

**WEST PALM BEACH  
POLICE PENSION FUND**

FINANCIAL STATEMENTS  
September 30, 2014 and 2013

**DAVIDSON, JAMIESON & CRISTINI, P.L.**  
*Certified Public Accountants*

**WEST PALM BEACH POLICE PENSION FUND**

**September 30, 2014 and 2013**

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The Board of Trustees  
West Palm Beach Police  
Pension Fund  
West Palm Beach, Florida

**INDEPENDENT AUDITOR'S REPORT**

**Report on Financial Statements**

We have audited the accompanying financial statements of West Palm Beach Police Pension Fund (Fund), which comprise the statements of fiduciary net position as of September 30, 2014 and 2013, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

The Plan's Board of Trustees is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error, in making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

The Board of Trustees  
West Palm Beach Police  
Pension Fund  
West Palm Beach, Florida

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the West Palm Beach Police Pension Fund as of September 30, 2014 and 2013, and the changes in fiduciary net position for the years the ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying required supplementary information on pages 26 through 30 of the West Palm Beach Police Pension Fund is required by Governmental Accounting Standards Board Statement No. 67 and is not a required part of the basic financial statements. The additional information on page 31 is presented for purposes of additional analysis and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the above information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### *Other Information*

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

*Davidson, Jamison & Cristine, P.L.*

January 22, 2015

**WEST PALM BEACH POLICE PENSION FUND**

**STATEMENTS OF FIDUCIARY NET POSITION**

September 30, 2014 and 2013

	<u>Assets</u>	
	<u>2014</u>	<u>2013</u>
<b>Cash</b>	\$ 503,807	\$ 4,104
<b>Receivables:</b>		
Drop loans	929,032	640,194
Interest and dividends	423,777	564,973
Broker-dealers	4,134,359	26,353
Other	46,782	39,015
	<hr/>	<hr/>
<b>Total receivables</b>	5,533,950	1,270,535
<b>Investments at fair value:</b>		
U.S. Government obligations	24,291,980	4,598,919
U.S. Government agency obligations	22,761,000	23,999,207
Corporate bonds	5,039,115	22,695,063
Domestic stocks	140,307,134	135,835,005
International stocks	10,568,433	9,935,319
International equity investment fund	20,297,883	19,100,802
Real estate investment trust fund	24,168,838	12,422,599
Temporary investments	6,072,000	9,156,500
	<hr/>	<hr/>
<b>Total investments</b>	253,506,383	237,743,414
<b>Prepaid expenses</b>	<hr/> 906,857	<hr/> 12,567
	<hr/>	<hr/>
<b>Total assets</b>	260,450,997	239,030,620
	<u>Liabilities</u>	
Accounts payable	261,776	295,561
Advanced city contribution	1,100,113	-
Accounts payable, broker-dealers	1,022,227	232,369
	<hr/>	<hr/>
<b>Total liabilities</b>	2,384,116	527,930
<b>Net position restricted for pensions</b>	<u>\$ 258,066,881</u>	<u>\$ 238,502,690</u>

**WEST PALM BEACH POLICE PENSION FUND**

**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION**

Years ended September 30, 2014 and 2013

<b>Additions:</b>	2014	2013
Contributions:		
Employer	\$ 8,941,538	\$ 6,506,923
Participants	1,919,146	1,872,315
Buy back	8,472	113,516
DROP account	-	52,606
Share account	370,252	172,171
Total contributions	11,239,408	8,717,531
Intergovernmental revenue:		
Chapter 185 state excise tax rebate	-	1,067,596
Investment income (loss):		
Net appreciation (depreciation) in fair value of investments	16,898,121	22,671,528
Interest	2,411,189	2,559,016
Dividends	4,228,712	4,407,393
Commission rebate	5,302	7,535
Class action settlement	8,820	7,408
Other	-	6,650
Investment income (loss)	23,552,144	29,659,530
Less investment expenses	1,162,955	1,133,419
<b>Net investment income (loss)</b>	<b>22,389,189</b>	<b>28,526,111</b>
<b>Total additions</b>	<b>33,628,597</b>	<b>38,311,238</b>
<b>Deductions:</b>		
Benefits:		
Age and service	7,584,085	6,973,185
Disability	536,776	542,145
Beneficiaries	552,257	448,208
Share accounts	1,512,091	1,157,182
Drop accounts	3,372,787	2,220,758
Refunds of contributions	168,503	43,887
Administrative expenses	337,907	292,681
<b>Total deductions</b>	<b>14,064,406</b>	<b>11,678,046</b>
<b>Net increase in net position</b>	<b>19,564,191</b>	<b>26,633,192</b>
<b>Net position restricted for pensions:</b>		
<b>Beginning of year</b>	<b>238,502,690</b>	<b>211,869,498</b>
<b>End of year</b>	<b>\$ 258,066,881</b>	<b>\$ 238,502,690</b>

See Notes to Financial Statements.

# WEST PALM BEACH POLICE PENSION FUND

## NOTES TO FINANCIAL STATEMENTS

September 30, 2014 and 2013

### 1. Description of the Plan

The following brief description of the West Palm Beach Police Pension Fund (Plan) is provided for general information purposes only. Participants should refer to the Plan Agreement for more complete information.

**General** - The Plan was created in 1947 by a Special Act of the Florida legislature, Chapter 24981, Section 16, Laws of Florida, as amended. The Special Act was substantively amended in 2000, 2002, 2003, 2005, 2012 and 2014.

The Plan is a defined benefit pension plan covering all full-time police officers of the City of West Palm Beach, Florida (City). Participation in the Plan is required as a condition of employment. The Plan provides for pension, death and disability benefits. In addition, the Plan is a local law plan subject to provisions of Chapter 185 of the State of Florida Statutes.

