

City of West Palm Beach Restated Employees
Defined Benefit Retirement System
GASB Statement No. 68 Plan Reporting and
Accounting Schedules
September 30, 2023





July 20, 2023

Board of Trustees
City of West Palm Beach Restated Employees
Defined Benefit Retirement System
West Palm Beach, Florida

**Re: City of West Palm Beach Restated Employees Defined Benefit Retirement System
GASB Statement No. 68 Disclosure Information**

As requested, we have prepared the actuarial disclosure information required under the Governmental Accounting Standards Board (GASB) Statement No. 68 for the City of West Palm Beach Restated Employees Defined Benefit Retirement System for use in the preparation of the City's GAAP-basis employer financial statement for the reporting year ending September 30, 2023.

GASB Statement No. 68 establishes the accounting and financial reporting standards for state and local government employers who provide their employees (including former employees) pension benefits through a trust. These calculations have been made on a basis that is consistent with our understanding of this accounting standard. Enclosed are the following exhibits:

- Executive Summary;
- Schedule of Changes in the Employer's Net Pension Liability and Related Ratios Multiyear;
- Notes to Net Pension Liability;
- Pension Expense Under GASB Statement No. 68;
- Statement of Outflows and Inflows Arising from Current Reporting Period;
- Statement of Outflows and Inflows Arising from Current and Prior Reporting Periods;
- Recognition of Deferred Outflows and Inflows of Resources;
- Schedule of Contributions;
- Notes to Schedule of Contributions; and
- Sensitivity of Net Pension Liability to the Single Discount Rate Assumption.

The actuarial valuation of the liabilities as of the September 30, 2022 measurement date was determined as of the beginning of the year, September 30, 2021 (based on the actuarial valuation results as reported in the September 30, 2021 actuarial valuation report dated May 4, 2022) rolled-forward to the measurement date. These liabilities are used for GASB Statement No. 68 reporting for the reporting period ending September 30, 2023. Using a measurement date of September 30, 2022 allows for timelier reporting at the end of the year. If significant changes occur during the year, such as benefit changes or changes in assumptions or methods, these should be noted in the footnotes.

Required Disclosures

Our calculation of the liability associated with the benefits described in this report was performed for the purpose of providing reporting and disclosure information that satisfies the requirements of GASB Statement No. 68. The calculation of the Plan's liability for this report is not applicable for purposes of funding the Plan. The Net Pension Liability is not an appropriate measure for measuring the sufficiency of plan assets to cover the estimated cost of settling the employer's benefit obligation. The Net Pension Liability is not an appropriate measure for assessing the need for or amount of future employer contributions. A calculation of the Plan's liability for purposes other than satisfying the requirements of GASB Statement No. 68 may produce significantly different results. This report may be provided to parties other than the City or Pension Board only in its entirety and only with the permission of the City or Pension Board or its authorized officials. GRS is not responsible for unauthorized use of this report.

This report is based upon information, furnished to us by the Plan Administrator, concerning Plan benefits, active members, deferred vested members, retirees and beneficiaries, and financial data. This information was checked for internal consistency, but it was not audited. We are not responsible for the accuracy or completeness of the information provided by the Plan Administrator.

This report complements the actuarial valuation report that was provided to the Board and should be considered in conjunction with that report. Please see the actuarial valuation report as of September 30, 2021, dated May 4, 2022 for additional discussion of the nature of actuarial calculations and information related to participant data, economic and demographic assumptions, and benefit provisions.

The findings in this report are based on data through September 30, 2021 and financial information through September 30, 2022. 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.

To the best of our knowledge, the information contained within this report is accurate and fairly represents the actuarial position of the Plan. All calculations have been made in conformity with generally accepted actuarial principles and practices as well as with the Actuarial Standards of Practice issued by the Actuarial Standards Board.

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 opinions contained herein. The signing actuaries are independent of the plan sponsor.



