

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

GASB DISCLOSURE INFORMATION  
STATEMENTS 67/68  
MEASUREMENT DATE: SEPTEMBER 30, 2024

GASB 68 REPORTING  
AS OF SEPTEMBER 30, 2025



**FOSTER & FOSTER**  
ACTUARIES AND CONSULTANTS



January 16, 2025

Board of Trustees  
City of North Port  
Police Officers' Pension Board

RE: GASB statements 67/68 – City of North Port Police Officers' Pension – Local Option Trust Fund

Dear Board:

We are pleased to present this report of the GASB statements 67/68 measured as of September 30, 2024 for the City of North Port Police Officers' Pension – Local Option Trust Fund.

The calculation of the liability associated with the benefits referenced in this report was performed to satisfy the requirements of GASB 67/68 and is not applicable for other purposes, such as determining the plan's funding requirements. Use of the results for other purposes may not be applicable and may produce significantly different results.

The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on an actuarial valuation performed as of October 1, 2023. The total pension liability was rolled forward from the valuation date to the plan's fiscal year ending September 30, 2024 using generally accepted actuarial principles. It is our opinion that the assumptions used for this purpose are internally consistent, reasonable, and comply with the requirements under GASB 67/68.


In conducting the valuation, we have relied on personnel and plan design information supplied by the City and asset information supplied by the custodian bank. The actuarial assumptions and methods are described in the Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

In performing the analysis, we used third-party software to model (calculate) the underlying liabilities and costs. These results are reviewed in the aggregate and for individual sample lives. The output from the software is either used directly or input into internally developed models to generate the costs. All internally developed models are reviewed as part of the process. As a result of this review, we believe that the models have produced reasonable results. We do not believe there are any material inconsistencies among assumptions or unreasonable output produced due to the aggregation of assumptions.

To the best of our knowledge, these statements are complete and accurate and are in accordance with generally recognized actuarial practices and methods. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations. Due to the limited scope of the valuation, we did not perform an analysis of the potential range of such future measurements.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact us at (239) 433-5500.

Respectfully submitted,  
Foster & Foster, Inc.



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

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## I. SUMMARY

Valuation Date	10/01/2023	10/01/2022
GASB 67/68 Measurement Date	09/30/2024	09/30/2023
GASB 68 Reporting Date	09/30/2025	09/30/2024
<b>Plan Membership</b>		
Inactives Currently Receiving Benefits	54	52
Inactives Not Yet Receiving Benefits	23	23
Active Plan Members	<u>52</u>	<u>55</u>
Total	129	130
Covered Payroll	\$ 6,322,219	\$ 6,600,772
<b>Net Pension Liability/(Asset)</b>		
Total Pension Liability	\$ 76,155,962	\$ 68,171,697
Plan Fiduciary Net Position	<u>72,531,501</u>	<u>60,463,110</u>
Net Pension Liability/(Asset)	\$ 3,624,461	\$ 7,708,587
<b>Plan Fiduciary Net Position</b>		
As a % of Total Pension Liability	95.24%	88.69%
<b>Net Pension Liability/(Asset)</b>		
As a % of Covered Payroll	57.33%	116.78%
Total Pension Expense/(Income)	\$ 3,722,035	\$ 4,398,154
<b>Development of Single Discount Rate</b>		
Single Discount Rate	7.00%	7.00%
Long-Term Expected Rate of Return	7.00%	7.00%
High-quality Municipal Bond Rate	4.06%	4.87%
Number of Years Future Benefit Payments Are Expected to be Paid	All Years	All Years

## II. FIDUCIARY NET POSITION

STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2024

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Short Term Investments	507,196
Prepaid Expenses	3,364
Cash	168
Total Cash and Equivalents	510,728
Receivables:	
Member Contributions in Transit	17,315
City Contributions in Transit	419,056
From Firefighters' Trust Fund	10,200
Investment Income	44,787
Total Receivables	491,358
Investments:	
Stocks	13,367,808
Mutual Funds:	
Fixed Income	21,212,121
Equity	31,425,643
Pooled/Common/Commingled Funds:	
Real Estate	5,559,469
Total Investments	71,565,041
Total Assets	72,567,127
<u>LIABILITIES</u>	
Payables:	
Investment Expenses	31,012
Administrative Expenses	4,614
Total Liabilities	35,626
NET POSITION RESTRICTED FOR PENSIONS	72,531,501

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2024  
Market Value Basis

ADDITIONS

Contributions:

Member	505,778
City	1,676,225
State	936,890

Total Contributions	3,118,893
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Investment Income:

Net Increase in Fair Value of Investments	10,463,275
Interest & Dividends	1,882,322
Less Investment Expense <sup>1</sup>	(118,411)

Net Investment Income	12,227,186
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Total Additions	15,346,079
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DEDUCTIONS

Distributions to Members:

Benefit Payments	2,532,728
Lump Sum DROP Distributions	387,728
Lump Sum Share Distributions	177,338
Lump Sum PLOP Distributions	65,126
Refunds of Member Contributions	0

Total Distributions	3,162,920
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Administrative Expense	114,768
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Total Deductions	3,277,688
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Net Increase in Net Position	12,068,391
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NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year	60,463,110
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End of the Year	72,531,501
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<sup>1</sup> Investment related expenses include investment advisory, custodial and performance monitoring fees.