The Plan, in accordance with the above statutes, is governed by a five member pension board. Two police officers, two City residents and a fifth member elected by the other four members constitute the pension board. The City and the Plan participants are obligated to fund all Plan costs based upon actuarial valuations.

During the fiscal year ended September 30, 2014, the Plan's membership consisted of:

Retirees and beneficiaries:

Currently receiving benefits	113
Drop participants	137
Terminated employees entitled to benefits but not yet receiving them	13

Total 263

Current employees:

Vested	135
Nonvested	100

Total 235

At September 30, 2013, the date of the most recent actuarial valuation, there were 244 retirees and beneficiaries receiving benefits.

# WEST PALM BEACH POLICE PENSION FUND

## NOTES TO FINANCIAL STATEMENTS

September 30, 2014 and 2013

### 1. Description of Plan (Continued)

**Pension Benefits** - The pension plan provides retirement, death and disability benefits for its participants. A participant may retire with normal benefits after reaching age 50 and accumulating 20 or more years of credited service; reaching age 55 and accumulating 10 or more years of credited service; or at 25 or more years of continuous service.

Normal retirement benefits are stipulated in Laws of Florida, Chapter 24981, Section 16(9) and are contingent upon a participant's employment date, retirement date and length of service. In general, normal retirement benefits are 2.68% of the participant's final average salary multiplied by the number of years of credited service. Early retirement benefits are payable at a reduced amount for participants attaining age 50 with 10 or more years of service.

A participant with 10 or more years of credited service is eligible for deferred retirement. These benefits begin upon application on or after reaching age 50 and are computed the same as normal or early retirement, based on the participant's final average salary and credited service at date of termination. Benefits are reduced 3% per year for each year by which the participant's age at retirement preceded the participant's normal retirement age.

Effective January 1, 2013, the limit on the amount of overtime that is included in pensionable compensation was lowered from 400 hours to 300 hours.

**Disability Benefits** - Disability benefits for service related disabilities are paid to the participant for life. Benefits are calculated as the amount of accrued normal retirement pension benefit, subject to a minimum benefit equal to two-third's of the participant's final average salary to the later of age 55 or 5 years after disability. After expiration of the minimum benefit, the service related disability benefit is recalculated to be the participant's normal retirement but with additional service credit granted to the later of age 55 or 5 years of disability.

Disability benefits for non-service related disabilities are paid to a participant for life. Benefits are calculated as the accrued normal retirement amount if the disability occurs after normal retirement eligibility. If the disability occurs before normal retirement eligibility and the participant has completed ten or more years of credited service, the disability benefit is computed as the normal retirement benefit with a minimum of 25% of the participant's final average salary. If the disability occurs before normal retirement eligibility and the participant has completed at least five but less than ten years of credited service, the disability benefit is computed as the normal retirement benefit with a minimum of 20% of the participant's final average salary.



## WEST PALM BEACH POLICE PENSION FUND

### NOTES TO FINANCIAL STATEMENTS

September 30, 2014 and 2013

#### 1. Description of Plan (Continued)

Death Benefits - Pre-retirement death benefits for service related deaths are paid to participant's widow for life. Benefits are calculated at two-third's of the participant's highest twelve consecutive months' salary or the current top step police officer pay, whichever is greater. Unmarried children under age 18 each receive \$150 per month. If no eligible widow exists, unmarried children each receive an equal share of one third of the participants' final average salary.

Pre-retirement death benefits for non-service related deaths are paid to participant's widow for life. Non-service related death benefits are available to participants with five or more years of service. Benefits are computed as two-third's the amount of what the participant would have received had he retired the day before death, subject to a minimum of one-seventh of the participant's final average salary. If no eligible widow exists, unmarried children under age 18 will each receive an equal share of the calculated amount.

Post-retirement death benefits are payable to the participant's eligible widow equal to two-third's of the member's pension at the time of death and are payable until death. If no eligible widow exists, the participant's unmarried children under the age of 18 receive equal shares. If no eligible widow or children exist, and death occurs within 10 years of retirement, the payment of the pension is continued to a designated beneficiary for the balance of the 10 year period. Optional forms of payment are available on an "equivalent actuarial value" basis to the 10 year certain and life forms of payment.

Cost of Living Adjustments - Post-retirement cost of living adjustments are made by the Board of Trustees each January 1 following the attainment of age 65 by each retiree. Benefits are increased by a percentage of the base retirement benefit amount equal to the increase in the Consumer Price Index.

Supplemental Pension Distributions - The Board of Trustees may make a supplemental distribution each year from net accumulated investment and mortality experience from all sources, to the extent of investment earnings in excess of 7% (to a maximum 2% excess) for participants employed before April 1, 1987 and in excess of 8.25% (to a maximum of .75% excess) for participants employed after March 31, 1987 plus one-half of investment earnings in excess of 9.0%, if any, for all participants, applied to the actuarial present value of future pension benefits estimated to be paid to retired participants' beneficiaries. No supplemental distributions were paid in the fiscal years ended September 30, 2014 and 2013.

## WEST PALM BEACH POLICE PENSION FUND

### NOTES TO FINANCIAL STATEMENTS September 30, 2014 and 2013

#### 1. Description of Plan (Continued)

Refund of Participant Contributions - A non-vested participant who terminates employment is refunded his or her contributions, without interest, unless he or she voluntarily elects to leave the contributions in the member's deposit account for a period of up to five years, pending the participant's possibility of re-employment.

Share Accounts - Effective October 1, 1988, Share Accounts (defined contribution accounts) were established for each participant in the Plan. The accounts are funded by Chapter 185 state excise tax rebate payments. Chapter 185 receipts are allocated to the accounts every October 1 in proportion to each participant's number of pay periods during the preceding calendar year. On September 30 of each year, share accounts are credited with a pro rata share of excess pension plan investment savings and forfeited accounts. Eligible participants, meeting certain service criteria, whose employment is terminated or an eligible beneficiary may receive payment of the share account on application to the Board of Trustees. Distributions may be in lump sum, or partial as permitted by Board policy.

