

April 26, 2019

VIA EMAIL

Mr. David Carroll  
492 River Hills Drive  
Max Meadows, VA 24360

Re: City of North Port Firefighters' Pension - Local Option Trust Fund  
Section 112.664, Florida Statutes Compliance

Dear David:

Please find enclosed the annual disclosures that satisfy the October 1, 2018 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:   
Christine M. O'Neal, FSA, EA, MAAA  
Enrolled Actuary #17-7916

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Enclosures

cc via email: Paul Donnelly, Board Attorney

CITY OF NORTH PORT  
FIREFIGHTERS' PENSION - LOCAL OPTION TRUST FUND

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: Christine M. O'Neal Date: 4/26/2019

Christine M. O'Neal, FSA, EA, MAAA  
Enrolled Actuary #17-7916



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, 2018 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, 2018

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.50% RP-2000 Generational	5.50% RP-2000 Generational
<u>Total Pension Liability</u>		
Service Cost	904,670	1,454,613
Interest	3,351,560	3,223,589
Share Plan Allocation	164,503	164,503
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	876,960	1,453,003
Changes of Assumptions	-	-
Contributions - Buy Back	-	-
Benefit Payments, Including Refunds of Employee Contributions	(2,306,593)	(2,306,593)
Net Change in Total Pension Liability	2,991,100	3,989,115
Total Pension Liability - Beginning	44,936,096	58,309,395
Total Pension Liability - Ending (a)	<u>\$ 47,927,196</u>	<u>\$ 62,298,510</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	675,521	675,521
Contributions - State	414,503	414,503
Contributions - Employee	397,806	397,806
Net Investment Income	4,317,182	4,317,182
Benefit Payments, Including Refunds of Employee Contributions	(2,306,593)	(2,306,593)
Administrative Expenses	(86,198)	(86,198)
Net Change in Plan Fiduciary Net Position	3,412,221	3,412,221
Plan Fiduciary Net Position - Beginning	47,046,321	47,046,321
Plan Fiduciary Net Position - Ending (b)	<u>\$ 50,458,542</u>	<u>\$ 50,458,542</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ (2,531,346)</u>	<u>\$ 11,839,968</u>

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1  
Plan Assumptions: 7.50% 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
2018	50,458,542	-	4,671,182	-	3,609,221	49,396,581
2019	49,396,581	-	1,932,549	-	3,632,273	51,096,305
2020	51,096,305	-	2,019,021	-	3,756,510	52,833,794
2021	52,833,794	-	2,342,649	-	3,874,685	54,365,830
2022	54,365,830	-	2,485,204	-	3,984,242	55,864,868
2023	55,864,868	-	2,648,250	-	4,090,556	57,307,174
2024	57,307,174	-	2,788,170	-	4,193,482	58,712,486
2025	58,712,486	-	2,947,909	-	4,292,890	60,057,467
2026	60,057,467	-	3,072,742	-	4,389,082	61,373,807
2027	61,373,807	-	3,155,876	-	4,484,690	62,702,621
2028	62,702,621	-	3,290,146	-	4,579,316	63,991,791
2029	63,991,791	-	3,382,677	-	4,672,534	65,281,648
2030	65,281,648	-	3,507,314	-	4,764,599	66,538,933
2031	66,538,933	-	3,588,370	-	4,855,856	67,806,419
2032	67,806,419	-	3,698,760	-	4,946,778	69,054,437
2033	69,054,437	-	3,758,336	-	5,038,145	70,334,246
2034	70,334,246	-	3,894,847	-	5,129,012	71,568,411
2035	71,568,411	-	3,919,227	-	5,220,660	72,869,844
2036	72,869,844	-	3,943,027	-	5,317,375	74,244,192
2037	74,244,192	-	3,955,734	-	5,419,974	75,708,432
2038	75,708,432	-	3,937,450	-	5,530,478	77,301,460
2039	77,301,460	-	3,904,965	-	5,651,173	79,047,668
2040	79,047,668	-	3,862,607	-	5,783,727	80,968,788
2041	80,968,788	-	3,818,546	-	5,929,464	83,079,706
2042	83,079,706	-	3,768,166	-	6,089,672	85,401,212
2043	85,401,212	-	3,712,752	-	6,265,863	87,954,323
2044	87,954,323	-	3,644,096	-	6,459,921	90,770,148
2045	90,770,148	-	3,573,888	-	6,673,740	93,870,000
2046	93,870,000	-	3,494,717	-	6,909,198	97,284,481
2047	97,284,481	-	3,406,100	-	7,168,607	101,046,988
2048	101,046,988	-	3,312,715	-	7,454,297	105,188,570
2049	105,188,570	-	3,210,587	-	7,768,746	109,746,729
2050	109,746,729	-	3,103,244	-	8,114,633	114,758,118
2051	114,758,118	-	2,990,407	-	8,494,719	120,262,430
2052	120,262,430	-	2,872,198	-	8,911,975	126,302,207
2053	126,302,207	-	2,750,805	-	9,369,510	132,920,912
2054	132,920,912	-	2,626,942	-	9,870,558	140,164,528
2055	140,164,528	-	2,501,085	-	10,418,549	148,081,992
2056	148,081,992	-	2,373,984	-	11,017,125	156,725,133
2057	156,725,133	-	2,245,958	-	11,670,162	166,149,337
2058	166,149,337	-	2,117,120	-	12,381,808	176,414,025
2059	176,414,025	-	1,987,790	-	13,156,510	187,582,745
2060	187,582,745	-	1,858,555	-	13,999,010	199,723,200
2061	199,723,200	-	1,730,476	-	14,914,347	212,907,071
2062	212,907,071	-	1,604,337	-	15,907,868	227,210,602
2063	227,210,602	-	1,480,631	-	16,985,271	242,715,242
2064	242,715,242	-	1,359,960	-	18,152,645	259,507,927
2065	259,507,927	-	1,243,166	-	19,416,476	277,681,237
2066	277,681,237	-	1,130,768	-	20,783,689	297,334,158
2067	297,334,158	-	1,023,339	-	22,261,687	318,572,506

