

# Saltmarsh

Saltmarsh, Cleaveland & Gund

*CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS*

**WEST PALM BEACH POLICE PENSION FUND**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2024 AND 2023**



Public Pension Coordinating Council

***Public Pension Standards Award  
For Funding and Administration  
2024***

Presented to

***City of West Palm Beach Police  
Pension Fund***

In recognition of meeting professional standards for  
plan funding and administration as  
set forth in the Public Pension Standards.

*Presented by the Public Pension Coordinating Council, a confederation of*

National Association of State Retirement Administrators (NASRA)  
National Conference on Public Employee Retirement Systems (NCPERS)  
National Council on Teacher Retirement (NCTR)

A handwritten signature in black ink that reads "Alan H. Winkle".

Alan H. Winkle  
Program Administrator

**WEST PALM BEACH POLICE PENSION FUND**  
**FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024 AND 2023**

**CONTENTS**

	PAGE
Independent Auditor's Report	1
Basic Financial Statements:	
Statements of Fiduciary Net Position	4
Statements of Changes in Fiduciary Net Position	5
Notes to Financial Statements	6
Required Supplementary Information:	
Schedule of Changes in the City's Net Pension Liability	22
Schedule of Ratios	23
Schedule of Contributions	24
Notes to Schedule of Contributions	25
Schedule of Investment Returns	26
Additional Information:	
Schedule of Investment and Administrative Expenses	27

## INDEPENDENT AUDITOR'S REPORT

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

### Opinion

We have audited the accompanying financial statements of the West Palm Beach Police Pension Fund (the "Plan"), which comprise the statements of fiduciary net position as of September 30, 2024 and 2023, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, information regarding the fiduciary net position of the Plan as of September 30, 2024 and 2023, and the changes in fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for one year after the date that the financial statements are issued.

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

Management is also responsible for maintaining a current Plan instrument, including all Plan amendments, administering the Plan, and determining that the Plan's transactions that are presented and disclosed in the financial statements are in conformity with the Plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

### **Auditor's Responsibility**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Emphasis of Matter**

As discussed in Note 1, these financial statements present only the West Palm Beach Police Pension Fund, a pension trust fund of the City of West Palm Beach (the "City"), and are not intended to present fairly the financial position and changes in financial position of the City in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information on pages 22 through 26 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Plan has not presented a management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of the basic financial statements. Our opinion on the basic financial statements is not affected by this missing information.

### *Other Information*

The additional information on page 27 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 audits 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.



Tampa, Florida  
February 14, 2025

**WEST PALM BEACH POLICE PENSION FUND**  
**STATEMENTS OF FIDUCIARY NET POSITION**  
**SEPTEMBER 30, 2024 AND 2023**

	2024	2023
<b>Assets:</b>		
Cash	\$ 14,791	\$ 1,552,955
Receivables:		
DROP loans	1,182,964	1,264,623
Interest and dividends	165,543	192,832
Broker-dealers	-	79,509
Other	5,169	-
Total receivables	1,353,676	1,536,964
Prepaid expenses	6,071	8,418
Investments:		
U.S. Government obligations	4,320,380	6,528,052
U.S. Government agency obligations	6,217,808	14,015,573
Corporate bonds	701,151	1,774,310
Domestic stocks	106,114,708	86,468,195
Domestic equity investment funds	215,896,247	178,036,916
International equity investment funds	74,404,300	61,424,426
Fixed income investment funds	23,423,621	18,705,842
Real estate investment funds	55,633,901	61,586,267
Temporary investment funds	8,374,085	8,210,500
Total investments	495,086,201	436,750,081
<b>Total Assets</b>	496,460,739	439,848,418
<b>Liabilities:</b>		
Accounts payable	658,349	452,850
Accounts payable, broker-dealers	41,416	126,543
<b>Total Liabilities</b>	699,765	579,393
<b>Net Position Restricted for Pensions</b>	\$ 495,760,974	\$ 439,269,025

The accompanying notes are an integral  
part of these financial statements.

