	9,776,235
Market Value <sup>1</sup>	10,203,725	10,203,725	10,203,725
<b><u>LIABILITIES</u></b>			
Present Value of Benefits			
Active Members			
Retirement Benefits	2,844,450	2,911,353	4,021,763
Death Benefits	44,630	42,003	50,384
Vested Benefits	158,181	165,635	295,394
Refund of Contributions	0	0	0
Service Retirees	7,311,289	7,410,713	8,815,019
DROP Retirees <sup>1</sup>	3,539,243	3,578,962	4,279,151
Beneficiaries	0	0	0
Terminated Vested	1,017,164	1,042,569	1,429,811
Total:	14,914,957	15,151,235	18,891,522
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 (Entry Age Normal)	2,151	2,201	2,806
Present Value of Future Normal Costs (Entry Age Normal)	12,575	12,711	17,492
Total Actuarial Accrued Liability <sup>1</sup>	14,902,382	15,138,524	18,874,030
Unfunded Actuarial Accrued Liability (Entry Age Normal)	5,126,147	5,362,289	9,097,795



ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2016

Valuation Date: 10/1/2014

	ACTUAL	HYPOTHETICAL	
	7.00% RP-2000 Static	7.00% RP-2000 Generational	5.00% RP-2000 Generational
<b><u>PENSION COST</u></b>			
Normal Cost <sup>2</sup>	2,377	2,432	3,016
Administrative Expenses <sup>2</sup>	55,090	55,090	53,594
Payment Required To Amortize UAAL <sup>2</sup>	681,209	700,862	869,203
Total Required Contribution	\$738,676	\$758,384	\$925,813

<sup>1</sup> The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2014.

<sup>2</sup> Contributions include an interest load for timing of Town Contributions.