

**CITY OF PALM BEACH GARDENS
FIREFIGHTERS' PENSION FUND**

FINANCIAL STATEMENTS

**FOR THE FISCAL YEARS ENDED
SEPTEMBER 30, 2020 AND 2019**

**CITY OF PALM BEACH GARDENS
FIREFIGHTERS' PENSION FUND
FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

TABLE OF CONTENTS

Page

INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-8
BASIC FINANCIAL STATEMENTS	
Statements of Fiduciary Net Position	9
Statements of Changes in Fiduciary Net Position	10
Notes to Financial Statements.....	11-23
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Changes in the Net Pension Liability and Related Ratios	24
Schedule of Contributions.....	25
Schedule of Investment Returns	26
OTHER SUPPLEMENTARY INFORMATION	
Schedule of Administrative Expenses.....	27
OTHER AUDITOR'S REPORT	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	28 and 29



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Palm Beach Gardens Firefighters' Pension Fund (the "Fund") as of and for the years ended September 30, 2020 and 2019, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of September 30, 2020 and 2019, and the changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the City of Palm Beach Gardens Firefighters' Pension Fund and do not purport to, and do not present fairly, the financial position of the City of Palm Beach Gardens, Florida, as of September 30, 2020 and 2019, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4-8 and the Schedule of Changes in the Employer's Net Pension Liability and Related Ratios, Schedule of Contributions and Schedule of Investment Returns on pages 24-26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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 assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Fund's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates to the underlying accounting and other records used to prepare 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 other supplementary information is fairly stated, in all material respects, in related to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2021, on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Bradenton, Florida
March 29, 2021

CITY OF PALM BEACH GARDENS FIREFIGHTERS' PENSION FUND MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report presents Management's Discussion and Analysis (MD&A) of the City of Palm Beach Gardens Firefighters' Pension Fund (the "Fund") financial performance. This analysis provides an overview of financial activities and funding conditions for fiscal year ended September 30, 2020. Please read it in conjunction with the Fund financial statements, which immediately follow.

Overview of the Financial Statements

The financial section of this annual report consists of four parts: (1) the MD&A, (2) the basic financial statements, (3) notes to the financial statements, and (4) other required supplementary information.

The financial statements provide both long-term and short-term information about the Fund's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of other supplementary information that further explains and supports the information in the financial statements.

The Fund's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). Under GAAP, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred and appreciation (depreciation) of assets is recognized in the statement of changes in fiduciary net position. All assets and liabilities associated with the operation of the Fund are included in the statement of fiduciary net position.

The statement of fiduciary net position reports fiduciary net position and how it has changed. A net difference between the asset and any related liabilities. It is one measurement of the financial health or current position of the Fund.

Financial Highlights

The Fund's net results from operations for fiscal year 2020 reflected the following financial activities:

- Net position restricted for pension was \$117,538,490, which was 4% greater than the 2019 total net position.
- Total contributions for the year were \$3,710,393, which was 54% lower than the 2019 contributions. The amount of employer contributions varies from year to year and is actuarially determined. Participant contributions were 6% of their compensation.
- Total interest and dividend earnings were \$3,250,579, which was 11% lower than the 2019 earnings.
- Net investment income was \$6,107,183, which was 8% higher than the 2019 income.
- Benefits paid were \$3,331,773, which was 28% greater than the benefits paid during 2019.

**CITY OF PALM BEACH GARDENS
FIREFIGHTERS' PENSION FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Fund's net results from operations for fiscal year 2019 reflected the following financial activities:

- Net position restricted for pension was \$113,506,632, which was 9% greater than the 2018 total net position.
- Total contributions for the year were \$8,073,680, which was 53% higher than the 2018 contributions. The amount of employer contributions varies from year to year and is actuarially determined. Participant contributions were 6% of their compensation.
- Total interest and dividend earnings were \$3,643,986, which was 30% higher than the 2018 earnings.
- Net investment income was \$5,632,578, which was 34% lower than the 2018 income.
- Benefits paid were \$2,609,477, which was 18% greater than the benefits paid during 2018.

Statement of Fiduciary Net Position

The following condensed comparative statement of fiduciary net position is a snap shot of account balances at the fiscal year-end of the Fund. It reports the assets available for future payments to retirees and any current liabilities that are owed as of the financial statement date. The resulting net asset value, or assets minus liabilities, represents the value of assets held in trust for Fund benefits.

The pension Fund continues to be evaluated for actuarial soundness by the actuary of the Fund. It should be noted that retirement system funding is based on a long-term perspective and that temporary fluctuations in the market are to be expected.

- Fiduciary net position at September 30, 2020, was \$117,538,490, a 4% increase from fiduciary net position at September 30, 2019.
- Fiduciary net position at September 30, 2019, was \$113,560,632, a 9% increase from fiduciary net position at September 30, 2018.
- Total investments at September 30, 2020, were \$117,747,736, a 6% increase from the investments at September 30, 2019.
- Total investments at September 30, 2019, were \$110,981,405, a 8% increase from the investments at September 30, 2018.

**CITY OF PALM BEACH GARDENS
FIREFIGHTERS' PENSION FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The tables below present condensed comparative statements of fiduciary net position as of September 30:

	2020	2019	% Change
Cash	\$ 20,513	\$ 2,226,347	-99%
Receivables	586,904	508,147	15%
Investments, at fair value	117,140,319	110,981,405	6%
Total assets	117,747,736	113,715,899	4%
Accounts payable	127,949	131,733	-3%
Accounts payable - purchase of investments	81,297	23,534	245%
Total liabilities	209,246	155,267	35%
Net position restricted for pensions	\$ 117,538,490	\$ 113,560,632	4%

	2019	2018	% Change
Cash	\$ 2,226,347	\$ 447,609	36%
Receivables	508,147	1,568,989	-68%
Investments, at fair value	110,981,405	103,133,081	8%
Other assets	-	1,797	100%
Total assets	113,715,899	105,151,476	8%
Accounts payable	131,733	213,890	-38%
Accounts payable - purchase of investments	23,534	432,190	-95%
Total liabilities	155,267	646,080	-76%
Net position restricted for pensions	\$ 113,560,632	\$ 104,505,396	9%

Statement of Changes in Fiduciary Net Position

The statement of changes in fiduciary net position presents the effect of Fund transactions that occurred during the fiscal year. On the statement, additions to the Fund minus deductions from the Fund equal net increase or decrease in fiduciary net position.

