

CITY OF LYNN HAVEN
POLICE OFFICERS' 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 Police Officers' 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	291,738	439,961
Interest	622,351	581,277
Change in Excess State Money	33,232	33,232
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	25,008	51,495
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(411,401)	(411,401)
Net Change in Total Pension Liability	560,928	694,564
Total Pension Liability - Beginning	8,403,203	10,525,634
Total Pension Liability - Ending (a)	<u>\$ 8,964,131</u>	<u>\$ 11,220,198</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	146,262	146,262
Contributions - State	156,463	156,463
Contributions - Employee	88,027	88,027
Net Investment Income	360,191	360,191
Benefit Payments, Including Refunds of Employee Contributions	(411,401)	(411,401)
Administrative Expenses	(30,204)	(30,204)
Net Change in Plan Fiduciary Net Position	309,338	309,338
Plan Fiduciary Net Position - Beginning	9,036,849	9,036,849
Plan Fiduciary Net Position - Ending (b)	<u>\$ 9,346,187</u>	<u>\$ 9,346,187</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ (382,056)</u>	<u>\$ 1,874,011</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	9,293,222	-	554,019	-	676,216	9,415,419
2020	9,415,419	-	535,282	-	686,083	9,566,220
2021	9,566,220	-	574,112	-	695,937	9,688,045
2022	9,688,045	-	605,875	-	703,883	9,786,053
2023	9,786,053	-	648,140	-	709,649	9,847,562
2024	9,847,562	-	642,144	-	714,487	9,919,905
2025	9,919,905	-	641,823	-	719,925	9,998,007
2026	9,998,007	-	660,563	-	725,079	10,062,523
2027	10,062,523	-	661,788	-	729,872	10,130,607
2028	10,130,607	-	662,869	-	734,938	10,202,676
2029	10,202,676	-	657,775	-	740,534	10,285,435
2030	10,285,435	-	654,245	-	746,873	10,378,063
2031	10,378,063	-	672,057	-	753,153	10,459,159
2032	10,459,159	-	666,527	-	759,442	10,552,074
2033	10,552,074	-	660,609	-	766,633	10,658,098
2034	10,658,098	-	655,297	-	774,784	10,777,585
2035	10,777,585	-	649,362	-	783,968	10,912,191
2036	10,912,191	-	639,729	-	794,424	11,066,886
2037	11,066,886	-	630,141	-	806,386	11,243,131
2038	11,243,131	-	619,259	-	820,013	11,443,885
2039	11,443,885	-	610,862	-	835,384	11,668,407
2040	11,668,407	-	600,085	-	852,627	11,920,949
2041	11,920,949	-	590,148	-	871,941	12,202,742
2042	12,202,742	-	578,354	-	893,517	12,517,905
2043	12,517,905	-	562,568	-	917,747	12,873,084
2044	12,873,084	-	544,379	-	945,067	13,273,772
2045	13,273,772	-	524,548	-	975,862	13,725,086
2046	13,725,086	-	503,566	-	1,010,498	14,232,018
2047	14,232,018	-	481,410	-	1,049,348	14,799,956
2048	14,799,956	-	458,298	-	1,092,811	15,434,469
2049	15,434,469	-	434,209	-	1,141,302	16,141,562
2050	16,141,562	-	409,785	-	1,195,250	16,927,027
2051	16,927,027	-	384,889	-	1,255,094	17,797,232
2052	17,797,232	-	360,011	-	1,321,292	18,758,513
2053	18,758,513	-	335,472	-	1,394,308	19,817,349
2054	19,817,349	-	311,355	-	1,474,625	20,980,619
2055	20,980,619	-	287,714	-	1,562,757	22,255,662
2056	22,255,662	-	264,644	-	1,659,251	23,650,269
2057	23,650,269	-	242,153	-	1,764,689	25,172,805
2058	25,172,805	-	220,415	-	1,879,695	26,832,085
2059	26,832,085	-	199,625	-	2,004,920	28,637,380
2060	28,637,380	-	179,980	-	2,141,054	30,598,454
2061	30,598,454	-	161,484	-	2,288,828	32,725,798
2062	32,725,798	-	144,143	-	2,449,029	35,030,684
2063	35,030,684	-	128,071	-	2,622,499	37,525,112
2064	37,525,112	-	113,499	-	2,810,127	40,221,740
2065	40,221,740	-	100,356	-	3,012,867	43,134,251
2066	43,134,251	-	88,505	-	3,231,750	46,277,496
2067	46,277,496	-	77,936	-	3,467,890	49,667,450
2068	49,667,450	-	68,613	-	3,722,486	53,321,323
2069	53,321,323	-	60,436	-	3,996,833	57,257,720
2070	57,257,720	-	53,264	-	4,292,332	61,496,788
2071	61,496,788	-	46,987	-	4,610,497	66,060,298

