

January 8, 2018

VIA EMAIL

Ms. Lauren Boatwright, Trust Manager
Trustmark National Bank
P.O. Box 469
Brewton, AL 36427

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, 2017 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.

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 #17-8193

DDB/lke

Enclosures

cc via email: Paul Daragjati, Board Attorney

CITY OF LYNN HAVEN
GENERAL EMPLOYEES' RETIREMENT SYSTEM

SECTION 112.664, FLORIDA STATUTES
COMPLIANCE

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.

By:  Date: 1/8/2018

Drew D. Ballard, EA, MAAA
Enrolled Actuary #17-8193



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, 2017 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, 2017

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	8.00% RP-2000 Generational	6.00% RP-2000 Generational
<u>Total Pension Liability</u>		
Service Cost	623,575	889,161
Interest	1,535,793	1,434,881
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	(257,496)	(204,278)
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,238,504)	(1,238,504)
Net Change in Total Pension Liability	663,368	881,260
Total Pension Liability - Beginning	19,193,089	23,644,773
Total Pension Liability - Ending (a)	<u>\$ 19,856,457</u>	<u>\$ 24,526,033</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	793,327	793,327
Contributions - Employee	165,681	165,681
Net Investment Income	1,560,376	1,560,376
Benefit Payments, Including Refunds of Employee Contributions	(1,238,504)	(1,238,504)
Administrative Expenses	(32,941)	(32,941)
Net Change in Plan Fiduciary Net Position	1,247,939	1,247,939
Plan Fiduciary Net Position - Beginning	16,311,349	16,311,349
Plan Fiduciary Net Position - Ending (b)	<u>\$ 17,559,288</u>	<u>\$ 17,559,288</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 2,297,169</u>	<u>\$ 6,966,745</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 8.00% and RP-2000 Generational Mortality

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
2017	17,465,524	-	1,696,101	-	1,329,398	17,098,821
2018	17,098,821	-	1,231,271	-	1,318,655	17,186,205
2019	17,186,205	-	1,286,033	-	1,323,455	17,223,627
2020	17,223,627	-	1,354,686	-	1,323,703	17,192,644
2021	17,192,644	-	1,426,910	-	1,318,335	17,084,069
2022	17,084,069	-	1,449,421	-	1,308,749	16,943,397
2023	16,943,397	-	1,461,632	-	1,297,006	16,778,771
2024	16,778,771	-	1,497,252	-	1,282,412	16,563,931
2025	16,563,931	-	1,500,375	-	1,265,099	16,328,655
2026	16,328,655	-	1,498,381	-	1,246,357	16,076,631
2027	16,076,631	-	1,525,377	-	1,225,115	15,776,369
2028	15,776,369	-	1,512,709	-	1,201,601	15,465,261
2029	15,465,261	-	1,531,665	-	1,175,954	15,109,550
2030	15,109,550	-	1,540,177	-	1,147,157	14,716,530
2031	14,716,530	-	1,524,056	-	1,116,360	14,308,834
2032	14,308,834	-	1,513,981	-	1,084,147	13,879,000
2033	13,879,000	-	1,492,868	-	1,050,605	13,436,737
2034	13,436,737	-	1,471,409	-	1,016,083	12,981,411
2035	12,981,411	-	1,448,696	-	980,565	12,513,280
2036	12,513,280	-	1,421,209	-	944,214	12,036,285
2037	12,036,285	-	1,392,286	-	907,211	11,551,210
2038	11,551,210	-	1,365,722	-	869,468	11,054,956
2039	11,054,956	-	1,331,074	-	831,154	10,555,036
2040	10,555,036	-	1,292,613	-	792,698	10,055,121
2041	10,055,121	-	1,252,951	-	754,292	9,556,462
2042	9,556,462	-	1,210,905	-	716,081	9,061,638
2043	9,061,638	-	1,167,017	-	678,250	8,572,871
2044	8,572,871	-	1,118,831	-	641,076	8,095,116
2045	8,095,116	-	1,068,000	-	604,889	7,632,005
2046	7,632,005	-	1,014,697	-	569,973	7,187,281
2047	7,187,281	-	959,060	-	536,620	6,764,841
2048	6,764,841	-	901,133	-	505,142	6,368,850
2049	6,368,850	-	842,206	-	475,820	6,002,464
2050	6,002,464	-	782,924	-	448,880	5,668,420
2051	5,668,420	-	723,778	-	424,522	5,369,164
2052	5,369,164	-	665,374	-	402,918	5,106,708
2053	5,106,708	-	608,231	-	384,207	4,882,684
2054	4,882,684	-	552,900	-	368,499	4,698,283
2055	4,698,283	-	499,558	-	355,880	4,554,605
2056	4,554,605	-	448,545	-	346,427	4,452,487
2057	4,452,487	-	400,376	-	340,184	4,392,295
2058	4,392,295	-	355,368	-	337,169	4,374,096
2059	4,374,096	-	313,804	-	337,376	4,397,668
2060	4,397,668	-	275,833	-	340,780	4,462,615
2061	4,462,615	-	241,545	-	347,347	4,568,417
2062	4,568,417	-	210,855	-	357,039	4,714,601
2063	4,714,601	-	183,482	-	369,829	4,900,948
2064	4,900,948	-	159,213	-	385,707	5,127,442
2065	5,127,442	-	137,711	-	404,687	5,394,418
2066	5,394,418	-	118,643	-	426,808	5,702,583
2067	5,702,583	-	101,766	-	452,136	6,052,953
2068	6,052,953	-	86,796	-	480,764	6,446,921

