

CITY OF LYNN HAVEN
GENERAL EMPLOYEES' RETIREMENT SYSTEM

SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2020 VALUATION DATE



May 19, 2021

VIA E-MAIL

Ms. Lauren Boatwright, Trust Manager
Trustmark National Bank
227 Belleville Avenue
Brewton, AL 36426

Re: City of Lynn Haven General Employees' Retirement System
Section 112.664, Florida Statutes Compliance

Dear Lauren:

Please find enclosed the annual disclosures that satisfy the October 1, 2020 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: 
Drew D. Ballard, EA, MAAA
Enrolled Actuary #20-8193

Enclosures

cc via email: Stu Kaufman, 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, 2020 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, 2020

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Discount Rate:	7.50%	5.50%
<u>Total Pension Liability</u>		
Service Cost	626,056	929,948
Interest	1,556,713	1,435,621
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	178,695	205,348
Changes of Assumptions	(48,567)	(95,985)
Contributions - Buy Back	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,576,564)	(1,576,564)
Net Change in Total Pension Liability	736,333	898,368
Total Pension Liability - Beginning	20,918,399	25,960,529
Total Pension Liability - Ending (a)	<u>\$ 21,654,732</u>	<u>\$ 26,858,897</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	745,042	745,042
Contributions - Employee	221,497	221,497
Net Investment Income	1,522,268	1,522,268
Benefit Payments, Including Refunds of Employee Contributions	(1,576,564)	(1,576,564)
Administrative Expenses	(39,040)	(39,040)
Net Change in Plan Fiduciary Net Position	873,203	873,203
Plan Fiduciary Net Position - Beginning	18,583,722	18,583,722
Plan Fiduciary Net Position - Ending (b)	<u>\$ 19,456,925</u>	<u>\$ 19,456,925</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 2,197,807</u>	<u>\$ 7,401,972</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: Discount Rate = 7.50%

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
2020	19,454,203	-	1,538,244	-	1,401,381	19,317,340
2021	19,317,340	-	1,343,881	-	1,398,405	19,371,864
2022	19,371,864	-	1,398,285	-	1,400,454	19,374,033
2023	19,374,033	-	1,460,999	-	1,398,265	19,311,299
2024	19,311,299	-	1,530,212	-	1,390,964	19,172,051
2025	19,172,051	-	1,565,184	-	1,379,209	18,986,076
2026	18,986,076	-	1,591,234	-	1,364,284	18,759,126
2027	18,759,126	-	1,622,835	-	1,346,078	18,482,369
2028	18,482,369	-	1,637,956	-	1,324,754	18,169,167
2029	18,169,167	-	1,657,804	-	1,300,520	17,811,883
2030	17,811,883	-	1,655,688	-	1,273,803	17,429,998
2031	17,429,998	-	1,657,036	-	1,245,111	17,018,073
2032	17,018,073	-	1,665,229	-	1,213,909	16,566,753
2033	16,566,753	-	1,655,396	-	1,180,429	16,091,786
2034	16,091,786	-	1,641,044	-	1,145,345	15,596,087
2035	15,596,087	-	1,621,903	-	1,108,885	15,083,069
2036	15,083,069	-	1,594,355	-	1,071,442	14,560,156
2037	14,560,156	-	1,562,488	-	1,033,418	14,031,086
2038	14,031,086	-	1,533,478	-	994,826	13,492,434
2039	13,492,434	-	1,496,378	-	955,818	12,951,874
2040	12,951,874	-	1,454,377	-	916,851	12,414,348
2041	12,414,348	-	1,409,326	-	878,226	11,883,248
2042	11,883,248	-	1,362,404	-	840,153	11,360,997
2043	11,360,997	-	1,314,121	-	802,795	10,849,671
2044	10,849,671	-	1,262,300	-	766,389	10,353,760
2045	10,353,760	-	1,208,048	-	731,230	9,876,942
2046	9,876,942	-	1,150,627	-	697,622	9,423,937
2047	9,423,937	-	1,092,132	-	665,840	8,997,645
2048	8,997,645	-	1,031,019	-	636,160	8,602,786
2049	8,602,786	-	967,183	-	608,940	8,244,543
2050	8,244,543	-	902,833	-	584,484	7,926,194
2051	7,926,194	-	838,748	-	563,012	7,650,458
2052	7,650,458	-	775,315	-	544,710	7,419,853
2053	7,419,853	-	712,662	-	529,764	7,236,955
2054	7,236,955	-	651,985	-	518,322	7,103,292
2055	7,103,292	-	593,715	-	510,483	7,020,060
2056	7,020,060	-	538,114	-	506,325	6,988,271
2057	6,988,271	-	485,541	-	505,913	7,008,643
2058	7,008,643	-	436,300	-	509,287	7,081,630
2059	7,081,630	-	390,687	-	516,471	7,207,414
2060	7,207,414	-	348,644	-	527,482	7,386,252
2061	7,386,252	-	310,114	-	542,340	7,618,478
2062	7,618,478	-	275,020	-	561,073	7,904,531
2063	7,904,531	-	243,290	-	583,716	8,244,957
2064	8,244,957	-	214,770	-	610,318	8,640,505
2065	8,640,505	-	189,298	-	640,939	9,092,146
2066	9,092,146	-	166,699	-	675,660	9,601,107
2067	9,601,107	-	146,759	-	714,580	10,168,928
2068	10,168,928	-	129,228	-	757,824	10,797,524
2069	10,797,524	-	113,846	-	805,545	11,489,223

