

West Palm Beach Police Pension Fund

Chapter 112.664, F.S. Compliance Report

In Connection with the September 30, 2019 Funding Actuarial
Valuation Report and the Plan's Financial Reporting for the Year
Ending September 30, 2019





July 2, 2020

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 Plan and those designated or approved by the Board. This report may be provided to parties other than the Plan only in its entirety and only with the permission of the Board. GRS is not responsible for unauthorized use of this report

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 and other information through September 30, 2019. 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 approved by the Board as authorized under and prescribed by the Florida Statutes, as described in our September 30, 2019 actuarial valuation report. This report is also based on the Plan provisions, census data, and financial information as summarized in our September 30, 2019 actuarial valuation report. Please refer to the September 30, 2019 actuarial valuation report, dated March 12, 2020, 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.

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.

Jeffrey Amrose and Trisha Amrose are members of the American Academy of Actuaries. These actuaries meet the Academy's Qualification Standards and render the actuarial opinions contained herein.

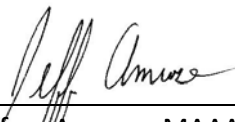
The signing actuaries are independent of the plan sponsor.

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 & COMPANY

By 
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Enrolled Actuary No. 20-6599
Senior Consultant & Actuary


By 
Trisha Amrose, MAAA, FCA
Enrolled Actuary No. 20-8010
Consultant & Actuary



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CH. 112.664, FLORIDA STATUTES

RESULTS

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

Fiscal year ending September 30,	2019
1. Total Pension Liability	
a. Service Cost	\$ 5,950,838
b. Interest	29,213,639
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	4,172,919
e. Assumption Changes	4,539,371
f. Benefit Payments	(18,963,330)
g. Contribution Refunds	(152,950)
h. Net Change in Total Pension Liability	24,760,487
i. Total Pension Liability - Beginning	383,532,907
j. Total Pension Liability - Ending	\$ 408,293,394
 2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 4,363,006
b. Contributions - State	1,483,310
c. Contributions - Member	2,787,968
d. Net Investment Income	9,669,966
e. Benefit Payments	(18,963,330)
f. Contribution Refunds	(152,950)
g. Administrative Expense	(336,885)
h. Other	130,508
i. Net Change in Plan Fiduciary Net Position	(1,018,407)
j. Plan Fiduciary Net Position - Beginning	384,460,632
k. Plan Fiduciary Net Position - Ending	\$ 383,442,225
 3. Net Pension Liability / (Asset)	\$ 24,851,169
 Certain Key Assumptions	
Valuation Date	09/30/2018
Measurement Date	09/30/2019
Investment Return Assumption	7.625%
Mortality Table	Special Risk Class Mortality Rates from 7/1/17 FRS Valuation



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

Fiscal year ending September 30,	2019
1. Total Pension Liability	
a. Service Cost	\$ 5,950,838
b. Interest	29,213,639
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	4,172,919
e. Assumption Changes	4,539,371
f. Benefit Payments	(18,963,330)
g. Contribution Refunds	(152,950)
h. Net Change in Total Pension Liability	24,760,487
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a. Contributions - Employer	\$ 4,363,006
b. Contributions - State	1,483,310
c. Contributions - Member	2,787,968
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g. Administrative Expense	(336,885)
h. Other	130,508
i. Net Change in Plan Fiduciary Net Position	(1,018,407)
j. Plan Fiduciary Net Position - Beginning	384,460,632
k. Plan Fiduciary Net Position - Ending	\$ 383,442,225
 3. Net Pension Liability / (Asset)	\$ 24,851,169
 Certain Key Assumptions	
Valuation Date	09/30/2018
Measurement Date	09/30/2019
Investment Return Assumption	7.625%
Mortality Table	Special Risk Class Mortality Rates from 7/1/17 FRS Valuation