**WEST PALM BEACH POLICE PENSION FUND**  
**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION**  
**YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

	2024	2023
<b>Additions:</b>		
Contributions:		
Employer	\$ 5,798,628	\$ 5,657,198
Participants	2,712,131	2,806,195
Buy back	110,403	367,713
DROP	536,307	354,149
415 Rollover	243,977	324,409
Total contributions	9,401,446	9,509,664
Intergovernmental revenue:		
Chapter 185 state excise tax rebate	2,262,213	1,985,387
Investment income:		
Net appreciation in fair value of investments	65,694,968	29,097,067
Interest	1,052,769	1,648,001
Dividends	4,810,602	3,957,536
Class action revenue	28,194	55,118
Total investment income	71,586,533	34,757,722
Less investment expenses	2,115,577	1,595,060
Net investment income	69,470,956	33,162,662
Total additions	81,134,615	44,657,713
<b>Deductions:</b>		
Benefits:		
Age and service	14,163,431	13,839,722
Disability	1,216,271	1,128,828
Share accounts	2,865,299	2,039,683
Supplemental	-	8,730,894
DROP accounts	5,619,022	4,456,991
Refunds of contributions	196,211	78,566
Administrative expenses	582,432	406,647
Total deductions	24,642,666	30,681,331
<b>Net Increase in Net Position</b>	56,491,949	13,976,382
<b>Net Position Restricted for Pensions:</b>		
Beginning of year	439,269,025	425,292,643
End of year	\$ 495,760,974	\$ 439,269,025

The accompanying notes are an integral  
part of these financial statements.



**WEST PALM BEACH POLICE PENSION FUND  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024 AND 2023**

**NOTE 1 - DESCRIPTION OF PLAN**

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

The Plan is a defined benefit pension plan covering all full-time police officers of the city of West Palm Beach, Florida (the “City”).

As of October 1, 2023, the date of the most recent actuarial valuation, the Plan’s membership consisted of:

Retirees and beneficiaries:

Currently receiving benefits	263
DROP retirees	52
Terminated employees entitled to but not yet receiving benefits	10
 Total	 325

Current employees:

Vested	97
Nonvested	148
 Total	 245

General - The Plan was created in 1947 by a Special Act of the Florida legislature, Chapter 2498 I, Section 16, Laws of Florida, as amended. Participation in the Plan is required as a condition of employment. The Plan provides for retirement, 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 Board of Trustees (the “Board”). Two police officers, two City residents and a fifth member elected by the other four members constitute the Board. The City and the Plan participants are obligated to fund all Plan costs based upon actuarial valuations.

Pension Benefits - A participant may retire with normal benefits after reaching age 50 with 20 or more years of credited service; age 55 with 10 or more years of credited service; or with 25 or more years of continuous service. Benefits are based on the participant’s final average salary, years of credited service, and the pension multiplier. Final average salary is the average monthly salary paid to a participant during the 3 years of credited service producing the highest average. 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 are computed the same as normal or early retirement.

**WEST PALM BEACH POLICE PENSION FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024 AND 2023**

**NOTE 1 - DESCRIPTION OF PLAN (Continued)**

Death Benefits - Pre-retirement death benefits for service-related deaths are paid to a participant's surviving spouse for life. Benefits are 2/3 of the participant's highest 12 consecutive months' salary, or the current top step police officer pay, whichever is greater.

Pre-retirement death benefits for non-service-related deaths of members with at least 5 years of service are paid to participant's surviving spouse for life. Benefits are 2/3 of the amount the participant would have received had he or she retired the day before death, subject to a minimum of 1/7 of the participant's final average salary. 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.

Disability Benefits - Disability benefits for service-related disabilities are equal to the accrued normal retirement benefit, with a minimum of 2/3 of the member'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.

Non-service-related disability benefits for members with at least 5 years of service are equal to the accrued normal retirement benefit. The minimum benefit is 25% of final average salary if credited service is 10 or more years, or 20% of final average salary if credited service is less than 10 years.

Cost of Living Adjustments - Post-retirement cost of living adjustments are made by the Board 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, with a maximum of 3% per year.

Refund of Participant Contributions - A non-vested participant who terminates employment is refunded his or her accumulated contributions, without interest, unless he or she voluntarily elects to leave the contributions in the participant's deposit account for a period of up to 5 years, pending the participant's possibility of re-employment.

Share Accounts - There is a separate Share account created for each member of the Plan. The Share accounts are funded by Chapter 185 state excise tax rebates. Chapter 185 receipts are allocated to the Share 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 Plan investment savings and forfeited accounts. At retirement, termination (vested), disability or death, the Share accounts may be distributed to the participants.

