

WEST PALM BEACH POLICE PENSION FUND

CHAPTER 112.664, F.S. COMPLIANCE REPORT

In Connection with the September 30, 2017 Funding Actuarial
Valuation Report and the Plan's Financial Reporting for the Year
Ending September 30, 2017



June 11, 2018

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, 2017. 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 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, 2017 actuarial valuation report. This report is also based on the Plan Provisions, census data, and financial information as summarized in our September 30, 2017 actuarial valuation report. Please refer to the September 30, 2017 actuarial valuation report, dated April 12, 2018, 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.

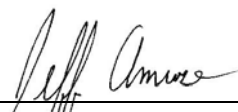
Jeffrey Amrose and Trisha Amrose are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. The signing actuaries are independent of the plan sponsor.

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 us or under our direct supervision, and we acknowledge responsibility for the results. To the best of our knowledge, the results are complete and accurate, and in our 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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Enrolled Actuary No. 17-6599
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By 
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CH. 112.664, Florida Statutes

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>2017</u>
1. Total pension liability	
a. Service Cost	\$ 4,465,713
b. Interest	26,458,916
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	2,573,278
e. Assumption Changes	5,183,638
f. Benefit Payments	(18,064,650)
g. Contribution Refunds	(25,530)
h. Net Change in Total Pension Liability	<u>20,591,365</u>
i. Total Pension Liability - Beginning	<u>337,548,681</u>
j. Total Pension Liability - Ending	<u>\$ 358,140,046</u>
2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 3,285,065
b. Contributions - State	1,333,046
c. Contributions - Member	2,427,068
d. Net Investment Income	44,494,434
e. Benefit Payments	(18,064,650)
f. Contribution Refunds	(25,530)
g. Administrative Expense	(308,777)
h. Other	904,892
i. Net Change in Plan Fiduciary Net Position	<u>34,045,548</u>
j. Plan Fiduciary Net Position - Beginning	<u>327,203,710</u>
k. Plan Fiduciary Net Position - Ending	<u>\$ 361,249,258</u>
3. Net Pension Liability / (Asset)	(3,109,212)
Certain Key Assumptions	
Valuation Date	09/30/2016
Measurement Date	09/30/2017
Investment Return Assumption	7.875%
Mortality Table	FRS Mortality Rates from 7/1/16 FRS Valuation

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

Fiscal year ending September 30,	<u>2017</u>
1. Total pension liability	
a. Service Cost	\$ 4,465,713
b. Interest	26,458,916
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	2,573,278
e. Assumption Changes	5,183,638
f. Benefit Payments	(18,064,650)
g. Contribution Refunds	(25,530)
h. Net Change in Total Pension Liability	<u>20,591,365</u>
i. Total Pension Liability - Beginning	<u>337,548,681</u>
j. Total Pension Liability - Ending	<u>\$ 358,140,046</u>
2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 3,285,065
b. Contributions - State	1,333,046
c. Contributions - Member	2,427,068
d. Net Investment Income	44,494,434
e. Benefit Payments	(18,064,650)
f. Contribution Refunds	(25,530)
g. Administrative Expense	(308,777)
h. Other	904,892
i. Net Change in Plan Fiduciary Net Position	<u>34,045,548</u>
j. Plan Fiduciary Net Position - Beginning	<u>327,203,710</u>
k. Plan Fiduciary Net Position - Ending	<u>\$ 361,249,258</u>
3. Net Pension Liability / (Asset)	(3,109,212)
Certain Key Assumptions	
Valuation Date	09/30/2016
Measurement Date	09/30/2017
Investment Return Assumption	7.875%
Mortality Table	FRS Mortality Rates from 7/1/16 FRS Valuation

