

TOWN OF LONGBOAT KEY CONSOLIDATED RETIREMENT SYSTEM - FIREFIGHTERS

GASB 67/68 DISCLOSURE INFORMATION  
MEASUREMENT DATE: SEPTEMBER 30, 2023

GASB 68 REPORTING  
AS OF SEPTEMBER 30, 2024



**FOSTER & FOSTER**  
ACTUARIES AND CONSULTANTS



January 3, 2024

Board of Trustees  
Town of Longboat Key Consolidated Retirement System - Firefighters

RE: GASB Statements No. 67 and No. 68 – Town of Longboat Key Consolidated Retirement System - Firefighters

Dear Board:

We are pleased to present this report of the GASB Statements No. 67 and No. 68 measured as of September 30, 2023 for the Town of Longboat Key Consolidated Retirement System - Firefighters.

The calculation of the liability associated with the benefits referenced in this report was performed to satisfy the requirements of GASB No. 67 and No. 68 and is not applicable for other purposes, such as determining the plan's funding requirements. Use of the results for other purposes may not be applicable and may produce significantly different results.

The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on an actuarial valuation performed as of October 1, 2022. The total pension liability was rolled forward from the valuation date to the plan's fiscal year ending September 30, 2023 using generally accepted actuarial principles. It is our opinion that the assumptions used for this purpose are internally consistent, reasonable, and comply with the requirements under GASB No. 67 and No. 68.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the Town. The actuarial assumptions and methods are described in the Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

In performing the analysis, we used third-party software to model (calculate) the underlying liabilities and costs. These results are reviewed in the aggregate and for individual sample lives. The output from the software is either used directly or input into internally developed models to generate the costs. All internally developed models are reviewed as part of the process. As a result of this review, we believe that the models have produced reasonable results. We do not believe there are any material inconsistencies among assumptions or unreasonable output produced due to the aggregation of assumptions.

To the best of our knowledge, these statements are complete and accurate and are in accordance with generally recognized actuarial practices and methods. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations. Due to the limited scope of the valuation, we did not perform an analysis of the potential range of such future measurements.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact us at (293) 433-5500.

Respectfully submitted,  
Foster & Foster, Inc.

A handwritten signature in black ink, appearing to read "Douglas H. Lozen", written over a horizontal line.

Douglas H. Lozen, EA, MAAA  
Enrolled Actuary #23-7778

## TABLE OF CONTENTS

Section	Title	Page
I	Summary	5
II	Fiduciary Net Position	
	a. Statement of Fiduciary Net Position	7
	b. Statement of Changes in Fiduciary Net Position	8
III	GASB Exhibits	
	a. Schedule of Changes in Net Pension Liability and Related Ratios	10
	b. Sensitivity to Changes in Discount Rate	11
	c. Pension Expense and Deferred Flows	12
IV	Supplementary GASB 68 Expense Detail	15
V	Additional Information	
	a. Schedule of Contributions	21
	b. Investment Disclosures	22
	c. Assumptions	23
	d. Summary of Current Plan	25

## I. SUMMARY

Valuation Date	10/01/2022	10/01/2021
GASB 67/68 Measurement Date	09/30/2023	09/30/2022
GASB 68 Reporting Date	09/30/2024	09/30/2023
Plan Membership:		
Inactives Currently Receiving Benefits	37	36
Inactives Not Yet Receiving Benefits	4	4
Active Plan Members	4	5
Total	45	45
Covered Payroll	N/A	N/A
Net Pension Liability		
Total Pension Liability	\$ 33,421,817	\$ 33,393,995
Plan Fiduciary Net Position	22,580,059	20,956,135
Net Pension Liability	\$ 10,841,758	\$ 12,437,860
Plan Fiduciary Net Position		
As a Percentage of Total Pension Liability	67.56%	62.75%
Net Pension Liability		
As a Percentage of Covered Payroll	N/A	N/A
Total Pension Expense	\$ 1,366,615	\$ 1,993,777
Development of Single Discount Rate		
Single Discount Rate	6.75%	6.75%
Long-Term Expected Rate of Return	6.75%	6.75%
High-quality Municipal Bond Rate	4.87%	1.93%
Number of Years Future Benefit Payments Are Expected to be Paid	All Years	All Years