**WEST PALM BEACH POLICE PENSION FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024 AND 2023**

**NOTE 1 - DESCRIPTION OF PLAN (Continued)**

Deferred Retirement Option Plan (“DROP”) - Any participant who is eligible to receive a normal retirement pension benefit may elect to participate in a 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 Plan; however, participants are still eligible to receive allocations 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.

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% 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.

Supplemental Pension Distributions - The Board 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 0.75% excess) for participants employed after March 31, 1987 plus one-half of investment earnings in excess of 9%, if any, for all participants, applied to the actuarial present value of future pension benefits estimated to be paid to retired participants’ beneficiaries. For the years ended September 30, 2024 and 2023, supplemental distributions were declared in the amounts of \$0 and \$19,516,401, respectively. For the year ended September 30, 2023, the Plan paid \$8,730,894 to retirees and beneficiaries, and \$10,785,507 remained within the Plan and was allocated to individuals’ DROP and Share accounts.

*Basis of Accounting:*

The financial statements of the Plan are prepared on the accrual basis of accounting.

*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.

*Cash and Temporary Investment Funds:*

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.

**WEST PALM BEACH POLICE PENSION FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024 AND 2023**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Valuation of Investments:*

The Plan's investments are stated at fair value. See Note 13 for discussion of fair value measurements.

Purchases and sales of investments are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year. The net realized and unrealized investment appreciation (depreciation) for the year is reflected in the statements of changes in fiduciary net position.

*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.

*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, common or preferred stocks, convertible securities, equity funds, high quality bonds or notes, fixed income funds, and real estate funds. In addition, the Board requires that Plan assets be invested with no more than 25% of the Plan's investments, at market value, invested in foreign securities.

*Actuarial Cost Method:*

The Plan utilizes the Entry Age Normal Cost Method for funding purposes. Under this method, the normal cost is the sum of the individual normal costs for all active participants. For an active participant, the normal cost is the participant's normal cost accrual rate, multiplied by the participant's current compensation.

**WEST PALM BEACH POLICE PENSION FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024 AND 2023**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Reporting Entity:*

The financial statements presented are only for the Plan and are not intended to present the basic financial statements of the City.

The Plan is included in the City's Annual Comprehensive Financial Report ("ACFR") for the years ended September 30, 2024 and 2023, which are separately issued documents. Anyone wishing further information about the City is referred to the City's ACFR.

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.

*Funding Policy:*

Members are required to contribute 11% of their compensation to the Plan. 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.

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.

*Payment of Benefits:*

Benefit payments to participants are recorded upon distribution.

*Administrative Expenses:*

Plan expenses, including fees and expenses connected with providing administrative services by external service providers, are paid from Plan assets.

*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.

**WEST PALM BEACH POLICE PENSION FUND  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024 AND 2023**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*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 considered subsequent events through February 14, 2025, which is the date the financial statements were available to be issued.

**NOTE 3 - PLAN TERMINATION**

Although it has not expressed any 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 Statute §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.

**NOTE 4- DROP LOANS**

During the fiscal years ended September 30, 2024 and 2023, certain DROP participants borrowed from their respective DROP accounts. A schedule of the changes of these loans is summarized as follows:

	<u>2024</u>	<u>2023</u>
Beginning of year	\$ 1,264,623	\$ 1,101,091
Additions	454,000	597,500
Repayments	<u>(535,659)</u>	<u>(433,968)</u>
End of year	<u>\$ 1,182,964</u>	<u>\$ 1,264,623</u>

Loan interest income for the years ended September 30, 2024 and 2023 was \$65,784 and \$51,461, respectively.

