

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

**FINANCIAL STATEMENTS**

**FOR THE FISCAL YEARS ENDED  
SEPTEMBER 30, 2024 AND 2023**

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

**FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

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## INDEPENDENT AUDITOR'S REPORT

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Board of Trustees  
City of North Port, Florida  
Firefighters' Pension–Local Option Trust Fund  
North Port, Florida

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of the City of North Port, Florida Firefighters' Pension–Local Option Trust Fund (the "Fund") as of and for the years ended September 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Fund as of September 30, 2024 and 2023, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Emphasis of Matter***

As discussed in Note 1, the financial statements present only the Firefighters' Pension–Local Option Trust Fund and do not purport to, and do not present fairly, the financial position of the City of North Port, Florida as of September 30, 2024 and 2023, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the schedule of changes in the city's net pension (asset) liability and related ratios, schedule of contributions and schedule of pension investment return on pages 17 through 20 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fund's basic financial statements. The accompanying schedule of administrative and investment expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of administrative and investment expenses is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 9, 2025, on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
April 9, 2025

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

**STATEMENTS OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b>Assets</b>		
Receivables		
Contributions	\$ 392,247	\$ 160,091
Interest and dividends	41,344	48,474
Total receivables	<u>433,591</u>	<u>208,565</u>
Investments, at fair value		
Money market funds	641,316	472,968
Fixed income mutual funds	28,807,143	25,510,450
Equity securities	34,128,672	26,148,086
Real estate	5,665,263	6,417,050
Total investments	<u>69,242,394</u>	<u>58,548,554</u>
Total assets	<u>69,675,985</u>	<u>58,757,119</u>
<b>Liabilities</b>		
Accounts payable and accrued expenses	<u>123,337</u>	15,858
Total liabilities	<u>123,337</u>	<u>15,858</u>
<b>Net position</b>		
Net position held in trust for pension benefits	<u>\$ 69,552,648</u>	<u>\$ 58,741,261</u>

**The notes to financial statements are an integral part of this statement.**

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

**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b>Additions</b>		
Contributions		
Plan members	\$ 337,484	\$ 403,262
State of Florida	646,611	368,570
City of North Port	986,373	684,786
Total contributions	<u>1,970,468</u>	<u>1,456,618</u>
Investment income		
Net change in fair value of investments	8,763,965	3,283,450
Interest and dividends	2,656,966	2,103,371
Investment income	<u>11,420,931</u>	<u>5,386,821</u>
Less investment expenses	<u>127,736</u>	<u>129,563</u>
Net investment income	<u>11,293,195</u>	<u>5,257,258</u>
Total additions	<u>13,263,663</u>	<u>6,713,876</u>
<b>Deductions</b>		
Benefits to participants	2,345,895	1,869,806
Share account distributions	2,000	369,459
Administrative expenses	104,381	87,577
Total deductions	<u>2,452,276</u>	<u>2,326,842</u>
<b>Change in net position</b>	<b>10,811,387</b>	<b>4,387,034</b>
Net position held in trust for pension benefits		
Beginning of year	<u>58,741,261</u>	<u>54,354,227</u>
End of year	<u><u>\$ 69,552,648</u></u>	<u><u>\$ 58,741,261</u></u>

**The notes to financial statements are an integral part of this statement.**



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

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity: The City of North Port, Florida, Firefighters' Pension-Local Option Trust Fund (the "Fund"), was established to account for the financial activity of the City of North Port, Florida, Firefighters' Pension Fund. The Fund is managed by a five-member Board of Trustees comprised of two members appointed by the Commission of the City of North Port, Florida (the "City"), two members elected by the Fund membership and one member elected by the other four members and subsequently appointed, as a ministerial duty, by the City Commission. The financial statements are only for the Fund and are not intended to present the basic financial statements of the City. The Fund is reported in the fiduciary funds (pension trust) of the City's basic financial statements.

Basis of Accounting: The Fund's financial statements are prepared using the accrual basis of accounting. Contributions from the Fund's members are recognized as additions in the period in which the contributions are due. Contributions from the City are recognized as additions when due and the City has made a formal commitment to provide the contributions. State contributions are recognized when received. Expenses are recognized in the accounting period incurred, if measurable. Benefits and refunds are recognized when due and payable in accordance with the terms of the Fund.