The funding objective is to meet long-term obligations and fund all Fund benefits.

- For the year ended September 30, 2020, revenues (additions to the fiduciary net position) for the Fund were \$9,817,576, which was made up of total contributions of \$3,710,393, plus net investment income of \$6,107,183.
- Expenses (deductions from the fiduciary net position) increased from \$4,651,022 during 2019, to \$5,839,718, during 2020.
- For the year ended September 30, 2019, revenues (additions to the fiduciary net position) for the Fund were \$13,706,258, which was made up of total contributions of \$8,073,680, plus net investment income of \$5,632,578.
- Expenses (deductions from the fiduciary net position) increased from \$3,709,246 during 2018, to \$4,651,022, during 2019.

**CITY OF PALM BEACH GARDENS
FIREFIGHTERS' PENSION FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The tables below present condensed comparative statements of changes in fiduciary net position for the years ended September 30:

	2020	2019	% Change
Total contributions	\$ 3,710,393	\$ 8,073,680	-54%
Net investment income	6,107,183	5,632,578	8%
Total additions	9,817,576	13,706,258	-28%
Total deductions	5,839,718	4,651,022	26%
Net increase	3,977,858	9,055,236	-56%
Net position restricted for pensions - beginning	113,560,632	104,505,396	9%
Net position restricted for pensions - ending	\$ 117,538,490	\$ 113,560,632	4%

	2019	2018	% Change
Total contributions	\$ 8,073,680	\$ 5,281,116	53%
Net investment income	5,632,578	8,474,082	-34%
Other income	-	-	0%
Total additions	13,706,258	13,755,198	0%
Total deductions	4,651,022	3,709,246	25%
Net increase	9,055,236	10,045,952	-10%
Net position restricted for pensions - beginning	104,505,396	94,459,444	11%
Net position restricted for pensions - ending	\$ 113,560,632	\$ 104,505,396	9%

Asset Allocation

The table below indicates the Fund investment policy limitations and actual asset allocations as of September 30, 2020:

	Investment Policy	Actual Allocation
Domestic equities	40%-60%	56%
International equities	5%-15%	2%
Fixed income	10%-30%	18%
International fixed income	0%-10%	1%
Real estate	5%-15%	10%
Other assets	0%-10%	0%
Cash and cash equivalents	0%-5%	2%

The investment guidelines provide for the appropriate diversification of the portfolio. Investments have been diversified to the extent practicable to control risk of loss resulting from over-concentration of a specific maturity, issuer, instrument, dealer or bank through which financial instruments are bought and sold.

CITY OF PALM BEACH GARDENS FIREFIGHTERS' PENSION FUND MANAGEMENT'S DISCUSSION AND ANALYSIS

The Board of Trustees (the "Board") recognizes that some risk must be assumed to achieve the Fund's long-term investment objectives. In establishing the risk tolerances, the Fund's ability to withstand short- and intermediate-term variability has been considered. However, the Fund's financial condition enables the Board to adopt a long-term investment perspective.

Investment Activities

Investment income is vital to the Fund for current and future financial stability. Therefore, the Board has a fiduciary responsibility to act prudently when making Fund investment decisions. To assist the Board in this area, the Board retains investment managers who supervise and direct the investment of the assets. The Board also retains an investment monitor to evaluate and report on quarterly basis compliance by the investment managers with the investment policy of the Board and investment performance of the Fund. The investment policy statement was last amended in May 2017.

The Board and its investment consultant review portfolio performance in compliance with the investment policy statement quarterly. Performance is evaluated both individually by money manager style and collectively by investment type and for the aggregate portfolio.

Financial Analysis Summary

The investment activities for the fiscal years ended September 30, 2020 and 2019, are a function of the underlying market, money managers' performance and the investment policy's asset allocation model. The Fund has consistently implemented a high quality, conservative approach.

Contacting the Fund's Financial Management

This financial analysis is designed to provide the Board, plan participants and the marketplace credit analysts with an overview of the Fund's finances and the prudent exercise of the Board's oversight. If you have any questions regarding this report or you need additional financial information, please contact the administrator of the Fund:

Foster & Foster
c/o City of Palm Beach Gardens Firefighters' Pension Fund
2503 Del Prado Blvd, S. Suite 502
Cape Coral, Florida 33904

**CITY OF PALM BEACH GARDENS
FIREFIGHTERS' PENSION FUND
STATEMENTS OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2020 AND 2019**

	2020	2019
ASSETS		
Cash	\$ 20,513	\$ 2,226,347
Receivables:		
Accounts receivable - employer	271,468	334,254
Accounts receivable - Chapter 175	4,180	-
Accounts receivable - employee	18,758	-
Accounts receivable - sale of investments	13,982	-
Accrued investment income	278,516	173,893
Total receivables	586,904	508,147
Investments, at fair value:		
Money market funds	1,776,283	2,547,837
Equity securities	61,769,387	56,683,797
U.S. Government obligations	6,212,551	5,448,401
Mortgage-backed securities	3,705,425	4,152,920
Collateralized mortgage obligations	615,167	350,033
Corporate bonds	12,135,478	11,349,647
Foreign bonds	830,760	905,299
Fixed income mutual funds	10,517,043	10,535,211
International equity mutual funds	3,284,622	2,424,527
Real estate funds	11,269,745	11,047,690
Equity common trust fund	5,023,858	5,536,043
Total investments, at fair value	117,140,319	110,981,405
Total assets	117,747,736	113,715,899
LIABILITIES		
Accounts payable	127,949	131,733
Accounts payable - purchase of investments	81,297	23,534
Total liabilities	209,246	155,267
Net position restricted for pensions	\$ 117,538,490	\$ 113,560,632

See accompanying notes to financial statements.

