

CITY OF NORTH PORT
POLICE OFFICERS' PENSION - LOCAL OPTION TRUST FUND

SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2022 VALUATION DATE



July 11, 2023

VIA E-MAIL

Mr. Toby Rabelo, Administrator
North Port Police Officers' Pension
Resource Centers
4100 Center Pointe Drive, Ste. 108
Fort Myers, FL 33916

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

Dear Toby:

Please find enclosed the annual disclosures that satisfy the October 1, 2022 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 #23-7778

Enclosures

cc via email: Scott R. Christiansen, 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, 2022 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, 2022

	ACTUAL	HYPOTHETICAL	
	7.00%	5.00%	9.00%
Discount Rate:			
<u>Total Pension Liability</u>			
Service Cost	1,489,129	2,288,058	1,009,148
Interest	4,158,366	3,825,958	4,298,249
Share Plan Allocation	335,040	335,040	335,040
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	809,284	1,110,975	580,623
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(2,547,375)	(2,547,375)	(2,547,375)
Net Change in Total Pension Liability	4,244,444	5,012,656	3,675,685
Total Pension Liability - Beginning	59,189,794	75,504,792	48,022,857
Total Pension Liability - Ending (a)	<u>\$ 63,434,238</u>	<u>\$ 80,517,448</u>	<u>\$ 51,698,542</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	1,486,663	1,486,663	1,486,663
Contributions - State	615,040	615,040	615,040
Contributions - Employee	478,914	478,914	478,914
Net Investment Income	(9,157,448)	(9,157,448)	(9,157,448)
Benefit Payments, Including Refunds of Employee Contributions	(2,547,375)	(2,547,375)	(2,547,375)
Administrative Expenses	(84,955)	(84,955)	(84,955)
Net Change in Plan Fiduciary Net Position	(9,209,161)	(9,209,161)	(9,209,161)
Plan Fiduciary Net Position - Beginning	63,415,259	63,415,259	63,415,259
Plan Fiduciary Net Position - Ending (b)	<u>\$ 54,206,098</u>	<u>\$ 54,206,098</u>	<u>\$ 54,206,098</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 9,228,140</u>	<u>\$ 26,311,350</u>	<u>\$ (2,507,556)</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
2022	53,576,421	-	4,632,903	-	3,588,198	52,531,716
2023	52,531,716	-	3,261,730	-	3,563,060	52,833,046
2024	52,833,046	-	3,402,334	-	3,579,232	53,009,944
2025	53,009,944	-	3,558,829	-	3,586,137	53,037,252
2026	53,037,252	-	3,679,526	-	3,583,824	52,941,550
2027	52,941,550	-	3,849,957	-	3,571,160	52,662,753
2028	52,662,753	-	3,963,456	-	3,547,672	52,246,969
2029	52,246,969	-	4,107,269	-	3,513,533	51,653,233
2030	51,653,233	-	4,231,230	-	3,467,633	50,889,636
2031	50,889,636	-	4,334,013	-	3,410,584	49,966,207
2032	49,966,207	-	4,485,628	-	3,340,638	48,821,217
2033	48,821,217	-	4,556,962	-	3,257,992	47,522,247
2034	47,522,247	-	4,610,185	-	3,165,201	46,077,263
2035	46,077,263	-	4,579,524	-	3,065,125	44,562,864
2036	44,562,864	-	4,613,440	-	2,957,930	42,907,354
2037	42,907,354	-	4,586,334	-	2,842,993	41,164,013
2038	41,164,013	-	4,587,245	-	2,720,927	39,297,695
2039	39,297,695	-	4,534,268	-	2,592,139	37,355,566
2040	37,355,566	-	4,478,622	-	2,458,138	35,335,082
2041	35,335,082	-	4,415,471	-	2,318,914	33,238,525
2042	33,238,525	-	4,334,999	-	2,174,972	31,078,498
2043	31,078,498	-	4,252,345	-	2,026,663	28,852,816
2044	28,852,816	-	4,164,820	-	1,873,928	26,561,924
2045	26,561,924	-	4,076,342	-	1,716,663	24,202,245
2046	24,202,245	-	3,980,282	-	1,554,847	21,776,810
2047	21,776,810	-	3,881,664	-	1,388,518	19,283,664
2048	19,283,664	-	3,777,575	-	1,217,641	16,723,730
2049	16,723,730	-	3,669,502	-	1,042,229	14,096,457
2050	14,096,457	-	3,556,074	-	862,289	11,402,672
2051	11,402,672	-	3,437,683	-	677,868	8,642,857
2052	8,642,857	-	3,315,081	-	488,972	5,816,748
2053	5,816,748	-	3,187,867	-	295,597	2,924,478
2054	2,924,478	-	3,056,364	-	-	-

