



Saltmarsh

Saltmarsh, Cleaveland & Gund

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

**VILLAGE OF NORTH PALM BEACH
FIRE AND POLICE PENSION FUND**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2024 AND 2023

VILLAGE OF NORTH PALM BEACH FIRE AND POLICE PENSION FUND
FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Village of North Palm Beach Fire and Police Pension Fund
North Palm Beach, Florida

Opinion

We have audited the financial statements of the Village of North Palm Beach Fire and Police Pension Fund (the "Plan"), which comprise the statements of fiduciary net position as of September 30, 2024 and 2023, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, information regarding the fiduciary net position of the Plan as of September 30, 2024 and 2023, and the changes in fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for one year after the date that the financial statements are issued.

Management is also responsible for maintaining a current Plan instrument, including all Plan amendments, administering the Plan, and determining that the Plan's transactions that are presented and disclosed in the financial statements are in conformity with the Plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Emphasis of Matter

As discussed in Note 1, these financial statements present only the Village of North Palm Beach Fire and Police Pension Fund, a pension trust fund of the Village of North Palm Beach (the "Village") and are not intended to present fairly the financial position and changes in financial position of the Village in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

The Board of Trustees
Village of North Palm Beach Fire and Police Pension Fund
North Palm Beach, Florida

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information on pages 21 through 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Plan has not presented a management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of the basic financial statements. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

The additional information on page 26 is presented for the purpose of additional analysis and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the above information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Tampa, Florida
February 11, 2025

VILLAGE OF NORTH PALM BEACH FIRE AND POLICE PENSION FUND
STATEMENTS OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Assets:		
Cash	\$ 1,319,557	\$ 469,643
Receivables:		
Dividends	51,562	46,900
Due from broker dealer	2,212,276	-
State excise tax rebate	100,305	67,198
Total receivables	<u>2,364,143</u>	<u>114,098</u>
Prepaid expenses	<u>5,010</u>	<u>1,985</u>
Investments:		
U.S. Government obligations	2,157,235	1,369,444
U.S. Government agency obligations	4,454,035	4,205,978
Corporate bonds	2,173,327	2,311,091
Municipal obligations	264,271	353,805
Domestic stock	8,835,806	8,141,982
International stock	2,213,874	1,829,847
Domestic equity investment funds	15,425,351	11,557,990
Real estate investment fund	2,988,698	3,285,078
Temporary investment funds	678,710	372,403
Total investments	<u>39,191,307</u>	<u>33,427,618</u>
Total Assets	42,880,017	34,013,344
Liabilities:		
Accounts payable	<u>36,997</u>	<u>20,544</u>
Net Position Restricted for Pensions	<u>\$ 42,843,020</u>	<u>\$ 33,992,800</u>

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

VILLAGE OF NORTH PALM BEACH FIRE AND POLICE PENSION FUND
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	2024	2023
Additions:		
Contributions:		
Employer	\$ 952,930	\$ 910,146
Participant	593,982	511,862
Buyback	-	2,422
DROP contributions	25,262	21,356
Total contributions	<u>1,572,174</u>	<u>1,445,786</u>
Intergovernmental revenue:		
State excise tax rebate	<u>551,246</u>	<u>472,893</u>
Investment income:		
Net appreciation in fair value of investments	7,134,174	2,720,229
Interest and dividends	899,465	713,853
Class action revenue	2,386	446
Total investment income	<u>8,036,025</u>	<u>3,434,528</u>
Less investment expenses	<u>167,200</u>	<u>144,217</u>
Net investment income	<u>7,868,825</u>	<u>3,290,311</u>
Total additions	<u>9,992,245</u>	<u>5,208,990</u>
Deductions:		
Benefits:		
Age and service	991,089	952,145
Disability	41,684	40,470
DROP	4,801	187,531
Refunds	-	7,513
Administrative expenses	104,451	104,262
Total deductions	<u>1,142,025</u>	<u>1,291,921</u>
Net Increase in Net Position	8,850,220	3,917,069
Net Position Restricted for Pensions:		
Beginning of year	<u>33,992,800</u>	<u>30,075,731</u>
End of year	<u>\$ 42,843,020</u>	<u>\$ 33,992,800</u>

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

VILLAGE OF NORTH PALM BEACH FIRE AND POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 1 - DESCRIPTION OF PLAN

The following brief description of the Village of North Palm Beach Fire and Police Pension Fund (the “Plan”) is provided for general information purposes only. Participants should refer to the Plan Ordinance for more complete information.