Method Used to Value Investments: Investments are reported at fair value. Money market mutual funds are reported at cost which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Real estate assets are reported at fair value utilizing an income approach to valuation. By contract, an independent appraisal is obtained once every year to determine the fair market value of the real estate assets. Interest and dividend income is recognized on the accrual basis when earned. Purchases and sales of investments are recorded on a trade date basis.

Estimates: The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

**NOTE 2. FUND DESCRIPTION AND CONTRIBUTION INFORMATION**

Fund Description: Full-time firefighters of the City of North Port Fire Department participate in either the Florida Retirement System (FRS) or the Fund. Firefighters hired after July 1, 2018 participate solely in the FRS. Members active on July 1, 2018 had the option of participating prospectively in the FRS. The Fund is a single employer defined benefit pension Fund that was established November 5, 1974, pursuant to Florida Statutes, Chapter 175, and City Ordinance 74-13. The Fund was amended most recently by Ordinance 2012-18. Benefit provisions are established and may be amended by the City Commission.

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

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 2. FUND DESCRIPTION AND CONTRIBUTION INFORMATION (CONTINUED)**

The Fund provides retirement, death and disability benefits for its members. A member may retire with normal benefits after the earlier of age 55 with ten years of credited service, or age 52 with 25 years of credited service. Reduced early retirement benefits are available once a member reaches age 50 and accumulates ten years of credited service. Normal retirement benefits are 3.5% (3.0% for members hired on or after October 12, 2012) of the member's average final compensation times credited service years. Early retirement benefits are the same as normal retirement benefits, reduced by 3.0% for each year by which the commencement of benefits precedes the normal retirement date. Average final compensation for purposes of calculating benefits is the average annual salary for the highest five years of the last ten years of credited service. Salary means the total compensation for services rendered to the City as a firefighter reportable on the member's W-2 form plus all tax-deferred or tax-sheltered items of income derived from elective employee payroll deduction or salary reduction. Effective July 5, 2012, salary shall include payment for up to 300 hours of overtime per fiscal year and exclude payments for accrued sick and annual leave accumulated after said date; however, salary for members who are employed on July 5, 2012 shall include payment for accrued sick and annual leave at termination of employment up to the dollar value of sick and annual leave accrued as of July 5, 2012.

Any member hired before October 1, 2012 who is eligible for normal retirement may elect to participate in a deferred retirement option plan (DROP) while continuing his or her active employment as a firefighter. Upon participation in the DROP, the member becomes a retiree for all plan purposes so that he or she ceases to accrue any further benefits under the plan. Normal retirement payments that would have been payable to the member as a result are accumulated and invested in the DROP plan to be distributed to the member upon his or her termination of employment. Participation in the DROP plan ceases for a member at termination of employment or five years of participation, whichever comes first. Members hired on or after October 1, 2012 are not eligible to participate in the DROP. The DROP balance as of September 30, 2024 and 2023 were \$902,672 and \$361,084, respectively.

Eligibility for disability benefits begins from the member's date of hire, if the disability is service connected, or after ten years of credited service if non-service incurred. Disability benefits are 3.5% of the member's average final compensation, and not less than 42.0% of the member's average final compensation times his or her credited service years.

The death benefit for a member who is vested is a payment of the member's accrued pension benefit to the member's beneficiary for ten years, beginning on the date that the deceased member would have been eligible for early or normal retirement, at the option of the beneficiary. The death benefit for a member who is not vested is a return of the member's contributions to the member's beneficiary.

Termination benefits for unvested members are the return of the member's contributions. For members who are vested when they terminate, their vested accrued pension benefit is payable at the early or normal retirement date. Full vesting occurs at the completion of ten years of credited service.

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

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 2. FUND DESCRIPTION AND CONTRIBUTION INFORMATION (CONTINUED)**

Beginning retroactively on October 1, 1999 and on each October 1 thereafter, the monthly benefit amount of each retiree (except disability retirees) and each terminated vested person who has been retired or who has been receiving benefit payments at least one year and who has attained age 55 shall be increased by 3%. Cost of living allowances shall cease once the retiree reaches age 63. This increase shall also be applicable to the benefit payments of the beneficiaries and joint pensioners of deceased members of retirees, and eligibility for the allowance shall be based on the date that the deceased retiree or member would have been eligible.

