

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

FINANCIAL STATEMENTS

**FOR THE FISCAL YEARS ENDED
SEPTEMBER 30, 2022 AND 2021**

**CITY OF PALM BEACH GARDENS
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FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

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, 2022 and 2021, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Fund, as of September 30, 2022 and 2021, and the respective changes in financial 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Fund, 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 Fund's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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 Fund'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 Fund'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, 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, 2022 and 2021, 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.

Required Supplementary Information


Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 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 25 through 29 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fund's basic financial statements. The other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 relation 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 April 26, 2023, 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.



Bradenton, Florida
April 26, 2023

**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, 2022. 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 2022 reflected the following financial activities:

- Net position restricted for pension was \$120,803,471, which was 14% less than the 2021 total net position.
- Total contributions for the year were \$6,645,309, which was 19% higher than the 2021 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 \$3,285,613, which was 1% higher than the 2021 earnings.
- Net investment income was (\$20,557,642), which was 187% lower than the 2021 income.
- Benefits paid were \$4,133,328, which was 24% greater than the benefits paid during 2021.

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

The Fund's net results from operations for fiscal year 2021 reflected the following financial activities:

- Net position restricted for pension was \$140,925,372, which was 20% greater than the 2020 total net position.
- Total contributions for the year were \$5,604,408, which was 51% higher than the 2020 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 \$3,285,613, which was 1% higher than the 2020 earnings.
- Net investment income was \$23,685,827, which was 288% higher than the 2020 income.
- Benefits paid were \$4,133,328, which was 24% greater than the benefits paid during 2020.

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, 2022 was \$120,803,471, a 14% decrease from fiduciary net position at September 30, 2021.
- Fiduciary net position at September 30, 2021 was \$140,925,372, a 20% increase from fiduciary net position at September 30, 2020.
- Total investments at September 30, 2022 were \$122,171,133, a 14% decrease from the investments at September 30, 2021.
- Total investments at September 30, 2021 were \$141,795,917, a 20% increase from the investments at September 30, 2020.

**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:

	2022	2021	% Change
Cash	\$ 63,562	\$ 33,548	89%
Receivables	1,699,163	186,398	812%
Investments, at fair value	120,408,408	141,575,971	-15%
Total assets	122,171,133	141,795,917	-14%
Accounts payable	147,801	204,696	-28%
Accounts payable - purchase of investments	1,219,861	665,849	83%
Total liabilities	1,367,662	870,545	57%
Net position restricted for pensions	\$ 120,803,471	\$ 140,925,372	-14%

	2021	2020	% Change
Cash	\$ 33,548	\$ 20,513	64%
Receivables	186,398	586,904	-68%
Investments, at fair value	141,575,971	117,140,319	21%
Total assets	141,795,917	117,747,736	20%
Accounts payable	204,696	127,949	60%
Accounts payable - purchase of investments	665,849	81,297	719%
Total liabilities	870,545	209,246	316%
Net position restricted for pensions	\$ 140,925,372	\$ 117,538,490	20%

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, 2022, revenues (additions net of investment expenses to the fiduciary net position) for the Fund were (\$13,912,333), which was made up of total contributions of \$6,645,309, less net investment expense of \$20,557,642.
- Expenses (deductions from the fiduciary net position) increased from \$5,903,353 during 2021, to 6,209,568, during 2022.
- For the year ended September 30, 2021, revenues (additions to the fiduciary net position) for the Fund were \$29,290,235, which was made up of total contributions of \$5,604,408, plus net investment income of \$23,685,827.
- Expenses (deductions from the fiduciary net position) increased from \$5,839,718 during 2020, to \$5,903,353, during 2021.

**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:

	2022	2021	% Change
Total contributions	\$ 6,645,309	\$ 5,604,408	19%
Net investment income (expense)	(20,557,642)	23,685,827	-187%
Total additions, net	(13,912,333)	29,290,235	-147%
Total deductions	6,209,568	5,903,353	5%
Net increase (decrease)	(20,121,901)	23,386,882	-186%
Net position restricted for pensions - beginning	140,925,372	117,538,490	20%
Net position restricted for pensions - ending	\$ 120,803,471	\$ 140,925,372	-14%

	2021	2020	% Change
Total contributions	\$ 5,604,408	\$ 3,710,393	51%
Net investment income	23,685,827	6,107,183	288%
Total additions	29,290,235	9,817,576	198%
Total deductions	5,903,353	5,839,718	1%
Net increase	23,386,882	3,977,858	488%
Net position restricted for pensions - beginning	117,538,490	113,560,632	4%
Net position restricted for pensions - ending	\$ 140,925,372	\$ 117,538,490	20%

Asset Allocation

The table below indicates the Fund investment policy limitations and actual asset allocations as of September 30, 2022:

	Investment Policy	Actual Allocation
Domestic equities	40%-60%	58%
International equities	5%-15%	0%
Fixed income	10%-30%	24%
International fixed income	0%-10%	1%
Real estate	5%-15%	13%
Other assets	0%-10%	3%
Cash and cash equivalents	0%-5%	1%

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.