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
2072	66,060,298	-	41,463	-	4,952,967	70,971,802
2073	70,971,802	-	36,601	-	5,321,513	76,256,714
2074	76,256,714	-	32,261	-	5,718,044	81,942,497
2075	81,942,497	-	28,395	-	6,144,622	88,058,724
2076	88,058,724	-	24,923	-	6,603,470	94,637,271
2077	94,637,271	-	21,815	-	7,096,977	101,712,433
2078	101,712,433	-	19,003	-	7,627,720	109,321,150
2079	109,321,150	-	16,456	-	8,198,469	117,503,163
2080	117,503,163	-	14,195	-	8,812,205	126,301,173
2081	126,301,173	-	12,192	-	9,472,131	135,761,112
2082	135,761,112	-	10,414	-	10,181,693	145,932,391
2083	145,932,391	-	8,842	-	10,944,598	156,868,147
2084	156,868,147	-	7,441	-	11,764,832	168,625,538
2085	168,625,538	-	6,206	-	12,646,683	181,266,015
2086	181,266,015	-	5,119	-	13,594,759	194,855,655
2087	194,855,655	-	4,168	-	14,614,018	209,465,505
2088	209,465,505	-	3,334	-	15,709,788	225,171,959
2089	225,171,959	-	2,622	-	16,887,799	242,057,136
2090	242,057,136	-	2,028	-	18,154,209	260,209,317
2091	260,209,317	-	1,538	-	19,515,641	279,723,420
2092	279,723,420	-	1,145	-	20,979,214	300,701,489
2093	300,701,489	-	834	-	22,552,580	323,253,235
2094	323,253,235	-	595	-	24,243,970	347,496,610
2095	347,496,610	-	416	-	26,062,230	373,558,424
2096	373,558,424	-	285	-	28,016,871	401,575,010
2097	401,575,010	-	192	-	30,118,119	431,692,937
2098	431,692,937	-	128	-	32,376,965	464,069,774
2099	464,069,774	-	85	-	34,805,230	498,874,919
2100	498,874,919	-	56	-	37,415,617	536,290,480
2101	536,290,480	-	37	-	40,221,785	576,512,228
2102	576,512,228	-	24	-	43,238,416	619,750,620
2103	619,750,620	-	15	-	46,481,296	666,231,901
2104	666,231,901	-	10	-	49,967,392	716,199,283
2105	716,199,283	-	6	-	53,714,946	769,914,223
2106	769,914,223	-	4	-	57,743,567	827,657,786
2107	827,657,786	-	2	-	62,074,334	889,732,118
2108	889,732,118	-	1	-	66,729,909	956,462,026
2109	956,462,026	-	1	-	71,734,652	1,028,196,677
2110	1,028,196,677	-	1	-	77,114,751	1,105,311,427
2111	1,105,311,427	-	-	-	82,898,357	1,188,209,784