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 8.00% and RP-2000 Generational Mortality

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
2069	6,446,921	-	73,527	-	512,813	6,886,207
2070	6,886,207	-	61,883	-	548,421	7,372,745
2071	7,372,745	-	51,729	-	587,750	7,908,766
2072	7,908,766	-	42,984	-	630,982	8,496,764
2073	8,496,764	-	35,581	-	678,318	9,139,501
2074	9,139,501	-	29,343	-	729,986	9,840,144
2075	9,840,144	-	24,127	-	786,246	10,602,263
2076	10,602,263	-	19,764	-	847,390	11,429,889
2077	11,429,889	-	16,140	-	913,746	12,327,495
2078	12,327,495	-	13,150	-	985,674	13,300,019
2079	13,300,019	-	10,700	-	1,063,574	14,352,893
2080	14,352,893	-	8,696	-	1,147,884	15,492,081
2081	15,492,081	-	7,056	-	1,239,084	16,724,109
2082	16,724,109	-	5,704	-	1,337,701	18,056,106
2083	18,056,106	-	4,576	-	1,444,305	19,495,835
2084	19,495,835	-	3,623	-	1,559,522	21,051,734
2085	21,051,734	-	2,824	-	1,684,026	22,732,936
2086	22,732,936	-	2,171	-	1,818,548	24,549,313
2087	24,549,313	-	1,649	-	1,963,879	26,511,543
2088	26,511,543	-	1,235	-	2,120,874	28,631,182
2089	28,631,182	-	911	-	2,290,458	30,920,729
2090	30,920,729	-	661	-	2,473,632	33,393,700
2091	33,393,700	-	473	-	2,671,477	36,064,704
2092	36,064,704	-	333	-	2,885,163	38,949,534
2093	38,949,534	-	231	-	3,115,953	42,065,256
2094	42,065,256	-	158	-	3,365,214	45,430,312
2095	45,430,312	-	108	-	3,634,421	49,064,625
2096	49,064,625	-	73	-	3,925,167	52,989,719
2097	52,989,719	-	49	-	4,239,176	57,228,846
2098	57,228,846	-	33	-	4,578,306	61,807,119
2099	61,807,119	-	21	-	4,944,569	66,751,667
2100	66,751,667	-	14	-	5,340,133	72,091,786
2101	72,091,786	-	8	-	5,767,343	77,859,121
2102	77,859,121	-	5	-	6,228,729	84,087,845
2103	84,087,845	-	3	-	6,727,027	90,814,869
2104	90,814,869	-	2	-	7,265,189	98,080,056
2105	98,080,056	-	1	-	7,846,404	105,926,459
2106	105,926,459	-	1	-	8,474,117	114,400,575
2107	114,400,575	-	-	-	9,152,046	123,552,621

*All DROP Balances paid in 2017.