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.

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

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 April 2022.

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, 2022 and 2021, 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, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash	\$ 63,562	\$ 33,548
Receivables:		
Accounts receivable - employer	445,151	-
Accounts receivable - Chapter 175	13,013	-
Accounts receivable - employee	-	20,286
Accounts receivable - sale of investments	1,072,229	-
Accrued investment income	168,770	166,112
Total receivables	<u>1,699,163</u>	<u>186,398</u>
Investments, at fair value:		
Money market funds	1,415,361	2,522,941
Equity securities	64,355,915	80,527,149
U.S. government obligations	7,940,728	9,198,288
Mortgage-backed securities	5,897,345	8,891,510
Collateralized mortgage obligations	777,223	1,114,282
Corporate bonds	7,575,575	9,306,826
Foreign bonds	605,037	888,390
Fixed income mutual funds	7,165,473	7,675,787
International equity mutual funds	230,925	1,732,525
Real estate funds	15,686,638	12,717,441
Alternative investment	3,566,738	-
Equity common trust fund	5,191,450	7,000,832
Total investments, at fair value	<u>120,408,408</u>	<u>141,575,971</u>
Total assets	<u>122,171,133</u>	<u>141,795,917</u>
LIABILITIES		
Accounts payable	147,801	204,696
Accounts payable - purchase of investments	1,219,861	665,849
Total liabilities	<u>1,367,662</u>	<u>870,545</u>
Net position restricted for pensions	<u>\$ 120,803,471</u>	<u>\$ 140,925,372</u>

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, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Additions		
Contributions		
Employer	\$ 5,286,754	\$ 4,352,839
State of Florida (Chapter 175)	795,211	696,406
Employee	560,760	541,198
Member repayments	2,584	13,965
Total contributions	<u>6,645,309</u>	<u>5,604,408</u>
Investment income (expense)		
Net appreciation (depreciation) in fair value of investments	(24,087,471)	20,949,151
Interest and dividend income	4,009,883	3,285,613
Total investment income (expense), net	<u>(20,077,588)</u>	<u>24,234,764</u>
Less investment expenses	480,054	548,937
Net investment income (expense)	<u>(20,557,642)</u>	<u>23,685,827</u>
Total additions, net	<u>(13,912,333)</u>	<u>29,290,235</u>
Deductions		
Benefit payments	4,422,375	4,133,328
DROP distributions	1,327,993	406,200
Share plan distributions	325,685	1,227,862
Refund of contributions	8,343	765
Administrative expenses	125,172	135,198
Total deductions	<u>6,209,568</u>	<u>5,903,353</u>
Change in net position	(20,121,901)	23,386,882
Net position held in trust for pension benefits		
Beginning of year	<u>140,925,372</u>	<u>117,538,490</u>
End of year	<u>\$ 120,803,471</u>	<u>\$ 140,925,372</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 Annual Comprehensive Financial Report for the years ended September 30, 2022 and 2021, separately issued documents. Anyone wishing further information about the City is referred to the City's Annual Comprehensive 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. 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, 2022, the date of the latest actuarial valuation, consisted of:

Active plan participants	96
Inactive plan participants or beneficiaries currently receiving benefits	83
Inactive plan participants entitled to but not yet receiving benefits	20
Total	<u>199</u>

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, 2022 and 2021 was \$8,919,235 and \$10,396,406, 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 \$9,122,280 and \$10,220,512 for the years ended September 30, 2022 and 2021, 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, 2022 and 2021, the annual money-weighted rate of return on Fund investments, net of Fund investment expense, was -14.39% and 19.87%, 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 2022. The following was the Board's adopted asset allocation policy as of September 30, 2022:

Type of Investment	Target Allocation
Domestic equities	50.00%
International equity	10.00%
Fixed income (Core)	10.00%
Fixed income (Non-Core)	10.00%
Real estate	10.00%
Other assets	10.00%