**CITY OF PALM BEACH GARDENS
FIREFIGHTERS' PENSION FUND
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Additions		
Contributions		
Employer	\$ 2,471,146	\$ 6,899,640
State of Florida (Chapter 175)	723,647	699,764
Employee	515,600	474,276
Total contributions	<u>3,710,393</u>	<u>8,073,680</u>
Investment income		
Net appreciation in fair value of investments	3,313,987	2,466,032
Interest and dividend income	3,250,579	3,643,986
Total investment income	<u>6,564,566</u>	<u>6,110,018</u>
Less investment expenses	<u>457,383</u>	<u>477,440</u>
Net investment income	<u>6,107,183</u>	<u>5,632,578</u>
 Total additions	 <u>9,817,576</u>	 <u>13,706,258</u>
Deductions		
Benefit payments	3,331,773	2,609,477
DROP distributions	1,350,431	1,069,050
Share plan distributions	1,003,785	817,577
Refund of contributions	7,132	12,846
Administrative expenses	146,597	142,072
Total deductions	<u>5,839,718</u>	<u>4,651,022</u>
 Change in net position	 3,977,858	 9,055,236
Net position held in trust for pension benefits		
Beginning of year	<u>113,560,632</u>	<u>104,505,396</u>
End of year	<u>\$ 117,538,490</u>	<u>\$ 113,560,632</u>

See accompanying notes to financial statements.

CITY OF PALM BEACH GARDENS FIREFIGHTERS' PENSION FUND NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The City of Palm Beach Gardens Firefighters' Pension Fund's (the "Fund") financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard setting body for government accounting and financial reporting.

Reporting Entity: The financial statements are only for the Firefighters' Pension Fund of the City of Palm Beach Gardens, Florida (the "City") and are not intended to present the basic financial statements of the City.

The Fund is included in the City's Comprehensive Annual Financial Report for the years ended September 30, 2020 and 2019, separately issued documents. Anyone wishing further information about the City is referred to the City's Comprehensive Annual Financial Report.

The Fund is a single-employer defined benefit fund (fiduciary type fund) with provisions to provide retirement, disability and death benefits to eligible firefighters.

Estimates: The preparation of financial statements in accordance with principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, the disclosure of contingent assets and liabilities and the accrued actuarial liability at the date of the financial statements. Accordingly, actual results could differ from those estimates.

Investment Valuation and Income Recognition: Investments are reported at fair value (see Note 4). 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 (see Note 4 for discussion of fair value measurements).

Purchase and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Fund's gains and losses on investments purchased and sold as well as held during the year.

Concentration of Credit Risks: Financial instruments which potentially expose the Fund to concentration of credit risk, as defined by GAAP, consist primarily of cash, contribution receivables and related income.

The Fund's investments consist of common stocks, equity common trust fund, foreign bonds, collateralized mortgage obligations, mortgage backed securities, government securities, corporate bonds, real estate funds, mutual funds and money market funds, which inherent in the fair market value determination, include the risk factor of credit worthiness for each individual security.

**CITY OF PALM BEACH GARDENS
FIREFIGHTERS' PENSION FUND
NOTES TO FINANCIAL STATEMENTS**

NOTE 2. DESCRIPTION OF THE PENSION FUND

The following description of the Fund provides only general information. Participants should refer to the City's ordinance for more complete information.

The Fund is a single-employer defined benefit fund covering all eligible firefighters. The Fund was established by the City in accordance with a City ordinance and state statutes. Management of the Fund is vested in the Board of Trustees. The Board consists of five trustees, two of whom are appointed by the Council of the City of Palm Beach Gardens, two of whom are full-time firefighters who are elected by a majority of the Fund participants, and a fifth trustee who is chosen by the other four trustees.

Plan membership as of October 1, 2019, the date of the latest actuarial valuation, consisted of:

Active plan participants	97
Inactive plan participants or beneficiaries currently receiving benefits	60
Inactive plan participants entitled to but not yet receiving benefits	10
Total	167

Eligibility: All firefighters as of the effective date, and all future new firefighters, become participants of the Fund as a condition of employment.

Benefits: The Fund provides normal retirement, early retirement, deferred retirement, disability retirement and death benefits. The benefit provisions are established and may be amended under the authority of City Ordinance.

Normal Benefits: A participant may retire with normal benefits after the earlier of age 52 with ten years of credited service, or 25 years of credited service regardless of age. Reduced early retirement benefits are available once a participant reaches age 50 and accumulates ten years of credited service. Normal retirement benefits are 3.0% of the participant's average final compensation times the participant's credited service years up to a maximum of 99% (75% for participants retiring on or after September 13, 2012, who were not eligible for normal retirement or who did not have an accrued pension benefit in excess of 75% of average final compensation on that date) of average final compensation. Early retirement benefits are the same as normal retirement benefits, reduced by 3.0% for each year by which the commencement of benefits precedes age 52. Average final compensation for purposes of calculating benefits is one twelfth of the average annual salary for the best five years of the last ten years of credited service. Salary means the total compensation for services rendered to the City as a firefighter reportable on the participant's W-2 form plus all tax deferred, tax sheltered or tax exempt items of income derived from elective employee payroll deduction or salary reduction. Notwithstanding the preceding sentence, effective September 13, 2012, salary shall exclude all overtime compensation as well as payments for unused accrued sick and annual leave; provided the salary of any participant employed on September 13, 2012, shall include payment for unused accrued sick and annual leave up to the number of hours of unused sick and annual leave accrued on September 13, 2012.

