Saltmarsh
Saltmarsh, Cleaveland & Gund
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

WEST PALM BEACH
FIREFIGHTERS' PENSION FUND

FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

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CONTENTS

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
West Palm Beach Firefighters' Pension Fund
West Palm Beach, Florida

Report on Financial Statements

We have audited the accompanying financial statements of West Palm Beach Firefighters' Pension Fund (Plan), which comprise the statements of fiduciary net position as of September 30, 2021 and 2020, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

The Plan's Board of Trustees is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error, in making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

The Board of Trustees
West Palm Beach Firefighters' Pension Fund
West Palm Beach, Florida

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the West Palm Beach Firefighters' Pension Fund as of September 30, 2021 and 2020, 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.

Emphasis of Matter

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information on pages 32 through 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The West Palm Beach Firefighters' Pension Fund 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.

The Board of Trustees
West Palm Beach Firefighters' Pension Fund
West Palm Beach, Florida

Other Information

The additional information on page 38 is presented for purposes of additional analysis and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the above information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Saltmarsh Cleaveland & Gund

Tampa, Florida
March 3, 2022

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
STATEMENTS OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2021 AND 2020

	2021	2020
Assets:		
Cash	$ 2,413,423	$ 2,013,690
Receivables:		
BackDROP loans	253,970	343,402
Interest and dividends	165,813	173,086
Broker-dealers	966,646	61,061
Florida State Excise Tax Rebate	-	1,357,926
Total receivables	1,386,429	1,935,475
Investments, at fair value:		
Equity securities	184,791,263	151,895,057
Fixed income	83,539,348	66,342,768
Real estate investment funds	29,825,761	26,183,972
Alternative investment funds	1,919,948	1,057,596
Temporary investment funds	7,106,386	4,036,093
Total investments	307,182,706	249,515,486
Prepaid expenses	7,903	3,211
Total Assets	310,990,461	253,467,862
Liabilities		
Accounts payable	444,622	381,955
Accounts payable, broker-dealers	2,392,850	855,224
Total Liabilities	2,837,472	1,237,179
Net Position Restricted for Pensions	$ 308,152,989	$ 252,230,683

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

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021	2020
Additions to Net Position Attributed to:		
Contributions:		
Employer	$ 9,405,758	$ 9,737,863
Plan members	2,870,463	2,751,765
Plan member rollovers	857,435	1,392,589
Total contributions	13,133,656	13,882,217
Intergovernmental revenue:		
Florida state excise tax rebate	1,487,932	1,357,926
Total intergovernmental revenue	1,487,932	1,357,926
Investment income:		
Net appreciation in fair value of investments	53,240,223	15,394,187
Interest and dividends	7,136,673	5,991,583
Other	9,267	14,987
Total investment income	60,386,163	21,400,757
Less investment expenses	1,205,945	996,469
Net investment income	59,180,218	20,404,288
Total additions	73,801,806	35,644,431
Deductions from Net Position Attributed to:		
Benefits:		
Age and service	9,944,364	9,815,140
Disability	689,034	689,625
Beneficiaries	779,505	777,121
Share accounts	2,389,502	1,533,279
BackDROP accounts	3,710,217	4,216,961
Total benefits	17,512,622	17,032,126
Refunds of contributions	165,829	59,635
Administrative expenses	201,049	196,920
Total deductions	17,879,500	17,288,681
Net Increase in Net Position	55,922,306	18,355,750
Net Position Available for Benefits:		
Beginning of year	252,230,683	233,874,933
End of year	$ 308,152,989	$ 252,230,683

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

NOTE 1 - DESCRIPTION OF PLAN

The following brief description of the West Palm Beach Firefighters' Pension Fund (Plan) is provided for general information purposes only. Participants should refer to the Plan Ordinance for more complete information.

The Plan was created in 1947 by a Special Act of the Florida legislature, Chapter 24981, Section 17, Laws of Florida, as amended. The Special Act was substantively amended in 2002, 2005, 2012 and 2015.

The Plan is a defined benefit pension plan covering all full-time firefighters of the City of West Palm Beach, Florida (City). Participation in the Plan is required as a condition of employment. The Plan provides for pension, death and disability benefits. In addition, the Plan is a local law plan subject to provisions of Chapter 175 of the State of Florida Statutes.

The Plan, in accordance with the above statutes, is governed by a five-member pension board. Two firefighters, two City residents and a fifth member elected by the other four members constitute the pension board. The City and the Plan participants are obligated to fund all Plan costs based upon actuarial valuations. The City and the West Palm Beach Firefighters' Union Local No. 727 negotiate to establish benefit levels.

Membership:	
Retirees and beneficiaries	207
Inactive, nonretired members	1
Active members	230
Total	438
Current employees:	
Vested	118
Nonvested	112
Total	230

At September 30, 2020, the date of the most recent Plan actuarial valuation, there were 207 retirees and beneficiaries receiving benefits.

NOTE 1 - DESCRIPTION OF PLAN (Continued)

Pension Benefits - The pension plan provides retirement, death and disability benefits for its participants. A participant may retire with normal benefits after reaching age 50 and accumulating 15 or more years of credited service; reaching age 55 and accumulating 10 or more years of credited service; or at 26 years of service without regard to age effective October 1, 2003. Normal retirement benefits are 3.0% of the participant's final average salary times the number of his or her credited service years, subject to a maximum of 92% of final average salary (FAS).