At October 1, 2023, the date of the latest actuarial valuation, membership consisted of:

Retirees and beneficiaries receiving benefits	45
Terminated employees entitled to benefits, but not yet receiving them	33
Active members	29
Total	<u>107</u>

Effective September 1, 2012, a supplemental retirement benefit in the form of individual share accounts was created for each active firefighter, living retiree (including DROP participants) and disability benefit recipients and beneficiary survivors receiving a survivor retirement benefit. The total initial amount allocated to the share accounts was based on years of service of all active firefighters (including DROP participants) and retiree participants (including disability benefit recipients and beneficiary survivors) who were employees and members of the plan between December 1, 2005 and September 30, 2012, which included the accumulated excess premium tax revenues in the pension fund as of the October 1, 2011 actuarial valuation report, plus premium tax revenues received in excess of \$250,000 during 2012. For plan years beginning October 1, 2012 and later, all premium tax revenues received by the City in excess of \$250,000 will be allocated to the share accounts based on years of credited service. Effective December 31, 2013 and each December 31 thereafter, each share account will be credited or debited with earnings or losses based upon the amount in the share account at the close of the immediately preceding plan year at a rate equal to the pension plan's actual net rate of investment return for the preceding plan year. An active firefighter (including DROP participants) with ten or more years of credited service upon termination of employment shall be eligible to receive a distribution of 100% of the balance in their respective share account, together with all earnings and losses and interest credited to the share account through the date of termination of employment. Retiree participants (including disability benefit recipients and beneficiary survivors) shall receive distribution of the annual share allocation in the form of a thirteenth monthly check equal to the annual crediting described above. Vested terminated members shall be entitled to participate in this supplemental retirement benefit upon commencing receipt of retirement benefits from the plan.

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

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 2. FUND DESCRIPTION AND CONTRIBUTION INFORMATION (CONTINUED)**

No benefit shall be payable to an active firefighter who terminates covered employment with less than ten years of credited service. The share account balances of such non-vested terminated members shall be redistributed among all eligible participants' share accounts in the same manner as premium tax revenues in the following fiscal year. The designated beneficiary of a share plan member who dies shall receive the accumulated total of the share account balance at date of death, regardless of the member's length of service. A share plan member awarded a disability pension from the plan shall receive the accumulated total of the member's share account balance. As of October 1, 2024 and 2023, the date of the latest actuarial valuations, the balance of member share accounts was \$2,269,014 and \$1,762,868, respectively.

Contributions: Contribution requirements are established and may be amended by the City Commission and are based on the benefit structure established by the City. Members are required to contribute 10.6% of their salary (effective March 1, 2016). Pursuant to Chapter 175, Florida Statutes, a premium tax on certain casualty insurance contracts written on North Port properties is collected by the state and remitted to the Fund for the state's annual contribution amount. The City is required to contribute the remaining amounts necessary to finance the benefits through periodic contributions at actuarially determined rates. Administrative costs are financed through investment earnings.

A rehired member may buy back years of past service by paying into the Fund the amount of contributions the employee would otherwise have paid for such service. The maximum credit for service other than with the City shall be five years of credited service and shall count for all purposes, except vesting and eligibility for non-service incurred disability benefits. There shall be no maximum purchase of credit for prior service with the City and such credit shall count for all purposes, including vesting.

Investment Policy: The following was the Board's adopted asset allocation policy as of September 30, 2024:

Asset Class	Target Allocation
Domestic equity	37.00%
International equity	8.00%
Broad market fixed income	40.00%
Real estate	10.00%
GTAA	5.00%
	100.00%

Rate of Return: For the years ended September 30, 2024 and 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 19.36% and 9.77%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3. CASH AND INVESTMENTS**

Authorized Investments: Florida Statutes and the Fund's investment policy limit investments to annuity and life insurance contracts; time or savings accounts; obligations issued by the United States Government or by an agency of the United States Government; bonds issued by the State of Israel; corporate stocks and bonds; and pooled funds, including mutual funds, commingled funds, exchange-traded funds, limited partnerships, and private equity. Investments in illiquid investments, as described by Florida Statutes, are prohibited. Investments in companies identified as scrutinized companies by the Florida State Board of Administration (SBA) are prohibited, with the exception of investments in scrutinized companies that are held within commingled funds (if the commingled fund sponsor does not offer a similar fund that does not hold investments in scrutinized companies).

