

City of West Palm Beach Firefighters' Pension Fund

Chapter 112.664, F.S. Compliance Report
September 30, 2021





June 30, 2022

Board of Trustees
City of West Palm Beach Firefighters' Pension Fund
West Palm Beach, Florida

Dear Board Members:

Gabriel, Roeder, Smith & Company (GRS) has been engaged by the City of West Palm Beach Firefighter's Pension Fund 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 City and the Board only in its entirety and only with the permission of the City and 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 City and the Board concerning Fund 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 City.

This report was prepared using certain assumptions prescribed by the Board as described in the actuarial valuation report dated April 20, 2022 and the GASB Statement No. 67 report dated February 24, 2022.

Note: As required in Section 112.664(c) of the Florida Statutes, the projections of the Fund assets on pages 5-8 do not include contributions from the employer, employee or state. 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.

We understand the following items must be posted on the Fund's website and must be posted on any website containing budget information relating to the City or actuarial or performance information relating to the Fund:

- This compliance report
- The most recent financial statement
- The most recent actuarial valuation report
- A link to the Division of Retirement Actuarial Summary Fact Sheet
- For the previous five years: a side-by-side comparison of the Fund's assumed rate of return compared to the actual rate of return as well as the percentages of cash, equity, bond and alternative investments in the Fund portfolio.
- The Fund's funded ratio as determined in the most recent actuarial valuation.

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 Pension Fund 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. The signing actuaries are independent of the plan sponsor.

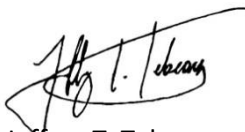
With respect to the reporting standards for defined benefit retirement plans or systems contained in Section 112.664(1) F.S., the actuarial disclosures required under this section were prepared and completed by the signed actuaries or under their direct supervision, and they acknowledge responsibility for the results. To the best of their knowledge, the results are complete and accurate, and in their opinion, meet the requirements of Section 112.664(1), F.S. and Section 60T-1.0035, F.A.C.

Brad Lee Armstrong and Jeffrey T. Tebeau are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,
Gabriel, Roeder, Smith & Company



Brad L. Armstrong
ASA, EA, FCA, MAAA



Jeffrey T. Tebeau
FSA, EA, MAAA, FCA

BLA/JTT:ah



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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

	2021
a. Service Cost	\$ 4,963,912
b. Interest*	15,572,645
c. Benefit Changes	-
d. Additions to DROP and Share Accounts	15,262,723
e. Assumption Changes	15,721,782
f. Benefit Payments	(17,512,622)
g. Contribution Refunds	(165,829)
h. Difference Between Expected and Actual Experience	(4,549,271)
i. Net Change in Total Pension Liability	29,293,340
j. Total Pension Liability - Beginning	322,364,446
k. Total Pension Liability - Ending	\$ 351,657,786

2. Plan Fiduciary Net Position

a. Contributions - Employer	\$ 9,405,758
b. Contributions - Non-Employer Contributing Entity	1,487,932
c. Contributions - Member	3,727,898
d. Net Investment Income	59,170,951
e. Benefit Payments	(17,512,622)
f. Contribution Refunds	(165,829)
g. Administrative Expense	(201,049)
h. Other	9,266
i. Net Change in Plan Fiduciary Net Position	55,922,305
j. Plan Fiduciary Net Position - Beginning	252,230,683
k. Plan Fiduciary Net Position - Ending	\$ 308,152,988

3. Net Pension Liability / (Asset) 43,504,798

Certain Key Assumptions

Investment Return Assumption	7.50%
Mortality Table	Pub-2010 FRS Mandated Tables

* Interest on the TPL excludes DROP and Share Accounts.

DROP/BackDROP accounts, Share accounts, the Supplemental Pension Distribution reserve and the Employer Contribution reserve are included in the Total Pension Liability and Plan Net Position.