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 8.00% 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: 6.00% and RP-2000 Generational Mortality

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
2017	17,465,524	-	1,696,101	-	997,048	16,766,471
2018	16,766,471	-	1,231,271	-	969,050	16,504,250
2019	16,504,250	-	1,286,033	-	951,674	16,169,891
2020	16,169,891	-	1,354,686	-	929,553	15,744,758
2021	15,744,758	-	1,426,910	-	901,878	15,219,726
2022	15,219,726	-	1,449,421	-	869,701	14,640,006
2023	14,640,006	-	1,461,632	-	834,551	14,012,925
2024	14,012,925	-	1,497,252	-	795,858	13,311,531
2025	13,311,531	-	1,500,375	-	753,681	12,564,837
2026	12,564,837	-	1,498,381	-	708,939	11,775,395
2027	11,775,395	-	1,525,377	-	660,762	10,910,780
2028	10,910,780	-	1,512,709	-	609,266	10,007,337
2029	10,007,337	-	1,531,665	-	554,490	9,030,162
2030	9,030,162	-	1,540,177	-	495,604	7,985,589
2031	7,985,589	-	1,524,056	-	433,414	6,894,947
2032	6,894,947	-	1,513,981	-	368,277	5,749,243
2033	5,749,243	-	1,492,868	-	300,169	4,556,544
2034	4,556,544	-	1,471,409	-	229,250	3,314,385
2035	3,314,385	-	1,448,696	-	155,402	2,021,091
2036	2,021,091	-	1,421,209	-	78,629	678,511
2037	678,511	-	1,392,286	-	-	-

*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 20.49

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 6.00% 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, 2019

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL
	8.00% RP-2000 Generational	6.00% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$1,042,927	\$1,609,928
Total Required Contribution (% of Payroll)	28.5%	44.0%
Expected Member Contribution	190,375	188,545
Expected Sponsor Contribution (Fixed \$)	\$852,552	\$1,421,383
Expected Sponsor Contribution (% of Payroll)	23.5%	39.0%

ASSETS

Actuarial Value ¹	17,243,773	17,243,773
Market Value ¹	17,465,524	17,465,524

LIABILITIES

Present Value of Benefits		
Active Members		
Retirement Benefits	10,672,006	14,807,572
Disability Benefits	97,794	125,901
Death Benefits	49,787	60,703
Vested Benefits	431,746	668,555
Refund of Contributions	104,692	111,033
Service Retirees	6,606,634	7,916,584
DROP Retirees ¹	4,647,080	5,528,455
Beneficiaries	344,690	388,214
Disability Retirees	0	0
Terminated Vested	171,883	227,273
Total:	23,126,312	29,834,290
Present Value of Future Salaries	20,318,280	22,129,412
Present Value of Future Member Contributions	1,015,914	1,106,471
Total Normal Cost	658,658	943,071
Present Value of Future Normal Costs (Entry Age Normal)	3,653,796	5,721,533
Total Actuarial Accrued Liability ¹	19,472,516	24,112,757
Unfunded Actuarial Accrued Liability (UAAL)	2,228,743	6,868,984

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2019

Valuation Date: 10/1/2017

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	8.00% RP-2000 Generational	6.00% RP-2000 Generational
<u>PENSION COST</u>		
Normal Cost ²	726,105	1,029,645
Administrative Expenses ²	36,314	35,965
Payment Required To Amortize UAAL ²	<u>280,508</u>	<u>544,318</u>
Total Required Contribution	\$1,042,927	\$1,609,928

¹ The asset values and liabilities include accumulated DROP Balances as of 9/30/2017.

² Contributions developed as of 10/1/2017 displayed above have been adjusted to account for assumed salary increase and interest components.