

Town of Palm Beach, Florida
Annual Comprehensive Financial Report
Fiscal Year Ended
September 30, 2021



ANNUAL COMPREHENSIVE FINANCIAL REPORT

TOWN OF PALM BEACH, FLORIDA

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021



Prepared by the Finance Department

Jane Le Clainche, CPA
Finance Director

TOWN OF PALM BEACH, FLORIDA

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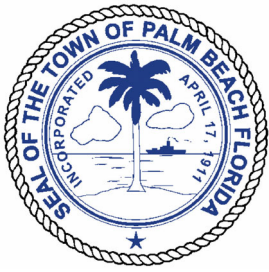
TOWN OF PALM BEACH, FLORIDA

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INTRODUCTORY SECTION



TOWN OF PALM BEACH

Finance Department

March 30, 2022

The Honorable Mayor and Town Council
Town of Palm Beach
Palm Beach, Florida

The Annual Comprehensive Financial Report for the Town of Palm Beach's fiscal year ended September 30, 2021, is hereby submitted pursuant to Florida Statute 11.45. This document is the official comprehensive publication of the Town's financial position at September 30, 2021. This report was prepared by the Town's Finance Department. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Town. To the best of our knowledge and belief, the enclosed data are accurate in all material respects. They are reported in a manner designed to present fairly the financial position and results of operations on a government-wide and fund level. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

Marcum LLP, independent auditors, have issued an unmodified opinion on the Town of Palm Beach's financial statements for the fiscal year ended September 30, 2021. The independent auditors' report is located at the front of the financial section of this report.

The Town's financial statements have been prepared using the reporting model in accordance with Governmental Accounting Standard Board (GASB) Statement no. 34, *Basic Financial Statements* – and Management's Discussion and Analysis (MD&A). The MD&A immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

THE TOWN OF PALM BEACH

The Town of Palm Beach, Florida, incorporated in 1911, is located on a barrier island in the eastern part of Palm Beach County. Palm Beach is a unique, internationally famous residential community known for its distinctive architecture and landscaping, gracious homes and apartments, golf courses and clubs, and world famous stores and restaurants. The taxable value of properties within the Town provides appropriate support for the Town's authorized indebtedness.

The Town of Palm Beach services a full-time resident population of 9,245 plus an estimated 15,000 additional seasonal residents (November to May), as well as numerous visitors and other individuals who are employed on the island.

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E-mail: finance@townofpalmbeach.com • Website: www.townofpalmbeach.com

The Town is governed by an elected Mayor and a five-member Council. The Mayor's term is for two years. The five members of the Town Council are elected at large and serve overlapping two-year terms. The Town operates under the Council-Manager form of government. The Town Council appoints the Town Manager who serves as the Town's Chief Administrative Officer and is responsible for implementing the policies established by the Town Council. The Town has 345 employees, including 67 sworn police officers and 70 full-time firefighters.

The Town provides a full range of services. These services include police and fire protection, emergency medical services, sanitation services, recreational activities, the construction and maintenance of streets, storm water collection systems, sanitary sewer collection system and other infrastructure.

Internal Controls: In developing and evaluating the Town's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable but not absolute assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of an internal control system should not exceed the benefits likely to be derived, and that the evaluation of cost and benefits requires estimates and judgments by management.

Budgeting Controls: In addition, the Town maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions implied in the annual budget approved by the Town Council. Activities of the General Fund, Special Revenue Fund, Debt Service Funds, Capital Projects Funds, Internal Service Funds, and Enterprise Funds are included in the annual budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the Fund level. The Town also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Unencumbered amounts lapse at year-end. Open encumbrances for outstanding purchase orders are re-appropriated as part of the following year's budget.

THE REPORTING ENTITY

The financial reporting entity includes all of the funds of the Town of Palm Beach. It includes all governmental organizations and activities for which the Town is considered to be financially accountable in accordance with generally accepted accounting principles.

ECONOMIC CONDITIONS AND OUTLOOK

The Town of Palm Beach is primarily a residential community. Commercial activities are restricted primarily to Town-serving establishments including banks, retail shops, hotels and restaurants for the Town's permanent population and seasonal residents. There is no industrial development within the Town. Stringent zoning and land use regulations have limited development and over the long term, will preserve the Town's high quality residential character.

An upturn in taxable values began in FY13 when the Town's taxable values began to increase and continued to increase through FY21 with a single year increase of 4.57% for a taxable value total of \$20,051,414,243. The Town reduced the millage rate to 2.9962 resulting in an increase in tax revenue of \$1,183,839. In FY22, taxable value increased by 8.13% to \$21,681,912,582.

Per capita personal income for the Town of Palm Beach is \$141,348, which is well above the state and national average. In preparation for Refunding bonds issued on January 8, 2020, Moody's and Standard and Poor's affirmed the Town's "AAA" general obligation ratings and the Aa1/AAA ratings for the Revenue Bonds. The Town's conservative financial policies and strong management of its financial resources were recognized.

MAJOR INITIATIVES AND ACCOMPLISHMENTS

For the Year

During fiscal year 2021 the following accomplishments occurred:

- The Town made an additional contribution of \$5,420,000 to the pension plan to lower the unfunded liability.
- Completed the renourishment of Phipps Ocean Park/Reach 7 beaches. A portion of this project was funded through a FEMA grant.
- Continued construction of the new Town Marina. The new marina will serve the mega-yacht market and opened in the fall of 2021. The total budget for the project is over \$38 million. A \$31,000,000 loan was secured and grant funding from the Florida Inland Navigation District has been received. The cost of the bulkhead portion of the project was funded through the Coastal Protection Fund.
- Completed Phase 3 North construction of the Townwide Underground Utility Project with Phase 2 South and Phase 4 North construction well underway and started Phase 3 South construction. Phase 4 South and Phase 5 North and South will begin in FY22.

For the Future

The Palm Beach County economy continued to improve and property values in Palm Beach increased by 8.13% for FY22. The Town increased property tax revenue by \$2,589,492 and decreased the millage rate 3.32% to 2.8966.

The FY22 budget reflected an increase of 10.16% from the FY21 budget. A majority of the increase was due to funding for the reconstruction of the North Fire-Rescue Station of \$5.5 million. The remainder of the increase was due to personnel and salary increases.

The Town Marina reopened on November 1st. The Marina is expected to generate over \$9.5 million in annual revenue.

The Town-wide eight phase utility undergrounding project is continuing. Phase 4 South and Phase 5 North and South construction will begin during 2022. Design for Phases 6, 7 and 8 are all underway.

Financial Policies

The Town has formally adopted other financial policies including reserve policies, contingency policies, budgetary control, debt management, funding for the Retirement Plan, and a revenue shortfall plan. The establishment of specific reserve policies is an important part of prudent financial management. Reserve policies reduce ambiguity and guide the creation, maintenance and use of resources for financial stabilization purposes. The Town maintains a minimum level of unassigned fund balance of 25% of general fund operating expenditures. This provides the Town with 90 days of working capital in the event of an emergency. The ending unassigned fund balance of \$28,001,332 as of September 30, 2021, represents 44.06% of FY22 general fund operating expenditures.

Long Term Financial Planning

Since FY2004, Town staff has prepared a Long Term Financial Plan. The Town prepares annual updates of the long term financial plan that encompass a 10 year time horizon. The plan also includes trend analysis and forecasts for all budgeted funds and a detailed analysis of Town Reserves. Copies of the Long Term Financial Plan can be found on the Town's website.

Other Information

Independent Audit: State Statutes require an annual audit by independent certified public accountants. The accounting firm of Marcum LLP, performed this audit for fiscal year 2021. The auditors' report is included in the financial section of this report.

Awards: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Palm Beach for its *Annual Comprehensive Financial Report* for the fiscal year ended September 30, 2020. This was the 33rd consecutive year the Town has received this prestigious award.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized *Annual Comprehensive Financial Report*. The contents must conform to program standards. Such reports must satisfy both U.S. generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The Town believes the current report continues to conform to the Certificate of Achievement Program requirements, and we are therefore submitting this year's report to the GFOA.

The Town also received the GFOA Award for Distinguished Budget Presentation for the Town's budget for the fiscal year ended September 30, 2021.

Acknowledgements: The preparation of the *Annual Comprehensive Financial Report* was made possible by the efficient and dedicated services of the entire staff of the Finance Department. Each member of the department has our genuine appreciation for the contributions made in the preparation of this report. In addition, we acknowledge the efforts of our independent auditors, Marcum LLP, for their professional work and assistance in producing this report.

We also are grateful to the Mayor and Town Council for their leadership and to the Citizens of Palm Beach for their support in ensuring the financial operations of the Town are conducted in a sound and conservative manner, thus assuring the Town a high level of financial security.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Kirk Blouin".

Kirk Blouin
Town Manager

A handwritten signature in black ink, appearing to read "Jane Le Clainche".

Jane Le Clainche, CPA
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Palm Beach
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morill

Executive Director/CEO



TOWN OF PALM BEACH ORGANIZATIONAL STRUCTURE AND PRINCIPAL OFFICIALS

CITIZENS OF PALM BEACH

ELECT



MAYOR
Danielle H. Moore

TOWN COUNCIL



PRESIDENT
Margaret A. Zeidman



PRESIDENT PRO-TEM
Bobbi Lindsay



Julie Araskog



Ted Cooney



Lew Crampton

APPOINTS



TOWN ATTORNEY
John C. Randolph



TOWN MANAGER
Kirk Blouin

**ADVISORY BOARD AND
COMMISSIONS**



**DEPUTY TOWN
MANAGER**
Jay Boodheshwar



**ASSISTANT
TOWN MANAGER**
Carolyn Stone



**DIRECTOR OF
PLANNING, ZONING
AND BUILDING**
Wayne Bergman



**DIRECTOR OF PUBLIC
WORKS**
H. Paul Brazil



POLICE CHIEF
Nicholas Caristo



FIRE-RESCUE CHIEF
Darrel Donatto



DIRECTOR OF FINANCE
Jane Le Clairche

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, Members of the Town Council, and Town Manager
Town of Palm Beach, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Palm Beach, Florida (the "Town"), as of and for the fiscal year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 Town'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 Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 15, the budgetary comparison data on pages 127 through 132, the pension schedules on pages 133 through 140, and the other postemployment benefits plan schedules on pages 141 through 143 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, debt service requirements, the schedule of expenditures of federal awards and state financial assistance, as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.550, Rules of the Auditor General, and the statistical section are presented for purpose of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules, the schedule of expenditures of federal awards and state financial assistance, and debt service requirements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, the schedule of expenditures of federal awards and state financial assistance, and debt service requirements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2022 on our consideration of the Town'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 Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Marcum LLP

West Palm Beach, FL
March 30, 2022

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(MD&A)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Palm Beach, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Town of Palm Beach for the fiscal year ended September 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-v of this report.

The information contained within this Management's Discussion and Analysis (MD&A) is only a component of the entire financial statement report. Readers should take time to read and evaluate all sections of the report, including the Notes to Financial Statements and the Required Supplementary Information that is provided in addition to this MD&A.

Financial Highlights

1. The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$232,754,598 (net position).
2. At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$154,142,676, an increase of \$10,305,522 in comparison with the prior year. The increase is due positive results in the General Fund and the GO Bond issued for the Townwide Underground Utility Project and transfers to the Capital Improvement Program for future expenditures. Approximately 17.5% of the total amount is available for spending at the Town's discretion (unassigned fund balance).
3. At the end of the current fiscal year governmental unassigned fund balance is \$26,969,956.
4. The Town's total government-wide revenue was \$131,659,681, while total expenses were \$106,572,404.
5. Governmental Activities generated \$118,689,818 in revenue (including transfers in) with \$97,209,224 in expenses.
6. Business-type Activities generated \$16,320,543 in revenue and \$3,388,338 in transfers out with \$9,363,180 in expenses.
7. The Town's long-term debt increased by \$4,155,000 during the current fiscal year due to the issuance of the 2021 General Obligation Bond in the amount of \$8,575,000 less principal payments made during the year.

Overview of the Financial Statements

The Town's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. This report also includes other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town of Palm Beach's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Town of Palm Beach's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, with the difference between them reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, physical environment, transportation, economic environment, and culture and recreation. The business-type activities include the marina and golf course.

The Town's government-wide financial statements are presented on pages 16-17 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Palm Beach, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Palm Beach can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

The Town has three types of funds:

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and *governmental activities*.

The Town of Palm Beach maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures, and changes in fund balances for the General Fund, Townwide Undergrounding Assessment Fund, and the Beach Restoration Project Fund, all of which are considered major funds. Data for the other ten governmental funds are combined into a single,

aggregated presentation. Individual fund data for each of these non-major governmental funds is presented in the form of combining statements elsewhere in this report.

The governmental fund financial statements can be found on pages 18-21 of this report.

Proprietary funds. The Town of Palm Beach maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Palm Beach has three enterprise funds to account for the Town Marina, the Par 3 Golf Course, and the Building Fund activities. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town of Palm Beach's various functions. The Town of Palm Beach uses internal service funds to account for its self-insurance health fund, self-insurance risk fund, and equipment replacement fund. Because these services predominately benefit governmental rather than business-type functions, they have been included with governmental activities in the government-wide financial statements.

Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Town Marina, Par 3 Golf Course and Building Enterprise Funds (enterprise funds) and the internal service funds, which are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the combining financial statements elsewhere in this report.

The proprietary fund financial statements can be found on pages 22-26 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town of Palm Beach's own programs. The Town's fiduciary funds includes the Retirement Funds and the OPEB Trust Fund. The accounting used for fiduciary funds is much like that used for proprietary funds. Fiduciary fund financial statements consist of a statement of fiduciary net position and a statement of changes in fiduciary net position.

The Town's fiduciary fund financial statements are presented on pages 27-28.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 29-126 of this report.

Other Information

In addition to the basic financial statements and the accompanying notes, this report also presents certain required supplementary information containing a comparison between the Town's adopted budget and actual financial results for the General Fund and Beach Restoration Fund, schedules relating to the Town's retirement plan for the three employee groups, and schedules relating to the Town's other postemployment benefits plan. The required supplementary information can be found on pages 127-143 of this report.

Combining financial statements referred to earlier in connection with non-major governmental funds, internal service funds and fiduciary funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 144-157 of this report.

Debt service requirements are detailed on pages 158-166 of this report.

The statistical section contains information on financial trends, revenue capacity, debt capacity, demographic and economic information and operating information. These schedules can be found on pages 167-190 of this report.

Government-wide Financial Analysis

Net Position. Below, is a summary of the fiscal year 2021 Statement of Net Position found on page 16 and comparative information for fiscal year 2020.

Town of Palm Beach, Florida Summary of Net Position September 30, 2021 and 2020						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current and other assets	\$ 296,143,263	\$ 283,384,075	\$ 26,959,718	\$ 36,214,440	\$ 323,102,981	\$ 319,598,515
Capital assets	198,738,164	193,948,693	42,563,754	22,487,583	241,301,918	216,436,276
Total Assets	<u>494,881,427</u>	<u>477,332,768</u>	<u>69,523,472</u>	<u>58,702,023</u>	<u>564,404,899</u>	<u>536,034,791</u>
Deferred Outflows of						
Resources	<u>21,334,649</u>	<u>20,160,351</u>	<u>981,383</u>	<u>433,215</u>	<u>22,316,032</u>	<u>20,593,566</u>
Liabilities						
Current liabilities	21,744,394	16,762,718	7,688,923	2,352,005	29,433,317	19,114,723
Long-term liabilities	247,581,096	281,110,674	34,129,040	33,048,406	281,710,136	314,159,080
Total Liabilities	<u>269,325,490</u>	<u>297,873,392</u>	<u>41,817,963</u>	<u>35,400,411</u>	<u>311,143,453</u>	<u>333,273,803</u>
Deferred Inflows of						
Resources	<u>40,630,231</u>	<u>14,839,966</u>	<u>2,192,649</u>	<u>847,267</u>	<u>42,822,880</u>	<u>15,687,233</u>
Net Position						
Net investment in						
capital assets	52,511,662	57,421,514	12,153,252	12,831,232	64,664,914	70,252,746
Restricted	127,820,279	111,483,275	863,207	781,137	128,683,486	112,264,412
Unrestricted	<u>25,928,414</u>	<u>15,874,972</u>	<u>13,477,784</u>	<u>9,275,191</u>	<u>39,406,198</u>	<u>25,150,163</u>
Total Net Position	<u>\$ 206,260,355</u>	<u>\$ 184,779,761</u>	<u>\$ 26,494,243</u>	<u>\$ 22,887,560</u>	<u>\$ 232,754,598</u>	<u>\$ 207,667,321</u>

Net position may serve over time as a useful indicator of a government's financial position. At September 30, 2021, the Town's assets plus deferred outflows exceeded liabilities plus deferred inflows by \$232,754,598. Total net position for the fiscal year increased by \$25,087,277 as a result of a \$21,480,594 increase in governmental activities and an increase of \$3,606,683 in business-type activities. Unrestricted net position, the portion of net position that can be used to finance the day-to-day operations of the Town, totaled \$39,406,198, reflecting an increase in the government activities of \$10,053,442 and an increase in the business type activities of \$4,202,593.

Net position invested in capital assets (e.g., land, buildings, improvements other than buildings, equipment infrastructure and construction in progress) less any related debt used to acquire those assets that is still outstanding and any unspent bond proceeds total \$64,664,914. The Town of Palm Beach uses those capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Palm Beach's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Change in Net Position: Below is a table summarizing the changes in net position for the year ended September 30, 2021, as compared to September 30, 2020.

Town of Palm Beach, Florida
Summary of Changes in Net Position
For the Fiscal Years Ended September 30, 2021 and 2020

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenue						
Program revenue:						
Changes for services	\$ 20,779,619	\$ 27,635,180	\$ 14,402,049	\$ 7,762,418	\$ 35,181,668	\$ 35,397,598
Operating grants and contributions	1,485,819	2,215,731	--	--	1,485,819	2,215,731
Capital grants and contributions	19,444,732	5,603,877	1,918,494	--	21,363,226	5,603,877
General revenue:						
Property taxes	58,016,220	56,817,697	--	--	58,016,220	56,817,697
Local option gas tax	326,859	315,146	--	--	326,859	315,146
Franchise fees	2,267,996	2,176,528	--	--	2,267,996	2,176,528
Utility service taxes	6,125,995	6,052,180	--	--	6,125,995	6,052,180
Business tax receipts	805,710	813,903	--	--	805,710	813,903
Intergovernmental	1,778,259	1,580,805	--	--	1,778,259	1,580,805
Investment income	2,875,063	6,841,308	37,658	268,115	2,912,721	7,109,423
Miscellaneous	1,303,163	713,748	--	--	1,303,163	713,748
Gain/(loss) on disposal of assets	92,045	(6,295,007)	--	2,305	92,045	(6,292,702)
Total Revenue	<u>115,301,480</u>	<u>104,471,096</u>	<u>16,358,201</u>	<u>8,032,838</u>	<u>131,659,681</u>	<u>112,503,934</u>
Expenses						
General government	25,526,075	30,898,651	--	--	25,526,075	30,898,651
Public safety	23,391,138	30,520,971	--	--	23,391,138	30,520,971
Physical environment	37,117,556	38,977,270	--	--	37,117,556	38,977,270
Transportation	1,430,861	3,399,432	--	--	1,430,861	3,399,432
Economic environment	329,765	327,464	--	--	329,765	327,464
Culture and recreation	3,662,242	3,589,831	--	--	3,662,242	3,589,831
Interest on long-term debt	5,751,587	4,629,539	699,360	--	6,450,947	4,629,539
Town Docks, Golf Course, & Building Enterprise	--	--	8,663,820	3,682,325	8,663,820	3,682,325
Total Expenses	<u>97,209,224</u>	<u>112,343,158</u>	<u>9,363,180</u>	<u>3,682,325</u>	<u>106,572,404</u>	<u>116,025,483</u>
Change in Net Position Before Transfers	18,092,256	(7,872,062)	6,995,021	4,350,513	25,087,277	(3,521,549)
Transfers	<u>3,388,338</u>	<u>224,813</u>	<u>(3,388,338)</u>	<u>(224,813)</u>	<u>--</u>	<u>--</u>
Change in Net Position	21,480,594	(7,647,249)	3,606,683	4,125,700	25,087,277	(3,521,549)
Net Position - Beginning of Year	<u>184,779,761</u>	<u>192,427,010</u>	<u>22,887,560</u>	<u>18,761,860</u>	<u>207,667,321</u>	<u>211,188,870</u>
Net Position - End of Year	<u>\$ 206,260,355</u>	<u>\$ 184,779,761</u>	<u>\$ 26,494,243</u>	<u>\$ 22,887,560</u>	<u>\$ 232,754,598</u>	<u>\$ 207,667,321</u>

Revenues increased mainly due to increases in property taxes and grant revenues received during the year. Government wide expenses declined in part to the reduction in the net pension liability

and OPEB liability. The Town's combined net position increased by \$25,087,277 during 2021. This increase can be attributed to a \$21,480,594 increase in governmental activities and an increase of \$3,606,683 in business-type activities.

Financial Analysis of the Town as a Whole

Governmental funds. The fund financial statements for the governmental funds are provided on pages 18-21. The focus of the Town of Palm Beach's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town of Palm Beach's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At the end of the current fiscal year, the Town of Palm Beach's governmental funds reported combined ending fund balances of \$154,142,676, which increased by \$10,305,522 from September 30, 2020. This increase was primarily due to positive experience in the General Fund, the issuance of the GO Bond for the Townwide Undergrounding project and additional funding for the Capital Improvement Fund.

