

CITY OF LYNN HAVEN
GENERAL EMPLOYEES' RETIREMENT SYSTEM

SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2022 VALUATION DATE



October 13, 2023

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, 2022 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.

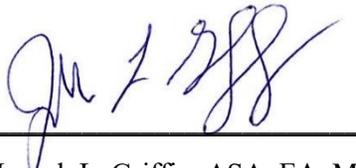
In addition to the enclosed report, the Plan or Plan Sponsor's website must provide a link to the Division of Retirement's Actuarial Summary Fact Sheet for the Plan, and also report the previous five years' assumed and actual rates of return, along with their respective asset allocations. The Board should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

Joseph L. Griffin, ASA, EA, MAAA
Enrolled Actuary #23-6938

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, 2022 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, 2022

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Discount Rate:	7.50%	5.50%
<u>Total Pension Liability</u>		
Service Cost	712,469	1,063,710
Interest	1,706,413	1,571,006
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	(227,672)	(302,681)
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,161,054)	(1,161,054)
Net Change in Total Pension Liability	1,030,156	1,170,981
Total Pension Liability - Beginning	22,620,231	28,080,559
Total Pension Liability - Ending (a)	<u>\$ 23,650,387</u>	<u>\$ 29,251,540</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	822,776	822,776
Contributions - Employee	256,304	256,304
Net Investment Income	(3,467,381)	(3,467,381)
Benefit Payments, Including Refunds of Employee Contributions	(1,161,054)	(1,161,054)
Administrative Expenses	(39,499)	(39,499)
Net Change in Plan Fiduciary Net Position	(3,588,854)	(3,588,854)
Plan Fiduciary Net Position - Beginning	23,265,837	23,265,837
Plan Fiduciary Net Position - Ending (b)	<u>\$ 19,676,983</u>	<u>\$ 19,676,983</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 3,973,404</u>	<u>\$ 9,574,557</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
2022	19,646,401	-	2,127,425	-	1,393,702	18,912,678
2023	18,912,678	-	1,594,103	-	1,358,672	18,677,247
2024	18,677,247	-	1,652,814	-	1,338,813	18,363,246
2025	18,363,246	-	1,676,068	-	1,314,391	18,001,569
2026	18,001,569	-	1,697,548	-	1,286,460	17,590,481
2027	17,590,481	-	1,712,686	-	1,255,060	17,132,855
2028	17,132,855	-	1,736,414	-	1,219,849	16,616,290
2029	16,616,290	-	1,775,791	-	1,179,630	16,020,129
2030	16,020,129	-	1,801,768	-	1,133,943	15,352,304
2031	15,352,304	-	1,818,214	-	1,083,240	14,617,330
2032	14,617,330	-	1,819,791	-	1,028,058	13,825,597
2033	13,825,597	-	1,815,226	-	968,849	12,979,220
2034	12,979,220	-	1,805,468	-	905,736	12,079,488
2035	12,079,488	-	1,792,538	-	838,741	11,125,691
2036	11,125,691	-	1,768,823	-	768,096	10,124,964
2037	10,124,964	-	1,740,483	-	694,104	9,078,585
2038	9,078,585	-	1,713,003	-	616,656	7,982,238
2039	7,982,238	-	1,676,077	-	535,815	6,841,976
2040	6,841,976	-	1,633,870	-	451,878	5,659,984
2041	5,659,984	-	1,588,627	-	364,925	4,436,282
2042	4,436,282	-	1,541,980	-	274,897	3,169,199
2043	3,169,199	-	1,495,111	-	181,623	1,855,711
2044	1,855,711	-	1,443,818	-	85,035	496,928
2045	496,928	-	1,391,096	-	-	-

*All DROP Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 23.36

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
2022	19,646,401	-	2,127,425	-	1,022,048	18,541,024
2023	18,541,024	-	1,594,103	-	975,918	17,922,839
2024	17,922,839	-	1,652,814	-	940,304	17,210,329
2025	17,210,329	-	1,676,068	-	900,476	16,434,737
2026	16,434,737	-	1,697,548	-	857,228	15,594,417
2027	15,594,417	-	1,712,686	-	810,594	14,692,325
2028	14,692,325	-	1,736,414	-	760,326	13,716,237
2029	13,716,237	-	1,775,791	-	705,559	12,646,005
2030	12,646,005	-	1,801,768	-	645,982	11,490,219
2031	11,490,219	-	1,818,214	-	581,961	10,253,966
2032	10,253,966	-	1,819,791	-	513,924	8,948,099
2033	8,948,099	-	1,815,226	-	442,227	7,575,100
2034	7,575,100	-	1,805,468	-	366,980	6,136,612
2035	6,136,612	-	1,792,538	-	288,219	4,632,293
2036	4,632,293	-	1,768,823	-	206,133	3,069,603
2037	3,069,603	-	1,740,483	-	120,965	1,450,085
2038	1,450,085	-	1,713,003	-	-	-

*All DROP Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 16.85

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, 2024

Valuation Date: 10/1/2022

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Investment Rate of Return:	7.50%	5.50%
Minimum Required Contribution (Fixed \$)	\$1,086,372	\$1,885,800
Minimum Required Contribution (% of Payroll)	20.2%	35.0%
Expected Member Contribution	279,328	276,635
Expected Sponsor Contribution (Fixed \$)	\$807,044	\$1,609,165
Expected Sponsor Contribution (% of Payroll)	15.0%	29.9%

ASSETS

Actuarial Value ¹	22,394,108	22,394,108
Market Value ¹	19,646,401	19,646,401

LIABILITIES

Present Value of Benefits		
Active Members		
Retirement Benefits	12,205,125	18,159,420
Disability Benefits	205,381	289,696
Death Benefits	88,723	119,529
Vested Benefits	589,537	1,008,274
Refund of Contributions	251,753	268,692
Service Retirees	11,368,914	13,619,605
DROP Retirees ¹	3,143,261	3,752,756
Beneficiaries	217,238	246,637
Disability Retirees	90,958	109,291
Terminated Vested	999,503	1,291,106
Total:	<u>29,160,393</u>	<u>38,865,006</u>
Present Value of Future Salaries	37,421,795	42,438,509
Present Value of Future Member Contributions	1,871,090	2,121,925
Total Normal Cost	778,648	1,167,656
Present Value of Future Normal Costs (Entry Age Normal)	5,411,721	9,477,283
Total Actuarial Accrued Liability (EAN) ¹	23,748,672	29,387,723
Unfunded Actuarial Accrued Liability (UAAL)	1,354,564	6,993,615

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2024

Valuation Date: 10/1/2022

	ACTUAL	HYPOTHETICAL
Investment Rate of Return:	7.50%	5.50%
<u>PENSION COST</u>		
Normal Cost ²	856,884	1,272,592
Administrative Expenses ²	41,464	41,064
Payment Required To Amortize UAAL ²	188,024	572,144
Minimum Required Contribution	\$1,086,372	\$1,885,800

¹ The asset values and liabilities include accumulated DROP Balances as of 9/30/2022.

² Contributions developed as of 10/1/2022 displayed above have been adjusted to account for assumed salary increase and interest components.