

WEST PALM BEACH POLICE PENSION FUND

CHAPTER 112.664, F.S. COMPLIANCE REPORT

In Connection with the October 1, 2016 Funding Actuarial
Valuation Report and the Plan's Financial Reporting for the Year
Ending September 30, 2016



August 8, 2017

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

Dear Board Members:

Gabriel, Roeder, Smith & Company (GRS) has been engaged by the West Palm Beach Police Pension Fund (Plan) to prepare a disclosure report to satisfy the requirements set forth in Ch. 112.664, F.S. and as further required pursuant to Ch. 60T-1.0035, F.A.C.

This report was prepared at the request of the Board and is intended for use by the Retirement System and those designated or approved by the Board. This report may be provided to parties other than the System only in its entirety and only with the permission of the Board.

The purpose of the report is to provide the required information specified in Ch. 112.664, F.S. as well as supplement this information with additional exhibits. This report should not be relied on for any purpose other than the purpose described above.

The findings in this report are based on data or other information through September 30, 2016. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. The scope of this engagement does not include an analysis of the potential range of such measurements.

This report was based upon information furnished by the Plan Administrator concerning Plan benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal and year-to-year consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by the Plan Administrator.

Except as otherwise indicated as required for the disclosures contained herein, this report was prepared using certain assumptions selected by the Board as described in our September 30, 2016 actuarial valuation report. This report is also based on the Plan Provisions, census data, and financial information as summarized in our September 30, 2016 actuarial valuation report. Please refer to the September 30, 2016 actuarial valuation report, dated June 7, 2017, for summaries and descriptions of this information.

The use of an investment return assumption that is 2% higher than the investment return assumption used to determine the funding requirements does not represent an estimate of future Plan experience nor does it reflect an observation of future return estimates inherent in financial market data. The use of this investment return assumption is provided as a counterpart to the Chapter 112.664, Florida Statutes requirement to utilize an investment return assumption that is 2% lower than the assumption used to determine the funding requirements. The inclusion of the additional exhibits showing the effect of using a 2% higher investment return assumption shows a more complete assessment of the range of possible results as opposed to showing a one-sided range as required by Florida Statutes.

The undersigned are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. The signing actuaries are independent of the plan sponsor.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Retirement Plan as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

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), F.S. and Section 60T-1.0035, F.A.C.

Respectfully submitted,

GABRIEL, ROEDER, SMITH AND COMPANY

By 

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RESULTS

**Schedule of Changes in the Employers' Net Pension Liability
Using Financial Reporting Assumptions per GASB Statement No. 67**

Fiscal year ending September 30,	<u>2016</u>
1. Total pension liability	
a. Service Cost	\$ 4,119,566
b. Interest	25,142,553
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	1,947,897
e. Assumption Changes	2,275,600
f. Benefit Payments	(16,224,666)
g. Contribution Refunds	(93,453)
h. Net Change in Total Pension Liability	<u>17,167,497</u>
i. Total Pension Liability - Beginning	<u>320,381,184</u>
j. Total Pension Liability - Ending	<u>\$ 337,548,681</u>
2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 59,726,454
b. Contributions - State	1,259,981
c. Contributions - Member	2,336,635
d. Net Investment Income	21,229,525
e. Benefit Payments	(16,224,666)
f. Contribution Refunds	(93,453)
g. Administrative Expense	(288,017)
h. Other	423,031
i. Net Change in Plan Fiduciary Net Position	<u>68,369,490</u>
j. Plan Fiduciary Net Position - Beginning	<u>258,834,220</u>
k. Plan Fiduciary Net Position - Ending	<u>\$ 327,203,710</u>
3. Net Pension Liability / (Asset)	10,344,971
Certain Key Assumptions	
Valuation Date	09/30/2015
Measurement Date	09/30/2016
Investment Return Assumption	8.00%
Mortality Table	RP-2000 fully generational using Scale AA

**Schedule of Changes in the Employers' Net Pension Liability
Using Assumptions required under 112.664(1)(a), F.S.**

Fiscal year ending September 30,

1. Total pension liability

	<u>2016</u>
a. Service Cost	\$ 4,119,566
b. Interest	25,142,553
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	1,947,897
e. Assumption Changes	2,275,600
f. Benefit Payments	(16,224,666)
g. Contribution Refunds	(93,453)
h. Net Change in Total Pension Liability	<u>17,167,497</u>
i. Total Pension Liability - Beginning	<u>320,381,184</u>
j. Total Pension Liability - Ending	<u>\$ 337,548,681</u>