**CITY OF PALM BEACH GARDENS
FIREFIGHTERS' PENSION FUND
NOTES TO FINANCIAL STATEMENTS**

NOTE 2. DESCRIPTION OF THE PENSION FUND (CONTINUED)

Deferred Retirement Option Plan: Any participant who attains 25 years of service or age 52 with ten years of service may elect to participate in a deferred retirement option plan (DROP) while continuing their active employment as a firefighter.

Upon participation in the DROP plan, the participant becomes a retiree for all plan purposes so that they cease to accrue any further benefits under the plan. Normal retirement payments that would have been payable to the participant as a result are accumulated and invested in the DROP plan to be distributed to the participant upon their termination of employment. Participation in the DROP plan ceases for a participant at the first to occur of: (a) termination of employment, or (b) five years of participation.

The DROP plan amount included as a component of net position at September 30, 2020 and 2019, was \$8,293,047 and \$7,928,546, respectively.

Disability Benefits: Eligibility for disability benefits begins from the participant's date of hire, if the disability is service connected, or after ten years of service if non-service connected. Service-incurred disability benefits are 60% of the participant's average final compensation, and not less than 2.0% of the participant's average final compensation times his or her credited service years. Non-service incurred disability benefits are 2.5% of the participant's average final compensation times the participants credited service years up to a maximum of 50% of average final compensation.

On July 1, 2019, in accordance with Chapter 2019-21, *Laws of Florida*, certain disability benefits were granted to firefighters participating in an employer-sponsored retirement plan. The retirement plan must consider the firefighter totally and permanently disabled in the line of duty if he or she meets the retirement plan's definition of totally and permanently disabled due to the diagnosis of cancer or circumstances that arise out of the treatment of cancer. Cancer is defined in Section 112.1816(1), *Florida Statutes*.

Death Benefits: The death benefit for a participant who was partially or fully vested, but had not attained at least age 50, is a payment of the participant's accrued pension benefit to the participant's beneficiary for ten years, beginning on the date that the participant would have attained age 52 for a normal retirement benefit or age 50 for an early retirement benefit, at the option of the beneficiary. The death benefit for a participant who was not vested is a return of the participant's contributions to the participant's beneficiary.

Termination Benefits: Termination benefits for unvested participants are the return of the participant's contributions. For participants who are vested when they terminate, their vested accrued pension benefit is payable at the early or normal retirement date. Full vesting occurs at the completion of ten years of credited service.

**CITY OF PALM BEACH GARDENS
FIREFIGHTERS' PENSION FUND
NOTES TO FINANCIAL STATEMENTS**

NOTE 2. DESCRIPTION OF THE PENSION FUND (CONTINUED)

Cost of Living Adjustments: Beginning January 1, 2004, and each January 1 thereafter, all participants receiving benefits, excluding disability retirees, shall receive an age based cost of living adjustment. The amount will be 1.0% for participants who are age 53, 2.0% for participants who are age 54, and 3.0% for participants who are age 55 or greater, and those participants who were not employed and eligible for normal retirement on September 13, 2012, shall be 1.5%.

Funding: All participants are required to contribute 6.00% of pretax earnings.

Pursuant to Florida law, the City is ultimately responsible for the actuarially soundness of the Fund. Therefore, each year, the City must contribute an amount determined by the Board in conjunction with the Fund's actuary to be sufficient, along with the employees contribution, to fund the defined benefits under the Fund.

Pursuant to Chapter 175, *Florida Statutes*, the City imposes a 1.85% tax on fire insurance premiums paid to insure real or personal property within its corporate limits. The proceeds of this tax are contributed to the Fund and allocated to the individual participants' accounts to fund the money purchase portion of the benefits.

Each participant's salary will be allocated from the state's annual contribution and credited as additional participant contributions. The remainder of the state's annual contribution will be allocated to individual participant share accounts based on years of credited service determined as of September 30, as follows: 2.00% of salary plus the lesser of 4.80% of salary or \$507,634. Upon retirement, disability, death, or termination, a participant is entitled to a lump sum payment of the vested balance of his or her share account. Participant share accounts are not segregated from the other assets of the Fund. The balance of participant share accounts was \$10,158,715 and \$10,817,365, for the years ended September 30, 2020 and 2019, respectively.

On August 1, 2019, the Fund adopted Ordinance 12-2019, and amended the terms for determining the amount of annual state contributions that the City can use to offset its minimum required pension contributions, per a mutual consent agreement with the Union. For the plan year beginning October 1, 2019, and each subsequent year, the City and the Union representing City firefighters have mutually agreed that all annual Chapter 175 premium tax revenues received up to \$750,073 shall be used to reduce the City's required annual pension contribution. If the annual Chapter 175 premium tax revenues received exceed \$750,073, 50% of the excess shall be allocated to individual member share accounts and the remaining 50% of the excess shall be used to reduce the City's required annual pension contribution.