The 2012 amendment to the Special Act provides as follows:

A. Eliminates any disincentive or detriment suffered by a participant who continues to work for the City beyond his or her twenty eighth year of employment and

B. The final average salary shall be the average of the monthly salary paid to a participant during the three (3) best years of employment preceding retirement for all participants who have not qualified for normal retirement as of the effective date. Any employee who has a calculated BackDROP date of October 1, 2011 or earlier will not be affected by this change.

In all cases a member shall be entitled to at least 2% per year of credited service or the sum of the following:

A. 2.5% of FAS multiplied by the number of years of service to a maximum of 26 years and 2.0% of FAS multiplied by the number of years of service in excess of 26 years for all years of service earned through September 30, 1988 and

B. 2.0% of FAS multiplied by the number of years earned on and after October1, 1988.

The final average salary for purposes of calculating benefits is the participant's average salary during the highest 2 years of a participant's employment and prior to the 23rd year of credited service. Salary excludes overtime and lump sum payments for accumulated leave.

A participant with 10 or more years of credited service is eligible for deferred retirement. These benefits begin upon application on or after reaching age 50 and are computed the same as normal retirement, based upon the participant's final average salary and credited service at the date of termination. Benefits are reduced 3% per year for each year by which the participant's age at retirement preceded the participant's normal retirement age.

NOTE 1 - DESCRIPTION OF PLAN (Continued)

Backwards Deferred Retirement Option Plan (BACKDROP) - Any Plan participant who has attained age 53 with 18 or more years of service, age 58 with 13 or more years of service or 26 years of service regardless of age may elect to participate in the BackDROP. Upon separation from service following eligibility for retirement, the participant becomes a retiree for all Plan purposes so that he or she ceases to accrue any further benefits under the pension plan, except that a BackDROP participant shall continue to receive shares of the Chapter 175 state excise tax rebate. Thus, the BackDROP account to be distributed to the participant is created upon his or her termination of employment.

Participants who have been in the BackDROP may borrow up to $50,000 from their account with repayment terms up to sixty months and rates equal to the lowest Prime Rate published by the Wall Street Journal on the last day of the calendar quarter preceding the date of the loan application.

BackDROP members electing to have their benefits recalculated under the BackDROP shall make pension contributions of 6.85% of earnings received during the BackDROP period.

The guaranteed rate of return on all future interest and/or investment income allocations for all participants who have not qualified for normal retirement as of the effective date (May 13, 2012) are as follows:

A. A variable rate between 0% and 8%, linked to plan performance, compounded at between 0% and 2% quarterly for all participants.

B. Same rate as earned or lost by the Plan as a whole.

Any employee who has a calculated BackDROP date of October 1, 2011 or earlier will not be affected by this change.

Cost-of-Living Adjustments - Post retirement cost of living adjustments are provided for pension recipients whose date of retirement is after January 1, 1951 but before June 1, 1965. Terms of the Plan do not otherwise provide for cost-of-living adjustments.

NOTE 1 - DESCRIPTION OF PLAN (Continued)

Supplemental Pension Distributions - The Board of Trustees may approve a supplemental distribution each April 1 from net accumulated investment and mortality experience from Pension recipients hired after April 30, 1959 (Plan B). The distribution shall be paid to the extent investment earnings exceed 7% (to a maximum 2% excess), plus one-half of investment earnings in excess of 9%, if any, applied to the actuarial present value of pensions being paid to Plan B participants and beneficiaries retired prior to October 1, 1998. For Plan B participants and beneficiaries of participants retired or part of the DROP plan after October 1, 1998, the distribution amount shall be paid to the extent that investment earnings exceed 8.25% (to a maximum 0.75% excess), plus one-half of investment earnings in excess of 9%, if any, applied to the actuarial present value of pensions being paid to those Plan B participants. Eligible persons are those who have been receiving a pension benefit for at least one year prior to the distribution date. The Board approved and paid a supplemental distribution for the fiscal year ended September 30, 2008 for $1,777,759. There were no supplemental distributions for the fiscal years ended September 30, 2021 and 2020.

Disability Benefits - Disability benefits for service-related disabilities are calculated at 65% of the participant’s salary at the time of retirement.

Disability benefits for non-service-related disabilities are calculated as the accrued normal retirement amount if the disability occurs after normal retirement eligibility. If the disability occurs before normal retirement eligibility and the participant has completed ten or more years of credited service, the disability benefit is computed as the normal retirement benefit with a minimum of 25% of the participant’s final average salary.

Death Benefits - Preretirement death benefits for service-related deaths are payable to the participant’s eligible widow for life. Benefits are calculated at 66.67% of the pension the firefighter would otherwise have been entitled to receive. If no eligible widow exists, unmarried children under the age of 18 receive equal shares of the widow’s benefit. If no eligible widow or children exist, dependent parents receive equal shares of the widow’s benefit.

Preretirement death benefits for nonservice related deaths are payable to the participant’s eligible widow for life. Benefits are calculated at 2/3 of the accrued normal retirement pension, provided the participant has five or more years of credited service. If no eligible widow exists, unmarried children under the age of 18 receive equal shares of the widow’s benefit. If no eligible widow or children exist, dependent parents receive equal shares of the widow’s benefits.

Post retirement death benefits are payable to the participant’s eligible widow. Benefits are calculated at 3/4 of the participant’s pension at the time of death and is payable until the widow’s death. If no eligible widow exists, unmarried children under the age of 18 receive equal shares of the widow’s benefit. If no eligible widow or children exist, the participant’s dependent parents receive equal shares of the widow’s benefit. If no eligible widow, children or dependent parents exist and the death occurs within ten years of retirement, a designated beneficiary receives benefits for the remainder of the ten-year period.

