

CITY OF LYNN HAVEN
POLICE OFFICERS' RETIREMENT SYSTEM

SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2021 VALUATION DATE



April 14, 2022

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, 2021 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, ASA, 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, 2021 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, 2021

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Discount Rate:	7.25%	5.25%
<u>Total Pension Liability</u>		
Service Cost	379,167	564,884
Interest	706,740	647,511
Change in Excess State Money	-	-
Share Plan Allocation	40,153	40,153
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	(89,286)	(113,269)
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(603,065)	(603,065)
Net Change in Total Pension Liability	433,709	536,214
Total Pension Liability - Beginning	9,670,504	12,070,188
Total Pension Liability - Ending (a)	<u>\$ 10,104,213</u>	<u>\$ 12,606,402</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	128,300	128,300
Contributions - State	170,305	170,305
Contributions - Employee	94,376	94,376
Net Investment Income	2,283,166	2,283,166
Benefit Payments, Including Refunds of Employee Contributions	(603,065)	(603,065)
Administrative Expenses	(39,118)	(39,118)
Net Change in Plan Fiduciary Net Position	2,033,964	2,033,964
Plan Fiduciary Net Position - Beginning	10,876,510	10,876,510
Plan Fiduciary Net Position - Ending (b)	<u>\$ 12,910,474</u>	<u>\$ 12,910,474</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ (2,806,261)</u>	<u>\$ (304,072)</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
2021	12,883,956	-	1,003,574	-	897,707	12,778,089
2022	12,778,089	-	684,499	-	901,598	12,995,188
2023	12,995,188	-	690,585	-	917,117	13,221,720
2024	13,221,720	-	684,252	-	933,771	13,471,239
2025	13,471,239	-	683,072	-	951,903	13,740,070
2026	13,740,070	-	693,643	-	971,011	14,017,438
2027	14,017,438	-	706,403	-	990,657	14,301,692
2028	14,301,692	-	709,035	-	1,011,170	14,603,827
2029	14,603,827	-	711,480	-	1,032,986	14,925,333
2030	14,925,333	-	720,773	-	1,055,959	15,260,519
2031	15,260,519	-	722,070	-	1,080,213	15,618,662
2032	15,618,662	-	723,810	-	1,106,115	16,000,967
2033	16,000,967	-	719,604	-	1,133,984	16,415,347
2034	16,415,347	-	710,993	-	1,164,339	16,868,693
2035	16,868,693	-	701,754	-	1,197,542	17,364,481
2036	17,364,481	-	691,570	-	1,233,855	17,906,766
2037	17,906,766	-	680,345	-	1,273,578	18,499,999
2038	18,499,999	-	666,920	-	1,317,074	19,150,153
2039	19,150,153	-	658,914	-	1,364,500	19,855,739
2040	19,855,739	-	647,599	-	1,416,066	20,624,206
2041	20,624,206	-	642,359	-	1,471,969	21,453,816
2042	21,453,816	-	631,836	-	1,532,498	22,354,478
2043	22,354,478	-	614,481	-	1,598,425	23,338,422
2044	23,338,422	-	592,290	-	1,670,565	24,416,697
2045	24,416,697	-	569,269	-	1,749,575	25,597,003
2046	25,597,003	-	543,783	-	1,836,071	26,889,291
2047	26,889,291	-	516,994	-	1,930,733	28,303,030
2048	28,303,030	-	489,622	-	2,034,221	29,847,629
2049	29,847,629	-	461,321	-	2,147,230	31,533,538
2050	31,533,538	-	433,003	-	2,270,485	33,371,020
2051	33,371,020	-	404,336	-	2,404,742	35,371,426
2052	35,371,426	-	376,134	-	2,550,794	37,546,086
2053	37,546,086	-	348,591	-	2,709,455	39,906,950
2054	39,906,950	-	321,993	-	2,881,582	42,466,539
2055	42,466,539	-	296,314	-	3,068,083	45,238,308
2056	45,238,308	-	271,786	-	3,269,925	48,236,447
2057	48,236,447	-	248,543	-	3,488,133	51,476,037
2058	51,476,037	-	226,660	-	3,723,796	54,973,173
2059	54,973,173	-	206,206	-	3,978,080	58,745,047
2060	58,745,047	-	187,213	-	4,252,229	62,810,063
2061	62,810,063	-	169,671	-	4,547,579	67,187,971
2062	67,187,971	-	153,512	-	4,865,563	71,900,022
2063	71,900,022	-	138,670	-	5,207,725	76,969,077
2064	76,969,077	-	125,093	-	5,575,723	82,419,707
2065	82,419,707	-	112,724	-	5,971,343	88,278,326
2066	88,278,326	-	101,495	-	6,396,499	94,573,330
2067	94,573,330	-	91,338	-	6,853,255	101,335,247
2068	101,335,247	-	82,172	-	7,343,827	108,596,902
2069	108,596,902	-	73,916	-	7,870,596	116,393,582

