West Palm Beach Restated Employees Defined Benefit Retirement System

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

WEST PALM BEACH RESTATED EMPLOYEES DEFINED BENEFIT RETIREMENT SYSTEM

YEAR ENDED SEPTEMBER 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the
West Palm Beach Restated Employees Defined Benefit Retirement System

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the West Palm Beach Restated Employees Defined Benefit Retirement System, which comprise the statement of fiduciary net position as of September 30, 2023, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the West Palm Beach Restated Employees Defined Benefit Retirement System, as of September 30, 2023, and the changes in its fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 West Palm Beach Restated Employees Defined Benefit Retirement System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 West Palm Beach Restated Employees Defined Benefit Retirement System's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the West Palm Beach Restated Employees Defined Benefit Retirement System'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 West Palm Beach Restated Employees Defined Benefit Retirement System'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-7 and the schedules of contributions from employers and other contributors, schedule of investment returns and schedules of changes in the employer's net pension liability (asset) and related ratios on pages 23-26 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

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INDEPENDENT AUDITOR'S REPORT (Continued)

Required Supplementary Information (Continued)

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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the West Palm Beach Restated Employees Defined Benefit Retirement System's basic financial statements. The accompanying schedule of administrative expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Prior Year Comparative Information

We have previously audited the West Palm Beach Restated Employees Defined Benefit Retirement System's 2022 financial statements, and our report dated February 22, 2023, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2024, on our consideration of the West Palm Beach Restated Employees Defined Benefit Retirement System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the West Palm Beach Restated Employees Defined Benefit Retirement System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering West Palm Beach Restated Employees Defined Benefit Retirement System's internal control over financial reporting and compliance.

Kabat, Schertzer, De La Torre, Taraboulos & Co.

Weston, Florida
February 21, 2024

West Palm Beach Restated Employees Defined Benefit Retirement System

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report presents Management's Discussion and Analysis (MD&A) of the West Palm Beach Restated Employees Defined Benefit Retirement System's (the Plan) financial performance. This analysis provides an overview of the financial activities and funding conditions for the fiscal year ended September 30, 2022. Please read it in conjunction with the Plan's financial statements, which immediately follow.

Overview of the Financial Statements

The financial section of this annual report consists of five parts: MD&A, the basic financial statements, notes to the financial statements, supplementary information and required supplementary information.

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

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

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

Financial Highlights

The Plan's net results from operations for fiscal year 2023 reflected the following financial activities:

- Total net position restricted for pensions was $39,480,362, which was 2% higher than the 2022 net position, with the increase due primarily to favorable market conditions.

- Total contributions for the year were $41,795, which was 89% lower than the 2022 contributions, with the decrease due primarily to that no amount of contribution was required from the employer per the actuarial calculation. The amount of employer contributions varies from year to year and is actuarially determined. Participant contributions were 5.5% of their compensation.

- Interest and dividend income was $1,620,777, which was 16% higher than the 2022 income.

- Net investment income was $4,068,577, which was 160% higher than the 2022 loss, with the increase due primarily to favorable market conditions.

- Benefits paid were $3,298,020, which was 1% higher than the benefits paid during 2022, with the increase due primarily to the COLA adjustments.

Statement of Fiduciary Net Position

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

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

- Net position restricted for pensions at September 30, 2023 was $39,480,362, a 2% increase from net position restricted for pensions at September 30, 2022.

- Total investments at September 30, 2023 were $41,498,979, a 2% increase from the investments at September 30, 2022.

The table below presents condensed comparative statements of fiduciary net position as of September 30:

	2023	2022	% Change
Cash	$ 350,917	$ 288,330	22%
Receivables	93,115	815,154	(89%)
Prepaid expense	1,478	5,309	(72%)
Investments, at fair value	41,498,979	40,884,949	2%
Total assets	41,944,489	41,993,742	(0.1%)
Accounts payable	22,822	22,480	2%
Accounts payable - purchase of investments	-	748,658	(100%)
Total liabilities	22,822	771,138	(97%)
Advanced contributions from employer	2,441,305	2,441,305	0.0%
Net position restricted for pensions	$ 39,480,362	$ 38,781,299	2%

Statement of Changes in Fiduciary Net Position

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

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

- Revenues (additions to fiduciary net position) for the Plan were $4,110,857, which was comprised of total contributions of $41,795, plus net investment income of $4,068,577, plus other income of $485.