The Chapter 185 revenue received during the fiscal year ended September 30, 2014 will be used to offset the City's contribution during the fiscal year ending September 30, 2015 and thereafter would be allocated to the share plan accounts.

DROP Plan - Any participant who is eligible to receive a normal retirement pension benefit who has completed between 25 and 27 years of service may elect to participate in a deferred retirement option plan (DROP) while continuing his or her active employment as a police officer. Upon participation in the DROP, the participant becomes a retiree for all plan purposes so that he or she ceases to accrue any further benefits under the pension plan; however, participants are still eligible to receive allocation to Chapter 185 share accounts. Normal retirement payments that would have been payable to the participant as a result of retirement are accumulated and invested in the DROP to be distributed to the participant upon his or her termination of employment. Participation in the DROP ceases for a member after the earlier of 5 years or the attainment of 30 years of service.

Effective October 1, 2012, the fixed interest rate for Share Plan and DROP accounts is lowered to 8.25% to 8.00% per year. If the investment earnings paid as fixed interest on Share Plan accounts creates a deficiency as compared to the gross earnings of the pension fund, the rate will be reduced to 4.00% effective the following October 1. The rate will be returned to 8.00% effective the following October 1 after the deficiency is satisfied.

## WEST PALM BEACH POLICE PENSION FUND

### NOTES TO FINANCIAL STATEMENTS

September 30, 2014 and 2013

#### 2. Summary of Significant Accounting Policies

Participants may borrow from their DROP accounts a minimum of \$5,000 up to a maximum equal to the lesser of \$50,000 or 50 percent of their DROP account balance. The loans are secured by the balance in the members' DROP account and bear interest at the lowest published prime rate at the issue date for the loan. Principal and interest is paid ratably through monthly payments.

Basis of Accounting - Basis of accounting is the method by which revenues and expenses are recognized in the accounts and are reported in the financial statements. The accrual basis of accounting is used for the Plan. Under the accrual basis of accounting, revenues are recognized when they are earned and collection is reasonably assured, and expenses are recognized when the liability is incurred. Plan participant contributions are recognized in the period in which the contributions are due. City contributions to the plan as calculated by the Plan's actuary, are recognized as revenue when due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Basis of Presentation - The accompanying financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) Statement 67, Financial Reporting for Defined Benefit Pension Plans and the Codification of Governmental Accounting and Financial Reporting Standards which covers the reporting requirements for defined benefit pensions established by a governmental employer. The accompanying financial statements include solely the accounts of the Plan which include all programs, activities and functions relating to the accumulation and investment of the assets and related income necessary to provide the service, disability and death benefits required under the terms of the Special Act and the amendments thereto.

Valuation of Investments - Investments in common stock and bonds traded on a national securities exchange are valued at the last reported sales price on the last business day of the year; securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the mean between the past reported bid and asked prices; investments in securities not having an established market value are valued at fair value as determined by the Board of Trustees. The fair value of an investment is the amount that the Plan could reasonably expect to receive for it in a current sale between a willing buyer and a willing seller, other than in a forced or liquidation sale. Purchases and sales of investments are recorded on a trade date basis.

Investment income is recognized on the accrual basis as earned. Unrealized appreciation in fair value of investments includes the difference between cost and fair value of investments held. The net realized and unrealized investment appreciation or depreciation for the year is reflected in the Statements of Changes in Fiduciary Net Position.

## WEST PALM BEACH POLICE PENSION FUND

### NOTES TO FINANCIAL STATEMENTS

September 30, 2014 and 2013

#### 2. Summary of Significant Accounting Policies (Continued)

Custody of Assets - Custodial and investment services are provided to the Plan under contract with a national trust company having trust powers. The Plan's investment policies are governed by Florida State Statutes and ordinances of the City of West Palm Beach, Florida.

Authorized Plan Investments - The Board recognizes that the obligations of the Plan are long-term and that its investment policy should be made with a view toward performance and return over a number of years. The general investment objective is to obtain a reasonable total rate of return defined as interest and dividend income plus realized and unrealized capital gains or losses commensurate with the prudent investor rule and Chapter 185 of the Florida Statutes.

Permissible investments include obligations of the U.S. Treasury and U.S. agencies, high capitalization common or preferred stocks, pooled equity funds, high quality bonds or notes and fixed income funds, real estate and derivative investments. In addition, the Board requires that Plan assets be invested with no more than 70% in stocks and convertible securities measured at market value at the end of each reporting period. Further information regarding the permissible investments from the Plan can be found in the Investment Policy Objectives and Guidelines.

Actuarial Cost Method - The Plan has elected the Entry Age Normal for funding purposes. This method allocates the actuarial present value of each participant's projected benefit on a level basis over the participant's earnings from the date of entry into the Plan through the date of retirement.

Reporting Entity - The financial statements presented are only for the Plan and are not intended to present the basic financial statements of the City of West Palm Beach, Florida.

The Plan is included in the City's Comprehensive Annual Financial Report (CAFR) for the years ended September 30, 2014 and 2013, which are separately issued documents. Anyone wishing further information about the City is referred to the City's CAFR.

The Plan is a pension trust fund (fiduciary fund type) of the City which accounts for the single employer defined benefit pension plan for all City Police Officers. The provisions of the Plan provide for retirement, disability, and survivor benefits.