## II. FIDUCIARY NET POSITION

STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2023

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Prepaid Benefits	203,782
Cash	34,157
<b>Total Cash and Equivalents</b>	<b>237,939</b>
Receivables:	
From Broker for Investments Sold	39,402
Investment Income	45,312
<b>Total Receivables</b>	<b>84,714</b>
Investments:	
U. S. Bonds and Bills	2,802,036
Corporate Bonds	1,983,534
Stocks	9,683,916
Mutual Funds:	
Fixed Income	682,446
Equity	5,048,651
Pooled/Common/Commingled Funds:	
Equity	38,417
Real Estate	2,043,463
<b>Total Investments</b>	<b>22,282,463</b>
<b>Total Assets</b>	<b>22,605,116</b>
 <u>LIABILITIES</u>	
Payables:	
To Broker for Investments Purchased	25,057
<b>Total Liabilities</b>	<b>25,057</b>
<b>NET POSITION RESTRICTED FOR PENSIONS</b>	<b>22,580,059</b>

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2023  
Market Value Basis

ADDITIONS

Contributions:

Town	1,710,005	
------	-----------	--

Total Contributions		1,710,005
---------------------	--	-----------

Investment Income:

Net Increase in Fair Value of Investments	1,893,960	
Interest & Dividends	568,272	
Less Investment Expense <sup>1</sup>	(140,279)	

Net Investment Income		2,321,953
-----------------------	--	-----------

Total Additions		4,031,958
-----------------	--	-----------

DEDUCTIONS

Distributions to Members:

Benefit Payments	2,349,436	
Lump Sum DROP Distributions	0	

Total Distributions		2,349,436
---------------------	--	-----------

Administrative Expense		58,598
------------------------	--	--------

Total Deductions		2,408,034
------------------	--	-----------

Net Increase in Net Position		1,623,924
------------------------------	--	-----------

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		20,956,135
-----------------------	--	------------

End of the Year		22,580,059
-----------------	--	------------

---

<sup>1</sup> Investment related expenses include investment advisory, custodial and performance monitoring fees.



### III. GASB EXHIBITS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY

GASB 67/68 Measurement Date	09/30/2023	09/30/2022	09/30/2021
GASB 68 Reporting Period Ending	09/30/2024	09/30/2023	09/30/2022
<b>Total Pension Liability</b>			
Service Cost	5,473	6,695	6,608
Interest	2,175,171	2,196,512	2,179,058
Changes in Benefit Terms	0	0	0
Experience Gains/Losses	196,614	103,301	260,793
Changes of Assumptions	0	827,051	0
Benefit Payments	<u>(2,349,436)</u>	<u>(2,223,219)</u>	<u>(2,171,192)</u>
Net Change in Total Pension Liability	27,822	910,340	275,267
Total Pension Liability – Beginning	<u>33,393,995</u>	<u>32,483,655</u>	<u>32,208,388</u>
Total Pension Liability – Ending (a)	\$ 33,421,817	\$ 33,393,995	\$ 32,483,655
<b>Plan Fiduciary Net Position</b>			
Contributions – Employer	1,710,005	1,907,757	2,006,151
Contributions – Employee	0	0	0
Net Investment Income	2,321,953	(2,764,811)	4,216,016
Benefit Payments	(2,349,436)	(2,223,219)	(2,171,192)
Administrative Expense	(58,598)	(56,620)	(46,374)
Other	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Plan Fiduciary Net Position	1,623,924	(3,136,893)	4,004,601
Plan Fiduciary Net Position – Beginning	20,956,135	24,093,028	20,088,427
Adjustment to beginning of year	<u>0</u>	<u>0</u>	<u>0</u>
Plan Fiduciary Net Position – Ending (b)	\$ 22,580,059	\$ 20,956,135	\$ 24,093,028
Net Pension Liability – Ending (a) – (b)	\$ 10,841,758	\$ 12,437,860	\$ 8,390,627
<b>Plan Fiduciary Net Position</b>			
As % of Total Pension Liability	67.56%	62.75%	74.17%
Covered Payroll	N/A	N/A	N/A
<b>Net Pension Liability</b>			
As % of Covered Payroll	N/A	N/A	N/A