NOTE 1 - DESCRIPTION OF PLAN (Continued)

Share Accounts - Effective October 1, 1988, Share Accounts (defined contribution accounts) were established for each participant in the Plan. The accounts are funded by Chapter 175 state excise tax rebate payments. Chapter 175 receipts are allocated to the accounts every October 1 in proportion to each participant's number of pay periods during the preceding calendar year. On September 30 of each year, share accounts are credited with a pro rata share of excess pension plan investment savings and forfeited accounts. Eligible participants, meeting certain service criteria, whose employment is terminated, or an eligible beneficiary may receive payment of the share account on application to the Board of Trustees. Distributions may be in lump sum, or partial as permitted by Board policy.

For the Plan year October 1, 2003 through September 30, 2004 the State Excise Tax Rebate payment was not to be distributed to the share accounts of members covered by the Special Act Amendments passed in 2004. Existing accounts were maintained for each participant with an account as of September 30, 2003 and were credited with net investment earnings or guaranteed rate after deduction of expenses for the fiscal year ended September 30, 2004. Beginning October 1, 2004, the State Excise Tax Rebate payment was again used to fund the participants' share accounts.

All monies received pursuant to Chapter 175, Florida Statutes (Excise Tax Rebate), during calendar years 2013 and 2014 shall be used to reduce the cost of the defined benefit plan rather than allocated to the share plan.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting:

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation:

The accompanying financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) Statement 67, Financial Reporting for Defined Benefit Pension Plans and the Codification of Governmental Accounting and Financial Reporting Standards which covers the reporting requirements for defined benefit pensions established by a governmental employer. The accompanying financial statements include solely the accounts of the Plan which include all programs, activities and functions relating to the accumulation and investment of the assets and related income necessary to provide the service, disability and death benefits required under the terms of the Special Act and the amendments thereto.

Valuation of Investments:

Investments in common stock and bonds traded on a national securities exchange are valued at the last reported sales price on the last business day of the year; securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the mean between the past reported bid and asked prices; investments in securities not having an established market value are valued at fair value as determined by the Board of Trustees. The fair value of an investment is the amount that the Plan could reasonably expect to receive for it in a current sale between market participants, other than in a forced or liquidation sale. Purchases and sales of investments are recorded on a trade date basis.

Investment income is recognized on the accrual basis as earned. Unrealized appreciation in fair value of investments includes the difference between cost and fair value of investments held. The net realized and unrealized investment appreciation or depreciation for the year is reflected in the Statement 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 City of West Palm Beach, Florida.

Authorized Plan Investments:

The Board recognizes that the obligations of the Plan are long-term and that its investment policy should be made with a view toward performance and return over a number of years. The general investment objective is to obtain a reasonable total rate of return defined as interest and dividend income plus realized and unrealized capital gains or losses commensurate with the prudent investor rule and Chapter 175 of the Florida Statutes.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Authorized Plan Investments (Continued):

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

Actuarial Cost Method:

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

Reporting Entity:

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

The Plan is included in the City's Annual Comprehensive Financial Report (ACFR) for the years ended September 30, 2021 and 2020, which are separately issued documents. Anyone wishing further information about the City is referred to the City's CAFR.

The Plan is a pension trust fund (fiduciary fund type) of the City which accounts for the single employer defined benefit pension plan for all City Firefighters. The provisions of the Plan provide for retirement, disability, and survivor benefits.

Funding Policy:

As of September 30, 2004, Participants were required to contribute 9.85% of their annual earnings to the Plan. Participant contribution rates increase to 18.20% effective with the first full payroll period after October 1, 2004; effective with the first full payroll period after January 1, 2005 participants contributed 18.70% of their annual earnings and 19.20% of their annual earnings effective with the first full payroll period after January 1, 2006.

The Special Act modification during the fiscal year ended September 30, 2012 reduced member contributions from 19.20% to 13.10%.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prior to October 1, 1995, contributions to the System were made on an after-tax basis. Subsequent to this date, contributions are made on a pre-tax basis pursuant to an amendment to the Special Act. These contributions are designated as employee contributions under Section 414(h)(2) of the Internal Revenue Code. Contribution requirements of the Plan’s participants are established and may be amended by the City of West Palm Beach, Florida in conjunction with the West Palm Beach Firefighters’ Local Union Number 727.

A rehired member may buy back not more than 5 years of continuous past service by paying into the Plan the amount of contributions that the participant would otherwise have paid for such continuous past service, plus the interest that would have been earned had such funds been invested by the Plan during that time.

The City’s funding policy is to make actuarially computed contributions to the Plan in amounts, such that when combined with participants’ contributions and the State insurance excise tax rebate, all participants’ benefits will be fully provided for by the time that they retire.

The City’s actuarially determined contribution rate for the year ended September 30, 2021 measured as of 2020 was 51.41%. This rate consists of 21.56% of member salaries to pay normal costs plus 29.85% to amortize the unfunded actuarially accrued liability pursuant to the September 30, 2020 amended actuarial valuation.

Administrative Costs:

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

Cash:

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

Federal Income Taxes:

A favorable determination letter dated October 20, 1994 indicating that the Plan is qualified and exempt from Federal income taxes was issued by the Internal Revenue Service.

The Plan has submitted an application for a Plan Determination to the Internal Revenue Service for its restated Plan.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Federal Income Taxes (Continued):

Although a response from the Internal Revenue has not yet been received, the Board believes that the Plan is designed and continues to operate in compliance with the applicable requirements of the Internal Revenue Code.

