

Saltmarsh

Saltmarsh, Cleaveland & Gund

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

WEST PALM BEACH POLICE PENSION FUND

FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022



Public Pension Coordinating Council

***Public Pension Standards Award
For Funding and Administration
2023***

Presented to

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

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 cursive script that reads "Alan H. Winkle".

Alan H. Winkle
Program Administrator

WEST PALM BEACH POLICE PENSION FUND
FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

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	28
Schedule of Ratios	29
Schedule of Contributions	30
Notes to Schedule of Contributions	31
Schedule of Investment Returns	32
Additional Information:	
Schedule of Investment and Administrative Expenses	33

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, 2023 and 2022, 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, 2023 and 2022, 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 29 through 33 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 audit 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 34 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 audit 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 23, 2024

WEST PALM BEACH POLICE PENSION FUND
STATEMENTS OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2023 AND 2022

	2023	2022
Assets:		
Cash	\$ 1,552,955	\$ 1,498,151
Receivables:		
DROP loans	1,264,623	1,101,091
Interest and dividends	192,832	219,132
Broker-dealers	79,509	2,320,885
Employer contribution receivable	-	983,566
Total receivables	1,536,964	4,624,674
Investments:		
U.S. Government obligations	6,528,052	18,484,528
U.S. Government agency obligations	14,015,573	8,891,148
Corporate bonds	1,774,310	4,920,337
Domestic stocks	86,468,195	78,423,445
Domestic equity investment funds	178,036,916	144,441,086
International equity investment funds	61,424,426	50,098,804
Fixed income investment funds	18,705,842	16,304,897
Real estate investment funds	61,586,267	86,144,009
Temporary investment funds	8,210,500	11,136,000
Total investments	436,750,081	418,844,254
Prepaid expenses	8,418	1,430,259
Total Assets	439,848,418	426,397,338
Liabilities:		
Accounts payable	452,850	234,181
Accounts payable, broker-dealers	126,543	870,514
Total Liabilities	579,393	1,104,695
Net Position Restricted for Pensions	\$ 439,269,025	\$ 425,292,643

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, 2023 AND 2022

	2023	2022
Additions:		
Contributions:		
Employer	\$ 5,657,198	\$ 5,354,106
Participants	2,806,195	2,871,212
Buy back	367,713	174,140
DROP	354,149	51,192
415 Rollover	324,409	336,645
Total contributions	9,509,664	8,787,295
Intergovernmental revenue:		
Chapter 185 state excise tax rebate	1,985,387	1,814,266
Total intergovernmental revenue	1,985,387	1,814,266
Investment income (loss) :		
Net appreciation (depreciation) in fair value of investments	29,097,067	(57,015,914)
Interest	1,648,001	1,168,545
Dividends	3,957,536	7,645,756
Class action revenue	55,118	25,988
Other	-	6,072
Total investment income (loss)	34,757,722	(48,169,553)
Less investment expenses	1,595,060	1,299,356
Net investment income (loss)	33,162,662	(49,468,909)
Total additions (deductions), net	44,657,713	(38,867,348)
Deductions:		
Benefits:		
Age and service	13,839,722	13,140,008
Disability	1,128,828	1,103,520
Share accounts	2,039,683	2,379,806
Supplemental	8,730,894	-
DROP accounts	4,456,991	3,867,725
Refunds of contributions	78,566	233,429
Administrative expenses	406,647	454,123
Total deductions	30,681,331	21,178,611
Net Increase (Decrease) in Net Position	13,976,382	(60,045,959)
Net Position Restricted for Pensions:		
Beginning of year	425,292,643	485,338,602
End of year	\$ 439,269,025	\$ 425,292,643

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

**WEST PALM BEACH POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

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, 2022, the Plan’s membership consisted of:

Currently receiving benefits	260
DROP participants	52
Terminated employees entitled to benefits but not yet receiving them	10
 Total	 322
 Current employees:	
Vested	97
Nonvested	149
 Total	 246

At October 1, 2022, the date of the most recent Plan actuarial valuation, there were 260 retirees and beneficiaries receiving benefits.

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. The Special Act was substantively amended in 2003, 2005, 2012, 2014, and 2017.

Participation in the Plan is required as a condition of employment. The Plan provides for pension, 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 pension board. Two police officers, two City residents and a fifth member elected by the other four members constitute the pension board. The City and the Plan participants are obligated to fund all Plan costs based upon actuarial valuations.

WEST PALM BEACH POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 1 - DESCRIPTION OF PLAN (Continued)

Pension Benefits - The pension plan provides retirement, death and disability benefits for its participants. A participant may retire with normal benefits after reaching age 50 and accumulating 20 or more years of credited service; reaching age 55 and accumulating 10 or more years of credited service; or at 25 or more years of continuous service.