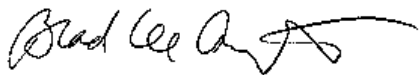
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This report was prepared using our proprietary valuation model and related software which, in our professional judgment, has the capability to provide results that are consistent with the purposes of the valuation, and has no material limitations or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

This actuarial valuation and/or cost determination was prepared and completed under direct supervision of the actuaries, and we acknowledge responsibility for the results. To the best of our knowledge, the results are complete and accurate. In our opinion, the techniques and assumptions used are reasonable and are based on generally accepted actuarial principles and practices. There is no benefit or expense to be provided by the Plan and/or paid from the Plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in Plan costs or required contribution rates have been taken into account in the valuation.

We welcome your questions and comments.

Respectfully submitted,
Gabriel, Roeder, Smith & Company



Brad Lee Armstrong, ASA, EA, FCA, MAAA
Senior Consultant & Actuary



Jeffrey T. Tebeau, FSA, EA, FCA, MAAA
Consultant & Actuary

BLA/JTT:dj

C0064



Executive Summary

GASB Statement No. 68

Actuarial Valuation Date	September 30, 2021
Measurement Date of the Net Pension Liability	September 30, 2022
Employer's Fiscal Year Ending Date (Reporting Date)	September 30, 2023

Membership as of Actuarial Valuation Date

Number of	
- Retirees and Beneficiaries	170
- Inactive, Nonretired Members	4
- Active Members	11
- Total	185
Covered Payroll	\$ 778,218

Net Pension Liability

Total Pension Liability#	\$ 43,741,025
Plan Fiduciary Net Position	41,222,604
Net Pension Liability	\$ 2,518,421
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	94.24%
Net Pension Liability as a Percentage of Covered Payroll	323.61%

Development of the Single Discount Rate

Single Discount Rate	7.25%
Long-Term Expected Rate of Investment Return	7.25%
Long-Term Municipal Bond Rate*	4.40%
Last year ending September 30 in the 2023 to 2122 projection period for which projected benefit payments are fully funded	2122

Total Pension Expense	\$ 1,043,223
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Deferred Outflows and Deferred Inflows of Resources by Source to be Recognized in Future Pension Expenses

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	8,759,574	3,474,881
Total	\$ 8,759,574	\$ 3,474,881

Excludes liabilities funded by annuity contracts purchased by the City.

* Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of September 30, 2022. In describing this index, Fidelity notes that the municipal curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.



Schedule of Changes in the Employer's Net Pension Liability and Related Ratios Multiyear GASB Statement No. 68