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: Discount Rate = 7.50%

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
2070	11,489,223	-	100,358	-	857,928	12,246,793
2071	12,246,793	-	88,529	-	915,190	13,073,454
2072	13,073,454	-	78,156	-	977,578	13,972,876
2073	13,972,876	-	69,056	-	1,045,376	14,949,196
2074	14,949,196	-	61,069	-	1,118,900	16,007,027
2075	16,007,027	-	54,054	-	1,198,500	17,151,473
2076	17,151,473	-	47,885	-	1,284,565	18,388,153
2077	18,388,153	-	42,451	-	1,377,520	19,723,222
2078	19,723,222	-	37,651	-	1,477,830	21,163,401
2079	21,163,401	-	33,393	-	1,586,003	22,716,011
2080	22,716,011	-	29,600	-	1,702,591	24,389,002
2081	24,389,002	-	26,206	-	1,828,192	26,190,988
2082	26,190,988	-	23,154	-	1,963,456	28,131,290
2083	28,131,290	-	20,394	-	2,109,082	30,219,978
2084	30,219,978	-	17,883	-	2,265,828	32,467,923
2085	32,467,923	-	15,587	-	2,434,510	34,886,846
2086	34,886,846	-	13,487	-	2,616,008	37,489,367
2087	37,489,367	-	11,567	-	2,811,269	40,289,069
2088	40,289,069	-	9,819	-	3,021,312	43,300,562
2089	43,300,562	-	8,239	-	3,247,233	46,539,556
2090	46,539,556	-	6,825	-	3,490,211	50,022,942
2091	50,022,942	-	5,575	-	3,751,512	53,768,879
2092	53,768,879	-	4,487	-	4,032,498	57,796,890
2093	57,796,890	-	3,555	-	4,334,633	62,127,968
2094	62,127,968	-	2,769	-	4,659,494	66,784,693
2095	66,784,693	-	2,119	-	5,008,773	71,791,347
2096	71,791,347	-	1,593	-	5,384,291	77,174,045
2097	77,174,045	-	1,175	-	5,788,009	82,960,879
2098	82,960,879	-	850	-	6,222,034	89,182,063
2099	89,182,063	-	603	-	6,688,632	95,870,092
2100	95,870,092	-	419	-	7,190,241	103,059,914
2101	103,059,914	-	285	-	7,729,483	110,789,112
2102	110,789,112	-	190	-	8,309,176	119,098,098
2103	119,098,098	-	123	-	8,932,353	128,030,328
2104	128,030,328	-	78	-	9,602,272	137,632,522
2105	137,632,522	-	49	-	10,322,437	147,954,910
2106	147,954,910	-	29	-	11,096,617	159,051,498
2107	159,051,498	-	17	-	11,928,862	170,980,343
2108	170,980,343	-	10	-	12,823,525	183,803,858
2109	183,803,858	-	6	-	13,785,289	197,589,141
2110	197,589,141	-	3	-	14,819,185	212,408,323
2111	212,408,323	-	2	-	15,930,624	228,338,945
2112	228,338,945	-	1	-	17,125,421	245,464,365
2113	245,464,365	-	-	-	18,409,827	263,874,192

*All DROP Balances paid in 2020.

