

CITY OF LYNN HAVEN
POLICE OFFICERS' 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 Police Officers' 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:	7.25%	5.25%
<u>Total Pension Liability</u>		
Service Cost	343,348	511,828
Interest	663,642	620,021
Change in Excess State Money	(224,454)	(224,454)
Share Plan Allocation	259,346	259,346
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	50,470	74,250
Changes of Assumptions	82,940	77,918
Benefit Payments, Including Refunds of Employee Contributions	(468,919)	(468,919)
Net Change in Total Pension Liability	706,373	849,990
Total Pension Liability - Beginning	8,964,131	11,220,198
Total Pension Liability - Ending (a)	<u>\$ 9,670,504</u>	<u>\$ 12,070,188</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	117,112	117,112
Contributions - State	159,783	159,783
Contributions - Employee	90,085	90,085
Net Investment Income	1,666,103	1,666,103
Benefit Payments, Including Refunds of Employee Contributions	(468,919)	(468,919)
Administrative Expenses	(33,841)	(33,841)
Net Change in Plan Fiduciary Net Position	1,530,323	1,530,323
Plan Fiduciary Net Position - Beginning	9,346,187	9,346,187
Plan Fiduciary Net Position - Ending (b)	<u>\$ 10,876,510</u>	<u>\$ 10,876,510</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ (1,206,006)</u>	<u>\$ 1,193,678</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: Discount Rate = 7.25%

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	10,823,577	-	874,567	-	753,006	10,702,016
2021	10,702,016	-	602,904	-	754,041	10,853,153
2022	10,853,153	-	638,465	-	763,709	10,978,397
2023	10,978,397	-	684,628	-	771,116	11,064,885
2024	11,064,885	-	678,300	-	777,616	11,164,201
2025	11,164,201	-	677,500	-	784,845	11,271,546
2026	11,271,546	-	684,954	-	792,358	11,378,950
2027	11,378,950	-	698,074	-	799,669	11,480,545
2028	11,480,545	-	699,216	-	806,993	11,588,322
2029	11,588,322	-	700,892	-	814,746	11,702,176
2030	11,702,176	-	703,287	-	822,914	11,821,803
2031	11,821,803	-	711,174	-	831,301	11,941,930
2032	11,941,930	-	705,171	-	840,227	12,076,986
2033	12,076,986	-	698,046	-	850,277	12,229,217
2034	12,229,217	-	691,814	-	861,540	12,398,943
2035	12,398,943	-	684,698	-	874,103	12,588,348
2036	12,588,348	-	674,061	-	888,221	12,802,508
2037	12,802,508	-	662,003	-	904,184	13,044,689
2038	13,044,689	-	648,493	-	922,232	13,318,428
2039	13,318,428	-	638,594	-	942,437	13,622,271
2040	13,622,271	-	625,650	-	964,935	13,961,556
2041	13,961,556	-	615,762	-	989,891	14,335,685
2042	14,335,685	-	602,835	-	1,017,484	14,750,334
2043	14,750,334	-	584,664	-	1,048,205	15,213,875
2044	15,213,875	-	562,162	-	1,082,628	15,734,341
2045	15,734,341	-	538,453	-	1,121,221	16,317,109
2046	16,317,109	-	513,217	-	1,164,386	16,968,278
2047	16,968,278	-	487,092	-	1,212,543	17,693,729
2048	17,693,729	-	460,366	-	1,266,107	18,499,470
2049	18,499,470	-	432,859	-	1,325,520	19,392,131
2050	19,392,131	-	405,313	-	1,391,237	20,378,055
2051	20,378,055	-	377,582	-	1,463,722	21,464,195
2052	21,464,195	-	350,237	-	1,543,458	22,657,416
2053	22,657,416	-	323,484	-	1,630,936	23,964,868
2054	23,964,868	-	297,629	-	1,726,664	25,393,903
2055	25,393,903	-	272,698	-	1,831,173	26,952,378
2056	26,952,378	-	248,897	-	1,945,025	28,648,506
2057	28,648,506	-	226,349	-	2,068,812	30,490,969
2058	30,490,969	-	205,160	-	2,203,158	32,488,967
2059	32,488,967	-	185,398	-	2,348,729	34,652,298
2060	34,652,298	-	167,099	-	2,506,234	36,991,433
2061	36,991,433	-	150,255	-	2,676,432	39,517,610
2062	39,517,610	-	134,800	-	2,860,140	42,242,950
2063	42,242,950	-	120,669	-	3,058,240	45,180,521
2064	45,180,521	-	107,805	-	3,271,680	48,344,396
2065	48,344,396	-	96,146	-	3,501,483	51,749,733
2066	51,749,733	-	85,618	-	3,748,752	55,412,867
2067	55,412,867	-	76,152	-	4,014,672	59,351,387
2068	59,351,387	-	67,671	-	4,300,522	63,584,238
2069	63,584,238	-	60,093	-	4,607,679	68,131,824

