

GOING FURTHER

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

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2025

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## Independent Auditor's Report

**Board of Trustees  
City of North Port, Florida  
Police Officers' 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, Police Officers' Pension–Local Option Trust Fund (the "Fund") as of and for the year ended September 30, 2025 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, 2025 and the respective changes in financial position for the year 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 opinion.

#### ***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.

Management is also responsible for maintaining a current Fund instrument, including all Plan amendments, administering the Plan, and determining that the Fund's transactions that are presented and disclosed in the financial statements are in conformity with the Fund's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants

***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 opinion. 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 Police Officers' 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, 2025 and the changes in its financial position for the year 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.

**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 15 through 17 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.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2026, 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.



Bradenton, Florida  
March 3, 2026

City of North Port, Florida  
Police Officers' Pension–Local Option Trust Fund

**STATEMENT OF FIDUCIARY NET POSITION**  
**SEPTEMBER 30, 2025**

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<b>Assets</b>	
Cash and equivalents	\$ 560,530
Receivables	
Contributions	556,975
Interest and dividends	47,714
Total receivables	<u>604,689</u>
Investments, at fair market value	
Fixed income mutual funds	23,231,066
Equity securities	51,233,722
International equity securities	496,747
Commingled real estate funds	5,580,709
Total investments	<u>80,542,244</u>
Total assets	<u>81,707,463</u>
<b>Liabilities</b>	
Accounts payable	79,240
Total liabilities	<u>79,240</u>
<b>Net Position</b>	
Net position restricted for pension benefits	<u>\$ 81,628,223</u>

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

City of North Port, Florida  
 Police Officers' Pension–Local Option Trust Fund

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FOR THE YEAR ENDED SEPTEMBER 30, 2025**

**Additions**

Contributions		
Plan members	\$	515,577
State of Florida		1,087,929
City of North Port		2,160,904
Total contributions		<u>3,764,410</u>
Investment income		
Net change in fair value of investments		6,060,866
Interest and dividends		2,399,382
Investment income		<u>8,460,248</u>
Less investment expenses		111,681
Net investment income		<u>8,348,567</u>
Total additions		<u>12,112,977</u>

**Deductions**

Benefits to participants		2,903,675
Administrative expenses		112,580
Total deductions		<u>3,016,255</u>

**Change in net position** 9,096,722

Net position restricted for pension benefits		
Beginning of year		72,531,501
End of year	\$	<u>81,628,223</u>

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

# City of North Port, Florida, Police Officers' 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, Police Officers' Pension–Local Option Trust Fund (the "Fund"), was established to account for the financial activity of the City of North Port, Florida, Police Officers' 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 police officers elected by the plan 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.

Cash and Cash Equivalents: The Fund recognizes mutual funds that are invested in money market funds as cash equivalents for financial reporting purposes.

Method Used to Value Investments: Investments are reported at 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 police officers of the City of North Port Police Department participate in either the Florida Retirement System (FRS) or the Fund. Per Resolution passed by the City, effective July 1, 2016, Police officers hired on or after this date participate solely in the FRS. Members active on July 1, 2016 had the option of participating prospectively in the FRS. The Fund is a single employer defined benefit pension plan that was established December 14, 1979, pursuant to Florida Statutes, Chapter 185 and City Ordinance. Benefit provisions are established and may be amended by the City Commission.

## 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 completion of 25 years of credited service, regardless of age. Normal retirement benefits for members hired prior to May 27, 2014 are 3.5% of the member's average final compensation times credited service years, plus a \$165 monthly benefit supplement. For members hired after May 27, 2014, the normal retirement benefit is 3.15% of average final compensation times credited service years, plus a \$165 monthly benefit supplement. Effective October 1, 2024, the monthly benefit supplement increased to \$200. Early retirement benefits are available for members who are age 45 and have ten years of credited service. For members hired prior to May 27, 2014, the monthly pension benefit calculated as of the date of early retirement is reduced 3% per year for each year prior to normal retirement and the member has less than 15 years of credited service, 2% per year for members with at least 15 years of service but less than 20 years of service, and 1% per year for members with more than 20 years of service. For members hired after May 27, 2014, the monthly pension benefit calculated as of the date of early retirement is reduced 3% per year which the commencement of benefits proceeds 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 police officer 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.