At September 30, 2024 the Fund had the following investments:

Investment Type	Credit Rating		Fair Value	Investment Maturity (in Years)			
	(Moody's)	(S & P's)		Less Than 1	1 - 5	6 - 10	More Than 10
Money market funds	Not rated	Not rated	\$ 641,316	\$ 641,316	\$ -	\$ -	\$ -
			641,316	\$ 641,316	\$ -	\$ -	\$ -
Fixed income mutual funds	Not rated	Not rated	28,807,143				
Equity securities	Not rated	Not rated	34,128,672				
Commingled real estate funds	Not rated	Not rated	5,665,263				
Total investments			\$ 69,242,394				

At September 30, 2023 the Fund had the following investments:

Investment Type	Credit Rating		Fair Value	Investment Maturity (in Years)			
	(Moody's)	(S & P's)		Less Than 1	1 - 5	6 - 10	More Than 10
Money market funds	Aaa-mf	AAAm	\$ 472,968	\$ 472,968	\$ -	\$ -	\$ -
			472,968	\$ 472,968	\$ -	\$ -	\$ -
Fixed income mutual funds	Not rated	Not rated	25,510,450				
Equity securities	Not rated	Not rated	26,148,086				
Commingled real estate funds	Not rated	Not rated	6,417,050				
Total investments			\$ 58,548,554				

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

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 3. CASH AND INVESTMENTS (CONTINUED)**

Custodial Credit Risk: This is the risk that in the event of the failure of the counterparty, the Fund will not be able to recover the value of its investments that are held by the counterparty. The Fund's policy is to maintain investments in custodial accounts that identify securities held as assets of the Fund by registering securities in the name of the Fund.

Interest Rate Risk: This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Although the Fund's investment policy does not provide limitations as to maturities, the Fund minimizes risk of fair value losses in its fixed income portfolio due to rising interest rates by structuring its investment portfolio so that securities mature to meet ongoing cash requirements, thereby avoiding the need to sell securities in the open market prior to maturity; and by investing operating funds primarily in shorter-term securities or by cash flow projections.

Credit Risk: This is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. This risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization such as Moody's or Standard & Poor's. The Fund's investment policy states that the Fund's fixed income portfolio must have a weighted average quality of AA or better as measured by Standard & Poor's or Moody's and all bonds shall hold a rating in one of the three highest classifications by a major rating service. Equity investments must be traded on one or more of the recognized national exchanges. Money market deposits must have a rating of A1/P1 or its equivalent by a major credit rating service.

Foreign Currency Risk: For the year ended September 30, 2024, the Fund's total assets had no foreign currency risk exposure through investments in foreign companies.

Concentration of Credit Risk: This is the risk of loss attributable to the quantity of the Fund's investment in a single issuer. The Fund's investment policy limits investments in the stock of any one issuing company to 5% of the Fund's assets and to 5% of the outstanding capital stock of any issuing company. The Fund's investment policy limits investments in the bonds of any one issuing company to 3% of the Fund's assets. Furthermore, investments in corporate common stock and convertible bonds shall not exceed 60% of the Fund's investments at cost or 70% of the Fund's investments at market value; foreign securities shall not exceed 25% of the market value of the Fund's assets; and real estate investments shall not exceed 10% of the market value of the Fund's assets.

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

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3. CASH AND INVESTMENTS (CONTINUED)**

Fair Value Measurements: The Fund has the following recurring fair value measurements, broken into the fair value hierarchy, as of September 30, 2024:

Investment	Fair Value Hierarchy			
	Fair Value	Level 1	Level 2	Level 3
<b>Fixed income securities:</b>				
Mutual funds - fixed income	\$ 28,807,143	\$ 28,807,143	\$ -	\$ -
Commingled real estate funds	5,665,263	-	-	5,665,263
<b>Equity investments:</b>				
Mutual funds - equity	34,128,672	34,128,672	-	-
Money market funds	641,316	641,316	-	-
<b>Total investments at fair value level</b>	<b>\$ 69,242,394</b>	<b>\$ 63,577,131</b>	<b>\$ -</b>	<b>\$ 5,665,263</b>

