

# CITY OF LAKE WORTH BEACH POLICE OFFICERS RETIREMENT SYSTEM

Chapter 112.664, F.S. Compliance Report

In Connection with the October 1, 2021 Funding Actuarial  
Valuation Report and the Plan's Financial Reporting for the  
Year Ending September 30, 2021





June 30, 2022

Board of Trustees  
City of Lake Worth Beach Police Officers Retirement System  
Lake Worth Beach, Florida

Dear Board Members:

Gabriel, Roeder, Smith & Company (GRS) has been engaged by the City of Lake Worth Beach Police Officers Retirement System (System) 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 Board 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, 2021. 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 and the City concerning Plan benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal and year-to-year consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by the Plan Administrator or the City.

This report complements the October 1, 2021 actuarial valuation report, dated May 2, 2022, and should be considered in conjunction with that report. 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 October 1, 2021 actuarial valuation report. This report is also based on the Plan Provisions, census data, and financial information as summarized in our October 1, 2021 actuarial valuation report. Please refer to the October 1, 2021 actuarial valuation report for summaries and descriptions of this information and for all relevant actuarial disclosures.

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.

This report was prepared using our proprietary valuation model and related software which in our professional judgment has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

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.

Nicolas Lahaye and Dina Lerner 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.

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 Nicolas Lahaye  
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Consultant & Actuary

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Consultant & Actuary



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## **CH. 112.664, FLORIDA STATUTES**

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### **RESULTS**

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

Fiscal year ending September 30,

**1. Total pension liability**

	<b>2021</b>
a. Service Cost	\$ 231,542
b. Interest	3,648,567
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	1,005,826
e. Assumption Changes	(806,211)
f. Benefit Payments	(5,038,595)
g. Contribution Refunds	-
<b>h. Net Change in Total Pension Liability</b>	<b>(958,871)</b>
<b>i. Total Pension Liability - Beginning</b>	<b>54,410,147</b>
<b>j. Total Pension Liability - Ending</b>	<b>\$ 53,451,276</b>

**2. Plan Fiduciary Net Position**

a. Contributions - Employer (from City and PBSO)	\$ 3,652,061
b. Contributions - State	563,299
c. Contributions - Member	128,159
d. Net Investment Income	6,073,410
e. Benefit Payments	(5,038,595)
f. Contribution Refunds	-
g. Administrative Expense	(97,520)
h. Other	-
<b>i. Net Change in Plan Fiduciary Net Position</b>	<b>5,280,814</b>
<b>j. Plan Fiduciary Net Position - Beginning</b>	<b>36,264,199</b>
<b>k. Plan Fiduciary Net Position - Ending</b>	<b>\$ 41,545,013</b>

**3. Net Pension Liability / (Asset)** 11,906,263

**Certain Key Assumptions**

Valuation Date	10/01/2020
Measurement Date	09/30/2021
Investment Return Assumption	6.85%
Mortality Table	FRS Mortality - Special Risk (7/1/2020 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,

**1. Total pension liability**

	<b>2021</b>
a. Service Cost	\$ 231,542
b. Interest	3,648,567
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	1,005,826
e. Assumption Changes	(806,211)
f. Benefit Payments	(5,038,595)
g. Contribution Refunds	-
<b>h. Net Change in Total Pension Liability</b>	<b>(958,871)</b>
<b>i. Total Pension Liability - Beginning</b>	<b>54,410,147</b>
<b>j. Total Pension Liability - Ending</b>	<b>\$ 53,451,276</b>

**2. Plan Fiduciary Net Position**

a. Contributions - Employer (from City and PBSO)	\$ 3,652,061
b. Contributions - State	563,299
c. Contributions - Member	128,159
d. Net Investment Income	6,073,410
e. Benefit Payments	(5,038,595)
f. Contribution Refunds	-
g. Administrative Expense	(97,520)
h. Other	-
<b>i. Net Change in Plan Fiduciary Net Position</b>	<b>5,280,814</b>
<b>j. Plan Fiduciary Net Position - Beginning</b>	<b>36,264,199</b>
<b>k. Plan Fiduciary Net Position - Ending</b>	<b>\$ 41,545,013</b>