Rate of Return: For the years ended September 30, 2020 and 2019, the annual money-weighted rate of return on Fund investments, net of Fund investment expense, was 5.36% and 5.35%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**CITY OF PALM BEACH GARDENS
FIREFIGHTERS' PENSION FUND
NOTES TO FINANCIAL STATEMENTS**

NOTE 3. INVESTMENTS

The Fund's policy in regard to the allocation of invested assets is established and may be amended by the Board. Fund assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the Fund. The investment policy statement was last amended in May 2017. The following was the Board's adopted asset allocation policy as of September 30, 2020:

Type of Investment	Target Allocation
Domestic equities	50.00%
International equity	10.00%
Domestic fixed income	20.00%
Global fixed income	5.00%
Real estate	10.00%
Alternative	5.00%

Authorized Investments: Florida Statutes and the Fund's investment policy limit investments to equities traded on a national security exchange or electronic network; time or savings accounts; obligations issued by the United States Government or by an agency of the United States Government; corporate stocks and bonds; and pooled funds, including mutual funds, commingled funds, exchange-traded funds, limited partnerships, and private equity. Investments in illiquid investments, as described by Florida Statutes, are prohibited. Investments in companies identified as scrutinized companies by the Florida State Board of Administration (SBA) are prohibited, with the exception of investments in scrutinized companies that are held within commingled funds (if the commingled fund sponsor does not offer a similar fund that does not hold investments in scrutinized companies).

At September 30, 2020, the Fund had the following investments:

Investment Type	Credit Rating		Fair Market	Investment Maturity (in Years)			
	(Moody's)	(S & P's)		Less Than 1	1 - 5	6 - 10	More Than 10
Money market funds	Not rated	Not rated	\$ 1,776,283	\$ 1,776,283	\$ -	\$ -	\$ -
U.S. Government obligations	Aaa	AA+	6,212,551	2,229,092	1,513,336	1,278,860	1,191,263
Mortgage-backed securities	Aaa...Aa1	A	4,320,592	-	148,449	99,642	4,072,501
Corporate bonds	Aaa...Baa3	AAA...BBB-	12,135,478	376,035	2,790,561	6,824,899	2,143,983
Foreign bonds	Aa2...Baa3	AA-...BBB	830,760	15,277	258,407	205,852	351,224
			25,275,664	<u>\$ 4,396,687</u>	<u>\$ 4,710,753</u>	<u>\$ 8,409,252</u>	<u>\$ 7,758,971</u>
Fixed income mutual funds	Not rated	Not rated	10,517,043				
Equity securities	Not rated	Not rated	66,793,245				
International equity mutual funds	Not rated	Not rated	3,284,622				
Real estate funds	Not rated	Not rated	11,269,745				
Total investments			<u>\$ 117,140,319</u>				

**CITY OF PALM BEACH GARDENS
FIREFIGHTERS' PENSION FUND
NOTES TO FINANCIAL STATEMENTS**

NOTE 3. INVESTMENTS (CONTINUED)

At September 30, 2019, the Fund had the following investments:

Investment Type	Credit Rating		Fair Market	Investment Maturity (in Years)			
	(Moody's)	(S & P's)		Less Than 1	1 - 5	6 - 10	More Than 10
Money market funds	Not rated	Not rated	\$ 2,547,837	\$ 2,547,837	\$ -	\$ -	\$ -
U.S. Government obligations	Aaa	AA+	5,448,401	-	1,663,434	224,547	3,560,420
Mortgage-backed securities	Aaa...Aa1	A	4,502,953	-	4,248	200,964	4,297,741
Corporate bonds	Aaa...Baa3	AAA...BBB-	11,349,647	1,308,603	7,336,427	1,919,047	785,570
Foreign bonds	Aa2...Baa3	AA...BBB	905,299	91,614	320,106	170,103	323,476
			<u>24,754,137</u>	<u>\$ 3,948,054</u>	<u>\$ 9,324,215</u>	<u>\$ 2,514,661</u>	<u>\$ 8,967,207</u>
Fixed income mutual funds	Not rated	Not rated	10,535,211				
Equity securities	Not rated	Not rated	62,219,840				
International equity mutual funds	Not rated	Not rated	2,424,527				
Real estate funds	Not rated	Not rated	11,047,690				
Total investments			<u>\$ 110,981,405</u>				

There was \$93,640,938 and \$88,775,105, in securities that were unrated at September 30, 2020 and 2019, respectively.

Foreign currency risk is the risk that fluctuations in currency exchange rate may affect transactions conducted in currencies other than U.S. dollars and the carrying value of foreign investments. The Fund's exposure to foreign currency risk derives mainly from its investments in international equity funds. The Fund owns participation in international equity funds as well as individual securities.

The investment policy limits the foreign investments to no more than 25% of the Fund's investment balance. The foreign investments were 4% and 3% of total investments for the years ended September 30, 2020 and 2019, respectively.

NOTE 4. FAIR VALUE MEASUREMENTS

Fair value is defined as 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. The Fund categorizes its fair value measurements within the fair value hierarchy as established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market as follows:

Level 1 – Inputs are quoted (unadjusted) prices in active markets for identical assets that can be accessed at the measurement date. Observable markets include exchange markets, dealer markets, brokered markets and principal-to-principal markets.

Level 2 – Inputs are other than the quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. Level 2 inputs include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, interest rates and yield curves observable at commonly quoted intervals, implied volatilities, credit spreads and market-corroborated inputs.

**CITY OF PALM BEACH GARDENS
FIREFIGHTERS' PENSION FUND
NOTES TO FINANCIAL STATEMENTS**

NOTE 4. FAIR VALUE MEASUREMENTS (CONTINUED)

Level 3 – Inputs are unobservable and contain the assumptions of the party fair valuing the asset.

Following is a description of the valuation methodologies used for assets measured at fair value.

Common Stocks: Valued at the closing price reported on a national or international exchange for the same or similar security on the measurement date.

Mutual Funds: Valued at the daily closing price as reported by the Fund. Mutual funds held by the Fund are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Fund are deemed to be actively traded.

Government Securities and Mortgage Backed Securities: Valued using pricing models maximizing the use of observable inputs for the same or similar securities.

