

CITY OF LYNN HAVEN
GENERAL EMPLOYEES' RETIREMENT SYSTEM

SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2023 VALUATION DATE



January 24, 2024

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, 2023 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.

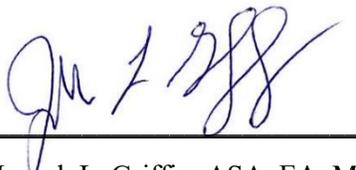
In addition to the enclosed report, the Plan or Plan Sponsor's website must provide a link to the Division of Retirement's Actuarial Summary Fact Sheet for the Plan, and also report the previous five years' assumed and actual rates of return, along with their respective asset allocations. The Board should 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, 2023 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, 2023

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Discount Rate:	7.40%	5.40%
<u>Total Pension Liability</u>		
Service Cost	772,725	1,155,559
Interest	1,776,538	1,631,914
Changes of Benefit Terms	308,027	364,994
Differences Between Expected and Actual Experience	(31,837)	(40,595)
Changes of Assumptions	247,060	355,500
Benefit Payments, Including Refunds of Employee Contributions	(1,471,879)	(1,471,879)
Net Change in Total Pension Liability	1,600,634	1,995,493
Total Pension Liability - Beginning	23,650,387	29,251,540
Total Pension Liability - Ending (a)	<u>\$ 25,251,021</u>	<u>\$ 31,247,033</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	731,890	731,890
Contributions - Employee	272,182	272,182
Net Investment Income	2,153,940	2,153,940
Benefit Payments, Including Refunds of Employee Contributions	(1,471,879)	(1,471,879)
Administrative Expenses	(60,092)	(60,092)
Net Change in Plan Fiduciary Net Position	1,626,041	1,626,041
Plan Fiduciary Net Position - Beginning	19,676,983	19,676,983
Plan Fiduciary Net Position - Ending (b)	<u>\$ 21,303,024</u>	<u>\$ 21,303,024</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 3,947,997</u>	<u>\$ 9,944,009</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: Discount Rate = 7.40%

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
2023	21,271,814	-	2,195,276	-	1,492,889	20,569,427
2024	20,569,427	-	1,704,243	-	1,459,081	20,324,265
2025	20,324,265	-	1,732,474	-	1,439,894	20,031,685
2026	20,031,685	-	1,755,573	-	1,417,388	19,693,500
2027	19,693,500	-	1,778,568	-	1,391,512	19,306,444
2028	19,306,444	-	1,810,885	-	1,361,674	18,857,233
2029	18,857,233	-	1,854,985	-	1,326,801	18,329,049
2030	18,329,049	-	1,889,129	-	1,286,452	17,726,372
2031	17,726,372	-	1,906,620	-	1,241,207	17,060,959
2032	17,060,959	-	1,940,475	-	1,190,713	16,311,197
2033	16,311,197	-	1,938,198	-	1,135,315	15,508,314
2034	15,508,314	-	1,937,745	-	1,075,919	14,646,488
2035	14,646,488	-	1,934,183	-	1,012,275	13,724,580
2036	13,724,580	-	1,921,141	-	944,537	12,747,976
2037	12,747,976	-	1,901,232	-	873,005	11,719,749
2038	11,719,749	-	1,874,716	-	797,897	10,642,930
2039	10,642,930	-	1,832,931	-	719,758	9,529,757
2040	9,529,757	-	1,791,229	-	638,927	8,377,455
2041	8,377,455	-	1,746,778	-	555,301	7,185,978
2042	7,185,978	-	1,701,155	-	468,820	5,953,643
2043	5,953,643	-	1,654,097	-	379,368	4,678,914
2044	4,678,914	-	1,598,699	-	287,088	3,367,303
2045	3,367,303	-	1,543,630	-	192,066	2,015,739
2046	2,015,739	-	1,482,512	-	94,312	627,539
2047	627,539	-	1,420,008	-	-	-

*All DROP Balances paid in 2023.