Normal retirement benefits are stipulated in the Laws of Florida, Chapter 24981, Section 16(9) and are contingent upon a participant's employment date, retirement date and length of service. Normal retirement benefits are 2.50% of the participant's final average salary multiplied by the number of years of credited service earned after March 31, 1987; plus 3.00% of final average salary for service earned after March 31, 1987 for up to 26 years; plus 1.00% of final average salary in excess of 26 years. 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 begin upon application on or after reaching age 50 and are computed the same as normal or early retirement, based on the participant's final average salary and credited service at date of termination. Benefits are reduced 3.00% per year for each year by which the participant's age at retirement preceded the participant's normal retirement age.

Effective January 1, 2013, the limit on the amount of overtime that is included in pensionable compensation was lowered from 400 hours to 300 hours.

Death Benefits - Pre-retirement death benefits for service-related deaths are paid to participant's surviving spouse for life. Benefits are calculated at two-thirds of the participant's highest 12 consecutive months' salary, or the current top step police officer pay, whichever is greater. Unmarried children under the age of 18 each receive \$150 per month. If no eligible surviving spouse exists, unmarried children each receive an equal share of one third of the participants' final average salary.

Pre-retirement death benefits for non-service-related deaths are paid to participant's surviving spouse for life. Non-service-related death benefits are available to participants with 5 or more years of service. Benefits are computed as two-thirds the amount of what the participant would have received had he retired the day before death, subject to a minimum of one-seventh of the participant's final average salary. If no eligible surviving spouse exists, unmarried children under the age of 18 will each receive an equal share of the calculated amount.

Post-retirement death benefits are payable to the participant's eligible surviving spouse equal to two-thirds of the member's pension at the time of death and are payable until death. If no eligible surviving spouse exists, the participant's unmarried children under the age of 18 receive equal shares. 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. Optional forms of payment are available on an "equivalent actuarial value" basis to the 10-year certain and life forms of payment.

WEST PALM BEACH POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 1 - DESCRIPTION OF PLAN (Continued)

Disability Benefits - Disability benefits for service-related disabilities are paid to the participant for life. Benefits are calculated as the amount of accrued normal retirement pension benefit, subject to a minimum benefit equal to two-thirds of the participant'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.

Disability benefits for non-service-related disabilities are paid to a participant for life. Benefits are calculated as the accrued normal retirement amount if the disability occurs after normal retirement eligibility. If the disability occurs before normal retirement eligibility and the participant has completed 10 or more years of credited service, the disability benefit is computed as the normal retirement benefit with a minimum of 25% of the participant's final average salary. If the disability occurs before normal retirement eligibility and the participant has completed at least 5 but less than 10 years of credited service, the disability benefit is computed as the normal retirement benefit with a minimum of 20% of the participant's final average salary.

Cost of Living Adjustments - Post-retirement cost of living adjustments are made by the Board of Trustees 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.

Supplemental Pension Distributions - The Board of Trustees 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 7.00% (to a maximum 2.00% 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 9.00%, 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, 2023 and 2022, supplemental distributions were declared in the amounts of \$19,516,401 and -0-, respectively. The Plan paid \$8,730,894 and \$10,785,507 remained within the Plan and was allocated to individuals' DROP and Share accounts.

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

Share Accounts - Effective October 1, 1988, Share Accounts (defined contribution accounts) were established for each participant in the Plan. The accounts are funded by Chapter 185 state excise tax rebate payments. Chapter 185 receipts are allocated to the 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 pension plan investment savings and forfeited accounts. Eligible participants, meeting certain service criteria, whose employment is terminated, or an eligible beneficiary may receive payment of the share account on application to the Board of Trustees. Distributions may be in lump sum, or partial as permitted by Board policy.

WEST PALM BEACH POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 1 - DESCRIPTION OF PLAN (Continued)

The Chapter 185 revenue received during the fiscal year ended September 30, 2015, was used to offset the City's contribution during the fiscal year ended September 30, 2015 and thereafter is allocated to the share plan accounts.

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

Effective October 1, 2012, the fixed interest rate for Share Plan and DROP accounts was lowered to 8.25% to 8.00% per year. If the investment earnings paid as fixed interest on Share Plan accounts creates a deficiency as compared to the gross earnings of the pension fund, the rate will be reduced to 4.00% effective the following October 1. The rate will be returned to 8.00% effective the following October 1 after the deficiency is satisfied.

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting:

Basis of accounting is the method by which revenues and expenses are recognized in the accounts and are reported in the financial statements. The accrual basis of accounting is used for the Plan. Under the accrual basis of accounting, revenues are recognized when they are earned and collection is reasonably assured, and expenses are recognized when the liabilities are incurred. Plan participant contributions are recognized in the period in which the contributions are due. City contributions to the plan as calculated by the Plan's actuary, are recognized as revenue when due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

WEST PALM BEACH POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. The accompanying financial statements include solely the accounts of the Plan which include all programs, activities and functions relating to the accumulation and investment of the assets and related income necessary to provide the service, disability and death benefits required under the terms of the Special Act and the amendments thereto.

