

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 Police Officers' 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
POLICE OFFICERS' 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	291,017	432,234
Interest	597,635	565,773
Change in Excess State Money	20,749	20,749
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	(218,184)	(244,752)
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(335,766)	(335,766)
Net Change in Total Pension Liability	355,451	438,238
Total Pension Liability - Beginning	7,489,827	9,307,726
Total Pension Liability - Ending (a)	<u>\$ 7,845,278</u>	<u>\$ 9,745,964</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	118,040	118,040
Contributions - State	131,498	131,498
Contributions - Employee	62,126	62,126
Net Investment Income	751,774	751,774
Benefit Payments, Including Refunds of Employee Contributions	(335,766)	(335,766)
Administrative Expenses	(33,448)	(33,448)
Net Change in Plan Fiduciary Net Position	694,224	694,224
Plan Fiduciary Net Position - Beginning	7,998,234	7,998,234
Plan Fiduciary Net Position - Ending (b)	<u>\$ 8,692,458</u>	<u>\$ 8,692,458</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ (847,180)</u>	<u>\$ 1,053,506</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	8,667,366	-	449,223	-	675,420	8,893,563
2018	8,893,563	-	466,794	-	692,813	9,119,582
2019	9,119,582	-	481,707	-	710,298	9,348,173
2020	9,348,173	-	539,437	-	726,276	9,535,012
2021	9,535,012	-	575,724	-	739,772	9,699,060
2022	9,699,060	-	587,303	-	752,433	9,864,190
2023	9,864,190	-	614,851	-	764,541	10,013,880
2024	10,013,880	-	613,428	-	776,573	10,177,025
2025	10,177,025	-	612,160	-	789,676	10,354,541
2026	10,354,541	-	628,247	-	803,233	10,529,527
2027	10,529,527	-	634,134	-	816,997	10,712,390
2028	10,712,390	-	626,868	-	831,916	10,917,438
2029	10,917,438	-	622,114	-	848,510	11,143,834
2030	11,143,834	-	613,555	-	866,965	11,397,244
2031	11,397,244	-	620,929	-	886,942	11,663,257
2032	11,663,257	-	621,558	-	908,198	11,949,897
2033	11,949,897	-	614,203	-	931,424	12,267,118
2034	12,267,118	-	607,034	-	957,088	12,617,172
2035	12,617,172	-	599,959	-	985,375	13,002,588
2036	13,002,588	-	590,612	-	1,016,583	13,428,559
2037	13,428,559	-	580,775	-	1,051,054	13,898,838
2038	13,898,838	-	575,352	-	1,088,893	14,412,379
2039	14,412,379	-	565,075	-	1,130,387	14,977,691
2040	14,977,691	-	555,068	-	1,176,013	15,598,636
2041	15,598,636	-	541,939	-	1,226,213	16,282,910
2042	16,282,910	-	526,503	-	1,281,573	17,037,980
2043	17,037,980	-	510,050	-	1,342,636	17,870,566
2044	17,870,566	-	492,486	-	1,409,946	18,788,026
2045	18,788,026	-	473,757	-	1,484,092	19,798,361
2046	19,798,361	-	453,865	-	1,565,714	20,910,210
2047	20,910,210	-	432,902	-	1,655,501	22,132,809
2048	22,132,809	-	410,852	-	1,754,191	23,476,148
2049	23,476,148	-	388,325	-	1,862,559	24,950,382
2050	24,950,382	-	365,343	-	1,981,417	26,566,456
2051	26,566,456	-	342,191	-	2,111,629	28,335,894
2052	28,335,894	-	319,051	-	2,254,109	30,270,952
2053	30,270,952	-	296,145	-	2,409,830	32,384,637
2054	32,384,637	-	273,595	-	2,579,827	34,690,869
2055	34,690,869	-	251,502	-	2,765,209	37,204,576
2056	37,204,576	-	229,947	-	2,967,168	39,941,797
2057	39,941,797	-	208,922	-	3,186,987	42,919,862
2058	42,919,862	-	188,578	-	3,426,046	46,157,330
2059	46,157,330	-	169,116	-	3,685,822	49,674,036
2060	49,674,036	-	150,755	-	3,967,893	53,491,174
2061	53,491,174	-	133,530	-	4,273,953	57,631,597
2062	57,631,597	-	117,475	-	4,605,829	62,119,951
2063	62,119,951	-	102,710	-	4,965,488	66,982,729
2064	66,982,729	-	89,453	-	5,355,040	72,248,316
2065	72,248,316	-	77,671	-	5,776,758	77,947,403