**WEST PALM BEACH POLICE PENSION FUND  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024 AND 2023**

**NOTE 5 - NET REALIZED AND UNREALIZED APPRECIATION OF INVESTMENTS**

The Plan's investments appreciated in value during the years ended September 30, 2024 and 2023 as follows:

	<u>2024</u>	<u>2023</u>
Realized appreciation	\$ 12,600,340	\$ 7,016,943
Unrealized appreciation	<u>53,094,628</u>	<u>22,080,124</u>
	<u>\$ 65,694,968</u>	<u>\$ 29,097,067</u>

**NOTE 6 - 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.

*Asset Allocation:*

The Plan's adopted asset allocation as of September 30, 2024 is as follows:

<u>Asset Class</u>	<u>Target</u>
Domestic equity	40%
International equity	14%
Domestic bonds	18%
International bonds	4%
Real estate	14%
Alternative assets	<u>10%</u>
Total	<u>100%</u>

**WEST PALM BEACH POLICE PENSION FUND  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024 AND 2023**

**NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)**

*Asset Allocation (Continued):*

The Plan's investments are segregated into separate accounts and managed under separate investment agreements. These accounts give FTIOS custodianship but give the money managers the authority to manage the investments.

The investment managers are monitored by the Board and an investment performance monitor.

*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 when received.

*Rate of Return:*

The annual money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the years ended September 30, 2024 and 2023, the annual money-weighted rate of return was 15.7% and 8.52%, respectively.

**NOTE 7 - INVESTMENTS**

The Plan held the following fixed income investments as of September 30, 2024 and 2023:

Investment Type	2024 Percent of Fund	2024 Fair Value	2023 Fair Value	Rating Standard & Poor's	Effective Duration (Years)
U.S. Government obligations	0.9%	\$ 4,320,380	\$ 6,528,052	AA+	5.79
U.S. Government agency obligations	1.3%	6,217,808	14,015,573	AA+	9.35
Corporate bonds	0.1%	701,151	1,774,310	A	5.42
Temporary investments	1.7%	8,374,085	8,210,500	N/A	N/A
Total	4.0%	\$ 19,613,424	\$ 30,528,435		



**WEST PALM BEACH POLICE PENSION FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024 AND 2023**

**NOTE 7 - INVESTMENTS (Continued)**

The Plan's investments at both fair value and cost or adjusted cost as of September 30, 2024 and 2023 are summarized as follows:

Investment Type	2024		2023	
	Cost	Fair Value	Cost	Fair Value
U.S. Government obligations	\$ 4,143,159	\$ 4,320,380	\$ 6,901,064	\$ 6,528,052
U.S. Government agency obligations	6,097,608	6,217,808	15,196,960	14,015,573
Corporate bonds	723,301	701,151	2,048,677	1,774,310
Domestic stocks	85,119,093	106,114,708	78,973,105	86,468,195
Domestic equity investment funds	119,155,279	215,896,247	119,042,519	178,036,916
International equity investment funds	53,238,712	74,404,300	46,895,038	61,424,426
Fixed income investment funds	23,526,746	23,423,621	21,732,966	18,705,842
Real estate investment funds	41,180,139	55,633,901	37,338,515	61,586,267
Temporary investments	8,374,085	8,374,085	8,210,500	8,210,500
Total investments	<u>\$ 341,558,122</u>	<u>\$ 495,086,201</u>	<u>\$ 336,339,344</u>	<u>\$ 436,750,081</u>

**NOTE 8 - RESTRICTIONS**

A portion of the Plan's net position restricted for pensions is designated for benefits that accrue in relation to the Share and DROP accounts. Allocations to the Share and DROP accounts as of September 30, 2024 and 2023 are as follows:

	2024	2023
Restricted for Share accounts (fully funded)	\$ 78,262,198	\$ 72,270,176
Restricted for DROP accounts (fully funded)	91,465,117	84,443,296
Total restricted for DROP and Share	169,727,315	156,713,472
Restricted for defined benefits	326,033,659	282,555,553
Total net position restricted for pensions	<u>\$ 495,760,974</u>	<u>\$ 439,269,025</u>

**NOTE 9 - PLAN AMENDMENTS**

There were no Plan amendments for the years ended September 30, 2024 and 2023.

**WEST PALM BEACH POLICE PENSION FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024 AND 2023**

**NOTE 10 - ACTUARIAL ASSUMPTION CHANGES**

For the year ended September 30, 2024, the assumed rates of salary increase, retirement, withdrawal, and disability were updated, along with loads added to pre-fund the gains/losses for the supplemental pension distribution and the DROP/Share account interest crediting rate. In addition, the actuarial value of assets calculation was revised to use 5-year smoothing, effective September 30, 2022.

There were no changes in actuarial assumptions for the year ended September 30, 2023.