General - The Plan is a defined benefit pension plan covering all sworn fire and police officers of the Village of North Palm Beach (the “Village”). Participation in the Plan is required as a condition of employment. Originally established in 1967 and subsequently amended, the Plan provides for retirement, death and disability benefits. The Plan is subject to the provisions of Chapters 175 and 185 of the state of Florida Statutes.

The Plan, in accordance with the above statutes, is governed by a pension Board of Trustees (the “Board”). The Board consists of five members, four of whom are elected by a majority of the members of the Plan. Two of the elected members are certified firefighters of the Village and two are certified police officers of the Village. The fifth member of the board is a legal resident of the Village and is appointed by the Village Council.

The Village and the Plan participants are obligated to fund all Plan costs based upon actuarial valuations. The Village is authorized to establish benefit levels and the Board approves the actuarial assumptions used in the determination of contribution levels.

At October 1, 2023, the date of the most recent actuarial valuation, the Plan’s membership consisted of:

Retirees and beneficiaries:

Currently receiving benefits	30
DROP retirees	4
Terminated employees entitled to but not yet receiving benefits	23

Total	<u>57</u>
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Current employees:

Vested	30
Nonvested	22

Total	<u>52</u>
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VILLAGE OF NORTH PALM BEACH FIRE AND POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 1 - DESCRIPTION OF PLAN (Continued)

Pension Benefits - A participant may retire with normal benefits after reaching age 55, regardless of credited service, or age 52 with 25 years of service. Normal retirement benefits are based on 2.75% (3% for police officers effective October 1, 2022) of the participant's average monthly earnings times the number of his or her credited services years rendered. The average monthly earnings for purposes of calculating benefits is the participant's average salary during the highest 5 years of a participant's last 10 years of employment. The maximum benefit is 80% (75% prior to October 1, 2022) of average monthly earnings, provided that the benefit is at least 2.75% of average monthly earnings for each year of service after October 1, 2018.

A participant reaching age 50 regardless of credited service is eligible for early retirement. These benefits are computed the same as normal retirement, based upon the participant's average monthly earnings and credited service at the date of termination. Benefits are reduced 3% per year that the benefit commencement date precedes the normal retirement date.

Participants are vested after 10 years of credited service.

Death Benefits - The Plan provides death benefits for any deceased employee who had been an actively employed participant eligible for normal or deferred retirement. Non-vested death benefits are based on the participant's accumulated contributions.

Disability Benefits - Disability benefits for service-related disabilities are calculated as the accrued normal retirement amount, with a minimum of 42% of the participant's average monthly earnings. Disability benefits for non-service-related disabilities for participants with at least 10 years of credited service are calculated as the accrued normal retirement amount, with a minimum of 25% of the participant's average monthly earnings.

Cost of Living Adjustments - Post-retirement cost of living adjustments are provided for pension recipients based on the Consumer Price Index ("CPI"). The maximum increase in a participant's pension benefit for any one year is 3%. If there is a decrease in the CPI over the twelve-month period ending April 1, the amount of the benefit will not increase again until there is an increase in the index beyond the prior high level of the CPI.

Deferred Retirement Option Plan ("DROP") - A member may elect DROP participation upon eligibility for normal retirement. Upon entry into the DROP a member will be considered retired for Plan purposes. Members may participate in the DROP for a maximum of 60 months. DROP participants are not eligible for disability or pre-retirement death benefits provided by the Plan. Normal retirement payments that would have been payable to the participant as a result of retirement are accumulated and invested in the DROP to be distributed to the participant upon his or her termination of employment. DROP participants are required to contribute 4% of their annual earnings to the Plan, of which 3% is added to the DROP accounts and 1% is applied to the Plan's unfunded actuarial accrued liability.

VILLAGE OF NORTH PALM BEACH FIRE AND POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 1 - DESCRIPTION OF PLAN (Continued)

Refund of Participant Contributions - A participant who terminates employment and is ineligible for pension benefits is refunded his or her accumulated contributions without interest.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting:

The financial statements of the Plan are prepared on the accrual basis of accounting.