Use of Estimates:

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

Subsequent Events:

Management has adopted the provisions set forth in GASB Statement No. 56 and FASB ASU No. 2010-09, Subsequent Events, and considered subsequent events through March 3, 2022, which is the date that the financial statements were available to be issued.

Reclassification:

Certain figures in the financial statements for the fiscal year ended September 30, 2020 have been reclassified to conform to the presentation used in the financial statements for the fiscal year ended September 30, 2021.

It is important to note that the disclosures related to GASB 67 are accounting measurements, not actuarial measurements of the funded status of the Plan and are not used to develop employer contribution rates.

GASB statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

Fair value is described as an exit price. Fair value measurements assume a transaction takes place in a government's principal market, or a government's most advantageous market in the absence of a principal market. The fair value also should be measured assuming that general market participants would act in their economic best interest. Fair value should not be adjusted for transaction costs.

NOTE 3 - DEPOSITS AND INVESTMENTS

Deposits:

At the year-ended September 30, 2021 and 2020 the carrying amount of the Plan's demand deposits was $2,315,692 and $1,955,397 and the bank balance was $2,350,161 and $1,955,397, respectively. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Security for Public Deposits Act. Provisions of the Act require that public deposits may only be held at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of the securities pledged by the defaulting depository, are assessed against the other qualified public depositories of the same type as the depository in default.

Salem Trust Company ("Salem"), and J.P. Morgan Investment Management periodically hold uninvested cash in their respective capacities as custodians for the Plan. These funds exist temporarily as cash in the process of collection from the sale of securities.

Investments:

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

The Plan's independently managed investments other than cash held by its administrative manager, are segregated into five separate accounts and managed under separate investment agreements with BNY Melon Asset Management, LLC, Garcia, Hamilton & Associates, Baron Capital Management, Inc., Polen Capital Management, LLC and Thompson, Siegel & Walmsley, Inc. Mutual funds held are American Euro Pacific (Euro Pacific), J. P. Morgan Income Builders Fund, Vanguard Total Stock Market Index Fund, Blackrock Multi Asset Income Fund, Dodge and Cox Income Fund, and Pimco Diversified Income Fund. These five accounts give Salem Trust Company (Salem) the custodianship, but give BYN Melon Asset Management, LLC, Baron Capital Management, Inc., Polen Capital Management, LLC, Garcia, Hamilton & Associates, and Thompson, and Siegel & Walmsley, Inc. the authority to manage the investments. The two real estate investment funds that are held by the Plan are JPMCB Strategic Property Fund (J.P. Morgan) and the J.P. Morgan Special Situation Property Fund. The alternative investment fund held by the Plan is the Pimco Disco On Shore Fund III, L.P. These assets are invested in accordance with the specific investment guidelines as set forth in Subsection (4)(b) of Section 17 of the Special Act entitled "Investment of Monies." Investment management fees are calculated quarterly as a percentage of the fair market value of the Fund's assets managed.

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued):

Except for the investments held by the J.P. Morgan Real Estate funds, and the Pimco Disco Alternative Fund, the Plan's investments are uninsured and unregistered and are held in the custodians' or the Bank's accounts in the Plan's name as described above.

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

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

The alternative investment funds expose the Plan to certain risks, including liquidity risks, counterparty risks, foreign political, economic, and governmental risks, and market risk. In addition, these investments may have initial lock-up periods, as well as restrictions for liquidating positions in these funds, that make the investment non-current and non-marketable.

The investment managers listed above are monitored by the Board of Trustees and an investment advisor.

Exchange traded funds held (commonly referred to as "ETF") are funds that trade like other publicly-traded securities and are designed to track an index. Similar to shares of an index mutual fund, each share of the Fund represents a partial ownership in an underlying portfolio of securities intended to track a market index. Unlike shares of a mutual fund, which can be bought and redeemed from the issuing fund by all shareholders at a price based on NAV, only authorized participants may purchase or redeem shares directly from the Fund at NAV. Also, unlike shares of a mutual fund, the shares of the Fund are listed on a national securities exchange and trade in the secondary market at market prices that change throughout the day.

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued):

The Fund invests in a particular segment of the securities market and seeks to track the performance of a securities index that generally is not representative of the market as a whole. The Fund is designed to be used as part of broader asset allocation strategies. Accordingly, an investment in such funds should not constitute a complete investment program.

The Plan held no stock or bond investments that individually represent 5% or more of the Plan's net assets available for benefits during the year ended September 30, 2021 and 2020, respectively.

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

The Plan held the following fixed investments as of September 30, 2021 and 2020:

Investment Type	Percent of Investments	Fair Value 9/30/2021	Fair Value 9/30/2020	Overall Credit Rating	Average Effective Duration (Years)
U.S. Government obligations	3.2%	$ 9,967,976	$ 9,865,005	A-AA	5.1
Mortgage backed securities	2.7%	8,196,722	852,625	A-AA	5.7
Corporate obligations	1.9%	5,721,995	13,620,245	A-AA	6.2
	7.8%	23,886,693	24,337,875		
Mutual funds:					
Dodge and Cox Income Fund	5.8%	17,991,203	11,943,037	N/A	N/A
Blackrock Multi-Asset Income Fund	4.4%	13,686,972	9,637,610	N/A	N/A
JPM Income Builders Fund	4.6%	14,068,350	9,650,542	N/A	N/A
Pimco Diversified Income Fund	4.5%	13,906,130	10,773,704	N/A	N/A
	19.4%	59,652,655	42,004,893		
Fixed Income		83,539,348	66,342,768		
Temporary Investment Fund	2.3%	7,106,386	4,036,093	N/A	N/A
Total	29.4%	$ 90,645,734	$ 70,378,861		

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Interest Rate Risk:

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

Credit Risk:

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

Custodial Credit Risk:

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

Foreign Markets Risk:

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

NOTE 3 - 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 Fund will make a formal application for refund. Such reclaims are included as an addition to dividend income.