The following schedule presents a summary of all governmental fund revenues for the fiscal year ended September 30, 2021 and 2020, and the amount and percentage of increases and decreases in relation to prior year revenues:

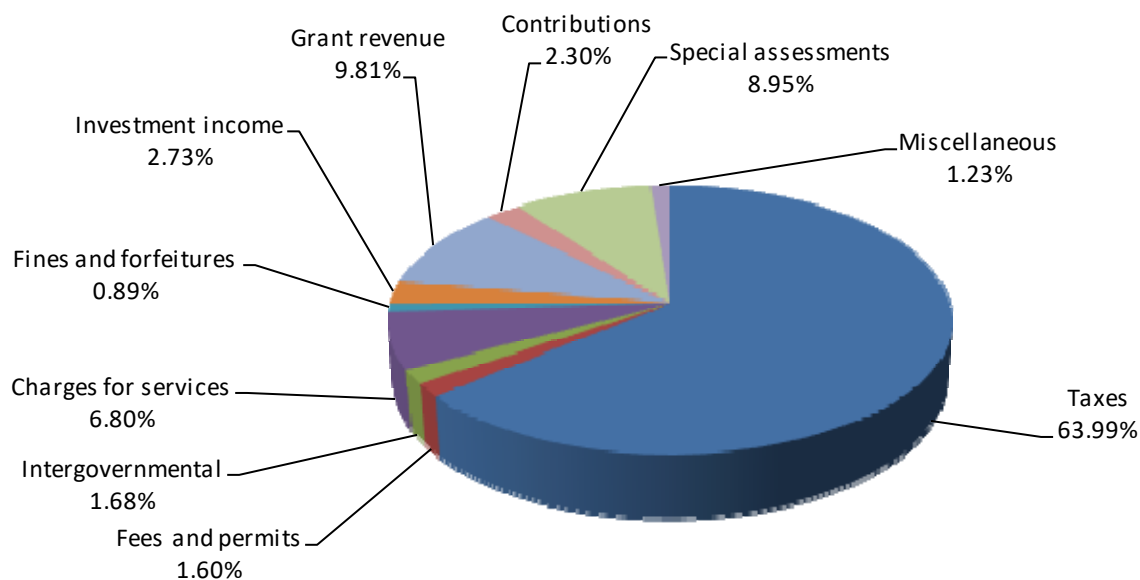
Town of Palm Beach, Florida Governmental Funds Revenues For the Fiscal Years Ended September 30, 2021 and 2020						
Revenue	2021	Percent of Total	2020	Percent of Total	Increase (Decrease)	Percent Increase (Decrease)
Taxes	\$ 67,542,780	63.99%	\$ 66,175,454	67.28%	\$ 1,367,326	2.07%
Fees and permits	1,693,234	1.60%	9,010,686	9.16%	(7,317,452)	-81.21%
Intergovernmental	1,778,259	1.68%	1,580,805	1.61%	197,454	12.49%
Charges for services	7,176,166	6.80%	5,648,639	5.74%	1,527,527	27.04%
Fines and forfeitures	940,000	0.89%	780,975	0.79%	159,025	20.36%
Investment income	2,884,175	2.73%	5,786,543	5.88%	(2,902,368)	-50.16%
Grant revenue	10,358,077	9.81%	2,021,348	2.06%	8,336,729	412.43%
Contributions	2,423,353	2.30%	3,539,029	3.60%	(1,115,676)	-31.52%
Special assessments	9,448,989	8.95%	3,102,131	3.15%	6,346,858	204.60%
Miscellaneous	1,303,163	1.23%	713,748	0.73%	589,415	82.58%
Total Revenue	<u>\$ 105,548,196</u>	<u>100.00%</u>	<u>\$ 98,359,358</u>	<u>100.00%</u>	<u>\$ 7,188,838</u>	<u>7.31%</u>

The most significant changes in revenue are described below:

- Property tax revenue increased as a result of higher property values.
- Fee and permit revenue decreased due to the transfer of all building permit revenue to the new Building Enterprise Fund in FY21.
- Intergovernmental revenue recorded an increase due to higher sales tax collections since the COVID shutdown.

- Charges for services increased primarily due to an increase in parking meter fees and new areas subject to meters resulting in additional revenues. In addition, special detail revenue increased due to additional assignments and lien search revenues increased due to the number of real estate transactions. Recreation fees also increased since the COVID shutdown.
- Fine and forfeiture income increased due to increased revenue from parking ticket and code enforcement fines due to additional enforcement measures.
- Investment income decreased due to the current interest rate market.
- Grant revenue increased due to grants received for beach projects and COVID related costs.
- Contributions decreased because the final donations received for the Mandel Recreation Center reconstruction project were received in the prior year. Donations for Lake Drive Park make up a significant portion of the donations.
- Special assessment revenue increased due to higher Townwide underground utility assessment revenue, which included prepaid assessments.
- Miscellaneous revenue increased due to reimbursements from the Townwide Underground Utility project for a neighborhood assessment project.

Governmental Activities - Revenues by Source



The following schedule presents a summary of all governmental fund expenditures for the fiscal year ended September 30, 2021 and 2020, and the percentage of increases and decreases in relation to prior year amounts:

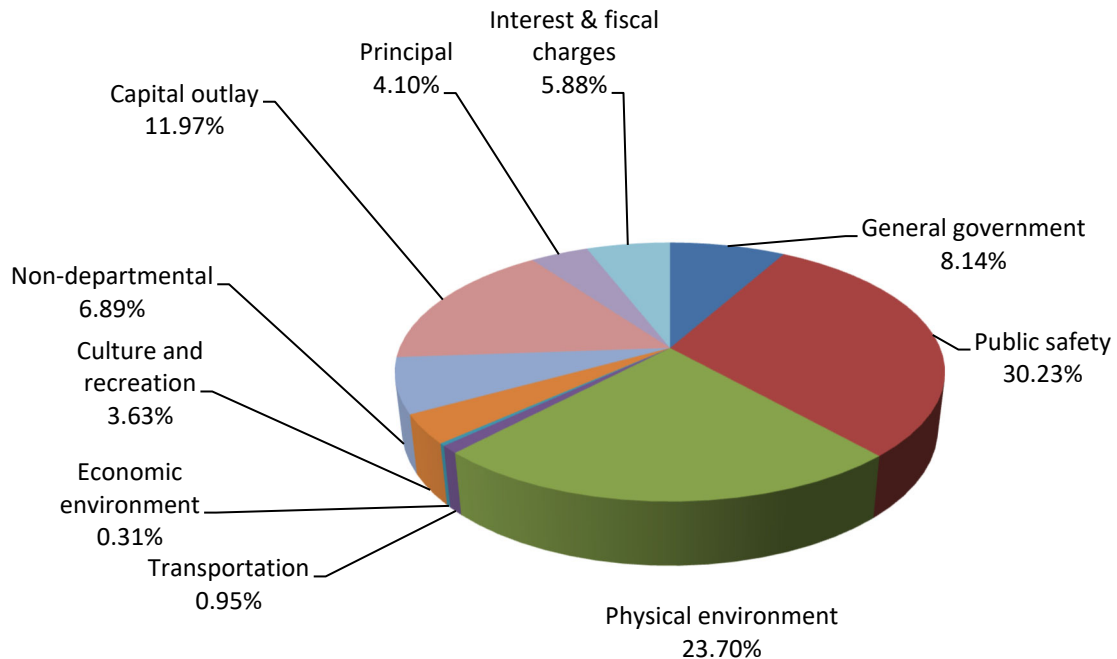
Town of Palm Beach, Florida
Governmental Funds Expenditures
For the Fiscal Years Ended September 30, 2021 and 2020

	2021	Percent of Total	2020	Percent of Total	Increase (Decrease)	Percent Increase (Decrease)
Expenditures						
Current						
General government	\$ 8,776,140	8.14%	\$ 9,910,235	9.12%	\$ (1,134,095)	-11.44%
Public safety	32,608,073	30.23%	32,575,116	29.98%	32,957	0.10%
Physical environment	25,561,935	23.70%	23,242,395	21.39%	2,319,540	9.98%
Transportation	1,027,931	0.95%	1,272,189	1.17%	(244,258)	-19.20%
Economic environment	329,765	0.31%	327,464	0.30%	2,301	0.70%
Culture and recreation	3,915,810	3.63%	3,573,250	3.29%	342,560	9.59%
Non-departmental	7,434,622	6.89%	7,324,441	6.74%	110,181	1.50%
Capital Outlay	17,449,796	16.18%	19,173,640	17.65%	(1,723,844)	-8.99%
Debt Service						
Principal	4,420,000	4.10%	3,775,000	3.47%	645,000	17.09%
Interest & fiscal charges	6,337,311	5.88%	7,482,108	6.89%	(1,144,797)	-15.30%
Total Expenditures	<u>\$ 107,861,383</u>	<u>100.00%</u>	<u>\$ 108,655,838</u>	<u>100.00%</u>	<u>\$ (794,455)</u>	<u>-0.73%</u>

The reasons for the major increases and decreases in expenditures are as follows:

- General government expenditures decreased due to the transfer of building permit related expenditures to the Building Fund offset by increases in administrative expenses from the prior year COVID reductions.
- Public Safety costs increased slightly from the prior year which contained higher COVID related costs.
- Physical environment costs increased due to increased spending for the year in the Townwide Underground Fund, Beach Restoration Project Fund and increased contractual costs for landscaping, facility maintenance, sanitary and sewer treatment.
- Transportation expenditures decreased due to less milling and resurfacing costs in FY21.
- Economic environment expenditures increased slightly due to higher costs in the Worth Avenue Special Assessment District.
- Culture and recreation expenditures increased due to increased operating costs related to higher use of the Mandel Recreation Center after the prior year COVID reductions.
- Non departmental costs increased due to prior year COVID reductions.
- Capital outlay increased due to an increase in expenditures related to the Mid-Town Beach renourishment project.
- Debt service payments increased due to the debt service related to the General Obligation bonds for the Townwide Underground Utility Project and interest decreased due to the refinancings that occurred in FY20.

Governmental Activities - Expenditures by Function



General Fund. The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$28,001,332 a decrease of \$1,627,393, while the total fund balance was \$37,479,326. Fund balance decreased due to the transfer of \$4 million of reserves to the Capital Improvement Fund to fund the North Fire Rescue station renovation. This was offset by favorable results for the year with revenues exceeding budget expectations by over \$3 million due to higher than anticipated property tax revenue, special assignment overtime and parking meter revenue. Expenditures were over \$2.7 million less than anticipated due to personnel vacancies and other cost containment measures. The total fund balance of the General Fund increased by \$2,320,713. As a measure of the General Fund's liquidity, it is useful to compare unassigned fund balance to total General Fund expenditures. Unassigned fund balance represents 34.6% of total General Fund expenditures including transfers out.

The assigned fund balance of the Beach Restoration Fund is \$32,314,211. These funds have been accumulated for coastal protection projects. Fund balance decreased due to expenditures for the Phipps Ocean Park renourishment project.

The Townwide Undergrounding Assessment Fund has restricted fund balances of \$64,700,595. These funds will be used for project costs. Fund balance increased due to the issuance of the final General Obligation Bond for this project.

Other governmental funds, which include debt service, special revenue, and capital projects funds increase total fund balance by \$1,176,802. This increase was the result of an increase in the Capital Improvement Fund for future projects. In total these funds have prepaid reserves of \$6,501, restricted fund balances totaling \$2,991,217 and assigned fund balances of \$17,682,202 for capital projects. The negative unassigned fund balance of \$1,031,376 is related to the special revenue fund related to the neighborhood underground projects that were completed prior to the Townwide

program. These neighborhood assessments are being paid down over time reducing the negative unassigned fund balance.

Proprietary Funds. The Town of Palm Beach's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The enterprise funds of the Town consist of the Town Docks Enterprise Fund, the Par 3 Golf Course Enterprise Fund and the Building Enterprise Fund.

Unrestricted net position of the Town Docks Enterprise Fund was \$10,361,146 on September 30, 2021. Unrestricted net position for the Par 3 Golf Course Enterprise fund was \$274,182 on September 30, 2021, and the unrestricted net position for the Building Fund was \$2,572,742. The unrestricted net position for the internal service funds totaled \$33,590,965.

General Fund Budgetary Highlights

The annual General Fund budget is adopted after two public hearings and approval of the Town Council. Any amendments that would exceed the original budget at the fund level would require a formal budget amendment requiring an ordinance and two readings by the Town Council. The FY2021 budget was increased by the amount of commitments (unpaid purchase orders) from the prior year. Funds were transferred from an appropriated General Fund contingency account to program accounts in the budget to provide for unanticipated expenditures in accordance with specific Town Council authorizations. The budget was amended to fund the Lake Drive Park project and additional funding for the Town election and special assignment overtime which was higher than anticipated.

Actual revenues, excluding transfers, were \$3,097,846 more than the final budget due to higher than anticipated revenues for ad valorem, building permits, public safety, transportation, and grant revenues. Actual expenditures were \$2,709,971 less than the final budget due to personnel vacancies and other cost containment measures.

Capital Assets and Debt Administration

Capital Assets

Capital assets are those assets (capital assets and infrastructure) that are used in the performance of the Town's functions. As of September 30, 2021, net capital assets of governmental activities totaled \$198,738,164 and the net capital assets of the business-type activities totaled \$42,563,754 (both net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment, infrastructure, and construction in progress. The large increase in business type activities was due to the construction of the new Town Marina which opened on November 1, 2021.

A summary of the Town of Palm Beach's capital assets (net of depreciation) can be found on the following page. Additional information on the Town's capital assets can be found in Note 4 to the financial statements.

Town of Palm Beach, Florida
Capital Assets
September 30, 2021 and 2020

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Net Capital Assets						
Land	\$ 10,566,323	\$ 10,566,323	\$ 5,051,527	\$ 5,051,527	\$ 15,617,850	\$ 15,617,850
Construction in Progress	8,232,420	3,805,422	31,812,293	10,409,364	40,044,713	14,214,786
Buildings	61,194,263	63,503,878	2,442,300	2,519,223	63,636,563	66,023,101
Improvements Other Than Buildings	3,803,063	4,052,782	2,884,841	4,155,880	6,687,904	8,208,662
Equipment	9,231,106	9,567,384	372,793	351,589	9,603,899	9,918,973
Infrastructure	105,710,989	102,452,904	--	--	105,710,989	102,452,904
Total Net Capital Assets	\$ 198,738,164	\$ 193,948,693	\$ 42,563,754	\$ 22,487,583	\$ 241,301,918	\$ 216,436,276

Major capital projects completed during the fiscal year included the following:

- The Town Marina was nearly complete at the end of the fiscal year and opened on November 1, 2021. The project is reflected in the construction in progress section above.
- Renourishment of Phipps Ocean Park/Reach 7 beaches.
- The A-6 Sanitary Sewer Pump Station Improvement project began and is expected to be completed in FY22.
- The D-16 and D18 stormwater Pump Station Improvements were completed.
- The Lake Drive Park which is adjacent to the new Town Marina was refurbished with donations and Town funding. It was also completed and opened on November 1, 2021.

Debt Administration

As of September 30, 2021, the Town had \$137,255,000 par value in revenue bonds outstanding representing a decrease of \$3,380,000 due to debt service payments made on the Bonds. Outstanding General Obligation Bonds totaled \$61,895,000 at par value and increase of \$7,535,000 from the issuance of additional bonds for the Townwide Underground Project and offset by debt service payments. The debt outstanding as of the end of the fiscal year was secured by various revenue sources.

The debt position of the Town is summarized below and more fully explained in Note 7 to the financial statements found on page 69.

Town of Palm Beach, Florida
Outstanding Debt
September 30, 2021 and 2020

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Debt						
Revenue Bonds Payable - Par Value	\$ 106,255,000	\$ 109,635,000	\$ 31,000,000	\$ 31,000,000	\$ 137,255,000	\$ 140,635,000
General Obligation Bonds Payable - Par Value	61,895,000	54,360,000	--	--	61,895,000	54,360,000
Total Debt	\$ 168,150,000	\$ 163,995,000	\$ 31,000,000	\$ 31,000,000	\$ 199,150,000	\$ 194,995,000

The Town of Palm Beach maintains an AAA issuer's rating by both Moody's and Standard & Poor's and the Revenue Bonds are rated AAA by Standard and Poor's and a Aa1 rating by Moody's.

Economic Factors and Next Year's Budgets and Rates

For FY2022, the Town Council adopted a General Fund budget, including transfers out, of \$89,140,573 representing a 10.16% increase from FY2021. The FY2022 budget includes an 4.43% increase in property tax revenue of \$2,529,700. Most of the increase in the General Fund budget was due to a transfer to the Capital Improvement Program to fund the North Fire-Rescue Station renovation. In addition, salaries and contractual costs made up most of the balance of the increase. The taxable value of property increased by 8.13% for FY2022 and the Town's millage rate was reduced to 2.8966.

General economic conditions in the State of Florida are strong. Tourism has increased since the pandemic shutdowns and the real estate market and property values have been increasing by double digits in the Town, County and in other parts of the State due to the influx of new residents.

The Town has annually prepared a Long-Term Financial Plan. Copies are available on the Town's website.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability. Questions concerning information provided in this report or requests for additional financial information should be directed to:

**Finance Department
Town of Palm Beach
360 South County Road
Palm Beach, FL 33480
561-838-5444
www.townofpalmbeach.com**

FINANCIAL STATEMENTS

TOWN OF PALM BEACH, FLORIDA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2021

	Governmental Activities	Business- type Activities	Total
Assets			
Cash and cash equivalents	\$ 1,539,653	\$ 1,350	\$ 1,541,003
Investments	7,009,712	--	7,009,712
Equity in pooled cash and investments	184,853,343	21,065,985	205,919,328
Accounts receivable, net	1,669,530	6,521	1,676,051
Assessments receivable	62,791,882	--	62,791,882
Interest receivable	161,264	1,908	163,172
Due from other governments	8,886,970	4,062,000	12,948,970
Internal balances	(269,714)	269,714	--
Inventory	414,983	--	414,983
Prepays	349,781	9,033	358,814
Net OPEB asset	12,210,812	863,207	13,074,019
Investment in joint venture	13,493,586	--	13,493,586
Equity in pooled cash and investments - restricted	3,031,461	680,000	3,711,461
Capital assets			--
Land	10,566,323	5,051,527	15,617,850
Construction in progress	8,232,420	31,812,293	40,044,713
Capital assets being depreciated and amortized, net	179,939,421	5,699,934	185,639,355
Total Assets	<u>494,881,427</u>	<u>69,523,472</u>	<u>564,404,899</u>
Deferred Outflows of Resources			
Unamortized loss on refunding	3,601,044	--	3,601,044
Pension related items	12,933,350	787,798	13,721,148
OPEB related items	4,800,255	193,585	4,993,840
Total Deferred Outflows of Resources	<u>21,334,649</u>	<u>981,383</u>	<u>22,316,032</u>
Liabilities			
Accounts payable and contracts payable	6,895,136	6,300,144	13,195,280
Accrued liabilities	3,035,019	233,607	3,268,626
Payable from restricted assets			
Accounts and contracts payable	1,750,285	680,000	2,430,285
Accrued interest payable	1,584,653	--	1,584,653
Unearned revenue	1,355,592	475,172	1,830,764
Due to other governments	694,989	--	694,989
Long-term liabilities			
Due within one year	6,428,720	1,331,116	7,759,836
Due in more than one year	247,581,096	32,797,924	280,379,020
Total Liabilities	<u>269,325,490</u>	<u>41,817,963</u>	<u>311,143,453</u>
Deferred Inflows of Resources			
Business tax receipts	596,787	--	596,787
Pension related items	27,660,544	1,366,439	29,026,983
OPEB related items	12,372,900	826,210	13,199,110
Total Deferred Inflows of Resources	<u>40,630,231</u>	<u>2,192,649</u>	<u>42,822,880</u>
Net Position			
Net investment in capital assets	52,511,662	12,153,252	64,664,914
Restricted for:			
Debt service	1,653,073	--	1,653,073
Crime prevention	50,330	--	50,330
Capital projects	246,292	--	246,292
Townwide Undergrounding	112,618,250	--	112,618,250
Net OPEB asset	12,210,812	863,207	13,074,019
Special projects	1,041,522	--	1,041,522
Unrestricted	25,928,414	13,477,784	39,406,198
Total Net Position	<u>\$ 206,260,355</u>	<u>\$ 26,494,243</u>	<u>\$ 232,754,598</u>

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

TOWN OF PALM BEACH, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		Total
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Governmental Activities	Business- type Activities	
Governmental Activities							
General government	\$ 25,526,075	\$ 11,513,238	\$ 1,013,367	\$ --	\$ (12,999,470)	\$ --	\$ (12,999,470)
Public safety	23,391,138	3,983,249	456,490	--	(18,951,399)	--	(18,951,399)
Physical environment	37,117,556	1,406,497	5,960	17,735,711	(17,969,388)	--	(17,969,388)
Transportation	1,430,861	2,728,460	--	1,405,500	2,703,099	--	2,703,099
Economic environment	329,765	--	--	5,000	(324,765)	--	(324,765)
Culture and recreation	3,662,242	1,148,175	10,002	298,521	(2,205,544)	--	(2,205,544)
Interest on long-term debt	5,751,587	--	--	--	(5,751,587)	--	(5,751,587)
Total Governmental Activities	<u>97,209,224</u>	<u>20,779,619</u>	<u>1,485,819</u>	<u>19,444,732</u>	<u>(55,499,054)</u>	<u>--</u>	<u>(55,499,054)</u>
Business-type Activities							
Town Docks	1,738,328	9,838	--	1,918,494	--	190,004	190,004
Golf Course	2,001,206	3,650,560	--	--	--	1,649,354	1,649,354
Building Enterprise	4,924,286	10,741,651	--	--	--	5,817,365	5,817,365
Interest on long-term debt	699,360	--	--	--	--	(699,360)	(699,360)
Total Business-type Activities	<u>9,363,180</u>	<u>14,402,049</u>	<u>--</u>	<u>1,918,494</u>	<u>--</u>	<u>6,957,363</u>	<u>6,957,363</u>
Total	<u>\$ 106,572,404</u>	<u>\$ 35,181,668</u>	<u>\$ 1,485,819</u>	<u>\$ 21,363,226</u>	<u>(55,499,054)</u>	<u>6,957,363</u>	<u>(48,541,691)</u>
General Revenues							
Property taxes					58,016,220	--	58,016,220
Local option gas tax					326,859	--	326,859
Franchise taxes based on gross receipts					2,267,996	--	2,267,996
Utility service taxes					6,125,995	--	6,125,995
Business tax receipts					805,710	--	805,710
Intergovernmental revenue not restricted to specific programs					1,778,259	--	1,778,259
Investment income					2,875,063	37,658	2,912,721
Miscellaneous					1,303,163	--	1,303,163
Gain on disposal of assets					92,045	--	92,045
Transfers					<u>3,388,338</u>	<u>(3,388,338)</u>	<u>--</u>
Total General Revenue and Transfers					<u>76,979,648</u>	<u>(3,350,680)</u>	<u>73,628,968</u>
Change in Net Position					21,480,594	3,606,683	25,087,277
Net Position - Beginning					184,779,761	22,887,560	207,667,321
Net Position - Ending					<u>\$ 206,260,355</u>	<u>\$ 26,494,243</u>	<u>\$ 232,754,598</u>