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
2066	77,947,403	-	67,252	-	6,233,102	84,113,253
2067	84,113,253	-	58,164	-	6,726,734	90,781,823
2068	90,781,823	-	50,339	-	7,260,532	97,992,016
2069	97,992,016	-	43,652	-	7,837,615	105,785,979
2070	105,785,979	-	37,916	-	8,461,362	114,209,425
2071	114,209,425	-	33,004	-	9,135,434	123,311,855
2072	123,311,855	-	28,782	-	9,863,797	133,146,870
2073	133,146,870	-	25,151	-	10,650,744	143,772,463
2074	143,772,463	-	21,985	-	11,500,918	155,251,396
2075	155,251,396	-	19,226	-	12,419,343	167,651,513
2076	167,651,513	-	16,798	-	13,411,449	181,046,164
2077	181,046,164	-	14,665	-	14,483,107	195,514,606
2078	195,514,606	-	12,762	-	15,640,658	211,142,502
2079	211,142,502	-	11,058	-	16,890,958	228,022,402
2080	228,022,402	-	9,558	-	18,241,410	246,254,254
2081	246,254,254	-	8,235	-	19,700,011	265,946,030
2082	265,946,030	-	7,064	-	21,275,400	287,214,366
2083	287,214,366	-	6,030	-	22,976,908	310,185,244
2084	310,185,244	-	5,107	-	24,814,615	334,994,752
2085	334,994,752	-	4,288	-	26,799,409	361,789,873
2086	361,789,873	-	3,556	-	28,943,048	390,729,365
2087	390,729,365	-	2,905	-	31,258,233	421,984,693
2088	421,984,693	-	2,334	-	33,758,682	455,741,041
2089	455,741,041	-	1,847	-	36,459,209	492,198,403
2090	492,198,403	-	1,439	-	39,375,815	531,572,779
2091	531,572,779	-	1,103	-	42,525,778	574,097,454
2092	574,097,454	-	829	-	45,927,763	620,024,388
2093	620,024,388	-	610	-	49,601,927	669,625,705
2094	669,625,705	-	437	-	53,570,039	723,195,307
2095	723,195,307	-	304	-	57,855,612	781,050,615
2096	781,050,615	-	205	-	62,484,041	843,534,451
2097	843,534,451	-	135	-	67,482,751	911,017,067
2098	911,017,067	-	87	-	72,881,362	983,898,342
2099	983,898,342	-	55	-	78,711,865	1,062,610,152
2100	1,062,610,152	-	34	-	85,008,811	1,147,618,929
2101	1,147,618,929	-	21	-	91,809,513	1,239,428,421
2102	1,239,428,421	-	13	-	99,154,273	1,338,582,681
2103	1,338,582,681	-	8	-	107,086,614	1,445,669,287
2104	1,445,669,287	-	5	-	115,653,543	1,561,322,825
2105	1,561,322,825	-	3	-	124,905,826	1,686,228,648
2106	1,686,228,648	-	2	-	134,898,292	1,821,126,938
2107	1,821,126,938	-	1	-	145,690,155	1,966,817,092
2108	1,966,817,092	-	1	-	157,345,367	2,124,162,458
2109	2,124,162,458	-	-	-	169,932,997	2,294,095,455