### III. GASB EXHIBITS

# SCHEDULE OF CHANGES IN NET PENSION LIABILITY

GASB 67/68 Measurement Date	09/30/2024	09/30/2023	09/30/2022
GASB 68 Reporting Period Ending	09/30/2025	09/30/2024	09/30/2023
Total Pension Liability			
Service Cost	1,619,983	1,541,139	1,489,129
Interest	4,774,716	4,457,266	4,158,366
Share Plan Allocation	656,890	451,992	335,040
Changes in Benefit Terms	0	0	0
Experience Gains/Losses	4,095,596	887,359	809,284
Changes of Assumptions	0	0	0
Benefit Payments	(3,162,920)	(2,600,297)	(2,547,375)
Net Change in Total Pension Liability	7,984,265	4,737,459	4,244,444
Total Pension Liability – Beginning	68,171,697	63,434,238	59,189,794
Total Pension Liability – Ending (a)	\$ 76,155,962	\$ 68,171,697	\$ 63,434,238
Plan Fiduciary Net Position			
Contributions – Employer	1,676,225	1,440,691	1,486,663
Contributions – State	936,890	731,992	615,040
Contributions – Employee	505,778	528,061	478,914
Net Investment Income	12,227,186	6,240,056	(9,157,448)
Benefit Payments	(3,162,920)	(2,600,297)	(2,547,375)
Administrative Expense	(114,768)	(83,491)	(84,955)
Other	0	0	0
Net Change in Plan Fiduciary Net Position	12,068,391	6,257,012	(9,209,161)
Plan Fiduciary Net Position – Beginning	60,463,110	54,206,098	63,415,259
Adjustment to beginning of year	0	0	0
Plan Fiduciary Net Position – Ending (b)	\$ 72,531,501	\$ 60,463,110	\$ 54,206,098
Net Pension Liability – Ending (a) – (b)	\$ 3,624,461	\$ 7,708,587	\$ 9,228,140
Plan Fiduciary Net Position			
As % of Total Pension Liability	95.24%	88.69%	85.45%
Covered Payroll	\$ 6,322,219	\$ 6,600,772	\$ 5,986,423
Net Pension Liability			
As % of Covered Payroll	57.33%	116.78%	154.15%

## SENSITIVITY TO CHANGES IN DISCOUNT RATE

GASB 67/68 Measurement Date	09/30/2024	09/30/2023
GASB 68 Reporting Date	09/30/2025	09/30/2024
Discount Rate	7.00%	7.00%
+ 1% Discount Rate	8.00%	8.00%
- 1% Discount Rate	6.00%	6.00%
Sponsor's Net Pension Liability		
Current Discount Rate	\$ 3,624,461	\$ 7,708,587
1% Increase in Discount Rate	(3,986,570)	882,836
1% Decrease in Discount Rate	12,795,626	15,936,663

FINAL PENSION EXPENSE  
YEAR-END SEPTEMBER 30, 2024

For the year ended September 30, 2024, the Sponsor will recognize a Pension Expense/(Income) of \$4,398,154. Below is a summary of the components of the Pension expense.

Fiscal Year End	09/30/2024
Beginning of Measurement Period	10/01/2022
End of Measurement Period	09/30/2023
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Service Cost	\$ 1,541,139
Interest on Total Pension Liability	4,457,266
Share Plan Allocation	451,992
Changes in Benefit Terms	0
Contributions – Employee	(528,061)
Projected Earnings on Investments	(3,795,020)
Administrative Expenses	83,491
Recognition of deferred outflows/(inflows)	
Experience Gains/Losses	352,101
Assumption Changes	962,570
Investment Returns	872,676
Total Pension Expense	<hr/> 4,398,154

FINAL PENSION DEFERRED OUTFLOWS/INFLOWS  
YEAR-END SEPTEMBER 30, 2024

On September 30, 2024, the Sponsor reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	996,214	91,882
Changes of assumptions	699,022	0
Net difference between projected and actual earnings on pension plan investments	2,890,547	0
Employer and State contributions subsequent to the measurement date	<u>2,613,115</u>	<u>0</u>
Total	\$ 7,198,898	\$ 91,882

The outcome of the deferred outflows of resources related to pensions resulting from Employer and State contributions subsequent to the measurement date has been recognized as a reduction of the Net Pension Liability in the year ended September 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year-ended September 30:

2025	\$ 1,523,184
2026	\$ 1,229,790
2027	\$ 2,229,934
2028	\$ (489,007)
2029	\$ 0
Thereafter	\$ 0

PRELIMINARY PENSION EXPENSE  
YEAR-END SEPTEMBER 30, 2025

For the year ended September 30, 2025, the Sponsor will recognize a Pension Expense/(Income) of \$3,722,035. Below is a summary of the components of the Pension expense.