Any member 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 police officer. 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 eight years of participation, whichever comes first. At September 30, 2025, there were six members in the DROP and the DROP balance was \$771,578.

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 2% of the member's average final compensation multiplied by total years of credited service with a minimum amount of 60% of their salary at the time of disablement. Additionally, if determined by the Board that the duty-related disability was caused by an intended act of violence towards an officer, then the minimum compensation is 80% of their salary at the time of disablement. The monthly pension benefit of an off-duty related disability, with ten years of credited service, is 2% of the average final compensation multiplied by the total years of credited service with a minimum amount of 50% of their salary at the time of disbursement.

**Notes To Financial Statements**

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

The Fund provides death benefits for both duty-related and off-duty related deaths. The monthly benefit of a duty-related death is 60% of the member’s monthly salary at the time of death. The monthly pension benefit of an off-duty related death, with five years of credited service, is 50% of the member’s salary at the time of death. Both duty-related and off-duty related deaths are paid to the spouse for life or until remarriage for off-duty related deaths. If there is no surviving spouse, benefit is paid in equal shares to the surviving children who are under 18, or who are under 23 and pursuing a full-time education.

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.

At October 1, 2024, Fund membership consisted of:

Retirees and beneficiaries receiving benefits	57
Terminated employees entitled to benefits, but not yet receiving them	23
Active members	49
Total	<u>129</u>

Effective October 1, 2015, a supplemental retirement benefit in the form of individual share accounts was created for each active police officer (including DROP participants). The supplemental share plan retirement benefit is funded solely by premium tax revenues received by the City pursuant to Florida Statutes Chapter 185.

The total initial amount allocated to the individual share accounts was the premium tax revenues received in 2015 in excess of \$280,000. For plan years beginning October 1, 2015, and later, all premium tax revenues received during the preceding plan year in excess of \$280,000 shall be allocated to the eligible members’ share accounts. On or before April 30, 2016, and each April 30 thereafter, the share account of each share member on the preceding September 30<sup>th</sup> shall be credited with one share of credited service earned during the plan year ending on the same September 30<sup>th</sup>. Effective December 31, 2016, and each December 31<sup>st</sup> thereafter, the share account of each share member or retiree shall be credited or debited with earnings or losses based upon the amount in the share account at the close of the immediately preceding calendar year at a rate equal to the pension plan’s actual net rate of investment return for the preceding plan year.

A plan member 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 his or her share account, together with all earnings and losses and interest credited to the share account through date of termination of employment. No benefit shall be payable to a share plan member who terminates employment with less than ten years of credited service.

## Notes To Financial Statements

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

The share account balances of such non-vested terminated members shall be redistributed among all eligible members' and retirees' share accounts in the same manner as the excess premium tax revenues in the following calendar year or applied to pay administrative expenses of the system. The designated beneficiary of a share plan member who has died shall receive the accumulated total of the member's 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 pension plan shall receive the accumulated total of his or her share account balance. As of October 1, 2025, the date of the latest actuarial valuation, the balance of member share accounts was \$3,727,065.

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 8% of their annual covered salary. Pursuant to Chapter 185, 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 makes quarterly contributions to the Fund based on the greater of an actuarially determined employer contribution based on a percentage of covered payroll or the minimum percentage of 18% as specified by City Ordinance. Administrative costs of the Fund are financed through investment income.

The City may use up to \$280,000 in state monies annually, if received, to offset its funding obligation. Annual state monies in excess of \$280,000 are allocated to the share plan.

### 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).

**Notes To Financial Statements**

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

At September 30, 2025, the Fund had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>		<u>Fair Value</u>
	<u>(Moody's)</u>	<u>(S &amp; P)</u>	
Fixed income mutual funds	Not rated	Not rated	\$ 23,231,066
Equity securities	Not rated	Not rated	51,233,722
International equity securities	Not rated	Not rated	496,747
Commingled real estate funds	Not rated	Not rated	5,580,709
Total investments			<u>\$ 80,542,244</u>

**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:** At September 30, 2025, the Fund's total assets had \$496,747 of Common Stocks in foreign companies.

**Rate of Return:** For the year ended September 30, 2025, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.59%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Notes To Financial Statements

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

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 one 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.