- Expenses (deductions from fiduciary net position) increased from $3,378,405 during 2022, to $3,411,794 in 2023.

Statement of Changes in Fiduciary Net Position (Continued)

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

	2023	2022	% Change
Total contributions	$ 41,795	$ 371,968	(89%)
Net investment income (loss)	4,068,577	(6,811,203)	160%
Other income	485	1,084	(55%)
Total additions	4,110,857	(6,438,151)	164%
Total deductions	3,411,794	3,378,405	1%
Net change in net position restricted for pensions	699,063	(9,816,556)	107%
Net position restricted for pensions - beginning	38,781,299	48,597,855	(20%)
Net investment income (loss)	$ 39,480,362	$ 38,781,299	2%

Asset Allocation

The table below indicates the Plan investment policy limitations and actual asset allocations as of September 30, 2023:

Type of Investment	Investment Policy	Actual Allocation
Domestic equity	30%-70%	49.1%
International equity	5%-25%	9.1%
Fixed income	25%-35%	29.0%
Real return	0%-10%	4.5%
Real estate	0%-10%	7.3%
Alternatives	0%-10%	0.0%
Cash and cash equivalents	0%-5%	1.0%

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

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

Investment Activities

Investment income is vital to the Plan for current and future financial stability. Therefore, the Board has a fiduciary responsibility to act prudently when making Plan investment decisions. To assist them in this area, the Board retains investment managers who supervise and direct the investment of the assets. The Board also retains an investment monitor to evaluate and report on a quarterly basis compliance by the investment managers with the investment policy of the Board and investment performance of the Plan. The investment policy statement was last amended on August 23, 2023.

Investment Activities (Continued)

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

Financial Analysis Summary

The investment activities for the fiscal year ended September 30, 2023, are a function of the underlying market, money managers' performance and the investment policy's asset allocation model. The Plan has consistently implemented a high quality, conservative approach.

Contacting the Plan's Financial Management

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

Resource Centers, LLC
c/o West Palm Beach Restated Employees Defined Benefit Retirement System
4360 Northlake Boulevard, Suite 206
Palm Beach Gardens, FL 33410

WEST PALM BEACH RESTATED EMPLOYEES DEFINED BENEFIT RETIREMENT SYSTEM

STATEMENT OF FIDUCIARY NET POSITION

SEPTEMBER 30, 2023
(WITH COMPARATIVE TOTALS AS OF SEPTEMBER 30, 2022)

	2023	2022
ASSETS		
CASH	$ 350,917	$ 288,330
RECEIVABLES:		
Accrued investment income	43,417	52,551
Other receivables	26,013	28,562
Accounts receivable - sale of investments	23,685	734,041
TOTAL RECEIVABLES	93,115	815,154
PREPAID EXPENSE	1,478	5,309
INVESTMENTS, AT FAIR VALUE:		
Money market funds	414,717	443,501
Equity securities	24,150,245	22,869,308
Government securities	6,903,535	6,140,813
Fixed income mutual funds	3,848,888	3,839,886
Real return fund	1,847,941	1,750,740
Corporate bonds	1,262,961	1,954,942
Real estate fund	3,070,692	3,885,759
TOTAL INVESTMENTS, AT FAIR VALUE	41,498,979	40,884,949
TOTAL ASSETS	41,944,489	41,993,742
LIABILITIES		
ACCOUNTS PAYABLE	22,822	22,480
ACCOUNTS PAYABLE - PURCHASE OF INVESTMENTS	-	748,658
TOTAL LIABILITIES	22,822	771,138
DEFERRED INFLOWS		
ADVANCED CONTRIBUTIONS FROM EMPLOYER	2,441,305	2,441,305
NET POSITION RESTRICTED FOR PENSIONS		
TOTAL NET POSITION RESTRICTED FOR PENSIONS	$ 39,480,362	$ 38,781,299

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

West Palm Beach Restated Employees Defined Benefit Retirement System

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED SEPTEMBER 30, 2023
(WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2022)