Number of Years Expected Benefit Payments Sustained: 999.99

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.50% interest.

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

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 2
Hypothetical Assumptions: Discount Rate = 5.50%

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
2020	19,454,203	-	1,538,244	-	1,027,679	18,943,638
2021	18,943,638	-	1,343,881	-	1,004,943	18,604,700
2022	18,604,700	-	1,398,285	-	984,806	18,191,221
2023	18,191,221	-	1,460,999	-	960,340	17,690,562
2024	17,690,562	-	1,530,212	-	930,900	17,091,250
2025	17,091,250	-	1,565,184	-	896,976	16,423,042
2026	16,423,042	-	1,591,234	-	859,508	15,691,316
2027	15,691,316	-	1,622,835	-	818,394	14,886,875
2028	14,886,875	-	1,637,956	-	773,734	14,022,653
2029	14,022,653	-	1,657,804	-	725,656	13,090,505
2030	13,090,505	-	1,655,688	-	674,446	12,109,263
2031	12,109,263	-	1,657,036	-	620,441	11,072,668
2032	11,072,668	-	1,665,229	-	563,203	9,970,642
2033	9,970,642	-	1,655,396	-	502,862	8,818,108
2034	8,818,108	-	1,641,044	-	439,867	7,616,931
2035	7,616,931	-	1,621,903	-	374,329	6,369,357
2036	6,369,357	-	1,594,355	-	306,470	5,081,472
2037	5,081,472	-	1,562,488	-	236,513	3,755,497
2038	3,755,497	-	1,533,478	-	164,382	2,386,401
2039	2,386,401	-	1,496,378	-	90,102	980,125
2040	980,125	-	1,454,377	-	-	-

*All DROP Balances paid in 2020.

Number of Years Expected Benefit Payments Sustained: 20.67

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.50% 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, 2022

Valuation Date: 10/1/2020

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Investment Rate of Return:	7.50%	5.50%
Minimum Required Contribution (Fixed \$)	\$1,080,768	\$1,821,529
Minimum Required Contribution (% of Payroll)	21.2%	35.8%
Expected Member Contribution	264,139	261,593
Expected Sponsor Contribution (Fixed \$)	\$816,629	\$1,559,936
Expected Sponsor Contribution (% of Payroll)	16.2%	30.8%

ASSETS

Actuarial Value ¹	19,802,564	19,802,564
Market Value ¹	19,454,203	19,454,203

LIABILITIES

Present Value of Benefits		
Active Members		
Retirement Benefits	12,603,964	18,300,391
Disability Benefits	209,541	289,522
Death Benefits	91,435	119,771
Vested Benefits	516,575	869,880
Refund of Contributions	258,893	274,344
Service Retirees	10,742,898	12,914,194
DROP Retirees ¹	885,368	1,058,730
Beneficiaries	264,123	298,356
Disability Retirees	93,625	112,925
Terminated Vested	781,241	1,044,516
Total:	<u>26,447,663</u>	<u>35,282,629</u>
Present Value of Future Salaries	33,447,906	37,700,227
Present Value of Future Member Contributions	1,672,395	1,885,011
Total Normal Cost	747,222	1,111,877
Present Value of Future Normal Costs (Entry Age Normal)	4,911,379	8,471,339
Total Actuarial Accrued Liability ¹	21,536,284	26,811,290
Unfunded Actuarial Accrued Liability (UAAL)	1,733,720	7,008,726

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2022

Valuation Date: 10/1/2020

	ACTUAL	HYPOTHETICAL
Investment Rate of Return:	7.50%	5.50%
<u>PENSION COST</u>		
Normal Cost ²	820,827	1,209,630
Administrative Expenses ²	41,603	41,202
Payment Required To Amortize UAAL ²	218,338	570,697
Minimum Required Contribution	\$1,080,768	\$1,821,529

¹ The asset values and liabilities include accumulated DROP Balances as of 9/30/2020.

² Contributions developed as of 10/1/2020 displayed above have been adjusted to account for assumed salary increase and interest components.