

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

SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2021 VALUATION DATE



April 5, 2022

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, 2021 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, 2021 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, 2021

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Discount Rate:	7.00%	5.00%
<u>Total Pension Liability</u>		
Service Cost	998,065	1,636,920
Interest	4,016,731	3,764,683
Share Plan Allocation	244,296	244,296
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	(18,990)	(100,919)
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(2,125,487)	(2,125,487)
Net Change in Total Pension Liability	3,114,615	3,419,493
Total Pension Liability - Beginning	57,446,547	74,719,477
Total Pension Liability - Ending (a)	<u>\$ 60,561,162</u>	<u>\$ 78,138,970</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	709,952	709,952
Contributions - State	494,296	494,296
Contributions - Employee	418,083	418,083
Net Investment Income	10,546,396	10,546,396
Benefit Payments, Including Refunds of Employee Contributions	(2,125,487)	(2,125,487)
Administrative Expenses	(73,156)	(73,156)
Net Change in Plan Fiduciary Net Position	9,970,084	9,970,084
Plan Fiduciary Net Position - Beginning	55,434,805	55,434,805
Plan Fiduciary Net Position - Ending (b)	<u>\$ 65,404,889</u>	<u>\$ 65,404,889</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ (4,843,727)</u>	<u>\$ 12,734,081</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: Discount Rate = 7.00%

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
2021	65,404,889	-	5,458,133	-	4,387,308	64,334,064
2022	64,334,064	-	2,497,601	-	4,415,968	66,252,431
2023	66,252,431	-	2,674,934	-	4,544,047	68,121,544
2024	68,121,544	-	2,844,940	-	4,668,935	69,945,539
2025	69,945,539	-	3,052,209	-	4,789,360	71,682,690
2026	71,682,690	-	3,211,800	-	4,905,375	73,376,265
2027	73,376,265	-	3,339,913	-	5,019,442	75,055,794
2028	75,055,794	-	3,489,517	-	5,131,772	76,698,049
2029	76,698,049	-	3,627,110	-	5,241,915	78,312,854
2030	78,312,854	-	3,813,244	-	5,348,436	79,848,046
2031	79,848,046	-	3,971,528	-	5,450,360	81,326,878
2032	81,326,878	-	4,145,248	-	5,547,798	82,729,428
2033	82,729,428	-	4,271,642	-	5,641,552	84,099,338
2034	84,099,338	-	4,469,076	-	5,730,536	85,360,798
2035	85,360,798	-	4,532,873	-	5,816,605	86,644,530
2036	86,644,530	-	4,594,186	-	5,904,321	87,954,665
2037	87,954,665	-	4,640,439	-	5,994,411	89,308,637
2038	89,308,637	-	4,643,652	-	6,089,077	90,754,062
2039	90,754,062	-	4,625,179	-	6,190,903	92,319,786
2040	92,319,786	-	4,588,388	-	6,301,791	94,033,189
2041	94,033,189	-	4,546,382	-	6,423,200	95,910,007
2042	95,910,007	-	4,496,908	-	6,556,309	97,969,408
2043	97,969,408	-	4,439,726	-	6,702,468	100,232,150
2044	100,232,150	-	4,369,203	-	6,863,328	102,726,275
2045	102,726,275	-	4,291,701	-	7,040,630	105,475,204
2046	105,475,204	-	4,202,077	-	7,236,192	108,509,319
2047	108,509,319	-	4,099,098	-	7,452,184	111,862,405
2048	111,862,405	-	3,989,154	-	7,690,748	115,563,999
2049	115,563,999	-	3,866,947	-	7,954,137	119,651,189
2050	119,651,189	-	3,737,370	-	8,244,775	124,158,594
2051	124,158,594	-	3,599,981	-	8,565,102	129,123,715
2052	129,123,715	-	3,454,446	-	8,917,754	134,587,023
2053	134,587,023	-	3,303,726	-	9,305,461	140,588,758
2054	140,588,758	-	3,148,469	-	9,731,017	147,171,306
2055	147,171,306	-	2,989,468	-	10,197,360	154,379,198
2056	154,379,198	-	2,827,632	-	10,707,577	162,259,143
2057	162,259,143	-	2,663,945	-	11,264,902	170,860,100
2058	170,860,100	-	2,499,471	-	11,872,726	180,233,355
2059	180,233,355	-	2,335,251	-	12,534,601	190,432,705
2060	190,432,705	-	2,172,297	-	13,254,259	201,514,667
2061	201,514,667	-	2,011,699	-	14,035,617	213,538,585
2062	213,538,585	-	1,854,561	-	14,882,791	226,566,815
2063	226,566,815	-	1,701,874	-	15,800,111	240,665,052
2064	240,665,052	-	1,554,478	-	16,792,147	255,902,721
2065	255,902,721	-	1,413,124	-	17,863,731	272,353,328
2066	272,353,328	-	1,278,412	-	19,019,989	290,094,905
2067	290,094,905	-	1,150,795	-	20,266,366	309,210,476
2068	309,210,476	-	1,030,632	-	21,608,661	329,788,505
2069	329,788,505	-	918,105	-	23,053,062	351,923,462
2070	351,923,462	-	813,258	-	24,606,178	375,716,382