The Fund has the following recurring fair value measurements, broken into the fair value hierarchy, as of September 30, 2023:

Investment	Fair Value Hierarchy			
	Fair Value	Level 1	Level 2	Level 3
<b>Fixed income securities:</b>				
Mutual funds - fixed income	\$ 25,510,450	\$ 25,510,450	\$ -	\$ -
Commingled real estate funds	6,417,050	-	-	6,417,050
<b>Equity investments:</b>				
Mutual funds - equity	26,148,086	26,148,086	-	-
Money market funds	472,968	472,968	-	-
<b>Total investments at fair value level</b>	<b>\$ 58,548,554</b>	<b>\$ 52,131,504</b>	<b>\$ -</b>	<b>\$ 6,417,050</b>

Fixed income securities and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Fixed income securities and equity investments classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The real estate funds classified in Level 3 are valued using discounted cash flow techniques.

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

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4. FUND DISCLOSURES**

Net Pension Liability of the City: The components of the net pension liability of the City at September 30, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Total pension liability	\$ 73,094,751	\$ 69,054,116
Fund fiduciary net position	(69,552,648)	(58,741,261)
City's net pension liability	<u>\$ 3,542,103</u>	<u>\$ 10,312,855</u>
 Fund fiduciary net position as a percentage of the total pension liability	 95.15%	 85.07%

The required Schedule of Changes in the City's Net Pension Liability and Related Ratios immediately following the Notes to the Financial Statements presents multi-year trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

*Actuarial assumptions.* The total pension liability was determined by an actuarial valuation as of October 1, 2023 updated to September 30, 2024, using the following actuarial assumptions:

Inflation	2.50%
Salary increases	Service based
Discount rate	6.75%
Investment rate of return	6.75%

*Mortality Rate Healthy Active Lives:*

Female: PubS.H-2010 for Employees, set forward one year.

Male: PubS.H-2010 for Employees, set forward one year.

*Mortality Rate Healthy Retiree Lives:*

Female: PubS.H-2010 for Healthy Retirees, set forward one year.

Male: PubS.H-2010 for Healthy Retirees, set forward one year.

*Mortality Rate Beneficiary Lives:*

Female: PubG.H-2010 for Healthy Retirees, set back one year.

Male: PubG.H-2010 for Healthy Retirees, set back one year.



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

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 4. FUND DISCLOSURES (CONTINUED)**

*Mortality Rates Disabled Lives:*

80% PubG.H-2010 for Disabled Retirees/20% PubS.H-2010 for Disabled Retirees.

The most recent actuarial experience study used to review the other significant assumptions was dated June 13, 2022.

The long-term expected rate of return on pension plan investments was 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 long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2024 and 2023 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	7.5%
International equity	8.5%
Broad market fixed income	2.5%
Global fixed income	3.5%
Real estate	4.5%
GTAA	3.5%

*Discount rate.* The discount rate used to measure the total pension liability was 6.75% for September 30, 2024 and 2023. The projection of cash flows used to determine the discount rate assumed that 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 was applied to all periods of projected benefit payments to determine the total pension liability.

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

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4. FUND DISCLOSURES (CONTINUED)**

*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the net pension liability of the City, calculated using the discount rate of 6.75% for 2024 and 2023, as well as what the City's net pension (asset) liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<b>1% Decrease 5.75%</b>	<b>Current Discount Rate 6.75%</b>	<b>1% Increase 7.75%</b>
<b>City's net pension liability - 2024</b>	<b>\$ 13,216,909</b>	<b>\$ 3,542,103</b>	<b>\$ (4,420,619)</b>
	<b>1% Decrease 5.75%</b>	<b>Current Discount Rate 6.75%</b>	<b>1% Increase 7.75%</b>
<b>City's net pension liability - 2023</b>	<b>\$ 19,709,000</b>	<b>\$ 10,312,855</b>	<b>\$ 2,585,812</b>

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2024 and 2023, and the current sharing pattern of costs between employer and employee.

**NOTE 5. SUBSEQUENT EVENTS**

The Fund has evaluated all subsequent events through April 9, 2025 the date the financial statements were available to be issued.