2. Plan Fiduciary Net Position

a. Contributions - Employer	\$ 59,726,454
b. Contributions - State	1,259,981
c. Contributions - Member	2,336,635
d. Net Investment Income	21,229,525
e. Benefit Payments	(16,224,666)
f. Contribution Refunds	(93,453)
g. Administrative Expense	(288,017)
h. Other	423,031
i. Net Change in Plan Fiduciary Net Position	<u>68,369,490</u>
j. Plan Fiduciary Net Position - Beginning	<u>258,834,220</u>
k. Plan Fiduciary Net Position - Ending	<u>\$ 327,203,710</u>

3. Net Pension Liability / (Asset) 10,344,971

Certain Key Assumptions

Valuation Date	09/30/2015
Measurement Date	09/30/2016
Investment Return Assumption	8.00%
Mortality Table	RP-2000 fully generational using Scale AA

**Schedule of Changes in the Employers' Net Pension Liability
Using Assumptions required under 112.664(1)(b), F.S.**

Fiscal year ending September 30,

	<u>2016</u>
1. Total pension liability	
a. Service Cost	\$ 6,724,931
b. Interest	23,137,968
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	1,683,012
e. Assumption Changes	-
f. Benefit Payments	(16,224,666)
g. Contribution Refunds	(93,453)
h. Net Change in Total Pension Liability	<u>15,227,792</u>
i. Total Pension Liability - Beginning	<u>390,429,386</u>
j. Total Pension Liability - Ending	<u><u>\$ 405,657,178</u></u>
2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 59,726,454
b. Contributions - State	1,259,981
c. Contributions - Member	2,336,635
d. Net Investment Income	21,229,525
e. Benefit Payments	(16,224,666)
f. Contribution Refunds	(93,453)
g. Administrative Expense	(288,017)
h. Other	423,031
i. Net Change in Plan Fiduciary Net Position	<u>68,369,490</u>
j. Plan Fiduciary Net Position - Beginning	<u>258,834,220</u>
k. Plan Fiduciary Net Position - Ending	<u><u>\$ 327,203,710</u></u>
3. Net Pension Liability / (Asset)	78,453,468
Certain Key Assumptions	
Valuation Date	09/30/2015
Measurement Date	09/30/2016
Investment Return Assumption	6.00%
Mortality Table	RP-2000 fully generational using Scale AA

Schedule of Changes in the Employers' Net Pension Liability

Using Assumptions under 112.664(1)(b), F.S. except 2% higher investment return assumption

Fiscal year ending September 30,

1. Total pension liability

	<u>2016</u>
a. Service Cost	\$ 2,695,391
b. Interest	27,017,409
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	1,683,012
e. Assumption Changes	-
f. Benefit Payments	(16,224,666)
g. Contribution Refunds	(93,453)
h. Net Change in Total Pension Liability	<u>15,077,693</u>
i. Total Pension Liability - Beginning	<u>276,985,454</u>
j. Total Pension Liability - Ending	<u>\$ 292,063,147</u>

2. Plan Fiduciary Net Position

a. Contributions - Employer	\$ 59,726,454
b. Contributions - State	1,259,981
c. Contributions - Member	2,336,635
d. Net Investment Income	21,229,525
e. Benefit Payments	(16,224,666)
f. Contribution Refunds	(93,453)
g. Administrative Expense	(288,017)
h. Other	423,031
i. Net Change in Plan Fiduciary Net Position	<u>68,369,490</u>
j. Plan Fiduciary Net Position - Beginning	<u>258,834,220</u>
k. Plan Fiduciary Net Position - Ending	<u>\$ 327,203,710</u>

3. Net Pension Liability / (Asset) (35,140,563)

Certain Key Assumptions

Valuation Date	09/30/2015
Measurement Date	09/30/2016
Investment Return Assumption	10.00%
Mortality Table	RP-2000 fully generational using Scale AA

Asset and Benefit Payment Projection
Not Reflecting Any Contributions from the Employer, State or Employee
Using assumptions from the Plan's latest actuarial valuation