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: Discount Rate = 7.00%

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	375,716,382	-	716,087	-	26,275,084	401,275,379
2072	401,275,379	-	626,592	-	28,067,346	428,716,133
2073	428,716,133	-	544,709	-	29,991,064	458,162,488
2074	458,162,488	-	470,280	-	32,054,914	489,747,122
2075	489,747,122	-	403,089	-	34,268,190	523,612,223
2076	523,612,223	-	342,801	-	36,640,858	559,910,280
2077	559,910,280	-	289,050	-	39,183,603	598,804,833
2078	598,804,833	-	241,450	-	41,907,888	640,471,271
2079	640,471,271	-	199,628	-	44,826,002	685,097,645
2080	685,097,645	-	163,188	-	47,951,124	732,885,581
2081	732,885,581	-	131,736	-	51,297,380	784,051,225
2082	784,051,225	-	104,902	-	54,879,914	838,826,237
2083	838,826,237	-	82,272	-	58,714,957	897,458,922
2084	897,458,922	-	63,450	-	62,819,904	960,215,376
2085	960,215,376	-	48,056	-	67,213,394	1,027,380,714
2086	1,027,380,714	-	35,699	-	71,915,401	1,099,260,416
2087	1,099,260,416	-	25,976	-	76,947,320	1,176,181,760
2088	1,176,181,760	-	18,491	-	82,332,076	1,258,495,345
2089	1,258,495,345	-	12,862	-	88,094,224	1,346,576,707
2090	1,346,576,707	-	8,733	-	94,260,064	1,440,828,038
2091	1,440,828,038	-	5,782	-	100,857,760	1,541,680,016
2092	1,541,680,016	-	3,730	-	107,917,471	1,649,593,757
2093	1,649,593,757	-	2,344	-	115,471,481	1,765,062,894
2094	1,765,062,894	-	1,434	-	123,554,352	1,888,615,812
2095	1,888,615,812	-	855	-	132,203,077	2,020,818,034
2096	2,020,818,034	-	497	-	141,457,245	2,162,274,782
2097	2,162,274,782	-	281	-	151,359,225	2,313,633,726
2098	2,313,633,726	-	156	-	161,954,355	2,475,587,925
2099	2,475,587,925	-	84	-	173,291,152	2,648,878,993
2100	2,648,878,993	-	44	-	185,421,528	2,834,300,477
2101	2,834,300,477	-	22	-	198,401,033	3,032,701,488
2102	3,032,701,488	-	11	-	212,289,104	3,244,990,581
2103	3,244,990,581	-	5	-	227,149,340	3,472,139,916
2104	3,472,139,916	-	2	-	243,049,794	3,715,189,708
2105	3,715,189,708	-	1	-	260,063,280	3,975,252,987
2106	3,975,252,987	-	-	-	278,267,709	4,253,520,696

*All DROP and Share Balances paid in 2021.

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 7.00% 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: Discount Rate = 5.00%