**NOTE 11 - ACTUARIAL METHOD CHANGES**

There were no changes in actuarial methods for the years ended September 30, 2024 and 2023.

**NOTE 12 - 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.

Plan contributions are made and the actuarial present value of the net pension liability is reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

**WEST PALM BEACH POLICE PENSION FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024 AND 2023**

**NOTE 13 - INVESTMENT MEASUREMENT AT FAIR VALUE**

*Fair Value Hierarchy:*

GASB Statement 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The three levels of inputs used to measure fair value are as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities in active markets, quoted prices in inactive markets, and other inputs that are observable or corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a plan's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The Plan has the following recurring fair value measurements as of September 30, 2024 and 2023:

- *Domestic stocks, domestic equity investment funds, international equity investment funds, fixed income investment funds, temporary investment funds* - Valued at the quoted net asset value ("NAV") of shares held by the Plan at year end.
- *U.S. Government obligations, U.S. Government agency obligations, corporate bonds* - Valued with Matrix pricing used by International Data Pricing and Reference Data, LLC.
- *Real estate investment funds* - Valued at the NAV per unit of the Plan's ownership interest in partners' capital. The NAV is used as a practical expedient to estimate fair value. The real estate investment funds are excluded from the fair value hierarchy.

**WEST PALM BEACH POLICE PENSION FUND  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024 AND 2023**

**NOTE 13 - INVESTMENT MEASUREMENT AT FAIR VALUE (Continued)**

*Fair Value Hierarchy (Continued):*

Investment Type	Level 1	Level 2	Level 3	2024
U.S. Government obligations	\$ -	\$ 4,320,380	\$ -	\$ 4,320,380
U.S. Government agency obligations	-	6,217,808	-	6,217,808
Corporate bonds	-	701,151	-	701,151
Domestic stocks	106,114,708	-	-	106,114,708
Domestic equity investment funds	215,896,247	-	-	215,896,247
International equity investment funds	74,404,300	-	-	74,404,300
Fixed income investment funds	23,423,621	-	-	23,423,621
Temporary investment funds	8,374,085	-	-	8,374,085
Total investments by fair value level	<u>\$ 428,212,961</u>	<u>\$ 11,239,339</u>	<u>\$ -</u>	<u>439,452,300</u>

*Investments Measured at NAV:*

Real estate investment funds	<u>55,633,901</u>
Total, September 30, 2024	<u>\$ 495,086,201</u>

Investments Measured at NAV	2024 Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Real estate investment funds:				
JPMCB Special Situation Property Fund	\$ 15,179,437	\$ -	Quarterly	60 days
Affiliated Housing Impact Fund	5,535,292	-	Quarterly	60 days
U.S. Real Estate Investment Fund, LLC	<u>34,919,172</u>	<u>-</u>	Quarterly	60 days
Total investments measured at NAV	<u>\$ 55,633,901</u>	<u>\$ -</u>		

**WEST PALM BEACH POLICE PENSION FUND  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024 AND 2023**

**NOTE 13 - INVESTMENT MEASUREMENT AT FAIR VALUE (Continued)**

*Fair Value Hierarchy (Continued):*

Investment Type	Level 1	Level 2	Level 3	2023
U.S. Government obligations	\$ -	\$ 6,528,052	\$ -	\$ 6,528,052
U.S. Government agency obligations	-	14,015,573	-	14,015,573
Corporate bonds	-	1,774,310	-	1,774,310
Domestic stocks	86,468,195	-	-	86,468,195
Domestic equity investment funds	178,036,916	-	-	178,036,916
International equity investment funds	61,424,426	-	-	61,424,426
Fixed income investment funds	18,705,842	-	-	18,705,842
Temporary investment funds	8,210,500	-	-	8,210,500
Total investments by fair value level	<u>\$ 352,845,879</u>	<u>\$ 22,317,935</u>	<u>\$ -</u>	<u>375,163,814</u>

*Investments Measured at NAV:*

Real estate investment funds	<u>61,586,267</u>
Total, September 30, 2023	<u>\$ 436,750,081</u>