## **REQUIRED SUPPLEMENTARY INFORMATION**

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

**SCHEDULE OF CHANGES IN THE CITY'S NET PENSION (ASSET) LIABILITY  
AND RELATED RATIOS**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total pension liability</b>										
Service cost	\$ 783,490	\$ 837,252	\$ 1,007,552	\$ 998,065	\$ 900,497	\$ 917,681	\$ 904,670	\$ 1,264,321	\$ 1,693,631	\$ 1,716,153
Interest on total pension liability	4,634,798	4,528,332	4,204,163	4,016,731	3,803,540	3,566,668	3,351,560	3,620,964	3,400,658	3,048,515
Share plan allocation	173,441	-	-	244,296	186,174	169,797	164,503	126,129	121,775	126,215
Changes of benefit terms	-	-	-	-	-	(5,208)	-	-	174,592	-
Differences between expected and actual experience	796,801	(1,440,981)	613,506	(18,990)	250,384	864,392	876,960	(2,641,499)	(2,262,386)	555,367
Changes of assumptions	-	-	4,000,894	-	1,631,930	1,577,924	-	(831,381)	1,378,943	-
Contributions-buy back	-	-	-	-	-	-	-	-	2,808	-
Benefit payments, including refunds of employee contributions	(2,347,895)	(2,239,265)	(3,018,499)	(2,125,487)	(1,776,208)	(2,568,220)	(2,306,593)	(1,200,337)	(1,104,257)	(1,288,806)
<b>Net change in total pension liability</b>	<b>4,040,635</b>	<b>1,685,338</b>	<b>6,807,616</b>	<b>3,114,615</b>	<b>4,996,317</b>	<b>4,523,034</b>	<b>2,991,100</b>	<b>338,197</b>	<b>3,405,764</b>	<b>4,157,444</b>
<b>Total pension liability, beginning</b>	<b>69,054,116</b>	<b>67,368,778</b>	<b>60,561,162</b>	<b>57,446,547</b>	<b>52,450,230</b>	<b>47,927,196</b>	<b>44,936,096</b>	<b>44,597,899</b>	<b>41,192,135</b>	<b>37,034,691</b>
<b>Total pension liability, ending</b>	<b>\$ 73,094,751</b>	<b>\$ 69,054,116</b>	<b>\$ 67,368,778</b>	<b>\$ 60,561,162</b>	<b>\$ 57,446,547</b>	<b>\$ 52,450,230</b>	<b>\$ 47,927,196</b>	<b>\$ 44,936,096</b>	<b>\$ 44,597,899</b>	<b>\$ 41,192,135</b>
<b>Plan fiduciary net position</b>										
Contributions, employer	\$ 986,373	\$ 684,786	\$ 789,693	\$ 709,952	\$ 651,211	\$ 682,166	\$ 675,521	\$ 670,404	\$ 1,000,835	\$ 1,079,568
Contributions, state	646,611	368,570	340,753	494,296	436,173	419,796	414,503	376,129	371,775	376,215