*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	8,667,366	-	449,223	-	506,565	8,724,708
2018	8,724,708	-	466,794	-	509,479	8,767,393
2019	8,767,393	-	481,707	-	511,592	8,797,278
2020	8,797,278	-	539,437	-	511,654	8,769,495
2021	8,769,495	-	575,724	-	508,898	8,702,669
2022	8,702,669	-	587,303	-	504,541	8,619,907
2023	8,619,907	-	614,851	-	498,749	8,503,805
2024	8,503,805	-	613,428	-	491,825	8,382,202
2025	8,382,202	-	612,160	-	484,567	8,254,609
2026	8,254,609	-	628,247	-	476,429	8,102,791
2027	8,102,791	-	634,134	-	467,143	7,935,800
2028	7,935,800	-	626,868	-	457,342	7,766,274
2029	7,766,274	-	622,114	-	447,313	7,591,473
2030	7,591,473	-	613,555	-	437,082	7,415,000
2031	7,415,000	-	620,929	-	426,272	7,220,343
2032	7,220,343	-	621,558	-	414,574	7,013,359
2033	7,013,359	-	614,203	-	402,375	6,801,531
2034	6,801,531	-	607,034	-	389,881	6,584,378
2035	6,584,378	-	599,959	-	377,064	6,361,483
2036	6,361,483	-	590,612	-	363,971	6,134,842
2037	6,134,842	-	580,775	-	350,667	5,904,734
2038	5,904,734	-	575,352	-	337,023	5,666,405
2039	5,666,405	-	565,075	-	323,032	5,424,362
2040	5,424,362	-	555,068	-	308,810	5,178,104
2041	5,178,104	-	541,939	-	294,428	4,930,593
2042	4,930,593	-	526,503	-	280,040	4,684,130
2043	4,684,130	-	510,050	-	265,746	4,439,826
2044	4,439,826	-	492,486	-	251,615	4,198,955
2045	4,198,955	-	473,757	-	237,725	3,962,923
2046	3,962,923	-	453,865	-	224,159	3,733,217
2047	3,733,217	-	432,902	-	211,006	3,511,321
2048	3,511,321	-	410,852	-	198,354	3,298,823
2049	3,298,823	-	388,325	-	186,280	3,096,778
2050	3,096,778	-	365,343	-	174,846	2,906,281
2051	2,906,281	-	342,191	-	164,111	2,728,201
2052	2,728,201	-	319,051	-	154,121	2,563,271
2053	2,563,271	-	296,145	-	144,912	2,412,038
2054	2,412,038	-	273,595	-	136,514	2,274,957
2055	2,274,957	-	251,502	-	128,952	2,152,407
2056	2,152,407	-	229,947	-	122,246	2,044,706
2057	2,044,706	-	208,922	-	116,415	1,952,199
2058	1,952,199	-	188,578	-	111,475	1,875,096
2059	1,875,096	-	169,116	-	107,432	1,813,412
2060	1,813,412	-	150,755	-	104,282	1,766,939
2061	1,766,939	-	133,530	-	102,010	1,735,419
2062	1,735,419	-	117,475	-	100,601	1,718,545
2063	1,718,545	-	102,710	-	100,031	1,715,866
2064	1,715,866	-	89,453	-	100,268	1,726,681
2065	1,726,681	-	77,671	-	101,271	1,750,281

