



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 (General Employees)
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

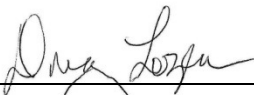
DHL/lke
Enclosures

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

TOWN OF LONGBOAT KEY
CONSOLIDATED RETIREMENT SYSTEM
(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: 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	4,174	5,202
Interest	1,020,584	858,521
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	240,109	1,405,354
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,083,136)	(1,083,136)
Net Change in Total Pension Liability	181,731	1,185,941
Total Pension Liability - Beginning	15,117,159	17,706,792
Total Pension Liability - Ending (a)	<u>\$ 15,298,890</u>	<u>\$ 18,892,733</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	712,431	712,431
Net Investment Income	1,114,680	1,114,680
Benefit Payments, Including Refunds of Employee Contributions	(1,083,136)	(1,083,136)
Administrative Expenses	(42,661)	(42,661)
Net Change in Plan Fiduciary Net Position	701,314	701,314
Plan Fiduciary Net Position - Beginning	10,241,394	10,241,394
Plan Fiduciary Net Position - Ending (b)	<u>\$ 10,942,708</u>	<u>\$ 10,942,708</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 4,356,182</u>	<u>\$ 7,950,025</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	10,909,386	-	1,455,465	-	712,716	10,166,637
2018	10,166,637	-	1,075,479	-	674,023	9,765,181
2019	9,765,181	-	1,152,906	-	643,211	9,255,486
2020	9,255,486	-	1,176,362	-	606,711	8,685,835
2021	8,685,835	-	1,190,752	-	566,332	8,061,415
2022	8,061,415	-	1,191,567	-	522,594	7,392,442
2023	7,392,442	-	1,206,274	-	475,251	6,661,419
2024	6,661,419	-	1,201,109	-	424,261	5,884,571
2025	5,884,571	-	1,208,325	-	369,629	5,045,875
2026	5,045,875	-	1,213,578	-	310,736	4,143,033
2027	4,143,033	-	1,195,803	-	248,159	3,195,389
2028	3,195,389	-	1,188,807	-	182,069	2,188,651
2029	2,188,651	-	1,186,126	-	111,691	1,114,216
2030	1,114,216	-	1,181,950	-	-	-

*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 13.94

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	10,909,386	-	1,455,465	-	509,083	9,963,004
2018	9,963,004	-	1,075,479	-	471,263	9,358,788
2019	9,358,788	-	1,152,906	-	439,117	8,644,999
2020	8,644,999	-	1,176,362	-	402,841	7,871,478
2021	7,871,478	-	1,190,752	-	363,805	7,044,531
2022	7,044,531	-	1,191,567	-	322,437	6,175,401
2023	6,175,401	-	1,206,274	-	278,613	5,247,740
2024	5,247,740	-	1,201,109	-	232,359	4,278,990
2025	4,278,990	-	1,208,325	-	183,741	3,254,406
2026	3,254,406	-	1,213,578	-	132,381	2,173,209
2027	2,173,209	-	1,195,803	-	78,765	1,056,171
2028	1,056,171	-	1,188,807	-	-	-

*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 11.89

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

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.00%	5.00%
	RP-2000	RP-2000
	Generational	Generational
Total Required Contribution (Fixed \$)	\$758,168	\$928,649
<u>ASSETS</u>		
Actuarial Value ¹	10,831,104	10,831,104
Market Value ¹	10,909,386	10,909,386
<u>LIABILITIES</u>		
Present Value of Benefits		
Active Members		
Retirement Benefits	3,067,126	4,075,223
Death Benefits	36,352	42,517
Vested Benefits	71,659	126,057
Refund of Contributions	0	0
Service Retirees	9,835,201	11,763,144
DROP Retirees ¹	1,559,443	1,821,341
Beneficiaries	0	0
Disability Retirees	0	0
Terminated Vested	789,039	1,123,595
Total:	<u>15,358,820</u>	<u>18,951,877</u>
Present Value of Future Salaries	N/A	N/A
Present Value of Future Member Contributions	N/A	N/A
Total Normal Cost	2,272	2,852
Present Value of Future Normal Costs (Entry Age Normal)	9,054	12,238
Total Actuarial Accrued Liability ¹	15,349,766	18,939,639
Unfunded Actuarial Accrued Liability (UAAL)	4,518,662	8,108,535

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	2,511	3,066
Administrative Expenses ²	47,140	45,861
Payment Required To Amortize UAAL ²	708,517	879,722
Total Required Contribution	\$758,168	\$928,649

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.