Fair Value Measurements: The Fund has the following recurring fair value measurements, broken into the fair value hierarchy, as of September 30, 2025:

Investment	Fair Value	Fair Value Hierarchy		
		Level 1	Level 2	Level 3
Fixed income securities:				
Mutual funds - fixed income	\$ 23,231,066	\$ 23,231,066	\$ -	\$ -
Total fixed income securities	23,231,066	23,231,066	-	-
Commingled real estate funds	5,580,709	-	-	5,580,709
Equity investments:				
Common stock	13,476,056	13,476,056	-	-
Foreign stock	496,747	496,747	-	-
Mutual funds - equity	37,757,666	37,757,666	-	-
Total equity investments	51,730,469	51,730,469	-	-
Total investments at fair value level	\$ 80,542,244	\$ 74,961,535	\$ -	\$ 5,580,709

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 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, Police Officers' 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, 2025 were as follows:

Total pension liability	\$ 82,485,036
Plan fiduciary net position	(81,628,223)
City's net pension liability	<u>\$ 856,813</u>
Plan fiduciary net position as a percentage of the total pension liability	98.96%

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, 2024, updated to September 30, 2025, using the following actuarial assumptions:

Inflation	2.50%
Salary increases	Service based
Discount rate	7.00%
Investment rate of return	7.00%

*Mortality Rate Healthy Active Lives:*

Female: PubS-2010 for Employees.

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

*Mortality Rate Healthy Retiree Lives:*

Female: PubS-2010 for Healthy Retirees.

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

*Mortality Rate Beneficiary Lives:*

Female: PubG.H-2010 for Healthy Retirees.

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

*Mortality Rate Disabled Lives:*

Female: PubG.H-2010 for Disabled Retirees, set forward one year.

Male: PubG.H-2010 for Disabled Retirees.

All rates are projected generationally with Mortality Improvement Scale MP-2021.

**Notes To Financial Statements**

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

The most recent actuarial experience study used to review the other significant assumptions was dated September 9, 2021.

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, 2025, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	45%	7.5%
International equity	15%	8.5%
Intermediate fixed income	20%	2.5%
Global bond	5%	3.5%
Real estate	10%	4.5%
GTAA	5%	3.5%
Total	<u>100%</u>	

**Discount Rate.** The discount rate used to measure the total pension liability was 7.00%. 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.

**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 7.00%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<b>1% Decrease 6.00%</b>	<b>Current Discount Rate 7.00%</b>	<b>1% Increase 8.00%</b>
City's net pension liability	\$ 10,546,731	\$ 856,813	\$ (7,188,485)

**Notes To Financial Statements**

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

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, 2025 and the current sharing pattern of costs between employer and employee.

**NOTE 5. SUBSEQUENT EVENT**

The Fund has evaluated all subsequent events through March 3, 2026 the date the financial statements were available to be issued.