	2023	2022
ADDITIONS:		
Contributions:		
Employer	$ -	$ 327,082
Employee	41,795	44,886
Total contributions	41,795	371,968
Investment income (loss):		
Net appreciation (depreciation) in fair value of investments	2,600,539	(8,026,555)
Interest and dividend income	1,620,777	1,393,541
Total investment income (loss)	4,221,316	(6,633,014)
Less: investment expenses	152,739	178,189
Net investment income (loss)	4,068,577	(6,811,203)
Other income	485	1,084
TOTAL ADDITIONS	4,110,857	(6,438,151)
DEDUCTIONS:		
Benefit payments	3,298,020	3,280,574
Administrative expenses	113,774	97,831
TOTAL DEDUCTIONS	3,411,794	3,378,405
NET CHANGE IN NET POSITION RESTRICTED FOR PENSIONS	699,063	(9,816,556)
NET POSITION RESTRICTED FOR PENSIONS - BEGINNING	38,781,299	48,597,855
NET POSITION RESTRICTED FOR PENSIONS - ENDING	$ 39,480,362	$ 38,781,299

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investment Valuation and Income Recognition

Investments are reported at fair value (see Note 3). Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (see Note 4 for discussion of fair value measurements).

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

Basis of Accounting and Use of Estimates

The accompanying financial statements have been prepared using the accrual basis of accounting. The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, benefit obligations and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments which potentially expose the Plan to concentration of credit risk, as defined by GAAP, consist primarily of cash, receivables, and prepaid expenses. The Plan's investments consist of common stocks, government securities, corporate bonds, real estate fund, real return fund, mutual funds and money market funds which, inherent in their fair market value determination, include the risk factor of credit worthiness of each individual security.

The Plan maintains its cash deposits at a financial institution which, from time to time, may exceed federally insured limits. The exposure of the Plan from these transactions is solely dependent upon the daily account balance and the financial strength of the respective institution. The Plan manages this risk by maintaining its deposit accounts at a high-quality financial institution. As of September 30, 2023, the Plan had approximately $105,000 deposits in excess of federally insured limits.

Comparative Information

The financial statements include certain prior-year comparative information. Such summarized information does not include sufficient detail in the notes to financial statements to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Plan's financial statements for the year ended September 30, 2022, from which the information was derived.

NOTE 2. DESCRIPTION OF THE PLAN

The following description of the West Palm Beach Restated Employees Defined Benefit Retirement System (the Plan) provides only general information. Participants should refer to the City of West Palm Beach, Florida's (the City) ordinance for more detailed and comprehensive information.

The Plan began as a single-employer defined benefit pension plan known as the City of West Palm Beach Employees Retirement System. It covered all general employees and officers who did not elect to participate in the City's defined contribution retirement system. On September 10, 1997, the City terminated that plan and purchased annuities to fund all accrued liabilities for inactive vested and retired participants. Annuity contracts were also purchased to fund the accrued liabilities for the active participants remaining on September 10, 1997. The remaining assets of the Plan were reverted to the City and the Plan was closed to new participants. The West Palm Beach Restated Employees Defined Benefit Retirement System was then established to fund all expected Plan obligations accrued after September 10, 1997, that were not funded by annuity contracts. It is governed by ordinances passed by the City's Council. The City is the sponsor of the Plan.

The general administration and management of the Plan is vested in a Board which is comprised of seven members: the City mayor or designee, the City employee relations manager or designee, the City finance director or designee, a majority-appointed citizen who is not eligible to receive benefits from the system, two members of the retiree system elected by the members, and a retiree who retired on or after September 10, 1997 elected by the retirees.

Eligibility

The Plan was open to all general employees and officers who did not elect to participate in the City's defined contribution retirement system and were participants of the City of West Palm Beach Employees Retirement System on September 30, 1997. The Plan is closed to new participants.

As of September 30, 2023, the Plan membership consisted of the following:

Inactive Plan participants or beneficiaries currently receiving benefits	157
Active Plan participants	9
Inactive non-retired members	3
Total	169

Vesting

All participants of the Plan are at all times fully vested in and have a non-forfeitable right to their Plan benefits.

NOTE 2. DESCRIPTION OF THE PLAN (Continued)

Normal Retirement Benefits

Upon retirement, participants are eligible to receive an annual retirement benefit that is 2.2% of the average final compensation (AFC) for each year (and partial year) of contributing service plus 0.75% of AFC for each non-contributing year of service. The normal form of payment is a straight life retirement allowance for as long as the participant lives. Upon death, the surviving spouse will receive a benefit equal to 50% of the retirement allowance. Normal retirement age is either age 55 with 25 years of service, or any age at which 30 years of service is reached.