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

Fiscal year ending September 30,	2019
1. Total Pension Liability	
a. Service Cost	\$ 10,122,018
b. Interest	26,603,794
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	1,613,818
e. Assumption Changes	-
f. Benefit Payments	(18,963,330)
g. Contribution Refunds	(152,950)
h. Net Change in Total Pension Liability	19,223,350
i. Total Pension Liability - Beginning	477,453,464
j. Total Pension Liability - Ending	\$ 496,676,814
 2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 4,363,006
b. Contributions - State	1,483,310
c. Contributions - Member	2,787,968
d. Net Investment Income	9,669,966
e. Benefit Payments	(18,963,330)
f. Contribution Refunds	(152,950)
g. Administrative Expense	(336,885)
h. Other	130,508
i. Net Change in Plan Fiduciary Net Position	(1,018,407)
j. Plan Fiduciary Net Position - Beginning	384,460,632
k. Plan Fiduciary Net Position - Ending	\$ 383,442,225
 3. Net Pension Liability / (Asset)	\$ 113,234,589
 Certain Key Assumptions	
Valuation Date	09/30/2018
Measurement Date	09/30/2019
Investment Return Assumption	5.625%
Mortality Table	Special Risk Class Mortality Rates from 7/1/17 FRS Valuation



Schedule of Changes in the Employer's Net Pension Liability
Using Assumptions under 112.664(1)(b), F.S. except 2% higher investment return assumption

Fiscal year ending September 30,	<u>2019</u>
1. Total Pension Liability	
a. Service Cost	\$ 3,907,941
b. Interest	31,285,271
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	1,613,818
e. Assumption Changes	-
f. Benefit Payments	(18,963,330)
g. Contribution Refunds	(152,950)
h. Net Change in Total Pension Liability	<u>17,690,750</u>
i. Total Pension Liability - Beginning	<u>332,645,943</u>
j. Total Pension Liability - Ending	<u><u>\$ 350,336,693</u></u>
2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 4,363,006
b. Contributions - State	1,483,310
c. Contributions - Member	2,787,968
d. Net Investment Income	9,669,966
e. Benefit Payments	(18,963,330)
f. Contribution Refunds	(152,950)
g. Administrative Expense	(336,885)
h. Other	130,508
i. Net Change in Plan Fiduciary Net Position	<u>(1,018,407)</u>
j. Plan Fiduciary Net Position - Beginning	<u>384,460,632</u>
k. Plan Fiduciary Net Position - Ending	<u><u>\$ 383,442,225</u></u>
3. Net Pension Liability / (Asset)	\$ (33,105,532)
Certain Key Assumptions	
Valuation Date	09/30/2018
Measurement Date	09/30/2019
Investment Return Assumption	9.625%
Mortality Table	Special Risk Class Mortality Rates from 7/1/17 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), Net of DROP/Share		Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY), Net of DROP/Share	
	Accounts	Accounts				
2020	\$ 270,740,310	\$ 19,743,609	\$ 14,984,368	\$ 275,499,551		
2021	275,499,551	20,068,250	15,845,775	279,722,026		
2022	279,722,026	20,350,045	16,776,195	283,295,876		
2023	283,295,876	20,581,781	17,744,261	286,133,396		
2024	286,133,396	20,763,468	18,574,325	288,322,539		
2025	288,322,539	20,901,650	19,267,746	289,956,443		
2026	289,956,443	21,000,219	19,907,036	291,049,626		
2027	291,049,626	21,059,551	20,511,223	291,597,954		
2028	291,597,954	21,080,749	21,042,597	291,636,106		
2029	291,636,106	21,067,628	21,468,804	291,234,930		
2030	291,234,930	21,023,077	21,854,476	290,403,531		
2031	290,403,531	20,946,869	22,223,879	289,126,521		
2032	289,126,521	20,838,461	22,560,745	287,404,237		
2033	287,404,237	20,697,911	22,864,190	285,237,958		
2034	285,237,958	20,525,858	23,119,711	282,644,105		
2035	282,644,105	20,322,800	23,346,881	279,620,024		
2036	279,620,024	20,088,545	23,545,504	276,163,065		
2037	276,163,065	19,823,408	23,701,909	272,284,564		
2038	272,284,564	19,527,932	23,824,264	267,988,232		
2039	267,988,232	19,202,420	23,911,942	263,278,710		
2040	263,278,710	18,847,128	23,967,339	258,158,499		
2041	258,158,499	18,462,056	23,995,499	252,625,056		
2042	252,625,056	18,047,410	23,985,855	246,686,611		
2043	246,686,611	17,603,977	23,933,831	240,356,757		
2044	240,356,757	17,133,049	23,832,204	233,657,602		
2045	233,657,602	16,636,735	23,668,949	226,625,388		