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1  
Plan Assumptions: 7.50% 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
2068	318,572,506	-	921,610	-	23,858,378	341,509,274
2069	341,509,274	-	825,864	-	25,582,226	366,265,636
2070	366,265,636	-	736,040	-	27,442,321	392,971,917
2071	392,971,917	-	652,255	-	29,448,434	421,768,096
2072	421,768,096	-	574,556	-	31,611,061	452,804,601
2073	452,804,601	-	502,903	-	33,941,486	486,243,184
2074	486,243,184	-	436,758	-	36,451,860	522,258,286
2075	522,258,286	-	375,822	-	39,155,278	561,037,742
2076	561,037,742	-	320,036	-	42,065,829	602,783,535
2077	602,783,535	-	269,219	-	45,198,669	647,712,985
2078	647,712,985	-	223,250	-	48,570,102	696,059,837
2079	696,059,837	-	182,293	-	52,197,652	748,075,196
2080	748,075,196	-	146,423	-	56,100,149	804,028,922
2081	804,028,922	-	115,512	-	60,297,837	864,211,247
2082	864,211,247	-	89,464	-	64,812,489	928,934,272
2083	928,934,272	-	67,940	-	69,667,523	998,533,855
2084	998,533,855	-	50,424	-	74,888,148	1,073,371,579
2085	1,073,371,579	-	36,640	-	80,501,494	1,153,836,433
2086	1,153,836,433	-	25,975	-	86,536,758	1,240,347,216
2087	1,240,347,216	-	17,953	-	93,025,368	1,333,354,631
2088	1,333,354,631	-	12,078	-	100,001,144	1,433,343,697
2089	1,433,343,697	-	7,937	-	107,500,480	1,540,836,240
2090	1,540,836,240	-	5,087	-	115,562,527	1,656,393,680
2091	1,656,393,680	-	3,193	-	124,229,406	1,780,619,893
2092	1,780,619,893	-	1,968	-	133,546,418	1,914,164,343
2093	1,914,164,343	-	1,194	-	143,562,281	2,057,725,430
2094	2,057,725,430	-	719	-	154,329,380	2,212,054,091
2095	2,212,054,091	-	430	-	165,904,041	2,377,957,702
2096	2,377,957,702	-	257	-	178,346,818	2,556,304,263
2097	2,556,304,263	-	154	-	191,722,814	2,748,026,923
2098	2,748,026,923	-	92	-	206,102,016	2,954,128,847
2099	2,954,128,847	-	54	-	221,559,662	3,175,688,455
2100	3,175,688,455	-	32	-	238,176,633	3,413,865,056
2101	3,413,865,056	-	18	-	256,039,879	3,669,904,917
2102	3,669,904,917	-	9	-	275,242,868	3,945,147,776
2103	3,945,147,776	-	4	-	295,886,083	4,241,033,855
2104	4,241,033,855	-	2	-	318,077,539	4,559,111,392
2105	4,559,111,392	-	1	-	341,933,354	4,901,044,745
2106	4,901,044,745	-	1	-	367,578,356	5,268,623,100
2107	5,268,623,100	-	-	-	395,146,733	5,663,769,833

\*All DROP and Share Balances paid in 2018.