## WEST PALM BEACH POLICE PENSION FUND

### NOTES TO FINANCIAL STATEMENTS September 30, 2014 and 2013

#### 2. Summary of Significant Accounting Policies (Continued)

Funding Policy - Contribution requirements are established and may be amended by the Florida Legislature. The contribution requirements are determined based on the benefit structure negotiated by the City and the participants bargaining unit, the Palm Beach County Police Benevolent Association. Participants are required to contribute 10.0% effective January 1, 2006 and 11.0% effective January 1, 2007 and January 1, 2008 of their annual earnings. Pursuant to Chapter 185 of the Florida Statutes, a premium tax on certain casualty insurance contracts written on West Palm Beach properties is collected by the State and is remitted to the Fund. The City is required to contribute the remaining amounts necessary to finance the benefits through periodic contributions of actuarially determined amounts. The required employer contribution for the fiscal year ended September 30, 2014 was determined by the September 30, 2013 actuarial valuation. Administrative costs are financed through employer contributions and charges against Share and DROP accounts and supplemental distributions.

The Fund may also accept rollover contributions from participants' accumulated sick or vacation leave and qualified deferred compensation plans. Rollover contributions are held in the participants' Share or DROP accounts, as requested by the participant. Participants are immediately vested in rollover contributions.

A rehired member may buy back not more than 5 years of continuous past service by paying into the Plan the amount of contributions that the participant would otherwise have paid for such continuous past service, plus the interest that would have been earned had such funds been invested by the Plan during that time.

Effective October 1, 2013, the member contribution rate is increased to 20%, and Chapter 185 revenue will be used to reduce member contributions to 11%. If the Chapter 185 revenue is not sufficient to reduce the member contributions to 11%, then the City will make up the difference. Share accounts will not receive any allocation of Chapter 185 revenue during fiscal year ended September 30, 2014. Effective October 1, 2014, the member contribution rate is lowered back to 11% and Chapter 185 revenue will be allocated to the Share Plan accounts.

The City's funding policy is to make an actuarially computed annual contribution to the Plan in an amount, such that when combined with participants' contributions and the State insurance excise tax rebate, all participants' benefits will be fully provided for by the time that they retire.

## WEST PALM BEACH POLICE PENSION FUND

### NOTES TO FINANCIAL STATEMENTS

September 30, 2014 and 2013

#### 2. Summary of Significant Accounting Policies (Continued)

The City's actuarially determined contribution rate for the year ended September 30, 2014 and 2013 was 38.46% and 33.07%, respectively. This rate consists of 15.72% and 18.55% of member salaries to pay normal costs plus 22.74% and 14.52% to amortize the unfunded actuarially accrued liability pursuant to the September 30, 2013 actuarial valuation.

Administrative Costs - All administrative costs of the Plan are financed through charges allocated against the Share and DROP and supplemental distribution accounts. The City contributes the remainder of the cost of administration of the Plan.

Cash - The Plan considers money market and demand account bank and broker-dealer deposits as cash. Temporary investments, shown on the balance sheet are composed of investments in short-term custodial proprietary money market funds.

Federal Income Taxes - A favorable determination letter dated October 20, 1994 indicating that the Plan is qualified and exempt from Federal income taxes was issued by the Internal Revenue Service. Although the Plan has been amended since receiving this determination, the Board believes that the Plan is designed and continues to operate in compliance with the applicable requirements of the Internal Revenue Code.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events - Management has adopted the provisions set forth in GASB Statement No. 56, *Subsequent Events*, and considered subsequent events through the date of the audit report which is the date that the financial statements were available to be issued.

Restatement - Certain figures in the financial statements for the fiscal year ended September 30, 2013 have been restated to conform to the presentation used in the financial statements for the fiscal year ended September 30, 2014.

## WEST PALM BEACH POLICE PENSION FUND

### NOTES TO FINANCIAL STATEMENTS

September 30, 2014 and 2013

#### 2. Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements - Governmental Accounting Standards Board (GASB) 67, *Financial Reporting for Pension Plans* and GASB 68, *Accounting & Financial Reporting for Pensions (Employer)*, address accounting and financial reporting requirements for pension plan activities. The City of West Palm Beach Police Pension Fund (Plan) is a single employer pension plan as defined by GASB 67. The requirements for GASB 67 require changes in presentation of the financial statements, notes to the financial statements, and required supplementary information. GASB 67 is effective for fiscal years beginning after June 15, 2013. The implementation of GASB 67 did not significantly impact the accounts receivable and investment balances, as they were already accounted for in accordance with GASB 67 requirements and therefore no restatement of the 2013 balances were necessary. The Plan's implementation consist of the assumptions and actuarial calculation of total and net pension liability, comprehensive footnote disclosures regarding the pension liability calculation and assumptions and increased investment activity disclosures.

#### 3. Deposits and Investments

##### Deposits

Fiduciary International of the South (FTIOS) periodically holds uninvested cash in its respective capacity as custodian for the Plan. These funds exist temporarily as cash in the process of collection from the sale of securities.

##### Investments

Investments that are not evidenced by securities that exist in physical or book-entry form include investments in open-ended international and domestic investment funds and a commingled pooled trust fund.

The Plan's independently managed investments are segregated into eight separate accounts and managed under separate investment agreements with Oakridge Investments, LLC, Anchor Capital Advisors, Inc., Garcia, Hamilton, Jackson & Associates, L.P., BRC Investment Management, LLC, Eagle Asset Management, Inc., Valley Forge Asset Management Corp., G.W. Capital, Inc. and Wentworth, Hauser & Violich. These eight accounts give FTIOS the custodianship, but give these listed money managers the authority to manage the investments. International funds are held by Vanguard Trustees Equity Value Fund and OFIGTC & Emerging Markets Equity Fund and the REIT is held by U.S. Real Estate Investment Fund, L.L.C. (U.S. Real Estate). These assets are invested in accordance with the specific investment guidelines as set forth in Section 21 of the Special Act entitled "Investments." Investment management fees are calculated quarterly as a percentage of the fair market value of the Fund's assets managed.

