

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 (Police Officers)
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

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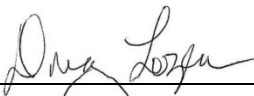
Enclosures

cc via email: Ron Cohen, Board Attorney

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: 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% RP-2000 Generational	5.00% RP-2000 Generational
<u>Total Pension Liability</u>		
Service Cost	14,674	18,871
Interest	797,181	746,113
Changes of Benefit Terms	(9,211)	(436,617)
Differences Between Expected and Actual Experience	(337,539)	(411,932)
Changes of Assumptions	653,987	136,159
Benefit Payments, Including Refunds of Employee Contributions	(940,156)	(940,156)
Net Change in Total Pension Liability	178,936	(887,562)
Total Pension Liability - Beginning	11,856,522	15,813,693
Total Pension Liability - Ending (a)	<u>\$ 12,035,458</u>	<u>\$ 14,926,131</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	623,019	623,019
Contributions - State	-	-
Contributions - Employee	-	-
Net Investment Income	519,859	519,859
Benefit Payments, Including Refunds of Employee Contributions Administrative Expenses	(940,156)	(940,156)
	(39,247)	(39,247)
Net Change in Plan Fiduciary Net Position	163,475	163,475
Plan Fiduciary Net Position - Beginning	6,472,966	6,472,966
Plan Fiduciary Net Position - Ending (b)	<u>\$ 6,636,441</u>	<u>\$ 6,636,441</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 5,399,017</u>	<u>\$ 8,289,690</u>

GASB 68: PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.00%	5.00%
Pension Expense	<u>\$ 773,644</u>	<u>\$ 1,138,216</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	6,636,441	-	802,834	-	436,452	6,270,059
2017	6,270,059	-	809,570	-	410,569	5,871,058
2018	5,871,058	-	816,010	-	382,414	5,437,462
2019	5,437,462	-	825,620	-	351,726	4,963,568
2020	4,963,568	-	861,763	-	317,288	4,419,093
2021	4,419,093	-	936,307	-	276,566	3,759,352
2022	3,759,352	-	961,473	-	229,503	3,027,382
2023	3,027,382	-	962,591	-	178,226	2,243,017
2024	2,243,017	-	958,318	-	123,470	1,408,169
2025	1,408,169	-	958,271	-	65,032	514,930
2026	514,930	-	957,367	-	-	-

Number of Years Expected Benefit Payments Sustained: 10.54

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	6,636,441	-	802,834	-	311,751	6,145,358
2017	6,145,358	-	809,570	-	287,029	5,622,817
2018	5,622,817	-	816,010	-	260,741	5,067,548
2019	5,067,548	-	825,620	-	232,737	4,474,665
2020	4,474,665	-	861,763	-	202,189	3,815,091
2021	3,815,091	-	936,307	-	167,347	3,046,131
2022	3,046,131	-	961,473	-	128,270	2,212,928
2023	2,212,928	-	962,591	-	86,582	1,336,919
2024	1,336,919	-	958,318	-	42,888	421,489
2025	421,489	-	958,271	-	-	-

Number of Years Expected Benefit Payments Sustained: 9.44

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 \$)	\$664,376	\$807,960
<u>ASSETS</u>		
Actuarial Value ¹	6,919,849	6,919,849
Market Value ¹	6,636,441	6,636,441
<u>LIABILITIES</u>		
Present Value of Benefits		
Active Members		
Retirement Benefits	719,696	976,784
Disability Benefits	89,471	109,836
Death Benefits	14,238	16,206
Vested Benefits	26,616	35,597
Refund of Contributions	0	0
Service Retirees	9,910,310	12,596,508
DROP Retirees ¹	0	0
Beneficiaries	862,648	998,145
Disability Retirees	137,659	153,992
Terminated Vested	506,362	704,484
Excess State Monies Reserve	3,601	3,601
Total:	12,270,601	15,595,153
Present Value of Future Salaries	N/A	N/A
Present Value of Future Member Contributions	N/A	N/A
Total Normal Cost	17,964	21,947
Present Value of Future Normal Costs (Entry Age Normal)	64,660	81,706
Total Actuarial Accrued Liability ¹	12,205,941	15,513,447
Unfunded Actuarial Accrued Liability (UAAL)	5,286,092	8,593,598

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

Valuation Date: 10/1/2016

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.00%	5.00%
	RP-2000	RP-2000
	Generational	Generational
<u>PENSION COST</u>	<u> </u>	<u> </u>
Normal Cost ²	19,850	23,593
Administrative Expenses ²	43,368	42,191
Payment Required To Amortize UAAL ²	<u>601,158</u>	<u>742,176</u>
Total Required Contribution	\$664,376	\$807,960

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.