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

	2021
a. Service Cost	\$ 5,022,133
b. Interest*	15,788,028
c. Benefit Changes	-
d. Additions to DROP and Share Accounts	15,262,723
e. Assumption Changes	15,721,782
f. Benefit Payments	(17,512,622)
g. Contribution Refunds	(165,829)
h. Difference Between Expected and Actual Experience	(4,772,469)
i. Net Change in Total Pension Liability	29,343,746
j. Total Pension Liability - Beginning	325,207,100
k. Total Pension Liability - Ending	\$ 354,550,846

2. Plan Fiduciary Net Position

a. Contributions - Employer	\$ 9,405,758
b. Contributions - Non-Employer Contributing Entity	1,487,932
c. Contributions - Member	3,727,898
d. Net Investment Income	59,170,951
e. Benefit Payments	(17,512,622)
f. Contribution Refunds	(165,829)
g. Administrative Expense	(201,049)
h. Other	9,266
i. Net Change in Plan Fiduciary Net Position	55,922,305
j. Plan Fiduciary Net Position - Beginning	252,230,683
k. Plan Fiduciary Net Position - Ending	\$ 308,152,988

3. Net Pension Liability / (Asset) 46,397,858

Certain Key Assumptions

Investment Return Assumption	7.50%
Mortality Table	RP-2000 fully generational using Scale AA

* Interest on the TPL excludes DROP and Share Accounts.

DROP/BackDROP accounts, Share accounts, the Supplemental Pension Distribution reserve and the Employer Contribution reserve are included in the Total Pension Liability and Plan Net Position.



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

	2021
a. Service Cost	\$ 8,062,583
b. Interest*	14,837,815
c. Benefit Changes	-
d. Additions to DROP and Share Accounts	15,262,723
e. Assumption Changes	15,721,782
f. Benefit Payments	(17,512,622)
g. Contribution Refunds	(165,829)
h. Difference Between Expected and Actual Experience	(6,036,351)
i. Net Change in Total Pension Liability	30,170,101
j. Total Pension Liability - Beginning	382,958,297
k. Total Pension Liability - Ending	\$ 413,128,398

2. Plan Fiduciary Net Position

a. Contributions - Employer	\$ 9,405,758
b. Contributions - Non-Employer Contributing Entity	1,487,932
c. Contributions - Member	3,727,898
d. Net Investment Income	59,170,951
e. Benefit Payments	(17,512,622)
f. Contribution Refunds	(165,829)
g. Administrative Expense	(201,049)
h. Other	9,266
i. Net Change in Plan Fiduciary Net Position	55,922,305
j. Plan Fiduciary Net Position - Beginning	252,230,683
k. Plan Fiduciary Net Position - Ending	\$ 308,152,988

3. Net Pension Liability / (Asset) 104,975,410

Certain Key Assumptions

Investment Return Assumption	5.50%
Mortality Table	RP-2000 fully generational using Scale AA

* Interest on the TPL excludes DROP and Share Accounts.

DROP/BackDROP accounts, Share accounts, the Supplemental Pension Distribution reserve and the Employer Contribution reserve are included in the Total Pension Liability and Plan Net Position.



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

Fiscal year ending September 30,

1. Total pension liability

	2021
a. Service Cost	\$ 3,279,804
b. Interest*	16,189,995
c. Benefit Changes	-
d. Additions to DROP and Share Accounts	15,262,723
e. Assumption Changes	15,721,782
f. Benefit Payments	(17,512,622)
g. Contribution Refunds	(165,829)
h. Difference Between Expected and Actual Experience	(3,988,365)
i. Net Change in Total Pension Liability	28,787,488
j. Total Pension Liability - Beginning	285,992,223
k. Total Pension Liability - Ending	\$ 314,779,711

2. Plan Fiduciary Net Position

a. Contributions - Employer	\$ 9,405,758
b. Contributions - Non-Employer Contributing Entity	1,487,932
c. Contributions - Member	3,727,898
d. Net Investment Income	59,170,951
e. Benefit Payments	(17,512,622)
f. Contribution Refunds	(165,829)
g. Administrative Expense	(201,049)
h. Other	9,266
i. Net Change in Plan Fiduciary Net Position	55,922,305
j. Plan Fiduciary Net Position - Beginning	252,230,683
k. Plan Fiduciary Net Position - Ending	\$ 308,152,988

3. Net Pension Liability / (Asset)

6,626,723

Certain Key Assumptions

Investment Return Assumption	9.50%
Mortality Table	RP-2000 fully generational using Scale AA

* Interest on the TPL excludes DROP and Share Accounts.