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

TOWN OF PALM BEACH, FLORIDA

**BALANCE SHEET
GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2021

	Major Governmental Funds				
	General Fund	Townwide Undergrounding Assessment Fund	Beach Restoration Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 5,150	\$ --	\$ --	\$ 1,479,528	\$ 1,484,678
Equity in pooled cash and investments	31,998,497	67,420,918	29,791,573	20,457,367	149,668,355
Investments	7,009,712	--	--	--	7,009,712
Accounts receivable, net	1,669,344	--	--	--	1,669,344
Assessments receivable	--	62,791,882	--	--	62,791,882
Interest receivable	13,058	21,082	40,324	59,813	134,277
Due from other governments	505,711	268,517	8,112,742	--	8,886,970
Inventory	414,983	--	--	--	414,983
Prepaid items	10,037	--	--	6,501	16,538
Equity in pooled cash and investments - restricted	1,454,402	--	--	1,577,059	3,031,461
Total Assets	\$ 43,080,894	\$ 130,502,399	\$ 37,944,639	\$ 23,580,268	\$ 235,108,200
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts and contracts payable	\$ 981,939	\$ 2,738,067	\$ 620,456	\$ 1,909,517	\$ 6,249,979
Accrued liabilities	1,060,406	3,338	3,119	--	1,066,863
Advance from other funds	--	--	--	1,031,335	1,031,335
Due to other governments	--	--	--	694,989	694,989
Payable from restricted assets	1,454,402	--	--	295,883	1,750,285
Unearned revenue	1,355,592	--	--	--	1,355,592
Total Liabilities	4,852,339	2,741,405	623,575	3,931,724	12,149,043
Deferred Inflows of Resources					
Business tax receipts	596,787	--	--	--	596,787
Unavailable revenue	46,427	268,517	5,006,853	--	5,321,797
Special assessments	106,015	62,791,882	--	--	62,897,897
Total Deferred Inflows of Resources	749,229	63,060,399	5,006,853	--	68,816,481
Fund Balances					
Non-spendable:					
Inventory	414,983	--	--	--	414,983
Prepaid items	10,037	--	--	6,501	16,538
Restricted for:					
Crime prevention	--	--	--	50,330	50,330
Special projects	--	--	--	1,041,522	1,041,522
Townwide undergrounding	--	64,700,595	--	--	64,700,595
Debt service	--	--	--	1,653,073	1,653,073
Worth avenue	--	--	--	246,292	246,292
Committed to:					
Compensated absences	2,645,408	--	--	--	2,645,408
Tennis	80,962	--	--	--	80,962
MPSCC Replacement	65,302	--	--	--	65,302
Assigned to:					
Subsequent year's expenditures	6,261,302	--	--	--	6,261,302
Capital projects	--	--	--	17,682,202	17,682,202
Beach restoration	--	--	32,314,211	--	32,314,211
Unassigned	28,001,332	--	--	(1,031,376)	26,969,956
Total Fund Balances	37,479,326	64,700,595	32,314,211	19,648,544	154,142,676
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 43,080,894	\$ 130,502,399	\$ 37,944,639	\$ 23,580,268	\$ 235,108,200

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

TOWN OF PALM BEACH, FLORIDA

RECONCILIATION OF GOVERNMENT FUNDS BALANCE SHEET TO GOVERNMENTAL ACTIVITIES STATEMENT OF NET POSITION

SEPTEMBER 30, 2021

Total Governmental Fund Balances	\$ 154,142,676
Amounts reported for governmental activities in the statement of activities are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	189,248,724
Revenue is recognized when earned in the government-wide statements regardless of when it is collected. Governmental funds recognize revenue when both measurable and available.	
Unavailable revenue	68,219,694
Net OPEB asset created through funding of the employer contribution to the defined benefit OPEB plan is not recognized in the funds.	12,210,812
Deferred inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the governmental funds.	
OPEB related deferred outflows	4,800,255
OPEB related deferred inflows	(12,372,900)
Investment in joint venture is not a financial resource and, therefore, is not reported in the funds.	13,493,586
Internal service funds are used by management to charge costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	43,032,687
The internal service funds have operated with cumulative positive income results over the years, primarily due to excess service charges to governmental funds. The excess charges have reduced the total governmental fund balances reported above. Since internal service funds should operate at a breakeven basis, the cumulative excess charges are added back to the above fund balances.	(269,714)
Long-term liabilities, including accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds payable	(168,150,000)
Bond premiums	(10,633,289)
Deferred loss on refunding	3,601,044
Accrued interest payable	(1,584,653)
Compensated absences	(3,392,253)
Net pension liability	(65,371,859)
Preservation of benefits pension liability	(2,449,426)
Accrued landfill closure and post-closure care costs	(3,605,308)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.	
Pension related deferred outflows	12,841,488
Pension related deferred inflows	(27,501,209)
Net Position of Governmental Activities	<u><u>\$ 206,260,355</u></u>

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

TOWN OF PALM BEACH, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Major Governmental Funds				
	General	Townwide	Beach	Nonmajor	Total
	Fund	Undergrounding	Restoration	Governmental	Governmental
	Fund	Assessment	Project	Funds	Funds
	Fund	Fund	Fund	Funds	Funds
Revenues					
Taxes	\$ 67,542,780	\$ --	\$ --	\$ --	\$ 67,542,780
Fees and permits	1,693,234	--	--	--	1,693,234
Intergovernmental	1,111,661	--	--	666,598	1,778,259
Charges for services	7,176,166	--	--	--	7,176,166
Fines and forfeitures	918,508	--	--	21,492	940,000
Investment earnings (loss)	109,290	2,793,579	(11,407)	(7,287)	2,884,175
Grant revenue	917,762	--	9,440,315	--	10,358,077
Contributions	--	--	--	2,423,353	2,423,353
Special assessments	--	8,149,121	--	1,299,868	9,448,989
Miscellaneous	499,518	220,557	--	583,088	1,303,163
Total Revenues	<u>79,968,919</u>	<u>11,163,257</u>	<u>9,428,908</u>	<u>4,987,112</u>	<u>105,548,196</u>
Expenditures					
Current:					
General government	8,611,000	--	--	165,140	8,776,140
Public safety	32,381,571	--	--	226,502	32,608,073
Physical environment	12,949,523	10,716,935	1,122,359	773,118	25,561,935
Transportation	1,027,931	--	--	--	1,027,931
Economic environment	--	--	--	329,765	329,765
Culture and recreation	3,887,552	--	--	28,258	3,915,810
Non-departmental	7,434,622	--	--	--	7,434,622
Capital outlay	162,751	--	12,607,650	4,679,395	17,449,796
Debt service:					
Principal	--	1,040,000	--	3,380,000	4,420,000
Interest and fiscal charges	--	2,424,929	--	3,912,382	6,337,311
Total Expenditures	<u>66,454,950</u>	<u>14,181,864</u>	<u>13,730,009</u>	<u>13,494,560</u>	<u>107,861,383</u>
Excess (Deficiency) of Revenues over Expenditures	<u>13,513,969</u>	<u>(3,018,607)</u>	<u>(4,301,101)</u>	<u>(8,507,448)</u>	<u>(2,313,187)</u>
Other Financing Sources (Uses)					
General obligation bond issued	--	8,575,000	--	--	8,575,000
General obligation bond premium	--	623,896	--	--	623,896
Transfers in	3,225,000	665,000	4,777,000	11,023,846	19,690,846
Transfers out	(14,418,256)	--	(513,181)	(1,339,596)	(16,271,033)
Total Other Financing Sources (Uses)	<u>(11,193,256)</u>	<u>9,863,896</u>	<u>4,263,819</u>	<u>9,684,250</u>	<u>12,618,709</u>
Net Change in Fund Balances	2,320,713	6,845,289	(37,282)	1,176,802	10,305,522
Fund Balances - Beginning	<u>35,158,613</u>	<u>57,855,306</u>	<u>32,351,493</u>	<u>18,471,742</u>	<u>143,837,154</u>
Fund Balances - Ending	<u>\$ 37,479,326</u>	<u>\$ 64,700,595</u>	<u>\$ 32,314,211</u>	<u>\$ 19,648,544</u>	<u>\$ 154,142,676</u>

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

TOWN OF PALM BEACH, FLORIDA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Net Change in Fund Balances - Total Governmental Funds	\$ 10,305,522
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.	
Expenditures for capital assets	16,405,667
Less current year depreciation and amortization	(10,285,036)
Loss of disposal in construction in progress	(960,505)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the governmental funds.	
Change in investment in joint venture	717,814
Governmental funds report revenue when earned and available. However, the government-wide statements recognize revenue when earned, regardless of	
Grant revenues	(3,482,664)
The issuance of long-term debt provides current financial resources to governmental while the repayment of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets of governmental activities.	
General obligation bonds issued	(8,575,000)
General obligation bond premium	(623,896)
Repayment of debt principal	4,420,000
Transfer of capital assets from governmental activities to internal service funds is not reported in the governmental funds.	
Transfer of capital assets	(292,711)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Amortization of loss on refunding	(354,317)
Amortization of bond premiums	942,617
Change in accrued interest payable	(384)
Change in compensated absences	73,952
Change in net pension liability and related deferred amounts	12,309,260
Change in preservation of benefits pension liability and related deferred amounts	(1,241,840)
Change in net OPEB asset and related deferred amounts	1,793,426
Change in accrued landfill closure and post-closure care costs	(99,544)
Internal service funds are used by management to charge the costs of property, liabilities, and workers compensation insurance, group health insurance and equipment replacement costs. The net revenues of certain activities of the internal services funds are reported within governmental activities.	
	<u>428,233</u>
Change in Net Position of Governmental Activities	<u>\$ 21,480,594</u>

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

TOWN OF PALM BEACH, FLORIDA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

SEPTEMBER 30, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Major Funds				
	Town Docks Fund	Golf Course Fund	Building Fund	Total	
Assets					
Current Assets					
Cash and cash equivalents	\$ --	\$ 1,350	\$ --	\$ 1,350	\$ 54,975
Equity in pooled cash and investments	14,021,098	1,927,013	5,117,874	21,065,985	35,184,988
Accounts receivable	--	6,521	--	6,521	186
Due from other governments	4,062,000	--	--	4,062,000	--
Interest receivable	1,759	30	119	1,908	26,987
Prepaid expenses	1,291	7,742	--	9,033	333,243
Equity in pooled cash and investments - restricted	680,000	--	--	680,000	--
Total Current Assets	18,766,148	1,942,656	5,117,993	25,826,797	35,600,379
Noncurrent Assets					
Capital assets:					
Land	--	5,051,527	--	5,051,527	--
Construction in progress	31,812,293	--	--	31,812,293	258,333
Buildings	--	3,273,034	--	3,273,034	--
Improvements other than buildings	--	5,468,540	--	5,468,540	--
Equipment	--	890,810	128,326	1,019,136	23,158,294
Total Capital assets	31,812,293	14,683,911	128,326	46,624,530	23,416,627
Less: accumulated depreciation	--	(3,951,460)	(109,316)	(4,060,776)	(13,927,187)
Total Capital Assets, Net	31,812,293	10,732,451	19,010	42,563,754	9,489,440
Advance to other funds	--	--	--	--	1,031,335
Net OPEB asset	243,719	564,535	54,953	863,207	--
Total Noncurrent Assets	32,056,012	11,296,986	73,963	43,426,961	10,520,775
Total Assets	50,822,160	13,239,642	5,191,956	69,253,758	46,121,154
Deferred Outflows of Resources					
Pension related items	49,732	210,650	527,416	787,798	91,862
OPEB related items	26,053	67,899	99,633	193,585	--
Total Deferred Outflows of Resources	75,785	278,549	627,049	981,383	91,862
Liabilities					
Current Liabilities					
Accounts payable and contracts payable	6,039,768	200,409	59,967	6,300,144	645,157
Accrued liabilities	183,152	13,210	37,245	233,607	1,968,156
Capital lease	--	--	--	--	47,718
Current portion of compensated absences	5,589	14,704	823	21,116	5,629
Current portion of bonds payable	1,310,000	--	--	1,310,000	--
Payable from restricted - customer deposits	680,000	--	--	680,000	--
Total Current Liabilities	8,218,509	228,323	98,035	8,544,867	2,666,660
Noncurrent Liabilities					
Bonds payable	29,690,000	--	--	29,690,000	--
Compensated absences	10,474	61,337	210,722	282,533	24,876
Net pension liability	178,362	755,483	1,891,546	2,825,391	329,458
Unearned revenue	475,172	--	--	475,172	--
Total Noncurrent Liabilities	30,354,008	816,820	2,102,268	33,273,096	354,334
Total Liabilities	38,572,517	1,045,143	2,200,303	41,817,963	3,020,994
Deferred Inflows of Resources					
Pension related items	86,261	365,373	914,805	1,366,439	159,335
OPEB related items	232,511	536,507	57,192	826,210	--
Total Deferred Inflows of Resources	318,772	901,880	971,997	2,192,649	159,335
Net Position					
Net investment in capital assets	1,401,791	10,732,451	19,010	12,153,252	9,441,722
Restricted for net OPEB asset	243,719	564,535	54,953	863,207	--
Unrestricted	10,361,146	274,182	2,572,742	13,208,070	33,590,965
Total Net Position	\$ 12,006,656	\$ 11,571,168	\$ 2,646,705	\$ 26,224,529	\$ 43,032,687

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

TOWN OF PALM BEACH, FLORIDA

RECONCILIATION OF ENTERPRISE FUND NET POSITION TO BUSINESS-TYPE ACTIVITIES NET POSITION

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Amounts Reported for the Enterprise Funds

\$ 26,224,529

The Town uses internal service funds to charge the costs of risk management, group health insurance, and equipment replacement individual governmental and enterprise funds. The operating or loss of certain activities of internal service funds related to the enterprise funds are included with business-type activities in the government-wide statements.

The following reflects the consolidation of internal service fund related to the enterprise funds.

Current year adjustment

(670)

Cumulative prior year adjustments

270,384

Amounts Reported for the Business-type Activities

\$ 26,494,243

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

TOWN OF PALM BEACH, FLORIDA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities Internal Services Fund
	Major Funds				
	Town Docks Fund	Golf Course Fund	Building Fund	Total	
Operating Revenues					
Golf fees and related revenue	\$ --	\$ 3,642,305	\$ --	\$ 3,642,305	\$ --
Marina fees and related revenue	9,987	--	--	9,987	--
Building fees and related revenue	--	--	10,669,779	10,669,779	--
Charges for services	--	--	--	--	8,798,206
Fines and Forfeitures	--	--	71,451	71,451	--
Other operating revenue	--	8,627	570	9,197	154,331
Total Operating Revenues	<u>9,987</u>	<u>3,650,932</u>	<u>10,741,800</u>	<u>14,402,719</u>	<u>8,952,537</u>
Operating Expenses					
Personal services	12,919	355,165	4,207,957	4,576,041	270,990
Contractual services	353,957	567,328	524,153	1,445,438	82,005
Repairs and maintenance	29,988	47,210	62,336	139,534	--
Equipment rental	--	7,327	--	7,327	--
Materials and supplies	2,811	466,967	27,509	497,287	--
Utilities	10,555	117,953	--	128,508	--
Insurance	--	--	--	--	1,952,487
Claims	--	--	--	--	4,746,660
Claims adjustment	--	--	--	--	136,229
Depreciation and amortization	155,431	295,423	7,930	458,784	1,711,183
Other	182,181	108,097	94,401	384,679	60,423
Total Operating Expenses	<u>747,842</u>	<u>1,965,470</u>	<u>4,924,286</u>	<u>7,637,598</u>	<u>8,959,977</u>
Operating Income	<u>(737,855)</u>	<u>1,685,462</u>	<u>5,817,514</u>	<u>6,765,121</u>	<u>(7,440)</u>
Nonoperating Revenues (Expenses)					
Investment earnings (loss)	34,477	930	2,251	37,658	(9,112)
Insurance recoveries	--	--	--	--	93,026
Interest and fiscal charges	(699,360)	--	--	(699,360)	(2,192)
Gain/(loss) on disposal of assets	(990,486)	(35,736)	--	(1,026,222)	92,045
Capital assets transferred to proprietary funds	--	--	--	--	(31,475)
Total Nonoperating Revenues (Expenses)	<u>(1,655,369)</u>	<u>(34,806)</u>	<u>2,251</u>	<u>(1,687,924)</u>	<u>142,292</u>
Income Before Capital Contributions from other funds and Transfers	<u>(2,393,224)</u>	<u>1,650,656</u>	<u>5,819,765</u>	<u>5,077,197</u>	<u>134,852</u>
Capital contributions from other funds	--	4,535	26,940	31,475	292,711
Capital contributions from grants	1,918,494	--	--	1,918,494	--
Transfers out	--	(219,813)	(3,200,000)	(3,419,813)	--
Change in Net Position	<u>(474,730)</u>	<u>1,435,378</u>	<u>2,646,705</u>	<u>3,607,353</u>	<u>427,563</u>
Net Position - Beginning	<u>12,481,386</u>	<u>10,135,790</u>	<u>--</u>	<u>22,617,176</u>	<u>42,605,124</u>
Net Position - Ending	<u>\$ 12,006,656</u>	<u>\$ 11,571,168</u>	<u>\$ 2,646,705</u>	<u>\$ 26,224,529</u>	<u>\$ 43,032,687</u>

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

TOWN OF PALM BEACH, FLORIDA

RECONCILIATION OF ENTERPRISE FUND CHANGES IN NET POSITION TO BUSINESS-TYPE ACTIVITIES CHANGES IN NET POSITION

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Amounts Reported for the Enterprise Funds

\$ 3,607,353

The Town uses internal service funds to charge the costs of risk management, group health insurance, and equipment replacement to individual governmental and enterprise funds. The operating income or loss of certain activities of internal service funds related to the enterprise funds are included with business-type activities in the government-wide statements.

The following reflects the consolidation of internal service fund activities related to the enterprise funds.