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
2021	65,404,889	-	5,458,133	-	3,133,791	63,080,547
2022	63,080,547	-	2,497,601	-	3,091,587	63,674,533
2023	63,674,533	-	2,674,934	-	3,116,853	64,116,452
2024	64,116,452	-	2,844,940	-	3,134,699	64,406,211
2025	64,406,211	-	3,052,209	-	3,144,005	64,498,007
2026	64,498,007	-	3,211,800	-	3,144,605	64,430,812
2027	64,430,812	-	3,339,913	-	3,138,043	64,228,942
2028	64,228,942	-	3,489,517	-	3,124,209	63,863,634
2029	63,863,634	-	3,627,110	-	3,102,504	63,339,028
2030	63,339,028	-	3,813,244	-	3,071,620	62,597,404
2031	62,597,404	-	3,971,528	-	3,030,582	61,656,458
2032	61,656,458	-	4,145,248	-	2,979,192	60,490,402
2033	60,490,402	-	4,271,642	-	2,917,729	59,136,489
2034	59,136,489	-	4,469,076	-	2,845,098	57,512,511
2035	57,512,511	-	4,532,873	-	2,762,304	55,741,942
2036	55,741,942	-	4,594,186	-	2,672,242	53,819,998
2037	53,819,998	-	4,640,439	-	2,574,989	51,754,548
2038	51,754,548	-	4,643,652	-	2,471,636	49,582,532
2039	49,582,532	-	4,625,179	-	2,363,497	47,320,850
2040	47,320,850	-	4,588,388	-	2,251,333	44,983,795
2041	44,983,795	-	4,546,382	-	2,135,530	42,572,943
2042	42,572,943	-	4,496,908	-	2,016,224	40,092,259
2043	40,092,259	-	4,439,726	-	1,893,620	37,546,153
2044	37,546,153	-	4,369,203	-	1,768,078	34,945,028
2045	34,945,028	-	4,291,701	-	1,639,959	32,293,286
2046	32,293,286	-	4,202,077	-	1,509,612	29,600,821
2047	29,600,821	-	4,099,098	-	1,377,564	26,879,287
2048	26,879,287	-	3,989,154	-	1,244,236	24,134,369
2049	24,134,369	-	3,866,947	-	1,110,045	21,377,467
2050	21,377,467	-	3,737,370	-	975,439	18,615,536
2051	18,615,536	-	3,599,981	-	840,777	15,856,332
2052	15,856,332	-	3,454,446	-	706,455	13,108,341
2053	13,108,341	-	3,303,726	-	572,824	10,377,439
2054	10,377,439	-	3,148,469	-	440,160	7,669,130
2055	7,669,130	-	2,989,468	-	308,720	4,988,382
2056	4,988,382	-	2,827,632	-	178,728	2,339,478
2057	2,339,478	-	2,663,945	-	-	-

*All DROP and Share Balances paid in 2021.

Number of Years Expected Benefit Payments Sustained: 36.88

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.00% 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, 2023

Valuation Date: 10/1/2021

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Investment Rate of Return:	7.00%	5.00%
Minimum Required Contribution (Fixed \$)	\$1,327,374	\$3,245,432
Minimum Required Contribution (% of Payroll)	31.3%	76.6%
Expected Member Contribution	464,824	460,333
Expected State Money	250,000	250,000
Expected Sponsor Contribution (Fixed \$) *	\$762,632	\$2,535,099
Expected Sponsor Contribution (% of Payroll *)	18.0%	59.8%

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

ASSETS

Actuarial Value ¹	59,985,301	59,985,301
Market Value ¹	65,404,889	65,404,889

LIABILITIES

Present Value of Benefits		
Active Members		
Retirement Benefits	26,898,920	39,102,363
Disability Benefits	235,584	321,884
Death Benefits	107,388	132,078
Vested Benefits	5,917,694	9,149,087
Refund of Contributions	0	0
Service Retirees	21,667,679	26,830,307
DROP Retirees ¹	2,917,279	3,493,315
Beneficiaries	1,308,911	1,655,681
Disability Retirees	1,348,495	1,657,816
Terminated Vested	4,913,872	6,514,026
Share Plan Balances ¹	2,396,871	2,396,871
Total:	<u>67,712,693</u>	<u>91,253,428</u>
Present Value of Future Salaries	26,631,636	28,984,908
Present Value of Future Member Contributions	2,822,953	3,072,400
Total Normal Cost	936,231	1,584,476
Present Value of Future Normal Costs (Entry Age Normal)	5,967,423	11,068,127
Total Actuarial Accrued Liability (EAN) ¹	61,745,270	80,185,301
Unfunded Actuarial Accrued Liability (UAAL)	1,759,969	20,200,000

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2023

Valuation Date: 10/1/2021

	ACTUAL	HYPOTHETICAL
Investment Rate of Return:	7.00%	5.00%
<u>PENSION COST</u>		
Normal Cost ²	1,019,387	1,708,540
Administrative Expenses ²	83,741	82,932
Payment Required To Amortize UAAL ²	224,246	1,453,960
Minimum Required Contribution	\$1,327,374	\$3,245,432

¹ The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2021.

² Contributions developed as of 10/1/2021 displayed above have been adjusted to account for assumed salary increase and interest components.