Investing in Real Estate:

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

Investment Asset Allocation:

The Plan's adopted asset allocation policy as of September 30, 2021 is as follows:

Investment Asset Allocation:

Asset Class	Target	Range	Benchmark Index
Domestic Equity	49%	40% - 60%	Russell 3000
International Equity	10%	5% - 25%	MSCI-ACWI ex. U.S.
Other Equity	0%	0% - 10%	*Domestic Equity Benchmark*
Total Equity	59%	50%-70%	
Domestic Fixed Income	14%	10%-35%	Barclays Aggregate
Global Fixed Income	5%	0%-10%	Citigroup World Government
Other Fixed Income	0%	0%-201	*Domestic Fixed Income Benchmark*
Total Fixed Income	19%	15%-35%	
Real Estate*	12%	0%-15%	NCREIF ODCE Eq. Wt.
Alternative Investments*	10%	0%-10%	Strategy Index
Total Real Estate & Alternatives	22%	0%-25%	
Cash & Equivalents*	0%	0%-10%	90 Day U.S. T-Bill

*The "real estate" benchmark will default to "domestic fixed income" and the "alternative investments" benchmark will default to "domestic equity" with the corresponding +/-(5%) allowable range around the adjusted targets for both asset groups.

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Investment Asset Allocation (Continued):

The Board will monitor the aggregate asset allocation of the portfolio and will rebalance to the target asset allocation based on market conditions. If at the end of any calendar quarter, the allocation of an asset class falls outside of its allowable range, barring extenuating circumstances such as pending cash flows or allocation levels viewed as temporary, the asset allocation will be rebalanced into the allowable range. To the extent possible, contributions and withdrawals from the portfolio will be executed proportionally based on the most current market values available and with reasonable notice provided to the investment managers. The Board does not intend to exercise short- term changes to the target allocation.

Rate of Return - For the years ended September 30, 2021 and 2020 the annual money- weighted rate of return on pension plan investments, net of pension plan investment expense, was 20.21 percent and 8.84 percent, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

The Plan's investments appreciated (depreciated) in value during the years ended September 30, 2021 and 2020 as follows:

	2021	2020
Realized appreciation (depreciation)	$ 15,087,571	$ (1,085,615)
Unrealized appreciation (depreciation)	38,152,652	16,479,802
	$ 53,240,223	$ 15,394,187

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

Unrealized gains and losses on investments sold in 2021 that had been held for more than one year were included in net appreciation (depreciation) reported in the prior year.

NOTE 5 - INVESTMENTS

The Plan's investments at both carrying value and cost or adjusted cost as of September 30, 2021 and 2020 are summarized as follows:

	2021		2020	
Investments	Cost	Fair Value	Cost	Fair Value
Equity securities:				
Domestic equities	$ 68,464,517	$ 107,805,738	$ 61,510,376	$ 85,794,061
Foreign equities	6,011,547	8,309,556	6,282,020	7,253,106
Mutual funds	43,385,287	68,675,969	42,606,560	58,847,890
	117,861,351	184,791,263	110,398,956	151,895,057
Fixed income:				
U.S. Government obligations	10,290,070	9,967,976	9,875,091	9,865,005
Mortgage backed securities	8,212,260	8,196,722	836,533	852,625
Corporate bonds	5,575,253	5,721,995	12,946,496	13,620,245
Mutual funds	57,957,891	59,652,655	41,878,631	42,004,893
	82,035,474	83,539,348	65,536,751	66,342,768
Real estate investment funds	21,279,295	29,825,761	20,624,590	26,183,972
Alternative investment funds	2,000,000	1,919,948	1,000,000	1,057,596
Temporary investment funds	7,106,386	7,106,386	4,036,093	4,036,093
	$ 230,282,506	$ 307,182,706	$ 201,596,390	$ 249,515,486

NOTE 6 - DESIGNATIONS

A portion of the plan net assets are designated for benefits that accrue in relation to the Share accounts and BackDROP accounts as further described in Note 1. Allocations to the BackDROP and Share plan accounts for the year ended September 30, 2021 are presented below as determined in the most recent annual valuation available for the year ended September 30, 2020:

	2021	2020
Designated for Share accounts (fully funded)	$ 47,658,436	$ 41,797,522
Designated for the BackDROP accounts (fully funded)	72,926,331	69,624,241
Total designated net position	120,584,767	111,421,763
Undesignated net position	187,568,222	140,808,921
Total net position	$ 308,152,989	$ 252,230,684

NOTE 7 - BACKDROP LOANS

During the fiscal year ended September 30, 2021, certain BackDROP participants borrowed from their respective BackDROP accounts. These loans require repayment in sixty months at interest rates based on the lowest prime rate of interest listed in the Wall Street Journal at the time that the loan is issued.

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

	Balance 9/30/2020	Additions	Repayments	Balance 9/30/2021
BackDROP Loans Receivable	$ 343,402	$ 85,000	$ 174,432	$ 253,970

NOTE 7 - BACKDROP LOANS (Continued)

Future minimum annual principal payments on these loans are as follows:

September 30	
2022	$ 105,917
2023	91,988
2024	56,065
	$ 253,970

Loan interest income for the year ended September 30, 2021 and 2020 was $16,167 and $15,794, respectively.