Fiscal Year End	09/30/2025
Beginning of Measurement Period	10/01/2023
End of Measurement Period	09/30/2024
<hr/>	
Service Cost	\$ 1,619,983
Interest on Total Pension Liability	4,774,716
Share Plan Allocation	656,890
Changes in Benefit Terms	0
Contributions – Employee	(505,778)
Projected Earnings on Investments	(4,226,860)
Administrative Expenses	114,768
Recognition of deferred outflows/(inflows)	
Experience Gains/Losses	1,771,423
Assumption Changes	699,022
Investment Returns	(1,182,129)
Total Pension Expense	<hr/> 3,722,035

PRELIMINARY PENSION DEFERRED OUTFLOWS/INFLOWS  
YEAR-END SEPTEMBER 30, 2025

On September 30, 2025, the Sponsor reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	3,228,505	0
Changes of assumptions	0	0
Net difference between projected and actual earnings on pension plan investments	0	3,927,650
Employer and State contributions subsequent to the measurement date	TBD	0
Total	\$ TBD	\$ 3,927,650

The outcome of the deferred outflows of resources related to pensions resulting from Employer and State contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended September 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year-ended September 30:

2026	\$ 994,924
2027	\$ 1,995,068
2028	\$ (2,089,072)
2029	\$ (1,600,065)
2030	\$ 0
Thereafter	\$ 0

#### IV. SUPPLEMENTARY GASB 68 EXPENSE DETAIL



# AMORTIZATION SCHEDULE – EXPERIENCE

Year		Initial Base	Recognition Period		2024		2025		2026		2027		2028		Thereafter
2024	\$	4,095,596	3	\$	0	\$	1,365,198	\$	1,365,199	\$	1,365,199	\$	0	\$	0
2023		887,359	3		295,787		295,786		295,786		0		0		0
2022		809,284	4		202,321		202,321		202,321		0		0		0
2021		(367,528)	4		(91,882)		(91,882)		0		0		0		0
2020		(607,594)	4		(151,899)		0		0		0		0		0
2019		488,870	5		97,774		0		0		0		0		0
Net Increase (Decrease) in Pension Expense				\$	352,101	\$	1,771,423	\$	1,863,306	\$	1,365,199	\$	0	\$	0

# AMORTIZATION SCHEDULE – CHANGES OF ASSUMPTIONS

Year	Initial Base	Recognition Period	2024	2025	2026	2027	2028	Thereafter
2021	\$ 2,796,088	4	\$ 699,022	\$ 699,022	\$ 0	\$ 0	\$ 0	0
2020	602,053	4	150,513	0	0	0	0	0
2019	565,173	5	113,035	0	0	0	0	0
Net Increase (Decrease) in Pension Expense			\$ 962,570	\$ 699,022	\$ 0	\$ 0	\$ 0	0

# AMORTIZATION SCHEDULE – INVESTMENTS

Year		Initial Base	Recognition Period		2024		2025		2026		2027		2028		Thereafter
2024	\$	(8,000,326)	5	\$	0	\$	(1,600,066)	\$	(1,600,065)	\$	(1,600,065)	\$	(1,600,065)	\$	(1,600,065)
2023		(2,445,036)	5		(489,008)		(489,007)		(489,007)		(489,007)		(489,007)		0
2022		13,594,706	5		2,718,941		2,718,941		2,718,941		2,718,941		0		0
2021		(7,491,256)	5		(1,498,251)		(1,498,251)		(1,498,251)		0		0		0
2020		(1,568,728)	5		(313,746)		(313,746)		0		0		0		0
2019		2,273,700	5		454,740		0		0		0		0		0
Net Increase (Decrease) in Pension Expense				\$	872,676	\$	(1,182,129)	\$	(868,382)	\$	629,869	\$	(2,089,072)	\$	(1,600,065)

## V. ADDITIONAL INFORMATION

## SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contrib. as % of Covered Payroll
09/30/2024	\$ 1,956,225	\$ 1,956,225	\$ 0	\$ 6,322,219	30.94%
09/30/2023	\$ 1,720,691	\$ 1,720,691	\$ 0	\$ 6,600,772	26.07%

The following assumptions were used to determine the Actuarially Determined Contribution for the fiscal year ended September 30, 2024:

Calculation Timing	The Actuarially Determined Contribution is calculated using a October 1, 2022 valuation date.
Interest Rate	7.00%
Assumptions	All other assumptions and methods used for determining the Actuarially Determined Contribution can be found in the October 1, 2022 Actuarial Valuation Report for the City of North Port Police Officers' Pension – Local Option Trust Fund prepared by Foster & Foster Actuaries and Consultants.