**3. Net Pension Liability / (Asset)** 11,906,263

**Certain Key Assumptions**

Valuation Date	10/01/2020
Measurement Date	09/30/2021
Investment Return Assumption	6.85%
Mortality Table	FRS Mortality - Special Risk (7/1/2020 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,

**1. Total pension liability**

	<b>2021</b>
a. Service Cost	\$ 365,743
b. Interest	3,052,233
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	339,815
e. Assumption Changes	-
f. Benefit Payments	(5,038,595)
g. Contribution Refunds	-
<b>h. Net Change in Total Pension Liability</b>	<b>(1,280,804)</b>
<b>i. Total Pension Liability - Beginning</b>	<b>65,086,191</b>
<b>j. Total Pension Liability - Ending</b>	<b>\$ 63,805,387</b>

**2. Plan Fiduciary Net Position**

a. Contributions - Employer (from City and PBSO)	\$ 3,652,061
b. Contributions - State	563,299
c. Contributions - Member	128,159
d. Net Investment Income	6,073,410
e. Benefit Payments	(5,038,595)
f. Contribution Refunds	-
g. Administrative Expense	(97,520)
h. Other	-
<b>i. Net Change in Plan Fiduciary Net Position</b>	<b>5,280,814</b>
<b>j. Plan Fiduciary Net Position - Beginning</b>	<b>36,264,199</b>
<b>k. Plan Fiduciary Net Position - Ending</b>	<b>\$ 41,545,013</b>

**3. Net Pension Liability / (Asset)** 22,260,374

**Certain Key Assumptions**

Valuation Date	10/01/2020
Measurement Date	09/30/2021
Investment Return Assumption	4.85%
Mortality Table	FRS Mortality - Special Risk (7/1/2020 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,

**1. Total pension liability**

	<b>2021</b>
a. Service Cost	\$ 161,406
b. Interest	3,924,225
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	339,815
e. Assumption Changes	-
f. Benefit Payments	(5,038,595)
g. Contribution Refunds	-
<b>h. Net Change in Total Pension Liability</b>	<b>(613,149)</b>
<b>i. Total Pension Liability - Beginning</b>	<b>46,699,414</b>
<b>j. Total Pension Liability - Ending</b>	<b>\$ 46,086,265</b>

**2. Plan Fiduciary Net Position**

a. Contributions - Employer (from City and PBSO)	\$ 3,652,061
b. Contributions - State	563,299
c. Contributions - Member	128,159
d. Net Investment Income	6,073,410
e. Benefit Payments	(5,038,595)
f. Contribution Refunds	-
g. Administrative Expense	(97,520)
h. Other	-
<b>i. Net Change in Plan Fiduciary Net Position</b>	<b>5,280,814</b>
<b>j. Plan Fiduciary Net Position - Beginning</b>	<b>36,264,199</b>
<b>k. Plan Fiduciary Net Position - Ending</b>	<b>\$ 41,545,013</b>

<b>3. Net Pension Liability / (Asset)</b>	<b>4,541,252</b>
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**Certain Key Assumptions**

Valuation Date	10/01/2020
Measurement Date	09/30/2021
Investment Return Assumption	8.85%
Mortality Table	FRS Mortality - Special Risk (7/1/2020 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)
2022	35,273,374	2,234,163	3,855,307	33,652,230
2023	33,652,230	2,125,821	3,847,111	31,930,940
2024	31,930,940	2,007,108	3,948,198	29,989,850
2025	29,989,850	1,876,248	3,972,302	27,893,796
2026	27,893,796	1,735,215	3,990,121	25,638,890
2027	25,638,890	1,585,288	3,955,743	23,268,435
2028	23,268,435	1,428,069	3,907,947	20,788,557
2029	20,788,557	1,263,626	3,856,930	18,195,253
2030	18,195,253	1,091,895	3,796,620	15,490,528
2031	15,490,528	912,852	3,731,744	12,671,636
2032	12,671,636	726,577	3,654,402	9,743,811
2033	9,743,811	532,977	3,577,852	6,698,936
2034	6,698,936	331,788	3,493,760	3,536,964
2035	3,536,964	122,786	3,408,667	251,083
2036	251,083	-	3,319,994	-
2037	-	-	3,230,138	-
2038	-	-	3,137,615	-
2039	-	-	3,042,023	-
2040	-	-	2,943,838	-
2041	-	-	2,843,029	-
2042	-	-	2,739,862	-
2043	-	-	2,634,518	-
2044	-	-	2,527,301	-
2045	-	-	2,418,505	-
2046	-	-	2,308,411	-
2047	-	-	2,197,335	-