*All DROP and Share Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 32.96

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
2022	53,576,421	-	4,632,903	-	2,562,998	51,506,516
2023	51,506,516	-	3,261,730	-	2,493,783	50,738,569
2024	50,738,569	-	3,402,334	-	2,451,870	49,788,105
2025	49,788,105	-	3,558,829	-	2,400,435	48,629,711
2026	48,629,711	-	3,679,526	-	2,339,497	47,289,682
2027	47,289,682	-	3,849,957	-	2,268,235	45,707,960
2028	45,707,960	-	3,963,456	-	2,186,312	43,930,816
2029	43,930,816	-	4,107,269	-	2,093,859	41,917,406
2030	41,917,406	-	4,231,230	-	1,990,090	39,676,266
2031	39,676,266	-	4,334,013	-	1,875,463	37,217,716
2032	37,217,716	-	4,485,628	-	1,748,745	34,480,833
2033	34,480,833	-	4,556,962	-	1,610,118	31,533,989
2034	31,533,989	-	4,610,185	-	1,461,445	28,385,249
2035	28,385,249	-	4,579,524	-	1,304,774	25,110,499
2036	25,110,499	-	4,613,440	-	1,140,189	21,637,248
2037	21,637,248	-	4,586,334	-	967,204	18,018,118
2038	18,018,118	-	4,587,245	-	786,225	14,217,098
2039	14,217,098	-	4,534,268	-	597,498	10,280,328
2040	10,280,328	-	4,478,622	-	402,051	6,203,757
2041	6,203,757	-	4,415,471	-	199,801	1,988,087
2042	1,988,087	-	4,334,999	-	-	-

*All DROP and Share Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 20.46

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.

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3
Hypothetical Assumptions: Discount Rate = 9.00%