**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>2017</u>
1. Total pension liability	
a. Service Cost	\$ 7,564,999
b. Interest	24,216,448
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	2,237,938
e. Assumption Changes	-
f. Benefit Payments	(18,064,650)
g. Contribution Refunds	(25,530)
h. Net Change in Total Pension Liability	<u>15,929,205</u>
i. Total Pension Liability - Beginning	<u>417,457,456</u>
j. Total Pension Liability - Ending	<u>\$ 433,386,661</u>
2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 3,285,065
b. Contributions - State	1,333,046
c. Contributions - Member	2,427,068
d. Net Investment Income	44,494,434
e. Benefit Payments	(18,064,650)
f. Contribution Refunds	(25,530)
g. Administrative Expense	(308,777)
h. Other	904,892
i. Net Change in Plan Fiduciary Net Position	<u>34,045,548</u>
j. Plan Fiduciary Net Position - Beginning	<u>327,203,710</u>
k. Plan Fiduciary Net Position - Ending	<u>\$ 361,249,258</u>
3. Net Pension Liability / (Asset)	72,137,403
Certain Key Assumptions	
Valuation Date	09/30/2016
Measurement Date	09/30/2017
Investment Return Assumption	5.875%
Mortality Table	FRS Mortality Rates from 7/1/16 FRS Valuation

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,	<u>2017</u>
1. Total pension liability	
a. Service Cost	\$ 2,972,705
b. Interest	28,216,384
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	2,237,938
e. Assumption Changes	-
f. Benefit Payments	(18,064,650)
g. Contribution Refunds	(25,530)
h. Net Change in Total Pension Liability	<u>15,336,847</u>
i. Total Pension Liability - Beginning	<u>293,294,275</u>
j. Total Pension Liability - Ending	<u>\$ 308,631,122</u>
2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 3,285,065
b. Contributions - State	1,333,046
c. Contributions - Member	2,427,068
d. Net Investment Income	44,494,434
e. Benefit Payments	(18,064,650)
f. Contribution Refunds	(25,530)
g. Administrative Expense	(308,777)
h. Other	904,892
i. Net Change in Plan Fiduciary Net Position	<u>34,045,548</u>
j. Plan Fiduciary Net Position - Beginning	<u>327,203,710</u>
k. Plan Fiduciary Net Position - Ending	<u>\$ 361,249,258</u>
3. Net Pension Liability / (Asset)	(52,618,136)
Certain Key Assumptions	
Valuation Date	09/30/2016
Measurement Date	09/30/2017
Investment Return Assumption	9.875%
Mortality Table	FRS Mortality Rates from 7/1/16 FRS Valuation

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)
2018	257,862,321	19,465,885	13,379,213	263,948,993
2019	263,948,993	19,918,936	13,860,925	270,007,004
2020	270,007,004	20,362,909	14,519,587	275,850,326
2021	275,850,326	20,788,581	15,221,149	281,417,758
2022	281,417,758	21,191,320	15,962,753	286,646,325
2023	286,646,325	21,566,632	16,734,412	291,478,545
2024	291,478,545	21,915,018	17,408,226	295,985,337
2025	295,985,337	22,242,517	17,970,224	300,257,630
2026	300,257,630	22,553,490	18,489,703	304,321,417
2027	304,321,417	22,849,174	18,986,722	308,183,869
2028	308,183,869	23,131,241	19,432,494	311,882,616
2029	311,882,616	23,404,066	19,789,342	315,497,340
2030	315,497,340	23,672,360	20,095,074	319,074,626
2031	319,074,626	23,938,136	20,390,899	322,621,863
2032	322,621,863	24,202,594	20,660,654	326,163,803
2033	326,163,803	24,468,004	20,895,251	329,736,556
2034	329,736,556	24,737,263	21,092,138	333,381,681
2035	333,381,681	25,012,998	21,266,630	337,128,049
2036	337,128,049	25,297,618	21,414,336	341,011,331
2037	341,011,331	25,594,121	21,529,206	345,076,246
2038	345,076,246	25,905,959	21,611,624	349,370,581
2039	349,370,581	26,237,078	21,655,286	353,952,373
2040	353,952,373	26,591,586	21,670,260	358,873,699
2041	358,873,699	26,973,482	21,657,529	364,189,652
2042	364,189,652	27,387,614	21,602,159	369,975,107
2043	369,975,107	27,840,215	21,493,051	376,322,271