Investments Measured at NAV	2023 Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Real estate investment funds:				
JPMCB Special Situation Property Fund	\$ 19,942,470	\$ -	Quarterly	60 days
Affiliated Housing Impact Fund	2,503,690	-	Quarterly	60 days
U.S. Real Estate Investment Fund, LLC	<u>39,140,107</u>	<u>-</u>	Quarterly	60 days
Total investments measured at NAV	<u>\$ 61,586,267</u>	<u>\$ -</u>		

**WEST PALM BEACH POLICE PENSION FUND  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024 AND 2023**

**NOTE 14 - NET PENSION LIABILITY OF THE CITY**

The components of net pension liability of the City on September 30, 2024 were as follows:

Total Pension Liability	\$	575,168,860
Plan Fiduciary Net Position		495,760,974
City's Net Pension Liability	\$	79,407,886
Plan Fiduciary Net Position as a percentage of Total Pension Liability		86.19%

*Actuarial Assumptions:*

The total pension liability was determined by an actuarial valuation as of September 30, 2023 using the following actuarial assumptions applied to all measurement periods.

Inflation		2.5%
Salary increases		3.5% - 8.5% depending on service, including inflation
Investment rate of return		7%

*Mortality Rates:*

The PUB-2010 Headcount Weighted Safety Below Median Employee Male Table (pre-retirement), the PUB-2010 Headcount Weighted Safety Employee Female Table (pre-retirement), the PUB-2010 Headcount Weighted Safety Below Median Healthy Retiree Male Table (post-retirement) and the PUB-2010 Safety Healthy Retiree Female Table (post-retirement). These tables use ages set forward one year and mortality improvements to all future years after 2010 using scale MP-2018. These are the same rates used for Special Risk Class members in the July 1, 2022 Actuarial Valuation of the Florida Retirement System (“FRS”), as required under Florida Statutes, Chapter 112.63.

**WEST PALM BEACH POLICE PENSION FUND  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024 AND 2023**

**NOTE 14 - NET PENSION LIABILITY OF THE CITY (Continued)**

*Actuarial Assumptions (Continued):*

The long-term expected rate of return on 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 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 weighing 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 Plan's target asset allocation as of September 30, 2024 are as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	40%	7.50%
International equity	14%	8.50%
Domestic bonds	18%	2.50%
International bonds	4%	3.50%
Real estate	14%	4.50%
Alternative assets	10%	6.01%

*Discount Rate:*

The discount rate used to measure the total pension liability was 7%. 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 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 Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**WEST PALM BEACH POLICE PENSION FUND  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024 AND 2023**

**NOTE 14 - NET PENSION LIABILITY OF THE CITY (Continued)**

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate:*

The following presents the net pension liability of the City, calculated using the discount rate of 7%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher.

	1% Decrease 6%	Current Single Discount Rate 7%	1% Increase 8%
	<u>                    </u>	<u>                    </u>	<u>                    </u>
City's net pension liability	<u>\$ 128,710,288</u>	<u>\$ 79,407,886</u>	<u>\$ 39,389,982</u>

**NOTE 15 - COMMITMENTS AND CONTINGENCIES**

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. The portion of these contributions which are refundable to participants who may terminate with less than 10 years of service has not been determined.