Number of Years Expected Benefit Payments Sustained: 999.99

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.50% 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: 5.50% 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
2018	50,458,542	-	4,671,182	-	2,646,762	48,434,122
2019	48,434,122	-	1,932,549	-	2,610,732	49,112,305
2020	49,112,305	-	2,019,021	-	2,645,654	49,738,938
2021	49,738,938	-	2,342,649	-	2,671,219	50,067,508
2022	50,067,508	-	2,485,204	-	2,685,370	50,267,674
2023	50,267,674	-	2,648,250	-	2,691,895	50,311,319
2024	50,311,319	-	2,788,170	-	2,690,448	50,213,597
2025	50,213,597	-	2,947,909	-	2,680,680	49,946,368
2026	49,946,368	-	3,072,742	-	2,662,550	49,536,176
2027	49,536,176	-	3,155,876	-	2,637,703	49,018,003
2028	49,018,003	-	3,290,146	-	2,605,511	48,333,368
2029	48,333,368	-	3,382,677	-	2,565,312	47,516,003
2030	47,516,003	-	3,507,314	-	2,516,929	46,525,618
2031	46,525,618	-	3,588,370	-	2,460,229	45,397,477
2032	45,397,477	-	3,698,760	-	2,395,145	44,093,862
2033	44,093,862	-	3,758,336	-	2,321,808	42,657,334
2034	42,657,334	-	3,894,847	-	2,239,045	41,001,532
2035	41,001,532	-	3,919,227	-	2,147,306	39,229,611
2036	39,229,611	-	3,943,027	-	2,049,195	37,335,779
2037	37,335,779	-	3,955,734	-	1,944,685	35,324,730
2038	35,324,730	-	3,937,450	-	1,834,580	33,221,860
2039	33,221,860	-	3,904,965	-	1,719,816	31,036,711
2040	31,036,711	-	3,862,607	-	1,600,797	28,774,901
2041	28,774,901	-	3,818,546	-	1,477,610	26,433,965
2042	26,433,965	-	3,768,166	-	1,350,244	24,016,043
2043	24,016,043	-	3,712,752	-	1,218,782	21,522,073
2044	21,522,073	-	3,644,096	-	1,083,501	18,961,478
2045	18,961,478	-	3,573,888	-	944,599	16,332,189
2046	16,332,189	-	3,494,717	-	802,166	13,639,638
2047	13,639,638	-	3,406,100	-	656,512	10,890,050
2048	10,890,050	-	3,312,715	-	507,853	8,085,188
2049	8,085,188	-	3,210,587	-	356,394	5,230,995
2050	5,230,995	-	3,103,244	-	202,366	2,330,117
2051	2,330,117	-	2,990,407	-	-	-

\*All DROP and Share Balances paid in 2018.

Number of Years Expected Benefit Payments Sustained: 33.78

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.50% 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, 2020

Valuation Date: 10/1/2018

	ACTUAL	HYPOTHETICAL
	7.50% RP-2000 Generational	5.50% RP-2000 Generational
Minimum Required Contribution (Fixed \$)	\$1,055,369	\$2,622,747
Minimum Required Contribution (% of Payroll)	26.93%	66.92%
Expected Member Contribution	415,424	415,424
Expected State Money	250,000	250,000
Expected Sponsor Contribution (Fixed \$)	\$705,437 <sup>2</sup>	\$1,957,323
Expected Sponsor Contribution (% of Payroll)	18.00% <sup>2</sup>	49.94%

**ASSETS**

Actuarial Value <sup>1</sup>	48,598,254	48,598,254
Market Value <sup>1</sup>	50,458,542	50,458,542

**LIABILITIES**

Present Value of Benefits		
Active Members		
Retirement Benefits	20,520,679	30,395,490
Disability Benefits	201,333	273,233
Death Benefits	160,242	200,548
Vested Benefits	5,209,085	8,183,084
Refund of Contributions	21,585	21,781
Service Retirees	13,979,616	17,344,057
DROP Retirees <sup>1</sup>	4,548,019	5,500,741
Beneficiaries	1,995,069	2,483,860
Disability Retirees	871,950	1,052,825
Terminated Vested	5,712,223	7,621,343
Share Plan Balances <sup>1</sup>	1,902,599	1,902,599
Total:	55,122,400	74,979,561
Present Value of Future Salaries	28,358,489	31,194,099
Present Value of Future Member Contributions	3,006,000	3,306,574
Total Normal Cost	850,271	1,418,822
Present Value of Future Normal Costs (Entry Age Normal)	5,757,849	10,662,639
Total Actuarial Accrued Liability <sup>1</sup>	49,364,551	64,316,922
Unfunded Actuarial Accrued Liability (UAAL)	766,297	15,718,668



ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2020

Valuation Date: 10/1/2018

	ACTUAL	HYPOTHETICAL
	7.50%	5.50%
	RP-2000	RP-2000
	Generational	Generational
<b>PENSION COST</b>		
Normal Cost (with interest)	882,156	1,457,840
Administrative Expenses (with interest)	89,430	88,568
Payment Required To Amortize UAAL (with interest)	83,783	1,076,339
Minimum Required Contribution	\$1,055,369	\$2,622,747

<sup>1</sup> The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2018.

<sup>2</sup> By Local Ordinance, the City's minimum required contribution is 18.00% of Active Member Pensionable Payroll.