Valuation of Investments:

GASB statement No. 72 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. Purchases and sales of investments are recorded on a trade date basis.

Investment income is recognized on the accrual basis as earned. Unrealized appreciation (depreciation) in fair value of investments includes the difference between cost and fair value of investments held. The net realized and unrealized investment appreciation (depreciation) for the year is reflected in the statements of changes in fiduciary net position.

Custody of Asset:

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 of West Palm Beach, Florida.

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.

WEST PALM BEACH POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Authorized Plan Investments (Continued):

Permissible investments include obligations of the U.S. Treasury and U.S. agencies, high capitalization common or preferred stocks, pooled equity funds, high quality bonds or notes and fixed income funds, real estate and derivative investments. In addition, the Board requires that Plan assets be invested with no more than 70% in stocks and convertible securities measured at market value at the end of each reporting period. Further information regarding the permissible investments from the Plan can be found in the Investment Policy Objectives and Guidelines.

Actuarial Cost Method:

The Plan utilizes the Entry Age Normal for funding purposes. This method allocates the actuarial present value of each participant's projected benefit on a level basis over the participant's earnings from the date of entry into the Plan through the date of retirement.

Reporting Entity:

The financial statements presented are only for the Plan and are not intended to present the basic financial statements of the City of West Palm Beach, Florida.

The Plan is included in the City's Annual Comprehensive Financial Report (ACFR) for the years ended September 30, 2023 and 2022, 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. The provisions of the Plan provide for retirement, disability, and survivor benefits.

Funding Policy:

Contribution requirements are established and may be amended by the Florida Legislature. The contribution requirements are determined based on the benefit structure negotiated by the City and the participants bargaining unit, the Palm Beach County Police Benevolent Association. Participants are required to contribute 10% effective January 1, 2006 and 11% effective January 1, 2007 and January 1, 2008 of their annual earnings. Pursuant to Chapter 185 of the Florida Statutes, a premium tax on certain casualty insurance contracts written on West Palm Beach properties is collected by the State and is remitted to the Plan. The City is required to contribute the remaining amounts necessary to finance the benefits through periodic contributions of actuarially determined amounts. The required employer contribution for the fiscal year ended September 30, 2023 was determined by the September 30, 2021 actuarial valuation. Administrative costs are financed through employer contributions and charges against Share and DROP accounts and supplemental distributions.

WEST PALM BEACH POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Funding Policy (Continued):

The Plan may also accept rollover contributions from participants' accumulated sick or vacation leave and qualified deferred compensation plans. Rollover contributions are held in the participants' Share or DROP accounts, as requested by the participant. Participants are immediately vested in rollover contributions.

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.

Effective October 1, 2013, the member contribution rate is increased to 20%, and Chapter 185 revenue will be used to reduce member contributions to 11%. If the Chapter 185 revenue is not sufficient to reduce the member contributions to 11%, then the City will make up the difference. Share accounts will not receive any allocation of Chapter 185 revenue during the fiscal year ended September 30, 2014. Effective October 1, 2014, the member contribution rate is lowered back to 11% and Chapter 185 revenue will be allocated to the Share Plan accounts.

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.

Administrative Costs:

All administrative costs of the Plan are financed through charges allocated against the Share and DROP and supplemental distribution accounts. The City contributes the remainder of the cost of administration of the Plan.

Cash:

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, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 adopted the provisions set forth in GASB Statement No. 56, *Subsequent Events*, and considered subsequent events through February 23, 2024, which is the date the financial statements were available to be issued.

Reclassification:

Certain figures in the financial statements for the fiscal year ended September 30, 2022 have been reclassified to conform to the presentation used in the financial statements for the fiscal year ended September 30, 2023.

WEST PALM BEACH POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 3 - 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.

Investments:

Investments that are not evidenced by securities that exist in physical or book-entry form include investments in open-ended international and domestic investment funds and a commingled pooled trust fund.

The Plan's independently managed investments are segregated into separate accounts and managed under separate investment agreements. These four accounts give FTIOS custodianship but give these money managers the authority to manage the investments. These assets are invested in accordance with the specific investment guidelines as set forth in Section 21 of the Special Act entitled "Investments." Investment management fees are calculated quarterly as a percentage of the fair market value of the Fund's assets managed.

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

The Plan's investments are uninsured and unregistered and are held in the custodians' or the Bank's accounts in the Plan's name as described above.

Alternative investment vehicles valued using the net asset value (NAV) provided by the investment managers of these funds. The NAV is based on the value of the underlying assets owned by this fund minus its liabilities and then divided by the number of shares or percentage of ownership outstanding. The NAV's unit price is quoted on a private market that is not active; however, the unit price is based on underlying investments which are traded on an active market.