**REQUIRED SUPPLEMENTAL SCHEDULES**

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**WEST PALM BEACH POLICE PENSION FUND**  
**SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY**  
**LAST TEN FISCAL YEARS**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Total pension liability</b>				
Service cost	\$ 7,380,140	\$ 7,042,697	\$ 6,369,952	\$ 6,132,849
Interest	37,218,574	34,257,582	31,879,437	32,083,247
Benefit changes	-	-	3,178,061	-
Difference between expected and actual experience of the total pension liability	4,776,508	25,334,396	21,461,831	(7,942,606)
Assumption changes	6,777,411	-	9,749,489	(421,692)
Benefit payments	(23,864,023)	(30,196,118)	(20,491,059)	(19,647,932)
Refunds	(196,211)	(78,566)	(233,429)	(262,973)
Other (DROP and Share adjustments)	3,042,497	2,663,945	2,202,103	2,287,089
Net change in total pension liability	<u>35,134,896</u>	<u>39,023,936</u>	<u>54,116,385</u>	<u>12,227,982</u>
Total pension liability, beginning	<u>540,033,964</u>	<u>501,010,028</u>	<u>446,893,643</u>	<u>434,665,661</u>
Total pension liability, ending (a)	<u>\$ 575,168,860</u>	<u>\$ 540,033,964</u>	<u>\$ 501,010,028</u>	<u>\$ 446,893,643</u>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 5,798,628	\$ 5,657,198	\$ 5,354,106	\$ 5,935,584
Contributions - employer (from state)	2,262,213	1,985,387	1,814,266	1,597,683
Contributions - members (including buyback contributions)	2,822,534	3,173,908	3,096,544	2,934,287
Net investment income (loss)	69,470,956	33,162,662	(49,468,909)	94,692,056
Benefit payments	(23,864,023)	(30,196,118)	(20,491,059)	(19,647,932)
Refunds	(196,211)	(78,566)	(233,429)	(262,973)
Administrative expenses	(582,432)	(406,647)	(454,123)	(367,760)
Other	780,284	678,558	336,645	402,251
Net change in plan fiduciary net position	<u>56,491,949</u>	<u>13,976,382</u>	<u>(60,045,959)</u>	<u>85,283,196</u>
Plan fiduciary net position - beginning	<u>439,269,025</u>	<u>425,292,643</u>	<u>485,338,602</u>	<u>400,055,406</u>
Plan fiduciary net position - ending (b)	<u>\$ 495,760,974</u>	<u>\$ 439,269,025</u>	<u>\$ 425,292,643</u>	<u>\$ 485,338,602</u>
Net pension liability (asset) - ending (a)-(b)	<u>\$ 79,407,886</u>	<u>\$ 100,764,939</u>	<u>\$ 75,717,385</u>	<u>\$ (38,444,959)</u>

2020	2019	2018	2017	2016	2015
\$ 6,248,573	\$ 5,950,838	\$ 4,969,598	\$ 4,465,713	\$ 4,119,566	\$ 3,720,389
30,656,907	29,213,639	27,649,993	26,458,916	25,142,553	23,790,608
-	-	2,595,355	-	-	-
1,972,997	2,559,101	2,535,765	335,340	264,885	439,779
4,439,753	4,539,371	3,904,405	5,183,638	2,275,600	2,221,969
(18,512,808)	(18,963,330)	(18,801,870)	(18,064,650)	(16,224,666)	(14,788,140)
(206,949)	(152,950)	(225,759)	(25,530)	(93,453)	(60,567)
1,773,794	1,613,818	2,765,374	2,237,938	1,683,012	2,110,393
26,372,267	24,760,487	25,392,861	20,591,365	17,167,497	17,434,431
408,293,394	383,532,907	358,140,046	337,548,681	320,381,184	302,946,753
<u>\$ 434,665,661</u>	<u>\$ 408,293,394</u>	<u>\$ 383,532,907</u>	<u>\$ 358,140,046</u>	<u>\$ 337,548,681</u>	<u>\$ 320,381,184</u>
\$ 5,240,652	\$ 4,363,006	\$ 3,556,968	\$ 3,285,065	\$ 59,726,454	\$ 8,644,805
1,611,609	1,483,310	1,455,967	1,333,046	1,259,981	1,212,205
2,806,839	2,787,968	2,679,979	2,427,068	2,336,635	2,154,131
25,816,070	9,669,966	33,555,721	44,494,434	21,229,525	1,873,520
(18,512,808)	(18,963,330)	(18,801,870)	(18,064,650)	(16,224,666)	(14,788,140)
(206,949)	(152,950)	(225,759)	(25,530)	(93,453)	(60,567)
(304,417)	(336,885)	(319,039)	(308,777)	(288,017)	(266,916)
162,185	130,508	1,309,407	904,892	423,031	898,188
16,613,181	(1,018,407)	23,211,374	34,045,548	68,369,490	(332,774)
383,442,225	384,460,632	361,249,258	327,203,710	258,834,220	259,166,994
<u>\$ 400,055,406</u>	<u>\$ 383,442,225</u>	<u>\$ 384,460,632</u>	<u>\$ 361,249,258</u>	<u>\$ 327,203,710</u>	<u>\$ 258,834,220</u>
<u>\$ 34,610,255</u>	<u>\$ 24,851,169</u>	<u>\$ (927,725)</u>	<u>\$ (3,109,212)</u>	<u>\$ 10,344,971</u>	<u>\$ 61,546,964</u>