Basis of Presentation:

The accompanying financial statements are presented in accordance with Governmental Accounting Standards Board ("GASB") Statement 67, *Financial Reporting for Defined Benefit Pension Plans*, and the Codification of Governmental Accounting and Financial Reporting Standards which covers the reporting requirements for defined benefit pensions established by a governmental employer.

Cash and Temporary Investment Funds:

The Plan considers money market and demand account bank and broker-dealer deposits as cash. Temporary investments shown on the statements of fiduciary net position are composed of investments in short-term custodial proprietary money market funds.

Valuation of Investments:

The Plan's investments are stated at fair value. See Note 12 for discussion of fair value measurements.

Purchases and sales of investments 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 Plan's gains and losses on investments bought and sold as well as held during the year. The net realized and unrealized investment appreciation (depreciation) for the year is reflected in the statements of changes in fiduciary net position.

Custody of Assets:

Custodial and investment services are provided to the Plan under contract with a national trust company having trust powers. The Plan's investment policies are governed by Florida State Statutes and ordinances of the Village.

VILLAGE OF NORTH PALM BEACH FIRE AND POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Authorized Plan Investments:

The Board recognizes that the obligations of the Plan are long-term, and that investment policy should be made with a view toward performance and return over a number of years. The general investment objective, then, is to obtain a reasonable total rate of return defined as interest and dividend income plus realized and unrealized capital gains or loss commensurate with the Prudent Investor Rule and Chapters 175 and 185 of the Florida Statutes.

Permissible investments include obligations of the U.S. Treasury and U.S. agencies, common and preferred stocks, foreign stocks, convertible securities, high quality bonds or notes and fixed income funds, and real estate funds. In addition, the Board requires that Plan assets be invested with no more than 75% in stocks and convertible securities measured at market value at the end of each reporting period.

Actuarial Cost Method:

The Plan has elected the Entry Age Normal Actuarial Cost Method for funding purposes. This method provides for the systematic funding of the Plan's normal cost.

Reporting Entity:

The financial statements presented are only for the Plan and are not intended to present the basic financial statements of the Village.

The Plan is included in the Village's Annual Comprehensive Financial Report ("ACFR") for the years ended September 30, 2024 and 2023, which are separately issued documents. Anyone wishing further information about the Village is referred to the Village's ACFR.

The Plan is a pension trust fund (fiduciary fund type) of the Village which accounts for the single employer defined benefit pension plan for all Village police officers and firefighters.

Funding Policy:

Police officers are required to contribute 8.5% of their annual earnings to the Plan effective October 1, 2022, and 10% effective October 1, 2023. Firefighters are required to contribute 7.5% of their annual earnings to the Plan effective September 30, 2022, 8% effective September 30, 2023, and 8.5% effective September 30, 2024. The Village's funding policy is to make actuarially computed monthly contributions to the Plan in amounts, such that when combined with participants' contributions and the state fire and police insurance excise tax rebate, all participants' benefits will be fully provided for by the time that they retire.

A rehired member may buy back past service by paying into the Plan the amount of contributions that the participant would otherwise have paid for such continuous past service, plus the interest at 7%.

VILLAGE OF NORTH PALM BEACH FIRE AND POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Payment of Benefits:

Benefit payments to participants are recorded upon distribution.

Administrative Expenses:

Plan expenses, including fees and expenses connected with providing administrative services by external service providers, are paid from Plan assets.

Federal Income Taxes:

The Plan has not applied for a favorable determination letter from the Internal Revenue Service indicating that the Plan is qualified and exempt from federal income taxes. The Board believes that the Plan is designed and continues to operate in compliance with the applicable requirements of the Internal Revenue Code.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events:

Management has considered subsequent events through February 11, 2025, which is the date the financial statements were available to be issued.

NOTE 3 - PLAN TERMINATION

Although it has not expressed an intention to do so, the Village may terminate the Plan in accordance with the provisions of the Plan and the provisions of Florida Statutes §185.37 and § 175.361. In the event that the Plan is terminated or contributions to the Plan are permanently discontinued, the benefits of each firefighter and police officer in the Plan at such termination date would be non-forfeitable.