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: Discount Rate = 7.25%

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	68,131,824	-	53,341	-	4,937,624	73,016,107
2071	73,016,107	-	47,326	-	5,291,952	78,260,733
2072	78,260,733	-	41,968	-	5,672,382	83,891,147
2073	83,891,147	-	37,195	-	6,080,760	89,934,712
2074	89,934,712	-	32,942	-	6,519,072	96,420,842
2075	96,420,842	-	29,150	-	6,989,454	103,381,146
2076	103,381,146	-	25,766	-	7,494,199	110,849,579
2077	110,849,579	-	22,740	-	8,035,770	118,862,609
2078	118,862,609	-	20,022	-	8,616,813	127,459,400
2079	127,459,400	-	17,570	-	9,240,170	136,682,000
2080	136,682,000	-	15,352	-	9,908,888	146,575,536
2081	146,575,536	-	13,345	-	10,626,243	157,188,434
2082	157,188,434	-	11,534	-	11,395,743	168,572,643
2083	168,572,643	-	9,906	-	12,221,158	180,783,895
2084	180,783,895	-	8,448	-	13,106,526	193,881,973
2085	193,881,973	-	7,151	-	14,056,184	207,931,006
2086	207,931,006	-	6,006	-	15,074,780	222,999,780
2087	222,999,780	-	5,001	-	16,167,303	239,162,082
2088	239,162,082	-	4,124	-	17,339,101	256,497,059
2089	256,497,059	-	3,362	-	18,595,915	275,089,612
2090	275,089,612	-	2,707	-	19,943,899	295,030,804
2091	295,030,804	-	2,149	-	21,389,655	316,418,310
2092	316,418,310	-	1,680	-	22,940,267	339,356,897
2093	339,356,897	-	1,292	-	24,603,328	363,958,933
2094	363,958,933	-	975	-	26,386,987	390,344,945
2095	390,344,945	-	723	-	28,299,982	418,644,204
2096	418,644,204	-	524	-	30,351,686	448,995,366
2097	448,995,366	-	373	-	32,552,151	481,547,144
2098	481,547,144	-	259	-	34,912,159	516,459,044
2099	516,459,044	-	176	-	37,443,274	553,902,142
2100	553,902,142	-	116	-	40,157,901	594,059,927
2101	594,059,927	-	75	-	43,069,342	637,129,194
2102	637,129,194	-	48	-	46,191,865	683,321,011
2103	683,321,011	-	30	-	49,540,772	732,861,753
2104	732,861,753	-	18	-	53,132,476	785,994,211
2105	785,994,211	-	11	-	56,984,580	842,978,780
2106	842,978,780	-	6	-	61,115,961	904,094,735
2107	904,094,735	-	3	-	65,546,868	969,641,600
2108	969,641,600	-	2	-	70,299,016	1,039,940,614
2109	1,039,940,614	-	1	-	75,395,694	1,115,336,307
2110	1,115,336,307	-	1	-	80,861,882	1,196,198,188
2111	1,196,198,188	-	-	-	86,724,369	1,282,922,557

*All Share 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 7.25% 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 = 5.25%