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:** All Years

Certain Key Assumptions

Valuation Investment return assumption 7.75%
 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)
2018	257,862,321	19,465,885	13,379,213	263,948,993
2019	263,948,993	19,918,936	13,860,925	270,007,004
2020	270,007,004	20,362,909	14,519,587	275,850,326
2021	275,850,326	20,788,581	15,221,149	281,417,758
2022	281,417,758	21,191,320	15,962,753	286,646,325
2023	286,646,325	21,566,632	16,734,412	291,478,545
2024	291,478,545	21,915,018	17,408,226	295,985,337
2025	295,985,337	22,242,517	17,970,224	300,257,630
2026	300,257,630	22,553,490	18,489,703	304,321,417
2027	304,321,417	22,849,174	18,986,722	308,183,869
2028	308,183,869	23,131,241	19,432,494	311,882,616
2029	311,882,616	23,404,066	19,789,342	315,497,340
2030	315,497,340	23,672,360	20,095,074	319,074,626
2031	319,074,626	23,938,136	20,390,899	322,621,863
2032	322,621,863	24,202,594	20,660,654	326,163,803
2033	326,163,803	24,468,004	20,895,251	329,736,556
2034	329,736,556	24,737,263	21,092,138	333,381,681
2035	333,381,681	25,012,998	21,266,630	337,128,049
2036	337,128,049	25,297,618	21,414,336	341,011,331
2037	341,011,331	25,594,121	21,529,206	345,076,246
2038	345,076,246	25,905,959	21,611,624	349,370,581
2039	349,370,581	26,237,078	21,655,286	353,952,373
2040	353,952,373	26,591,586	21,670,260	358,873,699
2041	358,873,699	26,973,482	21,657,529	364,189,652
2042	364,189,652	27,387,614	21,602,159	369,975,107
2043	369,975,107	27,840,215	21,493,051	376,322,271

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:** All Years

Certain Key Assumptions

Valuation Investment return assumption 7.75%
 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)
2018	257,862,321	14,442,431	13,379,213	258,925,539
2019	258,925,539	14,489,717	13,860,925	259,554,331
2020	259,554,331	14,506,936	14,519,587	259,541,680
2021	259,541,680	14,486,039	15,221,149	258,806,570
2022	258,806,570	14,422,449	15,962,753	257,266,266
2023	257,266,266	14,311,696	16,734,412	254,843,550
2024	254,843,550	14,153,018	17,408,226	251,588,342
2025	251,588,342	13,949,686	17,970,224	247,567,804
2026	247,567,804	13,703,570	18,489,703	242,781,671
2027	242,781,671	13,414,078	18,986,722	237,209,027
2028	237,209,027	13,080,835	19,432,494	230,857,368
2029	230,857,368	12,705,355	19,789,342	223,773,381
2030	223,773,381	12,289,236	20,095,074	215,967,543
2031	215,967,543	11,831,895	20,390,899	207,408,539
2032	207,408,539	11,331,997	20,660,654	198,079,882
2033	198,079,882	10,788,855	20,895,251	187,973,486
2034	187,973,486	10,202,076	21,092,138	177,083,424
2035	177,083,424	9,570,881	21,266,630	165,387,675
2036	165,387,675	8,894,129	21,414,336	152,867,468
2037	152,867,468	8,170,915	21,529,206	139,509,177
2038	139,509,177	7,400,443	21,611,624	125,297,996
2039	125,297,996	6,582,045	21,655,286	110,224,755
2040	110,224,755	5,714,903	21,670,260	94,269,398
2041	94,269,398	4,797,836	21,657,529	77,409,705
2042	77,409,705	3,829,996	21,602,159	59,637,542
2043	59,637,542	2,811,233	21,493,051	40,955,724
2044	40,955,724	1,741,589	21,334,436	21,362,877
2045	21,362,877	620,881	21,129,887	853,871
2046	853,871	-	20,877,063	-

