

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

SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2019 VALUATION DATE



July 27, 2020

VIA E-MAIL

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, 2019 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.

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.

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 #20-7778

Enclosures

cc via email: Paul Donnelly, Board Attorney

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, 2019 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, 2019

	ACTUAL	HYPOTHETICAL
	7.25% RP-2000 Generational	5.25% RP-2000 Generational
<u>Total Pension Liability</u>		
Service Cost	917,681	1,485,982
Interest	3,566,667	3,437,159
Share Plan Allocation	169,797	169,797
Changes of Benefit Terms	(5,208)	(6,587)
Differences Between Expected and Actual Experience	864,392	1,245,425
Changes of Assumptions	1,577,924	2,400,366
Contributions - Buy Back	-	-
Benefit Payments, Including Refunds of Employee Contributions	(2,568,219)	(2,568,219)
Net Change in Total Pension Liability	4,523,034	6,163,923
Total Pension Liability - Beginning	47,927,196	62,298,510
Total Pension Liability - Ending (a)	<u>\$ 52,450,230</u>	<u>\$ 68,462,433</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	682,166	682,166
Contributions - State	419,797	419,797
Contributions - Employee	401,719	401,719
Contributions - Buy Back	-	-
Net Investment Income	1,879,686	1,879,686
Benefit Payments, Including Refunds of Employee Contributions	(2,568,219)	(2,568,219)
Administrative Expenses	(72,105)	(72,105)
Net Change in Plan Fiduciary Net Position	743,044	743,044
Plan Fiduciary Net Position - Beginning	50,458,542	50,458,542
Plan Fiduciary Net Position - Ending (b)	<u>\$ 51,201,586</u>	<u>\$ 51,201,586</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,248,644</u>	<u>\$ 17,260,847</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.25% 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
2019	51,201,586	-	4,297,357	-	3,556,336	50,460,565
2020	50,460,565	-	2,089,542	-	3,582,645	51,953,668
2021	51,953,668	-	2,356,719	-	3,681,210	53,278,159
2022	53,278,159	-	2,517,988	-	3,771,389	54,531,560
2023	54,531,560	-	2,686,132	-	3,856,166	55,701,594
2024	55,701,594	-	2,835,105	-	3,935,593	56,802,082
2025	56,802,082	-	3,010,092	-	4,009,035	57,801,025
2026	57,801,025	-	3,148,312	-	4,076,448	58,729,161
2027	58,729,161	-	3,241,188	-	4,140,371	59,628,344
2028	59,628,344	-	3,416,110	-	4,199,221	60,411,455
2029	60,411,455	-	3,515,836	-	4,252,381	61,148,000
2030	61,148,000	-	3,644,013	-	4,301,135	61,805,122
2031	61,805,122	-	3,748,534	-	4,344,987	62,401,575
2032	62,401,575	-	3,878,328	-	4,383,525	62,906,772
2033	62,906,772	-	3,954,909	-	4,417,376	63,369,239
2034	63,369,239	-	4,110,572	-	4,445,262	63,703,929
2035	63,703,929	-	4,146,046	-	4,468,241	64,026,124
2036	64,026,124	-	4,180,450	-	4,490,353	64,336,027
2037	64,336,027	-	4,204,002	-	4,511,967	64,643,992
2038	64,643,992	-	4,190,908	-	4,534,769	64,987,853
2039	64,987,853	-	4,163,375	-	4,560,697	65,385,175
2040	65,385,175	-	4,125,187	-	4,590,887	65,850,875
2041	65,850,875	-	4,084,018	-	4,626,143	66,393,000
2042	66,393,000	-	4,036,192	-	4,667,181	67,023,989
2043	67,023,989	-	3,983,509	-	4,714,837	67,755,317
2044	67,755,317	-	3,916,872	-	4,770,274	68,608,719
2045	68,608,719	-	3,848,452	-	4,834,626	69,594,893
2046	69,594,893	-	3,770,432	-	4,908,952	70,733,413
2047	70,733,413	-	3,682,124	-	4,994,695	72,045,984
2048	72,045,984	-	3,588,872	-	5,093,237	73,550,349
2049	73,550,349	-	3,486,044	-	5,206,031	75,270,336
2050	75,270,336	-	3,377,544	-	5,334,663	77,227,455
2051	77,227,455	-	3,263,022	-	5,480,706	79,445,139
2052	79,445,139	-	3,142,411	-	5,645,860	81,948,588
2053	81,948,588	-	3,018,103	-	5,831,866	84,762,351
2054	84,762,351	-	2,890,702	-	6,040,483	87,912,132
2055	87,912,132	-	2,760,562	-	6,273,559	91,425,129
2056	91,425,129	-	2,628,328	-	6,533,045	95,329,846
2057	95,329,846	-	2,494,179	-	6,821,000	99,656,667
2058	99,656,667	-	2,358,011	-	7,139,630	104,438,286
2059	104,438,286	-	2,220,030	-	7,491,300	109,709,556
2060	109,709,556	-	2,080,843	-	7,878,512	115,507,225
2061	115,507,225	-	1,941,540	-	8,303,893	121,869,578
2062	121,869,578	-	1,803,033	-	8,770,184	128,836,729
2063	128,836,729	-	1,666,042	-	9,280,269	136,450,956
2064	136,450,956	-	1,531,420	-	9,837,180	144,756,716
2065	144,756,716	-	1,400,492	-	10,444,094	153,800,318
2066	153,800,318	-	1,274,283	-	11,104,330	163,630,365
2067	163,630,365	-	1,153,553	-	11,821,385	174,298,197
2068	174,298,197	-	1,039,177	-	12,598,949	185,857,969
2069	185,857,969	-	931,513	-	13,440,935	198,367,391
2070	198,367,391	-	830,487	-	14,351,531	211,888,435