NOTE 8 - PLAN AMENDMENTS

The Plan was not amended during the fiscal years ended September 30, 2021 and 2020.

NOTE 9 - MORTGAGE-BACKED SECURITIES

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

All of the Plan’s financial investments are carried at fair value on the Statements of Fiduciary Net Position included in investments. The gain or loss on financial instruments is recognized and recorded on the Statements of Changes in Fiduciary Net Position as part of investment income.

NOTE 10 - PLAN TERMINATION

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

NOTE 11 - COMMITMENTS AND CONTINGENCIES

As described in Note 1, certain members of the Plan are entitled to refunds of their accumulated contributions, without interest, upon termination of employment with the City prior to being eligible for pension benefits. At September 30, 2021 aggregate contributions from active members of the Plan were approximately $40,928,000. The portion of these contributions which are refundable to participants who may terminate with less than ten years of service has not been determined.

NOTE 12 - RISK AND UNCERTAINTIES

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

NOTE 13 - INVESTMENT MEASUREMENT AT FAIR VALUE

Fair Value Hierarchy

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

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

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

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

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

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

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

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

NOTE 13 - INVESTMENT MEASUREMENT AT FAIR VALUE (Continued)

Fair Value Hierarchy (Continued)

The Plan categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following total recurring fair value measurements as of September 30, 2021 and 2020:

- *Debt securities* - Debt securities classified in Level 1 or Level 2 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used by International Data Pricing and Reference Data, LLC and Bloomberg, LP to value securities based on the securities' relationship to benchmark quoted prices.

- *Mutual funds* - The rationale for inclusion in Level 1 or Level 2 points to the unobservable inputs involved in mutual fund pricing. Mutual funds do not trade using bid and ask, as with ETF's or common stock. Instead, the prices are determined by the net asset value of the underlying investments at the close of business for the next day's open. The underlying assets themselves may include a variety of Level 1 and Level 2 securities and some may be valued using matrix pricing which interpolates the price of a security based on the price of similar securities.

- *Fixed income funds* - Valued using pricing models maximizing the use of observable input for similar securities. This includes basing value on yield currently available on comparable securities of issues with similar credit ratings.

- *Equity funds* - Valued at market prices for similar assets in active markets.

- *Common stock* - Valued at quoted market prices for identical assets in active markets.

NOTE 13 - INVESTMENT MEASUREMENT AT FAIR VALUE (Continued)

Fair Value Hierarchy (Continued)

Investment type by fair value level	Level 1	Level 2	Level 3	Total
Equity securities	$ 184,791,263			$ 184,791,263
Fixed income	69,620,631	13,918,717		83,539,348
Temporary investments	7,106,386			7,106,386
Total investments by fair value level	$ 261,518,280	$ 13,918,717	$ -	275,436,997
Investments Measured at Net Asset Value (NAV)				
Real estate investment funds (A)				29,825,761
Alternative investment funds				1,919,948
Total investments measured at NAV				31,745,709
Total, September 30, 2021				$ 307,182,706

Investment type by fair value level	Level 1	Level 2	Level 3	Total
Equity securities	$ 151,895,057	$ -	$ -	$ 151,895,057
Fixed income	51,869,898	14,472,870	-	66,342,768
Temporary investments	4,036,093	-	-	4,036,093
Total investments by fair value level	$ 207,801,048	$ 14,472,870	$ -	222,273,918
Investments Measured at Net Asset Value (NAV)				
Real estate investment funds (A)				26,183,972
Alternative investment funds				1,057,596
Total investments measured at NAV				27,241,568
Total, September 30, 2020				$ 249,515,486

(A) Liquidity is quarterly and notice is 60 days.

NOTE 13 - INVESTMENT MEASUREMENT AT FAIR VALUE (Continued)

Fair Value Hierarchy (Continued)

Investment measured at NAV	2021 Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Real estate investment funds:				
J.P. Morgan Strategic Property Fund	$ 21,370,910	$	Quarterly	60 days
J.P. Morgan Special Situation Property Fund	8,454,851	-	Quarterly	60 days
Total real estate investment funds	$ 29,825,761	$ -		
Alternative investment fund:				
Pimco Disco On Shore Fund III, L.P.	1,919,948	3,000,000		
Total investments measured at NAV	$ 31,745,709	$ 3,000,000		

Investment measured at NAV	2020 Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Real estate investment funds:				
J.P. Morgan Strategic Property Fund	$ 18,922,890	$	Quarterly	60 days
J.P. Morgan Special Situation Property Fund	7,261,082	-	Quarterly	60 days
Total real estate investment funds	$ 26,183,972	$ -		
Alternative investment fund:				
Pimco Disco On Shore Fund III, L.P.	1,057,596	4,000,000		
Total investments measured at NAV	$ 27,241,568	$ 4,000,000		

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

Pimco Investments, LLC, a U.S. broker-dealer registered with the U.S. Securities and Exchange Commission, serves as the principal underwriter for the U.S. Registered Pimco Funds and Placement Agent for the Pimco-sponsored private funds.