Current year adjustment

(670)

Change in Net Position of Governmental Activities

\$ 3,606,683

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

TOWN OF PALM BEACH, FLORIDA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Business-type Activities - Enterprise Funds				Governmental
	Major Funds				Activities -
	Town Docks	Golf Course	Enterprise		Internal Service
	Fund	Fund	Fund	Total	Fund
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 346,765	\$ 3,635,784	\$ 10,741,230	\$ 14,723,779	\$ --
Receipts from interfund services provided	--	--	--	--	9,679,850
Payments to employees	(252,135)	(739,708)	(1,814,871)	(2,806,714)	(298,483)
Payments to suppliers	(92,553)	(1,219,244)	(611,187)	(1,922,984)	(6,362,728)
Other receipts	--	8,627	570	9,197	154,331
Net Cash Provided by Operating Activities	<u>2,077</u>	<u>1,685,459</u>	<u>8,315,742</u>	<u>10,003,278</u>	<u>3,172,970</u>
Cash Flows from Noncapital					
Financing Activities					
Insurance recoveries	--	--	--	--	93,026
Transfers to other funds	--	(219,813)	(3,200,000)	(3,419,813)	--
Net Cash Provided by (Used in) Noncapital					
Financing Activities	<u>--</u>	<u>(219,813)</u>	<u>(3,200,000)</u>	<u>(3,419,813)</u>	<u>93,026</u>
Cash Flows from Capital and Related					
Financing Activities					
Acquisition of property and equipment	(17,037,927)	(127,273)	--	(17,165,200)	(1,381,344)
Proceeds from sale of assets	--	500	--	500	101,386
Receipts from grants	325,000	--	--	325,000	--
Lease payment paid	--	--	--	--	(58,197)
Interest paid	(699,360)	--	--	(699,360)	(2,192)
Net Cash Used in Capital and					
Related Financing Activities	<u>(17,412,287)</u>	<u>(126,773)</u>	<u>--</u>	<u>(17,539,060)</u>	<u>(1,340,347)</u>
Cash Flows from Investing Activities					
Investment income received	50,545	932	2,132	53,609	12,476
Net Increase in Cash	(17,359,665)	1,339,805	5,117,874	(10,901,986)	1,938,125
Cash - Beginning	<u>32,060,763</u>	<u>588,558</u>	<u>--</u>	<u>32,649,321</u>	<u>33,301,838</u>
Cash - Ending	<u>\$ 14,701,098</u>	<u>\$ 1,928,363</u>	<u>\$ 5,117,874</u>	<u>\$ 21,747,335</u>	<u>\$ 35,239,963</u>
Reconciliation of Operating Income to Net Cash					
Provided by Operating Activities					
Operating income (loss)	\$ (737,855)	\$ 1,685,462	\$ 5,817,514	\$ 6,765,121	\$ (7,440)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization	155,431	295,423	7,930	458,784	1,711,183
Changes in net pension liability and related deferred amounts	(232,676)	(345,201)	2,278,935	1,701,058	(15,585)
Changes in net OPEB asset and related deferred amounts	(9,172)	(38,887)	(97,394)	(145,453)	--
Changes in operating assets and liabilities:					
(Increase) decrease in accounts receivable	11,778	(6,521)	--	5,257	6,893
(Increase) decrease in from other funds	--	--	--	--	874,751
(Increase) decrease in prepaid expenses	6,859	(437)	--	6,422	18,647
Increase (decrease) in accounts payable	--	94,464	59,967	154,431	460,107
Increase (decrease) in accrued liabilities	4,908	1,611	37,245	43,764	136,322
Increase (decrease) in customer deposits	325,000	--	--	325,000	--
Increase (decrease) in unearned revenue	475,172	--	--	475,172	--
Increase (decrease) in compensated absences payable	2,632	(455)	211,545	213,722	(11,908)
Net Cash Provided by Operating Activities	<u>\$ 2,077</u>	<u>\$ 1,685,459</u>	<u>\$ 8,315,742</u>	<u>\$ 10,003,278</u>	<u>\$ 3,172,970</u>
Noncash Activities					
Contributions of capital assets by other funds	\$ --	\$ 4,535	\$ 26,940	\$ 31,475	\$ 292,711
Contributions of capital assets to other funds	\$ --	\$ --	\$ --	\$ --	\$ (31,475)
Insurance claims adjustment	\$ --	\$ --	\$ --	\$ --	\$ 136,229
Loss on disposal of assets	\$ (990,486)	\$ (35,736)	\$ --	\$ --	\$ (17,700)

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

TOWN OF PALM BEACH, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS

SEPTEMBER 30, 2021

	<u>Trust Funds</u>
Assets	
Cash and cash equivalents	\$ 4,853,962
Interest and dividends receivable	224,595
Due from broker	95,408
Prepaid expenses and other assets	12,538
Investments:	
Short-term investment fund	13,153,133
Fixed income securities	59,073,879
Common stock and American depositary receipts	29,719,598
Domestic equity funds	94,620,656
International equity funds	64,300,901
Hedge funds	14,564,240
Private equity funds	28,235,710
Real estate funds	<u>22,668,292</u>
Total Assets	<u>331,522,912</u>
Liabilities	
Accounts payable and other accrued liabilities	346,019
Due to brokers for securities sold	2,016,718
Due to Town of Palm Beach	<u>613,243</u>
Total Liabilities	<u>2,975,980</u>
Net Position	
Restricted for pension benefits	288,216,109
Restricted for OPEB	<u>40,330,823</u>
	<u>\$ 328,546,932</u>

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

TOWN OF PALM BEACH, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Additions

Contributions

Employer	\$ 17,515,405
Employee	2,427,824
Other	<u>777,023</u>

Total Contributions 20,720,252

Investment Income

Net appreciation in fair value of investments	51,473,306
Interest and dividends	6,247,579
Other	<u>16,825</u>

Total investment income 57,737,710
Less investment expenses (774,011)

Net Investment Income 56,963,699

Total Additions 77,683,951

Deductions

Benefit payments	21,492,176
Share distributions	92,004
DROP distributions	2,500,119
Refunds of participants' contributions	248,930
Administrative expenses	435,068
Other	<u>4,896</u>

Total Deductions 24,773,193

Change in Net Position 52,910,758

Net Position Restricted for Pension Benefits and

OPEB - Beginning 275,636,174

Net Position Restricted for Pension Benefits and

OPEB - Ending \$ 328,546,932

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

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL REPORTING ENTITY

The Town of Palm Beach, Florida, (the “Town”) was incorporated as a municipality in 1911. The Town Charter was enacted by the Legislature of the State of Florida by Special Acts 1917, Chapter 7683. Pursuant to authority granted by the Florida Constitution and Florida Statutes Chapter 165, the Town enacted its current charter by Town Ordinance No. 15-78 adopted on December 12, 1978, and approved by referendum held February 6, 1979. The Town is governed by an elected Mayor and Town Council, which appoints a Town Manager. The Town provides the following services: public safety, recreation, sanitation, streets and roads, planning and zoning, and general administrative services.

The basic financial statements of the Town have been prepared in conformity with United States generally accepted accounting principles (“GAAP”) as applied to governmental units. The Governmental Accounting Standards Board (the “GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the Town’s significant accounting policies.

As required by generally accepted accounting principles, these financial statements include the Town (the primary government) and its component units. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the financial reporting entity’s financial statements to be misleading or incomplete. The Town is financially accountable for an organization if:

- a) the Town appoints a voting majority of the organization’s governing board and (1) the Town is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town, or
- b) the organization is fiscally dependent on the Town and (1) there is a potential for the organization to provide specific financial benefits to the Town or (2) impose specific financial burdens on the Town.

Based upon the application of these criteria, management has determined that there are two fiduciary component units that are required to be included in the Town’s financial reporting entity.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL REPORTING ENTITY (CONTINUED)

Town of Palm Beach Retirement System and Other Postemployment Benefits Plan

The Town of Palm Beach Retirement System (the “Plan”) was established May 1, 2012 and is governed by a nine-member board of trustees. The trustees consist of (a) one employee who is a member of the benefit group general or benefit group lifeguard elected by the members of those benefit groups (b) one employee who is a member of the benefit group firefighter elected by the members of that benefit group (c) one employee who is a member of the benefit group police officers elected by the members of that benefit group (d) five residents of the Town who are not officers or employees of the Town, retirees or beneficiaries of the retirement system, appointed by the Town Council and (e) Finance Director. The Town of Palm Beach Other Postemployment Benefits Plan (“OPEB”) Plan is a single-employer, defined benefit postemployment healthcare plan that is administered by the Town and covers retired employees of the Town and their dependents. The Town Council has the authority to establish and amend benefit provisions of the Plan.

All employees working in excess of 1,850 hours per year are covered by the Plan. The Town Council is authorized to establish benefit levels and to approve the actuarial assumptions used in the determination of contribution levels. The contributions and benefits are segregated between general employees and lifeguards, police officers, and firefighters.

The Plan and OPEB are included in the Town’s financial reporting entity because the Town appoints a voting majority of the Plan’s governing board, the Town is able to impose its will on the organization, and there is the potential for the Plan to provide specific financial benefits to the Town or impose specific financial burdens on the Town. The Plan and OPEB are presented as four trust funds in the Town’s fiduciary fund financial statements.

The Town has entered into a joint interlocal agreement for the management and operation of the East Central Regional Wastewater Treatment Facilities (the “ECR”). The ECR is reported as a joint venture accounted for using the equity method as discussed in Note 5.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements consist of the Statement of Net Position and the Statement of Activities and report information on all non-fiduciary activities of the Town. These statements include separate columns for the governmental activities, which are normally supported by taxes and intergovernmental revenue, and business-type activities, which rely primarily on fees and charges for support. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and business-type activities, which are presented as internal balances and eliminated in the Total Column.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

In the Statement of Activities, interfund services provided and used are not eliminated in the process of consolidation, because elimination of such charges would distort the direct costs and program revenues reported for the various functions concerned. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or identifiable activities are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Program revenue includes three categories of transactions: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment; (2) operating grants and contributions; and, (3) capital grants and contributions. Taxes and other items not meeting the definition of program revenue are reported as general revenue.

FUND FINANCIAL STATEMENTS

The underlying accounting system of the Town is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts.

Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The funds used by the Town are classified into three categories: governmental, proprietary, and fiduciary. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The Town's major individual governmental funds and enterprise funds are reported as separate columns in the fund financial statements.

Governmental Fund Financial Statements - Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenue, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds in the aggregate. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements, to the net position and changes in net position presented in the government-wide financial statements. The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND FINANCIAL STATEMENTS (CONTINUED)

Special Revenue Funds

The *Townwide Undergrounding Assessment Fund* accounts for the proceeds of assessments that are restricted to expenditures for the Townwide Underground Utility Project.

Capital Projects Funds

The *Beach Restoration Project Fund* accounts for beach improvements, restoration and renourishment through the placement of sand and possible groin fields and environmental mitigation for beach stabilization in all or a portion of the beaches located within the Town.

Proprietary Fund Financial Statements - Proprietary Fund Financial Statements include a Statement of Net Position and a Statement of Revenue, Expenses and Changes in Net Position, and a Statement of Cash Flows for the Town's major proprietary funds and internal service funds as follows:

The *Town Docks Enterprise Fund* is used to account for the operations of the Town's 84 slip marina.

The *Golf Course Enterprise Fund* is used to account for the operations of the Town's Par 3 Golf Course.

The *Building Enterprise Fund* is used to account for all building permit revenue and expenses and allow for greater transparency as required by the State of Florida.

The *Property, Liability and Workers' Compensation Insurance Fund* and the *Group Health Insurance Fund* are used to account for the Town's internal service funds which provide risk management services to other departments of the Town. In addition, the *Equipment Replacement Fund* is used to account for the Town's internal service fund which provides for the accumulation of resources for the procurement and maintenance of major equipment and vehicles.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND FINANCIAL STATEMENTS (CONTINUED)

Fiduciary Fund Financial Statements - Fiduciary Fund Financial Statements include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The Town's Fiduciary Funds are presented in the fund financial statements. Since by definition these assets are being held for the benefit of third parties (pension participants and Town employees) and cannot be used to finance activities or obligations of the government, these funds are not included in the government-wide financial statements. The Fiduciary Funds of the Town are as follows:

The *Town of Palm Beach Retirement Fund* accounts for the General Employees' Pension Trust, the Police Officers' Pension Trust, and the Firefighters' Pension Trust assets held in a trustee capacity for Town employees participating in the Town of Palm Beach Retirement System.

The *OPEB Trust Fund* is used to account for assets held in a trustee capacity for retiree healthcare benefits.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary funds financial statements. Revenue is recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All franchise fees are based on gross receipts.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized in the period in which it becomes both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Town considers revenue to be available if it is collected within 60 days of the end of the current fiscal year. Unearned revenue consists primarily of fees for building permits and other fees collected in advance of the year to which they relate. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt, which is recognized when due. Property taxes, intergovernmental revenue, franchise fees (all of which are based on a percentage of gross receipts), charges for services and investment income are all considered susceptible to accrual and so have been recognized as revenue in the current fiscal year. All other revenue items are considered to be measurable and available only when received in cash by the Town.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

Proprietary fund and internal service fund financial statements distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds' principal ongoing operations. The principal operating revenue of the Town Docks Enterprise Fund, Golf Course Enterprise Fund, and Building Enterprise Fund, are charges to customers for dockage, greens fees, and building permits, respectively. Operating expenses for the enterprise funds include the cost of operating and maintaining the marina and golf course, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

In the government-wide financial statements, when both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

PROPERTY TAX CALENDAR

Ad valorem taxes are levied each November 1st based on the assessed property valuations at January 1st as established by the County Property Appraiser. These taxes are payable November 1st, with discounts of one to four percent allowed for payments prior to March 1st of the following calendar year. Ad valorem taxes are due March 31st, and become delinquent and subject to lien on April 1st. Ad valorem taxes are billed and collected by the Palm Beach County Tax Collector and remitted to the Town.

PROPERTY TAX REFORM

During 2007, the Florida Legislature passed property tax reform legislation limiting the property tax levies of local governments in the State of Florida. Local governments that adopt a property tax levy in excess of the limit under State law will lose their Half-Cent Sales Tax distribution from the State for the succeeding twelve months. For the fiscal year ended September 30, 2021, the maximum tax levy allowed by a majority vote of the governing body is generally based on a percentage reduction applied to the prior year (2018/2019) property tax revenue.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY TAX REFORM (CONTINUED)

The State law allows local governments to adopt a higher millage rate based on the following approval of the governing body: 1) a majority vote to adopt a rate equal to the adjusted current year rolled-back millage rate plus an adjustment for growth in per capita Florida personal income; 2) a two-thirds vote to adopt a rate equal to the adjusted current year rolled-back millage rate plus 10%; or 3) any millage rate approved by unanimous vote or referendum. For the fiscal year ended September 30, 2021 the Town adopted a millage rate of 2.9962. This millage rate results in a total tax levy of \$57,134,058 for 2021, representing a decrease of 2.34%, from the property tax levy of 2020. Beginning in 2009, property tax growth is limited to the annual growth rate of per capita personal income plus the value of new construction.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are defined as deposits with financial institutions, money market accounts and money market mutual funds and highly liquid investments which are readily convertible to known amounts of cash and have a maturity when purchased of three months or less.

For purposes of the statement of cash flows, cash and cash equivalents also include each respective fund's equity in pooled cash and investments. Each fund is able to withdraw cash at any time without prior notice or penalty and there is sufficient liquidity to meet the daily cash needs of each fund.

INVESTMENTS

Investments are stated at fair value. 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. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, it might not be available. However, the objective of fair value measurement in both cases is the same, that is, to determine the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability. The Town categorizes investments reported at fair value in accordance with the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCOUNTS RECEIVABLE

Accounts receivable consists primarily of amounts due from local businesses for franchise and utility taxes, amounts due from individuals for parking fines and ambulance fees, and amounts due from Town residents for solid waste disposal fees. The Town does not require collateral for accounts receivable. Accounts receivable are reported net of an allowance for doubtful accounts determined based on the age of the individual receivable, with age categories ranging from 30 days past due to several years past due. Generally, the allowance includes accounts over 90 days past due. Accounts receivable are written off on an individual basis in the year the Town deems them to be uncollectible.

INVENTORY

Inventory, consisting primarily of expendable materials and supplies, is valued at cost, which approximates fair value, using the first-in, first-out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased.

PREPAID ITEMS

Payments for insurance premiums and other administrative expenditures/expenses extending over more than one accounting period are accounted for as prepaid expenditures/expenses and allocated between accounting periods. In the governmental funds, prepaid items are recorded using the consumption method and are offset by the nonspendable fund balance component which indicates they do not constitute available spendable resources, even though they are a component of current assets.

INTERNAL BALANCES

Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the government-wide governmental and business-type activities columns of the statement of net position, except for the residual amount, which is presented as internal balances.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITAL ASSETS

The Town has reported all capital assets, including infrastructure assets (roads, sidewalks and similar items), in the government-wide statement of net position. Capital assets are defined by the Town as assets with an estimated useful life in excess of one year and the capitalization thresholds presented below. Purchased capital assets are recorded at cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. All infrastructure assets are reported in the accompanying government-wide financial statements. Expenses, which materially extend the useful life of existing assets, are capitalized. Certain costs for professional services and interest associated with the acquisition and construction of capital assets have been capitalized. The cost of capital assets sold or retired is removed from the appropriate accounts and any resulting gain or loss is included in the increase in net position. Depreciation is computed using the straight-line method over the assets' estimated useful lives for all reported capital assets, except land and construction in progress.

The capitalization thresholds and estimated useful lives of capital assets are as follows:

Classification	Capitalization Threshold	Estimate Useful Life
Buildings	\$50,000	40 years
Improvements other than buildings	50,000	25 years
Infrastructure	50,000	6-50 years
Computer software	25,000	10 years
Equipment, furniture and machinery	5,000	2-20 years
Computer equipment	3,000	3-10 years

Intangible assets consist of the right of use of the City of Lake Worth, Florida's wastewater facilities. These assets are amortized using the straight-line method over 40 years, the term of the underlying agreement.

UNEARNED REVENUE

Unearned revenue arises when resources are obtained prior to revenue recognition. In subsequent periods, when revenue recognition criteria are met the unearned revenue is removed and revenue is recognized. Unearned revenue consists of license fees and charges for services collected at the end of the fiscal year that relate to and will be earned in the subsequent fiscal year.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

UNAVAILABLE REVENUE

The government reports unavailable revenue on its governmental funds balance sheet for resource inflows that do not qualify for recognition as revenue in a governmental fund because they are not yet considered available.

DEFERRED OUTFLOWS OF RESOURCES

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period and will not be recognized as an outflow of resources (expenditure/expense) until that time.

DEFERRED INFLOWS OF RESOURCES

A deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period and so will not be recognized as an inflow of resources (revenues) until that time.

BOND DISCOUNTS, BOND PREMIUMS, AND ISSUANCE COSTS

In the governmental funds, bond discounts and bond premiums are reported as “Other Financing Sources (Uses)” in the year of the issue. In the proprietary fund financial statements and the government-wide financial statements, the bond discounts and premiums are amortized over the term of the related debt using the interest method or the straight line-line method, which approximates the interest method. Issuance costs, except any portion related to prepaid insurance costs, are recognized as an expenditure/expense in the period incurred.

DEFERRED LOSSES ON REFUNDING OF DEBT

In the proprietary fund financial statements and the government-wide financial statements the difference between the re-acquisition price of new debt and the net carrying value of old debt refunded is recorded as a deferred outflow of resources and recognized as a component of interest expense over the shorter of the remaining life of the old debt or the life of the new debt using the interest method or the straight line method, which approximates the interest method.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET POSITION

Net position is the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets plus deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net position is displayed in the following three components:

Net Investment in Capital Assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - This component of net position consists of constraints placed on the use of net position by external restrictions imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted - This component of net position consists of net position that does not meet the definition of *Net investment in capital assets* or *Restricted*.

FUND BALANCE

Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balance is reported under the following classifications:

Nonspendable Fund Balance – This component indicates amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. “Not in spendable form” includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale. However, if the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned, then they should be included in the appropriate fund balance classification (restricted, committed, or assigned), rather than the nonspendable fund balance. The corpus (or principal) of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND BALANCE (CONTINUED)

Restricted Fund Balance – This component indicates amounts that are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. It is the Town's policy to have no restricted fund balance in the General Fund. Restricted amounts will be budgeted and reported in special revenue funds, capital projects funds, or debt service funds.

Committed Fund Balance – This component includes amounts that can be used only for specific purposes pursuant to constraints imposed by the Town Council by the adoption of an ordinance, the Town's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. Commitment of fund balance may be made for such purposes including, but not limited to: (a) major maintenance and repair projects; (b) meeting future obligations resulting from a natural disaster; (c) accumulating resources pursuant to stabilization arrangements; (d) establishing reserves for disasters; and or (e) setting aside amounts for specific projects or purposes.

Assigned Fund Balance – This component includes amounts intended to be used by the Town for specific purposes, but are neither restricted nor committed. Assignment of fund balance may be a) made for a specific purpose that is narrower than the general purposes of the government itself; and/or b) used to reflect the appropriation of a portion of existing unassigned fund balance to eliminate a projected deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues. In accordance with the Town's fund balance policy, assignments can be made by formal action of the Town Council. Assigned fund balance shall reflect management's intended use of resources as set forth in the annual budget (and any amendments thereto). Assigned fund balance may or may not be appropriated for expenditure in the subsequent year depending on the timing of the project/reserve for which it was assigned.

Unassigned Fund Balance – This component includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes. A negative unassigned fund balance may be reported only after any amount reported as assigned fund balance has been eliminated.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND BALANCE (CONTINUED)

The Town will maintain a minimum level of unassigned fund balance of 25% of general fund operating expenditures. If after the annual audit, prior committed or assigned fund balance causes the unassigned fund balance to fall below 25% of general fund operating expenditures, the Town Manager will so advise the Town Council in order for necessary action to be taken to restore unassigned fund balance to 25% of General Fund operating expenditures.

The Town Manager will prepare and submit a plan to the Town Council, that may include expenditure reductions, revenue increases, use of non-recurring revenues, budget surpluses and excess resources in other funds to restore fund balance to the minimum level. The Town shall take action necessary to restore the unassigned fund balance to acceptable levels within two years.

Unrestricted Fund Balance – The total of committed fund balance, assigned fund balance, and unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the Town's policy to reduce the restricted amounts first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the Town's policy to reduce committed amounts first, followed by assigned amounts, and then unassigned amounts.

ENCUMBRANCES

Budgets in governmental funds are encumbered upon issuance of purchase orders, contracts, or other forms of legal commitments. Appropriations expire at fiscal year end, even if encumbered, but it is the Town's policy to re-appropriate such amounts at the beginning of the next fiscal year.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

COMPENSATED ABSENCES

The Town accrues accumulated vacation and sick leave time for all permanent, fulltime employees, subject to certain limitations. The Town's policy provides that employees shall receive 100% of their accrued vacation and 50% of their accrued sick leave over 320 hours for full-time employees and 160 hours for part-time employees, upon termination of service. Upon retirement, an employee will be paid 50% of all accrued and unused sick leave not to exceed 800 hours for full-time employees and 400 hours for part-time employees. The liability for compensated absences attributable to the Town's governmental funds is recorded in the government-wide financial statements. The amount attributable to the business-type activities is charged to expense with a corresponding liability established in the government-wide financial statements as well as the Enterprise Funds. The Town includes all applicable payroll taxes and benefits in the accrual for compensated absences.

INTERFUND TRANSACTIONS

Transactions between funds during the fiscal year consisted of loans, services provided, reimbursements or transfers. The current portion of interfund loans are reported as Due from Other Funds and Due to Other Funds as appropriate. The non-current portion of interfund loans are reported as Advances to Other Funds and Advances from Other Funds as appropriate. Interfund loans are subject to elimination in the government-wide financial statements. Services, deemed to be reasonably equivalent in value, are treated as revenue and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are presented as transfers. Transfers within the governmental and business-type activities are eliminated in the government-wide financial statements.

ESTIMATES

Management uses estimates and assumptions in preparing financial statements in accordance with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenditures. Actual results could vary from the estimates that were used.

