



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

January 13, 2017

VIA EMAIL

Ms. Amanda DeLonjay, 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 Amanda:

Please find enclosed the annual disclosures that satisfy the October 1, 2016 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: 

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: 1/13/2017

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



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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, 2016 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.

GASB 67: SCHEDULE OF CHANGES IN NET PENSION LIABILITY
FISCAL YEAR SEPTEMBER 30, 2016

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	8.00%	6.00%
	RP-2000	RP-2000
	Generational	Generational
<u>Total Pension Liability</u>		
Service Cost	600,171	870,249
Interest	1,443,346	1,367,373
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	(350,889)	(414,023)
Changes of Assumptions	438,382	281,441
Benefit Payments, Including Refunds of Employee Contributions	(759,152)	(759,152)
Net Change in Total Pension Liability	1,371,858	1,345,888
Total Pension Liability - Beginning	17,821,231	22,298,885
Total Pension Liability - Ending (a)	<u>\$ 19,193,089</u>	<u>\$ 23,644,773</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	887,944	887,944
Contributions - Employee	162,257	162,257
Net Investment Income	1,348,632	1,348,632
Benefit Payments, Including Refunds of Employee Contributions	(759,152)	(759,152)
Administrative Expenses	(28,181)	(28,181)
Net Change in Plan Fiduciary Net Position	1,611,500	1,611,500
Plan Fiduciary Net Position - Beginning	14,699,849	14,699,849
Plan Fiduciary Net Position - Ending (b)	<u>\$ 16,311,349</u>	<u>\$ 16,311,349</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 2,881,740</u>	<u>\$ 7,333,424</u>

GASB 68: PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	8.00%	6.00%
Pension Expense	<u>\$ 861,212</u>	<u>\$ 1,249,840</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 8.00% and 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
2016	16,232,550	-	1,752,983	-	1,228,485	15,708,052
2017	15,708,052	-	1,160,651	-	1,210,218	15,757,619
2018	15,757,619	-	1,194,396	-	1,212,834	15,776,057
2019	15,776,057	-	1,276,760	-	1,211,014	15,710,311
2020	15,710,311	-	1,334,786	-	1,203,433	15,578,958
2021	15,578,958	-	1,398,840	-	1,190,363	15,370,481
2022	15,370,481	-	1,431,899	-	1,172,363	15,110,945
2023	15,110,945	-	1,440,092	-	1,151,272	14,822,125
2024	14,822,125	-	1,471,982	-	1,126,891	14,477,034
2025	14,477,034	-	1,479,499	-	1,098,983	14,096,518
2026	14,096,518	-	1,469,668	-	1,068,935	13,695,785
2027	13,695,785	-	1,478,647	-	1,036,517	13,253,655
2028	13,253,655	-	1,474,140	-	1,001,327	12,780,842
2029	12,780,842	-	1,482,596	-	963,164	12,261,410
2030	12,261,410	-	1,483,326	-	921,580	11,699,664
2031	11,699,664	-	1,465,224	-	877,364	11,111,804
2032	11,111,804	-	1,446,639	-	831,079	10,496,244
2033	10,496,244	-	1,423,796	-	782,748	9,855,196
2034	9,855,196	-	1,399,348	-	732,442	9,188,290
2035	9,188,290	-	1,373,591	-	680,120	8,494,819
2036	8,494,819	-	1,345,266	-	625,775	7,775,328
2037	7,775,328	-	1,313,324	-	569,493	7,031,497
2038	7,031,497	-	1,283,727	-	511,171	6,258,941
2039	6,258,941	-	1,247,624	-	450,810	5,462,127
2040	5,462,127	-	1,208,539	-	388,629	4,642,217
2041	4,642,217	-	1,167,834	-	324,664	3,799,047
2042	3,799,047	-	1,124,822	-	258,931	2,933,156
2043	2,933,156	-	1,079,669	-	191,466	2,044,953
2044	2,044,953	-	1,030,884	-	122,361	1,136,430
2045	1,136,430	-	979,723	-	51,725	208,432
2046	208,432	-	926,259	-	-	-

*All DROP Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 30.23

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 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
2016	16,232,550	-	1,752,983	-	921,364	15,400,931
2017	15,400,931	-	1,160,651	-	889,236	15,129,516
2018	15,129,516	-	1,194,396	-	871,939	14,807,059
2019	14,807,059	-	1,276,760	-	850,121	14,380,420
2020	14,380,420	-	1,334,786	-	822,782	13,868,416
2021	13,868,416	-	1,398,840	-	790,140	13,259,716
2022	13,259,716	-	1,431,899	-	752,626	12,580,443
2023	12,580,443	-	1,440,092	-	711,624	11,851,975
2024	11,851,975	-	1,471,982	-	666,959	11,046,952
2025	11,046,952	-	1,479,499	-	618,432	10,185,885
2026	10,185,885	-	1,469,668	-	567,063	9,283,280
2027	9,283,280	-	1,478,647	-	512,637	8,317,270
2028	8,317,270	-	1,474,140	-	454,812	7,297,942
2029	7,297,942	-	1,482,596	-	393,399	6,208,745
2030	6,208,745	-	1,483,326	-	328,025	5,053,444
2031	5,053,444	-	1,465,224	-	259,250	3,847,470
2032	3,847,470	-	1,446,639	-	187,449	2,588,280
2033	2,588,280	-	1,423,796	-	112,583	1,277,067
2034	1,277,067	-	1,399,348	-	-	-

*All DROP Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 18.91

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, 2018

Valuation Date: 10/1/2016

	ACTUAL	HYPOTHETICAL
	8.00% RP-2000 Generational	6.00% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$1,006,552	\$1,528,315
Total Required Contribution (% of Payroll)	28.5%	43.1%
Expected Member Contribution	184,236	182,465
Expected Sponsor Contribution (Fixed \$)	\$822,316	\$1,345,850
Expected Sponsor Contribution (% of Payroll)	23.3%	37.9%

ASSETS

Actuarial Value ¹	16,486,254	16,486,254
Market Value ¹	16,232,550	16,232,550

LIABILITIES

Present Value of Benefits		
Active Members		
Retirement Benefits	11,078,465	15,137,254
Disability Benefits	90,457	115,908
Death Benefits	93,615	114,028
Vested Benefits	405,066	614,982
Refund of Contributions	83,736	88,492
Service Retirees	4,401,235	5,249,887
DROP Retirees ¹	5,694,567	6,740,350
Beneficiaries	222,237	258,902
Disability Retirees	0	0
Terminated Vested	126,723	155,301
Total:	22,196,101	28,475,104
Present Value of Future Salaries	18,410,722	19,953,179
Present Value of Future Member Contributions	920,536	997,659
Total Normal Cost	603,600	867,190
Present Value of Future Normal Costs (Entry Age Normal)	3,093,098	4,831,429
Total Actuarial Accrued Liability ¹	19,103,003	23,643,675
Unfunded Actuarial Accrued Liability (UAAL)	2,616,749	7,157,421

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2018

Valuation Date: 10/1/2016

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	8.00% RP-2000 Generational	6.00% RP-2000 Generational
<u>PENSION COST</u>		
Normal Cost ²	665,409	946,798
Administrative Expenses ²	31,067	30,768
Payment Required To Amortize UAAL ²	<u>310,076</u>	<u>550,749</u>
Total Required Contribution	\$1,006,552	\$1,528,315

¹ The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2016.

² Contributions developed as of 10/1/2016 displayed above have been adjusted to account for assumed salary increase and interest components.