## **REQUIRED SUPPLEMENTARY INFORMATION**

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

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Total pension liability</b>										
Service cost	\$ 1,609,907	\$ 1,619,983	\$ 1,541,139	\$ 1,489,129	\$ 1,610,388	\$ 1,680,272	\$ 1,707,877	\$ 1,780,290	\$ 1,882,560	\$ 1,693,377
Interest on total pension liability	5,341,981	4,774,716	4,457,266	4,158,366	3,950,133	3,764,787	3,518,998	3,364,267	3,103,881	2,867,478
Change in excess state money	-	-	-	-	-	-	-	-	-	(688,670)
Share plan allocation	807,929	656,890	451,992	335,040	260,760	243,055	215,381	173,918	125,720	159,765
Changes of benefit terms	412,666	-	-	-	-	-	-	-	-	4,812
Differences between expected and actual experience	343,663	4,095,596	887,359	809,284	(367,528)	(607,594)	488,870	(582,492)	472,241	(860,314)
Changes of assumptions	716,603	-	-	-	2,796,088	602,053	565,173	528,699	569,256	782,433
Contributions - buyback	-	-	-	-	63,311	-	-	1,225	53,000	71,560
Benefit payments, including refunds of employee contributions	(2,903,675)	(3,162,920)	(2,600,297)	(2,547,375)	(2,512,541)	(2,294,330)	(2,793,475)	(2,329,700)	(1,827,860)	(1,878,394)
<b>Net change in total pension liability</b>	<b>6,329,074</b>	<b>7,984,265</b>	<b>4,737,459</b>	<b>4,244,444</b>	<b>5,800,611</b>	<b>3,388,243</b>	<b>3,702,824</b>	<b>2,936,207</b>	<b>4,378,798</b>	<b>2,152,047</b>
<b>Total pension liability, beginning</b>	<b>76,155,962</b>	<b>68,171,697</b>	<b>63,434,238</b>	<b>59,189,794</b>	<b>53,389,183</b>	<b>50,000,940</b>	<b>46,298,116</b>	<b>43,361,909</b>	<b>38,983,111</b>	<b>36,831,064</b>
<b>Total pension liability, ending</b>	<b>\$ 82,485,036</b>	<b>\$ 76,155,962</b>	<b>\$ 68,171,697</b>	<b>\$ 63,434,238</b>	<b>\$ 59,189,794</b>	<b>\$ 53,389,183</b>	<b>\$ 50,000,940</b>	<b>\$ 46,298,116</b>	<b>\$ 43,361,909</b>	<b>\$ 38,983,111</b>
<b>Plan fiduciary net position</b>										
Contributions, employer	\$ 2,160,904	\$ 1,676,225	\$ 1,440,691	\$ 1,486,663	\$ 1,671,015	\$ 1,943,746	\$ 1,969,588	\$ 2,045,282	\$ 1,831,771	\$ 2,270,516
Contributions, state	1,087,929	936,890	731,992	615,040	540,760	523,055	495,381	453,918	405,720	378,333
Contributions, employee	515,577	505,778	528,061	478,913	487,334	423,515	439,024	475,208	557,859	500,840
Net investment income (loss)	8,348,567	12,227,186	6,240,056	(9,157,447)	11,316,980	5,059,449	1,152,706	3,733,338	4,560,969	2,445,510
Benefit payments, including refunds of employee contributions	(2,903,675)	(3,162,920)	(2,600,297)	(2,547,375)	(2,512,541)	(2,296,002)	(2,793,475)	(2,329,700)	(1,827,860)	(1,880,377)
Administrative expenses	(112,580)	(114,768)	(83,491)	(84,954)	(87,890)	(107,897)	(109,655)	(91,943)	(70,413)	(78,881)
<b>Net change in plan fiduciary net position</b>	<b>9,096,722</b>	<b>12,068,391</b>	<b>6,257,012</b>	<b>(9,209,160)</b>	<b>11,415,658</b>	<b>5,545,866</b>	<b>1,153,569</b>	<b>4,286,103</b>	<b>5,458,046</b>	<b>3,635,941</b>
<b>Plan fiduciary net position, beginning</b>	<b>72,531,501</b>	<b>60,463,110</b>	<b>54,206,098</b>	<b>63,415,258</b>	<b>51,999,600</b>	<b>46,453,734</b>	<b>45,300,165</b>	<b>41,014,062</b>	<b>35,556,016</b>	<b>31,920,075</b>
<b>Plan fiduciary net position, ending</b>	<b>\$ 81,628,223</b>	<b>\$ 72,531,501</b>	<b>\$ 60,463,110</b>	<b>\$ 54,206,098</b>	<b>\$ 63,415,258</b>	<b>\$ 51,999,600</b>	<b>\$ 46,453,734</b>	<b>\$ 45,300,165</b>	<b>\$ 41,014,062</b>	<b>\$ 35,556,016</b>
<b>Net pension liability, ending</b>	<b>\$ 856,813</b>	<b>\$ 3,624,461</b>	<b>\$ 7,708,587</b>	<b>\$ 9,228,140</b>	<b>\$ (4,225,464)</b>	<b>\$ 1,389,583</b>	<b>\$ 3,547,206</b>	<b>\$ 997,951</b>	<b>\$ 2,347,847</b>	<b>\$ 3,427,095</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	98.96%	95.24%	88.69%	85.45%	107.14%	97.40%	92.91%	97.84%	94.59%	91.21%
<b>Covered payroll</b>	\$ 6,448,971	\$ 6,322,219	\$ 6,600,772	\$ 5,986,423	\$ 5,292,794	\$ 5,301,467	\$ 5,487,798	\$ 5,940,108	\$ 6,310,736	\$ 6,260,499
<b>City's net pension liability as a percentage of covered payroll</b>	13.29%	57.33%	116.78%	154.15%	-79.83%	26.21%	64.64%	16.80%	37.20%	54.74%