Measurement Period Ending September 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service Cost	\$ 54,996	\$ 45,926	\$ 49,760	\$ 61,354	\$ 93,853	\$ 86,849	\$ 97,056	\$ 44,894	\$ 54,631
Interest on the Total Pension Liability	3,047,401	3,154,079	3,142,590	3,169,813	3,190,156	3,225,757	2,998,902	3,005,049	2,971,240
Benefit Changes	-	-	-	-	-	-	-	-	-
Difference between Expected and Actual Experience	273,302	(71,145)	258,174	(488,903)	(518,168)	(374,998)	(273,566)	(467,954)	-
Assumption Changes	-	217,866	-	-	-	2,171,968	2,790,291	-	-
Benefit Payments	(3,280,574)	(3,464,504)	(3,126,322)	(3,072,580)	(2,969,061)	(2,830,193)	(2,713,596)	(2,656,230)	(2,507,730)
Refunds	-	-	-	-	-	-	-	-	(32,817)
Net Change in Total Pension Liability	95,125	(117,778)	324,202	(330,316)	(203,220)	2,279,383	2,899,087	(74,241)	485,324
Total Pension Liability - Beginning	43,645,900	43,763,678	43,439,476	43,769,792	43,973,012	41,693,629	38,794,542	38,868,783	38,383,459
Total Pension Liability - Ending (a)	\$ 43,741,025	\$ 43,645,900	\$ 43,763,678	\$ 43,439,476	\$ 43,769,792	\$ 43,973,012	\$ 41,693,629	\$ 38,794,542	\$ 38,868,783
Plan Fiduciary Net Position									
Employer Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Contributions	44,886	49,331	55,751	58,116	65,868	78,838	85,170	93,620	106,999
Pension Plan Net Investment Income	(6,811,203)	9,093,376	3,159,385	1,603,850	3,880,565	5,968,401	2,992,915	456,643	5,888,760
Benefit Payments	(3,280,574)	(3,464,504)	(3,126,322)	(3,072,580)	(2,969,061)	(2,830,193)	(2,713,596)	(2,656,230)	(2,507,730)
Refunds	-	-	-	-	-	-	-	-	(32,817)
Pension Plan Administrative Expense	(97,831)	(90,733)	(92,658)	(89,898)	(92,844)	(87,504)	(84,157)	(83,101)	(78,375)
Other	1,084	738	(19,424)	1,126	10,931	3,774	6,518	2,380	2,139
Net Change in Plan Fiduciary Net Position	(10,143,638)	5,588,208	(23,268)	(1,499,386)	895,459	3,133,316	286,850	(2,186,688)	3,378,976
Plan Fiduciary Net Position - Beginning	51,366,242	45,778,034	45,801,302	47,300,688	46,405,229	43,271,913	42,985,063	45,171,494	41,792,518
Adjustment	-	-	-	-	-	-	-	257	-
Plan Fiduciary Net Position - Ending (b)	\$ 41,222,604	\$ 51,366,242	\$ 45,778,034	\$ 45,801,302	\$ 47,300,688	\$ 46,405,229	\$ 43,271,913	\$ 42,985,063	\$ 45,171,494
Net Pension Liability - Ending (a) - (b)	2,518,421	(7,720,342)	(2,014,356)	(2,361,826)	(3,530,896)	(2,432,217)	(1,578,284)	(4,190,521)	(6,302,711)
Plan Fiduciary Net Position as a Percentage									
of Total Pension Liability	94.24 %	117.69 %	104.60 %	105.44 %	108.07 %	105.53 %	103.79 %	110.80 %	116.22 %
Covered-Employee Payroll	\$ 778,218	\$ 970,523	\$ 1,021,817	\$ 1,054,882	\$ 1,407,812	\$ 1,500,533	\$ 1,672,545	\$ 1,814,346	\$ 2,019,761
Net Pension Liability as a Percentage									
of Covered-Employee Payroll	323.61 %	(795.48)%	(197.13)%	(223.89)%	(250.81)%	(162.09)%	(94.36)%	(230.97)%	(312.05)%
Notes to Schedule	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A



Notes to Net Pension Liability

GASB Statement No. 68

Valuation Date September 30, 2021
Measurement Date September 30, 2022

Methods and Assumptions used to Determine Net Pension Liability:

Actuarial Cost Method	Entry Age Normal
Wage Inflation	4.75%
Salary Increases	4.75% to 8.55% per year
Investment Rate of Return	7.25%
Municipal Bond Rate	4.40%
Retirement Age	Age-based table of rates that are specific to the type of eligibility condition.
Mortality	The Florida Retirement System (FRS) mortality tables which use variations of the fully generational PUB-2010 Mortality Tables with improvement scale MP-2018.

Other Information:

Cost-of-Living Adjustments	2.00% Simple
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Pension Expense
Fiscal Year Ended September 30, 2023
(Based on Measurement Period Ending September 30, 2022)
GASB Statement No. 68

A. Expense

1. Service Cost	\$	54,996
2. Interest on the Total Pension Liability		3,047,401
3. Current-Period Benefit Changes		-
4. Employee Contributions (made negative for addition here)		(44,886)
5. Projected Earnings on Plan Investments (made negative for addition here)		(3,603,252)
6. Pension Plan Administrative Expense		97,831
7. Other Changes in Plan Fiduciary Net Position		(1,084)
8. Recognition of Outflow (Inflow) of Resources Due to Liabilities		273,302
9. Recognition of Outflow (Inflow) of Resources Due to Assets		1,218,915
10. Total Pension Expense	\$	1,043,223



Statement of Outflows and Inflows
Arising from Current Reporting Period
Employer Fiscal Year Ended September 30, 2023
(Based on Measurement Period Ending September 30, 2022)
GASB Statement No. 68