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

Investment Return Assumption 7.50%
Mortality Table Special Risk Class Mortality Rates from 7/1/18 FRS Valuation

Note: As required in Section 112.664(1)(c) of the Florida Statutes, the projection of the Fund assets does 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), Net of DROP/Share		Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY), Net of DROP/Share			
	Accounts	Accounts			Accounts	Accounts		
2020	\$	270,740,310	\$	19,743,609	\$	14,984,368	\$	275,499,551
2021		275,499,551		20,068,250		15,845,775		279,722,026
2022		279,722,026		20,350,045		16,776,195		283,295,876
2023		283,295,876		20,581,781		17,744,261		286,133,396
2024		286,133,396		20,763,468		18,574,325		288,322,539
2025		288,322,539		20,901,650		19,267,746		289,956,443
2026		289,956,443		21,000,219		19,907,036		291,049,626
2027		291,049,626		21,059,551		20,511,223		291,597,954
2028		291,597,954		21,080,749		21,042,597		291,636,106
2029		291,636,106		21,067,628		21,468,804		291,234,930
2030		291,234,930		21,023,077		21,854,476		290,403,531
2031		290,403,531		20,946,869		22,223,879		289,126,521
2032		289,126,521		20,838,461		22,560,745		287,404,237
2033		287,404,237		20,697,911		22,864,190		285,237,958
2034		285,237,958		20,525,858		23,119,711		282,644,105
2035		282,644,105		20,322,800		23,346,881		279,620,024
2036		279,620,024		20,088,545		23,545,504		276,163,065
2037		276,163,065		19,823,408		23,701,909		272,284,564
2038		272,284,564		19,527,932		23,824,264		267,988,232
2039		267,988,232		19,202,420		23,911,942		263,278,710
2040		263,278,710		18,847,128		23,967,339		258,158,499
2041		258,158,499		18,462,056		23,995,499		252,625,056
2042		252,625,056		18,047,410		23,985,855		246,686,611
2043		246,686,611		17,603,977		23,933,831		240,356,757
2044		240,356,757		17,133,049		23,832,204		233,657,602
2045		233,657,602		16,636,735		23,668,949		226,625,388

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

Investment Return Assumption 7.50%
Mortality Table Special Risk Class Mortality Rates from 7/1/18 FRS Valuation

Note: As required in Section 112.664(1)(c) of the Florida Statutes, the projection of the Fund assets does 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), Net of DROP/Share		Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY), Net of DROP/Share	
	Accounts	Accounts			Accounts	Accounts
2020	\$	270,740,310	\$	14,478,647	\$	270,234,589
2021		270,234,589		14,427,144		268,815,958
2022		268,815,958		14,323,532		266,363,295
2023		266,363,295		14,162,014		262,781,048
2024		262,781,048		13,942,164		258,148,887
2025		258,148,887		13,668,326		252,549,467
2026		252,549,467		13,342,777		245,985,208
2027		245,985,208		12,965,128		238,439,113
2028		238,439,113		12,535,480		229,931,996
2029		229,931,996		12,055,868		220,519,060
2030		220,519,060		11,527,550		210,192,134
2031		210,192,134		10,949,411		198,917,666
2032		198,917,666		10,320,051		186,676,972
2033		186,676,972		9,638,468		173,451,250
2034		173,451,250		8,904,027		159,235,566
2035		159,235,566		8,115,917		144,004,602
2036		144,004,602		7,272,752		127,731,850
2037		127,731,850		6,373,449		110,403,390
2038		110,403,390		5,417,019		91,996,145
2039		91,996,145		4,402,210		72,486,413
2040		72,486,413		3,327,651		51,846,725
2041		51,846,725		2,191,694		30,042,920
2042		30,042,920		992,750		7,049,815
2043		7,049,815		-		-
2044		-		-		-
2045		-		-		-

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:** 23.33

Certain Key Assumptions

Investment Return Assumption 5.50%
Mortality Table Special Risk Class Mortality Rates from 7/1/18 FRS Valuation