VILLAGE OF NORTH PALM BEACH FIRE AND POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 4 - NET REALIZED AND UNREALIZED APPRECIATION OF INVESTMENTS

The Plan's investments appreciated in value during the years ended September 30, 2024 and 2023 as follows:

	<u>2024</u>	<u>2023</u>
Realized appreciation	\$ 924,920	\$ 306,258
Unrealized appreciation	<u>6,209,254</u>	<u>2,413,971</u>
	<u><u>\$ 7,134,174</u></u>	<u><u>\$ 2,720,229</u></u>

NOTE 5 - DEPOSITS AND INVESTMENTS

Deposits:

Salem Trust Company ("Salem") periodically holds uninvested cash in its respective capacity as custodian for the Plan. These funds exist temporarily as cash in the process of collection from the sale of securities.

Asset Allocation:

The Plan's adopted asset allocation as of September 30, 2024 is as follows:

<u>Asset Class</u>	<u>Target</u>	<u>Range</u>	<u>Benchmark Index</u>
Large Value	25%	20% - 30%	Russell 1000 Value
Large Growth	25%	20% - 30%	Russell 1000 Growth
Extended Market	5%	0% - 10%	S&P Completion
International Equity	5%	0% - 10%	MSCI AC World ex USA
International Equity	5%	0% - 10%	BONY ADR
Total Equities	<u>65%</u>	<u>55% - 75%</u>	
Fixed Income	25%	20% - 30%	Bloomberg Aggregate
Real Estate	10%	5% - 15%	NCREIF ODCE
	<u><u>100%</u></u>		

The Plan's investments are segregated and managed under a separate agreement with Highland Capital Management, LLC. These accounts give Salem Trust Company ("Salem") custodianship, but give Highland Capital Management, LLC the authority to manage the investments. The investment manager is monitored by the Board and the investment advisor.

VILLAGE OF NORTH PALM BEACH FIRE AND POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

Foreign Tax Withholdings and Reclaims:

Withholding taxes on dividends from foreign securities are provided for based on rates established via treaty between the United States of America and the applicable foreign jurisdiction, or where no treaty exists at the prevailing rate established by the foreign country. Foreign tax withholdings are reflected as a reduction of dividend income in the statement of changes in fiduciary net position. Where treaties allow for a reclaim of taxes, the Plan will make a formal application for refund. Such reclaims are included as an addition to dividend income.

Rate of Return:

The annual money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the years ended September 30, 2024 and 2023, the annual money-weighted rate of return was 22.98% and 10.92%, respectively.

NOTE 6 - INVESTMENTS

Investments at both fair value and cost or adjusted cost as of September 30, 2024 and 2023 are summarized as follows:

Investment Type	2024		2023	
	Cost	Fair Value	Cost	Fair Value
U.S. Government obligations	\$ 2,168,300	\$ 2,157,235	\$ 1,500,603	\$ 1,369,444
U.S. Government agency obligations	4,611,427	4,454,035	4,665,652	4,205,978
Corporate bonds	2,374,153	2,173,327	2,724,438	2,311,091
Municipal obligations	318,613	264,271	439,382	353,805
Domestic stocks	5,202,514	8,835,806	6,169,287	8,141,982
International stocks	1,785,968	2,213,874	1,715,711	1,829,847
Domestic equity investment funds	9,531,677	15,425,351	9,248,984	11,557,990
Real estate investment fund	2,435,921	2,988,698	2,345,604	3,285,078
Temporary investment funds	678,710	678,710	372,403	372,403
Total investments	<u>\$ 29,107,283</u>	<u>\$ 39,191,307</u>	<u>\$ 29,182,064</u>	<u>\$ 33,427,618</u>

VILLAGE OF NORTH PALM BEACH FIRE AND POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 6 - INVESTMENTS (Continued)

The Plan held the following fixed income investments as of September 30, 2024 and 2023:

Investment Type	2024 Fair Value	2023 Fair Value	Rating Standard & Poor's	Effective Duration (Years)
U.S. Government obligations	\$ 2,157,235	\$ 1,369,444	Aaa	6.7
U.S. Government agency obligations	4,454,035	4,205,978	Aaa	14.8
Corporate bonds	2,173,327	2,311,091	BBB-AA+	7.8
Municipal obligations	264,271	353,805	A-AAA	13.4
Temporary investment funds	678,710	372,403	N/A	Daily
Total	<u>\$ 9,727,578</u>	<u>\$ 8,612,721</u>		