IMPLEMENTATION OF NEW ACCOUNTING STANDARDS

GASB Statement No. 98, *The Annual Comprehensive Financial Report*, establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in GAAP for state and local governments. This Statement was implemented by the Town for the fiscal year ended September 30, 2021.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IMPLEMENTATION OF NEW ACCOUNTING STANDARDS (CONTINUED)

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. This Statement was implemented by the Town for the fiscal year ended September 30, 2021.

NOTE 2 – DEPOSITS AND INVESTMENTS

DEPOSITS

Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized. All deposits with financial institutions were entirely covered by a combination of federal depository insurance and a collateral pool pledged to the State Treasurer of Florida by financial institutions which comply with the requirements of Florida Statutes and have been designated as a qualified public depository by the State Treasurer. Qualified public depositories are required to pledge collateral to the State Treasurer with a fair value equal to a percentage of the average daily balance of all government deposits in excess of any federal deposit insurance. In the event of a default by a qualified public depository, all claims for government deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the public depository in default and, if necessary, a pro rata assessment to the other qualified public depositories in the collateral pool. The Town's deposits are considered insured for custodial credit risk purposes. At September 30, 2021, the carrying amount of the Town's deposits with financial institutions was approximately \$62,294,000 and the bank balance was approximately \$62,193,000, excluding pension trust funds. Deposits include approximately \$7,010,000 in certificates of deposit. The Town also had \$3,150 in petty cash.

Equity in Pooled Cash and Investments

The Town maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is displayed as "Equity in pooled cash and investments." Investment earnings are allocated to the participating funds based on each fund's relative percentage of investments.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

DEPOSITS (CONTINUED)

Equity in Pooled Cash and Investments (continued)

At September 30, 2021, the Town's pooled cash and investments consisted of the following:

Description	Reported Value	Weighted Average Maturity
Demand deposits with financial institutions	\$ 53,738,427	N/A
FL PALM Portfolio	26,252,166	53 days
FL PALM Term Portfolio	37,000,000	53 days
Money market fund (Goldman Sachs)	388,947	49 days
Municipal bonds	1,732,096	3.25 years
Federal Agencies	4,352,809	5.10 years
Supra-National Agencies	2,630,887	2.27 years
Corporate notes	13,871,262	2.40 years
U.S. Treasuries	22,305,348	2.39 years
Asset backed securities	2,671,713	3.63 years
Florida Municipal Investment Trust		
0-2 Year High Quality Bond Fund	11,135,278	0.80 years
1-3 Year High Quality Bond Fund	27,261,519	1.50 years
Intermediate High Quality Bond Fund	6,290,337	3.90 years
Total Equity in Pooled Cash and Investments	<u>\$ 209,630,789</u>	

INVESTMENTS

Investment Authorization

Florida Statutes and the Town Council adopted investment policies authorize the Town to invest surplus funds in the Florida Municipal Investment Trust; other external investment pools; negotiable direct obligations of or obligations unconditionally guaranteed by the U.S. Government; interest-bearing time deposits, savings accounts, or certificates of deposits in financial institutions located in Florida and organized under federal or Florida laws (provided that any such deposits are secured by the Florida Security for Public Deposits Act); obligations of the Federal Farm Credit Banks, Freddie Mac, the Federal Home Loan Association; corporate notes rated A or higher; commercial paper; and any additional investments authorized by the investment policy. Pursuant to the Town Code and Town Council adopted investment policies, the Town Retirement Board has full power and authority to invest and reinvest funds subject to the general terms, conditions, limitations and restrictions imposed by Florida Statutes on the investments of public employee retirement systems.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Town and its pension plans require all securities to be held by a third party custodian in the name of the Town or the pension plans. Securities transactions between a broker-dealer and the custodian involving the purchase or sale of securities must be made on a “delivery versus payment” basis to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction. Investments in open-end mutual funds and external investment pools are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. Consequently, the Town’s investments in mutual funds, alternative investments, and the Florida Municipal Investment Trust are not exposed to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town’s investment policy addresses credit risk by limiting investments to the safest types of securities and diversifying the investment portfolio. Rating by a nationally recognized statistical rating organization (“NRSRO”) is an indication of credit risk. The Town requires that all investments in debt securities be rated A or higher by a NRSRO. The Town’s pension plans investment policies address credit risk by limiting investments to bonds or preferred stocks rated investment grade or above, unless specifically approved by the Board. Securities which are unrated may be purchased, if in the judgment of the investment manager, they would carry an investment grade rating. Short-term money market instruments are restricted to those with a rating not less than A-1 or P-1.

Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The Town does not have any specific policy for concentration of credit risk, although it does provide for diversification to limit the potential losses on individual securities. The Town’s pension plans’ investment policies provide that no investment manager may purchase equity or fixed income securities of any one issuer that would cause the holding of that one issuer to exceed 5% of the respective portfolio. In addition, not more than 2% of each investment manager’s portfolio shall be invested in the commercial paper of a single issuer or in bank certificates of deposit of a single issuer. Investments in broadly-based index funds, mutual funds, alternative investments, and U.S. Government and Agency securities are excluded from this limitation.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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. Generally, the longer the time to maturity, the greater the exposure to interest rate risks. The Town's investment policy minimizes interest rate risk by structuring its investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. Operating funds are invested primarily in shorter-term securities, money market mutual funds, or similar investment pools. Generally, investments are limited to instruments maturing within five years of purchase.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. While there was no direct exposure to foreign currency risk in the Town's general operating investments at September 30, 2021, the Town's General Employees' Pension Trust Fund, the Police Officers' Retirement Trust Fund, the Firefighters' Retirement Trust Fund, and the OPEB Trust Fund held investments in international equity mutual funds. There was no direct exposure to foreign currency risk in the Town's and the Plans' investments at September 30, 2021 as all foreign investments are denominated in U.S. dollars.

The Town's and the pension plan's investments in international equity mutual funds as of September 30, 2021 are as follows:

Fund	Fair Value
General Employees' Pension Trust Fund	\$ 23,314,066
Police Officers' Pension Trust Fund	20,035,293
Firefighters' Pension Trust Fund	19,273,115
OPEB Trust Fund	<u>1,678,427</u>
Total International Equity Mutual Funds	<u>\$ 64,300,901</u>

Risk and Uncertainties

The Town invests in a variety of investment vehicles. 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 such changes could materially affect the amounts reported.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

TOWN'S INVESTMENTS

As a means of limiting its exposure to interest rate risk, the Town diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer with various durations of maturities. Information about the sensitivity of the fair values of the Plan's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Town's investments by maturity at September 30, 2021:

Investment Type	Reported Value	Investment Maturities in Years	
		Less than 1	1 to 5
U.S. Treasuries	\$ 22,305,348	\$ --	\$ 22,305,348
Federal Agencies	4,352,809	--	4,352,809
Supra-national Agencies	2,630,887	--	2,630,887
Corporate notes	13,871,262	--	13,871,262
Municipal bonds	1,732,096	--	1,732,096
Asset backed securities	2,671,713	--	2,671,713
FL PALM Portfolio	26,252,166	26,252,166	--
FL PALM Term Portfolio	37,000,000	37,000,000	--
Money market fund (Goldman Sachs)	388,947	388,947	--
Certificates of deposit	7,009,712	7,009,712	--
Florida Municipal Investment Trust			
0-2 Year High Quality Bond Fund	11,135,278	11,135,278	--
1-3 Year High Quality Bond Fund	27,261,519	--	27,261,519
Intermediate High Quality Bond Fund	6,290,337	--	6,290,337
Total Town Investments (excludes Cash)	\$ 162,902,074	\$ 81,786,103	\$ 81,115,971

TOWN OF PALM BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

TOWN'S INVESTMENTS (CONTINUED)

The Town's investment policy addresses credit risk by limiting investments to the safest types of securities and diversifying the investment portfolio. Credit rating is also an indication of credit risk. The ratings for the Town's investments at September 30, 2021 are summarized below:

Investment Type	S&P Rating	Moody's Rating	Reported Value
U.S. Treasuries	AA+	Aaa	\$ 22,305,348
Federal Agencies	AA+	Aaa	4,352,809
Supra-National Agencies	AAA	Aaa	2,630,887
Asset backed securities	AAA	Aaa	978,462
Asset backed securities	AAA	Not Rated	1,125,210
Asset backed securities	Not Rated	Aaa	568,041
Corporate notes	AAA	Aaa	147,793
Corporate notes	AA+	Aa1	248,858
Corporate notes	AA+	Aa3	208,265
Corporate notes	AA	A1	189,491
Corporate notes	AA	Aa2	64,849
Corporate notes	AA-	A1	118,024
Corporate notes	AA-	A3	197,082
Corporate notes	AA-	Aa2	299,631
Corporate notes	AA-	Aa3	651,497
Corporate notes	A+	A1	1,347,778
Corporate notes	A+	A2	778,791
Corporate notes	A+	A3	304,810
Corporate notes	A	A1	511,893
Corporate notes	A	A2	1,139,878
Corporate notes	A-	A2	1,062,682
Corporate notes	A-	A3	634,380
Corporate notes	A-1	P-1	4,998,420
Corporate notes	BBB+	A1	544,684
Corporate notes	BBB+	A2	74,161
Corporate notes	BBB+	A3	348,295
Municipal bonds	AAA	Aa1	264,499
Municipal bonds	AAA	Aaa	247,107
Municipal bonds	AA+	Aaa	94,544
Municipal bonds	AA+	Not Rated	354,392
Municipal bonds	AA	Aa2	84,564
Municipal bonds	AA	Aa3	409,057
Municipal bonds	A+	Aa3	202,635
Municipal bonds	NR	Aa2	75,298
FL PALM Portfolio	AAAm	Not Rated	26,252,166
FL PALM Term Portfolio	(1)	(1)	37,000,000
Money market funds (Goldman Sachs)	AAAm	Aaa-mf	388,947
Certificates of deposit	Not Rated	Not Rated	7,009,712
Florida Municipal Investment Trust			
0-2 Year High Quality Bond Fund	(2)	(2)	11,135,278
1-3 Year High Quality Bond Fund	(3)	(3)	27,261,519
Intermediate High Quality Bond Fund	(4)	(4)	6,290,337
Total Town Investments (excludes Cash)			\$ 162,902,074

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

TOWN'S INVESTMENTS (CONTINUED)

- (1) The FL PALM Term Portfolio is not rated by S&P or Moody's, but is rated AAAs by Fitch and AAAs by Kroll Bond Rating Agency
- (2) The FMIT 0-2 Year High Quality Bond Fund is not rated by S&P or Moody's, but it is rated AAAs/S1 by Fitch.
- (3) The FMIT 1-3 Year High Quality Bond Fund is not rated by S&P or Moody's, but it is rated AAAs/S2 by Fitch.
- (4) The FMIT Intermediate High Quality Bond Fund is not rated by S&P or Moody's, but it is rated AAAs/S3 by Fitch.

The Florida Municipal Investment Trust (the "FMIT") is an interlocal governmental entity created in 1993 under the laws of the State of Florida to provide eligible units of local governments with an investment vehicle to pool their surplus funds and to reinvest such funds in one or more investment portfolios under the direction and daily supervision of an investment advisor. The Florida League of Cities serves as the administrator, investment manager, and secretary-treasurer of the FMIT. The FMIT is an Authorized Investment under Section 218.415 Florida Statutes. The FMIT is exempt from registration under the Securities Act of 1933, the Investment Company Act of 1940 and the Florida Securities and Investors Protection Act. The FMIT is a Local Government Investment Pool and is considered an external investment pool for GASB reporting purposes. Purchases and redemptions of shares in the FMIT may only be made on or about the end of each month and the Town must maintain an account balance of at least \$50,000. The Town reports its investment in the FMIT at fair value in accordance with the GASB 72 fair value hierarchy.

The Florida Education Investment Trust Fund ("FEITF") was organized in 2010 as a common law trust organized under the laws of the State of Florida and is designed to meet the cash management and short-term investment needs of school districts, political subdivisions of the State or instrumentalities of political subdivisions of the State. Effective June 1, 2019, the FEITF changed its name to the Florida Public Assets for Liquidity Management ("FL PALM"). The Trust offers a fully liquid, variable rate investment option known as the FL PALM Portfolio and a fixed rate fixed-term investment known as the FL PALM Term Portfolio. The Florida School Boards Association and the Florida Association of District School Superintendents sponsor the FL PALM, and its investment objective is to provide investors with the highest possible investment yield, while maintaining liquidity and preserving capital.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

TOWN'S INVESTMENTS (CONTINUED)

The FL PALM Portfolio provides daily liquidity and allows unlimited investments and redemptions. The minimum investment is \$10,000. The FL PALM Portfolio is an external investment pool and is not registered with the Securities and Exchange Commission (SEC). The investment in the FL PALM Portfolio is reported at amortized cost in accordance with GASB Statement No. 79, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* (GASB 79). The investment in the FL PALM Portfolio is not insured by the FDIC or any other governmental agency. As of September 30, 2021, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100% of their account value. However, the Trustee of the FL PALM Portfolio can suspend the right of withdrawal or postpone the date of payment if the Trustee determines that there is an emergency. The FL PALM Portfolio is rated AAAm by Standard and Poor's.

The FL PALM Term Portfolio provides an investment subject to pre-set redemptions occurring from 60 days to one year from the time of investment, and that will produce the highest earnings consistent with maintaining principal at maturity and meeting the redemption schedule. It seeks to assure the return of principal on the planned maturity date, although principal value may fluctuate prior to that date, and therefore may be greater or less than \$1.00 per share. There is a penalty for early withdrawal, and the net asset value may be more or less than \$1.00 per share. The minimum investment is \$1,000,000, the minimum subsequent investment is \$100,000, and the minimum account balance is \$1,000,000. The principal investment and the dividend are paid at maturity. The FL PALM Term Portfolio is rated AA Af by Fitch Ratings and AA A kf by the Kroll Bond Rating Agency. The FL PALM Term Portfolio is not subject to GASB 79 because, by design, they do not meet the required liquidity criteria. Therefore, FL PALM Term Portfolio investments should be measured at net asset value, which is implicit in the values reported in the monthly statements provided to participants.

The Goldman Sachs Financial Square Treasury Solutions Fund is a high quality money market portfolio that comprises U.S. Treasury securities and repurchase agreements solely within the Federal Reserve Bank of New York collateralized by U.S. Treasury Obligations. The fund seeks maximum income consistent with preserving capital and maintaining daily liquidity. The investment valuation policy of the Fund is to use the amortized cost method permitted by Rules 2a-7 under the Investment Company Act of 1940, which approximates market value, for valuing portfolio securities. The Fund is rated AA Am by Standard & Poor's and AAA-mf by Moody's.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

TOWN'S INVESTMENTS (CONTINUED)

Fair Value Hierarchy

GASB 72 establishes a three-tier fair value hierarchy. The hierarchy is based on valuation inputs used to measure the fair value as follows:

Level 1 - Inputs are directly observable, quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs are other than quoted prices included within Level 1 that are for the asset or liability, either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation or by other means.

Level 3 - Inputs are unobservable inputs used only when relevant Level 1 and Level 2 inputs are unavailable.

The level in which an asset is assigned is not indicative of its quality but an indication of the source of valuation inputs.

The following table presents a summary of the fair value hierarchy for the Town's fixed income investments as of September 30, 2021:

Investment by Level	Fair Value	Level 1	Level 2	Level 3
U.S. Treasuries	\$22,305,348	\$ --	\$22,305,348	\$ --
Federal Agencies	4,352,809	--	4,352,809	--
Supra-national Agencies	2,630,887	--	2,630,887	--
Corporate notes	13,871,262	--	13,871,262	--
Municipal bonds	1,732,096	--	1,732,096	--
Asset backed securities	2,671,713	--	2,671,713	--
FMIT 0-2 Year High Quality Bond Fund	11,135,278	--	11,135,278	--
FMIT 1-3 Year High Quality Bond Fund	27,261,519	--	27,261,519	--
FMIT Intermediate High Quality Bond Fund	6,290,337	--	6,290,337	--
Total Town Fixed Income Investments	<u>\$92,251,249</u>	<u>\$ --</u>	<u>\$92,251,249</u>	<u>\$ --</u>

Debt securities classified in level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing values securities based on the securities relationship to benchmark quoted prices.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

TOWN'S INVESTMENTS (CONTINUED)

Fair Value Hierarchy (continued)

Certain investments are exempt from reporting under the fair value hierarchy. Depending on the nature of the investment, these investments are reported at cost, amortized cost, or net asset value.

Investments Reported at Cost

As of September 30, 2021, the Town held certificates of deposit in the amount of \$7,009,712 that are reported at cost.

Investments Reported at Amortized Cost

Investment	Amortized Cost
FL PALM Portfolio	\$26,252,166
Goldman Sachs Financial Square Treasury Solutions Fund	<u>388,947</u>
Total Town Investments Reported at Amortized Cost	<u>\$26,641,113</u>

Investment Reported at Net Asset Value

At September 30, 2021, the Town's investment in the FL PALM Term Portfolio in the amount of \$37,000,000 is reported at net asset value ("NAV").

OPEB TRUST FUND INVESTMENTS

Investment Authorization

In addition to the Town's investment policy, the OPEB Trust Fund is authorized to invest in domestic and international equity securities, corporate bonds, mutual funds, and investment partnerships and other alternative investments within certain limitations established by the Town Code.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

OPEB TRUST FUND INVESTMENTS (CONTINUED)

Fair Value Hierarchy

The following table presents a summary of the fair value hierarchy for the Town's OPEB Trust Fund investments as of September 30, 2021:

Investment by Level	Fair Value	Level 1	Level 2	Level 3
Mutual Funds				
Domestic equity funds	\$20,170,832	\$20,170,832	\$ --	\$ --
International equity funds	1,678,427	1,678,427	--	--
Short-term investment funds	340,191	340,191	--	--
Fixed income securities	<u>13,859,245</u>	<u>13,859,245</u>	<u>--</u>	<u>--</u>
Total	<u><u>\$36,048,695</u></u>	<u><u>\$36,048,695</u></u>	<u><u>\$ --</u></u>	<u><u>\$ --</u></u>

Investments Reported at Net Asset Value

The following table presents a summary of the Town's OPEB Trust Fund investments reported at net asset value as of September 30, 2021:

Investments Measured at Net Asset Value	Net Asset Value
Alternative investments	
Crescent Direct Lending - private equity	\$ 866,278
Principal Enhanced Property Fund	1,156,316
U.S. Real Estate Investment Fund	<u>2,434,469</u>
Total Investments Measured at Net Asset Value	<u><u>\$ 4,457,063</u></u>

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

OPEB TRUST FUND INVESTMENTS (CONTINUED)

Investments Reported at Net Asset Value (continued)

At September 30, 2021, approximately 13% of the OPEB Trust Fund investments were invested in alternative investments. These alternative investment funds invest primarily in domestic and foreign private equity partnerships and other alternative investment equity funds. The investments in the underlying funds are generally valued at fair value as determined by the management of the fund by reference to the value of the underlying fund's net assets, if available, or by the valuations of a fund's underlying net assets as provided by the general partner or investment manager, if the assets are not publicly traded. The funds may also hold certain investments which may be valued by a single market maker. While the fund managers use their best judgment in estimating the fair values of underlying funds, there are inherent limitations in any estimation technique. Accordingly, the fair values of alternative investment funds have been estimated by the Town's management and investment advisors in the absence of readily ascertainable market values. Therefore, the values of such funds are not necessarily indicative of the amount that could be realized in a current transaction. The fair values 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 Principal Enhanced Property Fund, LP is an open-end, commingled fund sponsored and managed by Principal Real Estate Investors. The Fund was created May 18, 2004 as a Delaware limited partnership and each investment is structured as a domestically controlled REIT. The minimum investment is \$1,000,000 and contributions may be made monthly. Distributions are made quarterly with a re-investment option. Redemptions are allowed quarterly with 90 days' notice. The Fund focuses on stabilized, income producing assets and only invests in office, retail, industrial, and multi-family projects with a focus on 25 to 30 U.S. markets with MSA populations greater than one million. Transaction sizes are typically \$10,000,000 to \$100,000,000 but may consider smaller or larger properties. The Fund utilizes moderate leverage (target 40% to 45%) to attempt to enhance Fund returns and portfolio diversification. Most assets are acquired on a direct basis but may consider joint ventures with qualified partners if the Fund has majority economic interest and appropriate liquidity and control mechanisms. Fund investments may be held for short, medium, or long-term periods to attempt to maximize investor returns.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

OPEB TRUST FUND INVESTMENTS (CONTINUED)

Investments Reported at Net Asset Value (continued)

Crescent Direct Lending is a leading provider of first lien and unitranche senior financing to private equity-backed U.S. lower middle market companies with \$5 million to \$35 million of EBITDA. Since inception in 2005, Crescent Direct Lending has issued over \$4 billion of aggregate loan commitments to more than 130 companies and over 100 unique private equity sponsors. During 2018, Crescent Direct Lending issued over \$1.5 billion of senior loan commitments to its private equity clients across 25 new portfolio companies and more than 75 add-on transactions. Crescent Direct Lending targets senior financing opportunities of \$20 million to \$200+ million with hold sizes up to \$100+ million. The investment period is 6 years from the closing date.

