

February 1, 2016

VIA EMAIL

Linda LuCante, Chairman  
Lynn Haven General Employees' Pension Board  
825 Ohio Avenue  
Lynn Haven, FL 32444

Re: City of Lynn Haven General Employees' Retirement System  
Senate Bill 534 (Section 112.664, Florida Statutes) Compliance

Dear Linda:

Please find enclosed the annual disclosures that satisfy the October 1, 2015 financial reporting requirements made under Section 112.664.

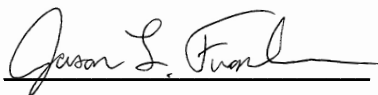
Our office will submit this information electronically to the Department of Management Services by the February 1, 2016 deadline. However, it is important for you to be aware that this report must also be made available on the Plan or Plan Sponsor's website, if such website exists. A deadline for this 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: 

Jason L. Franken, FSA, EA, MAAA  
Enrolled Actuary #14-6888

JLF/lke  
Enclosures

cc via email: H. Lee Dehner, 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: Jason L. Franken Date: 2/1/2016

Jason L. Franken, FSA, EA, MAAA  
Enrolled Actuary #14-6888



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, 2015 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.

	ACTUAL	HYPOTHETICAL	
	8.00% RP-2000 Static 9/30/2015	8.00% RP-2000 Generational 9/30/2015	6.00% RP-2000 Generational 9/30/2015
<b><u>GASB 67: Schedule of Changes in Net Pension Liability</u></b>			
<b><u>Total Pension Liability</u></b>			
Service Cost	623,863	636,559	906,655
Interest	1,378,512	1,401,357	1,309,208
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(268,672)	(289,772)	(310,449)
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,040,029)	(1,040,029)	(1,040,029)
Net Change in Total Pension Liability	693,674	708,115	865,385
Total Pension Liability - Beginning	17,127,557	17,400,413	21,433,500
Total Pension Liability - Ending (a)	<u>\$ 17,821,231</u>	<u>\$ 18,108,528</u>	<u>\$ 22,298,885</u>
<b><u>Plan Fiduciary Net Position</u></b>			
Contributions - Employer	834,900	834,900	834,900
Contributions - Employee	163,518	163,518	163,518
Net Investment Income	(65,358)	(65,358)	(65,358)
Benefit Payments, Including Refunds of Employee Contributions	(1,040,029)	(1,040,029)	(1,040,029)
Administrative Expenses	(28,388)	(28,388)	(28,388)
Net Change in Plan Fiduciary Net Position	(135,357)	(135,357)	(135,357)
Plan Fiduciary Net Position - Beginning	14,835,206	14,835,206	14,835,206
Plan Fiduciary Net Position - Ending (b)	<u>\$ 14,699,849</u>	<u>\$ 14,699,849</u>	<u>\$ 14,699,849</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 3,121,382</u>	<u>\$ 3,408,679</u>	<u>\$ 7,599,036</u>

**GASB 68: Pension Expense for Fiscal Year Ending September 30, 2015**

Pension Expense	<u>\$ 706,040</u>	<u>\$ 739,499</u>	<u>\$ 1,174,927</u>
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## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1  
Plan Assumptions: 8.00% and RP-2000 Static 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
2015	14,699,849	-	1,564,008	-	1,113,428	14,249,269
2016	14,249,269	-	1,114,515	-	1,095,361	14,230,115
2017	14,230,115	-	1,145,397	-	1,092,593	14,177,311
2018	14,177,311	-	1,173,426	-	1,087,248	14,091,133
2019	14,091,133	-	1,248,481	-	1,077,351	13,920,003
2020	13,920,003	-	1,295,403	-	1,061,784	13,686,384
2021	13,686,384	-	1,350,990	-	1,040,871	13,376,265
2022	13,376,265	-	1,376,292	-	1,015,050	13,015,023
2023	13,015,023	-	1,378,863	-	986,047	12,622,207
2024	12,622,207	-	1,406,354	-	953,522	12,169,375
2025	12,169,375	-	1,404,506	-	917,370	11,682,239
2026	11,682,239	-	1,372,660	-	879,673	11,189,252
2027	11,189,252	-	1,389,714	-	839,552	10,639,090
2028	10,639,090	-	1,379,578	-	795,944	10,055,456
2029	10,055,456	-	1,382,756	-	749,126	9,421,826
2030	9,421,826	-	1,376,073	-	698,703	8,744,456
2031	8,744,456	-	1,352,712	-	645,448	8,037,192
2032	8,037,192	-	1,328,234	-	589,846	7,298,804
2033	7,298,804	-	1,298,936	-	531,947	6,531,815
2034	6,531,815	-	1,267,206	-	471,857	5,736,466
2035	5,736,466	-	1,233,616	-	409,573	4,912,423
2036	4,912,423	-	1,196,085	-	345,150	4,061,488
2037	4,061,488	-	1,154,020	-	278,758	3,186,226
2038	3,186,226	-	1,111,900	-	210,422	2,284,748
2039	2,284,748	-	1,063,189	-	140,252	1,361,811
2040	1,361,811	-	1,011,170	-	68,498	419,139
2041	419,139	-	956,668	-	-	-