NOTE 7 - RESTRICTIONS

A portion of the Plan's net position restricted for pensions is designated for benefits that accrue in relation to the DROP accounts. Allocations to the DROP accounts as of September 30, 2024 and 2023 are as follows:

	2024	2023
Restricted for DROP accounts (fully funded)	\$ 1,455,588	\$ 1,000,228
Restricted for defined benefits	<u>41,387,432</u>	<u>32,992,572</u>
Total net position restricted for pensions	<u>\$ 42,843,020</u>	<u>\$ 33,992,800</u>

VILLAGE OF NORTH PALM BEACH FIRE AND POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 8 - PLAN AMENDMENTS

There were no amendments during the fiscal year ended September 30, 2024.

The Plan was amended by Ordinance 2023-01 during the fiscal year ended September 30, 2023, as follows:

Sec. 2-159 - Reference to applicable Treasury Regulations added. Additionally adopting an administrative policy for maintaining compliance with the Internal Revenue Code.

Sec. 2-161 and 2-170.1 - An increase in the age for required minimum distribution of benefits from 70 ½ to 72.

The above changes had no actuarial impact on the Village's funding requirements.

NOTE 9 - ACTUARIAL ASSUMPTIONS CHANGES

For the September 30, 2024 measurement date, the discount rate was updated from 7.45% to 7.35%.

There were no changes in the actuarial assumptions for the fiscal year ended September 30, 2023.

NOTE 10 - ACTUARIAL METHOD CHANGES

There were no changes in the actuarial methods for the fiscal years ended September 30, 2024 and 2023.

NOTE 11 - RISK AND UNCERTAINTIES

The Plan invests in a variety of investment funds. Investments in general are exposed to various risks, such as interest rate, credit, and overall volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of fiduciary net position.

Plan contributions are made and the actuarial present value of the net pension liability is 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.

VILLAGE OF NORTH PALM BEACH FIRE AND POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 12 - INVESTMENT MEASUREMENT AT FAIR VALUE

Fair Value Hierarchy:

GASB Statement 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The three levels of inputs used to measure fair value are as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities in active markets, quoted prices in inactive markets, and other inputs that are observable or corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a plan's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The Plan has the following recurring fair value measurements as of September 30, 2024 and 2023:

- *U.S. Government obligations, domestic stocks, international stocks, domestic equity investment funds, temporary investment funds* - Valued at the quoted net asset value ("NAV") of shares held by the Plan at year end.
- *U.S. Government obligations, U.S. Government agency obligations, corporate bonds, municipal obligations, international stocks* - Valued with Matrix pricing used by International Data Pricing and Reference Data, LLC.
- *Real estate investment fund* - Valued at the NAV per unit of the Plan's ownership interest in partners' capital. The NAV is used as a practical expedient to estimate fair value. The real estate investment fund is excluded from the fair value hierarchy.

VILLAGE OF NORTH PALM BEACH FIRE AND POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 12 - INVESTMENT MEASUREMENT AT FAIR VALUE (Continued)

Fair Value Hierarchy (Continued):

Investment Type	Level 1	Level 2	Level 3	2024
U.S. Government obligations	\$ 23,354	\$ 2,133,881	\$ -	\$ 2,157,235
U.S. Government agency obligations	-	4,454,035	-	4,454,035
Corporate bonds	-	2,173,327	-	2,173,327
Municipal obligations	-	264,271	-	264,271
Domestic stocks	8,835,806	-	-	8,835,806
International stocks	1,069,952	1,143,922	-	2,213,874
Domestic equity investment funds	15,425,351	-	-	15,425,351
Temporary investment funds	678,710	-	-	678,710
Total investments by fair value level	<u>\$ 26,033,173</u>	<u>\$ 10,169,436</u>	<u>\$ -</u>	<u>36,202,609</u>

Investment Measured at NAV:

Real estate investment fund	<u>2,988,698</u>
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Total, September 30, 2024	<u>\$ 39,191,307</u>
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Investment Measured at NAV	2024 Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Real estate investment fund:				
American Corp Realty Fund, LLC	<u>\$ 2,988,698</u>	<u>\$ -</u>	Quarterly	60 days