**WEST PALM BEACH POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued):

The values of these alternative investments are not necessarily indicative of the amount that could be realized in a current transaction. The fair value may differ significantly from the value that would have been used had a ready market for the underlying funds existed, and the differences could be material. Future confirming events will also affect the estimates of fair value and the effect of such events on the estimates of fair value could be material.

The Plan held no stock or bond investments that individually represent 5.00% or more of the Plan's net assets available for benefits during the years ended September 30, 2023 and 2022, respectively.

The Plan has no instrument that, in whole or in part, is accounted for as a derivative instrument under GASB 53, *Accounting and Financial Reporting for Derivative Instruments* during the current Plan year.

The Plan held the following fixed investments as of September 30, 2023 and 2022:

Investment Type	Percent of Fund	2023 Fair Value	2022 Fair Value	Rating Standard & Poor's	Effective Duration (Years)
U.S. Government obligations	1.5%	\$ 6,528,052	\$ 18,484,528	AA+	5.99
U.S. Government agency obligations	3.2%	14,015,573	8,891,148	AA+	4.70
Corporate bonds	0.4%	1,774,310	4,920,337	A-	5.34
Temporary investments	1.9%	8,210,500	11,136,000	N/A	N/A
Total	7.0%	\$ 30,528,435	\$ 43,432,013		

**WEST PALM BEACH POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Investing in Foreign Markets:

Investing in foreign markets may involve special risks and considerations not typically associated with investing in companies in the United States of America. These risks include revaluation of currencies, high rates of inflation, repatriation restrictions on income and capital, and future adverse political, social, and economic developments. Moreover, securities of foreign governments may be less liquid, subject to delayed settlements, taxation on realized or unrealized gains, and their prices are more volatile than those of comparable securities in U.S. companies.

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.

Investment in Real Estate:

The Plan is subject to the risks inherent in the ownership and operation of real estate. These risks include, among others, those normally associated with changes in the general economic climate trends in the industry including creditworthiness of tenants, competition for tenants, changes in tax laws, interest rate levels, the availability of financing and potential liability under environmental and other laws.

Asset Allocation:

The Plan's adopted asset allocation as of September 30, 2023 is as follows:

<u>Asset Class</u>	<u>Target</u>
Domestic equity	40%
International equity	14%
Domestic bonds	22%
Real estate	14%
Alternative assets	10%
 Total	 <u>100%</u>

**WEST PALM BEACH POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Rate of Return:

For the years ended September 30, 2023 and 2022, the annual money weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.52% and -9.82%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 4 - NET INCREASE (DECREASE) IN REALIZED AND UNREALIZED APPRECIATION (DEPRECIATION) OF INVESTMENTS

The Plan's investments appreciated (depreciated) in value during the years ended September 30, 2023 and 2022 as follows:

	2023	2022
Realized appreciation (depreciation)	\$ 7,016,943	\$ 10,589,032
Unrealized appreciation (depreciation)	22,080,124	(67,604,946)
	\$ 29,097,067	\$ (57,015,914)

The calculation of realized gains and losses is independent of the calculation of net appreciation (depreciation) in the fair value of plan investments.

Unrealized gains and losses on investments sold in 2023 that had been held for more than one year were included in net appreciation (depreciation) reported in the prior year.

WEST PALM BEACH POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 5 - INVESTMENTS

Investments at both fair value and cost as of September 30, 2023 and 2022 are summarized as follows:

Investments	2023		2022	
	Cost	Fair Value	Cost	Fair Value
U.S. Government obligations	\$ 6,901,064	\$ 6,528,052	\$ 19,300,557	\$ 18,484,528
U.S. Government agency obligations	15,196,960	14,015,573	9,895,790	8,891,148
Corporate bonds	2,048,677	1,774,310	5,654,666	4,920,337
Domestic stocks	78,973,105	86,468,195	79,921,486	78,423,445
Domestic equity investment funds	119,042,519	178,036,916	102,703,807	144,441,086
International equity investment funds	46,895,038	61,424,426	46,291,465	50,098,804
Fixed income investment funds	21,732,966	18,705,842	21,319,446	16,304,897
Real estate investment funds	37,338,515	61,586,267	47,498,682	86,144,009
Temporary investments	8,210,500	8,210,500	11,136,000	11,136,000
Total	<u>\$ 336,339,344</u>	<u>\$ 436,750,081</u>	<u>\$ 343,721,899</u>	<u>\$ 418,844,254</u>

NOTE 6 - MORTGAGE-BACKED SECURITIES

The Plan invests in mortgage-backed securities representing interests in pools of mortgage loans as part of its interest rate risk management strategy. The mortgage-backed securities are not used to leverage investments in fixed income portfolios. The mortgage-backed securities held by the Plan were guaranteed by federally sponsored agencies such as: Government National Mortgage Association, Federal National Mortgage Association and Federal Home Loan Mortgage Corporation.