Disability Retirement Benefits

Participants are eligible for benefits for service incurred disabilities. The amount of benefit will be the accrued retirement benefit or 60% of the participant’s AFC at the time of disability, whichever is greater. This benefit will be paid until age 65, or for 60 months (if longer). After this period, the benefit amount will be recalculated to be the participant’s normal retirement benefit but with additional service credit for the disability period.

Participants are eligible to receive benefits for non-service incurred disabilities based on the credited service and final compensation at the time of disability. These benefits are paid for life.

Pre-Retirement Death Benefit

Death benefits are payable on behalf of participants who die during performance of their professional service with the City. A surviving beneficiary will receive a refund of accumulated contributions and a benefit equal to 1/3 of AFC. If any participant dies during active service from causes not attributable to active duty or service, a reduced actuarially determined death amount is used.

Cost of Living Adjustment

After being retired for a year, the benefit amount will be increased yearly on January 1st for cost-of-living adjustments (COLA). The increase will be 2% on an annual basis provided that the Consumer Price Index increased at least 2% in the preceding year. A cost-of-living adjustment of 2% was approved for 2023.

Funding

Participants contribute to the Plan 5.5% of their annual compensation received for City employment. City contributions are based upon actuarially determined amounts that, together with earnings and employee contributions, are sufficient to fund the benefits described above. During the year ended September 30, 2015, the City paid the balance in the unfunded accrued actuarial liability. This will be recognized as contributions each year based on the actuarially determined employer contribution amount. The remaining excess contributions are presented as advanced contributions from employer in the accompanying statements of fiduciary net position.

NOTE 2. DESCRIPTION OF THE PLAN (Continued)

Rate of Return

For the year ended September 30, 2023, the annual money-weighted rate of return on Plan investments, net of Plan investment expense, was 10.59%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 3. INVESTMENTS

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the Plan. The investment policy statement was last amended on August 23, 2023. The following was the Board's adopted asset allocation policy as of September 30, 2023:

Type of Investment	Target Allocation
Domestic equity	30%-70%
International equity	5%-25%
Fixed income	25%-35%
Real return	0%-10%
Real estate	0%-10%
Alternatives	0%-10%
Cash and cash equivalents	0%-5%

During the year ended September 30, 2023, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by $2,600,539 (reported as net appreciation in fair value of investments in the accompanying statement of changes in fiduciary net position) as follows:

Common stock	$	2,460,602
Government securities		(150,061)
Corporate bonds		48,451
Equity mutual funds		820,186
Fixed income mutual funds		(21,153)
Real estate fund		(597,694)
Real return fund		40,208
Total	$	2,600,539

The Board determines the Plan's investment policy. The policy has been designed by the Board to obtain a reasonable total rate of return. As a prudent investor, the Board has adopted a policy to diversify investment risk among several institutionally acceptable asset classes including bonds and other corporate obligations, and equity securities. The Board employs professional investment managers to invest the assets of the Plan within the parameters established in the investment policy.

NOTE 3. INVESTMENTS (Continued)

"Credit risk" is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The Plan limits its credit risk by restricting at least 85% of its investments in fixed income securities to U.S. government and agency securities, or corporate bonds which are rated BBB or higher by a major rating service.

Plan's investments in fixed income securities as of September 30, 2023 were as follows:

Investment type	% of Plan assets	Fair value	Overall credit rating	Average duration (Years)
Corporate bonds	3.0%	$ 1,262,961	A - BBB+	10.00
Fixed income mutual funds	9.2%	3,848,888	AAA - Unrated	12.50
U.S. agencies	8.6%	3,602,919	Unrated	15.00
U.S. Treasury notes	5.3%	2,228,940	Unrated	10.00
U.S. Treasury bonds	2.6%	1,071,676	AAA or Unrated	15.00
Totals	28.7%	$ 12,015,384		

The Plan's investments in fixed income securities had ratings as follows:

Rating	Fair value
AAA	$ 1,046,869
AA	398,360
A	351,019
A-	659,012
BBB+	603,949
BBB	973,384
BB	686,642
B	470,334
B-	160,884
Unrated	6,664,932
Total	$ 12,015,384