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	116,393,582	-	66,491	-	8,436,124	124,763,215
2071	124,763,215	-	59,807	-	9,043,165	133,746,573
2072	133,746,573	-	53,782	-	9,694,677	143,387,468
2073	143,387,468	-	48,342	-	10,393,839	153,732,965
2074	153,732,965	-	43,420	-	11,144,066	164,833,611
2075	164,833,611	-	38,956	-	11,949,025	176,743,680
2076	176,743,680	-	34,898	-	12,812,652	189,521,434
2077	189,521,434	-	31,199	-	13,739,173	203,229,408
2078	203,229,408	-	27,812	-	14,733,124	217,934,720
2079	217,934,720	-	24,698	-	15,799,372	233,709,394
2080	233,709,394	-	21,830	-	16,943,140	250,630,704
2081	250,630,704	-	19,190	-	18,170,030	268,781,544
2082	268,781,544	-	16,768	-	19,486,054	288,250,830
2083	288,250,830	-	14,556	-	20,897,658	309,133,932
2084	309,133,932	-	12,547	-	22,411,755	331,533,140
2085	331,533,140	-	10,734	-	24,035,764	355,558,170
2086	355,558,170	-	9,112	-	25,777,637	381,326,695
2087	381,326,695	-	7,670	-	27,645,907	408,964,932
2088	408,964,932	-	6,393	-	29,649,726	438,608,265
2089	438,608,265	-	5,271	-	31,798,908	470,401,902
2090	470,401,902	-	4,292	-	34,103,982	504,501,592
2091	504,501,592	-	3,449	-	36,576,240	541,074,383
2092	541,074,383	-	2,731	-	39,227,794	580,299,446
2093	580,299,446	-	2,129	-	42,071,633	622,368,950
2094	622,368,950	-	1,632	-	45,121,690	667,489,008
2095	667,489,008	-	1,229	-	48,392,909	715,880,688
2096	715,880,688	-	908	-	51,901,317	767,781,097
2097	767,781,097	-	658	-	55,664,106	823,444,545
2098	823,444,545	-	467	-	59,699,713	883,143,791
2099	883,143,791	-	324	-	64,027,913	947,171,380
2100	947,171,380	-	221	-	68,669,917	1,015,841,076
2101	1,015,841,076	-	147	-	73,648,473	1,089,489,402
2102	1,089,489,402	-	96	-	78,987,978	1,168,477,284
2103	1,168,477,284	-	61	-	84,714,601	1,253,191,824
2104	1,253,191,824	-	38	-	90,856,406	1,344,048,192
2105	1,344,048,192	-	23	-	97,443,493	1,441,491,662
2106	1,441,491,662	-	14	-	104,508,145	1,545,999,793
2107	1,545,999,793	-	8	-	112,084,985	1,658,084,770
2108	1,658,084,770	-	5	-	120,211,146	1,778,295,911
2109	1,778,295,911	-	3	-	128,926,453	1,907,222,361
2110	1,907,222,361	-	1	-	138,273,621	2,045,495,981
2111	2,045,495,981	-	1	-	148,298,459	2,193,794,439
2112	2,193,794,439	-	-	-	159,050,097	2,352,844,536

*All Share Balances paid in 2021.