NOTE 7 - DESIGNATIONS

A portion of the fiduciary net position is designated for benefits that accrue in relation to the Share accounts and DROP accounts as further described in Note 1. Allocations to the DROP and Share plan accounts for the fiscal years ended September 30, 2023 and 2022 are presented below as determined in the most recent annual valuation available for the fiscal years then ended:

	2023	2022
Designated for Share accounts (fully funded)	\$ 72,270,176	\$ 64,416,396
Designated for the DROP accounts (fully funded)	84,443,296	70,357,766
Total designated fiduciary net position	156,713,472	134,774,162
Undesignated fiduciary net position	282,555,553	290,518,481
Total fiduciary net position	<u>\$ 439,269,025</u>	<u>\$ 425,292,643</u>

**WEST PALM BEACH POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 8 - DROP LOANS

During the fiscal years ended September 30, 2023 and 2022, certain DROP participants borrowed from their respective DROP accounts. These loans require repayment in 60 months at interest rates based on the lowest prime rate of interest listed in the Wall Street Journal at the time that the loan is issued.

A schedule of the changes of these loans is summarized as follows:

	Balance 09/30/22	Additions	Repayments	Balance 09/30/23
DROP Loans Receivable	\$ 1,101,091	\$ 597,500	\$ 433,968	\$ 1,264,623

Loan interest income for the years ended September 30, 2023 and 2022 was \$51,461 and \$43,255, respectively.

NOTE 9 - PLAN AMENDMENTS

There were no plan amendments for the year ended September 30, 2023.

During the year ended September 30, 2022, the Plan was amended in accordance with House Bill 929, which was signed into law. Under this plan amendment, the 3.00% benefit multiplier was restored for all years of service between October 1, 2011 to October 1, 2017 for members who retire (including entry into the DROP) after the effective date of May 6, 2022.

NOTE 10 - 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 Statutes §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 11 - COMMITMENTS AND CONTINGENCIES

As described in Note 1, 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.

WEST PALM BEACH POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

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 statement of fiduciary net position.

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment in debt securities. Generally, the longer the time to maturity, the greater the exposure to interest rate risks. Through its investment policies the Plan manages its exposure to fair value losses arising from increasing interest rates. The Plan limits the effective duration of its investment portfolio through the adoption of the Barclay Intermediate Aggregate Bond Index benchmark.

Credit Risk:

Credit risk is the risk that a debt issuer will not fulfill its obligations. Consistent with state law, the Plan's guidelines limit its fixed income investment to a quality rating of 'A' or equivalent as rated by one or more recognized bond rating service at the time of purchase. Fixed income investments which are downgraded below the minimum rating must be liquidated at the earliest beneficial opportunity.

Custodial Credit Risk:

Custodial credit risk is defined as the risk that the Plan may not recover cash and investments held by another party in the event of a financial failure. The Plan requires all securities to be held by a third-party custodian in the name of the Plan. Securities transactions between a broker-dealer and the custodian involving the purchase or sale of securities must be made on a "delivery vs. payment" basis to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction. The investments in mutual funds and investment partnerships are considered unclassified pursuant to the custodial credit risk categories of GASB Statement No. 3, because they are not evidenced by securities that exist in physical or book-entry form.

Investing in Foreign Markets:

Investing in foreign markets may involve special risks and considerations not typically associated with investing in companies in the United States of America. These risks include revaluation of currencies, high rates of inflation, repatriation restrictions on income and capital, and future adverse political, social, and economic developments. Moreover, securities of foreign governments may be less liquid, subject to delayed settlements, taxation on realized or unrealized gains, and their prices are more volatile than those of comparable securities in U.S. companies.

WEST PALM BEACH POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 13 - INVESTMENT MEASUREMENT AT FAIR VALUE

Fair Value Hierarchy

The accounting standards break down the fair value hierarchy into three levels based on how observable the inputs are that make up the valuation. The most observable inputs are classified as Level 1 where the unobservable inputs are classified as Level 3.

Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

As a general rule, any asset that has a daily closing price and is actively traded will be classified as a Level 1 input.

Fair Value Hierarchy (Continued):

Level 2 inputs are inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly. Inputs to the valuation methodology include: (1) quoted market prices for similar assets or liabilities in active markets, (2) quoted prices for identical or similar assets or liabilities in active markets, (3) inputs other than quoted prices that are observable for the asset or liability, and (4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

As a general rule, if an asset or liability does not fall into the requirements of a Level 1 or Level 3 input, it would default to Level 2. With Level 2 inputs, there is usually data that can be easily obtained to support the valuation, even though it is not as easily obtained as a Level 1 input would be.

Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

As a general rule, Level 3 inputs are those that are difficult to obtain on a regular basis and require verification from an outside party, such as an auditor or an appraisal, to validate the valuation.