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

## SCHEDULE OF CONTRIBUTIONS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 2,440,904	\$ 1,956,225	\$ 1,720,691	\$ 1,766,663	\$ 1,951,015	\$ 2,223,746	\$ 2,249,588	\$ 2,325,282	\$ 2,111,771	\$ 2,449,745
From excess state monies reserve	-	-	-	-	-	-	-	-	-	528,906
Contributions in relation to the actuarially determined contributions	2,440,904	1,956,225	1,720,691	1,766,663	1,951,015	2,223,746	2,249,588	2,325,282	2,111,771	2,550,516
Contribution excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (629,677)
Covered payroll	\$ 6,448,917	\$ 6,322,219	\$ 6,600,772	\$ 5,986,423	\$ 5,292,794	\$ 5,301,467	\$ 5,293,941	\$ 5,940,108	\$ 6,310,736	\$ 6,260,499
Contributions as a percentage of covered payroll	37.85%	30.94%	26.07%	29.51%	36.86%	41.95%	42.49%	39.15%	33.46%	40.74%

Valuation Date: October 1, 2023

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 Rate:  
*Healthy Active Lives:*  
 Female: PubS.H-2010 for Employees, set forward one year.  
 Male: PubS.H-2010 for Employees, set forward one year.  
*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.  
*Beneficiary Lives:*  
 Female: PubG.H-2010 for Healthy Retirees.  
 Male: PubG.H-2010 for Healthy Retirees, set back one year.  
*Disabled Lives:*  
 7.00% per year compounded annually, net of investment related expenses.  
 Payroll Growth: 0.0% per year.  
 Salary Increases:

Service	Increase
<5	10%
9-May	6.5%
10+	4.5%

Final Year Salary Load: Projected salary at retirement is increased 20% to account for non-regular compensation (no load for Members hired after January 1, 2012).  
 Normal Retirement: Immediated upon first eligibility.  
 Disability rates: See table below. It is assumed that 75% of disablements are service related.  
 Termination rates: See table below.  
 Early Retirement: Commencing with attainment of Early Retirement Status (age 45 with 10 years of service). Members are assumed to retire with an immediate subsidized benefit at the rate of 15% per year.

Disability rate table:

Age	% Becoming Disabled During the Year
20	0.14%
25	0.15%
30	0.18%
35	0.23%
40	0.30%
45	0.51%
50	1.00%
55	1.55%
59+	2.09%

Termination rate table:

Service	Assumed Rate
<1	24.0%
1-4	6.0%
5-19	3.0%
20+	0.0%

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

## SCHEDULE OF PENSION INVESTMENT RETURNS

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	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Annual money-weighted rate of return, net of investment expenses for the City's pension plan	11.59%	20.45%	11.62%	-14.54%	21.93%	10.94%	2.55%	9.13%	12.74%	7.41%

## **OTHER SUPPLEMENTARY INFORMATION**

City of North Port, Florida  
Police Officers' Pension–Local Option Trust Fund

**SCHEDULE OF ADMINISTRATIVE AND INVESTMENT EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

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**Administrative Expenses**

Accounting services	\$	11,900
Actuarial services		36,037
Administrative services		30,462
Insurance		2,299
Legal services		18,161
Miscellaneous expenses		13,721
Total administrative expenses	\$	<u>112,580</u>

**Investment Expenses**

Custodial fees	\$	41,726
Investment management fees		44,955
Performance monitoring fees		25,000
Total investment expenses	\$	<u>111,681</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*

**Board of Trustees  
City of North Port, Florida  
Police Officers' 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, Police Officers' Pension-Local Option Trust Fund (the "Fund") as of and for the year ended September 30, 2025, and the related notes to the financial statements, and have issued our report thereon dated March 3, 2026.

## **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.

## 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.

Bradenton, Florida  
March 3, 2026