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.25% 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
2071	211,888,435	-	736,237	-	15,335,223	226,487,421
2072	226,487,421	-	648,786	-	16,396,820	242,235,455
2073	242,235,455	-	568,098	-	17,541,477	259,208,834
2074	259,208,834	-	493,612	-	18,774,747	277,489,969
2075	277,489,969	-	425,021	-	20,102,616	297,167,564
2076	297,167,564	-	362,213	-	21,531,518	318,336,869
2077	318,336,869	-	304,968	-	23,068,368	341,100,269
2078	341,100,269	-	253,156	-	24,720,593	365,567,706
2079	365,567,706	-	206,953	-	26,496,157	391,856,910
2080	391,856,910	-	166,446	-	28,403,592	420,094,056
2081	420,094,056	-	131,483	-	30,452,053	450,414,626
2082	450,414,626	-	101,970	-	32,651,364	482,964,020
2083	482,964,020	-	77,539	-	35,012,081	517,898,562
2084	517,898,562	-	57,621	-	37,545,557	555,386,498
2085	555,386,498	-	41,921	-	40,264,001	595,608,578
2086	595,608,578	-	29,758	-	43,180,543	638,759,363
2087	638,759,363	-	20,592	-	46,309,307	685,048,078
2088	685,048,078	-	13,870	-	49,665,483	734,699,691
2089	734,699,691	-	9,124	-	53,265,397	787,955,964
2090	787,955,964	-	5,854	-	57,126,595	845,076,705
2091	845,076,705	-	3,675	-	61,267,928	906,340,958
2092	906,340,958	-	2,267	-	65,709,637	972,048,328
2093	972,048,328	-	1,374	-	70,473,454	1,042,520,408
2094	1,042,520,408	-	828	-	75,582,700	1,118,102,280
2095	1,118,102,280	-	496	-	81,062,397	1,199,164,181
2096	1,199,164,181	-	296	-	86,939,392	1,286,103,277
2097	1,286,103,277	-	178	-	93,242,481	1,379,345,580
2098	1,379,345,580	-	106	-	100,002,551	1,479,348,025
2099	1,479,348,025	-	62	-	107,252,730	1,586,600,693
2100	1,586,600,693	-	37	-	115,028,549	1,701,629,205
2101	1,701,629,205	-	21	-	123,368,117	1,824,997,301
2102	1,824,997,301	-	10	-	132,312,304	1,957,309,595
2103	1,957,309,595	-	5	-	141,904,945	2,099,214,535
2104	2,099,214,535	-	3	-	152,193,054	2,251,407,586
2105	2,251,407,586	-	1	-	163,227,050	2,414,634,635
2106	2,414,634,635	-	1	-	175,061,011	2,589,695,645
2107	2,589,695,645	-	-	-	187,752,934	2,777,448,579

*All DROP and Share Balances paid in 2019.