Contributions, employee	337,484	403,262	428,609	418,083	383,491	401,719	397,806	394,793	529,101	554,392
Net investment income	11,293,195	5,257,258	(9,073,913)	10,546,396	4,625,187	1,880,144	4,318,358	4,557,086	2,867,698	430,037
Benefit payments, including refunds of employee contributions	(2,347,895)	(2,239,265)	(3,018,499)	(2,125,487)	(1,783,317)	(2,568,220)	(2,306,593)	(1,200,337)	(1,108,103)	(1,288,806)
Repayment to State for overpayment	-	-	(432,493)	-	-	-	-	-	-	-
Administrative expenses	(104,381)	(87,577)	(84,812)	(73,156)	(81,658)	(70,429)	(88,089)	(86,131)	(83,371)	(66,053)
<b>Net change in plan fiduciary net position</b>	<b>10,811,387</b>	<b>4,387,034</b>	<b>(11,050,662)</b>	<b>9,970,084</b>	<b>4,231,087</b>	<b>745,176</b>	<b>3,411,506</b>	<b>4,711,944</b>	<b>3,577,935</b>	<b>1,085,353</b>
<b>Plan fiduciary net position, beginning</b>	<b>58,741,261</b>	<b>54,354,227</b>	<b>65,404,889</b>	<b>55,434,805</b>	<b>51,203,718</b>	<b>50,458,542</b>	<b>47,047,036</b>	<b>42,335,092</b>	<b>38,757,157</b>	<b>37,671,804</b>
<b>Plan fiduciary net position, ending</b>	<b>\$ 69,552,648</b>	<b>\$ 58,741,261</b>	<b>\$ 54,354,227</b>	<b>\$ 65,404,889</b>	<b>\$ 55,434,805</b>	<b>\$ 51,203,718</b>	<b>\$ 50,458,542</b>	<b>\$ 47,047,036</b>	<b>\$ 42,335,092</b>	<b>\$ 38,757,157</b>
<b>Net pension (asset) liability, ending</b>	<b>\$ 3,542,103</b>	<b>\$ 10,312,855</b>	<b>\$ 13,014,551</b>	<b>\$ (4,843,727)</b>	<b>\$ 2,011,742</b>	<b>\$ 1,246,512</b>	<b>\$ (2,531,346)</b>	<b>\$ (2,110,940)</b>	<b>\$ 2,262,807</b>	<b>\$ 2,434,978</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>95.15%</b>	<b>85.07%</b>	<b>80.68%</b>	<b>108.00%</b>	<b>96.50%</b>	<b>97.62%</b>	<b>105.28%</b>	<b>104.70%</b>	<b>94.93%</b>	<b>94.09%</b>
<b>Covered payroll</b>	<b>\$ 3,183,809</b>	<b>\$ 3,804,366</b>	<b>\$ 4,043,488</b>	<b>\$ 3,944,177</b>	<b>\$ 3,617,839</b>	<b>\$ 3,789,804</b>	<b>\$ 3,752,890</b>	<b>\$ 3,724,458</b>	<b>\$ 5,136,900</b>	<b>\$ 5,806,134</b>
<b>City's net pension (asset) liability as a percentage of covered payroll</b>	<b>111.25%</b>	<b>271.08%</b>	<b>321.86%</b>	<b>-122.81%</b>	<b>55.61%</b>	<b>32.89%</b>	<b>-67.45%</b>	<b>-56.68%</b>	<b>44.05%</b>	<b>41.94%</b>