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2017	229,616,069	17,567,599	13,070,886	234,112,782
2018	234,112,782	17,908,968	13,394,636	238,627,114
2019	238,627,114	18,244,556	13,900,437	242,971,233
2020	242,971,233	18,563,156	14,497,234	247,037,155
2021	247,037,155	18,857,632	15,150,327	250,744,460
2022	250,744,460	19,123,204	15,820,241	254,047,423
2023	254,047,423	19,355,960	16,514,913	256,888,470
2024	256,888,470	19,555,951	17,117,870	259,326,551
2025	259,326,551	19,728,233	17,618,619	261,436,165
2026	261,436,165	19,876,360	18,075,893	263,236,632
2027	263,236,632	20,000,780	18,516,942	264,720,470
2028	264,720,470	20,102,069	18,912,197	265,910,342
2029	265,910,342	20,183,460	19,224,872	266,868,930
2030	266,868,930	20,248,520	19,489,723	267,627,727
2031	267,627,727	20,298,179	19,746,145	268,179,761
2032	268,179,761	20,332,566	19,976,906	268,535,421
2033	268,535,421	20,352,770	20,175,084	268,713,107
2034	268,713,107	20,360,243	20,340,679	268,732,671
2035	268,732,671	20,356,139	20,484,028	268,604,782
2036	268,604,782	20,341,399	20,602,608	268,343,573
2037	268,343,573	20,317,522	20,686,582	267,974,513
2038	267,974,513	20,286,398	20,738,911	267,522,000
2039	267,522,000	20,249,998	20,758,341	267,013,657
2040	267,013,657	20,210,370	20,748,069	266,475,958
2041	266,475,958	20,169,664	20,706,472	265,939,150
2042	265,939,150	20,130,798	20,619,932	265,450,016

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits, **reflecting no contributions from the Employer, Employee or State, contrary to Florida Statutes and Plan provisions:** N/A

Certain Key Assumptions

Valuation Investment return assumption 7.875%
 Valuation Mortality Table FRS Mortality Rates from 7/1/16 FRS Valuation

Note: As required in Section 112.664(c) of the Florida Statutes, the projection of the Fund assets do not include contributions from the Employer, Employee or State, which is contrary to Florida Statutes and Plan provisions. For this reason, these projections should not be viewed as a representation of the amount of time the Fund can sustain benefit payments. Under the GASB standards which DO include contributions from the employer, employee and State, the Fund is expected to be able to sustain the benefit payment demands in the near-term and long-term future.

Asset and Benefit Payment Projection
Not Reflecting Any Contributions from the Employer, State or Employee
Using Assumptions required under 112.664(1)(a), F.S.

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2017	229,616,069	17,567,599	13,070,886	234,112,782
2018	234,112,782	17,908,968	13,394,636	238,627,114
2019	238,627,114	18,244,556	13,900,437	242,971,233
2020	242,971,233	18,563,156	14,497,234	247,037,155
2021	247,037,155	18,857,632	15,150,327	250,744,460
2022	250,744,460	19,123,204	15,820,241	254,047,423
2023	254,047,423	19,355,960	16,514,913	256,888,470
2024	256,888,470	19,555,951	17,117,870	259,326,551
2025	259,326,551	19,728,233	17,618,619	261,436,165
2026	261,436,165	19,876,360	18,075,893	263,236,632
2027	263,236,632	20,000,780	18,516,942	264,720,470
2028	264,720,470	20,102,069	18,912,197	265,910,342
2029	265,910,342	20,183,460	19,224,872	266,868,930
2030	266,868,930	20,248,520	19,489,723	267,627,727
2031	267,627,727	20,298,179	19,746,145	268,179,761
2032	268,179,761	20,332,566	19,976,906	268,535,421
2033	268,535,421	20,352,770	20,175,084	268,713,107
2034	268,713,107	20,360,243	20,340,679	268,732,671
2035	268,732,671	20,356,139	20,484,028	268,604,782
2036	268,604,782	20,341,399	20,602,608	268,343,573
2037	268,343,573	20,317,522	20,686,582	267,974,513
2038	267,974,513	20,286,398	20,738,911	267,522,000
2039	267,522,000	20,249,998	20,758,341	267,013,657
2040	267,013,657	20,210,370	20,748,069	266,475,958
2041	266,475,958	20,169,664	20,706,472	265,939,150
2042	265,939,150	20,130,798	20,619,932	265,450,016