DROP/BackDROP accounts, Share accounts, the Supplemental Pension Distribution reserve and the Employer Contribution reserve are included in the Total Pension Liability and Plan Net Position.



Asset and Benefit Payment Projection
Not Reflecting Any Contributions from the Employer, State or Employee
Using Financial Reporting Assumptions per GASB Statement No. 67

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2022	\$ 171,846,439	\$ 12,411,259	\$ 12,725,970	\$ 171,531,728
2023	171,531,728	12,340,692	13,978,332	169,894,088
2024	169,894,088	12,204,654	14,330,746	167,767,995
2025	167,767,995	11,975,323	16,194,031	163,549,287
2026	163,549,287	11,696,265	15,198,171	160,047,381
2027	160,047,381	11,429,004	15,321,321	156,155,064
2028	156,155,064	11,076,871	16,926,901	150,305,034
2029	150,305,034	10,652,409	16,545,832	144,411,611
2030	144,411,611	10,207,809	16,614,989	138,004,430
2031	138,004,430	9,709,659	17,084,618	130,629,471
2032	130,629,471	9,118,444	18,100,428	121,647,488
2033	121,647,488	8,437,481	18,295,490	111,789,479
2034	111,789,479	7,681,342	18,743,182	100,727,639
2035	100,727,639	6,849,274	18,807,978	88,768,935
2036	88,768,935	5,975,309	18,196,288	76,547,956
2037	76,547,956	5,072,414	17,831,544	63,788,826
2038	63,788,826	4,112,470	17,911,776	49,989,521
2039	49,989,521	3,102,273	17,251,762	35,840,032
2040	35,840,032	2,046,156	17,115,914	20,770,274
2041	20,770,274	931,610	16,697,615	5,004,268
2042	5,004,268	-	16,590,678	-
2043	-	-	16,828,010	-
2044	-	-	16,471,080	-
2045	-	-	16,119,779	-
2046	-	-	15,966,295	-
2047	-	-	15,732,323	-

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: 20.33

Certain Key Assumptions

Valuation Investment Return Assumption 7.50%
Valuation Mortality Table Pub-2010 FRS Mandated Tables

DROP/BackDROP accounts, Share accounts, the Supplemental Pension Distribution reserve and the Employer Contribution reserve are excluded from the Market Value of Assets for the purpose of this projection.



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	\$ 171,846,439	\$ 12,413,419	\$ 12,668,373	\$ 171,591,485
2023	171,591,485	12,344,342	14,000,523	169,935,304
2024	169,935,304	12,206,394	14,366,761	167,774,938
2025	167,774,938	11,973,845	16,247,348	163,501,435
2026	163,501,435	11,689,918	15,271,713	159,919,640
2027	159,919,640	11,415,785	15,418,341	155,917,084
2028	155,917,084	11,054,566	17,045,740	149,925,910
2029	149,925,910	10,618,609	16,688,905	143,855,615
2030	143,855,615	10,159,664	16,786,849	137,228,430
2031	137,228,430	9,644,007	17,283,348	129,589,089
2032	129,589,089	9,031,869	18,328,335	120,292,624
2033	120,292,624	8,326,230	18,552,456	110,066,397
2034	110,066,397	7,541,424	19,028,150	98,579,671
2035	98,579,671	6,676,384	19,122,433	86,133,622
2036	86,133,622	5,764,943	18,535,426	73,363,139
2037	73,363,139	4,819,928	18,194,867	59,988,201
2038	59,988,201	3,812,919	18,298,574	45,502,545
2039	45,502,545	2,750,502	17,658,374	30,594,673
2040	30,594,673	1,636,843	17,540,193	14,691,324
2041	14,691,324	459,227	17,136,593	-
2042	-	-	17,045,518	-
2043	-	-	17,293,395	-
2044	-	-	16,940,946	-
2045	-	-	16,590,260	-
2046	-	-	16,436,097	-
2047	-	-	16,197,906	-

