

TOWN OF LONGBOAT KEY CONSOLIDATED RETIREMENT SYSTEM - POLICE OFFICERS

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

GASB 68 REPORTING
AS OF SEPTEMBER 30, 2024



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS



January 8, 2024

Board of Trustees
Town of Longboat Key Consolidated Retirement System - Police Officers

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

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 - Police Officers.

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.

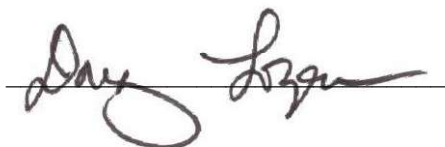
In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the Town. The actuarial assumptions and methods are described in the Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed 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	22	21
Inactives Not Yet Receiving Benefits	0	1
Active Plan Members	<u>2</u>	<u>3</u>
Total	24	25
Covered Payroll	N/A	N/A
Net Pension Liability		
Total Pension Liability	\$ 11,958,756	\$ 12,183,634
Plan Fiduciary Net Position	<u>8,105,004</u>	<u>7,688,278</u>
Net Pension Liability	\$ 3,853,752	\$ 4,495,356
Plan Fiduciary Net Position		
As a Percentage of Total Pension Liability	67.77%	63.10%
Net Pension Liability		
As a Percentage of Covered Payroll	N/A	N/A
Total Pension Expense	\$ 319,057	\$ 702,933
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	76,144
Cash	12,256
 Total Cash and Equivalents	 88,400
Receivables:	
From Broker for Investments Sold	14,138
Investment Income	16,259
 Total Receivables	 30,397
Investments:	
U. S. Bonds and Bills	1,005,402
Corporate Bonds	711,714
Stocks	3,474,698
Mutual Funds:	
Fixed Income	244,869
Equity	1,811,513
Pooled/Common/Commingled Funds:	
Equity	13,784
Real Estate	733,218
 Total Investments	 7,995,198
 Total Assets	 8,113,995
 <u>LIABILITIES</u>	
Payables:	
To Broker for Investments Purchased	8,991
 Total Liabilities	 8,991
 NET POSITION RESTRICTED FOR PENSIONS	 8,105,004

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

ADDITIONS

Contributions:

Town	503,616	
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Total Contributions		503,616
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Investment Income:

Net Increase in Fair Value of Investments	688,930	
Interest & Dividends	203,903	
Less Investment Expense ¹	(50,334)	

Net Investment Income		842,499
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Total Additions		1,346,115
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DEDUCTIONS

Distributions to Members:

Benefit Payments	908,363	
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Total Distributions		908,363
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Administrative Expense		21,026
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Total Deductions		929,389
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Net Increase in Net Position		416,726
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NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		7,688,278
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End of the Year		8,105,004
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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	8,813	10,590	13,174
Interest	792,090	805,117	799,407
Changes in Benefit Terms	0	0	0
Experience Gains/Losses	(117,418)	25,391	143,217
Changes of Assumptions	0	288,948	0
Benefit Payments	<u>(908,363)</u>	<u>(882,183)</u>	<u>(861,120)</u>
Net Change in Total Pension Liability	(224,878)	247,863	94,678
Total Pension Liability – Beginning	<u>12,183,634</u>	<u>11,935,771</u>	<u>11,841,093</u>
Total Pension Liability – Ending (a)	\$ 11,958,756	\$ 12,183,634	\$ 11,935,771
Plan Fiduciary Net Position			
Contributions – Employer	503,616	568,816	553,969
Contributions – Employee	0	0	0
Net Investment Income	842,499	(1,027,388)	1,610,874
Benefit Payments	(908,363)	(882,183)	(861,120)
Administrative Expense	(21,026)	(20,757)	(17,923)
Other	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Plan Fiduciary Net Position	416,726	(1,361,512)	1,285,800
Plan Fiduciary Net Position – Beginning	7,688,278	9,049,790	7,763,990
Adjustment to beginning of year	<u>0</u>	<u>0</u>	<u>0</u>
Plan Fiduciary Net Position – Ending (b)	\$ 8,105,004	\$ 7,688,278	\$ 9,049,790
Net Pension Liability – Ending (a) – (b)	\$ 3,853,752	\$ 4,495,356	\$ 2,885,981
Plan Fiduciary Net Position			
As % of Total Pension Liability	67.77%	63.10%	75.82%
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	\$ 3,853,752	\$ 4,495,356
1% Increase in Discount Rate	2,797,133	3,404,822
1% Decrease in Discount Rate	5,105,142	5,790,435

