

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

SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2023 VALUATION DATE



April 16, 2024

VIA E-MAIL

Ms. Ferrell Jenne, Lead Plan Administrator
City of North Port Firefighters' Pension - Local Option Trust Fund
2503 Del Prado Blvd. S., Suite 502
Cape Coral, FL 33904

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

Dear Ferrell:

Please find enclosed the annual disclosures that satisfy the October 1, 2023 financial reporting requirements made under Section 112.664.

Our office will submit this information electronically to the Department of Management Services. However, it is important for you to be aware that this report must also be made available on the Plan or Plan Sponsor's website, if such website exists. A deadline for this website publication is not made clear in the law.


In addition to the enclosed report, the Plan or Plan Sponsor's website must provide a link to the Division of Retirement's Actuarial Summary Fact Sheet for the Plan, and also report the previous five years' assumed and actual rates of return, along with their respective asset allocations. The Board should contact its Investment Consultant for this information.

With respect to the reporting standards for defined benefit retirement plans or systems contained in Section 112.664(1), F.S., the actuarial disclosures required under this section were prepared and completed by me or under my direct supervision and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, meet the requirements of Section 112.664(1), Florida Statutes, and Rule 60T-1.0035, Florida Administrative Code.

If there are any questions, concerns, or comments about any of the items contained in this report, please feel free to contact me.

Respectfully submitted,

Foster & Foster, Inc.

By: 

Douglas H. Lozen, EA, MAAA
Enrolled Actuary #23-7778

Enclosures

cc via email: Paul Donnelly, Board Attorney

When reviewing the following schedules, please note the following:

- 1) The purpose of producing this report is solely to satisfy the requirements set forth by Section 112.664, Florida Statutes, and is mandatory for every Florida public pension fund, excluding the Florida Retirement System (FRS).
- 2) None of the schedules shown have any impact on the funding requirements of the Plan. These schedules are for statutory compliance purposes only.
- 3) In the schedules that follow, the columns labeled “ACTUAL” represent the final recorded GASB 67/68 results. The columns labeled “HYPOTHETICAL” illustrate what the results would have been if different assumptions were used.
- 4) It is our opinion that the Plan’s actual assumptions utilized in the October 1, 2023 Actuarial Valuation Report, as adopted by the Board of Trustees, are reasonable individually and in the aggregate, and represent our best estimate of future Plan experience.
- 5) The “Number of Years Expected Benefit Payments Sustained” calculated in Section II: Asset Sustainability should not be interpreted as the number of years the Plan has left until it is insolvent. This calculation is required by 112.664, Florida Statutes, but the numeric result is irrelevant, since in its calculation we are to assume there will be no further contributions to the Fund. As long as the Actuarially Determined Contribution is made each year the Plan will never become insolvent.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY
FISCAL YEAR SEPTEMBER 30, 2023

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Discount Rate:	6.75%	4.75%
<u>Total Pension Liability</u>		
Service Cost	837,252	1,389,390
Interest	4,528,332	4,197,313
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	(1,440,981)	(1,453,029)
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(2,239,265)	(2,239,265)
Net Change in Total Pension Liability	1,685,338	1,894,409
Total Pension Liability - Beginning	67,368,778	88,094,721
Total Pension Liability - Ending (a)	<u>\$ 69,054,116</u>	<u>\$ 89,989,130</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	684,786	684,786
Contributions - State	368,570	368,570
Contributions - Employee	403,263	403,263
Net Investment Income	5,257,258	5,257,258
Benefit Payments, Including Refunds of Employee Contributions	(2,239,265)	(2,239,265)
Administrative Expenses	(87,577)	(87,577)
Net Change in Plan Fiduciary Net Position	4,387,035	4,387,035
Plan Fiduciary Net Position - Beginning	54,354,227	54,354,227
Plan Fiduciary Net Position - Ending (b)	<u>\$ 58,741,262</u>	<u>\$ 58,741,262</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 10,312,854</u>	<u>\$ 31,247,868</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: Discount Rate = 6.75%

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2023	58,741,262	-	5,080,673	-	3,793,562	57,454,151
2024	57,454,151	-	2,912,986	-	3,779,842	58,321,007
2025	58,321,007	-	3,146,336	-	3,830,479	59,005,150
2026	59,005,150	-	3,393,100	-	3,868,331	59,480,381
2027	59,480,381	-	3,532,116	-	3,895,717	59,843,982
2028	59,843,982	-	3,716,231	-	3,914,046	60,041,797
2029	60,041,797	-	3,863,815	-	3,922,418	60,100,400
2030	60,100,400	-	4,067,438	-	3,919,501	59,952,463
2031	59,952,463	-	4,246,769	-	3,903,463	59,609,157
2032	59,609,157	-	4,424,877	-	3,874,278	59,058,558
2033	59,058,558	-	4,624,592	-	3,830,373	58,264,339
2034	58,264,339	-	4,916,221	-	3,766,920	57,115,038
2035	57,115,038	-	4,998,334	-	3,686,571	55,803,275
2036	55,803,275	-	5,093,135	-	3,594,828	54,304,968
2037	54,304,968	-	5,164,464	-	3,491,285	52,631,789
2038	52,631,789	-	5,186,468	-	3,377,602	50,822,923
2039	50,822,923	-	5,190,124	-	3,255,381	48,888,180
2040	48,888,180	-	5,160,349	-	3,125,790	46,853,621
2041	46,853,621	-	5,126,400	-	2,989,603	44,716,824
2042	44,716,824	-	5,085,092	-	2,846,764	42,478,496
2043	42,478,496	-	5,033,072	-	2,697,432	40,142,856
2044	40,142,856	-	4,965,105	-	2,542,070	37,719,821
2045	37,719,821	-	4,892,159	-	2,380,978	35,208,640
2046	35,208,640	-	4,804,395	-	2,214,435	32,618,680
2047	32,618,680	-	4,702,084	-	2,043,066	29,959,662
2048	29,959,662	-	4,591,913	-	1,867,300	27,235,049
2049	27,235,049	-	4,466,961	-	1,687,606	24,455,694
2050	24,455,694	-	4,333,908	-	1,504,490	21,626,276
2051	21,626,276	-	4,191,551	-	1,318,309	18,753,034
2052	18,753,034	-	4,039,139	-	1,129,509	15,843,404
2053	15,843,404	-	3,880,367	-	938,467	12,901,504
2054	12,901,504	-	3,715,765	-	745,444	9,931,183
2055	9,931,183	-	3,546,001	-	550,677	6,935,859
2056	6,935,859	-	3,371,856	-	354,370	3,918,373
2057	3,918,373	-	3,194,230	-	156,685	880,828
2058	880,828	-	3,014,129	-	-	-