"Concentration of investment risk" is the risk of losses that may occur from having a large portion of the Plan's holding in a particular investment relative to the overall portfolio. GASB Statement 40 and GASB Statement 67, require disclosure of investments (other than those issued or guaranteed by the U.S. Government) in any one organization that represent 5% or more of total investments or fiduciary net position. At September 30, 2023, investment in the following mutual funds represented more than 5% of the Plan's total investments: Vanguard Russell 1000 Value Fund (14.4%), PIMCO Diversified Income Fund (9.7%), Clarkston Partners Fund (7.9%), and Pear Tree Polaris Foreign Value Fund (5.3%). At September 30, 2023, investment in the following real estate fund represented more than 5% of the Plan's total investments: ARA Core Property Fund (7.8%).

NOTE 3. INVESTMENTS (Continued)

"Foreign currency risk" is the risk that fluctuations in currency exchange rate may affect transactions conducted in currencies other than U.S. Dollars and the carrying value of foreign investments. The Plan's exposure to foreign currency risk derives mainly from its investments in international equity funds. The Plan owns participation in international equity funds as well as individual securities. The investment policy limits the foreign investments to no more than 25% of any manager's total Plan portfolio. As of year-end, the foreign investments were 9.1% of total investments.

NOTE 4. FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan categorizes its fair value measurements within the fair value hierarchy as established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market as follows:

Level 1- Inputs to the valuation methodology are based upon quoted prices for identical assets in active markets.

Level 2- Inputs to the valuation methodology are based upon observable inputs for the assets either directly or indirectly, other than those considered Level 1 inputs, which may include quoted prices for identical assets in markets that are not considered to be active, and quoted prices of similar assets in active or inactive markets.

Level 3- Inputs to the valuation methodology are based upon unobservable inputs.

The following is a description of the valuation methodologies used for asset measured at fair value.

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

Government securities: Valued using pricing models maximizing the use of observable inputs for similar securities.

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

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

NOTE 4. FAIR VALUE MEASUREMENTS (Continued)

Common stocks: Valued at the closing price reported on the New York Stock Exchange.

Money market funds: Valued at the floating net asset value of shares held by the Plan at year-end.

The following table presents the Plan's fair value hierarchy for investments at fair value as of September 30, 2023:

		Fair Value Measurements Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Equity securities:				
Common stocks	$10,261,654	$ 10,261,654	$ -	$ -
International equity	3,761,031	3,761,031	-	-
Equity mutual funds	10,127,560	10,127,560	-	-
Total equity securities	24,150,245	24,150,245	-	-
Debt securities:				
U.S. Treasury notes	2,228,940	2,228,940	-	-
U.S. Treasury bonds	1,071,676	-	1,071,676	-
U.S. agency securities	3,602,919	-	3,602,919	-
Corporate bonds	1,262,961	-	1,262,961	-
Fixed income mutual funds	3,848,888	3,848,888	-	-
Total debt securities	12,015,384	6,077,828	5,937,556	-
Real return fund	1,847,941	1,847,941	-	-
Total investments by fair value level	38,013,570	$ 32,076,014	$5,937,556	$ -
Investments measured at the net asset value (NAV) [(a)]				
Real estate fund	3,070,692			
Money market funds (exempt)	414,717			
Total investments	$41,498,979			

(a) As required by GAAP, certain investments that are measured at net asset value have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the total investment line item in the statement of fiduciary net position.

NOTE 4. FAIR VALUE MEASUREMENTS (Continued)

The following table summarizes investments for which fair value is measured using the net asset value per share practical expedient, including their related unfunded commitments and redemption restrictions:

Investments Measured at the NAV	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Real estate fund [1]	$3,070,692	$ -	Quarterly	10 Days

[1] Real estate fund: The fund is an open-end diversified core real estate commingled fund that invests primarily in core institutional office, retail, industrial, and multi-family properties located throughout the United States. The investment is valued at NAV and its redemptions must be received by the fund 10 days prior to quarter end.