## WEST PALM BEACH POLICE PENSION FUND

### NOTES TO FINANCIAL STATEMENTS

September 30, 2014 and 2013

### 3. Deposits and Investments (Continued)

The investment managers listed above are monitored by the Board of Trustees and an investment performance monitor.

Except for the investments held by U.S. Real Estate, the Plan's investments are uninsured and unregistered and are held in the custodians' or the Bank's accounts in the Plan's name as described above. The OFIGTC Emerging Markets Fund is held by the OFI Trust Company.

U.S. Real Estate Investment Trust is an alternative investment vehicle valued using the net asset value (NAV) provided by the investment managers of this fund. The NAV is based on the value of the underlying assets owned by this fund minus its liabilities and then divided by the number of shares or percentage of ownership outstanding. The NAV's unit price is quoted on a private market that is not active; however, the unit price is based on underlying investments which are traded on an active market.

The values of these alternative investments are not necessarily indicative of the amount that could be realized in a current transaction. The fair value may differ significantly from the value that would have been used had a ready market for the underlying funds existed, and the differences could be material. Future confirming events will also affect the estimates of fair value and the effect of such events on the estimates of fair value could be material.

The Plan held no investments that individually represent 5% or more of the Plan's net assets available for benefits during the years ended September 30, 2014 and 2013, respectively.

The Plan has no instrument that, in whole or in part, is accounted for as a derivative instrument under GASB statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* during the current Plan year.

The Plan held the following fixed investments as of September 30, 2014 and 2013:

Investment Type	%	Fair Value		Overall Credit Rating	Average
		9/30/14	9/30/13		Effective Duration (Years)
U.S. Government obligations	9.3 %	24,291,980\$	4,598,919	AA	6.30
U.S. Government agency obligations	8.8	22,761,000	23,999,207	AA	5.26
Corporate bonds	1.9	5,039,115	22,695,063	A-AAA	3.17
Temporary investments	2.3	6,072,000	9,156,500	N/A	N/A
Total	22.3% \$	58,164,095\$	60,449,689		



## WEST PALM BEACH POLICE PENSION FUND

### NOTES TO FINANCIAL STATEMENTS

September 30, 2014 and 2013

#### 3. Deposits and Investments (Continued)

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment in debt securities. Generally, the longer the time to maturity, the greater the exposure to interest rate risks. Through its investment policies the Plan manages its exposure to fair value losses rising from increasing interest rates. The Plan limits the effective duration of its investment portfolio through the adoption of the Barclay Intermediate Aggregate Bond Index benchmark.

Credit Risk - Credit risk is the risk that a debt issuer will not fulfill its obligations. Consistent with state law the Plan's investment guidelines limit its fixed income investments to a quality rating of "A" or equivalent as rated by Moody's or by Standard & Poor's bond rating services at the time of purchase. Fixed income investments which are downgraded below the minimum rating must be liquidated at the earliest beneficial opportunity.

Custodial Credit Risk - Custodial credit risk is defined as the risk that the Plan may not recover cash and investments held by another party in the event of a financial failure. The Plan requires all securities to be held by a third party custodian in the name of the Plan. Securities transactions between a broker-dealer and the custodian involving the purchase or sale of securities must be made on a "delivery vs. payment" basis to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction. The investments in mutual funds and investment fund are considered *unclassified* pursuant to the custodial risk categories of GASB Statement No. 3, because they are not evidenced by securities that exist in physical or book-entry form.

Investing in Foreign Markets - Investing in foreign markets may involve special risks and considerations not typically associated with investing in companies in the United States of America. These risks include revaluation of currencies, high rates of inflation, repatriation restrictions on income and capital, and future adverse political, social, and economic developments. Moreover, securities of foreign governments may be less liquid, subject to delayed settlements, taxation on realized or unrealized gains, and their prices are more volatile than those of comparable securities in U.S. companies.

Foreign Tax Withholdings and Reclaims - Withholding taxes on dividends from foreign securities are provided for based on rates established via treaty between the United States of America and the applicable foreign jurisdiction, or where no treaty exists at the prevailing rate established by the foreign country. Foreign tax withholdings are reflected as a reduction of dividend income in the statement of operations. Where treaties allow for a reclaim of taxes, the Fund will make a formal application for refund. Such reclaims are included as an addition to dividend income.

**WEST PALM BEACH POLICE PENSION FUND**

NOTES TO FINANCIAL STATEMENTS

September 30, 2014 and 2013

**3. Deposits and Investments (Continued)**

Investing in Real Estate - The Plan is subject to the risks inherent in the ownership and operation of real estate. These risks include, among others, those normally associated with changes in the general economic climate, trends in the industry including creditworthiness of tenants, competition for tenants, changes in tax laws, interest rate levels, the availability of financing and potential liability under environmental and other laws.