Corporate Bonds, Collateralized Mortgage Obligations and Foreign Bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing the value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yield of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks or a broker quote, if available.

Real Estate Investment Fund: Valued at the net asset value of shares held by the Fund at year-end. The Fund has investment in a private market real estate investment for which no liquid public market exists.

**CITY OF PALM BEACH GARDENS
FIREFIGHTERS' PENSION FUND
NOTES TO FINANCIAL STATEMENTS**

NOTE 4. FAIR VALUE MEASUREMENTS (CONTINUED)

The following tables present the Fund's fair value hierarchy for investments at fair value as of September 30, 2020 and 2019:

	September 30, 2020			
	Fair Value Measurements Using			
	Total	Quoted Prices in Active markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Equity securities:				
Common stocks	\$ 34,187,478	\$ 32,892,188	\$ 1,295,290	\$ -
Equity balanced mutual funds	-	-	-	-
Equity mutual funds	35,890,389	30,866,531	-	5,023,858
Total equity securities	70,077,867	63,758,719	1,295,290	5,023,858
Real estate funds	5,266,675	-	-	5,266,675
Debt securities:				
U.S. Treasury securities	6,212,551	1,484,770	4,727,781	-
Mortgage-backed securities	3,705,425	-	3,705,425	-
Collateralized mortgage obligations	615,167	-	615,167	-
Corporate bonds	12,135,478	-	12,135,478	-
Foreign bonds	830,760	-	830,760	-
Fixed income mutual funds	10,517,043	10,517,043	-	-
Total debt securities	34,016,424	12,001,813	22,014,611	-
Total investments by fair value level	109,360,966	\$ 75,760,532	\$ 23,309,901	\$ 10,290,533
Investments measured at net asset value ("NAV")				
Real estate funds	6,003,070			
Total investments measured at the NAV	6,003,070			
Money market funds (exempt)	1,776,283			
Total investments	\$ 117,140,319			

**CITY OF PALM BEACH GARDENS
FIREFIGHTERS' PENSION FUND
NOTES TO FINANCIAL STATEMENTS**

NOTE 4. FAIR VALUE MEASUREMENTS (CONTINUED)

	September 30, 2019 Fair Value Measurements Using			
	Total	Quoted Prices in Active markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Investments by fair value level</u>				
Equity securities:				
Common stocks	\$ 29,623,534	\$ 28,807,852	\$ 815,682	\$ -
Equity balanced mutual funds	1,017,350	1,017,350	-	-
Equity mutual funds	34,003,482	34,003,482	-	-
Total equity securities	<u>64,644,366</u>	<u>63,828,684</u>	<u>815,682</u>	<u>-</u>
Real estate funds	5,240,176	-	-	5,240,176
Debt securities:				
U.S. Treasury securities	5,448,401	5,448,401	-	-
Mortgage-backed securities	4,029,075	-	4,029,075	-
Collateralized mortgage obligations	473,878	-	473,878	-
Corporate bonds	11,349,647	-	11,349,647	-
Foreign bonds	905,299	-	905,299	-
Fixed income mutual funds	10,535,211	10,535,211	-	-
Total debt securities	<u>32,741,511</u>	<u>15,983,612</u>	<u>16,757,899</u>	<u>-</u>
Total investments by fair value level	<u>102,626,053</u>	<u>\$ 79,812,296</u>	<u>\$ 17,573,581</u>	<u>\$ 5,240,176</u>
<u>Investments measured at net asset value ("NAV")</u>				
Real estate funds	<u>5,807,515</u>			
Total investments measured at the NAV	<u>5,807,515</u>			
Money market funds (exempt)	<u>2,547,837</u>			
Total investments	<u>\$ 110,981,405</u>			

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented in the following tables:

Investment	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Investments Measured at Net Asset Value (NAV), September 30, 2020				
Real estate investment fund ⁽¹⁾	\$ 6,003,070	-	Quarterly	90 Days
Total investments measured at NAV	<u>\$ 6,003,070</u>	<u>-</u>		
Investment	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Investments Measured at Net Asset Value (NAV), September 30, 2019				
Real estate investment fund ⁽¹⁾	\$ 5,807,515	-	Quarterly	90 Days
Total investments measured at NAV	<u>\$ 5,807,515</u>	<u>-</u>		

⁽¹⁾Real estate investment fund: The Fund is an open-ended real estate investment fund investing primarily in core institutional office, retail, industrial, and multi-family properties located throughout the United States. The investment is valued NAV and its redemptions must be received by the Fund 90 days prior to quarter-end.

**CITY OF PALM BEACH GARDENS
FIREFIGHTERS' PENSION FUND
NOTES TO FINANCIAL STATEMENTS**

NOTE 5. RISKS AND UNCERTAINTIES

The Fund invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of fiduciary net position available for benefits.

NOTE 6. CONTRIBUTION INFORMATION

The Fund's funding policy provides for period employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and actuarially accrued liability are determined using an entry-age actuarial cost method. Unfunded actuarial accrued liability is being amortized over no more than 30 years.

During the year ended September 30, 2020, contributions totaling \$3,710,393 were made in accordance with contribution requirements determined by an actuarial valuation of the Fund. The City contributed \$2,471,146; the State of Florida contributed \$723,647 and the employees contributed \$515,600. Required contribution percentages as determined by the October 1, 2018, actuarial valuation were as follows: 60.99% for City and state contributions and 6.00% for employee contribution.

During the year ended September 30, 2019, contributions totaling \$8,073,680 were made in accordance with contribution requirements determined by an actuarial valuation of the Fund. The City contributed \$6,899,640; the State of Florida contributed \$699,764 and the employees contributed \$474,279. Required contribution percentages as determined by the October 1, 2017, actuarial valuation were as follows: 63.70% for City and state contributions and 6.00% for employee contribution.