NOTE 5. RISKS AND UNCERTAINTIES

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

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

NOTE 6. NET PENSION LIABILITY OF THE PLAN

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

Total pension liability*	$ 42,391,009
Plan fiduciary net position**	41,921,667
Net pension liability	$ 469,342
Plan fiduciary net position as a percentage of the total pension liability	98.89%

** Excludes liabilities funded by the annuity contracts purchased by the City.*

*** Actuarial valuation includes advanced contributions from employer.*

NOTE 6. NET PENSION LIABILITY OF THE PLAN (Continued)

The total pension liability was determined by an actuarial valuation as of September 30, 2022, and rolled forward to the Plan year-end date of September 30, 2023, using certain actuarial assumptions, the most significant of which were 7.25% for the investment rate of return, projected salary increases between 4.75% and 8.55%, and 4.75% for wage inflation. The mortality tables used to measure retired life mortality were the Florida Retirement System (FRS) Mortality Tables, which use variations of the fully generational Pub-2010 mortality tables with mortality improvement scape MP-2018.

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 expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of September 30, 2022 (see the discussion of the Plan's investment policy) are summarized in the following table:

Asset class	Long-term expected real rate of return	Target allocation	Long-term expected portfolio rate of return
Domestic equity	7.50%	50.00%	3.75%
International equity	8.50%	10.00%	0.85%
Domestic bonds	2.50%	20.00%	0.50%
International bonds	3.50%	10.00%	0.35%
Real estate	4.50%	5.00%	0.23%
Alternative assets	5.97%	5.00%	0.30%

The discount rate used to measure the total pension liability was 7.25%. This discount rate was based upon the expected rate of return on Plan investments. The projection of cash flows used to determine the discount rate assumed that Plan participant contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the participant 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 participants. 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.

The sensitivity of the net pension liability (asset) to changes in the discount rate was measured as follows. The net pension liability (asset) of the City was calculated using the discount rate of 7.25%. It was also calculated using a discount rate that was 1-percentage-point lower (6.25%) and 1-percentage-point higher (8.25%) and the different computations were compared.

	1% decrease (6.25%)	Current discount rate (7.25%)	1% increase (8.25%)
Net pension liability (asset)	$ 4,696,317	$ 469,342	$ (3,124,927)

NOTE 7. ADVANCED CONTRIBUTIONS FROM EMPLOYER

On September 30, 2013, for the principal purpose of saving future interest charges, the City made the decision to prepay the unfunded accrued actuarial liability as determined by the Plan's actuary at October 1, 2012. The City contributed $7,445,067 in addition to the annual required contribution for that fiscal year. During 2023, none of the advanced contributions from the employer was recognized as the City's annual required contribution based upon the actuary's valuation. The rest of the prepayment is presented as advanced contributions from employer on the statement of fiduciary net position. As of September 30, 2023, the balance of advanced contributions from employer was $2,441,305.

NOTE 8. INCOME TAXES

The Plan is exempt from federal income taxes under the Internal Revenue Code 401(a), and therefore, no provision for income taxes has been made.

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

NOTE 9. SUBSEQUENT EVENTS

Management has evaluated subsequent events for the Plan through February 21, 2024, the date the financial statements were available to be issued.

West Palm Beach Restated Employees Defined Benefit Retirement System

SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2023

WEST PALM BEACH RESTATED EMPLOYEES DEFINED BENEFIT RETIREMENT SYSTEM

SCHEDULE OF ADMINISTRATIVE EXPENSES

YEAR ENDED SEPTEMBER 30, 2023
(WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2022)

	2023	2022
ADMINISTRATIVE EXPENSES:		
Accounting	$ 10,357	$ 11,452
Actuarial	23,350	21,350
Administrative	43,894	43,986
Meetings and conventions	32,162	16,931
Miscellaneous	4,011	4,112
TOTAL ADMINISTRATIVE EXPENSES	$ 113,774	$ 97,831

The accompanying independent auditor's report should be read with this supplementary schedule.