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: 19.83

Certain Key Assumptions

Valuation Investment Return Assumption 7.50%
Valuation Mortality Table RP-2000 fully generational using Scale AA

DROP/BackDROP accounts, Share accounts, the Supplemental Pension Distribution reserve and the Employer Contribution reserve are excluded from the Market Value of Assets for the purpose of this projection.



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	\$ 171,846,439	\$ 9,103,174	\$ 12,668,373	\$ 168,281,240
2023	168,281,240	8,870,454	14,000,523	163,151,171
2024	163,151,171	8,578,228	14,366,761	157,362,639
2025	157,362,639	8,208,143	16,247,348	149,323,434
2026	149,323,434	7,792,817	15,271,713	141,844,538
2027	141,844,538	7,377,445	15,418,341	133,803,642
2028	133,803,642	6,890,442	17,045,740	123,648,344
2029	123,648,344	6,341,714	16,688,905	113,301,154
2030	113,301,154	5,769,925	16,786,849	102,284,230
2031	102,284,230	5,150,341	17,283,348	90,151,223
2032	90,151,223	4,454,288	18,328,335	76,277,176
2033	76,277,176	3,685,052	18,552,456	61,409,772
2034	61,409,772	2,854,263	19,028,150	45,235,886
2035	45,235,886	1,962,107	19,122,433	28,075,559
2036	28,075,559	1,034,432	18,535,426	10,574,565
2037	10,574,565	81,242	18,194,867	-
2038	-	-	18,298,574	-
2039	-	-	17,658,374	-
2040	-	-	17,540,193	-
2041	-	-	17,136,593	-
2042	-	-	17,045,518	-
2043	-	-	17,293,395	-
2044	-	-	16,940,946	-
2045	-	-	16,590,260	-
2046	-	-	16,436,097	-
2047	-	-	16,197,906	-

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: 15.58

Certain Key Assumptions

Valuation Investment Return Assumption 5.50%
Valuation Mortality Table RP-2000 fully generational using Scale AA

DROP/BackDROP accounts, Share accounts, the Supplemental Pension Distribution reserve and the Employer Contribution reserve are excluded from the Market Value of Assets for the purpose of this projection.



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.
Except 2% higher investment return assumption

