

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 (General Employees)
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

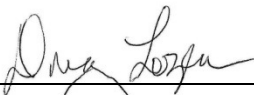
Enclosures

cc via email: Ron Cohen, Board Attorney

TOWN OF LONGBOAT KEY
CONSOLIDATED RETIREMENT SYSTEM
(GENERAL EMPLOYEES)

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	753	825
Interest	988,019	772,871
Changes of Benefit Terms	(327,798)	(2,867,116)
Differences Between Expected and Actual Experience	51,519	45,320
Changes of Assumptions	508,618	1,976,732
Benefit Payments, Including Refunds of Employee Contributions	(1,091,116)	(1,091,116)
Net Change in Total Pension Liability	129,995	(1,162,484)
Total Pension Liability - Beginning	14,987,164	18,869,276
Total Pension Liability - Ending (a)	<u>\$ 15,117,159</u>	<u>\$ 17,706,792</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	738,676	738,676
Contributions - Employee	-	-
Net Investment Income	797,582	797,582
Benefit Payments, Including Refunds of Employee Contributions	(1,091,116)	(1,091,116)
Administrative Expenses	(37,853)	(37,853)
Net Change in Plan Fiduciary Net Position	407,289	407,289
Plan Fiduciary Net Position - Beginning	9,834,105	9,834,105
Plan Fiduciary Net Position - Ending (b)	<u>\$ 10,241,394</u>	<u>\$ 10,241,394</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 4,875,765</u>	<u>\$ 7,465,398</u>

GASB 68: PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.00%	5.00%
Pension Expense	<u>\$ 475,397</u>	<u>\$ 505,013</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	10,241,394	-	1,492,853	-	664,648	9,413,189
2017	9,413,189	-	1,008,626	-	623,621	9,028,184
2018	9,028,184	-	1,045,742	-	595,372	8,577,814
2019	8,577,814	-	1,119,581	-	561,262	8,019,495
2020	8,019,495	-	1,143,314	-	521,349	7,397,530
2021	7,397,530	-	1,156,874	-	477,337	6,717,993
2022	6,717,993	-	1,203,417	-	428,140	5,942,716
2023	5,942,716	-	1,216,180	-	373,424	5,099,960
2024	5,099,960	-	1,210,870	-	314,617	4,203,707
2025	4,203,707	-	1,217,273	-	251,655	3,238,089
2026	3,238,089	-	1,219,518	-	183,983	2,202,554
2027	2,202,554	-	1,203,175	-	112,068	1,111,447
2028	1,111,447	-	1,196,352	-	-	-

*All DROP Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 12.93

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	10,241,394	-	1,492,853	-	474,748	9,223,289
2017	9,223,289	-	1,008,626	-	435,949	8,650,612
2018	8,650,612	-	1,045,742	-	406,387	8,011,257
2019	8,011,257	-	1,119,581	-	372,573	7,264,249
2020	7,264,249	-	1,143,314	-	334,630	6,455,565
2021	6,455,565	-	1,156,874	-	293,856	5,592,547
2022	5,592,547	-	1,203,417	-	249,542	4,638,672
2023	4,638,672	-	1,216,180	-	201,529	3,624,021
2024	3,624,021	-	1,210,870	-	150,929	2,564,080
2025	2,564,080	-	1,217,273	-	97,772	1,444,579
2026	1,444,579	-	1,219,518	-	41,741	266,802
2027	266,802	-	1,203,175	-	-	-

*All DROP Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 11.22

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

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.00%	5.00%
	RP-2000	RP-2000
	Generational	Generational
	<u> </u>	<u> </u>
Total Required Contribution (Fixed \$)	\$742,489	\$917,584
<hr/>		
<u>ASSETS</u>		
Actuarial Value ¹	10,566,941	10,566,941
Market Value ¹	10,241,394	10,241,394
 <u>LIABILITIES</u>		
Present Value of Benefits		
Active Members		
Retirement Benefits	2,835,572	3,821,784
Death Benefits	58,807	69,246
Vested Benefits	83,029	147,227
Refund of Contributions	0	0
Service Retirees	9,104,018	10,903,881
DROP Retirees ¹	2,143,247	2,516,815
Beneficiaries	0	0
Terminated Vested	1,136,298	1,612,296
Total:	<u>15,360,971</u>	<u>19,071,249</u>
 Present Value of Future Salaries	 N/A	 N/A
 Present Value of Future Member Contributions	 N/A	 N/A
 Total Normal Cost	 4,174	 5,202
 Present Value of Future Normal Costs (Entry Age Normal)	 19,411	 26,025
 Total Actuarial Accrued Liability ¹	 15,341,560	 19,045,224
 Unfunded Actuarial Accrued Liability (UAAL)	 4,774,619	 8,478,283

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	4,612	5,592
Administrative Expenses ²	41,828	40,692
Payment Required To Amortize UAAL ²	696,049	871,300
Total Required Contribution	\$742,489	\$917,584

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.