West Palm Beach Restated Employees Defined Benefit Retirement System

REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2023

West Palm Beach Restated Employees Defined Benefit Retirement System

SCHEDULES OF CONTRIBUTIONS FROM EMPLOYER AND OTHER CONTRIBUTORS
(UNAUDITED)

	2023	2022	2021	2020	2019
Actuarially determined employer contribution	$ -	$ 327,082	$ 304,715	$ 128,278	$ 423,367
Actual employer contribution*	-	327,082	304,715	128,278	423,367
Annual contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 816,116	$ 778,218	$ 970,523	$ 1,021,817	$ 1,054,882
Actual contributions as a percentage of covered-employee payroll	0.00%	42.03%	31.40%	12.55%	40.13%

	2018	2017	2016	2015	2014
Actuarially determined employer contribution	$ 946,538	$ 795,214	$ -	$ 728,137	$ 1,350,431
Actual employer contribution*	946,538	795,214	-	728,137	1,350,431
Annual contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 1,407,812	$ 1,500,533	$ 1,672,545	$ 1,814,346	$ 2,019,761
Actual contributions as a percentage of covered-employee payroll	67.23%	53.00%	0.00%	40.13%	66.86%

**The actual contribution was released from the City's prepaid employer contribution reserve.*

Notes to Schedules of Contributions from Employer and Other Contributors

Actuarial cost method	Aggregate / Entry age normal
Amortization method	Experience gains/losses and one-time events (e.g., assumption changes) are measured using the entry age normal cost method and amortized over separate 10-year bases with level dollar payments.
Remaining amortization period	10 years
Asset valuation method	Market value
Inflation	4.75%
Salary increases	4.75% to 8.55% per year
Investment rate of return	7.25%
Municipal Bond Rate	4.63%
Retirement Age	Age-based table of rates that are specific to the type of eligibility condition.
Mortality	The Florida Retirement System (FRS) mortality tables which use variations of the fully generational PUB-2010 Mortality Tables with mortality improvement scale MP-2018.

The accompanying independent auditor's report should be read with this required supplementary schedule.

WEST PALM BEACH RESTATED EMPLOYEES DEFINED BENEFIT RETIREMENT SYSTEM

SCHEDULE OF INVESTMENT RETURNS
(UNAUDITED)

Year ended September 30,	Annual money-weighted rate of return net of investment expense
2023	10.59%
2022	(13.35%)
2021	20.76%
2020	7.17%
2019	3.56%
2018	8.88%
2017	14.48%
2016	7.33%
2015	1.13%
2014	14.75%

The accompanying independent auditor's report should be read with this required supplementary schedule.

West Palm Beach Restated Employees Defined Benefit Retirement System

SCHEDULES OF CHANGES IN EMPLOYER'S NET PENSION LIABILITY (ASSET)
AND RELATED RATIOS
(UNAUDITED)

	2023	2022	2021	2020	2019
TOTAL PENSION LIABILITY:					
Service cost	$ 61,079	$ 54,996	$ 45,926	$ 49,760	$ 61,354
Interest	3,053,885	3,047,401	3,154,079	3,142,590	3,169,813
Difference between actual and expected experience	(1,166,960)	273,302	(71,145)	258,174	(488,903)
Assumption changes	-	-	217,866	-	-
Benefit payments	(3,298,020)	(3,280,574)	(3,464,504)	(3,126,322)	(3,072,580)
Refunds	-	-	-	-	-
NET CHANGE IN TOTAL PENSION LIABILITY	(1,350,016)	95,125	(117,778)	324,202	(330,316)
TOTAL PENSION LIABILITY - BEGINNING	43,741,025	43,645,900	43,763,678	43,439,476	43,769,792
TOTAL PENSION LIABILITY - ENDING	42,391,009	43,741,025	43,645,900	43,763,678	43,439,476
PLAN FIDUCIARY NET POSITION:					
Contributions - employee	41,795	44,886	49,331	55,751	58,116
Net investment income (loss)	4,068,577	(6,811,203)	9,093,376	3,159,385	1,603,850
Benefit payments	(3,298,020)	(3,280,574)	(3,464,504)	(3,126,322)	(3,072,580)
Refunds	-	-	-	-	-
Administrative expenses	(113,774)	(97,831)	(90,733)	(92,658)	(89,898)
Other	485	1,084	738	(19,424)	1,126
NET CHANGE IN PLAN FIDUCIARY NET POSITION	699,063	(10,143,638)	5,588,208	(23,268)	(1,499,386)
PLAN FIDUCIARY NET POSITION - BEGINNING *	41,222,604	51,366,242	45,778,034	45,801,302	47,300,688
Adjustment	-	-	-	-	-
PLAN FIDUCIARY NET POSITION - ENDING *	41,921,667	41,222,604	51,366,242	45,778,034	45,801,302
NET PENSION LIABILITY (ASSET) - ENDING	$ 469,342	$ 2,518,421	$(7,720,342)	$(2,014,356)	$(2,361,826)
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY	98.89%	94.24%	117.69%	104.60%	105.44%
COVERED EMPLOYEE PAYROLL	$ 816,116	$ 778,218	$ 970,523	$ 1,021,817	$ 1,054,882
NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL	57.51%	323.61%	(795.48%)	(197.13%)	(223.89%)

**Actuarial valuation includes advanced contributions from employer.*

The accompanying independent auditor's report should be read with this required supplementary schedule.