Number of Years Expected Benefit Payments Sustained: 24.44

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.40% 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 = 5.40%

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
2023	21,271,814	-	2,195,276	-	1,089,406	20,165,944
2024	20,165,944	-	1,704,243	-	1,042,946	19,504,647
2025	19,504,647	-	1,732,474	-	1,006,474	18,778,647
2026	18,778,647	-	1,755,573	-	966,646	17,989,720
2027	17,989,720	-	1,778,568	-	923,424	17,134,576
2028	17,134,576	-	1,810,885	-	876,373	16,200,064
2029	16,200,064	-	1,854,985	-	824,719	15,169,798
2030	15,169,798	-	1,889,129	-	768,163	14,048,832
2031	14,048,832	-	1,906,620	-	707,158	12,849,370
2032	12,849,370	-	1,940,475	-	641,473	11,550,368
2033	11,550,368	-	1,938,198	-	571,389	10,183,559
2034	10,183,559	-	1,937,745	-	497,593	8,743,407
2035	8,743,407	-	1,934,183	-	419,921	7,229,145
2036	7,229,145	-	1,921,141	-	338,503	5,646,507
2037	5,646,507	-	1,901,232	-	253,578	3,998,853
2038	3,998,853	-	1,874,716	-	165,321	2,289,458
2039	2,289,458	-	1,832,931	-	74,142	530,669
2040	530,669	-	1,791,229	-	-	-

*All DROP Balances paid in 2023.

Number of Years Expected Benefit Payments Sustained: 17.30

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.40% 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, 2025

Valuation Date: 10/1/2023

	ACTUAL	HYPOTHETICAL
Investment Rate of Return:	7.40%	5.40%
Minimum Required Contribution (Fixed \$)	\$1,402,260	\$2,276,054
Minimum Required Contribution (% of Payroll)	24.2%	39.2%
Expected Member Contribution	300,483	297,586
Expected Sponsor Contribution (Fixed \$)	\$1,101,777	\$1,978,468
Expected Sponsor Contribution (% of Payroll)	19.2%	34.2%

ASSETS

Actuarial Value ¹	22,798,037	22,798,037
Market Value ¹	21,271,814	21,271,814

LIABILITIES

Present Value of Benefits		
Actives		
Retirement Benefits	12,175,526	18,459,207
Disability Benefits	192,083	266,069
Death Benefits	109,499	146,330
Vested Benefits	1,179,349	1,840,818
Refund of Contributions	142,777	147,833
Service Retirees	13,127,396	15,732,486
DROP Retirees ¹	3,354,164	3,996,626
Beneficiaries	201,155	228,958
Disability Retirees	87,404	103,791
Terminated Vested	1,041,244	1,338,319
Total:	31,610,597	42,260,437
Present Value of Future Salaries	40,624,639	45,996,172
Present Value of Future Member Contributions	2,031,232	2,299,809
Total Normal Cost	925,450	1,376,860
Present Value of Future Normal Costs (Entry Age Normal)	6,360,612	11,008,377
Total Actuarial Accrued Liability (EAN) ¹	25,249,985	31,252,060
Unfunded Actuarial Accrued Liability (UAAL)	2,451,948	8,454,023

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2025

Valuation Date: 10/1/2023

	ACTUAL	HYPOTHETICAL
Investment Rate of Return:	7.40%	5.40%
<u>PENSION COST</u>		
Normal Cost ²	1,019,001	1,501,423
Administrative Expenses ²	54,830	54,301
Payment Required To Amortize UAAL ²	328,429	720,330
Minimum Required Contribution	\$1,402,260	\$2,276,054

¹ The asset values and liabilities include accumulated DROP Plan Balances as of 9/30/2023.

² Contributions developed as of 10/1/2023 displayed above have been adjusted to account for assumed salary increase and interest components.