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, 2022, 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	\$ 1,415,361	\$ 1,415,361	\$ -	\$ -	\$ -
U.S. government obligations	Aaa	AA+	7,940,728	-	714,188	4,017,518	3,209,022
Mortgage-backed securities	Not rated	Not rated	5,897,345	-	-	43,793	5,853,552
Collateralized mortgage obligations	Aaa	Not rated	777,223	-	102,859	-	674,364
Corporate bonds	Aaa...Baa3	AAA...BB+	7,575,575	373,857	2,006,455	4,359,088	836,175
Foreign bonds	Aa2...Baa3	AA...BBB	605,037	14,995	176,183	216,764	197,095
			24,211,269	<u>\$ 1,804,213</u>	<u>\$ 2,999,685</u>	<u>\$ 8,637,163</u>	<u>\$ 10,770,208</u>
Fixed income mutual funds	Not rated	Not rated	7,165,473				
Equity securities	Not rated	Not rated	69,547,365				
International equity mutual funds	Not rated	Not rated	230,925				
Real estate funds	Not rated	Not rated	15,686,638				
Alternative investment	Not rated	Not rated	3,566,738				
Total investments			<u>\$ 120,408,408</u>				

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

NOTE 3. INVESTMENTS (CONTINUED)

At September 30, 2021, 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	\$ 2,522,941	\$ 2,522,941	\$ -	\$ -	\$ -
U.S. government obligations	Aaa	AA+	9,198,288	1,154,951	1,505,409	4,137,439	2,400,489
Mortgage-backed securities	Not rated	Not rated	8,891,510	-	-	37,021	8,854,489
Collateralized mortgage obligations	Aaa...Aa1	A	1,114,282	83,949	1,483	-	1,028,850
Corporate bonds	Aaa...Baa3	AAA...BBB-	9,306,826	452,298	1,596,908	5,698,153	1,559,467
Foreign bonds	Aa2...Baa3	AA-...BBB	888,390	-	247,194	377,812	263,384
			<u>31,922,237</u>	<u>\$4,214,139</u>	<u>\$3,350,994</u>	<u>\$10,250,425</u>	<u>\$ 14,106,679</u>
Fixed income mutual funds	Not rated	Not rated	7,675,787				
Equity securities	Not rated	Not rated	87,527,981				
International equity mutual funds	Not rated	Not rated	1,732,525				
Real estate funds	Not rated	Not rated	12,717,441				
Total investments			<u>\$ 141,575,971</u>				

There was \$97,612,500 and \$112,176,675, in securities that were unrated at September 30, 2022 and 2021, 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 1% and 6% of total investments for the years ended September 30, 2022 and 2021, respectively.

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

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.

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.

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

NOTE 4. FAIR VALUE MEASUREMENTS (CONTINUED)

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.

The following tables present the Fund's fair value hierarchy for investments at fair value as of September 30, 2022 and 2021:

	September 30, 2022			
	Fair Value Measurements Using			
<u>Investments by Fair Value Level</u>	<u>Total</u>	<u>Quoted Prices in Active markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Equity securities:				
Common stocks	\$ 5,977,937	\$ 5,977,937	\$ -	\$ -
Equity mutual funds	63,800,353	58,608,903	-	5,191,450
Total equity securities	69,778,290	64,586,840	-	5,191,450
Real estate funds	7,356,395	-	-	7,356,395
Debt securities:				
U.S. Treasury securities	7,940,728	2,835,249	5,105,479	-
Mortgage-backed securities	5,897,345	-	5,897,345	-
Collateralized mortgage obligations	777,223	-	777,223	-
Corporate bonds	7,575,575	-	7,575,575	-
Foreign bonds	605,037	-	605,037	-
Fixed income mutual funds	7,165,473	7,165,473	-	-
Total debt securities	29,961,381	10,000,722	19,960,659	-
Total investments by fair value level	107,096,066	\$ 74,587,562	\$ 19,960,659	\$ 12,547,845
<u>Investments Measured at Net Asset Value ("NAV")</u>				
Real estate funds	8,330,243			
Limited partnerships	3,566,738			
Total investments measured at the NAV	11,896,981			
Money market funds (exempt)	1,415,361			
Total investments	\$ 120,408,408			

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

NOTE 4. FAIR VALUE MEASUREMENTS (CONTINUED)

