

TOWN OF LONGBOAT KEY CONSOLIDATED RETIREMENT SYSTEM - GENERAL
EMPLOYEES

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 - General Employees

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

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 - General Employees.

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.

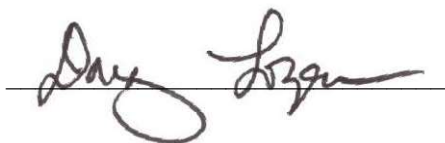
In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the Town. The actuarial assumptions and methods are described in the Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed 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", is written over a horizontal line.

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

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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	47	47
Inactives Not Yet Receiving Benefits	8	8
Active Plan Members	<u>14</u>	<u>15</u>
Total	69	70
Covered Payroll	N/A	N/A
Net Pension Liability		
Total Pension Liability	\$ 14,169,960	\$ 14,463,616
Plan Fiduciary Net Position	<u>11,426,456</u>	<u>10,997,004</u>
Net Pension Liability	\$ 2,743,504	\$ 3,466,612
Plan Fiduciary Net Position		
As a Percentage of Total Pension Liability	80.64%	76.03%
Net Pension Liability		
As a Percentage of Covered Payroll	N/A	N/A
Total Pension Expense	\$ 380,913	\$ 452,962
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	86,365
Cash	17,310
Total Cash and Equivalents	103,675
Receivables:	
From Broker for Investments Sold	19,969
Investment Income	22,964
Total Receivables	42,933
Investments:	
U. S. Bonds and Bills	1,420,046
Corporate Bonds	1,005,237
Stocks	4,907,720
Mutual Funds:	
Fixed Income	345,857
Equity	2,558,610
Pooled/Common/Commingled Funds:	
Equity	19,469
Real Estate	1,035,608
Total Investments	11,292,547
Total Assets	11,439,155
<u>LIABILITIES</u>	
Payables:	
To Broker for Investments Purchased	12,699
Total Liabilities	12,699
NET POSITION RESTRICTED FOR PENSIONS	11,426,456

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

ADDITIONS

Contributions:

Town	302,361	
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Total Contributions		302,361
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Investment Income:

Net Increase in Fair Value of Investments	985,206	
Interest & Dividends	287,995	
Less Investment Expense ¹	(71,092)	

Net Investment Income		1,202,109
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Total Additions		1,504,470
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DEDUCTIONS

Distributions to Members:

Benefit Payments	1,045,321	
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Total Distributions		1,045,321
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Administrative Expense		29,697
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Total Deductions		1,075,018
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Net Increase in Net Position		429,452
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NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		10,997,004
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End of the Year		11,426,456
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¹ 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
Total Pension Liability			
Service Cost	1,286	1,456	1,435
Interest	941,101	960,911	969,116
Changes in Benefit Terms	0	0	0
Experience Gains/Losses	(190,722)	(27,023)	(61,880)
Changes of Assumptions	0	320,014	0
Benefit Payments	<u>(1,045,321)</u>	<u>(1,035,185)</u>	<u>(1,016,606)</u>
Net Change in Total Pension Liability	(293,656)	220,173	(107,935)
Total Pension Liability – Beginning	<u>14,463,616</u>	<u>14,243,443</u>	<u>14,351,378</u>
Total Pension Liability – Ending (a)	\$ 14,169,960	\$ 14,463,616	\$ 14,243,443
Plan Fiduciary Net Position			
Contributions – Employer	302,361	409,499	420,842
Contributions – Employee	0	0	0
Net Investment Income	1,202,109	(1,488,431)	2,362,476
Benefit Payments	(1,045,321)	(1,035,185)	(1,016,606)
Administrative Expense	(29,697)	(29,743)	(26,313)
Other	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Plan Fiduciary Net Position	429,452	(2,143,860)	1,740,399
Plan Fiduciary Net Position – Beginning	10,997,004	13,140,864	11,400,465
Adjustment to beginning of year	<u>0</u>	<u>0</u>	<u>0</u>
Plan Fiduciary Net Position – Ending (b)	\$ 11,426,456	\$ 10,997,004	\$ 13,140,864
Net Pension Liability – Ending (a) – (b)	\$ 2,743,504	\$ 3,466,612	\$ 1,102,579
Plan Fiduciary Net Position			
As % of Total Pension Liability	80.64%	76.03%	92.26%
Covered Payroll	N/A	N/A	N/A
Net Pension Liability			
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%
Sponsor's Net Pension Liability		
Current Discount Rate	\$ 2,743,504	\$ 3,466,612
1% Increase in Discount Rate	1,574,043	2,254,489
1% Decrease in Discount Rate	4,115,805	4,892,712

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 \$452,962. 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	13,512
Changes of assumptions	160,007	0
Net difference between projected and actual earnings on pension plan investments	1,078,550	0
Employer contributions subsequent to the measurement date	<u>302,361</u>	<u>0</u>
Total	\$ 1,540,918	\$ 13,512