Net asset value (NAV) is a common measurement of fair value for Level 1, Level 2, and Level 3 investments. A fund's NAV is simply its assets less its liabilities and is often reported as a per share amount for fair value measurement purposes. The Plan would multiply the NAV per share owned to arrive at fair value. Level 1 investment in funds such as mutual funds report at a daily NAV per share and are actively traded. NAV also comes in to play for Level 2 and 3 investments. As a matter of convenience (or referred to in accounting literature as a "practical expedient"), a Plan can use the NAV per share for investments in a nongovernmental entity that does not have a readily determined fair value, such as an alternative investment. Investments measured at NAV as a practical expedient would be excluded from the fair value hierarchy because the valuation is not based on actual market inputs but rather is quantified using the fund's reported NAV as a matter of convenience.

WEST PALM BEACH POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 13 - INVESTMENT MEASUREMENT AT FAIR VALUE (Continued)

Fair Value Hierarchy (Continued):

The Plan categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following total recurring fair value measurements as of September 30, 2023 and 2022:

- *Debt securities* - Debt securities classified in Level 1 or Level 2 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used by International Data Pricing and Reference Data, LLC to value securities based on the securities' relationship to benchmark quoted prices.
- *Mutual funds* - The rationale for inclusion in Level 1 or Level 2 points to the unobservable inputs involved in mutual fund pricing. Mutual funds do not trade using bid and ask, as with ETF's or common stock. Instead, the prices are determined by the net asset value of the underlying investments at the close of business for the next day's opening. The underlying assets themselves may include a variety of Level 1 and Level 2 securities and some may be valued using matrix pricing which interpolates the price of a security based on the price of similar securities.
- *Fixed income funds* - Valued using pricing models maximizing the use of observable input for similar securities. This includes basing value on yield currently available on comparable securities of issues with similar credit ratings.
- *Equity funds* - Valued at market prices for similar assets in active markets.
- Common stock – Valued at quoted market prices for identical assets in active markets.

**WEST PALM BEACH POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 13 - INVESTMENT MEASUREMENT AT FAIR VALUE (Continued)

Fair Value Hierarchy (Continued):

<u>Investment by fair value level</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
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 Net Asset Value (NAV):

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

<u>Investment measured at NAV</u>	<u>2023 Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if Currently Eligible)</u>	<u>Redemption Notice Period</u>
Real estate investment funds:				
JPMCB Special Situation Property Fund	\$ 19,942,470	\$ -		
Affiliated Housing Impact Fund	2,503,690	-		
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, 2023 AND 2022**

NOTE 13 - INVESTMENT MEASUREMENT AT FAIR VALUE (Continued)

Fair Value Hierarchy (Continued):

Investment by fair value level	Level 1	Level 2	Level 3	Total
U.S. Government obligations	\$ -	\$ 18,484,528	\$ -	\$ 18,484,528
U.S. Government agency obligations	-	8,891,148	-	8,891,148
Corporate bonds	-	4,920,337	-	4,920,337
Domestic stocks	78,423,445	-	-	78,423,445
Domestic equity investment funds	144,441,086	-	-	144,441,086
International equity investment funds	50,098,804	-	-	50,098,804
Fixed income investment funds	16,304,897	-	-	16,304,897
Temporary investment funds	11,136,000	-	-	11,136,000
Total investments by fair value level	<u>\$ 300,404,232</u>	<u>\$ 32,296,013</u>	<u>\$ -</u>	<u>332,700,245</u>

Investments Measured at Net Asset Value (NAV):

Real estate investment funds	<u>86,144,009</u>
Total, September 30, 2022	<u>\$ 418,844,254</u>

Investment measured at NAV	2022 Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Real estate investment funds:				
JPMCB Special Situation Property Fund	\$ 26,496,836	\$ -		
Affiliated Housing Impact Fund	2,714,448	-		
U.S. Real Estate Investment Fund, LLC	<u>56,932,725</u>	<u>-</u>	Quarterly	60 days
Total investments measured at NAV	<u>\$ 86,144,009</u>	<u>\$ -</u>		

The real estate investment funds are open end, commingled private equity real estate portfolios. These REIT-based funds are structured as limited partnerships. Their primary focus is to invest in well-based income producing properties within major U.S. markets. The fair values of the investments in these funds have been determined using the NAV per unit of the Trusts ownership interest in partners' capital. The investments of the fund are valued quarterly. Withdrawal requests must be made 60 days in advance and may be paid in one or more installments.

**WEST PALM BEACH POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 14 - ACTUARIAL ASSUMPTION CHANGES

There were no changes in assumptions for the years ended September 30, 2023 and September 30, 2022.

NOTE 15 - ACTUARIAL METHOD CHANGES

There were no changes in the methods for the years ended September 30, 2023 and September 30, 2022.

NOTE 16 - NET PENSION LIABILITY OF THE CITY

The components of net pension liability of the City on September 30, 2023 were as follows:

Total Pension Liability	\$	540,033,964
Plan Fiduciary Net Position		439,269,025
City's Net Pension Liability	\$	100,764,939
Plan Fiduciary Net Position as a percentage of Total Pension Liability		81.34%

Mortality:

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, 2019 Actuarial Valuation of the Florida Retirement System (FRS), as required under Florida Statutes, Chapter 112.63.