The actuarially determined contributions from the employer and the state totaled \$5,054,544 and \$5,228,578, for the years ended September 30, 2020 and 2019, respectively. During 2019, additional contributions totaling \$2,370,826 were received from the City and state. These contributions were applied towards future required contributions. The schedule of employer contributions, presented as required supplemental information following the notes to the financial statements, presented multi-year trend information of contributions received.

**CITY OF PALM BEACH GARDENS
FIREFIGHTERS' PENSION FUND
NOTES TO FINANCIAL STATEMENTS**

NOTE 7. NET PENSION LIABILITY OF THE FUND

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

The components of the net pension liability of the Fund at September 30, 2020 and 2019, were as follows:

	2020	2019
Total pension liability	\$ 142,989,541	\$ 134,461,471
Plan fiduciary net position	117,538,490	113,560,632
Net pension liability	<u>\$ 25,451,051</u>	<u>\$ 20,900,839</u>
Plan fiduciary net position as a percentage of the total pension liability	82.20%	84.46%

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of October 1, 2019 updated to September 30, 2020, using the following actuarial assumptions:

Inflation	2.50%
Salary increases	Service based
Discount rate	7.05%
Investment rate of return	7.05%

Mortality Rate Healthy Active Lives:

Female: PubS.H-2010 for Employees, set forward one year.
Male: PubS.H-2010 for Employees, set forward one year

Mortality Rate Retiree Lives:

Female: PubS.H-2010 (Above Median) for Healthy Retirees, set forward one year.
Male: PubS.H-2010 (Above Median) for Healthy Retirees, set forward one year.

Mortality Rate Beneficiary Lives:

Female: PubG.H-2010 (Above Median) for Healthy Retirees
Male: PubG.H-2010 (Above Median) for Healthy Retirees, set back one year.

Mortality Rate Disabled Lives:

80% PubG.H-2010 for Disabled Retirees/20% PubS.H-2010 for Disabled Retirees.

**CITY OF PALM BEACH GARDENS
FIREFIGHTERS' PENSION FUND
NOTES TO FINANCIAL STATEMENTS**

NOTE 7. NET PENSION LIABILITY OF THE FUND (CONTINUED)

The most recent actuarial experience study used to review the other significant assumptions was dated October 20, 2020.

The long-term expectant rate of return on Fund investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Fund investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimate of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of September 30, 2020, (see the discussion of the Fund's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	7.50%
Foreign equity securities	8.50%
Broad market fixed income	2.50%
Global fixed income	3.50%
Real estate	4.50%
GTAA	3.50%

Discount Rate: A single discount rate of 7.05% was used to measure the total pension liability. The projection of cash flows used to determine the discount rate assumed the Fund participant contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the participant rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current Fund participants. Therefore, the long-term expected rate of return on Fund investments was applied to all periods of projected benefit payments to determine the total pension liability.

The sensitivity of the net pension liability to changes in the discount rate was measured as follows. The net pension liability of the Fund was calculated using the discount rate of 7.05%. It was also calculated using a discount rate that was 1-percentage-point lower (6.05%) and 1-percentage-point higher (8.05%) and the different computations we compared.

	1% Decrease (6.05%)	Current Discount Rate (7.05%)	1% Increase (8.05%)
Net pension liability	\$ 43,640,524	\$ 25,451,051	\$ 10,757,568

**CITY OF PALM BEACH GARDENS
FIREFIGHTERS' PENSION FUND
NOTES TO FINANCIAL STATEMENTS**

NOTE 8. INCOME TAXES

The Fund is exempt from federal income taxes under the Internal Revenue Code and, accordingly, no provision for federal income taxes has been made.

Accounting principles generally accepted in the United States of America require Fund management to evaluate tax positions taken by the Fund and recognize a tax liability if the Fund has taken an uncertain position that more likely than not would not be sustained upon examination by a taxing authority. The Fund is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 9. SUBSEQUENT EVENTS

Management has evaluated subsequent events for the Fund through March 29, 2021, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF PALM BEACH GARDENS
FIREFIGHTERS' PENSION FUND
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS**