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

## SCHEDULE OF CONTRIBUTIONS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,236,373	\$ 934,786	\$ 1,020,404	\$ 959,952	\$ 901,211	\$ 932,165	\$ 925,520	\$ 920,402	\$ 1,250,835	\$ 1,353,147
Contributions in relation to the actuarially determined contributions	1,236,373	934,786	1,039,693	959,952	901,211	932,166	925,521	901,310	1,269,928	1,353,147
	\$ -	\$ -	\$ (19,289)	\$ -	\$ -	\$ (1)	\$ (1)	\$ 19,092	\$ (19,093)	\$ -
Covered payroll	\$ 3,183,809	\$ 3,804,366	\$ 4,043,488	\$ 3,944,177	\$ 3,617,839	\$ 3,789,804	\$ 3,752,890	\$ 3,724,458	\$ 5,136,900	\$ 5,806,134
Contributions as a percentage of covered payroll	38.83%	24.57%	25.71%	24.34%	24.91%	24.60%	24.66%	24.20%	24.72%	23.31%

Valuation date 10/1/2022

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding method	Entry age normal actuarial cost method.																					
Amortization method	New UAAL amortization are amortized over 15 years.																					
Mortality	<p><i>Healthy Active Lives:</i> Female: PubS.H-2010 for Employees, set forward one year. Male: PubS.H-2010 for Employees, set forward on year.</p> <p><i>Healthy Retiree Lives:</i> Female: PubS.H-2010 for Healthy Retirees, set forward one year. Male: PubS.H-2010 for Healthy Retirees, set forward one year.</p> <p><i>Beneficiary Lives:</i> Female: PubS.H-2010 for Healthy Retirees. Male: PubS.H-2010 for Healthy Retirees, set back one year.</p> <p><i>Disabled Lives:</i> Female: 80% PubG.H-2010 for Disabled Retirees/20% PubS.H-2010 for Disabled Retirees.</p> <p>All rates are projected generationally with Mortality Improvement Scale MP-2008. We feel this assumption sufficiently accomodates future mortality improvements.</p>																					
Interest rate	7.0% per year compounded annually.																					
Retirement age	<table><tr><th>Service</th><th>Age</th><th>Assumed Rate</th></tr><tr><td>&lt;25</td><td>50-51</td><td>10.0%</td></tr><tr><td></td><td>52-53</td><td>25.0%</td></tr><tr><td></td><td>54-57</td><td>50.0%</td></tr><tr><td></td><td>58+</td><td>100.0%</td></tr><tr><td></td><td>51</td><td>50.0%</td></tr><tr><td></td><td>52+</td><td>100.0%</td></tr></table> <p>This assumption was adopted in conjunction with the May 10, 2017 actuarial experience study.</p>	Service	Age	Assumed Rate	<25	50-51	10.0%		52-53	25.0%		54-57	50.0%		58+	100.0%		51	50.0%		52+	100.0%
Service	Age	Assumed Rate																				
<25	50-51	10.0%																				
	52-53	25.0%																				
	54-57	50.0%																				
	58+	100.0%																				
	51	50.0%																				
	52+	100.0%																				
Disability rates	See table below. It is assumed that 75% of disablements are service related.																					
Termination rates	See table below.																					
Salary increases	<table><tr><th>Service</th><th>Increase</th></tr><tr><td>&lt;10</td><td>7.0%</td></tr><tr><td>10-14</td><td>5.5%</td></tr><tr><td>15-29</td><td>5.0%</td></tr><tr><td>20+</td><td>4.5%</td></tr></table> <p>This assumption was adopted with the June 13, 2022, actuarial experience study.</p>	Service	Increase	<10	7.0%	10-14	5.5%	15-29	5.0%	20+	4.5%											
Service	Increase																					
<10	7.0%																					
10-14	5.5%																					
15-29	5.0%																					
20+	4.5%																					
Post retirement COLA	3.0% from age 55 until 63.																					
Payroll growth	0.00% per year. This assumption is supported given that the Plan is closed to new hires.																					

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

## SCHEDULE OF CONTRIBUTIONS

Asset valuation method

Each year, the prior actuarial value of assets is brought forward utilizing the historical geometric four year average market value return. It is possible that over time this technique will produce an insignificant bias above or below market value.

Disability rate table

Age	% Becoming Disabled During the Year
20	0.03%
30	0.04%
40	0.07%
50	0.18%

Termination rate table

Service	Age	Assumed Rate
<5	20-24	10.0%
	25-29	7.0%
	30-49	6.0%
	50-54	1.0%
	55+	0.1%
5+	20-44	6.0%
	45-49	5.0%
	50-54	1.0%
	55+	0.1%

This assumption was adopted with the May 10, 2017 actuarial experience study.

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

**SCHEDULE OF PENSION INVESTMENT RETURN**

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	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Annual money-weighted rate of return, net of investment expenses	19.36%	9.77%	-14.06%	19.22%	9.11%	3.75%	9.32%	10.78%	7.24%	1.09%

## **OTHER SUPPLEMENTARY INFORMATION**



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

**SCHEDULE OF ADMINISTRATIVE AND INVESTMENT EXPENSES  
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b>Administrative expenses</b>		
Accounting services	\$ 11,100	\$ 10,700
Actuarial services	39,000	35,168
Administrative services	38,033	20,000
Insurance	-	4,637
Legal services	7,192	7,953
Miscellaneous expenses	9,056	9,119
Total administrative expenses	<u>\$ 104,381</u>	<u>\$ 87,577</u>
<b>Investment expenses</b>		
Custodial fees	\$ 37,037	\$ 38,077
Investment management fees	64,232	74,728
Performance monitoring fees	26,467	16,756
Total investment expenses	<u>\$ 127,736</u>	<u>\$ 129,561</u>

## **OTHER AUDITOR'S REPORT**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

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Board of Trustees  
City of North Port, Florida  
Firefighters' Pension–Local Option Trust Fund  
North Port, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of North Port, Florida Firefighters' Pension–Local Option Trust Fund (the "Fund") as of and for the years ended September 30, 2024 and 2023, and the related notes to the financial statements, and have issued our report thereon dated April 9, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Fund's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
April 9, 2025