	September 30, 2021			
	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	\$ 29,333,727	\$ 29,333,727	\$ -	\$ -
Equity mutual funds	59,926,779	59,926,779	-	-
Total equity securities	<u>89,260,506</u>	<u>89,260,506</u>	<u>-</u>	<u>-</u>
Real estate funds	5,912,937	-	-	5,912,937
Debt securities:				
U.S. Treasury securities	9,198,288	3,669,068	5,529,220	-
Mortgage-backed securities	8,891,510	-	8,891,510	-
Collateralized mortgage obligations	1,114,282	-	1,114,282	-
Corporate bonds	9,306,826	-	9,306,826	-
Foreign bonds	888,390	-	888,390	-
Fixed income mutual funds	7,675,787	7,675,787	-	-
Total debt securities	<u>37,075,083</u>	<u>11,344,855</u>	<u>25,730,228</u>	<u>-</u>
Total investments by fair value level	<u>132,248,526</u>	<u>\$ 100,605,361</u>	<u>\$ 25,730,228</u>	<u>\$ 5,912,937</u>
<u>Investments Measured at Net Asset Value ("NAV")</u>				
Real estate funds	<u>6,804,504</u>			
Total investments measured at the NAV	<u>6,804,504</u>			
Money market funds (exempt)	<u>2,522,941</u>			
Total investments	<u>\$ 141,575,971</u>			

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

NOTE 4. FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2022				
Real estate investment fund ⁽¹⁾	\$ 8,330,243	\$ -	N/A	N/A
Limited partnership ⁽²⁾	3,566,738	1,500,000	Quarterly	90 Days
Total investments measured at NAV	\$ 11,896,981	\$ 1,500,000		
Investment	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Investments Measured at Net Asset Value (NAV), September 30, 2021				
Real estate investment fund ⁽¹⁾	\$ 6,804,504	\$ -	Quarterly	90 Days
Total investments measured at NAV	\$ 6,804,504	\$ -		

⁽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 at NAV and its redemptions must be received by the Fund 90 days prior to quarter-end.

⁽²⁾Limited partnership: The Fund is a vintage mezzanine investment fund investing primarily in United States companies meeting certain financial criteria in the areas of consumer products, business services, defense, manufacturing, media and restaurant. The fund is managed by a private equity firm.

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.

Plan contributions and the actuarial present value of accumulated 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.

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

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, 2022, contributions totaling \$6,642,725 were made in accordance with contribution requirements determined by an actuarial valuation of the Fund. The City contributed \$5,286,754; the State of Florida contributed \$795,211 and the employees contributed \$560,760. Required contribution percentages as determined by the October 1, 2020, actuarial valuation were as follows: 63.03% for City and state contributions and 6.00% for employee contribution.

During the year ended September 30, 2021, contributions totaling \$5,590,443 were made in accordance with contribution requirements determined by an actuarial valuation of the Fund. The City contributed \$4,352,839; the State of Florida contributed \$696,406 and the employees contributed \$541,198. Required contribution percentages as determined by the October 1, 2019, actuarial valuation were as follows: 59.75% for City and state contributions and 6.00% for employee contribution.

The actuarially determined contributions from the employer and the state totaled \$6,103,890 and \$5,374,214, for the years ended September 30, 2022 and 2021, respectively. At September 30, 2022, there were contributions receivable from the City totaling \$445,151 of which \$213,103 represented additional required contribution.

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, 2022 and 2021 were as follows:

	2022	2021
Total pension liability	\$ 165,062,345	\$ 153,007,658
Plan fiduciary net position	120,803,471	140,925,372
Net pension liability	\$ 44,258,874	\$ 12,082,286
 Plan fiduciary net position as a percentage of the total pension liability	 73.19%	92.10%

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of October 1, 2021 updated to September 30, 2022, using the following actuarial assumptions:

Inflation	2.50%
Salary increases	Service based
Discount rate	6.85%
Investment rate of return	6.85%

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, 2022 (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%
Fixed income (Core)	2.50%
Fixed income (Non-Core)	2.50%
Real estate	4.50%
Alternative	6.17%

Discount Rate: A single discount rate of 6.85% 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 6.85%. It was also calculated using a discount rate that was 1-percentage-point lower (5.85%) and 1-percentage-point higher (7.85%) and the different computations we compared.

	1% Decrease (5.85%)	Current Discount Rate (6.85%)	1% Increase (7.85%)
Net pension liability	\$ 64,921,135	\$ 44,258,874	\$ 27,551,507