VILLAGE OF NORTH PALM BEACH FIRE AND POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 12 - INVESTMENT MEASUREMENT AT FAIR VALUE (Continued)

Fair Value Hierarchy (Continued):

Investment Type	Level 1	Level 2	Level 3	2023
U.S. Government obligations	\$ 41,332	\$ 1,328,112	\$ -	\$ 1,369,444
U.S. Government agency obligations	-	4,205,978	-	4,205,978
Corporate bonds	-	2,311,091	-	2,311,091
Municipal obligations	-	353,805	-	353,805
Domestic stocks	8,141,982	-	-	8,141,982
International stocks	825,850	1,003,997	-	1,829,847
Domestic equity investment funds	11,557,990	-	-	11,557,990
Temporary investment funds	372,403	-	-	372,403
Total investments by fair value level	<u>\$ 20,939,557</u>	<u>\$ 9,202,983</u>	<u>\$ -</u>	<u>30,142,540</u>

Investment Measured at NAV:

Real estate investment fund	<u>3,285,078</u>
Total, September 30, 2023	<u>\$ 33,427,618</u>

Investment Measured at NAV	2023 Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Real estate investment fund:				
American Corp Realty Fund, LLC	<u>\$ 3,285,078</u>	<u>\$ -</u>	Quarterly	60 days

VILLAGE OF NORTH PALM BEACH FIRE AND POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 13 - NET PENSION LIABILITY OF THE VILLAGE

The components of net pension liability of the Village on September 30, 2024 were as follows:

Total Pension Liability	\$ 47,389,350
Plan Fiduciary Net Position	<u>(42,843,020)</u>
Village's Net Pension Liability	<u><u>\$ 4,546,330</u></u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	<u><u>90.41%</u></u>

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2023 updated to September 30, 2024 using the following actuarial assumptions applied to all measurement periods.

Inflation	2.5%
Salary increases	Service based
Investment rate of return	7.45%
Discount rate	7.35%

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 (Below Median) for Healthy Retirees, set forward one year

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

Mortality Rate Beneficiary Lives:

Female: PubG.H-2010 (Below Median) for Healthy Retirees

Male: PubG.H-2010 (Below 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

All rates for healthy lives are projected generationally with Mortality Improvement Scale MP-2018.

The above assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System ("FRS"). The above rates are those outlined in Milliman's July 1, 2021, FRS valuation report for special risk employees. The actuary believes this assumption sufficiently accommodates future mortality improvements.

VILLAGE OF NORTH PALM BEACH FIRE AND POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 13 - NET PENSION LIABILITY OF THE VILLAGE (Continued)

Actuarial Assumptions (Continued):

The most recent actuarial experience study used to review the other significant assumptions was dated August 6, 2021.

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included the Plan's target asset allocation as of September 30, 2024 are as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	55%	7.5%
International equity	10%	8.5%
Broad market fixed incon	25%	2.5%
Real estate	10%	4.5%

Discount Rate:

The discount rate used to measure the total pension liability was 7.35%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

VILLAGE OF NORTH PALM BEACH FIRE AND POLICE PENSION FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 13 - NET PENSION LIABILITY OF THE VILLAGE (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate:

The following presents the net pension liability of the Village, calculated using the discount rate of 7.35%, as well as what the Village's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.35%) or 1-percentage-point higher (8.35%) than the current rate.

	1% Decrease 6.35%	Current Single Discount Rate 7.35%	1% Increase 8.35%
Village's net pension liability (asset)	\$ 11,173,603	\$ 4,546,330	\$ (912,348)

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Certain members of the Plan are entitled to refunds of their accumulated contributions, without interest, upon termination of employment with the Village prior to being eligible for pension benefits. The portion of these contributions which are refundable to participants who may terminate with less than 10 years of service has not been determined.