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 7.25% 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: 5.25% 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
2019	51,201,586	-	4,297,357	-	2,575,278	49,479,507
2020	49,479,507	-	2,089,542	-	2,542,824	49,932,789
2021	49,932,789	-	2,356,719	-	2,559,608	50,135,678
2022	50,135,678	-	2,517,988	-	2,566,026	50,183,716
2023	50,183,716	-	2,686,132	-	2,564,134	50,061,718
2024	50,061,718	-	2,835,105	-	2,553,819	49,780,432
2025	49,780,432	-	3,010,092	-	2,534,458	49,304,798
2026	49,304,798	-	3,148,312	-	2,505,859	48,662,345
2027	48,662,345	-	3,241,188	-	2,469,692	47,890,849
2028	47,890,849	-	3,416,110	-	2,424,597	46,899,336
2029	46,899,336	-	3,515,836	-	2,369,924	45,753,424
2030	45,753,424	-	3,644,013	-	2,306,399	44,415,810
2031	44,415,810	-	3,748,534	-	2,233,431	42,900,707
2032	42,900,707	-	3,878,328	-	2,150,481	41,172,860
2033	41,172,860	-	3,954,909	-	2,057,759	39,275,710
2034	39,275,710	-	4,110,572	-	1,954,072	37,119,210
2035	37,119,210	-	4,146,046	-	1,839,925	34,813,089
2036	34,813,089	-	4,180,450	-	1,717,950	32,350,589
2037	32,350,589	-	4,204,002	-	1,588,051	29,734,638
2038	29,734,638	-	4,190,908	-	1,451,057	26,994,787
2039	26,994,787	-	4,163,375	-	1,307,938	24,139,350
2040	24,139,350	-	4,125,187	-	1,159,030	21,173,193
2041	21,173,193	-	4,084,018	-	1,004,387	18,093,562
2042	18,093,562	-	4,036,192	-	843,962	14,901,332
2043	14,901,332	-	3,983,509	-	677,753	11,595,576
2044	11,595,576	-	3,916,872	-	505,950	8,184,654
2045	8,184,654	-	3,848,452	-	328,672	4,664,874
2046	4,664,874	-	3,770,432	-	145,932	1,040,374
2047	1,040,374	-	3,682,124	-	-	-

*All DROP and Share Balances paid in 2019.

Number of Years Expected Benefit Payments Sustained: 28.28

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.25% 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, 2021

Valuation Date: 10/1/2019

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.25% RP-2000 Generational	5.25% RP-2000 Generational
Minimum Required Contribution (Fixed \$)	\$1,197,089	\$2,835,895
Minimum Required Contribution (% of Payroll)	32.59%	77.22%
Expected Member Contribution	389,247	389,247
Expected State Money	250,000	250,000
Expected Sponsor Contribution (Fixed \$)	\$660,985 ²	\$2,196,648
Expected Sponsor Contribution (% of Payroll)	18.00% ²	59.81%

ASSETS

Actuarial Value ¹	51,179,068	51,179,068
Market Value ¹	51,201,586	51,201,586

LIABILITIES

Present Value of Benefits		
Active Members		
Retirement Benefits	19,847,629	29,892,562
Disability Benefits	204,122	277,617
Death Benefits	160,757	201,002
Vested Benefits	5,467,769	8,572,141
Refund of Contributions	7,854	7,887
Service Retirees	19,302,123	24,071,531
DROP Retirees ¹	2,907,917	3,603,579
Beneficiaries	2,066,058	2,577,442
Disability Retirees	880,713	1,064,631
Terminated Vested	6,548,055	8,701,447
Share Plan Balances ¹	1,806,009	1,806,009
Total:	59,199,006	80,775,848
Present Value of Future Salaries	27,280,964	29,954,652
Present Value of Future Member Contributions	2,891,782	3,175,193
Total Normal Cost	854,415	1,436,105
Present Value of Future Normal Costs (Entry Age Normal)	5,918,349	10,992,614
Total Actuarial Accrued Liability ¹	53,280,657	69,783,234
Unfunded Actuarial Accrued Liability (UAAL)	2,101,589	18,604,166

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2021

Valuation Date: 10/1/2019

	ACTUAL	HYPOTHETICAL
	7.25%	5.25%
	RP-2000	RP-2000
	Generational	Generational
<u>PENSION COST</u>		
Normal Cost (with interest)	885,388	1,473,803
Administrative Expenses (with interest)	82,021	81,230
Payment Required To Amortize UAAL (with interest)	229,680	1,280,862
Minimum Required Contribution	\$1,197,089	\$2,835,895

¹ The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2019.

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