SENSITIVITY TO CHANGES IN DISCOUNT RATE

GASB 67/68 Measurement Date	09/30/2023	09/30/2022
GASB 68 Reporting Date	09/30/2024	09/30/2023
Discount Rate	6.75%	6.75%
+ 1% Discount Rate	7.75%	7.75%
- 1% Discount Rate	5.75%	5.75%
<b>Sponsor's Net Pension Liability</b>		
Current Discount Rate	\$ 10,841,758	\$ 12,437,860
1% Increase in Discount Rate	7,785,695	9,322,868
1% Decrease in Discount Rate	14,474,891	16,154,202

FINAL PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED  
INFLOWS OF RESOURCES RELATED TO PENSIONS  
YEAR-END SEPTEMBER 30, 2023

For the year ended September 30, 2023, the Sponsor will recognize a Pension Expense of \$1,993,777. On September 30, 2023, the Sponsor reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	0	0
Changes of assumptions	0	0
Net difference between projected and actual earnings on pension plan investments	2,072,758	0
Employer contributions subsequent to the measurement date	<u>1,710,005</u>	<u>0</u>
Total	\$ 3,782,763	\$ 0

The outcome of the deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date has been recognized as a reduction of the Net Pension Liability in the year ended September 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year-ended September 30:

2024	\$ 507,936
2025	\$ 352,947
2026	\$ 324,215
2027	\$ 887,660
2028	\$ 0
Thereafter	\$ 0

PRELIMINARY PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND  
DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS  
YEAR-END SEPTEMBER 30, 2024

For the year ended September 30, 2024, the Sponsor will recognize a Pension Expense of \$1,366,615. On September 30, 2024, the Sponsor reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	0	0
Changes of assumptions	0	0
Net difference between projected and actual earnings on pension plan investments	820,046	0
Employer contributions subsequent to the measurement date	TBD	0
Total	\$ TBD	\$ 0

The outcome of the deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended September 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year-ended September 30:

2025	\$	166,753
2026	\$	138,021
2027	\$	701,466
2028	\$	(186,194)
2029	\$	0
Thereafter	\$	0

#### IV. SUPPLEMENTARY GASB 68 EXPENSE DETAIL

FINAL COMPONENTS OF PENSION EXPENSE  
YEAR-END SEPTEMBER 30, 2023

	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense
Beginning Balance	\$ 8,390,627	\$ 2,303,931	\$ 2,284,629	
Employer Contributions made after September 30, 2022	0	1,710,005	0	0
Total Pension Liability Factors:				
Service Cost	6,695	0	0	6,695
Interest	2,196,512	0	0	2,196,512
Changes in Benefit Terms	0	0	0	0
Experience Gains/Losses	103,301	103,301	0	0
Current Year Amortization	0	(103,301)	0	103,301
Changes of Assumptions	827,051	827,051	0	0
Current Year Amortization	0	(827,051)	0	827,051
Benefit Payments	(2,223,219)	0	0	0
Net Change	<u>910,340</u>	<u>1,710,005</u>	<u>0</u>	<u>3,133,559</u>
Plan Fiduciary Net Position:				
Contributions - Employer	1,907,757	(1,907,757)	0	0
Projected Net Investment Income	1,673,489	0	0	(1,673,489)
Difference in Projected and Actual Earnings	(4,438,300)	4,438,300	0	0
Current Year Amortization	0	(1,071,381)	(594,294)	477,087
Benefit Payments	(2,223,219)	0	0	0
Administrative Expenses	(56,620)	0	0	56,620
Other	0	0	0	0
Net Change	<u>(3,136,893)</u>	<u>1,459,162</u>	<u>(594,294)</u>	<u>(1,139,782)</u>
Adjustment to beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending Balance	\$ 12,437,860	\$ 5,473,098	\$ 1,690,335	\$ 1,993,777