\*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 26.44

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: 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
2015	14,699,849	-	1,564,008	-	1,113,428	14,249,269
2016	14,249,269	-	1,114,515	-	1,095,361	14,230,115
2017	14,230,115	-	1,145,429	-	1,092,592	14,177,278
2018	14,177,278	-	1,173,530	-	1,087,241	14,090,989
2019	14,090,989	-	1,248,704	-	1,077,331	13,919,616
2020	13,919,616	-	1,295,845	-	1,061,735	13,685,506
2021	13,685,506	-	1,351,687	-	1,040,773	13,374,592
2022	13,374,592	-	1,377,324	-	1,014,874	13,012,142
2023	13,012,142	-	1,380,275	-	985,760	12,617,627
2024	12,617,627	-	1,408,278	-	953,079	12,162,428
2025	12,162,428	-	1,407,494	-	916,694	11,671,628
2026	11,671,628	-	1,378,413	-	878,594	11,171,809
2027	11,171,809	-	1,397,243	-	837,855	10,612,421
2028	10,612,421	-	1,389,248	-	793,424	10,016,597
2029	10,016,597	-	1,395,079	-	745,525	9,367,043
2030	9,367,043	-	1,391,635	-	693,698	8,669,106
2031	8,669,106	-	1,371,839	-	638,655	7,935,922
2032	7,935,922	-	1,351,415	-	580,817	7,165,324
2033	7,165,324	-	1,326,466	-	520,167	6,359,025
2034	6,359,025	-	1,299,773	-	456,731	5,515,983
2035	5,515,983	-	1,271,570	-	390,416	4,634,829
2036	4,634,829	-	1,239,774	-	321,195	3,716,250
2037	3,716,250	-	1,204,023	-	249,139	2,761,366
2038	2,761,366	-	1,168,375	-	174,174	1,767,165
2039	1,767,165	-	1,126,314	-	96,321	737,172
2040	737,172	-	1,080,766	-	-	-

\*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 25.68

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 3  
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
2015	14,699,849	-	1,564,008	-	835,071	13,970,912
2016	13,970,912	-	1,114,515	-	804,819	13,661,216
2017	13,661,216	-	1,145,429	-	785,310	13,301,097
2018	13,301,097	-	1,173,530	-	762,860	12,890,427
2019	12,890,427	-	1,248,704	-	735,965	12,377,688
2020	12,377,688	-	1,295,845	-	703,786	11,785,629
2021	11,785,629	-	1,351,687	-	666,587	11,100,529
2022	11,100,529	-	1,377,324	-	624,712	10,347,917
2023	10,347,917	-	1,380,275	-	579,467	9,547,109
2024	9,547,109	-	1,408,278	-	530,578	8,669,409
2025	8,669,409	-	1,407,494	-	477,940	7,739,855
2026	7,739,855	-	1,378,413	-	423,039	6,784,481
2027	6,784,481	-	1,397,243	-	365,152	5,752,390
2028	5,752,390	-	1,389,248	-	303,466	4,666,608
2029	4,666,608	-	1,395,079	-	238,144	3,509,673
2030	3,509,673	-	1,391,635	-	168,831	2,286,869
2031	2,286,869	-	1,371,839	-	96,057	1,011,087
2032	1,011,087	-	1,351,415	-	-	-

\*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 17.75

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, 2017

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL	
	8.00% RP-2000 Static	8.00% RP-2000 Generational	6.00% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$956,144	\$989,489	\$1,480,916
Total Required Contribution (% of Payroll)	27.9%	28.9%	43.3%
Expected Member Contribution	177,783	177,783	176,074
Expected Sponsor Contribution (Fixed \$)	\$778,361	\$811,706	\$1,304,842
Expected Sponsor Contribution (% of Payroll)	22.7%	23.7%	38.1%

**ASSETS**

Actuarial Value <sup>1</sup>	15,227,209	15,227,209	15,227,209
Market Value <sup>1</sup>	14,699,849	14,699,849	14,699,849

**LIABILITIES**

Present Value of Benefits			
Active Members			
Retirement Benefits	10,864,889	11,092,173	15,053,586
Disability Benefits	93,366	99,220	128,267
Death Benefits	42,071	38,618	46,025
Vested Benefits	394,509	402,538	604,036
Refund of Contributions	72,234	72,241	76,364
Service Retirees	3,782,950	3,827,998	4,545,163
DROP Retirees <sup>1</sup>	5,172,556	5,225,824	6,163,323
Beneficiaries	105,020	106,189	121,164
Disability Retirees	0	0	0
Terminated Vested	116,335	117,285	144,478
Total:	20,643,930	20,982,086	26,882,406
Present Value of Future Salaries	17,857,805	17,863,557	19,380,553
Present Value of Future Member Contributions	892,890	893,178	969,028
Total Normal Cost	581,440	593,765	850,165
Present Value of Future Normal Costs (Entry Age Normal)	3,008,069	3,081,708	4,792,455
Total Actuarial Accrued Liability <sup>1</sup>	17,635,861	17,900,378	22,089,951
Unfunded Actuarial Accrued Liability (UAAL)	2,408,652	2,673,169	6,862,742



ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2017

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL	
	8.00% RP-2000 Static	8.00% RP-2000 Generational	6.00% RP-2000 Generational
<b><u>PENSION COST</u></b>			
Normal Cost <sup>2</sup>	640,979	654,567	928,210
Administrative Expenses <sup>2</sup>	31,295	31,295	30,994
Payment Required To Amortize UAAL <sup>2</sup>	283,870	303,627	521,712
Total Required Contribution	\$956,144	\$989,489	\$1,480,916

<sup>1</sup> The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2015.

<sup>2</sup> Contributions developed as of 10/1/2015 displayed above have been adjusted to account for assumed salary increases and interest components.