Investment Asset Allocation - The Plan's adopted asset allocation policy as of September 30, 2014 is as follows:

<u>Asset Class</u>	<u>Target Allocation</u>
Fixed income	25%
Domestic equity	55
International equity	10
Real estate	<u>10</u>
Total	<u>100%</u>

Rate of Return - For the year ended September 30, 2014 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.98 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**WEST PALM BEACH POLICE PENSION FUND**

NOTES TO FINANCIAL STATEMENTS  
September 30, 2014 and 2013

**4. Net Increase (Decrease) in Realized and  
Unrealized Appreciation (Depreciation) of Investments**

The Plan's investments appreciated (depreciated) in value during the years ended September 30, 2014 and 2013 as follows:

	2014			2013		
	Realized Appreciation (Depreciation)	Unrealized Appreciation (Depreciation)	Total	Realized Appreciation (Depreciation)	Unrealized Appreciation (Depreciation)	Total
Investments at fair value as determined by quoted market price:						
U.S. Government securities	\$ 187,129	\$ 75,983	\$ 263,112	\$ -	\$ 28,471	\$ 28,471
U.S. Government agency securities	(649,738)	219,461	(430,277)	(702,186)	(255,396)	(957,582)
Corporate bonds	290,454	609,779	900,233	1,730,008	(2,269,106)	(539,098)
Domestic stocks	17,584,586	(5,338,348)	12,246,238	10,078,793	9,857,605	19,936,398
International stocks	(163,318)	878,310	714,992	(58,272)	880,752	822,480
International equity investment funds	-	973,639	973,639	140,805	1,479,785	1,620,590
Real estate investment trust fund	-	2,230,184	2,230,184	-	1,760,269	1,760,269
Net increase in realized and unrealized appreciation (depreciation) of investments	<u>\$ 17,249,113</u>	<u>\$ (350,992)</u>	<u>\$ 16,898,121</u>	<u>\$ 11,189,148</u>	<u>\$ 11,482,380</u>	<u>\$ 22,671,528</u>

The calculation of realized gains and losses is independent of the calculation of net appreciation (depreciation) in the fair value of plan investments.

Unrealized gains and losses on investments sold in 2014 that had been held for more than one year were included in net appreciation (depreciation) reported in the prior year.

**WEST PALM BEACH POLICE PENSION FUND**

NOTES TO FINANCIAL STATEMENTS  
September 30, 2014 and 2013

**5. Investments**

The Plan's investments at both carrying value and cost or adjusted cost as of September 30, 2014 and 2013 are summarized as follows:

Investment	2014		2013	
	Cost	Fair Value	Cost	Fair Value
U.S. Government obligations	\$ 24,187,526	\$ 24,292,010	\$ 4,570,448	\$ 4,598,919
U.S. Government agency obligations	22,564,235	22,761,000	24,021,903	23,999,207
Corporate bonds	4,949,874	5,039,115	23,215,601	22,695,063
Domestic stocks	118,979,781	140,307,134	109,169,304	135,835,005
International stocks	8,682,258	10,568,433	8,927,454	9,935,319
International equity investment funds	17,844,460	20,297,883	17,621,017	19,100,802
Real estate investment trust fund	18,829,859	24,168,838	9,313,804	12,422,599
Temporary Investments	6,072,000	6,072,000	9,156,500	9,156,500
Total	<u>\$ 222,109,993</u>	<u>\$ 253,506,413</u>	<u>\$ 205,996,031</u>	<u>\$ 237,743,414</u>

**6. Mortgage-Backed Securities**

The Plan invests in mortgage-backed securities representing interests in pools of mortgage loans as part of its interest rate risk management strategy. The mortgage-backed securities are not used to leverage investments in fixed income portfolios. The mortgage-backed securities held by the Plan were guaranteed by federally sponsored agencies such as: Government National Mortgage Association, Federal National Mortgage Association and Federal Home Loan Mortgage Corporation.

**WEST PALM BEACH POLICE PENSION FUND**

NOTES TO FINANCIAL STATEMENTS  
September 30, 2014 and 2013

**7. Plan's Funded Status**

The City's Net Pension Liability of the October 1, 2014 actuarial valuation is presented below:

Fiscal Year Ended September 30,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a Percentage of the Total Pension Liability	Covered Payroll*	Net Pension Liability as a Percentage of Covered Payroll
2014	\$ 302,946,753	\$ 258,066,881	\$ 44,879,872	85.19%	\$ 17,446,782	257.24%

\*Actual total covered payroll for the fiscal year ended September 30, 2014.

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The actuarial methods and significant assumptions used are summarized as follows:

- (a) Actuarial cost method - Entry age normal
- (b) Asset valuation method - Four years smoothed market
- (c) Actuarial assumptions:
  - Investment rate of return - 8.00%
  - Post retirement benefit increases - 3.00% per year after retirement  
(beginning at age 65)
  - Projected salary increases - 5.00%
  - Inflation - 3.0%
- (d) Amortization method - Level dollar, closed
- (e) Remaining amortization period - 30 years
- (f) Retirement age - Experience-based table of rates that are specific to the type of eligibility condition
- (g) Mortality - 60% recognition of the RP-2000 Combined Healthy Participant Mortality Table for males and females with mortality improvement projected using Scale AA after 2000 and 40% recognition of the 1983 Group Annuity Mortality Table for males and females with no future mortality improvements

**WEST PALM BEACH POLICE PENSION FUND**

NOTES TO FINANCIAL STATEMENTS

September 30, 2014 and 2013

**8. Designations**

A portion of the fiduciary net position is designated for benefits that accrue in relation to the Share accounts and DROP accounts as further described in Note 1. Allocations to the DROP and Share plan accounts for the fiscal years ended September 30, 2014 and 2013 are presented below as determined in the most recent annual valuation available for the fiscal years then ended:

	2014	2013
Designated for Share accounts (fully funded)	\$ 43,021,800	\$ 41,518,746
Designated for DROP accounts (fully funded)	43,289,658	39,060,060
Designated for the supplemental pension distribution reserve	-	-
Total designated fiduciary net position	86,311,458	80,578,806
Undesignated fiduciary net position	171,755,423	157,923,884
Total fiduciary net position	\$ 258,066,881	\$ 238,502,690

**9. DROP Loans**

During the fiscal year ended September 30, 2014, certain DROP participants borrowed from their respective DROP accounts. These loans require repayment in sixty months at interest rates based on the lowest prime rate of interest listed in the Wall Street Journal at the time that the loan is issued.