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
2021	12,883,956	-	1,003,574	-	650,064	12,530,446
2022	12,530,446	-	684,499	-	639,880	12,485,827
2023	12,485,827	-	690,585	-	637,378	12,432,620
2024	12,432,620	-	684,252	-	634,751	12,383,119
2025	12,383,119	-	683,072	-	632,183	12,332,230
2026	12,332,230	-	693,643	-	629,234	12,267,821
2027	12,267,821	-	706,403	-	625,518	12,186,936
2028	12,186,936	-	709,035	-	621,202	12,099,103
2029	12,099,103	-	711,480	-	616,527	12,004,150
2030	12,004,150	-	720,773	-	611,298	11,894,675
2031	11,894,675	-	722,070	-	605,516	11,778,121
2032	11,778,121	-	723,810	-	599,351	11,653,662
2033	11,653,662	-	719,604	-	592,928	11,526,986
2034	11,526,986	-	710,993	-	586,503	11,402,496
2035	11,402,496	-	701,754	-	580,210	11,280,952
2036	11,280,952	-	691,570	-	574,096	11,163,478
2037	11,163,478	-	680,345	-	568,224	11,051,357
2038	11,051,357	-	666,920	-	562,690	10,947,127
2039	10,947,127	-	658,914	-	557,428	10,845,641
2040	10,845,641	-	647,599	-	552,397	10,750,439
2041	10,750,439	-	642,359	-	547,536	10,655,616
2042	10,655,616	-	631,836	-	542,834	10,566,614
2043	10,566,614	-	614,481	-	538,617	10,490,750
2044	10,490,750	-	592,290	-	535,217	10,433,677
2045	10,433,677	-	569,269	-	532,825	10,397,233
2046	10,397,233	-	543,783	-	531,580	10,385,030
2047	10,385,030	-	516,994	-	531,643	10,399,679
2048	10,399,679	-	489,622	-	533,131	10,443,188
2049	10,443,188	-	461,321	-	536,158	10,518,025
2050	10,518,025	-	433,003	-	540,830	10,625,852
2051	10,625,852	-	404,336	-	547,243	10,768,759
2052	10,768,759	-	376,134	-	555,486	10,948,111
2053	10,948,111	-	348,591	-	565,625	11,165,145
2054	11,165,145	-	321,993	-	577,718	11,420,870
2055	11,420,870	-	296,314	-	591,817	11,716,373
2056	11,716,373	-	271,786	-	607,975	12,052,562
2057	12,052,562	-	248,543	-	626,235	12,430,254
2058	12,430,254	-	226,660	-	646,639	12,850,233
2059	12,850,233	-	206,206	-	669,224	13,313,251
2060	13,313,251	-	187,213	-	694,031	13,820,069
2061	13,820,069	-	169,671	-	721,100	14,371,498
2062	14,371,498	-	153,512	-	750,474	14,968,460
2063	14,968,460	-	138,670	-	782,204	15,611,994
2064	15,611,994	-	125,093	-	816,346	16,303,247
2065	16,303,247	-	112,724	-	852,961	17,043,484
2066	17,043,484	-	101,495	-	892,119	17,834,108
2067	17,834,108	-	91,338	-	933,893	18,676,663
2068	18,676,663	-	82,172	-	978,368	19,572,859
2069	19,572,859	-	73,916	-	1,025,635	20,524,578