REQUIRED SUPPLEMENTAL SCHEDULES

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VILLAGE OF NORTH PALM BEACH FIRE AND POLICE PENSION FUND
SCHEDULE OF CHANGES IN THE VILLAGE'S NET PENSION LIABILITY
LAST TEN FISCAL YEARS

	2024	2023	2022	2021
Total pension liability				
Service cost	\$ 1,420,700	\$ 1,329,402	\$ 1,186,982	\$ 1,026,423
Interest	3,176,977	2,887,760	-	2,583,261
Change in excess state money	-	-	2,637,773	-
Change of benefit terms	-	-	617,530	-
Difference between expected and actual experience	1,475,388	701,705	419,712	(1,956,361)
Changes of assumptions	593,871	-	-	464,035
Contributions-buy-back	-	2,422	3,498	3,498
Benefit payments, including refunds of employee contributions	(1,037,574)	(1,187,659)	(946,116)	(841,165)
Net change in total pension liability	5,629,362	3,733,630	3,919,379	1,279,691
Total pension liability, beginning	41,759,988	38,026,358	34,106,979	32,827,288
Total pension liability, ending (a)	<u>\$ 47,389,350</u>	<u>\$ 41,759,988</u>	<u>\$ 38,026,358</u>	<u>\$ 34,106,979</u>
Plan fiduciary net position				
Contributions - employer	\$ 952,930	\$ 910,146	\$ 662,686	\$ 754,690
Contributions - state	551,246	472,893	414,512	350,749
Contributions - employees	619,244	533,218	416,272	383,069
Contributions - buy-back	-	2,422	3,498	3,498
Net investment income (loss)	7,868,825	3,290,311	(4,872,859)	5,603,745
Benefit payments including refunds of employee contributions	(1,037,574)	(1,187,659)	(946,116)	(841,165)
Administrative expense	(104,451)	(104,262)	(83,842)	(81,309)
Net change in plan fiduciary net position	8,850,220	3,917,069	(4,405,849)	6,173,277
Plan fiduciary net position - beginning	33,992,800	30,075,731	34,481,580	28,308,303
Plan fiduciary net position - ending (b)	<u>\$ 42,843,020</u>	<u>\$ 33,992,800</u>	<u>\$ 30,075,731</u>	<u>\$ 34,481,580</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ 4,546,330</u>	<u>\$ 7,767,188</u>	<u>\$ 7,950,627</u>	<u>\$ (374,601)</u>

2020	2019	2018	2017	2016	2015
\$ 1,102,333	\$ 1,031,048	\$ 897,280	\$ 851,932	\$ 833,909	\$ 810,654
2,413,408	2,244,368	1,920,382	1,780,964	1,758,579	1,535,009
-	(600,965)	77,905	83,231	79,505	67,645
-	1,660,762	-	-	-	1,682
319,250	(138,741)	187,041	(197,249)	(31,422)	483,189
(981,457)	205,896	174,565	198,680	(1,223,780)	-
3,498	3,633	4,746	7,902	7,609	65,446
(799,808)	(793,277)	(751,749)	(681,003)	(664,398)	(601,276)
2,057,224	3,612,724	2,510,170	2,044,457	760,002	2,362,349
30,770,064	27,157,340	24,647,170	22,602,713	21,842,711	19,480,362
<u>\$ 32,827,288</u>	<u>\$ 30,770,064</u>	<u>\$ 27,157,340</u>	<u>\$ 24,647,170</u>	<u>\$ 22,602,713</u>	<u>\$ 21,842,711</u>
\$ 863,762	\$ 918,111	\$ 822,951	\$ 945,880	\$ 969,836	\$ 975,733
339,482	328,826	308,599	309,138	310,200	298,340
329,454	239,423	224,469	211,474	190,989	151,860
3,498	3,633	4,746	7,902	7,609	65,446
1,230,949	791,263	1,637,891	2,199,282	1,506,847	91,789
(799,808)	(793,277)	(751,749)	(681,003)	(664,398)	(601,276)
(90,686)	(79,388)	(80,330)	(76,260)	(87,569)	(77,281)
1,876,651	1,408,591	2,166,577	2,916,413	2,233,514	904,611
26,431,652	25,023,061	22,856,484	19,940,071	17,706,557	16,801,946
<u>\$ 28,308,303</u>	<u>\$ 26,431,652</u>	<u>\$ 25,023,061</u>	<u>\$ 22,856,484</u>	<u>\$ 19,940,071</u>	<u>\$ 17,706,557</u>
<u>\$ 4,518,985</u>	<u>\$ 4,338,412</u>	<u>\$ 2,134,279</u>	<u>\$ 1,790,686</u>	<u>\$ 2,662,642</u>	<u>\$ 4,136,154</u>