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
2022	53,576,421	-	4,632,903	-	4,613,397	53,556,915
2023	53,556,915	-	3,261,730	-	4,673,345	54,968,530
2024	54,968,530	-	3,402,334	-	4,794,063	56,360,259
2025	56,360,259	-	3,558,829	-	4,912,276	57,713,706
2026	57,713,706	-	3,679,526	-	5,028,655	59,062,835
2027	59,062,835	-	3,849,957	-	5,142,407	60,355,285
2028	60,355,285	-	3,963,456	-	5,253,620	61,645,449
2029	61,645,449	-	4,107,269	-	5,363,263	62,901,443
2030	62,901,443	-	4,231,230	-	5,470,725	64,140,938
2031	64,140,938	-	4,334,013	-	5,577,654	65,384,579
2032	65,384,579	-	4,485,628	-	5,682,759	66,581,710
2033	66,581,710	-	4,556,962	-	5,787,291	67,812,039
2034	67,812,039	-	4,610,185	-	5,895,625	69,097,479
2035	69,097,479	-	4,579,524	-	6,012,695	70,530,650
2036	70,530,650	-	4,613,440	-	6,140,154	72,057,364
2037	72,057,364	-	4,586,334	-	6,278,778	73,749,808
2038	73,749,808	-	4,587,245	-	6,431,057	75,593,620
2039	75,593,620	-	4,534,268	-	6,599,384	77,658,736
2040	77,658,736	-	4,478,622	-	6,787,748	79,967,862
2041	79,967,862	-	4,415,471	-	6,998,411	82,550,802
2042	82,550,802	-	4,334,999	-	7,234,497	85,450,300
2043	85,450,300	-	4,252,345	-	7,499,171	88,697,126
2044	88,697,126	-	4,164,820	-	7,795,324	92,327,630
2045	92,327,630	-	4,076,342	-	8,126,051	96,377,339
2046	96,377,339	-	3,980,282	-	8,494,848	100,891,905
2047	100,891,905	-	3,881,664	-	8,905,597	105,915,838
2048	105,915,838	-	3,777,575	-	9,362,435	111,500,698
2049	111,500,698	-	3,669,502	-	9,869,935	117,701,131
2050	117,701,131	-	3,556,074	-	10,433,078	124,578,135
2051	124,578,135	-	3,437,683	-	11,057,336	132,197,788
2052	132,197,788	-	3,315,081	-	11,748,622	140,631,329
2053	140,631,329	-	3,187,867	-	12,513,366	149,956,828
2054	149,956,828	-	3,056,364	-	13,358,578	160,259,042
2055	160,259,042	-	2,920,990	-	14,291,869	171,629,921
2056	171,629,921	-	2,782,263	-	15,321,491	184,169,149
2057	184,169,149	-	2,640,755	-	16,456,389	197,984,783
2058	197,984,783	-	2,497,155	-	17,706,258	213,193,886
2059	213,193,886	-	2,352,245	-	19,081,599	229,923,240
2060	229,923,240	-	2,206,882	-	20,593,782	248,310,140
2061	248,310,140	-	2,062,003	-	22,255,122	268,503,259
2062	268,503,259	-	1,918,526	-	24,078,960	290,663,693
2063	290,663,693	-	1,777,334	-	26,079,752	314,966,111
2064	314,966,111	-	1,639,229	-	28,273,185	341,600,067
2065	341,600,067	-	1,504,923	-	30,676,284	370,771,428
2066	370,771,428	-	1,375,040	-	33,307,552	402,703,940
2067	402,703,940	-	1,250,179	-	36,187,097	437,640,858
2068	437,640,858	-	1,130,910	-	39,336,786	475,846,734
2069	475,846,734	-	1,017,772	-	42,780,406	517,609,368
2070	517,609,368	-	911,203	-	46,543,839	563,242,004
2071	563,242,004	-	811,506	-	50,655,263	613,085,761

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3
Hypothetical Assumptions: Discount Rate = 9.00%

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
2072	613,085,761	-	718,826	-	55,145,371	667,512,306
2073	667,512,306	-	633,232	-	60,047,612	726,926,686
2074	726,926,686	-	554,705	-	65,398,440	791,770,421
2075	791,770,421	-	483,106	-	71,237,598	862,524,913
2076	862,524,913	-	418,235	-	77,608,422	939,715,100
2077	939,715,100	-	359,777	-	84,558,169	1,023,913,492
2078	1,023,913,492	-	307,374	-	92,138,382	1,115,744,500
2079	1,115,744,500	-	260,669	-	100,405,275	1,215,889,106
2080	1,215,889,106	-	219,320	-	109,420,150	1,325,089,936
2081	1,325,089,936	-	182,984	-	119,249,860	1,444,156,812
2082	1,444,156,812	-	151,300	-	129,967,305	1,573,972,817
2083	1,573,972,817	-	123,884	-	141,651,979	1,715,500,912
2084	1,715,500,912	-	100,378	-	154,390,565	1,869,791,099
2085	1,869,791,099	-	80,410	-	168,277,580	2,037,988,269
2086	2,037,988,269	-	63,617	-	183,416,081	2,221,340,733
2087	2,221,340,733	-	49,655	-	199,918,431	2,421,209,509
2088	2,421,209,509	-	38,195	-	217,907,137	2,639,078,451
2089	2,639,078,451	-	28,926	-	237,515,759	2,876,565,284
2090	2,876,565,284	-	21,546	-	258,889,906	3,135,433,644
2091	3,135,433,644	-	15,772	-	282,188,318	3,417,606,190
2092	3,417,606,190	-	11,332	-	307,584,047	3,725,178,905
2093	3,725,178,905	-	7,984	-	335,265,742	4,060,436,663
2094	4,060,436,663	-	5,509	-	365,439,052	4,425,870,206
2095	4,425,870,206	-	3,718	-	398,328,151	4,824,194,639
2096	4,824,194,639	-	2,451	-	434,177,407	5,258,369,595
2097	5,258,369,595	-	1,576	-	473,253,193	5,731,621,212
2098	5,731,621,212	-	987	-	515,845,865	6,247,466,090
2099	6,247,466,090	-	602	-	562,271,921	6,809,737,409
2100	6,809,737,409	-	358	-	612,876,351	7,422,613,402
2101	7,422,613,402	-	206	-	668,035,197	8,090,648,393
2102	8,090,648,393	-	115	-	728,158,350	8,818,806,628
2103	8,818,806,628	-	63	-	793,692,594	9,612,499,159
2104	9,612,499,159	-	33	-	865,124,923	10,477,624,049
2105	10,477,624,049	-	17	-	942,986,164	11,420,610,196
2106	11,420,610,196	-	8	-	1,027,854,917	12,448,465,105
2107	12,448,465,105	-	4	-	1,120,361,859	13,568,826,960
2108	13,568,826,960	-	2	-	1,221,194,426	14,790,021,384
2109	14,790,021,384	-	1	-	1,331,101,925	16,121,123,308
2110	16,121,123,308	-	-	-	1,450,901,098	17,572,024,406