PRELIMINARY COMPONENTS OF PENSION EXPENSE  
YEAR-END SEPTEMBER 30, 2024

	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense
Beginning Balance	\$ 12,437,860	\$ 5,473,098	\$ 1,690,335	
Employer Contributions made after September 30, 2023 <sup>1</sup>	0	TBD	0	0
Total Pension Liability Factors:				
Service Cost	5,473	0	0	5,473
Interest	2,175,171	0	0	2,175,171
Changes in Benefit Terms	0	0	0	0
Experience Gains/Losses	196,614	196,614	0	0
Current Year Amortization	0	(196,614)	0	196,614
Changes of Assumptions	0	0	0	0
Current Year Amortization	0	0	0	0
Benefit Payments	(2,349,436)	0	0	0
Net Change	<u>27,822</u>	<u>0</u>	<u>0</u>	<u>2,377,258</u>
Plan Fiduciary Net Position:				
Contributions - Employer	1,710,005	(1,710,005)	0	0
Projected Net Investment Income	1,390,981	0	0	(1,390,981)
Difference in Projected and Actual Earnings	930,972	0	930,972	0
Current Year Amortization	0	(1,071,381)	(749,641)	321,740
Benefit Payments	(2,349,436)	0	0	0
Administrative Expenses	(58,598)	0	0	58,598
Other	0	0	0	0
Net Change	<u>1,623,924</u>	<u>(2,781,386)</u>	<u>181,331</u>	<u>(1,010,643)</u>
Adjustment to beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending Balance	\$ 10,841,758	\$ TBD	\$ 1,871,666	\$ 1,366,615

<sup>1</sup> Employer contributions made subsequent to the September 30, 2023 measurement date, but made on or before September 30, 2024 need to be added.



AMORTIZATION SCHEDULE – EXPERIENCE

Year	Initial Base	Recognition Period	2023	2024	2025	2026	2027	Thereafter
2023	\$ 196,614	1	\$ 0	\$ 196,614	\$ 0	\$ 0	\$ 0	0
2022	103,301	1	103,301	0	0	0	0	0
Net Increase (Decrease) in Pension Expense			\$ 103,301	\$ 196,614	\$ 0	\$ 0	\$ 0	0

AMORTIZATION SCHEDULE – CHANGES OF ASSUMPTIONS

Year	Initial Base	Recognition Period	2023	2024	2025	2026	2027	Thereafter
2022	\$ 827,051	1	\$ 827,051	\$ 0	\$ 0	\$ 0	\$ 0	0
Net Increase (Decrease) in Pension Expense			\$ 827,051	\$ 0	\$ 0	\$ 0	\$ 0	0

AMORTIZATION SCHEDULE – INVESTMENTS

Year	Initial Base	Recognition Period	2023	2024	2025	2026	2027	Thereafter
2023	\$ (930,972)	5	\$ 0	\$ (186,196)	\$ (186,194)	\$ (186,194)	\$ (186,194)	\$ (186,194)
2022	4,438,300	5	887,660	887,660	887,660	887,660	887,660	0
2021	(2,817,226)	5	(563,445)	(563,445)	(563,445)	(563,445)	0	0
2020	143,660	5	28,732	28,732	28,732	0	0	0
2019	774,946	5	154,989	154,989	0	0	0	0
2018	(154,245)	5	(30,849)	0	0	0	0	0
Net Increase (Decrease) in Pension Expense			\$ 477,087	\$ 321,740	\$ 166,753	\$ 138,021	\$ 701,466	\$ (186,194)

V. ADDITIONAL INFORMATION

## SCHEDULE OF CONTRIBUTIONS

Plan Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contrib. as % of Covered Payroll
09/30/2023	\$ 1,710,005	\$ 1,710,005	\$ 0	N/A	N/A
09/30/2022	\$ 1,907,757	\$ 1,907,757	\$ 0	N/A	N/A

The following assumptions were used to determine the Actuarially Determined Contribution for the plan year ending September 30, 2023:

Calculation Timing	The Actuarially Determined Contribution is calculated using a October 1, 2021 valuation date.
Interest Rate	7.00%
Assumptions	All other assumptions and methods used for determining the Actuarially Determined Contribution can be found in the October 1, 2021 Actuarial Valuation Report for the Town of Longboat Key Consolidated Retirement System - Firefighters prepared by Foster & Foster Actuaries and Consultants.

## INVESTMENT DISCLOSURES

### *Schedule of Investment Returns*

For the year ended September 30, 2023, the annual money-weighted return on Pension Plan investments, net of pension plan investment expense, was 11.38 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Fiscal Year Ended	Annual Money-Weighted Rate of Return Net of Investment Expense
09/30/2023	11.38%
09/30/2022	-11.66%

### *Support for Long-Term Expected Rate of Return*

The Long-Term Expected Rate of Return on Pension Plan investments can be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Pension Plan investment expenses and inflation) are developed for each major asset class.