VILLAGE OF NORTH PALM BEACH FIRE AND POLICE PENSION FUND
SCHEDULE OF RATIOS
LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	Covered Payroll *	Net Pension Liability as a Percentage of Covered Payroll
2015	81.07%	\$ 4,518,020	91.55%
2016	88.22%	4,601,075	57.87%
2017	92.73%	4,772,092	37.52%
2018	92.14%	5,088,564	41.94%
2019	85.90%	5,451,987	79.57%
2020	86.24%	5,134,942	88.00%
2021	101.10%	5,169,073	-7.25%
2022	79.09%	5,627,173	141.29%
2023	81.40%	6,334,818	122.61%
2024	90.41%	6,465,485	70.32%

* The covered employee payroll numbers shown are in compliance with GASB 82, except for the September 30, 2015 measurement period which includes DROP payroll.

VILLAGE OF NORTH PALM BEACH FIRE AND POLICE PENSION FUND
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS

<u>Fiscal Year Ended September 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution*</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll**</u>	<u>Actual Contribution as a Percentage of Covered Payroll</u>
2015	\$ 1,205,408	\$ 1,274,073	\$ (68,665)	\$ 4,518,020	28.20%
2016	1,193,059	1,280,036	(86,977)	4,601,075	27.82%
2017	1,175,844	1,255,018	(79,174)	4,772,092	26.30%
2018	1,038,576	1,131,550	(92,974)	5,088,564	22.24%
2019	1,135,649	1,246,937	(111,288)	5,451,987	22.87%
2020	1,190,793	1,203,244	(12,451)	5,134,942	23.43%
2021	1,233,858	1,105,439	128,419	5,169,073	21.39%
2022	1,074,227	1,077,197	(2,970)	5,627,173	19.14%
2023	1,317,009	1,383,039	(66,030)	6,334,818	21.83%
2024	1,460,553	1,504,176	(43,623)	6,465,485	23.26%

* Actual contribution as shown in the actuarial report

** The covered employee payroll numbers shown are in compliance with GASB 82, except for the September 30, 2015 measurement period which includes DROP payroll.

**VILLAGE OF NORTH PALM BEACH FIRE AND POLICE PENSION FUND
NOTES TO SCHEDULE OF CONTRIBUTIONS
SEPTEMBER 30, 2024**

Valuation Date: October 1, 2022

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 can be found in the October 1, 2022 actuarial valuation for the Village of North Palm Beach Fire and Police Pension Fund prepared by Foster & Foster Actuaries and Consultants.

VILLAGE OF NORTH PALM BEACH FIRE AND POLICE PENSION FUND
SCHEDULE OF INVESTMENT RETURNS
LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Annual Money-Weighted Rate of Return Net of Investment Expense
2015	0.66%
2016	8.25%
2017	10.92%
2018	7.14%
2019	3.13%
2020	4.62%
2021	19.69%
2022	-14.09%
2023	10.92%
2024	22.98%

ADDITIONAL INFORMATION

VILLAGE OF NORTH PALM BEACH FIRE AND POLICE PENSION FUND
SCHEDULES OF INVESTMENT AND ADMINISTRATIVE EXPENSES
YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	2024		2023	
	Investment*	Administrative	Investment*	Administrative
Actuary fees	\$ -	\$ 23,789	\$ -	\$ 23,906
Administrative expense	-	545	-	482
Administrator's fees	-	39,443	-	45,780
Audit fees	-	18,500	-	17,500
Custodial fees	21,354	-	20,562	-
Directors' liability insurance	-	3,950	-	3,906
Education and dues	-	8,108	-	5,656
Investment management fees	119,227	-	98,304	-
Legal fees	-	9,810	-	6,760
Office expense	-	306	-	272
Performance monitor	26,619	-	25,351	-
Total investment and administrative expenses	<u>\$ 167,200</u>	<u>\$ 104,451</u>	<u>\$ 144,217</u>	<u>\$ 104,262</u>
Percentage of Plan net position	<u>0.39%</u>	<u>0.24%</u>	<u>0.42%</u>	<u>0.31%</u>

* Investment expenses do not include management fees withheld from investment fund revenues.