*All DROP and Share Balances paid in 2022.

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 9.00% 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, 2024

Valuation Date: 10/1/2022

	ACTUAL	HYPOTHETICAL	
	7.00%	5.00%	9.00%
Investment Rate of Return:	7.00%	5.00%	9.00%
Minimum Required Contribution (Fixed \$)	\$2,441,809	\$4,435,501	\$1,071,641
Minimum Required Contribution (% of Payroll)	41.6%	75.6%	18.3%
Expected Member Contribution	485,584	480,892	490,275
Expected State Money	280,000	280,000	280,000
Expected Sponsor Contribution (Fixed \$)	\$1,676,225	\$3,674,609	\$301,366
Expected Sponsor Contribution (% of Payroll)	28.6%	62.6%	5.3%

ASSETS

Actuarial Value ¹	58,527,642	58,527,642	58,527,642
Market Value ¹	53,576,421	53,576,421	53,576,421

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	40,248,855	57,182,561	29,679,273
Disability Benefits	1,449,234	1,975,187	1,108,362
Death Benefits	243,215	338,840	183,736
Vested Benefits	586,332	884,366	407,827
Refund of Contributions	45,595	46,246	44,979
Service Retirees	21,556,169	26,489,753	18,087,309
DROP Retirees ¹	1,301,435	1,554,464	1,124,495
Beneficiaries	2,783,955	3,361,287	2,369,786
Disability Retirees	3,899,880	4,798,583	3,273,504
Terminated Vested	885,164	1,321,470	622,296
Share Plan Balances ¹	1,404,874	1,404,874	1,404,874
Total:	74,404,708	99,357,631	58,306,441
Present Value of Future Salaries	37,142,830	40,554,215	34,264,532
Present Value of Future Member Contributions	2,971,426	3,244,337	2,741,163
Total Normal Cost	1,472,282	2,299,256	976,475
Present Value of Future Normal Costs (Entry Age Normal)	9,482,395	16,436,993	5,703,992
Total Actuarial Accrued Liability (EAN) ¹	64,922,313	82,920,638	52,602,449
Unfunded Actuarial Accrued Liability (UAAL)	6,394,671	24,392,996	(5,925,193)

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2024

	Valuation Date: 10/1/2022		
	ACTUAL	HYPOTHETICAL	
Investment Rate of Return:	7.00%	5.00%	9.00%
<u>PENSION COST</u>			
Normal Cost ²	1,600,307	2,475,046	1,071,641
Administrative Expenses ²	95,485	94,562	96,407
Payment Required To Amortize UAAL ²	746,017	1,865,893	(96,407)
Minimum Required Contribution	\$2,441,809	\$4,435,501	\$1,071,641 ³

¹ The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2022.

² Contributions developed as of 10/1/2022 displayed above have been adjusted to account for assumed salary increase and interest components.

³ Reflects normal cost minimum funding requirements of Chapter 112, Florida Statutes.