NOTE 14 - NET PENSION LIABILITY OF THE CITY

The components of the net pension liability of the City of West Palm Beach (City) as of September 30, 2021 were as follow:

Actuarial valuation date		September 30, 2020
Pension plan fiscal year ended date (asset measurement date and reporting date)		September 30, 2021
Covered payroll #	$	22,372,369
Total Pension Liability @	$	340,483,038
Plan Fiduciary Net Position @		(308,152,989)
City's Net Pension Liability	$	32,330,049
Plan Fiduciary Net Position as a percentage of Total Pension Liability		90.50%
Net pension liability as a percentage of covered payroll		144.51%
Development of Single Discount Rate:		
Single discount rate		7.50%
Long-term expected rate of return		7.50%
Long-term municipal bond rate*		2.19%
Last year ending September 30 in the 2021 to 2020 projection period for which projected benefit payments are fully funded		2021

Based on the preliminary payroll figures from the corresponding valuation.
@ Includes DROP account balances of $72,926,331 and Share Account balances of $47,658,436.

**Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of September 30, 2021. In describing this index, Fidelity notes that the municipal curves are constructed using option adjusted analytics of a diverse population of over 10,000 tax-exempt securities.*

NOTE 14 - NET PENSION LIABILITY OF THE CITY (Continued)

Measurement of the Net Pension Liability:

Measurement of the Net Pension Liability - The net pension liability is measured as the total pension liability, less the amount of the pension plan's fiduciary net position. In actuarial terms, this will be the accrued liability less the market value of assets (not the smoothed actuarial value of assets that is often encountered in actuarial valuations performed to determine the employer's contribution requirement).

A single discount rate of 7.50% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.50%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the differences between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Below is a table providing the sensitivity of the net pension liability to changes in the discount rate. In particular, the table presents the plan's net pension liability, if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

	1% Decrease 6.50%	Current Single Discount Rate Assumption 7.50%	1% Increase 8.50%
City's net pension liability	$ 58,815,051	$ 32,330,049	$ 10,633,892

NOTE 14 - NET PENSION LIABILITY OF THE CITY (Continued)

Long-Term Expected Rate of Return:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asst allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2021 are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	49.0%	4.20%
International equity	10.0%	8.50%
Domestic bonds	14.0%	2.50%
International bonds	5.0%	3.50%
Real estate	12.0%	4.50%
Alternative assets	10.0%	6.20%
	100.0%	

NOTE 15 - IMPACT OF COVID -19

During the year ended September 30, 2020, Coronavirus Disease 2019 ("COVID-19") became a pandemic. The full impact of the COVID-19 outbreak continued to evolve during the final months of the 2021 fiscal year and into the 2022 fiscal year. As such, it is still uncertain as to the full impact of the pandemic; however, the Plan has seen no significant impacts to its operations. At this time, due to the evolution of the COVID-19 outbreak, the Plan is not able to estimate the effects in the long term.

REQUIRED SUPPLEMENTAL SCHEDULES

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WEST PALM BEACH FIREFIGHTERS' PENSION FUND
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY
LAST EIGHT FISCAL YEARS *

	2021	2020	2019
Total pension liability			
Service cost	$ 4,961,755	$ 4,748,948	$ 4,637,520
Interest on the total pension liability	15,560,023	15,356,555	14,635,101
Benefit changes		-	-
Additions to DROP and share accounts	15,262,723	12,174,555	8,721,401
Difference between expected and actual experience of the total pension liability	179,758	(1,290,643)	1,566,360
Assumption changes	-	(4,748,226)	-
Benefit payments	(17,512,622)	(17,032,126)	(15,940,655)
Refunds	(165,829)	(59,635)	(41,259)
Net change in total pension liability	18,285,808	9,149,428	13,578,468
Total pension liability, beginning	322,197,230	313,047,802	299,469,334
Total pension liability, ending	$ 340,483,038	$ 322,197,230	$ 313,047,802
Plan fiduciary net position			
Employer and state contributions	$ 10,893,690	$ 11,095,789	$ 10,373,258
Employee contributions	3,727,898	4,144,354	2,738,646
Pension plan net investment income	59,170,951	20,389,301	9,177,925
Benefit payments	(17,512,622)	(17,032,126)	(15,940,655)
Refunds	(165,829)	(59,635)	(41,259)
Pension plan administrative expense	(201,049)	(196,920)	(176,142)
Other	9,267	14,987	25,919
Net change in plan fiduciary net position	55,922,306	18,355,750	6,157,692
Plan fiduciary net position - beginning	252,230,683	233,874,933	227,717,241
Adjustment			
Plan fiduciary net position - ending	$ 308,152,989	$ 252,230,683	$ 233,874,933
Net pension liability (asset) - ending	$ 32,330,049	$ 69,966,547	$ 79,172,869

* Information prior to fiscal year 2014 was not readily available.

	2018	2017	2016	2015	2014
	$ 4,299,275	$ 3,997,127	$ 3,934,074	$ 3,764,066	$ 3,648,784
	14,539,716	13,694,740	13,153,854	12,846,010	12,333,802
	-	-	-	-	-
	10,283,962	11,407,181	13,603,677	7,613,395	14,700,037
	(748,224)	(944,506)	(75,341)	(2,709,527)	-
	6,304,411	5,482,333	-	-	-
	(16,056,923)	(17,938,667)	(14,902,198)	(14,063,173)	(15,745,307)
	(102,314)	(225,496)	(19,093)	(246,947)	(202,153)
	18,519,903	15,472,712	15,694,973	7,203,824	14,735,163
	280,949,431	265,476,719	249,781,746	242,577,922	227,842,759
	$ 299,469,334	$ 280,949,431	$ 265,476,719	$ 249,781,746	$ 242,577,922
	$ 9,398,714	$ 7,594,810	$ 7,665,074	$ 7,530,174	$ 7,623,161
	3,325,997	5,631,366	3,778,776	2,963,279	5,306,760
	24,051,595	23,631,825	16,158,856	3,085,047	15,642,035
	(16,056,923)	(17,938,667)	(14,902,198)	(14,063,173)	-
	(102,314)	(225,496)	(19,093)	(246,947)	(15,745,307)
	(199,057)	(183,315)	(164,821)	(204,066)	(202,153)
	25,833	19,789	56,439	58,204	(156,515)
	20,443,845	18,530,312	12,573,033	(877,482)	12,467,981
	207,273,396	188,743,084	176,170,051	177,047,533	164,579,552
	$ 227,717,241	$ 207,273,396	$ 188,743,084	$ 176,170,051	$ 177,047,533
	$ 71,752,093	$ 73,676,035	$ 76,733,635	$ 73,611,695	$ 65,530,389