Notes:

The mortality tables were updated from the mortality rates used by the Florida Retirement System (FRS) for Special Risk Class members in the July 1, 2021 FRS Actuarial Valuation. Florida Statutes Chapter 112.63(1)(f) mandates the use of mortality tables from one of the two most recently published FRS actuarial valuation reports.

Valuation Date:	September 30, 2022
Measurement Date:	September 30, 2023

**WEST PALM BEACH POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 16 - NET PENSION LIABILITY OF THE CITY (Continued)

Methods and Assumptions Used to Determine Net Pension Liability:

Actuarial Cost Method	Entry Age Normal
Roll Forward Procedures	The total pension liability was developed by using standard Actuarial techniques to roll forward amounts from September 30, 2022 actuarial valuation one year to the measurement date.
Inflation	2.50%
Salary increases	5.00%, including inflation.
Investment rate of return	7.00%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.

The long-term expected rate of return on pension 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 pension 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 the pension plan's target asset allocation as of September 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	40%	7.50%
International Equity	14%	8.50%
Domestic Bonds	17%	2.50%
International Bonds	5%	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 7.00%. 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 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 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, 2023 AND 2022**

NOTE 16 - 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 7.00%, as well as what the plan'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 6.00%	Current Single Discount Rate Assumption 7.00%	1% Increase 8.00%
City's net pension liability	\$ 148,058,645	\$ 100,764,939	\$ 62,419,277

REQUIRED SUPPLEMENTAL SCHEDULES

This page was intentionally left blank.

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

	2023	2022	2021	2020	2019
Total pension liability					
Service cost	\$ 7,042,697	\$ 6,369,952	\$ 6,132,849	\$ 6,248,573	\$ 5,950,838
Interest	34,257,582	31,879,437	32,083,247	30,656,907	29,213,639
Benefit changes	-	3,178,061	-	-	-
Difference between expected and actual experience of the total pension liability	25,334,396	21,461,831	(7,942,606)	1,972,997	2,559,101
Assumption changes	-	9,749,489	(421,692)	4,439,753	4,539,371
Benefit payments	(30,196,118)	(20,491,059)	(19,647,932)	(18,512,808)	(18,963,330)
Refunds	(78,566)	(233,429)	(262,973)	(206,949)	(152,950)
Other (DROP and Share Plan adjustments)	2,663,945	2,202,103	2,287,089	1,773,794	1,613,818
Net change in total pension liability	<u>39,023,936</u>	<u>54,116,385</u>	<u>12,227,982</u>	<u>26,372,267</u>	<u>24,760,487</u>
Total pension liability, beginning	<u>501,010,028</u>	<u>446,893,643</u>	<u>434,665,661</u>	<u>408,293,394</u>	<u>383,532,907</u>
Total pension liability, ending	<u>\$ 540,033,964</u>	<u>\$ 501,010,028</u>	<u>\$ 446,893,643</u>	<u>\$ 434,665,661</u>	<u>\$ 408,293,394</u>
Plan fiduciary net position					
Contributions - employer	\$ 5,657,198	\$ 5,354,106	\$ 5,935,584	\$ 5,240,652	\$ 4,363,006
Contributions - employer (from State)	1,985,387	1,814,266	1,597,683	1,611,609	1,483,310
Contributions - members (including buyback contributions)	3,173,908	3,096,544	2,934,287	2,806,839	2,787,968
Net investment income	33,162,662	(49,468,909)	94,692,056	25,816,070	9,669,966
Benefit payments	(30,196,118)	(20,491,059)	(19,647,932)	(18,512,808)	(18,963,330)
Refunds	(78,566)	(233,429)	(262,973)	(206,949)	(152,950)
Administrative expenses	(406,647)	(454,123)	(367,760)	(304,417)	(336,885)
Other	678,558	336,645	402,251	162,185	130,508
Net change in plan fiduciary net position	<u>13,976,382</u>	<u>(60,045,959)</u>	<u>85,283,196</u>	<u>16,613,181</u>	<u>(1,018,407)</u>
Plan fiduciary net position - beginning	<u>425,292,643</u>	<u>485,338,602</u>	<u>400,055,406</u>	<u>383,442,225</u>	<u>384,460,632</u>
Plan fiduciary net position - ending	<u>\$ 439,269,025</u>	<u>\$ 425,292,643</u>	<u>\$ 485,338,602</u>	<u>\$ 400,055,406</u>	<u>\$ 383,442,225</u>
Net pension liability (asset) - ending	<u>\$ 100,764,939</u>	<u>\$ 75,717,385</u>	<u>\$ (38,444,959)</u>	<u>\$ 34,610,255</u>	<u>\$ 24,851,169</u>