Note: As required in Section 112.664(1)(c) of the Florida Statutes, the projection of the Fund assets does 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), Net of DROP/Share		Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY), Net of DROP/Share	
	Accounts	Accounts				
2020	\$ 270,740,310	\$ 25,008,572	\$ 14,984,368	\$ 280,764,514		
2021	280,764,514	25,919,955	15,845,775	290,838,694		
2022	290,838,694	26,832,807	16,776,195	300,895,306		
2023	300,895,306	27,742,202	17,744,261	310,893,247		
2024	310,893,247	28,652,578	18,574,325	320,971,500		
2025	320,971,500	29,577,075	19,267,746	331,280,829		
2026	331,280,829	30,526,095	19,907,036	341,899,888		
2027	341,899,888	31,506,206	20,511,223	352,894,871		
2028	352,894,871	32,525,489	21,042,597	364,377,763		
2029	364,377,763	33,596,119	21,468,804	376,505,078		
2030	376,505,078	34,729,895	21,854,476	389,380,497		
2031	389,380,497	35,935,513	22,223,879	403,092,131		
2032	403,092,131	37,222,117	22,560,745	417,753,503		
2033	417,753,503	38,600,534	22,864,190	433,489,847		
2034	433,489,847	40,083,349	23,119,711	450,453,485		
2035	450,453,485	41,684,104	23,346,881	468,790,708		
2036	468,790,708	43,416,706	23,545,504	488,661,910		
2037	488,661,910	45,297,041	23,701,909	510,257,042		
2038	510,257,042	47,342,766	23,824,264	533,775,544		
2039	533,775,544	49,572,859	23,911,942	559,436,461		
2040	559,436,461	52,008,015	23,967,339	587,477,137		
2041	587,477,137	54,670,542	23,995,499	618,152,180		
2042	618,152,180	57,585,129	23,985,855	651,751,454		
2043	651,751,454	60,779,531	23,933,831	688,597,154		
2044	688,597,154	64,284,700	23,832,204	729,049,650		
2045	729,049,650	68,135,442	23,668,949	773,516,143		

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

Investment Return Assumption 9.50%
Mortality Table Special Risk Class Mortality Rates from 7/1/18 FRS Valuation

Note: As required in Section 112.664(1)(c) of the Florida Statutes, the projection of the Fund assets does 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

	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	9/30/2019	9/30/2019	9/30/2019	9/30/2019
B. Actuarially Determined Contribution (ADC) to Be Paid During Fiscal Year Ending	9/30/2021	9/30/2021	9/30/2021	9/30/2021
C. Assumed Dates of Employer Contributions	Quarterly	Quarterly	Quarterly	Quarterly
D. Total Normal Cost	26.25 %	26.25 %	43.28 %	16.73 %
E. Amortization of Unfunded Actuarial Accrued Liability and F.S., 112.64(5) Compliance	7.54 %	7.54 %	27.88 %	0.00 %
F. Administrative Expenses	1.00 %	1.00 %	1.00 %	1.00 %
G. Total ADC Adjusted for Timing and Frequency of Payments	34.79 %	34.79 %	72.16 %	17.73 %
H. Expected Covered Payroll for Contribution Year	\$ 25,868,612	\$ 25,868,612	\$ 25,868,612	\$ 25,868,612
I. ADC as a Dollar Amount in the Contribution Year: G x H	\$ 8,999,691	\$ 8,999,691	\$ 18,666,790	\$ 4,586,505
J. Member Portion of Contribution	\$ 2,845,547	\$ 2,845,547	\$ 2,845,547	\$ 2,845,547
K. Employer ADC in Contribution Year	\$ 6,154,144	\$ 6,154,144	\$ 15,821,243	\$ 1,740,958
L. Employer ADC as % of Covered Payroll in Contribution Year: K ÷ H	23.79 %	23.79 %	61.16 %	6.73 %
M. Certain Key Assumptions				
Investment Return Assumption	7.50%	7.50%	5.50%	9.50%
Mortality Table	Special Risk Class Mortality Rates from 7/1/18 FRS Valuation	Special Risk Class Mortality Rates from 7/1/18 FRS Valuation	Special Risk Class Mortality Rates from 7/1/18 FRS Valuation	Special Risk Class Mortality Rates from 7/1/18 FRS Valuation