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
SCHEDULE OF RATIOS
LAST EIGHT FISCAL YEARS **

Fiscal Year Ended September 30,	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	Covered Payroll #	Net Pension Liability as a Percentage of Covered Payroll
2014	72.99%	$ 15,363,247	426.54%
2015	70.55%	16,144,923	455.84%
2016	71.13%	16,634,526	460.72%
2017	73.78%	17,540,397	420.04%
2018	76.04%	19,303,606	371.70%
2019	74.62%	19,890,980	399.37%
2020	78.28%	21,020,508	322.85%
2021	90.50%	22,372,369	144.51%

Notes to Schedule:
 # Based on the preliminary payroll figures from the corresponding data for the September 30 valuation being performed as of the corresponding fiscal year end date.

DROP and Share Accounts are included in the Total Pension Liability and Plan Fiduciary Net Position.

** Information prior to fiscal year 2014 was not readily available.

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
SCHEDULE OF CONTRIBUTIONS
LAST EIGHT FISCAL YEARS **

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess) *	Covered Payroll #	Actual Contribution as a Percentage of Covered Payroll
2014	$ 7,341,139	$ 7,623,161	$ (282,022)	$ 15,363,247	49.62%
2015	7,194,839	7,530,174	(335,335)	16,144,923	46.64%
2016	7,130,564	7,665,074	(534,510)	16,634,526	46.08%
2017	7,277,740	7,594,810	(317,070)	17,540,397	43.30%
2018	8,526,593	9,398,714	(872,121)	19,303,606	48.69%
2019	9,065,383	10,373,258	(1,307,875)	19,890,980	52.15%
2020	9,737,863	11,095,789	(1,357,926)	21,020,508	52.79%
2021	9,405,758	10,893,690	(1,487,932)	22,372,369	48.69%

 # Based on the preliminary payroll figures from the corresponding data for the September 30 valuation being performed as of the corresponding fiscal year end date.

*All or a portion of these amounts could be reassigned to the Share accounts.

** Information prior to fiscal year 2014 was not readily available.

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
NOTES TO SCHEDULE OF CONTRIBUTIONS
SEPTEMBER 30, 2021

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry age normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	1-30 years
Asset Valuation Method	4-year smoothed market
Wage Inflation	4.10%
Salary Increase	4.10% to 4.60%, including inflation
Investment Rate of Return	7.50%
Retirement Age	Age and experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation.
Mortality	PUB-2010 Headcount Weighted Safety Employee/Retiree Female Mortality Table and Safety Below Median Employee/ Retiree Male Mortality, all set-forward 1 year, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018.

Other Information:

Cost-of-Living Adjustments:	Due to the unlikely event of the net amortized balance shown on page B-10 of the September 30, 2019 funding valuation being paid off during the applicable participants' lifetime, there is no implied COLA for prior Plan B pension recipients as of September 30, 2019 who were hired before April 1, 1987.

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
CALCULATION OF THE SINGLE DISCOUNT RATE
SEPTEMBER 30, 2021

GASB Statement No. 67 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to the obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a "risk-free" rate is required, as described in the following paragraph.

The *Single Discount Rate* (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which fiduciary net position projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on the Bond Buyer 20-Bond Index of general obligation bonds, which an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 2.19%; and the resulting single discount rate is 7.50%.

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
SCHEDULE INVESTMENT RETURNS
LAST EIGHT FISCAL YEARS *

Fiscal Year Ended September 30,	Annual Money-Weighted Rate of Return Net of Investment Expense
2014	10.17%
2015	2.07%
2016	9.40%
2017	12.64%
2018	11.67%
2019	3.98%
2020	8.84%
2021	20.21%

* Information for fiscal years prior to 2014 was not readily available.

ADDITIONAL INFORMATION

WEST PALM BEACH FIREFIGHTERS' PENSION FUND
FIREFIGHTERS' PENSION TRUST FUND
SCHEDULES OF ADMINISTRATIVE AND INVESTMENT EXPENSES
YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021	2020
(A)		
Investment Expenses:		
Custodial fee	$ 66,190	$ 55,608
Investment management fees	1,062,255	865,861
Performance monitor	77,500	75,000
Total Investment Expenses	$ 1,205,945	$ 996,469
Percentage of Plan Net Position	0.39%	0.40%
Administrative Expenses:		
Actuary	$ 20,677	$ 22,444
Administrator	74,045	73,183
Audit	24,250	22,000
Insurance	14,208	14,291
Legal	51,284	22,645
Seminars	421	20,060
Other	16,164	22,297
Total Administrative Expenses	$ 201,049	$ 196,920
Percentage of Plan Net Position	0.07%	0.08%

(A) These investment expenses do not include management fee charges withheld by the individual investment funds.