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: 28.00

Certain Key Assumptions

Valuation Investment return assumption 5.75%
 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)
2018	257,862,321	24,489,340	13,379,213	268,972,448
2019	268,972,448	25,549,094	13,860,925	280,660,617
2020	280,660,617	26,656,580	14,519,587	292,797,610
2021	292,797,610	27,805,736	15,221,149	305,382,197
2022	305,382,197	28,996,580	15,962,753	318,416,024
2023	318,416,024	30,229,760	16,734,412	331,911,372
2024	331,911,372	31,512,708	17,408,226	346,015,854
2025	346,015,854	32,860,497	17,970,224	360,906,127
2026	360,906,127	34,286,974	18,489,703	376,703,398
2027	376,703,398	35,802,979	18,986,722	393,519,655
2028	393,519,655	37,420,832	19,432,494	411,507,993
2029	411,507,993	39,157,299	19,789,342	430,875,950
2030	430,875,950	41,030,770	20,095,074	451,811,646
2031	451,811,646	43,057,579	20,390,899	474,478,326
2032	474,478,326	45,254,430	20,660,654	499,072,102
2033	499,072,102	47,640,886	20,895,251	525,817,737
2034	525,817,737	50,238,988	21,092,138	554,964,587
2035	554,964,587	53,072,299	21,266,630	586,770,256
2036	586,770,256	56,166,151	21,414,336	621,522,071
2037	621,522,071	59,548,853	21,529,206	659,541,718
2038	659,541,718	63,251,751	21,611,624	701,181,845
2039	701,181,845	67,309,535	21,655,286	746,836,094
2040	746,836,094	71,760,094	21,670,260	796,925,928
2041	796,925,928	76,644,473	21,657,529	851,912,872
2042	851,912,872	82,008,400	21,602,159	912,319,113
2043	912,319,113	87,903,327	21,493,051	978,729,389

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:**

All Years

Certain Key Assumptions

Valuation Investment return assumption

9.75%

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, 2017	September 30, 2017	September 30, 2017	September 30, 2017
B. Actuarially Determined Contribution (ADC) to Be Paid During Fiscal Year Ending	9/30/2019	9/30/2019	9/30/2019	9/30/2019
C. Assumed Dates of Employer Contributions	Quarterly	Quarterly	Quarterly	Quarterly
D. Total Normal Cost	24.62 %	24.62 %	40.45 %	15.73 %
E. Amortization of Unfunded Actuarial Accrued Liability	4.72 %	4.72 %	25.63 %	0.00 %
F. Administrative Expenses	1.01 %	1.01 %	1.01 %	1.01 %
G. Total ADC Adjusted for Timing and Frequency of Payments	30.35 %	30.35 %	67.09 %	16.74 %
H. Expected Covered Payroll for Contribution Year	\$ 23,405,258	\$ 23,405,258	\$ 23,405,258	\$ 23,405,258
I. ADC as a Dollar Amount in the Contribution Year G x H	\$ 7,103,496	\$ 7,103,496	\$ 15,702,588	\$ 3,918,040
J. Member Portion of Contribution	\$ 2,574,578	\$ 2,574,578	\$ 2,574,578	\$ 2,574,578
K. Employer ADC in Contribution Year	\$ 4,528,918	\$ 4,528,918	\$ 13,128,010	\$ 1,343,462
L. Employer ADC as % of Covered Payroll in Contribution Year: K ÷ H	19.35 %	19.35 %	56.09 %	5.74 %
M. Certain Key Assumptions				
Investment Return Assumption	7.75%	7.75%	5.75%	9.75%
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