U.S. Real Estate Investment Fund is an open-ended commingled investment vehicle with a multi-disciplinary investment strategy. Diversified nationally, the foundation of the portfolio is to acquire yield-driven assets consisting of all property types. Shares may be redeemed quarterly. In addition to interest rate risk, credit risk, custodial credit risk, and concentration of credit risk, the alternative investment funds expose the fiduciary funds to certain other risks, including liquidity risks, counterparty risks, foreign political, economic, and governmental risks, and market risk. In addition, these investments may have restrictions for liquidating positions in these funds. The value, liquidity, and related income of certain securities with contractual cash flows, such as asset backed securities collateralized by mortgage obligations, commercial mortgage backed securities, and mutual funds investing in these securities or entities, are particularly sensitive to changes in economic conditions, including real estate value, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

Due to the various risks associated with certain investments, it is at least 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 accompanying financial statements.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

OPEB TRUST FUND INVESTMENTS (CONTINUED)

Interest Rate Risk

As a means of limiting its exposure to interest rate risk, the OPEB Trust Fund diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer with various durations of maturities. Information about the sensitivity of the fair values of the Trust Fund's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the investments by maturity at September 30, 2021:

Investment Type	Fair Value	Investment Maturities in Years		
		Less than 1	1 to 5	6 to 10
Domestic fixed income funds	\$13,859,245	\$ --	\$ --	\$13,859,245
Total Fixed Income Investments	<u>\$13,859,245</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$13,859,245</u>

As of September 30, 2021, the OPEB Trust Fund investments have not been rated by a nationally recognized statistical rating organization.

TOWN OF PALM BEACH RETIREMENT SYSTEM INVESTMENTS

Type of Investments: Florida statutes and the Plan investment policy authorize the Trustees to invest funds in various investments. The current target allocation of these investments at market as of September 30, 2021 is as follows:

Authorized Investments	
Domestic equity funds	35.0%
Developed equity funds	15.0%
Emerging markets equity funds	5.0%
Fixed income securities	17.5%
Global Macro	3.0%
Alternative assets	5.0%
Real estate funds	10.0%
Private equity funds	7.5%
Cash	2.0%

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in the market interest rates. As a means to limiting its exposure to interest rate risk, the Plan diversifies its investments by security type and institution, and limits holding in any one type of investment with any one issuer with various durations of maturities.

TOWN OF PALM BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

TOWN OF PALM BEACH RETIREMENT SYSTEM INVESTMENTS (CONTINUED)

Interest Rate Risk (continued)

Information about the sensitivity of the fair values of the Plan's investments to market interest rate fluctuations is provided by the following tables that show the distribution of the Plan's fixed income securities by maturity at September 30, 2021:

Investment Type	Fair Value	Remaining Maturity			
		Less than 1 Year	1 - 5 Years	6 - 10 Years	Greater than 10 Years
U.S. Treasuries	\$18,285,786	\$ 2,789,883	\$ 677,905	\$12,502,320	\$ 2,315,678
U.S. Government agency obligations	15,055,741	--	--	--	15,055,741
Corporate bonds	11,873,107	--	3,658,212	8,214,895	--
Total Fixed Income Investments	\$45,214,634	\$ 2,789,883	\$ 4,336,117	\$20,717,215	\$17,371,419

Credit Risk

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. This risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization. The Plan's investment policy utilizes portfolio diversification in order to control this risk.

The following table discloses credit ratings of the fixed income securities, at September 30 2021, as applicable:

Credit Rating by Standard & Poor's	Fair Value
AA+	\$15,495,902
A-1+	2,789,883
A-	6,679,063
BBB+	5,194,044
Not rated	15,055,742
Total Fixed Income Securities	\$45,214,634

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

TOWN OF PALM BEACH RETIREMENT SYSTEM INVESTMENTS (CONTINUED)

Concentration of Credit Risk

The investment policy of the Plan contains limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. There were no individual investments that represent 5% or more of the Plan's net position at September 30, 2021.

Custodial Credit Risk

Deposits are exposed to custodial risk if they are uninsured and uncollateralized. Custodial risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Plan will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. All deposits with financial institutions were entirely covered by a combination of federal depository insurance and a collateral pool pledged to the State Treasurer of Florida by financial institutions which comply with the requirements of Florida Statutes and have been designated as a qualified public depository by the State Treasurer. Qualified public depositories are required to pledge collateral to the State Treasurer with a fair value equal to a percentage of the average daily balance of all government deposits in excess of any federal deposit insurance. In the event of a default by a qualified public depository, all claims for government deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the public depository in default and, if necessary, a pro rata assessment to the other qualified public depositories in the collateral pool. The Plan's deposits are considered insured for custodial credit risk purposes.

Custodial risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Plan will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the Plan, and are held either by the counterparty or the counterparty's trust department or agent but not in the Plan's name.

Consistent with the Plan's investment policy, the investments are held by Plan's custodial banks and registered in the Plan's name. All of the Plan's deposits are insured and or collateralized by a financial institution separate from the Plan's depository financial institution.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

TOWN OF PALM BEACH RETIREMENT SYSTEM INVESTMENTS (CONTINUED)

Risk 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 change could materially affect the amounts reported in the statement of fiduciary net position. The Plan, through its investment advisor, monitors the Plan's investment and the risks associated therewith on a regular basis, which the Plan believes minimizes these risks.

Rate of Return

For the year ended September 30, 2021, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expenses was 18.32%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. Inputs to the dollar-weighted rate of return valuation are determined on a monthly basis.

Fair Value Hierarchy

The Plan categorizes its investments in accordance with the fair value hierarchy established by generally accepted accounting principles. The following is a description of the fair value techniques for the for the Plan's investments:

Level 1 and Level 2 prices are obtained from various pricing sources by the Plan's custodian bank. Short-term investments, which consist of money market funds, are reported at amortized cost. Equity securities traded on national or international exchanges are valued at the last reported sales price or current exchange rates (Level 1). This includes common stock. Debt securities classified in level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing values securities based on the securities relationship to benchmark quoted prices.

The Plan has investments in alternative asset classes including funds of hedge funds, private equity funds, and real estate funds which hold a variety of investment vehicles that do not have readily available market quotations. These investments are measured at net asset value based on their proportionate share of the value of the investments as determined by the fund managers and are valued according to methodologies which include pricing models, discounted cash flow models, and similar techniques.

TOWN OF PALM BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

TOWN OF PALM BEACH RETIREMENT SYSTEM INVESTMENTS (CONTINUED)

Fair Value Hierarchy (continued)

A summary of the Plan's investments as of September 30, 2021 is as follows:

Investment by Fair Value Level	Balance	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity Securities				
Common stock	\$ 29,719,598	\$ 29,719,598	\$ --	\$ --
Total Equity Securities	<u>29,719,598</u>	<u>29,719,598</u>	<u>--</u>	<u>--</u>
Debt Securities				
U.S. Treasury	18,285,786	--	18,285,786	--
U.S. Agencies	15,055,741	--	15,055,741	--
Corporate bonds	<u>11,873,107</u>	<u>--</u>	<u>11,873,107</u>	<u>--</u>
Total Debt Securities	<u>45,214,634</u>	<u>--</u>	<u>45,214,634</u>	<u>--</u>
Mutual Funds				
Domestic equity	74,449,822	74,449,822	--	--
International	45,032,800	45,032,800	--	--
Multi-asset income	<u>20,790,727</u>	<u>20,790,727</u>	<u>--</u>	<u>--</u>
Total Mutual Funds	<u>140,273,349</u>	<u>140,273,349</u>	<u>--</u>	<u>--</u>
Total Investments by Fair Value Level	<u>215,207,581</u>	<u>\$ 169,992,947</u>	<u>\$ 45,214,634</u>	<u>\$ --</u>
Investments Measured at Net Asset Value (NAV)				
Commingled funds - emerging markets	11,363,189			
Commingled funds - real estate	7,596,672			
Private equity - secondary markets	2,119,018			
Private equity - real estate	14,848,964			
Hedge funds				
Venture capital	9,359,972			
Hybrid	<u>12,522,313</u>			
Total Investments Measured at NAV	<u>57,810,128</u>			
Money market funds (exempt)	<u>12,812,942</u>			
Total Investments	<u>\$ 285,830,651</u>			

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

TOWN OF PALM BEACH RETIREMENT SYSTEM INVESTMENTS (CONTINUED)

Fair Value Hierarchy (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 Net Asset Value	Fair Value	Unfunded Commitments	Redemption Frequency If Currently Eligible	Redemption Notice Period in Days
Commingled funds - emerging markets	\$ 11,363,189	\$ --	Weekly	10
Commingled funds - real estate	7,596,672	--	Quarterly	45
Private equity - secondary markets	2,119,018	3,800,796	N/A	N/A
Private equity - real estate	14,848,964	654,375	N/A	N/A
Hedge funds				
Venture capital	9,359,972	6,946	N/A	N/A
Hybrid	<u>12,522,313</u>	1,186,250	N/A	N/A
Total Investments Measured at NAV	<u><u>\$ 57,810,128</u></u>			

Commingled Funds – Consists of an emerging market fund and a strategic property fund (real estate) which are considered commingled in nature. The funds are valued at net asset value of the units held at the end of the period based on the fair value of the underlying investments.

Private Equity – Secondary Markets – This group consists of two funds invested in private equity investments through secondary markets. One of these funds focuses on acquiring high quality, mature assets with near term liquidity. These investments are valued at net asset value.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

TOWN OF PALM BEACH RETIREMENT SYSTEM INVESTMENTS (CONTINUED)

Fair Value Hierarchy (continued)

Private Equity – Real Estate – This category consists of four funds. Two of the funds are closed end funds targeting high growth markets in urban, modern, green properties by acquiring undercapitalized properties and adding value through enhancements. These funds have very limited redemption rights. Another fund pursues distressed and opportunistic real estate investment opportunities. The final real estate fund focuses on acquiring assets well located but with operationally impaired assets with distressed capital structures. These funds are valued at net asset value.

Venture Capital – This category consists of one fund which focuses primarily on early stage investments in start-up companies and later stage investments. A majority of the companies in the fund focus on information technology, software, media, and life sciences. Redemptions in this fund are not permitted.

Hybrid – This category consists of three closed end investment vehicles. One fund focuses on partnership investments in U.S. based buyout, recapitalization, and turnaround; one fund consists of global partnership investments in mezzanine debt, distressed debt, and venture debt; and the third fund consists predominantly of partnership investments in U.S. based venture capital and growth equity.

NOTE 3 – RECEIVABLES

Accounts receivable at September 30, 2021 are comprised of the following:

	General	Town Docks Enterprise Fund	Equipment Replacement Fund	Total
Receivables				
Accounts receivable	\$ 988,751	\$ 6,521	\$ 186	\$ 995,458
Retirement System	613,243	--	--	613,243
Taxes receivable	630,350	--	--	630,350
Total	2,232,344	6,521	186	2,239,051
Less: allowance for doubtful accounts	(563,000)	--	--	(563,000)
Net Receivables	<u>\$ 1,669,344</u>	<u>\$ 6,521</u>	<u>\$ 186</u>	<u>\$ 1,676,051</u>

TOWN OF PALM BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 4 – CAPITAL ASSETS

The capital assets activity for the Governmental Activities for the fiscal year ended September 30, 2021 was as follows:

Governmental Activities	Beginning Balances	Additions	Deletions	Transfers	Ending Balances
Capital Assets Not Being Depreciated					
Land	\$ 10,566,323	\$ --	\$ --	\$ --	\$ 10,566,323
Construction in progress	3,805,422	16,664,000	(12,237,002)	--	8,232,420
Total Capital Assets Not Being Depreciated	<u>14,371,745</u>	<u>16,664,000</u>	<u>(12,237,002)</u>	<u>--</u>	<u>18,798,743</u>
Capital Assets Being Depreciated or Amortized					
Buildings	84,851,327	57,776	--	--	84,909,103
Improvements other than buildings	8,521,521	1,119	--	--	8,522,640
Equipment	22,465,769	1,482,397	(657,011)	(132,861)	23,158,294
Infrastructure	162,196,757	10,924,892	--	--	173,121,649
Intangible assets	1,186,607	--	--	--	1,186,607
Total Capital Assets Being Depreciated or Amortized	279,221,981	12,466,184	(657,011)	(132,861)	290,898,293
Less: Accumulated Depreciation and Amortization					
Buildings	(21,347,449)	(2,367,391)	--	--	(23,714,840)
Improvements other than buildings	(4,468,739)	(250,838)	--	--	(4,719,577)
Equipment	(12,898,385)	(1,709,803)	579,614	101,386	(13,927,188)
Infrastructure	(59,743,853)	(7,666,807)	--	--	(67,410,660)
Intangible assets	(1,186,607)	--	--	--	(1,186,607)
Total Accumulated Depreciation and Amortization	(99,645,033)	(11,994,839)	579,614	101,386	(110,958,872)
Net Capital Assets Being Depreciated or Amortized	<u>179,576,948</u>	<u>471,345</u>	<u>(77,397)</u>	<u>(31,475)</u>	<u>179,939,421</u>
Net Capital Assets	<u>\$ 193,948,693</u>	<u>\$ 17,135,345</u>	<u>\$ (12,314,399)</u>	<u>\$ (31,475)</u>	<u>\$ 198,738,164</u>

For the fiscal year ended September 30, 2021, depreciation and amortization expense was charged to functions of the Governmental Activities as follows:

Governmental Activities

General government	\$ 389,134
Public safety	875,793
Physical environment	10,412,934
Transportation	<u>316,978</u>

Total Depreciation and Amortization Expense – Governmental Activities

\$ 11,994,839

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 4 – CAPITAL ASSETS (CONTINUED)

The capital assets activity for the Business-type Activities for the fiscal year ended September 30, 2021 was as follows:

Business-type Activities	Beginning Balances	Additions	Deletions	Transfers	Ending Balances
Capital Assets Not Being Depreciated					
Land	\$ 5,051,527	\$ --	\$ --	\$ --	\$ 5,051,527
Construction in progress	10,409,364	21,402,929	--	--	31,812,293
Total Capital Assets Not Being Depreciated	<u>15,460,891</u>	<u>21,402,929</u>	<u>--</u>	<u>--</u>	<u>36,863,820</u>
Capital Assets Being Depreciated or Amortized					
Buildings	3,273,034	--	--	--	3,273,034
Improvements other than buildings	10,256,803	--	(4,788,263)	--	5,468,540
Equipment	943,350	127,273	(184,348)	132,861	1,019,136
Total Capital Assets Being Depreciated or Amortized	<u>14,473,187</u>	<u>127,273</u>	<u>(4,972,611)</u>	<u>132,861</u>	<u>9,760,710</u>
Less: Accumulated Depreciation and Amortization					
Buildings	(753,811)	(76,923)	--	--	(830,734)
Improvements other than buildings	(6,100,923)	(294,782)	3,812,006	--	(2,583,699)
Equipment	(591,761)	(87,079)	133,883	(101,386)	(646,343)
Total Accumulated Depreciation and Amortization	<u>(7,446,495)</u>	<u>(458,784)</u>	<u>3,945,889</u>	<u>(101,386)</u>	<u>(4,060,776)</u>
Net Capital Assets Being Depreciated or Amortized	<u>7,026,692</u>	<u>(331,511)</u>	<u>(1,026,722)</u>	<u>31,475</u>	<u>5,699,934</u>
Net Capital Assets	<u>\$ 22,487,583</u>	<u>\$ 21,071,418</u>	<u>\$ (1,026,722)</u>	<u>\$ 31,475</u>	<u>\$ 42,563,754</u>

For the fiscal year ended September 30, 2021, depreciation and amortization expense was charged to functions of the Business-type Activities as follows:

Business-type Activities

Town Docks	\$ 155,431
Golf Course	295,423
Building Enterprise	<u>7,930</u>

Total Depreciation and Amortization Expense –

Business-type Activities	<u>\$ 458,784</u>
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TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 5 – INVESTMENT IN JOINT VENTURE

In September 1992, the Town entered into a joint interlocal agreement (the “Agreement”) with Palm Beach County and three municipalities (West Palm Beach, Riviera Beach and Lake Worth) whereby prior separate agreements were consolidated into a single unified agreement to establish rules and procedures for the operation and management of the existing East Central Regional Wastewater Treatment Facilities (the “ECR”) in which each participating entity had a financial interest. The ECR was created to receive, treat, and dispose of sewage generated within each municipality and the County. The initial term of the Agreement is for thirty years with a renewable term of thirty years. In the event the ECR is sold or disposed of, proceeds of the sale or disposition shall be prorated among the entities, based on their reserve capacity as of the date of disposition. As of September 30, 2021, the Town had an 8.5714% interest in the ECR. Under generally accepted accounting principles, the Town is required to account for this joint venture using the equity method. Accordingly, the Town recorded its initial investment at cost and is required to record its proportionate share of the ECR’s income or loss as well as additional contributions made or distributions received. At September 30, 2021, the Town’s 8.5714% equity interest in the ECR totaled \$13,493,586. This investment is reported in the Governmental Activities Statement of Net Position as Investment in Joint Venture. The Town’s investment in ECR was estimated using audited ECR financial information for the fiscal year ended September 30, 2021. The Town’s management believes the investment in ECR, as reported, is fairly stated.

The Agreement provides for the establishment of a Governing Board (the “Board”), comprised of one representative from each entity participating in the Agreement, to administer ECR. Under the Agreement, the Board has the power to enter into contracts, employ personnel and enter into debt in accordance with Section 163.01(7) of Florida Statutes. In accordance with the Agreement, the City of West Palm Beach operates and manages ECR on behalf of the Board.

All costs of operating the ECR, excluding depreciation, are shared by each of the entities based on actual flows of wastewater. Costs associated with capital projects, renewal and replacement, and debt service are shared among the participating governments based on their pro-rata share of reserve capacity. The ECR Board is updating an engineering report on processing and disposal of biosolids at the facility, including the possibility of generating electricity on site. The initial study was prompted by changes in regulations regarding biosolids disposal. A substantial capital investment will be necessary to update the facilities. However, anticipated savings in the operation and maintenance costs as a result of the improvements should significantly reduce the impact of the increased debt service.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 5 – INVESTMENT IN JOINT VENTURE (CONTINUED)

Based on a “Participatory Agreement” signed by all participants in April 1993, the ECR constructed improvements amounting to approximately \$22,377,000, which was financed by the State of Florida, Department of Environmental Protection Revolving Loan Fund. Pledged revenue consisting of all fees and payments received by ECR will be used to repay the debt. As of September 30, 2011, the outstanding balance due to the State Loan Fund was \$6,507,923 and the Town’s share of this debt was \$540,924 which was reflected as a liability in the Governmental Activities Statement of Net Position. On September 14, 2012, the ECR, utilizing part of the proceeds of a \$14,000,000 bank loan, advance refunded the outstanding balance of the State Revolving Loan thereby extinguishing the Town’s portion of the related debt.

The above referenced bank loan is a debt of the ECR and its debt service will be included in ECR operations and maintenance costs (and billed to the Town as such).

The ECR issues separate financial statements. The latest available audited financial statements for the ECR are for the fiscal year ended September 30, 2021. The accountants issued an unmodified opinion on those financial statements, which may be obtained from the City of West Palm Beach, Finance Department, 401 Clematis Street, West Palm Beach, Florida 33401.

Summarized financial information relating to the ECR as of and for the fiscal year ended September 30, 2021 is as follows:

Net Position September 30, 2021	
Current and other assets	\$ 113,169,182
Capital assets, net	<u>237,210,620</u>
Total Assets	350,379,802
Deferred Outflows of Resources	<u>1,699,979</u>
Current liabilities	21,659,042
Non-current liabilities	<u>152,212,551</u>
Total Liabilities	<u>173,871,593</u>
Net Position	<u><u>\$ 178,208,188</u></u>

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 5 – INVESTMENT IN JOINT VENTURE (CONTINUED)

Change in Net Position
For the Year Ended September 30, 2021

Charges for services	\$ 27,276,763
Other operating revenue	<u>2,893,246</u>
Total Operating Revenue	30,170,009
Operating expenses	<u>27,300,692</u>
Operating income	2,869,317
Non-operating revenue (expense), net	<u>(4,788,547)</u>
Income Before Capital Contributions	(1,919,230)
Capital contributions	<u>8,593,998</u>
Change in Net Position	6,674,768
Net Position - Beginning of Year	<u>171,533,420</u>
Net Position - End of Year	<u><u>\$ 178,208,188</u></u>

At September 30, 2021, the ECR participants and their respective interest in the ECR were as follows:

Participant	Reserve Capacity Percentages
City of West Palm Beach	29.29%
Palm Beach County	34.29%
City of Lake Worth	16.43%
City of Riviera Beach	11.43%
Town of Palm Beach	<u>8.57%</u>
Total	<u><u>100.00%</u></u>

TOWN OF PALM BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Transfers primarily consist of moving money from one fund to another to be used for a specific purpose within the receiving fund. Transfers from the General Fund to the Beach Restoration Project Fund were used to fund various capital projects. Transfers from the General Fund to the Townwide Undergrounding Assessment Fund were used to pay for the Project Manager's salary and benefits. Transfers from the General Fund, Beach Restoration Project Fund, Golf Course Enterprise Fund, and nonmajor funds to the nonmajor funds were used to fund debt service and capital projects. Transfers from the nonmajor governmental funds to the Townwide Undergrounding Assessment Fund were used to fund the Townwide Undergrounding Project. Transfers from the Golf Course Enterprise Fund to the General Fund were used to pay for services supporting various culture and recreation projects. Transfers from the Building Enterprise Fund to the General Fund represent allocated costs of General Fund services provided for the Building permit process.

Transfers within the governmental and business-type activities are eliminated in the government-wide financial statements.