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
2070	20,524,578	-	66,491	-	1,075,795	21,533,882
2071	21,533,882	-	59,807	-	1,128,959	22,603,034
2072	22,603,034	-	53,782	-	1,185,248	23,734,500
2073	23,734,500	-	48,342	-	1,244,792	24,930,950
2074	24,930,950	-	43,420	-	1,307,735	26,195,265
2075	26,195,265	-	38,956	-	1,374,229	27,530,538
2076	27,530,538	-	34,898	-	1,444,437	28,940,077
2077	28,940,077	-	31,199	-	1,518,535	30,427,413
2078	30,427,413	-	27,812	-	1,596,709	31,996,310
2079	31,996,310	-	24,698	-	1,679,158	33,650,770
2080	33,650,770	-	21,830	-	1,766,092	35,395,032
2081	35,395,032	-	19,190	-	1,857,735	37,233,577
2082	37,233,577	-	16,768	-	1,954,323	39,171,132
2083	39,171,132	-	14,556	-	2,056,102	41,212,678
2084	41,212,678	-	12,547	-	2,163,336	43,363,467
2085	43,363,467	-	10,734	-	2,276,300	45,629,033
2086	45,629,033	-	9,112	-	2,395,285	48,015,206
2087	48,015,206	-	7,670	-	2,520,597	50,528,133
2088	50,528,133	-	6,393	-	2,652,559	53,174,299
2089	53,174,299	-	5,271	-	2,791,512	55,960,540
2090	55,960,540	-	4,292	-	2,937,816	58,894,064
2091	58,894,064	-	3,449	-	3,091,848	61,982,463
2092	61,982,463	-	2,731	-	3,254,008	65,233,740
2093	65,233,740	-	2,129	-	3,424,715	68,656,326
2094	68,656,326	-	1,632	-	3,604,414	72,259,108
2095	72,259,108	-	1,229	-	3,793,571	76,051,450
2096	76,051,450	-	908	-	3,992,677	80,043,219
2097	80,043,219	-	658	-	4,202,252	84,244,813
2098	84,244,813	-	467	-	4,422,840	88,667,186
2099	88,667,186	-	324	-	4,655,019	93,321,881
2100	93,321,881	-	221	-	4,899,393	98,221,053
2101	98,221,053	-	147	-	5,156,601	103,377,507
2102	103,377,507	-	96	-	5,427,317	108,804,728
2103	108,804,728	-	61	-	5,712,247	114,516,914
2104	114,516,914	-	38	-	6,012,137	120,529,013
2105	120,529,013	-	23	-	6,327,773	126,856,763
2106	126,856,763	-	14	-	6,659,980	133,516,729
2107	133,516,729	-	8	-	7,009,628	140,526,349
2108	140,526,349	-	5	-	7,377,633	147,903,977
2109	147,903,977	-	3	-	7,764,959	155,668,933
2110	155,668,933	-	1	-	8,172,619	163,841,551
2111	163,841,551	-	1	-	8,601,681	172,443,231
2112	172,443,231	-	-	-	9,053,270	181,496,501

*All Share Balances paid in 2021.

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 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, 2023

Valuation Date: 10/1/2021

	ACTUAL	HYPOTHETICAL
Investment Rate of Return:	7.25%	5.25%
Minimum Required Contribution (Fixed \$)	\$381,179	\$655,058
Minimum Required Contribution (% of Payroll)	20.5%	35.1%
Expected Member Contribution	96,443	95,512
Expected State Money	130,152	130,152
Expected Sponsor Contribution (Fixed \$)	\$154,584	\$429,394
Expected Sponsor Contribution (% of Payroll)	8.1%	22.7%

ASSETS

Actuarial Value ¹	11,225,161	11,225,161
Market Value ¹	12,883,956	12,883,956

LIABILITIES

Present Value of Benefits		
Active Members		
Retirement Benefits	5,723,953	8,651,997
Disability Benefits	82,673	118,536
Death Benefits	25,229	34,503
Vested Benefits	146,601	241,959
Refund of Contributions	143,169	150,943
Service Retirees	5,028,325	6,111,536
DROP Retirees ¹	0	0
Beneficiaries	687,829	827,739
Disability Retirees	0	0
Terminated Vested	436,688	615,482
Share Plan Balances ¹	325,385	325,385
Total:	12,599,852	17,078,080
Present Value of Future Salaries	13,197,548	14,992,647
Present Value of Future Member Contributions	659,877	749,632
Total Normal Cost	347,253	522,892
Present Value of Future Normal Costs (Entry Age Normal)	2,540,352	4,508,013
Total Actuarial Accrued Liability (EAN) ¹	10,059,500	12,570,067
Unfunded Actuarial Accrued Liability (UAAL)	(1,165,661)	1,344,906

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2023

Valuation Date: 10/1/2021

	ACTUAL	HYPOTHETICAL
Investment Rate of Return:	7.25%	5.25%
<u>PENSION COST</u>		
Normal Cost ²	381,179	568,439
Administrative Expenses ²	40,044	39,658
Payment Required To Amortize UAAL ²	(141,382)	46,961
Minimum Required Contribution	\$381,179 ³	\$655,058

¹ The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2021.

² Contributions developed as of 10/1/2021 displayed above have been adjusted to account for assumed salary increase

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