*All DROP and Share Balances paid in 2023.

Number of Years Expected Benefit Payments Sustained: 35.29

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 6.75% interest.

It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent. Furthermore, State and local laws mandate that the Actuarially Determined Contribution be made each year.

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 2
Hypothetical Assumptions: Discount Rate = 4.75%

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2023	58,741,262	-	5,080,673	-	2,669,544	56,330,133
2024	56,330,133	-	2,912,986	-	2,606,498	56,023,645
2025	56,023,645	-	3,146,336	-	2,586,398	55,463,707
2026	55,463,707	-	3,393,100	-	2,553,940	54,624,547
2027	54,624,547	-	3,532,116	-	2,510,778	53,603,209
2028	53,603,209	-	3,716,231	-	2,457,892	52,344,870
2029	52,344,870	-	3,863,815	-	2,394,616	50,875,671
2030	50,875,671	-	4,067,438	-	2,319,993	49,128,226
2031	49,128,226	-	4,246,769	-	2,232,730	47,114,187
2032	47,114,187	-	4,424,877	-	2,132,833	44,822,143
2033	44,822,143	-	4,624,592	-	2,019,218	42,216,769
2034	42,216,769	-	4,916,221	-	1,888,536	39,189,084
2035	39,189,084	-	4,998,334	-	1,742,771	35,933,521
2036	35,933,521	-	5,093,135	-	1,585,880	32,426,266
2037	32,426,266	-	5,164,464	-	1,417,592	28,679,394
2038	28,679,394	-	5,186,468	-	1,239,093	24,732,019
2039	24,732,019	-	5,190,124	-	1,051,505	20,593,400
2040	20,593,400	-	5,160,349	-	855,628	16,288,679
2041	16,288,679	-	5,126,400	-	651,960	11,814,239
2042	11,814,239	-	5,085,092	-	440,405	7,169,552
2043	7,169,552	-	5,033,072	-	221,018	2,357,498
2044	2,357,498	-	4,965,105	-	-	-

*All DROP and Share Balances paid in 2023.

Number of Years Expected Benefit Payments Sustained: 21.47

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 4.75% interest.

It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent. Furthermore, State and local laws mandate that the Actuarially Determined Contribution be made each year.

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2025

Valuation Date: 10/1/2023

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Investment Rate of Return:	6.75%	4.75%
Minimum Required Contribution (Fixed \$)	\$1,804,693	\$3,652,935
Minimum Required Contribution (% of Payroll)	49.81%	100.82%
Expected Member Contribution	397,024	393,184
Expected State Money	250,000	250,000
Expected Sponsor Contribution (Fixed \$)	\$1,157,669	\$3,009,751
Expected Sponsor Contribution (% of Payroll)	31.95%	82.97%

ASSETS

Actuarial Value ¹	62,506,118	62,506,118
Market Value ¹	58,741,262	58,741,262

LIABILITIES

Present Value of Benefits		
Actives		
Retirement Benefits	25,254,246	37,027,553
Disability Benefits	223,270	298,234
Death Benefits	103,212	125,239
Vested Benefits	4,980,451	7,608,679
Refund of Contributions	0	0
Service Retirees	25,758,918	31,804,391
DROP Retirees ¹	8,389,980	10,618,194
Beneficiaries	1,337,483	1,688,327
Disability Retirees	2,092,095	2,638,024
Terminated Vested	4,992,004	6,905,556
Share Plan Balances ¹	1,762,868	1,762,868
Total:	<u>74,894,527</u>	<u>100,477,065</u>
Present Value of Future Salaries	22,804,164	24,679,974
Present Value of Future Member Contributions	2,417,241	2,616,077
Total Normal Cost	690,919	1,204,188
Present Value of Future Normal Costs (Entry Age Normal)	4,291,752	8,245,931
Total Actuarial Accrued Liability (EAN) ¹	70,602,775	92,231,134
Unfunded Actuarial Accrued Liability (UAAL)	8,096,657	29,725,016

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2025

Valuation Date: 10/1/2023

	ACTUAL	HYPOTHETICAL
Investment Rate of Return:	6.75%	4.75%
<u>PENSION COST</u>		
Normal Cost ²	750,878	1,296,029
Administrative Expenses ²	93,675	92,769
Payment Required To Amortize UAAL ²	960,140	2,264,137
Minimum Required Contribution	\$1,804,693	\$3,652,935

¹ The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2023.

² Contributions developed as of 10/1/2023 displayed above have been adjusted to account for assumed salary increase and interest components.