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	10,823,577	-	874,567	-	545,280	10,494,290
2021	10,494,290	-	602,904	-	535,124	10,426,510
2022	10,426,510	-	638,465	-	530,632	10,318,677
2023	10,318,677	-	684,628	-	523,759	10,157,808
2024	10,157,808	-	678,300	-	515,480	9,994,988
2025	9,994,988	-	677,500	-	506,952	9,824,440
2026	9,824,440	-	684,954	-	497,803	9,637,289
2027	9,637,289	-	698,074	-	487,633	9,426,848
2028	9,426,848	-	699,216	-	476,555	9,204,187
2029	9,204,187	-	700,892	-	464,821	8,968,116
2030	8,968,116	-	703,287	-	452,365	8,717,194
2031	8,717,194	-	711,174	-	438,984	8,445,004
2032	8,445,004	-	705,171	-	424,852	8,164,685
2033	8,164,685	-	698,046	-	410,322	7,876,961
2034	7,876,961	-	691,814	-	395,380	7,580,527
2035	7,580,527	-	684,698	-	380,004	7,275,833
2036	7,275,833	-	674,061	-	364,287	6,966,059
2037	6,966,059	-	662,003	-	348,341	6,652,397
2038	6,652,397	-	648,493	-	332,228	6,336,132
2039	6,336,132	-	638,594	-	315,884	6,013,422
2040	6,013,422	-	625,650	-	299,281	5,687,053
2041	5,687,053	-	615,762	-	282,407	5,353,698
2042	5,353,698	-	602,835	-	265,245	5,016,108
2043	5,016,108	-	584,664	-	247,998	4,679,442
2044	4,679,442	-	562,162	-	230,914	4,348,194
2045	4,348,194	-	538,453	-	214,146	4,023,887
2046	4,023,887	-	513,217	-	197,782	3,708,452
2047	3,708,452	-	487,092	-	181,908	3,403,268
2048	3,403,268	-	460,366	-	166,587	3,109,489
2049	3,109,489	-	432,859	-	151,886	2,828,516
2050	2,828,516	-	405,313	-	137,858	2,561,061
2051	2,561,061	-	377,582	-	124,544	2,308,023
2052	2,308,023	-	350,237	-	111,977	2,069,763
2053	2,069,763	-	323,484	-	100,171	1,846,450
2054	1,846,450	-	297,629	-	89,126	1,637,947
2055	1,637,947	-	272,698	-	78,834	1,444,083
2056	1,444,083	-	248,897	-	69,281	1,264,467
2057	1,264,467	-	226,349	-	60,443	1,098,561
2058	1,098,561	-	205,160	-	52,289	945,690
2059	945,690	-	185,398	-	44,782	805,074
2060	805,074	-	167,099	-	37,880	675,855
2061	675,855	-	150,255	-	31,538	557,138
2062	557,138	-	134,800	-	25,711	448,049
2063	448,049	-	120,669	-	20,355	347,735
2064	347,735	-	107,805	-	15,426	255,356
2065	255,356	-	96,146	-	10,882	170,092

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 2
Hypothetical Assumptions: Discount Rate = 5.25%

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
2066	170,092	-	85,618	-	6,682	91,156
2067	91,156	-	76,152	-	2,787	17,791
2068	17,791	-	67,671	-	-	-

*All Share Balances paid in 2020.

Number of Years Expected Benefit Payments Sustained: 48.26

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.25% 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:	7.25%	5.25%
Minimum Required Contribution (Fixed \$)	\$419,786	\$756,010
Minimum Required Contribution (% of Payroll)	21.2%	38.3%
Expected Member Contribution	102,416	101,428
Expected State Money	124,891	124,891
Expected Sponsor Contribution (Fixed \$)	\$192,479	\$529,691
Expected Sponsor Contribution (% of Payroll)	9.5%	26.6%

ASSETS

Actuarial Value ¹	10,236,791	10,236,791
Market Value ¹	10,823,577	10,823,577

LIABILITIES

Present Value of Benefits		
Active Members		
Retirement Benefits	5,705,544	8,526,414
Disability Benefits	85,656	121,142
Death Benefits	26,458	35,215
Vested Benefits	130,939	212,991
Refund of Contributions	139,376	147,783
Service Retirees	4,491,541	5,451,106
DROP Retirees ¹	0	0
Beneficiaries	909,434	1,105,363
Disability Retirees	0	0
Terminated Vested	331,938	467,519
Share Plan Balances ¹	299,950	299,950
Excess State Monies Reserve	0	0
Total:	<u>12,120,836</u>	<u>16,367,483</u>
Present Value of Future Salaries	12,794,309	14,457,763
Present Value of Future Member Contributions	639,715	722,888
Total Normal Cost	382,423	570,701
Present Value of Future Normal Costs (Entry Age Normal)	2,473,490	4,325,983
Total Actuarial Accrued Liability ¹	9,647,346	12,041,500
Unfunded Actuarial Accrued Liability (UAAL)	(589,445)	1,804,709

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

	Valuation Date: 10/1/2020	
	ACTUAL	HYPOTHETICAL
Investment Rate of Return:	7.25%	5.25%
<u>PENSION COST</u>		
Normal Cost ²	419,786	620,413
Administrative Expenses ²	35,152	34,812
Payment Required To Amortize UAAL ²	(72,151)	100,785
Minimum Required Contribution	\$419,786 ³	\$756,010

¹ The asset values and liabilities include accumulated DROP and Share Plan 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.

³ Reflects normal cost minimum funding requirements of Chapter 112, Florida Statutes.