	2020	2019	2018	2017	2016	2015	2014	2013
Total pension liability								
Service cost	\$ 2,064,067	\$ 2,064,570	\$ 1,899,698	\$ 1,799,419	\$ 1,637,466	\$ 1,760,152	\$ 1,741,473	\$ 1,540,354
Interest	9,558,047	9,012,325	8,615,415	7,817,426	7,174,074	6,786,918	6,280,207	5,827,406
Share plan allocation	-	141,612	188,808	483,485	51,623	222,133	304,698	-
Changes of benefit terms	-	(9,669)	-	-	-	-	-	-
Differences	290,458	1,733,462	(1,326,161)	3,648,972	(1,684,439)	(1,460,746)	-	-
Benefit payments	(5,693,121)	(4,508,950)	(3,607,721)	(2,353,058)	(1,803,517)	(1,935,428)	(1,844,859)	(1,613,497)
Changes of assumptions	2,308,619	1,520,614	-	3,032,216	5,890,763	2,004,899	1,772,793	-
Net change in total pension liability	8,528,070	9,953,964	5,770,039	14,428,460	11,265,970	7,377,928	8,254,312	5,754,263
Total pension liability, beginning	134,461,471	124,507,507	118,737,468	104,309,008	93,043,038	85,665,110	77,410,798	71,656,535
Total pension liability, ending	142,989,541	134,461,471	124,507,507	118,737,468	104,309,008	93,043,038	85,665,110	77,410,798
Plan fiduciary net position								
Contributions - employer	2,471,146	6,899,640	4,083,310	3,048,414	3,088,524	3,746,995	2,866,126	3,347,645
Contributions - state	723,647	699,764	723,847	483,485	568,403	726,993	843,533	750,073
Contributions - member (employee)	515,600	474,276	473,959	451,715	455,983	445,465	475,442	497,684
Net investment income	6,107,183	5,632,578	8,474,082	11,594,418	6,152,911	835,212	6,977,925	6,392,179
Benefit payments	(5,693,121)	(4,508,950)	(3,607,720)	(2,353,059)	(1,803,517)	(1,935,428)	(1,844,859)	(1,613,497)
Administrative expenses	(146,597)	(142,072)	(101,526)	(110,389)	(91,145)	(84,807)	(88,142)	(99,667)
Other changes	-	-	-	73	14,447	-	-	-
Net change in plan fiduciary net position	3,977,858	9,055,236	10,045,952	13,114,657	8,385,606	3,734,430	9,230,025	9,274,417
Plan fiduciary net position, beginning	113,560,632	104,505,396	94,459,444	81,344,787	72,959,181	69,224,751	59,994,726	50,720,309
Plan fiduciary net position, ending	117,538,490	113,560,632	104,505,396	94,459,444	81,344,787	72,959,181	69,224,751	59,994,726
Net pension liability, ending	\$ 25,451,051	\$ 20,900,839	\$ 20,002,111	\$ 24,293,857	\$ 22,978,668	\$ 20,083,857	\$ 16,440,359	\$ 17,416,072
Plan fiduciary net position as a percentage of total pension liability	82.20%	84.46%	83.94%	79.55%	77.98%	78.41%	80.81%	77.50%
Covered payroll	\$ 8,280,709	\$ 8,208,129	\$ 7,868,225	\$ 7,497,133	\$ 7,599,715	\$ 9,695,082	\$ 7,924,041	\$ 8,294,732
Net pension liability as a percentage of covered payroll	307.35%	254.64%	254.21%	324.04%	302.36%	207.16%	207.47%	209.97%

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying Independent Auditor's reports and noted to the required supplementary information.

**CITY OF PALM BEACH GARDENS
FIREFIGHTERS' PENSION FUND
SCHEDULE OF CONTRIBUTIONS**

	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined employer contribution	\$ 5,054,544	\$ 5,228,578	\$ 4,807,157	\$ 3,531,899	\$ 3,605,305	\$ 3,460,519	\$ 3,404,960	\$ 3,443,143
Actual employer contribution	3,194,793	7,599,404	4,807,157	3,531,899	3,605,305	4,251,855	3,404,960	3,911,687
Annual contribution deficiency (excess)	<u>\$ 1,859,751</u>	<u>\$ (2,370,826)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (791,336)</u>	<u>\$ -</u>	<u>\$ (468,544)</u>
Covered payroll	\$ 8,280,709	\$ 8,208,129	\$ 7,868,225	\$ 7,497,133	\$ 7,599,715	\$ 9,695,082	\$ 7,924,041	\$ 8,294,732
Actual contributions as a percentage of covered payroll	38.58%	92.58%	58.68%	47.11%	47.44%	43.86%	42.97%	47.16%

Valuation date: 10/1/2018

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding method: Entry age normal actuarial cost method.
 Amortization method: Level percentage of pay, closed.
 Remaining amortization period: 20 years (as of 10/01/2018).
 Mortality: RP-2000 Table with no projection. Disabled lives set forward 5 years.
 Interest rate: 7.25% per year compounded annually.

Retirement rates:	Age	Probability of Retirement
	50	5%
	51	5%
	52	50%
	53	10%
	54	10%
	55	100%

For those members who attain 25 years of Credited Service, regardless of age, the probability of retirement is 100%.

Termination rates:

Age	Years of Service	% Separating from Employment Within the Next Year
All ages	0	15.00%
	1	10.00%
	2	9.00%
	3	8.00%
	4	7.00%
25	5 & Over	7.00%
30		5.90%
35		4.40%
40		3.00%
45		2.10%
50		1.70%
55		1.00%

Salary increases:

Age	Increase
20	8.20%
30	5.60%
40	5.20%
50	4.70%
60	4.50%

Final pay load: For members hired prior to October 1, 2011, active liabilities are increased by 3.00% to account for assumed payments of unused sick and annual leave time. Member hired on and after October 1, 2011, are valued with no final pay load.

Payroll growth: None for amortization of the Unfunded Actuarial Accrued Liability.

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**CITY OF PALM BEACH GARDENS
FIREFIGHTERS' PENSION FUND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS**

Year ended September 30,	Annual money-weighted rate of return net of investment expense
2020	5.36%
2019	5.35%
2018	8.75%
2017	14.37%
2016	8.21%
2015	0.92%
2014	11.65%
2013	14.29%

Note: Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

OTHER SUPPLEMENTARY INFORMATION

**CITY OF PALM BEACH GARDENS
FIREFIGHTERS' PENSION FUND
SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Administrative expenses:		
Accounting	\$ 9,750	\$ 9,500
Actuarial fees	95,283	93,464
Meetings and conferences	11,020	8,912
Insurance	9,700	9,618
Legal fees	20,844	19,580
Miscellaneous	-	998
Total administrative expenses	<u>\$ 146,597</u>	<u>\$ 142,072</u>

OTHER AUDITOR'S REPORT



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of Palm Beach Gardens Firefighters' Pension Fund, (the "Fund") as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated March 29, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fund's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Fund's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

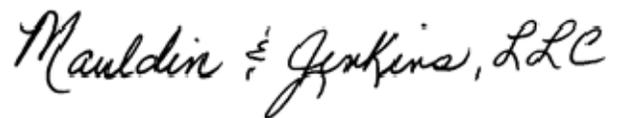
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of law, regulations, contracts, and grant agreements with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Palm Beach Gardens Firefighters' Pension Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.

Bradenton, Florida
March 29, 2021