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 \$702,933. 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	755,517	0
Employer contributions subsequent to the measurement date	<u>503,616</u>	<u>0</u>
Total	\$ 1,259,133	\$ 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	\$ 186,717
2025	\$ 124,882
2026	\$ 114,082
2027	\$ 329,836
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 \$319,057. 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	298,472	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	\$	57,300
2026	\$	46,500
2027	\$	262,254
2028	\$	(67,582)
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	\$ 2,885,981	\$ 724,886	\$ 875,811	
Employer Contributions made after September 30, 2022	0	503,616	0	0
Total Pension Liability Factors:				
Service Cost	10,590	0	0	10,590
Interest	805,117	0	0	805,117
Changes in Benefit Terms	0	0	0	0
Experience Gains/Losses	25,391	25,391	0	0
Current Year Amortization	0	(25,391)	0	25,391
Changes of Assumptions	288,948	288,948	0	0
Current Year Amortization	0	(288,948)	0	288,948
Benefit Payments	(882,183)	0	0	0
Net Change	<u>247,863</u>	<u>503,616</u>	<u>0</u>	<u>1,130,046</u>
Plan Fiduciary Net Position:				
Contributions - Employer	568,816	(568,816)	0	0
Projected Net Investment Income	621,791	0	0	(621,791)
Difference in Projected and Actual Earnings	(1,649,179)	1,649,179	0	0
Current Year Amortization	0	(402,470)	(228,549)	173,921
Benefit Payments	(882,183)	0	0	0
Administrative Expenses	(20,757)	0	0	20,757
Other	0	0	0	0
Net Change	<u>(1,361,512)</u>	<u>677,893</u>	<u>(228,549)</u>	<u>(427,113)</u>
Adjustment to beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending Balance	\$ 4,495,356	\$ 1,906,395	\$ 647,262	\$ 702,933

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

	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense
Beginning Balance	\$ 4,495,356	\$ 1,906,395	\$ 647,262	
Employer Contributions made after September 30, 2023 ¹	0	TBD	0	0
Total Pension Liability Factors:				
Service Cost	8,813	0	0	8,813
Interest	792,090	0	0	792,090
Changes in Benefit Terms	0	0	0	0
Experience Gains/Losses	(117,418)	0	117,418	0
Current Year Amortization	0	0	(117,418)	(117,418)
Changes of Assumptions	0	0	0	0
Current Year Amortization	0	0	0	0
Benefit Payments	(908,363)	0	0	0
Net Change	(224,878)	0	0	683,485
Plan Fiduciary Net Position:				
Contributions - Employer	503,616	(503,616)	0	0
Projected Net Investment Income	504,589	0	0	(504,589)
Difference in Projected and Actual Earnings	337,910	0	337,910	0
Current Year Amortization	0	(402,471)	(283,336)	119,135
Benefit Payments	(908,363)	0	0	0
Administrative Expenses	(21,026)	0	0	21,026
Other	0	0	0	0
Net Change	416,726	(906,087)	54,574	(364,428)
Adjustment to beginning of year	0	0	0	0
Ending Balance	\$ 3,853,752	TBD	\$ 701,836	\$ 319,057

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	\$ (117,418)	1	\$ 0	\$ (117,418)	\$ 0	\$ 0	\$ 0	0
2022	25,391	1	25,391	0	0	0	0	0
Net Increase (Decrease) in Pension Expense			\$ 25,391	\$ (117,418)	\$ 0	\$ 0	\$ 0	0

AMORTIZATION SCHEDULE – CHANGES OF ASSUMPTIONS

Year	Initial Base	Recognition Period	2023	2024	2025	2026	2027	Thereafter
2022	\$ 288,948	1	\$ 288,948	\$ 0	\$ 0	\$ 0	\$ 0	0
Net Increase (Decrease) in Pension Expense			\$ 288,948	\$ 0	\$ 0	\$ 0	\$ 0	0

AMORTIZATION SCHEDULE – INVESTMENTS

Year	Initial Base	Recognition Period	2023	2024	2025	2026	2027	Thereafter
2023	\$ (337,910)	5	\$ 0	\$ (67,582)	\$ (67,582)	\$ (67,582)	\$ (67,582)	(67,582)
2022	1,649,179	5	329,835	329,836	329,836	329,836	329,836	0
2021	(1,078,772)	5	(215,754)	(215,754)	(215,754)	(215,754)	0	0
2020	53,998	5	10,800	10,800	10,800	0	0	0
2019	309,175	5	61,835	61,835	0	0	0	0
2018	(63,977)	5	(12,795)	0	0	0	0	0
Net Increase (Decrease) in Pension Expense			\$ 173,921	\$ 119,135	\$ 57,300	\$ 46,500	\$ 262,254	\$ (67,582)

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	\$ 503,616	\$ 503,616	\$ 0	N/A	N/A
09/30/2022	\$ 568,816	\$ 568,816	\$ 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	6.75%
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 - Police Officers 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%
MLP/Energy 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: 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 Scale	None.
Inflation	2.26%
Latest Experience Study Date	February 25, 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 - Police Officers 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 Police Officers participate as a condition of employment. Members hired after January 31, 2014 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 - Police Officers prepared by Foster & Foster Actuaries and Consultants.

Benefit Changes

No benefit changes have been reflected since the prior year.

Deferred Retirement Option Program

Eligibility:

Members who were within two years of Normal Retirement eligibility as of January 25, 2014 had the option of DROP participation prior to February 1, 2014.

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.