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits, **reflecting no contributions from the Employer, Employee or State, contrary to Florida Statutes and Plan provisions:** N/A

Certain Key Assumptions

Valuation Investment return assumption 7.875%
 Valuation Mortality Table FRS Mortality Rates from 7/1/16 FRS Valuation

Note: As required in Section 112.664(c) of the Florida Statutes, the projection of the Fund assets do not include contributions from the Employer, Employee or State, which is contrary to Florida Statutes and Plan provisions. For this reason, these projections should not be viewed as a representation of the amount of time the Fund can sustain benefit payments. Under the GASB standards which DO include contributions from the employer, employee and State, the Fund is expected to be able to sustain the benefit payment demands in the near-term and long-term future.

Asset and Benefit Payment Projection
Not Reflecting Any Contributions from the Employer, State or Employee
Using Assumptions under 112.664(1)(b), F.S.

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2017	229,616,069	13,105,987	13,070,886	229,651,170
2018	229,651,170	13,098,539	13,394,636	229,355,073
2019	229,355,073	13,066,285	13,900,437	228,520,921
2020	228,520,921	12,999,748	14,497,234	227,023,435
2021	227,023,435	12,892,586	15,150,327	224,765,694
2022	224,765,694	12,740,265	15,820,241	221,685,718
2023	221,685,718	12,538,910	16,514,913	217,709,715
2024	217,709,715	12,287,608	17,117,870	212,879,453
2025	212,879,453	11,989,121	17,618,619	207,249,955
2026	207,249,955	11,644,955	18,075,893	200,819,017
2027	200,819,017	11,254,182	18,516,942	193,556,257
2028	193,556,257	10,815,884	18,912,197	185,459,944
2029	185,459,944	10,331,041	19,224,872	176,566,113
2030	176,566,113	9,800,749	19,489,723	166,877,139
2031	166,877,139	9,223,989	19,746,145	156,354,983
2032	156,354,983	8,599,034	19,976,906	144,977,111
2033	144,977,111	7,924,762	20,175,084	132,726,789
2034	132,726,789	7,200,191	20,340,679	119,586,301
2035	119,586,301	6,423,977	20,484,028	105,526,250
2036	105,526,250	5,594,466	20,602,608	90,518,108
2037	90,518,108	4,710,270	20,686,582	74,541,796
2038	74,541,796	3,770,125	20,738,911	57,573,010
2039	57,573,010	2,772,638	20,758,341	39,587,307
2040	39,587,307	1,716,280	20,748,069	20,555,518
2041	20,555,518	599,384	20,706,472	448,430
2042	448,430	-	20,619,932	-

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits, **reflecting no contributions from the Employer, Employee or State, contrary to Florida Statutes and Plan provisions:** 25.00

Certain Key Assumptions

Valuation Investment return assumption	5.875%
Valuation Mortality Table	FRS Mortality Rates from 7/1/16 FRS Valuation

Note: As required in Section 112.664(c) of the Florida Statutes, the projection of the Fund assets do not include contributions from the Employer, Employee or State, which is contrary to Florida Statutes and Plan provisions. For this reason, these projections should not be viewed as a representation of the amount of time the Fund can sustain benefit payments. Under the GASB standards which DO include contributions from the employer, employee and State, the Fund is expected to be able to sustain the benefit payment demands in the near-term and long-term future.

Asset and Benefit Payment Projection
Not Reflecting Any Contributions from the Employer, State or Employee
Using Assumptions under 112.664(1)(b), F.S. except 2% higher investment return assumption