## INVESTMENT DISCLOSURES

### *Schedule of Investment Returns*

For the year ended September 30, 2024, the annual money-weighted return on Pension Plan investments, net of pension plan investment expense, was 20.45 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Fiscal Year Ended	Annual Money-Weighted Rate of Return
	Net of Investment Expense
09/30/2024	20.45%
09/30/2023	11.62%

### *Support for Long-Term Expected Rate of Return*

The Long-Term Expected Rate of Return on Pension Plan investments can be 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 the Long-Term Expected Rate of Return by weighting the expected future real rates of return by 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 adopted as of September 30, 2024, as provided by Mariner, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	45.00%	7.50%
International Equity	15.00%	8.50%
Intermediate Fixed Income	20.00%	2.50%
Global Bond	5.00%	3.50%
Real Estate	10.00%	4.50%
GTAA	5.00%	3.50%
Total	100.00%	

Inflation rate of investment advisor 2.50%

### *Concentrations*

The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan's fiduciary net position.

## ASSUMPTIONS

Valuation Date	October 1, 2023
GASB 67/68 Measurement Date	September 30, 2024
GASB 68 Reporting Date	September 30, 2025
Discount Rate	7.00%
Long-Term Rate of Return	7.00%
Cost Method	Entry Age Normal
Latest Experience Study Date	September 9, 2021
Mortality	
<i>Healthy Active Lives:</i>	PubS.H-2010 for Employees, set forward one year.
<i>Healthy Retiree Lives:</i>	PubS.H-2010 for Healthy Retirees, set forward one year.
<i>Beneficiary Lives:</i>	Female: PubG.H-2010 for Healthy Retirees. Male: PubG.H-2010 for Healthy Retirees, set back one year.
<i>Disabled Lives:</i>	80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.
	All rates for healthy lives are projected generationally with Mortality Improvement Scale MP-2018.
	The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2021 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics.
	75% of active deaths are assumed to be service-incurred.
Salary Scale	Service based
Inflation	2.50%

A summary of other assumptions reflected in the valuation can be found in the October 1, 2023 Actuarial Valuation Report for the City of North Port Police Officers' Pension – Local Option Trust Fund prepared by Foster & Foster Actuaries and Consultants.

### *Changes in Assumptions*

Total Pension Liability as of the September 30, 2024 measurement date reflects no assumption changes.

### *Development of the Discount Rate*

The projection of cash flows used to determine the Discount Rate assumed that current 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 (7.00 percent) was applied to all periods of projected benefit payments to determine the Total Pension Liability.

No projected benefit payments were discounted using a high-quality municipal bond rate of 4.06 percent. The high-quality municipal bond rate was based on the daily rate closest to, but not later than the measurement date of the S&P Municipal Bond 20-Year High Grade Rate Index.

The single equivalent Discount Rate was 7.00 percent.



## SUMMARY OF CURRENT PLAN

### Plan Description

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of:

- a. Two City residents appointed by the City Commission,
- b. Two Police Officers elected by a majority of Police Officers,
- c. Fifth Member elected by the Board and appointed (as a ministerial duty) by the City Commission.

Each person employed by the City Police Department as a full-time Police Officer before March 1, 2016 elected to continue to be a Member of the plan or to participate in the Florida Retirement System (FRS). All Police Officers hired on or after March 1, 2016 shall be compulsory members of the FRS and shall not be eligible for membership in this system. This system shall be closed to new members effective March 1, 2016. All remaining eligible Police Officers are therefore eligible for all plan benefits as provided for in the plan document and by applicable law.

### Benefits Provided

The Plan provides retirement, termination, disability and death benefits.

A summary of the benefit provisions can be found in the Actuarial Valuation as of October 1, 2023 for the City of North Port Police Officers' Pension – Local Option Trust Fund prepared by Foster & Foster Actuaries and Consultants.

### Benefit Changes

No benefit changes have been reflected since the prior year.

### Deferred Retirement Option Program

Eligibility:	Satisfaction of Normal Retirement requirements (earlier of 1) Age 55 and 10 years of Credited Service, or 2) the completion of 25 years of Credited Service, regardless of age).
Participation:	Not to exceed 36 months.
Rate of return:	Actual net rate of investment return (total return net of brokerage commissions, management fees, and transaction costs) credited each fiscal quarter.
DROP balance:	The DROP balance as of September 30, 2024 is \$323,268.