A schedule of the changes of these loans is summarized as follows:

	Balance 9/30/13	Additions	Repayments	Balance 9/30/14
DROP Loans Receivable				
September 30	\$ 640,194	\$ 604,500	\$ 315,662	\$ 929,032

**WEST PALM BEACH POLICE PENSION FUND**

NOTES TO FINANCIAL STATEMENTS  
September 30, 2014 and 2013

**9. DROP Loans (Continued)**

Future minimum annual principal payments on these loans are as follows:

<u>September 30</u>	
2015	\$ 277,383
2016	234,683
2017	219,831
2018	145,116
2019	<u>52,019</u>
Total	<u>\$ 929,032</u>

Loan interest income for the year ended September 30, 2014 was \$24,941.

**10. Plan Amendments**

The Special Act was amended during the fiscal year ended September 30, 2014. Terms of this amendment are summarized as follows:

- The Chapter 185 revenue received in 2014 will be used to offset the City's required contribution in the fiscal year ending September 30, 2015.
  - This would be accomplished by increasing the member contribution rate from 11% to 20%. The Chapter 185 revenue would then be used to reduce the member contribution rate back to 11%. If the Chapter 185 revenue is not sufficient to reduce the member contributions to 11%, the City would make up the difference.
  - Starting October 1, 2014 the member contribution rate would be lowered back to 11%.
- The Chapter 185 revenue received in 2015 and thereafter would be allocated to the Share Plan Accounts.

These changes will reduce the City's funding requirement by 6.03% of covered payroll.

The Plan was not amended during the fiscal year ended September 30, 2013.

## WEST PALM BEACH POLICE PENSION FUND

### NOTES TO FINANCIAL STATEMENTS

September 30, 2014 and 2013

#### **11. Plan Termination**

Although it has not expressed an intention to do so, the City may terminate the Plan in accordance with the provisions of the Special Act governing the Plan and the provisions of Florida Statutes §185.37. In the event that the Plan is terminated or contributions to the Plan are permanently discontinued, the benefits of each police officer in the Plan at such termination date would be non-forfeitable.

#### **12. Commitments and Contingencies**

As described in Note 1, certain members of the Plan are entitled to refunds of their accumulated contributions, without interest, upon termination of employment with the City prior to being eligible for pension benefits. At September 30, 2014 aggregate contributions from active members of the Plan were approximately \$21,278,000. The portion of these contributions which are refundable to participants who may terminate with less than ten years of service has not been determined.

#### **13. Risk and Uncertainties**

The Plan invests in a variety of investment funds. Investments in general are exposed to various risks, such as interest rate, credit, and overall volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of fiduciary net position.



**WEST PALM BEACH POLICE PENSION FUND**

NOTES TO FINANCIAL STATEMENTS  
September 30, 2014 and 2013

**14. Lease (License) Agreements**

During the fiscal year the Plan entered a certain non-cancellable operating equipment lease agreement expiring through 2013. The future minimum annual payments under this agreement are summarized as follows:

<u>Year End</u>		<u>Amount</u>
2015	\$	1,680
2016		1,680
2017		1,680
2018		1,680
2019		<u>140</u>
Total	\$	<u><u>6,860</u></u>

The space lease (license) agreement is on a month-to-month basis at \$800 per month beginning on March 1, 2013.

Lease (license) expense for the fiscal year ended September 30, 2014 and 2013 is \$9,600 and \$10,081, respectively.

**WEST PALM BEACH POLICE PENSION FUND**

NOTES TO FINANCIAL STATEMENTS  
September 30, 2014 and 2013

**15. Net Pension Liability of the City**

The components of net position liability of the City of West Palm Beach (City) as of September 30, 2014 were as follows:

Total Pension Liability	\$ 302,946,753
Plan Fiduciary Net Position	<u>(258,066,881)</u>
City's Net Pension Liability	\$ 44,879,872
Plan Fiduciary Net Position as a percentage of total pension liability	85.19%

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of October 1, 2013 using the following actuarial assumptions applied to all measurement periods.

Inflation	3.00%
Salary increases	5.00%, including inflation
Investment rate of return	8.00%

Mortality rates were based on the RP-2000 Table for males and females with mortality improvement projected to all future years using Scale AA.

**WEST PALM BEACH POLICE PENSION FUND**

NOTES TO FINANCIAL STATEMENTS  
September 30, 2014 and 2013

**15. Net Pension Liability of the City**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation (as provided by the Fund's performance monitor) as of September 30, 2014 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
13% large growth	7.75%
13% large value	8.00%
10% international stock	8.25%
10% small stock	8.73%
16% mid-cap stock	8.25%
25% fixed	1.9%
10% real estate	6.25%
3% Emerging market	10.0%

Discount Rate - The discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

	1% Decrease	Current Discount Rate	1% Increase
	7.00%	8.00%	9.00%
City's Net Pension Liability	\$ 72,963,033	\$ 44,879,872	\$ 21,751,793

**REQUIRED SUPPLEMENTARY INFORMATION**

**WEST PALM BEACH POLICE PENSION FUND  
SCHEDULE OF CHANGES IN THE CITY'S  
NET PENSION LIABILITY AND RELATED RATIOS**

**Last Fiscal Year**

	September 30, <u>2014</u>
<b>Total pension liability:</b>	
Service cost	\$ 3,553,404
Interest	22,792,357
Benefit changes	-
Differences between actual and expected experience	294,048
Assumption changes	-
Benefit payments,	(13,557,996)
Refunds	(168,503)
Other (DROP and Share Plan adjustments)	<u>84,844</u>
<b>Net change in total pension liability</b>	12,998,154
<b>Total pension liability - beginning</b>	<u>289,948,599</u>
<b>Total pension liability - ending (a)</b>	<u><u>\$ 302,946,753</u></u>
<b>Plan fiduciary net position:</b>	
Contributions - employer	\$ 8,941,538
Contributions - non-employer contribution entity	-
Contributions - members	1,927,618
Net investment income	22,389,189
Benefit payments	(13,557,996)
Refunds	(168,503)
Administrative expense	(337,907)
Other	<u>370,252</u>
<b>Net change in plan fiduciary net position</b>	19,564,191
<b>Plan fiduciary net position - beginning</b>	<u>238,502,690</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 258,066,881</u></u>
Net Pension Liability - Ending (a) - (b)	\$ 44,879,872
Plan fiduciary net position as a percentage of total pension liability	85.19%
Covered employee payroll*	\$ 17,446,782
Net pension liability as a percentage of covered employee payroll	257.24%

\*Actual total covered payroll for the fiscal year ended September 30, 2014.