**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 April 26, 2023 the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF PALM BEACH GARDENS
FIREFIGHTERS' PENSION FUND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
(UNAUDITED)**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total pension liability										
Service cost	\$ 2,356,584	\$ 2,172,566	\$ 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	10,586,382	10,030,601	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	22,569	-	-	141,612	188,808	483,485	51,623	222,133	304,698	-
Changes of benefit terms	-	-	-	(9,669)	-	-	-	-	-	-
Differences	3,323,775	1,835,449	290,458	1,733,462	(1,326,161)	3,648,972	(1,684,439)	(1,460,746)	-	-
Benefit payments	(6,084,396)	(5,768,156)	(5,693,121)	(4,508,950)	(3,607,721)	(2,353,059)	(1,803,517)	(1,935,428)	(1,844,859)	(1,613,497)
Changes of assumptions	1,849,773	1,747,657	2,308,619	1,520,614	-	3,032,216	5,890,763	2,004,899	1,772,793	-
Net change in total pension liability	12,054,687	10,018,117	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	153,007,658	142,989,541	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	165,062,345	153,007,658	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	5,286,754	4,352,839	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	795,211	696,406	723,647	699,764	723,847	483,485	568,403	726,993	843,533	750,073
Contributions - member (employee)	563,344	555,163	515,600	474,276	473,959	451,715	455,983	445,465	475,442	497,684
Net investment income	(20,557,642)	23,685,827	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	(6,084,396)	(5,768,155)	(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	(125,172)	(135,198)	(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	(20,121,901)	23,386,882	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	140,925,372	117,538,490	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	120,803,471	140,925,372	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	\$ 44,258,874	\$ 12,082,286	\$ 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	73.19%	92.10%	82.20%	84.46%	83.94%	79.55%	77.98%	78.41%	80.81%	77.50%
Covered payroll	\$ 9,684,103	\$ 8,994,500	\$ 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	457.03%	134.33%	307.35%	254.64%	254.21%	324.04%	302.36%	207.16%	207.47%	209.97%

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

**CITY OF PALM BEACH GARDENS
FIREFIGHTERS' PENSION FUND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
(UNAUDITED)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined employer contribution	\$ 6,103,890	\$ 5,374,214	\$ 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	6,081,965	5,049,245	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>\$ 21,925</u>	<u>\$ 324,969</u>	<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	\$ 9,684,103	\$ 8,994,500	\$ 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	62.80%	56.14%	38.58%	92.58%	58.68%	47.11%	47.44%	43.86%	42.97%	47.16%

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

**CITY OF PALM BEACH GARDENS
FIREFIGHTERS' PENSION FUND
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS
(UNAUDITED)**

Year ended September 30,	Annual money-weighted rate of return net of investment expense
2022	-14.39%
2021	19.87%
2020	5.36%
2019	5.35%
2018	8.75%
2017	14.37%
2016	8.21%
2015	0.92%
2014	11.65%
2013	14.29%

**CITY OF PALM BEACH GARDENS
FIREFIGHTERS' PENSION FUND
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

Notes to Schedule of Changes in Net Pension Liability and Related Ratios

Changes of Assumptions :

For measurement date September 30, 2022, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 6.95% to 6.85% per year compounded annually net of investment related expenses.

For measurement date September 30, 2021, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.05% to 6.95% per year compounded annually net of investment related expenses.

**CITY OF PALM BEACH GARDENS
FIREFIGHTERS' PENSION FUND
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

Notes to Schedule of Contributions

Valuation date: October 1, 2020
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: Projected Unit Credit Cost Method.
Amortization method: UAAL amortization bases are amortized over 15 years.
Mortality*: Healthy Active Lives: PubS.H-2010 for Employees, set forward one year.
Healthy Retiree Lives: PubS.H-2010 (Above Median) for Healthy Retirees, set forward one year.
Beneficiary Lives: PubG.H-2010 (Above Median) for Healthy Retirees.
Disabled Lives: 80% PubG.H-2010 for Disabled Retirees/20% PubS.H-2010 for Disabled Retirees.
All rates are projected generationally with Mortality Improvement Scale MP-2018.

Interest rate: 7.05% per year compounded annually.

Retirement rates:	Age	Probability of Retirement
	50	10%
	51	10%
	52	55%
	53	10%
	54	10%
	55	50%
	56	50%
	57	75%
	58+	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	8.00%
		1	7.00%
		2	6.00%
		3	5.00%
		4	5.00%
	25	5 & Over	2.00%
	30		2.00%
	35		2.00%
	40		2.00%
	45		2.00%
	50		2.00%
	55		2.00%

Salary increases:	Service	Increase
	<5	5.50%
	5+	4.00%

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.

* Mortality assumption rates were mandated by Chapter 2015-157, *Laws of Florida*.

OTHER SUPPLEMENTARY INFORMATION

**CITY OF PALM BEACH GARDENS
FIREFIGHTERS' PENSION FUND
SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

	2022	2021
Administrative expenses:		
Accounting	\$ 10,750	\$ 10,000
Actuarial fees	89,913	97,190
Meetings and conferences	2,940	6,759
Insurance	9,798	9,991
Legal fees	11,771	11,258
Total administrative expenses	\$ 125,172	\$ 135,198

See accompanying notes to financial statements.

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, 2022, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated April 26, 2023.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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.

Mauldin & Jenkins, LLC

Bradenton, Florida
April 26, 2023