2018	2017	2016	2015	2014
\$ 4,969,598	\$ 4,465,713	\$ 4,119,566	\$ 3,720,389	\$ 3,553,404
27,649,993	26,458,916	25,142,553	23,790,608	22,792,357
2,595,355	-	-	-	-
2,535,765	335,340	264,885	439,779	294,048
3,904,405	5,183,638	2,275,600	2,221,969	-
(18,801,870)	(18,064,650)	(16,224,666)	(14,788,140)	(13,557,996)
(225,759)	(25,530)	(93,453)	(60,567)	(168,503)
2,765,374	2,237,938	1,683,012	2,110,393	84,844
<u>25,392,861</u>	<u>20,591,365</u>	<u>17,167,497</u>	<u>17,434,431</u>	<u>12,998,154</u>
<u>358,140,046</u>	<u>337,548,681</u>	<u>320,381,184</u>	<u>302,946,753</u>	<u>289,948,599</u>
<u>\$ 383,532,907</u>	<u>\$ 358,140,046</u>	<u>\$ 337,548,681</u>	<u>\$ 320,381,184</u>	<u>\$ 302,946,753</u>
\$ 3,556,968	\$ 3,285,065	\$ 59,726,454	\$ 8,644,805	\$ 10,041,651
1,455,967	1,333,046	1,259,981	1,212,205	1,100,113
2,679,979	2,427,068	2,336,635	2,154,131	1,927,618
33,555,721	44,494,434	21,229,525	1,873,520	21,289,076
(18,801,870)	(18,064,650)	(16,224,666)	(14,788,140)	(13,557,996)
(225,759)	(25,530)	(93,453)	(60,567)	(168,503)
(319,039)	(308,777)	(288,017)	(266,916)	(337,907)
1,309,407	904,892	423,031	898,188	370,252
<u>23,211,374</u>	<u>34,045,548</u>	<u>68,369,490</u>	<u>(332,774)</u>	<u>20,664,304</u>
<u>361,249,258</u>	<u>327,203,710</u>	<u>258,834,220</u>	<u>259,166,994</u>	<u>238,502,690</u>
<u>\$ 384,460,632</u>	<u>\$ 361,249,258</u>	<u>\$ 327,203,710</u>	<u>\$ 258,834,220</u>	<u>\$ 259,166,994</u>
<u>\$ (927,725)</u>	<u>\$ (3,109,212)</u>	<u>\$ 10,344,971</u>	<u>\$ 61,546,964</u>	<u>\$ 43,779,759</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
2014	85.55%	\$ 17,446,482	250.93%
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%

**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
2014	\$ 8,941,538	\$ 10,041,651	\$ (1,100,113)	\$ 17,446,782	57.56%
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%

* 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, 2023**

Valuation Date: September 30, 2021

Notes Actuarially determined contribution rates are calculated as of September 30, which is two year(s) prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry age normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	30 years
Asset Valuation Method	4-year smoothed market
Inflation	2.5%
Salary Increase	5.0%, including inflation
Investment Rate of Return	7.0%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	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, 2020 Actuarial Valuation of the Florida Retirement System (FRS), as required under Florida Statutes, Chapter 112.63.

Other information:

Notes See Section A in the September 30, 2021 Actuarial Valuation Report dated May 12, 2022, and page 1 of the September 30, 2021 Supplemental Actuarial Valuation Report dated June 24, 2022. Effective as of September 30, 2021, the investment return assumption was lowered from 7.25% to 7.00%. In addition, the Plan was amended in accordance with House Bill 929, which was signed into law. Under this plan amendment, the 3% benefit multiplier was restored for all years of service between October 1, 2011 to October 1, 2017 for members who retire (including entry into the DROP) after the effective date of May 6, 2022.

**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
2014	8.98%
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%

ADDITIONAL INFORMATION

WEST PALM BEACH POLICE PENSION FUND
SCHEDULE OF INVESTMENT AND ADMINISTRATIVE EXPENSES
YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023		2022	
	Expenses		Expenses	
	Investment	Administrative	Investment	Administrative
Actuary fees	\$ -	\$ 78,099	\$ -	\$ 104,773
Administrator's fees	-	115,439	-	109,050
Audit fees	-	19,000	-	18,000
Accounting fees	-	5,000	-	13,000
Computer services	-	68,882	-	56,481
Education and dues	-	13,849	-	10,606
IME fees	-	11,220	-	25,465
Insurance	-	22,522	-	20,530
Investment managers' fees	1,595,060	-	1,299,356	-
Legal fees	-	52,124	-	87,526
Office expense	-	10,277	-	3,735
Seminar and travel expense	-	10,235	-	4,957
Total investment and administrative expenses	<u>* \$ 1,595,060</u>	<u>\$ 406,647</u>	<u>* \$ 1,299,356</u>	<u>\$ 454,123</u>
Percentage of Plan net position	<u>0.36%</u>	<u>0.09%</u>	<u>0.31%</u>	<u>0.11%</u>

* Does not include management fees withheld from investment fund revenues.