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	\$	412,948
2025	\$	175,200
2026	\$	159,827
2027	\$	477,070
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 \$380,913. 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	423,385	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	\$	78,022
2026	\$	62,649
2027	\$	379,892
2028	\$	(97,178)
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	\$ 1,102,579	\$ 638,124	\$ 1,324,150	
Employer Contributions made after September 30, 2022	0	302,361	0	0
Total Pension Liability Factors:				
Service Cost	1,456	0	0	1,456
Interest	960,911	0	0	960,911
Changes in Benefit Terms	0	0	0	0
Experience Gains/Losses	(27,023)	0	27,023	0
Current Year Amortization	0	0	(44,451)	(44,451)
Changes of Assumptions	320,014	320,014	0	0
Current Year Amortization	0	(160,007)	0	160,007
Benefit Payments	(1,035,185)	0	0	0
Net Change	<u>220,173</u>	<u>462,368</u>	<u>(17,428)</u>	<u>1,077,923</u>
Plan Fiduciary Net Position:				
Contributions - Employer	409,499	(409,499)	0	0
Projected Net Investment Income	896,920	0	0	(896,920)
Difference in Projected and Actual Earnings	(2,385,351)	2,385,351	0	0
Current Year Amortization	0	(583,697)	(341,481)	242,216
Benefit Payments	(1,035,185)	0	0	0
Administrative Expenses	(29,743)	0	0	29,743
Other	0	0	0	0
Net Change	<u>(2,143,860)</u>	<u>1,392,155</u>	<u>(341,481)</u>	<u>(624,961)</u>
Adjustment to beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending Balance	\$ 3,466,612	\$ 2,492,647	\$ 965,241	\$ 452,962

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

	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense
Beginning Balance	\$ 3,466,612	\$ 2,492,647	\$ 965,241	
Employer Contributions made after September 30, 2023 ¹	0	TBD	0	0
Total Pension Liability Factors:				
Service Cost	1,286	0	0	1,286
Interest	941,101	0	0	941,101
Changes in Benefit Terms	0	0	0	0
Experience Gains/Losses	(190,722)	0	190,722	0
Current Year Amortization	0	0	(204,234)	(204,234)
Changes of Assumptions	0	0	0	0
Current Year Amortization	0	(160,007)	0	160,007
Benefit Payments	(1,045,321)	0	0	0
Net Change	(293,656)	(160,007)	(13,512)	898,160
Plan Fiduciary Net Position:				
Contributions - Employer	302,361	(302,361)	0	0
Projected Net Investment Income	716,221	0	0	(716,221)
Difference in Projected and Actual Earnings	485,888	0	485,888	0
Current Year Amortization	0	(583,696)	(414,419)	169,277
Benefit Payments	(1,045,321)	0	0	0
Administrative Expenses	(29,697)	0	0	29,697
Other	0	0	0	0
Net Change	429,452	(886,057)	71,469	(517,247)
Adjustment to beginning of year	0	0	0	0
Ending Balance	\$ 2,743,504	TBD	\$ 1,023,198	\$ 380,913

¹ 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	\$ (190,722)	1	\$ 0	\$ (190,722)	\$ 0	\$ 0	\$ 0	0
2022	(27,023)	2	(13,511)	(13,512)	0	0	0	0
2021	(61,880)	2	(30,940)	0	0	0	0	0
Net Increase (Decrease) in Pension Expense			\$ (44,451)	\$ (204,234)	\$ 0	\$ 0	\$ 0	0

AMORTIZATION SCHEDULE – CHANGES OF ASSUMPTIONS

Year	Initial Base	Recognition Period	2023	2024	2025	2026	2027	Thereafter
2022	\$ 320,014	2	\$ 160,007	\$ 160,007	\$ 0	\$ 0	\$ 0	0
Net Increase (Decrease) in Pension Expense			\$ 160,007	\$ 160,007	\$ 0	\$ 0	\$ 0	0

AMORTIZATION SCHEDULE – INVESTMENTS

Year	Initial Base	Recognition Period	2023	2024	2025	2026	2027	Thereafter
2023	\$ (485,888)	5	\$ 0	\$ (97,176)	\$ (97,178)	\$ (97,178)	\$ (97,178)	(97,178)
2022	2,385,351	5	477,071	477,070	477,070	477,070	477,070	0
2021	(1,586,216)	5	(317,243)	(317,243)	(317,243)	(317,243)	0	0
2020	76,866	5	15,373	15,373	15,373	0	0	0
2019	456,263	5	91,253	91,253	0	0	0	0
2018	(121,191)	5	(24,238)	0	0	0	0	0
Net Increase (Decrease) in Pension Expense			\$ 242,216	\$ 169,277	\$ 78,022	\$ 62,649	\$ 379,892	(97,178)

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	\$ 302,361	\$ 302,361	\$ 0	N/A	N/A
09/30/2022	\$ 409,499	\$ 409,499	\$ 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 - General Employees 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 ¹
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%
MLPs/Infrastructure	3.50%	3.92%
Cash	1.50%	0.70%
Total	100.00%	

¹Based 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: PubG.H-2010 (Below Median) for Employees. Male: PubG.H-2010 (Below Median) for Employees, set back one year.
<i>Healthy Retiree Lives:</i>	Female: PubG.H-2010 for Healthy Retirees. Male: PubG.H-2010 for Healthy Retirees, set back 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>	PubG.H-2010 for Disabled Retirees, set forward three years.
	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 Scale	None.
Inflation	2.26%
Latest Experience Study Date	March 7, 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 - General Employees 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. The Board shall consist of:

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

Full-time employees hired before September 30, 2013 become Members as a condition of employment.

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 - General Employees prepared by Foster & Foster Actuaries and Consultants.

Benefit Changes

No benefit changes have been reflected since the prior year.

Deferred Retirement Option Program

Eligibility:

Satisfaction of Normal Retirement requirements. New DROP participants are not permitted after September 30, 2013.

Participation:

Not to exceed 36 months.

Rate of return:

At the Member's election:

- a. Actual net rate of investment return credited each fiscal quarter,
or
- b. A fixed rate money market account.

DROP balance:

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