**WEST PALM BEACH POLICE PENSION FUND**

**SCHEDULE OF THE CITY'S  
NET PENSION LIABILITY**

**Last Fiscal Year**

<u>Fiscal Year Ended September 30,</u>	<u>Total Pension Liability</u>	<u>Plan Net Position</u>	<u>Net Pension Liability</u>	<u>Plan Net Position as a Percentage of the Total Pension Liability</u>	<u>Covered Payroll*</u>	<u>Net Pension Liability as a Percentage of Covered Payroll</u>
2014	\$ 302,946,753	\$ 258,066,881	\$ 44,879,872	85.19%	\$ 17,446,782	257.24%

\*Actual total covered payroll for the fiscal year ending September 30, 2014.

WEST PALM BEACH POLICE PENSION FUND

SCHEDULE OF CONTRIBUTIONS

Last Fiscal Year

<u>Fiscal Year Ended September 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll*</u>	<u>Actual Contribution as a Percentage of Covered Payroll</u>
2014	\$ 8,941,538	\$ 8,941,538	\$ -	\$ 17,446,782	51.25%

\*Actual total covered payroll for fiscal year ending September 30, 2014.

## WEST PALM BEACH POLICE PENSION FUND

### NOTES TO THE SCHEDULE OF CONTRIBUTIONS

September 30, 2014

#### Last Fiscal Year

**Valuation date:** September 30, 2013

Actuarially determined contribution rates are calculated as of October 1, which is two year(s) prior to the end of the fiscal year in which contributions are reported.

#### **Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry age normal
Amortization Method	Level dollar, closed
Remaining Amortization Period	30 years
Asset Valuation Method	4-year smoothed market
Inflation	3.0%
Salary Increases	5.0%, including inflation
Investment Rate of Return	8.00%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	60% recognition of the RP-2000 Combined Healthy Participant Mortality Table for males and females with mortality improvement projected using Scale AA after 2000 and 40% recognition of the 1983 Group Annuity Mortality Table for males and females with no future mortality improvements.



**WEST PALM BEACH POLICE PENSION FUND**

**SCHEDULE OF SINGLE DISCOUNT RATE**

**September 30, 2014**

A single discount rate of 8.00% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 8.00%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments (8.00%) was applied to all periods of projected benefit payments to determine the total pension liability.

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability calculated using a single discount rate of 8.00%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher.

**Sensitivity of the Net Pension Liability  
to the Single Discount Rate Assumption**

<u>1% Decrease</u> <u>7.00%</u>	<u>Current</u> <u>Single Discount</u> <u>Rate Assumption</u> <u>8.00%</u>	<u>1% Increase</u> <u>9.00%</u>
\$ 72,963,033	\$ 44,879,872	\$ 21,751,793

**ADDITIONAL INFORMATION**

**WEST PALM BEACH POLICE PENSION PLAN**  
**SCHEDULE OF INVESTMENT AND ADMINISTRATIVE EXPENSES**  
Years ended September 30, 2014 and 2013

	2014		2013	
	Investment Expenses	Administrative Expenses	Investment Expenses	Administrative Expenses
Actuary fees	\$ -	\$ 44,691	\$ -	\$ 46,824
Accounting fees	-	3,000	-	3,000
Administrator's fees	-	91,040	-	88,830
Audit fees	-	21,000	-	20,000
Computer service	-	26,328	-	17,706
Custodial fees	87,601	-	87,382	-
Directors' insurance	-	16,336	-	16,377
Investment managers' fees:				
Anchor Capital Advisors, Inc.	113,081	-	95,464	-
BRC Investment Management LLC	109,401	-	41,162	-
Oakridge Investments, LLC	137,211	-	118,177	-
Garcia Hamilton Jackson & Associates, L.P. (FX)	113,920	-	106,758	-
Garcia Hamilton Jackson & Associates, L.P. (EQ)	97,394	-	88,511	-
Eagle Asset Management, Inc.	118,880	-	104,346	-
Earnest Partners, L.L.C.	-	-	94,708	-
OFI Trust Company	61,906	-	50,213	-
Valley Forge Asset Management Corp.	20,355	-	76,036	-
G W Capital, Inc.	118,327	-	101,295	-
Wentworth, Hauser & Violich	111,879	-	99,117	-
New Amsterdam Partners, LLC	1,000	-	-	-
Legal fees	-	91,351	-	49,234
Medical advisor	-	13,452	-	10,566
Office expenses	-	4,748	-	4,056
Space and equipment	-	12,133	-	10,081
Performance monitor	72,000	-	70,250	-
Printing expense	-	185	-	2,332
Seminar expense	-	13,643	-	23,675
	<u>\$ 1,162,955</u>	<u>\$ 337,907</u>	<u>\$ 1,133,419</u>	<u>\$ 292,681</u>
Percentage of plan net position	<u>0.45%</u>	<u>0.13%</u>	<u>0.47%</u>	<u>0.12%</u>