**WEST PALM BEACH POLICE PENSION FUND  
SCHEDULE OF RATIOS  
LAST TEN FISCAL YEARS**

Fiscal Year Ended September 30,	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	Covered Payroll	Net Pension Liability as a Percentage of Covered Payroll
2015	80.79%	\$ 18,805,018	327.29%
2016	96.94%	20,603,955	50.21%
2017	100.87%	21,679,436	-14.34%
2018	100.24%	23,929,891	-3.88%
2019	93.91%	25,098,209	99.02%
2020	92.04%	24,972,409	138.59%
2021	108.60%	24,064,836	-159.76%
2022	84.89%	26,101,927	290.08%
2023	81.34%	25,510,864	394.99%
2024	86.19%	24,655,736	322.07%

**WEST PALM BEACH POLICE PENSION FUND  
SCHEDULE OF CONTRIBUTIONS  
LAST TEN FISCAL YEARS**

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Actual Contribution*	Contribution Deficiency (Excess)	Covered Payroll**	Actual Contribution as a Percentage of Covered Payroll
2015	\$ 9,744,918	\$ 8,644,805	\$ 1,100,113	\$ 18,805,018	45.97%
2016	9,726,454	59,726,454	(50,000,000)	20,603,955	289.88%
2017	3,285,065	3,285,065	-	21,679,436	15.15%
2018	3,131,968	3,556,968	(425,000)	23,929,891	14.86%
2019	4,363,006	4,363,006	-	25,098,209	17.38%
2020	5,240,652	5,240,652	-	24,972,409	20.99%
2021	5,935,584	5,935,584	-	24,064,836	24.66%
2022	5,354,106	5,354,106	-	26,101,927	20.51%
2023	5,657,198	5,657,198	-	25,510,864	22.18%
2024	5,798,628	5,798,628	-	24,655,736	23.52%

\* Employer contribution for FYE 9/30/2016 includes \$50,000,000 proceeds from pension obligation bond.

\*\* Covered Payroll was calculated based on actual member contributions for the fiscal year divided by the employee contribution rate.

**WEST PALM BEACH POLICE PENSION FUND  
NOTES TO SCHEDULE OF CONTRIBUTIONS  
SEPTEMBER 30, 2024**

Valuation Date:

September 30, 2022

Actuarially determined contribution rates are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates can be found in the September 30, 2022 actuarial valuation prepared by Gabriel, Roeder, Smith & Company.

**WEST PALM BEACH POLICE PENSION FUND  
SCHEDULE OF INVESTMENT RETURNS  
LAST TEN FISCAL YEARS**

Fiscal Year Ended September 30,	Annual Money-Weighted Rate of Return Net of Investment Expense
2015	0.35%
2016	8.35%
2017	13.29%
2018	10.04%
2019	1.88%
2020	5.71%
2021	24.33%
2022	-9.82%
2023	8.52%
2024	15.70%



## **ADDITIONAL INFORMATION**

**WEST PALM BEACH POLICE PENSION FUND**  
**SCHEDULE OF INVESTMENT AND ADMINISTRATIVE EXPENSES**  
**YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

	2024		2023	
	Investment*	Administrative	Investment*	Administrative
Actuary fees	\$ -	\$ 102,564	\$ -	\$ 78,099
Administrator's fees	-	127,406	-	115,439
Audit fees	-	33,000	-	19,000
Accounting fees	-	19,600	-	5,000
Computer services	-	113,125	-	68,882
Education and dues	-	22,174	-	13,849
IME fees	-	36,952	-	11,220
Insurance	-	19,359	-	22,522
Investment managers' fees	2,115,577	-	1,595,060	-
Legal fees	-	86,765	-	52,124
Office expenses	-	11,265	-	10,277
Seminar and travel expenses	-	10,222	-	10,235
<b>Total investment and administrative expenses</b>	<b><u><u>\$ 2,115,577</u></u></b>	<b><u><u>\$ 582,432</u></u></b>	<b><u><u>\$ 1,595,060</u></u></b>	<b><u><u>\$ 406,647</u></u></b>
 Percentage of Plan net position	 <u><u>0.43%</u></u>	 <u><u>0.12%</u></u>	 <u><u>0.36%</u></u>	 <u><u>0.09%</u></u>

\* Investment expenses do not include management fees withheld from investment fund revenues.