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: 14.00

**Certain Key Assumptions**

Valuation Investment Return Assumption 6.70%  
Valuation Mortality Table FRS Mortality - Special Risk  
(7/1/2020 FRS Valuation)

**Note: As required in Section 112.664(1)(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)
2022	35,273,374	2,234,163	3,855,307	33,652,230
2023	33,652,230	2,125,821	3,847,111	31,930,940
2024	31,930,940	2,007,108	3,948,198	29,989,850
2025	29,989,850	1,876,248	3,972,302	27,893,796
2026	27,893,796	1,735,215	3,990,121	25,638,890
2027	25,638,890	1,585,288	3,955,743	23,268,435
2028	23,268,435	1,428,069	3,907,947	20,788,557
2029	20,788,557	1,263,626	3,856,930	18,195,253
2030	18,195,253	1,091,895	3,796,620	15,490,528
2031	15,490,528	912,852	3,731,744	12,671,636
2032	12,671,636	726,577	3,654,402	9,743,811
2033	9,743,811	532,977	3,577,852	6,698,936
2034	6,698,936	331,788	3,493,760	3,536,964
2035	3,536,964	122,786	3,408,667	251,083
2036	251,083	-	3,319,994	-
2037	-	-	3,230,138	-
2038	-	-	3,137,615	-
2039	-	-	3,042,023	-
2040	-	-	2,943,838	-
2041	-	-	2,843,029	-
2042	-	-	2,739,862	-
2043	-	-	2,634,518	-
2044	-	-	2,527,301	-
2045	-	-	2,418,505	-
2046	-	-	2,308,411	-
2047	-	-	2,197,335	-

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: 14.00

**Certain Key Assumptions**

Valuation Investment Return Assumption 6.70%  
Valuation Mortality Table FRS Mortality - Special Risk  
(7/1/2020 FRS Valuation)

**Note: As required in Section 112.664(1)(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)(b), F.S.**

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2022	35,273,374	1,567,249	3,855,307	32,985,316
2023	32,985,316	1,459,903	3,847,111	30,598,108
2024	30,598,108	1,345,328	3,948,198	27,995,238
2025	27,995,238	1,222,427	3,972,302	25,245,363
2026	25,245,363	1,092,764	3,990,121	22,348,006
2027	22,348,006	957,396	3,955,743	19,349,659
2028	19,349,659	817,597	3,907,947	16,259,309
2029	16,259,309	673,550	3,856,930	13,075,929
2030	13,075,929	525,348	3,796,620	9,804,657
2031	9,804,657	373,123	3,731,744	6,446,036
2032	6,446,036	217,085	3,654,402	3,008,719
2033	3,008,719	57,330	3,577,852	-
2034	-	-	3,493,760	-
2035	-	-	3,408,667	-
2036	-	-	3,319,994	-
2037	-	-	3,230,138	-
2038	-	-	3,137,615	-
2039	-	-	3,042,023	-
2040	-	-	2,943,838	-
2041	-	-	2,843,029	-
2042	-	-	2,739,862	-
2043	-	-	2,634,518	-
2044	-	-	2,527,301	-
2045	-	-	2,418,505	-
2046	-	-	2,308,411	-
2047	-	-	2,197,335	-

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:** 11.83

**Certain Key Assumptions**

Valuation Investment Return Assumption 4.70%  
Valuation Mortality Table FRS Mortality - Special Risk  
(7/1/2020 FRS Valuation)