West Palm Beach Restated Employees Defined Benefit Retirement System

SCHEDULES OF CHANGES IN EMPLOYER'S NET PENSION LIABILITY (ASSET)
AND RELATED RATIOS
(UNAUDITED)
(Continued)

	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY:					
Service cost	$ 93,853	$ 86,849	$ 97,056	$ 44,894	$ 54,631
Interest	3,190,156	3,225,757	2,998,902	3,005,049	2,971,240
Difference between actual and expected experience	(518,168)	(374,998)	(273,566)	(467,954)	-
Assumption changes	-	2,171,968	2,790,291	-	-
Benefit payments	(2,969,061)	(2,830,193)	(2,713,596)	(2,656,230)	(2,507,730)
Refunds	-	-	-	-	(32,817)
NET CHANGE IN TOTAL PENSION LIABILITY	(203,220)	2,279,383	2,899,087	(74,241)	485,324
TOTAL PENSION LIABILITY - BEGINNING	43,973,012	41,693,629	38,794,542	38,868,783	38,383,459
TOTAL PENSION LIABILITY - ENDING	43,769,792	43,973,012	41,693,629	38,794,542	38,868,783
PLAN FIDUCIARY NET POSITION:					
Contributions - employee	65,868	78,838	85,170	93,620	106,999
Net investment income	3,880,565	5,968,401	2,992,915	456,643	5,888,760
Benefit payments	(2,969,061)	(2,830,193)	(2,713,596)	(2,656,230)	(2,507,730)
Refunds	-	-	-	-	(32,817)
Administrative expenses	(92,844)	(87,504)	(84,157)	(83,101)	(78,375)
Other	10,931	3,774	6,518	2,380	2,139
NET CHANGE IN PLAN FIDUCIARY NET POSITION	895,459	3,133,316	286,850	(2,186,688)	3,378,976
PLAN FIDUCIARY NET POSITION - BEGINNING *	46,405,229	43,271,913	42,985,063	45,171,494	41,792,518
Adjustment	-	-	-	257	-
PLAN FIDUCIARY NET POSITION - ENDING *	47,300,688	46,405,229	43,271,913	42,985,063	45,171,494
NET PENSION ASSET - ENDING	$(3,530,896)	$(2,432,217)	$(1,578,284)	$(4,190,521)	$(6,302,711)
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY	108.07%	105.53%	103.79%	110.80%	116.22%
COVERED EMPLOYEE PAYROLL	$ 1,407,812	$ 1,500,533	$ 1,672,545	$ 1,814,346	$ 2,019,761
NET PENSION ASSET AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL	(250.81%)	(162.09%)	(94.36%)	(230.97%)	(312.05%)

**Actuarial valuation includes advanced contributions from employer.*

West Palm Beach Restated Employees Defined Benefit Retirement System

COMPLIANCE REPORT

SEPTEMBER 30, 2023

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

To the Board of Trustees of the
West Palm Beach Restated Employees Defined Benefit Retirement System

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the West Palm Beach Restated Employees Defined Benefit Retirement System, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the West Palm Beach Restated Employees Defined Benefit Retirement System's basic financial statements, and have issued our report thereon dated February 21, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the West Palm Beach Restated Employees Defined Benefit Retirement System's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the West Palm Beach Restated Employees Defined Benefit Retirement System's internal control. Accordingly, we do not express an opinion on the effectiveness of the West Palm Beach Restated Employees Defined Benefit Retirement System's internal control.

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

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

Report on Compliance and Other Matters

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

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

Purpose of This Report

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

KABAT, SCHERTZER, DE LA TORRE, TARABOULOS & CO.

Weston, Florida
February 21, 2024

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