

CITY OF LYNN HAVEN  
GENERAL EMPLOYEES' RETIREMENT SYSTEM

SECTION 112.664, FLORIDA STATUTES COMPLIANCE  
DETERMINED AS OF THE  
OCTOBER 1, 2019 VALUATION DATE



February 19, 2020

VIA E-MAIL

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, 2019 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, EA, MAAA  
Enrolled Actuary #17-8193

Enclosures

cc via email: Stu Kaufman, Board Attorney  
cc via email: Ian Hill, City Clerk

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, 2019 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, 2019

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.50% RP-2000 Generational	5.50% RP-2000 Generational
<u>Total Pension Liability</u>		
Service Cost	637,599	945,504
Interest	1,533,656	1,418,394
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	(326,079)	(508,925)
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,475,853)	(1,475,853)
Net Change in Total Pension Liability	369,323	379,120
Total Pension Liability - Beginning	20,549,076	25,581,409
Total Pension Liability - Ending (a)	<u>\$ 20,918,399</u>	<u>\$ 25,960,529</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	752,407	752,407
Contributions - Employee	199,258	199,258
Net Investment Income	586,457	586,457
Benefit Payments, Including Refunds of Employee Contributions	(1,475,853)	(1,475,853)
Administrative Expenses	(36,704)	(36,704)
Net Change in Plan Fiduciary Net Position	25,565	25,565
Plan Fiduciary Net Position - Beginning	18,558,157	18,558,157
Plan Fiduciary Net Position - Ending (b)	<u>\$ 18,583,722</u>	<u>\$ 18,583,722</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 2,334,677</u>	<u>\$ 7,376,807</u>

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1  
Plan Assumptions: 7.50% 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
2019	18,551,151	-	1,857,551	-	1,321,678	18,015,278
2020	18,015,278	-	1,298,792	-	1,302,441	18,018,927
2021	18,018,927	-	1,358,087	-	1,300,491	17,961,331
2022	17,961,331	-	1,397,567	-	1,294,691	17,858,455
2023	17,858,455	-	1,441,936	-	1,285,312	17,701,831
2024	17,701,831	-	1,488,448	-	1,271,821	17,485,204
2025	17,485,204	-	1,522,964	-	1,254,279	17,216,519
2026	17,216,519	-	1,548,401	-	1,233,174	16,901,292
2027	16,901,292	-	1,551,692	-	1,209,408	16,559,008
2028	16,559,008	-	1,568,508	-	1,183,107	16,173,607
2029	16,173,607	-	1,583,361	-	1,153,644	15,743,890
2030	15,743,890	-	1,580,422	-	1,121,526	15,284,994
2031	15,284,994	-	1,579,802	-	1,087,132	14,792,324
2032	14,792,324	-	1,586,907	-	1,049,915	14,255,332
2033	14,255,332	-	1,573,903	-	1,010,129	13,691,558
2034	13,691,558	-	1,554,645	-	968,568	13,105,481
2035	13,105,481	-	1,537,962	-	925,238	12,492,757
2036	12,492,757	-	1,509,768	-	880,340	11,863,329
2037	11,863,329	-	1,478,930	-	834,290	11,218,689
2038	11,218,689	-	1,451,043	-	786,988	10,554,634
2039	10,554,634	-	1,415,584	-	738,513	9,877,563
2040	9,877,563	-	1,377,224	-	689,171	9,189,510
2041	9,189,510	-	1,335,862	-	639,118	8,492,766
2042	8,492,766	-	1,292,239	-	588,498	7,789,025
2043	7,789,025	-	1,247,735	-	537,387	7,078,677
2044	7,078,677	-	1,199,887	-	485,905	6,364,695
2045	6,364,695	-	1,149,057	-	434,262	5,649,900
2046	5,649,900	-	1,095,336	-	382,667	4,937,231
2047	4,937,231	-	1,039,630	-	331,306	4,228,907
2048	4,228,907	-	980,933	-	280,383	3,528,357
2049	3,528,357	-	919,589	-	230,142	2,838,910
2050	2,838,910	-	857,487	-	180,762	2,162,185
2051	2,162,185	-	795,471	-	132,334	1,499,048
2052	1,499,048	-	733,990	-	84,904	849,962
2053	849,962	-	673,380	-	38,495	215,077
2054	215,077	-	614,582	-	-	-

\*All DROP Balances paid in 2019.

Number of Years Expected Benefit Payments Sustained: 35.35

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: 5.50% 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
2019	18,551,151	-	1,857,551	-	969,231	17,662,831
2020	17,662,831	-	1,298,792	-	935,739	17,299,778
2021	17,299,778	-	1,358,087	-	914,140	16,855,831
2022	16,855,831	-	1,397,567	-	888,638	16,346,902
2023	16,346,902	-	1,441,936	-	859,426	15,764,392
2024	15,764,392	-	1,488,448	-	826,109	15,102,053
2025	15,102,053	-	1,522,964	-	788,731	14,367,820
2026	14,367,820	-	1,548,401	-	747,649	13,567,068
2027	13,567,068	-	1,551,692	-	703,517	12,718,893
2028	12,718,893	-	1,568,508	-	656,405	11,806,790
2029	11,806,790	-	1,583,361	-	605,831	10,829,260
2030	10,829,260	-	1,580,422	-	552,148	9,800,986
2031	9,800,986	-	1,579,802	-	495,610	8,716,794
2032	8,716,794	-	1,586,907	-	435,784	7,565,671
2033	7,565,671	-	1,573,903	-	372,830	6,364,598
2034	6,364,598	-	1,554,645	-	307,300	5,117,253
2035	5,117,253	-	1,537,962	-	239,155	3,818,446
2036	3,818,446	-	1,509,768	-	168,496	2,477,174
2037	2,477,174	-	1,478,930	-	95,574	1,093,818
2038	1,093,818	-	1,451,043	-	-	-

\*All DROP Balances paid in 2019.

Number of Years Expected Benefit Payments Sustained: 19.75

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, 2021

Valuation Date: 10/1/2019

	ACTUAL	HYPOTHETICAL
	7.50%	5.50%
	RP-2000	RP-2000
	Generational	Generational
<b><u>PENSION COST</u></b>		
Normal Cost <sup>2</sup>	677,538	1,002,209
Administrative Expenses <sup>2</sup>	52,596	52,089
Payment Required To Amortize UAAL <sup>2</sup>	246,173	582,699
Minimum Required Contribution	\$976,307	\$1,636,997

<sup>1</sup> The asset values and liabilities include accumulated DROP Balances as of 9/30/2019.

<sup>2</sup> Contributions developed as of 10/1/2019 displayed above have been adjusted to account for assumed salary increase and interest components.