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2017	229,616,069	22,029,212	13,070,886	238,574,395
2018	238,574,395	22,897,861	13,394,636	248,077,620
2019	248,077,620	23,811,331	13,900,437	257,988,514
2020	257,988,514	24,760,565	14,497,234	268,251,845
2021	268,251,845	25,741,822	15,150,327	278,843,340
2022	278,843,340	26,754,655	15,820,241	289,777,754
2023	289,777,754	27,800,129	16,514,913	301,062,970
2024	301,062,970	28,884,773	17,117,870	312,829,873
2025	312,829,873	30,022,031	17,618,619	325,233,285
2026	325,233,285	31,224,290	18,075,893	338,381,682
2027	338,381,682	32,500,917	18,516,942	352,365,657
2028	352,365,657	33,862,319	18,912,197	367,315,779
2029	367,315,779	35,323,205	19,224,872	383,414,112
2030	383,414,112	36,899,838	19,489,723	400,824,227
2031	400,824,227	38,606,427	19,746,145	419,684,509
2032	419,684,509	40,457,486	19,976,906	440,165,089
2033	440,165,089	42,470,158	20,175,084	462,460,163
2034	462,460,163	44,663,620	20,340,679	486,783,104
2035	486,783,104	47,058,433	20,484,028	513,357,509
2036	513,357,509	49,676,800	20,602,608	542,431,701
2037	542,431,701	52,543,730	20,686,582	574,288,849
2038	574,288,849	55,687,040	20,738,911	609,236,978
2039	609,236,978	59,137,208	20,758,341	647,615,845
2040	647,615,845	62,927,629	20,748,069	689,795,405
2041	689,795,405	67,094,914	20,706,472	736,183,847
2042	736,183,847	71,680,046	20,619,932	787,243,961

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits, **reflecting no contributions from the Employer, Employee or State, contrary to Florida Statutes and Plan provisions:** N/A

Certain Key Assumptions

Valuation Investment return assumption	9.875%
Valuation Mortality Table	FRS Mortality Rates from 7/1/16 FRS Valuation

Note: As required in Section 112.664(c) of the Florida Statutes, the projection of the Fund assets do not include contributions from the Employer, Employee or State, which is contrary to Florida Statutes and Plan provisions. For this reason, these projections should not be viewed as a representation of the amount of time the Fund can sustain benefit payments. Under the GASB standards which DO include contributions from the employer, employee and State, the Fund is expected to be able to sustain the benefit payment demands in the near-term and long-term future.

ACTUARIALLY DETERMINED CONTRIBUTION EXPRESSED AS PERCENT OF PAYROLL

	Plan's Latest Actuarial Valuation Assumptions	112.664(1)(a) F.S. Assumptions	112.664(1)(b) F.S. Assumptions	112.664(1)(b) F.S. Except 2% Higher Investment Return Assumption
A. Valuation Date	September 30, 2016	September 30, 2016	September 30, 2016	September 30, 2016
B. Actuarially Determined Contribution (ADC) to Be Paid During Fiscal Year Ending	9/30/2018	9/30/2018	9/30/2018	9/30/2018
C. Assumed Dates of Employer Contributions	Quarterly	Quarterly	Quarterly	Quarterly
D. Total Normal Cost	22.09 %	22.09 %	36.11 %	14.19 %
E. Amortization of Unfunded Actuarial Accrued Liability	2.89 %	2.89 %	24.48 %	0.00 %
F. Administrative Expenses	0.97 %	0.97 %	0.97 %	0.97 %
G. Total ADC Adjusted for Timing and Frequency of Payments	25.95 %	25.95 %	61.56 %	15.16 %
H. Expected Covered Payroll for Contribution Year	\$ 21,758,873	\$ 21,758,873	\$ 21,758,873	\$ 21,758,873
I. ADC as a Dollar Amount in the Contribution Year G x H	\$ 5,646,428	\$ 5,646,428	\$ 13,394,762	\$ 3,298,645
J. Member Portion of Contribution	\$ 2,393,476	\$ 2,393,476	\$ 2,393,476	\$ 2,393,476
K. Employer ADC in Contribution Year	\$ 3,252,952	\$ 3,252,952	\$ 11,001,286	\$ 905,169
L. Employer ADC as % of Covered Payroll in Contribution Year: K ÷ H	14.95 %	14.95 %	50.56 %	4.16 %
M. Certain Key Assumptions				
Investment Return Assumption	7.875%	7.875%	5.875%	9.875%
Mortality Table	FRS Mortality Rates from 7/1/16 FRS Valuation	FRS Mortality Rates from 7/1/16 FRS Valuation	FRS Mortality Rates from 7/1/16 FRS Valuation	FRS Mortality Rates from 7/1/16 FRS Valuation