A. Outflows (Inflows) of Resources Due to Liabilities

1. Difference between expected and actual experience of the Total Pension Liability (gains) or losses	\$ 273,302
2. Assumption Changes (gains) or losses	\$ -
3. Recognition period for Liabilities: Average of the expected remaining service lives of all employees {in years}	1.0000
4. Outflow (Inflow) of Resources to be recognized in the current pension expense for the difference between expected and actual experience of the Total Pension Liability	\$ 273,302
5. Outflow (Inflow) of Resources to be recognized in the current pension expense for Assumption Changes	\$ -
6. Outflow (Inflow) of Resources to be recognized in the current pension expense due to Liabilities	<u>\$ 273,302</u>
7. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses for the difference between expected and actual experience of the Total Pension Liability	\$ -
8. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses for Assumption Changes	\$ -
9. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses due to Liabilities	<u>\$ -</u>

B. Outflows (Inflows) of Resources Due to Assets

1. Net difference between projected and actual earnings on pension plan investments (gains) or losses	\$ 10,414,455
2. Recognition period for Assets {in years}	5.0000
3. Outflow (Inflow) of Resources to be recognized in the current pension expense due to Assets	\$ 2,082,891
4. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses due to Assets	\$ 8,331,564

C. Outflow of Resources Due to Employer Contribution

1. Deferred Outflow of Resources due to Employer pension contribution made subsequent to 9/30/2021 but before 9/30/2022 (from City)	N/A
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Statement of Outflows and Inflows
Arising from Current and Prior Reporting Periods
Employer Fiscal Year Ended September 30, 2023
(Based on Measurement Period Ending September 30, 2022)
GASB Statement No. 68

A. Outflows and Inflows of Resources Due to Liabilities and Assets to be Recognized in Current Pension Expense

	<u>Outflows of Resources</u>	<u>Inflows of Resources</u>	<u>Net Outflows of Resources</u>
1. Due to Liabilities	\$ 273,302	\$ -	\$ 273,302
2. Due to Assets	2,479,630	1,260,715	1,218,915
3. Total	\$ 2,752,932	\$ 1,260,715	\$ 1,492,217

B. Outflows and Inflows of Resources by Source to be Recognized in Current Pension Expense

	<u>Outflows of Resources</u>	<u>Inflows of Resources</u>	<u>Net Outflows of Resources</u>
1. Differences between Expected and Actual Experience	\$ 273,302	\$ -	\$ 273,302
2. Assumption Changes	-	-	-
3. Net Difference between Projected and Actual Earnings on Pension Plan Investments	2,479,630	1,260,715	1,218,915
4. Total	\$ 2,752,932	\$ 1,260,715	\$ 1,492,217

C. Deferred Outflows and Deferred Inflows of Resources by Source to be Recognized in Future Pension Expenses

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Deferred Outflows of Resources</u>
1. Differences between Expected and Actual Experience	\$ -	\$ -	\$ -
2. Assumption Changes	-	-	-
3. Net Difference between Projected and Actual Earnings on Pension Plan Investments	8,759,574	3,474,881	5,284,693
4. Total	\$ 8,759,574	\$ 3,474,881	\$ 5,284,693

D. Deferred Outflows and Deferred Inflows of Resources by Year to be Recognized in Future Pension Expenses

<u>Year Ending September 30</u>	<u>Net Deferred Outflows of Resources</u>
2024	\$ 1,321,337
2025	955,869
2026	924,596
2027	2,082,891
2028	-
Thereafter	-
Total	\$ 5,284,693



Recognition of Deferred Outflows and Inflows of Resources

Fiscal Year Ended September 30, 2023

Year Established	Initial Amount	Initial Recognition Period	Current Year Recognition	Remaining Recognition	Remaining Recognition Period
Deferred Outflow (Inflow) Due to Differences between Expected and Actual Experience on Liabilities					
2019	\$ (518,168)	1.0000	\$ -	\$ -	0.0000
2020	(488,903)	1.0000	-	-	0.0000
2021	258,174	1.0000	-	-	0.0000
2022	(71,145)	1.0000	-	-	0.0000
2023	273,302	1.0000	273,302	-	0.0000
Total			\$ 273,302	\$ -	
Deferred Outflow (Inflow) Due to Assumption Changes					
2019	\$ -	1.0000	\$ -	-	0.0000
2020	-	1.0000	-	-	0.0000
2021	-	1.0000	-	-	0.0000
2022	217,866	1.0000	-	-	0.0000
2023	-	1.0000	-	-	0.0000
Total			\$ -	\$ -	
Deferred Outflow (Inflow) Due to Differences between Projected and Actual Earnings on Plan Investments					
2019	\$ (512,114)	5.0000	\$ (102,422)	\$ -	0.0000
2020	1,827,330	5.0000	365,466	365,466	1.0000
2021	156,363	5.0000	31,273	62,544	2.0000
2022	(5,791,467)	5.0000	(1,158,293)	(3,474,881)	3.0000
2023	10,414,455	5.0000	2,082,891	8,331,564	4.0000
Total			\$ 1,218,915	\$ 5,284,693	