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 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	9,293,222	-	554,019	-	495,892	9,235,095
2020	9,235,095	-	535,282	-	493,210	9,193,023
2021	9,193,023	-	574,112	-	489,828	9,108,739
2022	9,108,739	-	605,875	-	484,319	8,987,183
2023	8,987,183	-	648,140	-	476,471	8,815,514
2024	8,815,514	-	642,144	-	467,194	8,640,564
2025	8,640,564	-	641,823	-	457,581	8,456,322
2026	8,456,322	-	660,563	-	446,932	8,242,691
2027	8,242,691	-	661,788	-	435,149	8,016,052
2028	8,016,052	-	662,869	-	422,654	7,775,837
2029	7,775,837	-	657,775	-	409,582	7,527,644
2030	7,527,644	-	654,245	-	396,029	7,269,428
2031	7,269,428	-	672,057	-	381,337	6,978,708
2032	6,978,708	-	666,527	-	365,499	6,677,680
2033	6,677,680	-	660,609	-	349,106	6,366,177
2034	6,366,177	-	655,297	-	332,119	6,042,999
2035	6,042,999	-	649,362	-	314,507	5,708,144
2036	5,708,144	-	639,729	-	296,355	5,364,770
2037	5,364,770	-	630,141	-	277,733	5,012,362
2038	5,012,362	-	619,259	-	258,650	4,651,753
2039	4,651,753	-	610,862	-	239,048	4,279,939
2040	4,279,939	-	600,085	-	218,894	3,898,748
2041	3,898,748	-	590,148	-	198,202	3,506,802
2042	3,506,802	-	578,354	-	176,969	3,105,417
2043	3,105,417	-	562,568	-	155,327	2,698,176
2044	2,698,176	-	544,379	-	133,429	2,287,226
2045	2,287,226	-	524,548	-	111,372	1,874,050
2046	1,874,050	-	503,566	-	89,225	1,459,709
2047	1,459,709	-	481,410	-	67,045	1,045,344
2048	1,045,344	-	458,298	-	44,891	631,937
2049	631,937	-	434,209	-	22,816	220,544
2050	220,544	-	409,785	-	-	-

Number of Years Expected Benefit Payments Sustained: 31.54

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

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.50%	5.50%
	RP-2000	RP-2000
	Generational	Generational
Minimum Required Contribution (Fixed \$)	\$381,362	\$715,668
Minimum Required Contribution (% of Payroll)	20.5%	38.5%
Expected Member Contribution	96,494	95,564
Expected State Money	123,231	123,231
Expected Sponsor Contribution (Fixed \$)	\$161,637	\$496,873
Expected Sponsor Contribution (% of Payroll)	8.5%	26.5%

ASSETS

Actuarial Value ¹	9,545,755	9,545,755
Market Value ¹	9,293,222	9,293,222

LIABILITIES

Present Value of Benefits		
Active Members		
Retirement Benefits	5,170,909	7,756,736
Disability Benefits	75,291	103,434
Death Benefits	35,581	46,866
Vested Benefits	110,057	178,523
Refund of Contributions	117,490	124,873
Service Retirees	4,768,608	5,821,548
DROP Retirees ¹	0	0
Beneficiaries	469,768	570,642
Disability Retirees	0	0
Terminated Vested	291,923	373,376
Share Plan Balances ¹	0	0
Excess State Monies Reserve	224,454	224,454
Total:	<u>11,264,081</u>	<u>15,200,452</u>
Present Value of Future Salaries	11,805,557	13,275,387
Present Value of Future Member Contributions	590,278	663,769
Total Normal Cost	346,412	517,229
Present Value of Future Normal Costs (Entry Age Normal)	2,198,404	3,839,009
Total Actuarial Accrued Liability ¹	9,065,677	11,361,443
Unfunded Actuarial Accrued Liability (UAAL)	(480,078)	1,815,688

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
<u>PENSION COST</u>		
Normal Cost ²	381,362	563,925
Administrative Expenses ²	40,969	40,574
Payment Required To Amortize UAAL ²	(58,238)	111,169
Minimum Required Contribution	\$381,362 ³	\$715,668

¹ The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2019.

² Contributions developed as of 10/1/2019 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.