Interfund receivables and payables and interfund transfers at September 30, 2021 are summarized as follows:

Advance to/Advance from Other Funds

Receivable Fund	Payable Fund	Amount
Equipment Replacement Fund	Special Assessment Fund	\$ 812,036
	Special Assessment Maintenance Fund	219,299
Total		<u><u>\$ 1,031,335</u></u>

Interfund Transfers

Transfers In	Transfers Out	Amount
General Fund	Golf Course Enterprise Fund	\$ 25,000
General Fund	Building Enterprise Fund	3,200,000
Townwide Undergrounding Assessment Fund	Nonmajor Governmental Funds	500,000
Townwide Undergrounding Assessment Fund	General Fund	165,000
Beach Restoration Project Fund	General Fund	4,777,000
Nonmajor Governmental Funds	General Fund	3,785,108
Nonmajor Governmental Funds	Nonmajor Governmental Funds	839,596
Nonmajor Governmental Funds	Golf Course Enterprise Fund	194,813
Nonmajor Governmental Funds	General Fund	5,691,148
Nonmajor Governmental Funds	Beach Restoration Project Fund	513,181
Total		<u><u>\$19,690,846</u></u>

TOWN OF PALM BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 7 – LONG-TERM LIABILITIES

Changes in the Town's long-term liabilities for the fiscal year ended September 30, 2021 are summarized as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities					
General obligation bonds					
Series 2018 Bonds	\$ 54,360,000	\$ --	\$ (1,040,000)	\$ 53,320,000	\$ 1,095,000
Series 2021 Bonds	--	8,575,000	--	8,575,000	215,000
Unamortized premium	<u>4,012,706</u>	<u>623,896</u>	<u>(265,980)</u>	<u>4,370,622</u>	<u>293,283</u>
Total General Obligation Bonds	<u>\$ 58,372,706</u>	<u>\$ 9,198,896</u>	<u>\$ (1,305,980)</u>	<u>\$ 66,265,622</u>	<u>\$ 1,603,283</u>
Revenue bonds					
Series 2013 Bonds	\$ 6,670,000	\$ --	\$ (1,200,000)	\$ 5,470,000	\$ 1,265,000
Series 2016A Bonds	39,320,000	--	(1,195,000)	38,125,000	1,255,000
Series 2016B Bonds	10,255,000	--	(355,000)	9,900,000	365,000
Series 2019 Bonds	4,660,000	--	(185,000)	4,475,000	190,000
Series 2019 Taxable Bonds	48,730,000	--	(445,000)	48,285,000	425,000
Unamortized premiums	<u>6,939,304</u>	<u>--</u>	<u>(676,637)</u>	<u>6,262,667</u>	<u>639,897</u>
Total Revenue Bonds	<u>116,574,304</u>	<u>--</u>	<u>(4,056,637)</u>	<u>112,517,667</u>	<u>4,139,897</u>
Compensated absences	3,508,618	544,698	(630,558)	3,422,758	637,822
Landfill closure and post-closure	3,505,764	99,544	--	3,605,308	--
Capital lease*	105,915	--	(58,197)	47,718	47,718
Net pension liability	103,012,240	--	(37,310,923)	65,701,317	--
Total pension liability	<u>1,207,586</u>	<u>1,241,840</u>	<u>--</u>	<u>2,449,426</u>	<u>--</u>
Total Long-Term Liabilities	<u>\$ 286,287,133</u>	<u>\$ 11,084,978</u>	<u>\$ (43,362,295)</u>	<u>\$ 254,009,816</u>	<u>\$ 6,428,720</u>
Business-type Activities					
Series 2020 bonds	\$ 31,000,000	\$ --	\$ --	\$ 31,000,000	\$ 1,310,000
Net pension liability	1,984,930	840,461	--	2,825,391	--
Compensated absences	<u>89,927</u>	<u>232,727</u>	<u>(19,005)</u>	<u>303,649</u>	<u>21,116</u>
Total Long-Term Liabilities	<u>\$ 33,074,857</u>	<u>\$ 1,073,188</u>	<u>\$ (19,005)</u>	<u>\$ 34,129,040</u>	<u>\$ 1,331,116</u>

*Direct Borrowings

The compensated absences, net pension liability, total pension liability, and landfill closure and post-closure liabilities of the governmental activities are liquidated primarily by the Town's General Fund.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)

INTEREST EXPENSE

Total interest costs incurred and paid on all Town debt for the fiscal year ended September 30, 2021 totaled \$7,201,729 and \$7,027,738, respectively. No interest was capitalized in the enterprise funds for the fiscal year ended September 30, 2021.

DEFEASED DEBT

The Town has defeased a portion of the Revenue Bonds, Series 2013 by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liabilities for the defeased bonds are not included in the Town's financial statements. At September 30, 2021, the following amounts of bonds are outstanding and considered defeased:

Public Improvement Revenue Bonds, Series 2013	\$42,825,000
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PLEDGED REVENUES

The Town has pledged future non-ad valorem revenues to pay principal and interest on the Series 2013, Series 2016A, Series 2016B, Series 2019, and Series 2020 Bonds. A summary of the pledged non-ad valorem revenues is presented on page 173 in the Statistical Section. A discussion of the general purpose for each series of bonds secured by the pledged revenues is presented below. At September 30, 2021, principal and interest to maturity on March 30, 2043 to be paid from pledged future revenues totaled \$186,588,528. Principal and interest paid for the current fiscal year on these Bonds totaled \$7,982,809 and pledged non-ad valorem revenue totaled \$31,253,474 for the year. It is estimated that based on the total fiscal year 2021 pledged non-ad valorem revenue, that annual principal and interest payments will require approximately 25.5% of pledged revenues.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 7 – LONG TERM LIABILITIES (CONTINUED)

TOWN OF PALM BEACH, FLORIDA, PUBLIC IMPROVEMENT REVENUE BONDS, SERIES 2013

On December 19, 2013, the Town issued \$55,590,000 of the Public Improvement Revenue Bonds, Series 2013 (Capital Improvement and Coastal Management Program) to (i) finance all or a portion of the cost of acquiring, constructing, renovating and equipping components of the Town's capital improvement plan, including, but not limited to, drainage, sanitary sewer, water system, street lighting, street, traffic signal, curb, gutter sidewalk, park, Town Hall Square and Town Par 3 golf course improvements and related capital improvements, and the Town's coastal management program, including, but not limited to, sea wall replacements, groin rehabilitation and related capital improvements; and (ii) pay the costs of issuing the Bonds. The Series 2013 Bonds were issued at a net original issue premium of \$2,904,720 and bear interest at rates ranging from 4.125% to 5.0%. The principal and interest on the Series 2013 Bonds are payable from and secured solely by a pledge of non-ad valorem revenues. Principal and interest payments are due on January 1, and interest payments are due on January 1 and July 1 until maturity on January 1, 2043. On January 8, 2020, \$42,825,000 of the Series 2013 Bonds were refunded.

The debt service requirements for the Series 2013 Bonds are as follows:

<u>Fiscal Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,265,000	\$ 241,875	\$ 1,506,875
2023	1,335,000	176,875	1,511,875
2024	1,400,000	108,500	1,508,500
2025	<u>1,470,000</u>	<u>36,750</u>	<u>1,506,750</u>
Total	<u>\$ 5,470,000</u>	<u>\$ 564,000</u>	<u>\$ 6,034,000</u>

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 7 – LONG TERM LIABILITIES (CONTINUED)

TOWN OF PALM BEACH, FLORIDA, PUBLIC IMPROVEMENT REVENUE BONDS, SERIES 2016A

On September 28, 2016, the Town issued \$39,320,000 of the Public Improvement Revenue Refunding Bonds, Series 2016A (Capital Improvement Program) to (i) refund a portion of the Town's Public Improvement Revenue and Refunding Bonds, Series 2010A (Capital Improvement Program) maturing after January 1, 2020, and (ii) pay a portion of the costs of issuing the Bonds. The Series 2016A Bonds were issued at an original premium of \$7,639,128 and bear interest at rates ranging from 4.0% to 5.0%. Principal and interest payments are due on January 1, and interest payments are due on January 1 and July 1 until maturity on January 1, 2040. The Bonds are payable solely from and secured by a pledge of non-ad valorem revenue.

Debt service requirements for the Series 2016A Bonds are as follows:

<u>Fiscal Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,255,000	\$ 1,673,125	\$ 2,928,125
2023	1,320,000	1,608,750	2,928,750
2024	1,385,000	1,541,125	2,926,125
2025	1,460,000	1,470,000	2,930,000
2026	1,535,000	1,395,125	2,930,125
2027-2031	8,920,000	5,713,500	14,633,500
2032-2036	11,345,000	3,364,075	14,709,075
2037-2040	<u>10,905,000</u>	<u>894,700</u>	<u>11,799,700</u>
Total	<u><u>\$ 38,125,000</u></u>	<u><u>\$ 17,660,400</u></u>	<u><u>\$ 55,785,400</u></u>

TOWN OF PALM BEACH, FLORIDA, PUBLIC IMPROVEMENT REVENUE REFUNDING BONDS, SERIES 2016B

On September 28, 2016, the Town issued \$10,255,000 of the Public Improvement Revenue Refunding Bonds, Series 2016B (Worth Avenue Commercial District Project) to (i) refund all the Town's Public Improvement Revenue and Refunding Bonds, Series 2010B (Worth Avenue Commercial District Project) maturing after January 1, 2020, and (ii) pay a portion of the costs of issuing the Bonds. The Series 2016B Bonds were issued at an original premium of \$1,217,936 and bear interest at rates ranging from 2.625% to 5.0%. Principal and interest payments are due on January 1, and interest payments are due on January 1 and July 1 until maturity on January 1, 2040. The Bonds are payable solely from and secured by a pledge of non-ad valorem revenue.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 7 – LONG TERM LIABILITIES (CONTINUED)

TOWN OF PALM BEACH, FLORIDA, PUBLIC IMPROVEMENT REVENUE REFUNDING BONDS, SERIES 2016B (CONTINUED)

Debt service requirements for the Series 2016B Bonds are as follows:

<u>Fiscal Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 365,000	\$ 357,113	\$ 722,113
2023	375,000	346,013	721,013
2024	390,000	334,538	724,538
2025	400,000	322,688	722,688
2026	410,000	310,538	720,538
2027-2031	2,340,000	1,241,438	3,581,438
2032-2036	2,920,000	694,819	3,614,819
2037-2040	<u>2,700,000</u>	<u>202,525</u>	<u>2,902,525</u>
Total	<u><u>\$ 9,900,000</u></u>	<u><u>\$ 3,809,669</u></u>	<u><u>\$ 13,709,669</u></u>

TOWN OF PALM BEACH GENERAL OBLIGATION BONDS, SERIES 2018

On October 11, 2018, the Town issued \$56,040,000 of General Obligation Bonds, Series 2018 (Underground Utility Project) to (i) financing or refinancing a portion of the cost of acquiring, constructing, reconstructing, and equipping of the Town's Underground Utility Project, (ii) retiring the Town's Public Improvement Commercial Paper Revenue Notes, Series 2017, and (iii) paying the costs of issuance with respect to the Bonds. The Series 2018 Bonds were issued at a net original premium of \$4,459,897 and bear interest at rates ranging from 4.0% to 5.0%. The Bonds are general obligation bonds of the Town for which the full faith and credit and taxing power of the Town are pledged. The Bonds shall be payable first from the Underground Utility Project Special Assessments and, to the extent these Assessment are insufficient to pay debt service or not assessed, ad valorem taxes levied and collected in the Town on all taxable property in the Town sufficient to pay principal of and interest on the Bonds as the same become due and payable. The Town may apply other legally available sources of revenues to the payment of the Bonds. The issuance of general obligation bonds of the Town in an aggregate principal amount of not exceeding \$90,000,000 was approved by voters in the bond referendum held on March 15, 2016. Principal payments are due on July 1 and interest payments are due on January 1 and July 1 until maturity on July 1, 2047.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 7 – LONG TERM LIABILITIES (CONTINUED)

TOWN OF PALM BEACH GENERAL OBLIGATION BONDS, SERIES 2018 (CONTINUED)

The General Obligation Bonds, Series 2018 does not set forth default provisions.

Debt service requirements for the Series 2018 Bonds are as follows:

<u>Fiscal Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,095,000	\$ 2,306,850	\$ 3,401,850
2023	1,150,000	2,252,100	3,402,100
2024	1,205,000	2,194,600	3,399,600
2025	1,265,000	2,134,350	3,399,350
2026	1,330,000	2,071,100	3,401,100
2027-2031	7,710,000	9,289,500	16,999,500
2032-2036	9,780,000	7,220,200	17,000,200
2037-2041	11,965,000	5,037,400	17,002,400
2042-2046	14,550,000	2,445,800	16,995,800
2047	<u>3,270,000</u>	<u>130,800</u>	<u>3,400,800</u>
Total	<u><u>\$ 53,320,000</u></u>	<u><u>\$ 35,082,700</u></u>	<u><u>\$ 88,402,700</u></u>

TOWN OF PALM BEACH PUBLIC IMPROVEMENT REVENUE REFUNDING TAXABLE BONDS, SERIES 2019

On January 8, 2020, the Town issued \$48,730,000 of the Public Improvement Revenue Refunding Bonds, Series 2019 to (i) advance refund a portion of the Town's outstanding Public Improvement Revenue Bonds, Series 2013 (Capital Improvement and Coastal Management Program) maturing after January 1, 2020, and (ii) pay a portion of the costs of issuing the Bonds. The Series 2019 Bonds were issued at an original premium of \$105,799 and bear interest at rates ranging from 2.5% to 3.10%. Principal and interest payments are due on January 1, and interest payments are due on January 1 and July 1 until maturity on January 1, 2043. The Bonds are payable solely from and secured by a pledge of non-ad valorem revenue.

TOWN OF PALM BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 7 – LONG TERM LIABILITIES (CONTINUED)

TOWN OF PALM BEACH PUBLIC IMPROVEMENT REVENUE REFUNDING TAXABLE BONDS, SERIES 2019 (CONTINUED)

Debt service requirements for the Series 2019 Taxable Bonds are as follows:

<u>Fiscal Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 425,000	\$ 1,382,224	\$ 1,807,224
2023	435,000	1,371,474	1,806,474
2024	445,000	1,360,474	1,805,474
2025	460,000	1,349,162	1,809,162
2026	2,015,000	1,318,224	3,333,224
2027-2031	10,880,000	5,791,664	16,671,664
2032-2036	12,525,000	4,185,255	16,710,255
2037-2041	14,590,000	2,155,899	16,745,899
2042-2043	<u>6,510,000</u>	<u>203,360</u>	<u>6,713,360</u>
Total	<u>\$ 48,285,000</u>	<u>\$ 19,117,735</u>	<u>\$ 67,402,735</u>

TOWN OF PALM BEACH PUBLIC IMPROVEMENT REVENUE REFUNDING BONDS, SERIES 2019

On October 17, 2019, the Town issued \$4,660,000 of the Public Improvement Revenue Refunding Bonds, Series 2019 to be used to (i) refund the Series 201A Bonds maturing on and after January 1, 2021 and (ii) paying costs of issuance of the Series 2019 Bond. The Series 2019 bears interest 2.33%. Principal and interest payments are due on January 1, and interest payments are due on January 1 and July 1 until maturity on January 1, 2040. The Bonds are payable solely from and secured by a pledge of non-ad valorem revenue.

Debt service requirements for the Series 2019 Refunding Bonds are as follows:

<u>Fiscal Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 190,000	\$ 102,054	\$ 292,054
2023	190,000	97,627	287,627
2024	200,000	93,084	293,084
2025	205,000	88,365	293,365
2026	205,000	83,589	288,589
2027-2031	1,115,000	342,568	1,457,568
2032-2036	1,255,000	204,283	1,459,283
2037-2040	<u>1,115,000</u>	<u>52,716</u>	<u>1,167,716</u>
Total	<u>\$ 4,475,000</u>	<u>\$ 1,064,286</u>	<u>\$ 5,539,286</u>

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 7 – LONG TERM LIABILITIES (CONTINUED)

TOWN OF PALM BEACH PUBLIC IMPROVEMENT REVENUE BONDS, SERIES 2020

On March 11, 2020, the Town issued \$31,000,000 of the Public Improvement Revenue Bonds, Series 2020 to (i) make improvements to the Town Marina, and (ii) pay the costs of issuing the Bonds. The Series 2019 Bonds bears interest at 2.25%. Principal and interest payments are due on January 1, and interest payments are due on January 1 and July 1 until maturity on January 1, 2040. The Bonds are payable solely from and secured by a pledge of non-ad valorem revenue.

Debt service requirements for the Series 2020 Bonds are as follows:

<u>Fiscal Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,310,000	\$ 682,763	\$ 1,992,763
2023	1,340,000	652,950	1,992,950
2024	1,370,000	622,463	1,992,463
2025	1,405,000	591,244	1,996,244
2026	1,440,000	559,238	1,999,238
2027-2031	7,720,000	2,289,375	10,009,375
2032-2036	8,685,000	1,367,494	10,052,494
2037-2040	<u>7,730,000</u>	<u>352,913</u>	<u>8,082,913</u>
Total	<u>\$ 31,000,000</u>	<u>\$ 7,118,438</u>	<u>\$ 38,118,438</u>

TOWN OF PALM BEACH GENERAL OBLIGATION BONDS, SERIES 2021

On March 18, 2021, the Town issued \$8,575,000 of General Obligation Bonds, Series 2021 (Underground Utility Project) to (i) financing or refinancing a portion of the cost of acquiring, constructing, reconstructing, and equipping of the Town's Underground Utility Project, and (ii) paying the costs of issuance with respect to the Bonds. The Series 2021 Bonds were issued at a net original premium of \$623,896 and bear interest at rates ranging from 2.0% to 5.0%. The Bonds are general obligation bonds of the Town for which the full faith and credit and taxing power of the Town are pledged. The Bonds shall be payable first from the Underground Utility Project Special Assessments and, to the extent these Assessment are insufficient to pay debt service or not assessed, ad valorem taxes levied and collected in the Town on all taxable property in the Town sufficient to pay principal of and interest on the Bonds as the same become due and payable. The issuance of general obligation bonds of the Town in an aggregate principal amount of not exceeding \$90,000,000 was approved by voters in the bond referendum held on March 15, 2016. Principal payments are due on July 1 and interest payments are due on January 1 and July 1 until maturity on July 1, 2047.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 7 – LONG TERM LIABILITIES (CONTINUED)

TOWN OF PALM BEACH GENERAL OBLIGATION BONDS, SERIES 2021 (CONTINUED)

The General Obligation Bonds, Series 2021 does not set forth default provisions.

Debt service requirements for the Series 2021 Bonds are as follows:

<u>Fiscal Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 215,000	\$ 230,955	\$ 445,955
2023	220,000	226,655	446,655
2024	225,000	222,255	447,255
2025	230,000	217,755	447,755
2026	240,000	206,255	446,255
2027-2031	1,405,000	837,775	2,242,775
2032-2036	1,685,000	553,925	2,238,925
2037-2041	1,855,000	378,635	2,233,635
2042-2046	2,060,000	179,273	2,239,273
2047	<u>440,000</u>	<u>9,350</u>	<u>449,350</u>
Total	<u><u>\$ 8,575,000</u></u>	<u><u>\$ 3,062,833</u></u>	<u><u>\$ 11,637,833</u></u>

OBLIGATION UNDER CAPITAL LEASE

In August 2017, the Town entered into a capital lease agreement for certain parking kiosk equipment. Under the terms of the agreement the Town will become the owner of the related equipment at the completion of the lease term. Amortization of the leased equipment under the capital lease is included with depreciation expense. The equipment and related accumulated depreciation under the capital lease are as follows:

Equipment	\$ 228,037
Less: accumulated depreciation	<u>(189,098)</u>
Net	<u><u>\$ 38,939</u></u>

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 7 – LONG TERM LIABILITIES (CONTINUED)

OBLIGATION UNDER CAPITAL LEASE (CONTINUED)

The future minimum lease payments as of September 30, 2021 are as follows:

Fiscal Year Ending September 30,	Payment
2022	\$ 48,312
Minimum Lease Payments	48,312
Less: Interest	<u>(594)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 47,718</u></u>

TOWN OF PALM BEACH, FLORIDA, PUBLIC IMPROVEMENT REVENUE BONDS, SERIES 2013; 2016A; 2016B; AND TOWN OF PALM BEACH PUBLIC IMPROVEMENT REVENUE REFUNDING TAXABLE BONDS, SERIES 2019 – DEFAULT TERMS

Under the terms of the authorizing resolutions related to above bonds, should the Town default in any of its obligations or covenants created by such resolutions, the bondholders may, in addition to any remedy set forth in such resolutions, either at law or in equity, by suit, action, mandamus or other proceeding in any court of competent jurisdiction, protect and enforce any and all rights under the laws of the State of Florida, or granted and contained in such resolutions, and may enforce and compel the performance of all duties required by the resolutions, or by any applicable statutes to be performed by the Town or by any officer thereof.

TOWN OF PALM BEACH PUBLIC IMPROVEMENT REVENUE REFUNDING BONDS, SERIES 2019; AND TOWN OF PALM BEACH PUBLIC IMPROVEMENT REVENUE BONDS, SERIES 2020 – DEFAULT TERMS

Upon the occurrence of an event of default (including a payment default, bankruptcy, or breach of material covenants, representations or warranties), the bondholders, as the case may be, may pursue any available remedy at law or in equity or by statute, including any applicable law or statute of the United States of America or of the State of Florida, to enforce the payment of principal and interest on the applicable bond then outstanding or the obligations of the Town. Failure to pay scheduled principal or interest on the Bonds or other amounts due under either loan agreement is subject to the payment of default interest.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 7 – LONG TERM LIABILITIES (CONTINUED)

***TOWN OF PALM BEACH PUBLIC IMPROVEMENT REVENUE REFUNDING BONDS, SERIES 2019;
AND TOWN OF PALM BEACH PUBLIC IMPROVEMENT REVENUE BONDS, SERIES 2020 –
DEFAULT TERMS (CONTINUED)***

Additionally, failure to make scheduled principal and interest payments on the Series 2019 Bond within ten (10) days after the due date thereof is subject to a five percent (5%) late payment fee based on the amount of the payment due. Failure to make scheduled payments of principal and interest on the Series 2020 Bond or other payments required under the 2020 Loan Agreement within ten (10) days after the due date thereof may, at the option of CenterState Bank be subject to a five percent (5%) late payment fee based on the amount of the payment due.