**Note: As required in Section 112.664(1)(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**

<b>FYE</b>	<b>Market Value of Assets (BOY)</b>	<b>Expected Investment Return</b>	<b>Projected Benefit Payments</b>	<b>Market Value of Assets (EOY)</b>
2022	35,273,374	2,901,078	3,855,307	34,319,145
2023	34,319,145	2,818,416	3,847,111	33,290,450
2024	33,290,450	2,724,523	3,948,198	32,066,775
2025	32,066,775	2,617,014	3,972,302	30,711,487
2026	30,711,487	2,498,329	3,990,121	29,219,695
2027	29,219,695	2,370,039	3,955,743	27,633,991
2028	27,633,991	2,234,162	3,907,947	25,960,206
2029	25,960,206	2,090,761	3,856,930	24,194,037
2030	24,194,037	1,939,728	3,796,620	22,337,145
2031	22,337,145	1,781,001	3,731,744	20,386,402
2032	20,386,402	1,614,650	3,654,402	18,346,650
2033	18,346,650	1,440,522	3,577,852	16,209,320
2034	16,209,320	1,258,232	3,493,760	13,973,792
2035	13,973,792	1,067,443	3,408,667	11,632,568
2036	11,632,568	867,614	3,319,994	9,180,188
2037	9,180,188	658,165	3,230,138	6,608,215
2038	6,608,215	438,428	3,137,615	3,909,028
2039	3,909,028	207,757	3,042,023	1,074,762
2040	1,074,762	-	2,943,838	-
2041	-	-	2,843,029	-
2042	-	-	2,739,862	-
2043	-	-	2,634,518	-
2044	-	-	2,527,301	-
2045	-	-	2,418,505	-
2046	-	-	2,308,411	-
2047	-	-	2,197,335	-

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:**

18.33

**Certain Key Assumptions**

Valuation Investment Return Assumption

8.70%

Valuation Mortality Table

FRS Mortality - Special Risk  
(7/1/2020 FRS Valuation)

**Note: As required in Section 112.664(1)(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				
	Plan's Latest Actuarial Valuation	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	October 1, 2021	October 1, 2021	October 1, 2021	October 1, 2021
B. Actuarially Determined Contribution (ADC) to Be Paid During Fiscal Year Ending	9/30/2023	9/30/2023	9/30/2023	9/30/2023
C. Assumed Dates of Employer Contributions	Monthly	Monthly	Monthly	Monthly
D. Annual Payment to Amortize Unfunded Actuarial Liability	\$ 3,560,169	\$ 3,560,169	\$ 4,740,900	\$ 2,607,505
E. Employer Normal Cost	256,963	256,963	379,773	184,373
F. Employer ADC if Paid on Valuation Date: D + E	3,817,132	3,817,132	5,120,673	2,791,878
G. Employer ADC Adjusted for Frequency of Payments	3,951,535	3,951,535	5,248,288	2,918,400
H. Employer ADC Adjusted for Frequency of Payments as % of Covered Payroll	415.87 %	415.87 %	552.34 %	307.14 %
I. Assumed Rate of Increase in Covered Payroll to Contribution Year	0.00 %	0.00 %	0.00 %	0.00 %
J. Covered Payroll for Contribution Year	950,193	950,193	950,193	950,193
K. Employer ADC for Contribution Year: H x J	3,951,568	3,951,568	5,248,296	2,918,423
L. Estimated State Revenue in Contribution Year	283,405	283,405	283,405	283,405
M. Required City ADC in Contribution Year*	3,668,163	3,668,163	4,964,891	2,635,018
N. Required City ADC as % of Covered Payroll in Contribution Year: M ÷ J	386.04 %	386.04 %	522.51 %	277.31 %
O. Expected Member Contributions	67,084	67,084	67,084	67,084
P. Total Contribution (Including Members) in Contribution Year	4,018,652	4,018,652	5,315,380	2,985,507
Q. Total Contribution as % of Covered Payroll in Contribution Year: P ÷ J	422.93 %	422.93 %	559.40 %	314.20 %
R. Certain Key Assumptions				
Investment Return Assumption	6.70%	6.70%	4.70%	8.70%
Mortality Table	FRS Mortality - Special Risk (7/1/2020 FRS Valuation)	FRS Mortality - Special Risk (7/1/2020 FRS Valuation)	FRS Mortality - Special Risk (7/1/2020 FRS Valuation)	FRS Mortality - Special Risk (7/1/2020 FRS Valuation)

\* This is the total amount due from the City inclusive of any amounts received from the Palm Beach County Sheriff's Office.