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2022	\$ 171,846,439	\$ 15,723,664	\$ 12,668,373	\$ 174,901,730
2023	174,901,730	15,950,640	14,000,523	176,851,847
2024	176,851,847	16,118,504	14,366,761	178,603,591
2025	178,603,591	16,195,592	16,247,348	178,551,835
2026	178,551,835	16,237,018	15,271,713	179,517,140
2027	179,517,140	16,321,757	15,418,341	180,420,556
2028	180,420,556	16,330,280	17,045,740	179,705,096
2029	179,705,096	16,279,261	16,688,905	179,295,452
2030	179,295,452	16,235,693	16,786,849	178,744,296
2031	178,744,296	16,159,749	17,283,348	177,620,698
2032	177,620,698	16,003,370	18,328,335	175,295,733
2033	175,295,733	15,771,853	18,552,456	172,515,130
2034	172,515,130	15,485,100	19,028,150	168,972,080
2035	168,972,080	15,144,032	19,122,433	164,993,679
2036	164,993,679	14,793,967	18,535,426	161,252,220
2037	161,252,220	14,454,705	18,194,867	157,512,058
2038	157,512,058	14,094,463	18,298,574	153,307,947
2039	153,307,947	13,725,482	17,658,374	149,375,056
2040	149,375,056	13,357,471	17,540,193	145,192,334
2041	145,192,334	12,979,284	17,136,593	141,035,025
2042	141,035,025	12,588,665	17,045,518	136,578,172
2043	136,578,172	12,153,490	17,293,395	131,438,267
2044	131,438,267	11,681,940	16,940,946	126,179,261
2045	126,179,261	11,198,992	16,590,260	120,787,994
2046	120,787,994	10,694,145	16,436,097	115,046,042
2047	115,046,042	10,159,973	16,197,906	109,008,109
2048	109,008,109	9,594,450	16,027,802	102,574,756
2049	102,574,756	9,001,656	15,640,974	95,935,437
2050	95,935,437	8,386,807	15,306,513	89,015,731
2051	89,015,731	7,746,179	14,954,011	81,807,899
2052	81,807,899	7,080,032	14,562,493	74,325,438
2053	74,325,438	6,391,141	14,100,545	66,616,034
2054	66,616,034	5,681,693	13,617,485	58,680,242
2055	58,680,242	4,951,010	13,128,690	50,502,562
2056	50,502,562	4,197,565	12,635,324	42,064,803
2057	42,064,803	3,419,538	12,139,343	33,344,998
2058	33,344,998	2,614,977	11,637,848	24,322,127
2059	24,322,127	1,781,644	11,135,957	14,967,814
2060	14,967,814	916,611	10,638,562	5,245,863
2061	5,245,863	16,371	10,147,081	-

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: 39.50

Certain Key Assumptions

Valuation Investment Return Assumption 9.50%
Valuation Mortality Table RP-2000 fully generational using Scale AA

DROP/BackDROP accounts, Share accounts, the Supplemental Pension Distribution reserve and the Employer Contribution reserve are excluded from the Market Value of Assets for the purpose of this projection.



ACTUARIALLY DETERMINED CONTRIBUTION

	GASB No. 67 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
A. Valuation Date	September 30, 2021	September 30, 2021	September 30, 2021	September 30, 2021
B. Actuarial 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	Quarterly	Quarterly	Quarterly	Quarterly
D. Annual Payment to Amortize Unfunded Actuarial Liability	\$ 5,576,349	\$ 5,328,511	\$ 7,740,155	\$ 2,957,849
E. Total Normal Cost	<u>5,247,616</u>	<u>5,292,348</u>	<u>8,485,762</u>	<u>3,484,801</u>
F. ADC: D + E	\$ 10,823,965	\$ 10,620,859	\$ 16,225,917	\$ 6,442,650
G. As a % of Covered Payroll	45.69 %	44.83 %	68.49 %	27.20 %
H. Assumed Rate of Increase in Covered Payroll to Contribution Year	6.21 %	6.21 %	6.21 %	6.21 %
I. Covered Payroll for Contribution Year	\$ 23,690,011	\$ 23,690,011	\$ 23,690,011	\$ 23,690,011
J. ADC for Contribution Year: G x I	10,823,965	10,620,859	16,225,917	6,442,650
K. Allowable Credit for State Revenue in Contribution Year	0	0	0	0
L. Member Contributions	<u>3,103,391</u>	<u>3,103,391</u>	<u>3,103,391</u>	<u>3,103,391</u>
M. Employer ADC in Contribution Year	\$ 7,720,574	\$ 7,517,467	\$ 13,122,526	\$ 3,339,259
N. Employer ADC as % of Covered Payroll in Contribution Year: M ÷ I	32.59 %	31.73 %	55.39 %	14.10 %
O. Certain Key Assumptions Investment Return Assumption Mortality Table	7.50% Pub-2010 FRS Mandated Tables	7.50% RP-2000 fully generational using Scale AA	5.50% RP-2000 fully generational using Scale AA	9.50% RP-2000 fully generational using Scale AA