According to paragraph 33 of GASB Statement No. 68, differences between expected and actual experience and changes in assumptions are recognized in pension expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan (active employees and inactive employees) determined as of the beginning of the measurement period.

At the beginning of the current measurement period, the expected remaining service lives of all active employees in the plan was approximately 54 years. Additionally, the total plan membership (active employees and inactive employees) was 185. As a result, the average of the expected remaining service lives for purposes of recognizing the applicable deferred outflows and inflows of resources established in the current measurement period is 1.0000 years.

Additionally, differences between projected and actual earnings on pension plan investments should be recognized in pension expense using a systematic and rational method over a closed five-year period. For this purpose, the deferred outflows and inflows of resources are recognized in the pension expense as a level dollar amount over the closed period identified above.



Schedule of Contributions GASB Statement No. 68

FY Ending September 30,	Actuarially Determined Contribution	Actual Contribution*	Contribution Deficiency (Excess)	Covered Payroll#	Actual Contribution as a % of Covered Payroll
2014	\$1,350,431	\$1,350,431	\$ -	\$2,019,761	66.86%
2015	728,137	728,137	-	1,814,346	40.13%
2016	-	-	-	1,672,545	0.00%
2017	795,214	795,214	-	1,500,533	53.00%
2018	946,538	946,538	-	1,433,418	66.03%
2019	423,367	423,367	-	1,054,882	40.13%
2020	128,278	128,278	-	1,056,655	12.14%
2021	304,715	304,715	-	1,013,655	30.06%
2022	327,082	327,082	-	896,927	36.47%
2023	-	-	-	816,109	0.00%

* The actual contribution was released from the City's prepaid Employer Contribution Reserve.

Based on the valuation payroll figures from the corresponding September 30 valuation for FY Ending 2014-2017.

Implicit payroll based on employee contributions as of September 30 of the previous year beginning in FY 2018.



Notes to Schedule of Contributions

GASB Statement No. 68

Valuation Date: Actuarially determined contributions are calculated as of September 30, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Actuarially Determine Contribution Rates for FY Ending September 30, 2023:

Actuarial Cost Method	Aggregate/Entry-Age Normal
Amortization Method	Experience gains/losses and one-time events (e.g., assumption changes) are measured using the Entry Age Normal Cost Method and amortized over separate 10-year bases with level dollar payments.
Remaining Amortization Period	10 years
Asset Valuation Method	Market Value
Wage Inflation	4.75%
Salary Increases	4.75% to 8.55% per year
Investment Rate of Return	7.25%
Municipal Bond Rate	4.40%
Retirement Age	Age-based table of rates that are specific to the type of eligibility condition.
Mortality	The Florida Retirement System (FRS) mortality tables which use variations of the fully generational PUB-2010 Mortality Tables with improvement scale MP-2018.

Other Information:

Notes	The City established a prepaid contribution reserve using deferred revenue and by changing the actuarial cost method to Aggregate.
Cost-of-Living Adjustments	2.0% Simple



Sensitivity of Net Pension Liability to the Single Discount Rate Assumption GASB Statement No. 68

A single discount rate of 7.25% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on Pension Plan investments of 7.25%. The projection of cash flows used to determine this single discount rate assumed that Plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these assumptions, the Pension 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 Pension Plan investments (7.25%) was applied to all periods of projected benefit payments to determine the total pension liability.

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the Plan's net pension liability, calculated using a single discount rate of 7.25%, as well as what the Plan's net pension liability would be if it were calculated using a single discount rate that is one-percentage-point lower or one-percentage-point higher:

1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
\$6,920,730	\$2,518,421	\$(1,218,640)