These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the Pension Plan's target asset allocation adopted as of September 30, 2023, as provided by Morgan Stanley, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return <sup>1</sup>
Domestic Equity	45.00%	5.72%
International Equity	15.00%	4.50%
Fixed Income	25.00%	1.15%
Private Real Estate	10.00%	3.90%
MLP/Energy Infrastructure	3.50%	3.92%
Cash	1.50%	0.70%
<b>Total</b>	<b>100.00%</b>	

<sup>1</sup>Based on secular annualized return and volatility estimates are based on a 20-year-plus time horizon.

Please note that long term expected return of the total portfolio is greater than simply multiplying each of the above "Long Term Expected Real Rate of Returns" by their target allocation % and adding them together. Not only is the time horizon longer for an actuarial valuation relative to the time horizon over which the above projected returns were generated, but also there is an additional correlation resulting from a diversified portfolio that will provide additional returns.

Inflation rate of investment advisor 2.40%

### *Concentrations*

The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan's fiduciary net position.

## ASSUMPTIONS

Valuation Date	10/01/2022
GASB 67/68 Measurement Date	09/30/2023
GASB 68 Reporting Date	09/30/2024
Discount Rate	6.75%
Long-Term Rate of Return	6.75%
Mortality	
<i>Healthy Active Lives:</i>	Female: PubS.H-2010 for Employees, set forward one year. Male: PubS.H-2010 (Below Median) for Employees, set forward one year.
<i>Healthy Retiree Lives:</i>	PubS.H-2010 for Healthy Retirees, set forward one year.
<i>Beneficiary Lives:</i>	Female: PubG.H-2010 for Healthy Retirees. Male: PubG.H-2010 for Healthy Retirees, set back one year.
<i>Disabled Lives:</i>	80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.
	All rates are projected generationally with Mortality Improvement Scale MP-2018.
	The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2021 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics.
Salary Increases	None.
Inflation	2.26%
Latest Experience Study Date	March 10, 2008

A summary of other assumptions reflected in the valuation can be found in the October 1, 2022 Actuarial Valuation Report for the Town of Longboat Key Consolidated Retirement System - Firefighters prepared by Foster & Foster Actuaries and Consultants.

### *Changes in Assumptions*

Total Pension Liability and Preliminary GASB 68 Pension Expense measured as of September 30, 2023 reflect no assumption changes.

### *Development of the Discount Rate*

The projection of cash flows used to determine the Discount Rate assumed that current Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate.

Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments (6.75 percent) was applied to all periods of projected benefit payments to determine the Total Pension Liability.

No projected benefit payments were discounted using a high-quality municipal bond rate of 4.87 percent. The high-quality municipal bond rate was based on the daily rate closest to, but not later than the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index.

The single equivalent Discount Rate was 6.75 percent.



## SUMMARY OF CURRENT PLAN

### Plan Description

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of:

- a. Five Commission appointees,
- b. Two Town Manager appointees.

Full-time certified Firefighters participate as a condition of employment. Members hired after September 30, 2013 do not participate in this System.

### Benefits Provided

The Plan provides retirement, termination, disability and death benefits.

A summary of the benefit provisions can be found in the Actuarial Valuation as of October 1, 2022 for the Town of Longboat Key Consolidated Retirement System - Firefighters prepared by Foster & Foster Actuaries and Consultants.

### Benefit Changes

No benefit changes have been reflected since the prior year.

### Deferred Retirement Option Program

#### Eligibility:

Within 12 months following satisfaction of Normal Retirement requirements (age 62 or age 55 and 30 years of Credited Service.) New DROP Participants are not allowed after September 30, 2013.

#### Participation:

Not to exceed 60 months.

#### Rate of return:

At election of Member (may change once during the DROP period) either: 1) actual net rate of investment return (total return net of brokerage commissions, management fees, and transaction costs), or 2) 6.5%. Earnings are credited each fiscal quarter.

#### DROP balance:

The DROP balance as of September 30, 2023 is \$0.