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
2066	1,750,281	-	67,252	-	102,999	1,786,028
2067	1,786,028	-	58,164	-	105,417	1,833,281
2068	1,833,281	-	50,339	-	108,487	1,891,429
2069	1,891,429	-	43,652	-	112,176	1,959,953
2070	1,959,953	-	37,916	-	116,460	2,038,497
2071	2,038,497	-	33,004	-	121,320	2,126,813
2072	2,126,813	-	28,782	-	126,745	2,224,776
2073	2,224,776	-	25,151	-	132,732	2,332,357
2074	2,332,357	-	21,985	-	139,282	2,449,654
2075	2,449,654	-	19,226	-	146,402	2,576,830
2076	2,576,830	-	16,798	-	154,106	2,714,138
2077	2,714,138	-	14,665	-	162,408	2,861,881
2078	2,861,881	-	12,762	-	171,330	3,020,449
2079	3,020,449	-	11,058	-	180,895	3,190,286
2080	3,190,286	-	9,558	-	191,130	3,371,858
2081	3,371,858	-	8,235	-	202,064	3,565,687
2082	3,565,687	-	7,064	-	213,729	3,772,352
2083	3,772,352	-	6,030	-	226,160	3,992,482
2084	3,992,482	-	5,107	-	239,396	4,226,771
2085	4,226,771	-	4,288	-	253,478	4,475,961
2086	4,475,961	-	3,556	-	268,451	4,740,856
2087	4,740,856	-	2,905	-	284,364	5,022,315
2088	5,022,315	-	2,334	-	301,269	5,321,250
2089	5,321,250	-	1,847	-	319,220	5,638,623
2090	5,638,623	-	1,439	-	338,274	5,975,458
2091	5,975,458	-	1,103	-	358,494	6,332,849
2092	6,332,849	-	829	-	379,946	6,711,966
2093	6,711,966	-	610	-	402,700	7,114,056
2094	7,114,056	-	437	-	426,830	7,540,449
2095	7,540,449	-	304	-	452,418	7,992,563
2096	7,992,563	-	205	-	479,548	8,471,906
2097	8,471,906	-	135	-	508,310	8,980,081
2098	8,980,081	-	87	-	538,802	9,518,796
2099	9,518,796	-	55	-	571,126	10,089,867
2100	10,089,867	-	34	-	605,391	10,695,224
2101	10,695,224	-	21	-	641,713	11,336,916
2102	11,336,916	-	13	-	680,215	12,017,118
2103	12,017,118	-	8	-	721,027	12,738,137
2104	12,738,137	-	5	-	764,288	13,502,420
2105	13,502,420	-	3	-	810,145	14,312,562
2106	14,312,562	-	2	-	858,754	15,171,314
2107	15,171,314	-	1	-	910,279	16,081,592
2108	16,081,592	-	1	-	964,895	17,046,486
2109	17,046,486	-	-	-	1,022,789	18,069,275

*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 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

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	8.00%	6.00%
	RP-2000	RP-2000
	Generational	Generational
Total Required Contribution (Fixed \$)	\$325,073	\$575,974
Total Required Contribution (% of Payroll)	24.9%	44.2%
Expected Member Contribution	67,796	67,144
Expected State Money	110,749	110,749
Expected Sponsor Contribution (Fixed \$)	\$146,528	\$398,081
Expected Sponsor Contribution (% of Payroll)	11.4%	30.7%

ASSETS

Actuarial Value ¹	8,615,916	8,615,916
Market Value ¹	8,667,366	8,667,366

LIABILITIES

Present Value of Benefits		
Active Members		
Retirement Benefits	4,574,521	6,942,950
Disability Benefits	52,556	72,304
Death Benefits	26,386	35,102
Vested Benefits	171,973	291,410
Refund of Contributions	33,324	36,046
Service Retirees	4,056,512	4,950,303
DROP Retirees ¹	229,844	272,010
Beneficiaries	284,009	346,409
Disability Retirees	0	0
Terminated Vested	453,454	581,483
Share Plan Balances ¹	0	0
Excess State Monies Reserve	163,272	163,272
Total:	<u>10,045,851</u>	<u>13,691,289</u>
Present Value of Future Salaries	9,705,494	11,140,825
Present Value of Future Member Contributions	485,275	557,041
Total Normal Cost	293,493	434,633
Present Value of Future Normal Costs (Entry Age Normal)	2,307,000	4,082,884
Total Actuarial Accrued Liability ¹	7,738,851	9,608,405
Unfunded Actuarial Accrued Liability (UAAL)	(877,065)	992,489

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

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL
	8.00%	6.00%
	RP-2000	RP-2000
	Generational	Generational
<u>PENSION COST</u>		
Normal Cost ²	325,073	476,771
Administrative Expenses ²	37,047	36,691
Payment Required To Amortize UAAL ²	(124,419)	62,512
Total Required Contribution	\$325,073 ³	\$575,974

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

³ Per Florida Statutes, the Minimum Required Contribution may be no less than the Normal Cost.