CAPITAL LEASES – DEFAULT TERMS

In the event of default, the lender may provide a written notice to declare all amounts then due under the financing agreements, and all remaining payments due during the fiscal year in effect when the default occurs to be immediately due and payable, or request the Town promptly deliver the equipment to the lessor. Lessor may exercise any other remedy available, at law or in equity, with respect to such event of default. The Town shall pay reasonable attorneys' fees and expenses incurred by lessor in exercising any remedy hereunder.

NOTE 8 – OBLIGATION UNDER UTILITY AGREEMENT AND INTANGIBLE ASSETS

On July 10, 1978, the Town entered into a utility agreement with the City of Lake Worth (the "City"). Under the terms of the agreement, the City will supply the Town certain wastewater facilities for a period of 40 years. At the option of the Town, the agreement may be extended for three additional periods of ten years after the otherwise normal termination of the agreement.

The City obtained Florida State Bond Loan, Series E for the purpose of constructing and improving existing water and sewer facilities. The Town was obligated to pay the City a percentage of its pro rata share, based on sewer reserved capacity, of the debt service of this loan until October 1, 2006 when the loan was paid in full.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 8 – OBLIGATION UNDER UTILITY AGREEMENT AND INTANGIBLE ASSETS (CONTINUED)

The Series E Loan was originally issued by the City on October 1, 1976, at a face value of \$7,585,000. The loan matured in varying amounts through June 30, 2006. The Town's pro rata share of the loan was 11.7625%. The present value, discounted at the same rate as the Series E Loan, of the Town obligation to the City was \$1,186,607 at issuance. Intangible wastewater usage rights were recorded at the same amount and are being amortized over the 40-year contract period that the Town is entitled to use the City's wastewater facilities. At September 30, 2020, the intangible assets were fully amortized and are recorded with the capital assets of the governmental activities.

Under the terms of the agreement, the Town makes annual payments to the City for flow charges, operations and maintenance costs based on the Town's actual usage, and a pro rata share of the renewal and replacement costs. For the fiscal year ended September 30, 2021, the Town made no payments to the City pursuant to the agreement.

NOTE 9 – TOWN OF PALM BEACH RETIREMENT SYSTEM

GENERAL INFORMATION

The Town of Palm Beach Retirement System is the administrator of a single-employer Public Employee Retirement System hybrid defined benefit and defined contribution pension plan established to provide pension benefits for its employees. The Town's retirement system was established on July 1, 1947, by an ordinance of the Town of Palm Beach. The Plan is considered part of the Town's financial reporting entity and is included in the Town's financial statements as one plan with three separate trust funds. The Plan was amended by ordinance 4-2012, effective April 1, 2012 which required that the retirement system be administered by a single board of trustees and ordinance No. 6-2012, effective May 1, 2012 which amended participant benefits.

Prior to April 1, 2012 separate pension plans were maintained for the general and lifeguard employees, police officers, and firefighters. Effective April 1, 2012, the general employees and lifeguard employees board of trustees, police officer board of trustees, and firefighter board of trustees were eliminated and a new consolidated board of trustees was created. The existing contracts, investment holdings, assets and liabilities of the general employees' and lifeguard employees', police officers', and firefighters' retirement plans were transferred and became contracts, investment holdings, assets and liabilities of the new board. In conjunction with the new board consolidation, effective May 1, 2012, an amended consolidated hybrid retirement plan with a defined contribution component was established, covering all employees of the Town. The new consolidated plan is known as the Town of Palm Beach Retirement System (the "Plan") effective May 1, 2012. Effective October 1, 2016, non-bargaining public safety employees and DROP participants on and after that date were authorized to retire under normal retirement after reaching age 56, and all service accrued after that date is calculated at an accrual rate of 2.75%.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 9 – TOWN OF PALM BEACH RETIREMENT SYSTEM (CONTINUED)

GENERAL INFORMATION (CONTINUED)

Effective May 1, 2017, all active and DROP participating General Employee and Life Guards on and after that date were authorized to retire under normal retirement after reaching age 62, and all service accrued after that date is calculated at an accrual rate of 1.70%. Effective August 12, 2017, bargaining public safety employees and those participating in DROP on and after that date were authorized to retire under normal retirement after reaching age 56, and all service accrued after that date is calculated at an accrual rate of 2.75% (vested terminated employees on date of enactment continue to qualify for normal retirement at age 65).

The Plan is currently administered by the Town of Palm Beach Retirement System Board of Trustees. There are nine members on the board of trustees. The trustees consist of (a) one employee who is a member of the benefit group general or benefit group lifeguard elected by the members of those benefit groups (b) one employee who is a member of the benefit group firefighter elected by the members of that benefit group (c) one employee who is a member of the benefit group police officers elected by the members of that benefit group (d) five residents of the Town who are not officers or employees of the Town, retirees or beneficiaries of the retirement system, appointed by the Town Council and (e) the Town's Finance Director who shall serve as a voting ex-officio member.

All employees working in excess of 1,850 hours per year are covered by the Plan. The Town Council is authorized to establish benefit levels. The contributions and benefits are segregated between general employees and lifeguards, police officers, and firefighters.

Prior to March 14, 2012, the police officers' and firefighters' portions of the Plan also received payments from the State of Florida pursuant to Chapters 185 and 175 of the Florida Statutes for the benefit of police officers and firefighters, respectively. Monies received pursuant to Chapters 185 and 175 can only be used to finance the benefits of participants who are police officers or firefighters, respectively. Effective March 14, 2012, the Town of Palm Beach withdrew from participation under Chapters 175 and 185.

The Plan issues a stand-alone financial report that includes financial statements and required supplementary information. The financial report may be obtained by writing to the Town of Palm Beach, Post Office Box 2029, Palm Beach, Florida 33480 or by calling (561) 838-5444.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 9 – TOWN OF PALM BEACH RETIREMENT SYSTEM (CONTINUED)

GENERAL INFORMATION (CONTINUED)

At September 30, 2020, the plan membership consisted of the following:

	Police			
	General	Officers	Firefighters	Total
Inactive plan members and beneficiaries currently receiving benefits	230	106	108	444
Inactive plan members entitled but not yet receiving benefits	43	28	28	99
Active plan members	149	55	64	268
Total Members	422	189	200	811

SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Plan are prepared using the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP) as applied to governmental entities in accordance with Governmental Accounting Standards Board (GASB) pronouncements. Member contributions are recognized in the period in which the contributions are due. Town contributions are recognized when due and the employer 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. For purposes of measuring the net pension liability, the Plan's fiduciary net position has been determined on the same basis as that used by the Plan.

PLAN DESCRIPTION

The following brief description of the general employees and lifeguards, police officers, and firefighters portions of the Plan is provided for general information purposes only. Participants should refer to the Plan agreement for more detailed information.

In accordance with Section 82-52 of the Town of Palm Beach, Florida Code of Ordinances, vesting or vested status means the attainment of 10 or more years of credited service. Notwithstanding the preceding sentence, all members of the retirement system who did not attain normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to Section 82-54, and who were employed by the Town and not participating in the DROP on that date shall be 100 percent vested in their frozen accrued benefit as of May 1, 2012, regardless of length of credited service.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 9 – TOWN OF PALM BEACH RETIREMENT SYSTEM (CONTINUED)

GENERAL EMPLOYEES AND LIFEGUARDS

Prior to May 1, 2012

General employees were eligible for retirement after 30 years of service, or age 55 with 10 or more years of service. Lifeguards were eligible for retirement at age 50 with 10 or more years of service or members with at least 10 years of credited service who retire after 2/9/93 are eligible when the individual's age plus credited service totals 65 years or more. General employees could elect early retirement if the member is at least 50 years old with 10 or more years of service. The retirement benefit was calculated as a normal retirement benefit, but it is reduced 6/10 of 1% for each month early retirement precedes the member's normal retirement date. If the member had 20 years or more of service, the retirement benefit is reduced 3/10 of 1% for each month early retirement precedes the normal retirement date.

General employees' retirement benefits were determined by multiplying the Average Final Compensation (highest two consecutive years out of the last five), times the sum of (a) 2.75% per year for service earned after September 30, 1990, to a maximum of 82.5%, plus 2.35% for service earned on or before September 30, 1990, for the first 30 years of service, plus (b) 1% for service in excess of 30 years.

Lifeguards retirement benefits were determined by multiplying the Average Final Compensation (highest two consecutive years out of the last five), times the sum of (a) 2.85% per year for the first 25 years of service to a maximum of 71.25%, plus (b) 1% for service in excess of 25 years.

A member of the General Employees' Retirement System could elect to enter the Deferred Retirement Option Program ("DROP") within 7 years of the date the member first reaches normal retirement eligibility. The member receives 100% of their accrued benefit at the date of their election to participate in DROP.

For members of the General Employees' Retirement System hired on or after January 1, 1980, the sum of the employer financed portion of the pension benefit and social security benefit could not exceed 100% of average final compensation. Members who retired after September 30, 1968, and prior to October 1, 1990, received an annual 1% increase in their retirement benefit computed on the base benefit. Members who retired after September 30, 1990, received a 2% annual cost of living adjustment subsequent to an initial 3-year deferral period.

The General Employees' Retirement System also provided certain disability, death, and other benefits, which are considered to be retirement benefits for funding and actuarial purposes. Eligible employees become fully vested after 10 years of credited service.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 9 – TOWN OF PALM BEACH RETIREMENT SYSTEM (CONTINUED)

GENERAL EMPLOYEES AND LIFEGUARDS (CONTINUED)

Prior to May 1, 2012 (continued)

All employees working in excess of 1,040 hours per year were required to participate.

Effective May 1, 2012

Normal Retirement

General employees who attained normal retirement eligibility based on credited service as of May 1, 2012 and who are employed by the Town and not participating in the DROP on that date, shall be eligible for normal retirement after 30 years of service, or age 55 with 10 years of service. Such general employees retirement benefits are determined by multiplying the Average Final Compensation (highest two consecutive years out of the last five), times the sum of (a) 2.75% per year for service earned after September 30, 1990, to a maximum of 82.5%, plus 2.35% for service earned on or before September 30, 1990, for the first 30 years of service, plus (b) 1% for service in excess of 30 years.

Lifeguards who attained normal retirement eligibility based on credited service as of May 1, 2012 and who are employed by the Town and not participating in the DROP on that date, shall be eligible for normal retirement upon attaining age 50 with 10 or more years of credited service or when the individual's age plus credited service total 65 or more years and the individual has at least 10 years of service. Such lifeguards retirement benefits are determined by multiplying Average Final Compensation (highest two consecutive years out of the last five), times the sum of (a) 2.85% per year for the first 25 years of service to a maximum of 71.25%, plus (b) 1% for service in excess of 25 years.

General employees who did not attain normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased, and who were employed by the Town and not participating in the DROP on that date, shall be eligible for normal retirement upon attaining age 55, or 30 or more years of credited service without regard to age, and upon such retirement shall be eligible to receive the frozen accrued benefit based on credited service and Average Final Compensation on April 30, 2012 and the above formulas. Such members shall be eligible to receive the accrued benefit based on credited service on or after May 1, 2012 upon attaining age 62 with 10 or more years of credited service. For credited service between May 1, 2012 and April 30, 2017, the benefit formula shall be Average Final Compensation multiplied by 1.25% per year of credited service. For credited service on or after May 1, 2017, the benefit formula shall be Average Final Compensation multiplied by 1.7% per year of credited service. Average Final Compensation after April 30, 2012 will be over a period increasing up to the final 5 years of credited service.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 9 – TOWN OF PALM BEACH RETIREMENT SYSTEM (CONTINUED)

GENERAL EMPLOYEES AND LIFEGUARDS (CONTINUED)

Effective May 1, 2012 (continued)

Normal Retirement (continued)

Lifeguards who did not attain normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased, and who were employed by the Town and not participating in the DROP on that date, shall be eligible for normal retirement upon termination of Town employment and attaining age 50, or when the member's age to last completed month plus credited service totals 65 years or more. Upon such retirement, the member shall be eligible to receive the frozen accrued benefit based on credited service and Average Final Compensation on April 30, 2012. Such members shall be eligible to receive the accrued benefit based on credited service on or after May 1, 2012 upon attaining age 62 with 10 or more years of credited service. For credited service between May 1, 2012 and April 30, 2017, the benefit formula shall be Average Final Compensation multiplied by 1.25% per year of credited service. For credited service on or after May 1, 2017, the benefit formula shall be Average Final Compensation multiplied by 1.7% per year of credited service. Average Final Compensation after April 30, 2012 will be over a period increasing up to the final 5 years of credited service.

Early Retirement

General Employees 20-Year Early Retirement Option: General employees who did not attain normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased, and who were employed by the Town and not participating in the DROP on that date, may elect to retire, subject to an early retirement reduction, upon attaining age 50 or older with 20 or more years of credited service.

General Employees 10-Year Early Retirement Option: General employees who did not attain normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased, and who were employed by the Town and not participating in the DROP on that date, may elect to retire, subject to an early retirement reduction, upon attaining age 50 or older with 10 or more years of credited service.

General Employees Age 60 Early Retirement Option: General employees who did not attain normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased, and who were employed by the Town and not participating in the DROP on that date, may elect to retire at age 60, subject to an early retirement reduction.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 9 – TOWN OF PALM BEACH RETIREMENT SYSTEM (CONTINUED)

GENERAL EMPLOYEES AND LIFEGUARDS (CONTINUED)

Effective May 1, 2012 (continued)

Lifeguards Age 60 Early Retirement Option: Lifeguards who did not attain normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased, and who were employed by the Town and not participating in the DROP on that date, and members hired on or after May 1, 2012, may elect to retire at age 60, subject to an early retirement reduction.

DROP Retirement

General employees and lifeguards may elect to enter the Deferred Retirement Option Program (“DROP”) after the member first reaches normal retirement eligibility. The member receives 100% of their accrued benefit at the date of their election to participate in DROP, unless the member was eligible for retirement prior to May 1, 2012, in which case the DROP benefit is grandfathered at 98%.

Deferred Retirement (Vested Termination Benefit)

General employees and lifeguards with 10 or more years of service are eligible for a deferred retirement benefit. The pension begins upon meeting the requirements for normal retirement. Contributions must be left on deposit in the Plan. Failure to do so results in forfeiture of the vested benefit. The pension amount is computed as for normal retirement, based upon service and final average compensation at time of termination.

Duty Disability Retirement

There are no age or service requirements for duty disability for general employees or lifeguards. The pension amount to the earliest normal retirement eligibility date is computed as a regular retirement with additional serviced credit granted from the date of disability to the earliest normal retirement eligibility date. The minimum benefit is 60% of average final compensation. The pension amount at the earliest normal retirement eligibility date is computed as a regular retirement. The minimum shall be applicable for 5 years if the member attains such age for retirement less than 5 years after duty disability benefits commence.

Non-Duty Disability Before Retirement

General employees and lifeguards are eligible for non-duty disability benefits before retirement after 10 years or more of credited service. The pension amount is computed as for normal retirement.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 9 – TOWN OF PALM BEACH RETIREMENT SYSTEM (CONTINUED)

GENERAL EMPLOYEES AND LIFEGUARDS (CONTINUED)

Effective May 1, 2012 (continued)

Duty Death Before Retirement

There are no age or service requirements for duty death benefits before retirement for general employees or lifeguards. The pension amount to each surviving child is 25% of the member's Average Final Compensation not to exceed 50% or equal share of 75% of the member's Average Final Compensation when there are 4 or more surviving children being paid. The widow shall receive a pension benefit of the difference, if any, between 75% of the member's Average Final Compensation and the aggregate amount paid to the children.

Non-Duty Death Before Retirement

General employees and lifeguards are eligible for non-duty death benefits before retirement after 10 years or more of credited service. The pension amount is computed as 75% of normal retirement benefit to a surviving spouse or equal shares of 75% of the normal retirement benefit to surviving unmarried children under age 18. Dependent payment continues not to exceed age 25 when no surviving spouse.

Automatic Death After Retirement Pension

If the member chooses the standard option, general employees and lifeguards who had attained normal retirement eligibility based on credited service as of May 1, 2012 are eligible for an automatic after death retirement pension. The benefit to surviving children shall be 25% of the retiree's pension payable to age 18, not to exceed an equal share of 75% of the retiree's pension. Payments to surviving children may be paid to age 25 if no spouse benefits are payable. The benefit to the surviving spouse shall be the difference, if any, between 75% of the retiree's pension and the aggregate amount paid to any surviving children.

General employees and lifeguards who had not attained retirement eligibility as of May 1, 2012 shall have frozen accrued benefits as described in the preceding paragraph. New plan benefits accrue after April 30, 2012. Reduced optional forms of payment are available.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 9 – TOWN OF PALM BEACH RETIREMENT SYSTEM (CONTINUED)

GENERAL EMPLOYEES AND LIFEGUARDS (CONTINUED)

Effective May 1, 2012 (continued)

Post-Retirement Cost-of-Living Adjustment

General employees and lifeguards that retired after September 30, 1968 and prior to October 1, 1990 receive an annual 1.0% increase computed on base benefit. Other adjustments have been made periodically. General employees and lifeguards that retired after September 30, 1990 and before May 1, 2012 receive an annual 2.0% increase based on the total pension payable subsequent to an initial 3-year deferral period.

General employees and lifeguards who had attained normal retirement eligibility based on credited service as of May 1, 2012 will receive an annual 2.0% increase based on pension benefits accrued, subject to an initial 3-year deferral period.

General employees and lifeguards who had not attained retirement eligibility as of May 1, 2012 do not receive any cost-of-living adjustment for benefits derived from service accrued on or after May 1, 2012. General employees and lifeguards who have accrued service as of April 30, 2012 will receive a 2.0% cost of living adjustment for benefits derived for service accrued to that date.

POLICE OFFICERS

Prior to May 1, 2012

Police officers were eligible for retirement after 20 or more years of service, regardless of age; or age 50 with 10 or more years of service; or, members with at least 10 years of credited service who retire after 9/30/90 are eligible when the individual's age plus credited service totals 65 years or more.

Police officers' retirement benefits were determined by multiplying the Average Final Compensation (highest two consecutive years out of the last five), times the greater of 3.5% per year of credited service to a maximum of 25 years, or 2.0% per year of credited service to a maximum of 50 years.

A member of the Police Officers' Retirement System could elect to enter the Deferred Retirement Option Program ("DROP") within 7 years of the date the member first reaches normal retirement eligibility. The member receives 100% of their accrued benefit at the date of their election to participate in DROP.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 9 – TOWN OF PALM BEACH RETIREMENT SYSTEM (CONTINUED)

POLICE OFFICERS (CONTINUED)

Prior to May 1, 2012 (continued)

Members who retired after September 30, 1968, and prior to October 1, 1990, received an annual 1% increase in their retirement benefit computed on the base benefit. Members who retired after September 30, 1990, received a 2% annual cost of living adjustment subsequent to an initial 3-year deferral period.

The Police Officers' Retirement System also provided certain disability, death, and other benefits, which are considered to be retirement benefits for funding and actuarial purposes. Eligible employees become fully vested after 10 years of credited service.

All employees working in excess of 1,040 hours per year were required to participate.

Normal Retirement

Police officers shall be eligible for normal retirement after 20 or more years of service, regardless of age; or age 50 with 10 or more years of service; or, members with at least 10 years of credited service who retire after 9/30/90 are eligible when the individual's age plus credited service totals 65 years or more. Such police officers' retirement benefits are determined by multiplying the Average Final Compensation (highest two consecutive years out of the last five), times the greater of 3.5% per year of credited service to a maximum of 25 years, or 2.0% per year of credited service to a maximum of 50 years.

Effective May 1, 2012

Normal Retirement

Police officers shall be eligible for normal retirement after 20 or more years of service, regardless of age; or age 50 with 10 or more years of service; or, members with at least 10 years of credited service who retire after 9/30/90 are eligible when the individual's age plus credited service totals 65 years or more. Such police officers' retirement benefits are determined by multiplying the Average Final Compensation (highest two consecutive years out of the last five), times the greater of 3.5% per year of credited service to a maximum of 25 years, or 2.0% per year of credited service to a maximum of 50 years.

Police officers shall be eligible for normal retirement upon attaining age 50, or 20 or more years of credited service without regard to age, and upon such retirement shall be eligible to receive the frozen accrued benefit based on credited service and Average Final Compensation on April 30, 2012 and the above formulas.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 9 – TOWN OF PALM BEACH RETIREMENT SYSTEM (CONTINUED)

POLICE OFFICERS (CONTINUED)

Effective May 1, 2012 (continued)

Normal Retirement (continued)

Members whose employment terminated on or after October 1, 2019 are eligible to retire or enter the DROP at the earlier of age 55 with 10 or more years of service or age 52 with 25 or more years of service.

Members whose employment terminated prior to October 1, 2019 and after September 30, 2015, are eligible to retire or enter the DROP at age 56 with 10 or more years of service.

Members whose employment terminated prior to October 1, 2016 are eligible to retire or enter the DROP at age 65 with 10 or more years of service.

For credited service between May 1, 2012 and September 30, 2016, the benefit formula shall be the Average Finance Compensation multiplied by 1.25% per year of credited service. For service on or after October 1, 2016, the benefit formula shall be the average final compensation multiplied by 2.75% per year of credited service. Average Final Compensation after April 30, 2012 will be over a period increasing up to the final 5 years of credited service.

Such members shall be eligible to receive the accrued benefit based on credited service on or after May 1, 2012 upon attaining age 56 with 10 or more years of credited service. For credited service between May 1, 2012 and September 30, 2016, the benefit formula shall be the Average Final Compensation multiplied by 1.25% per year of credited service. For service on or after October 1, 2016 the benefit formula shall be the Average Final Compensation multiplied by 2.75% per year of credited service. Average Final Compensation after April 30, 2012 will be over a period increasing up to the final 5 years of credited service.

DROP Retirement

Police officers may elect to enter the Deferred Retirement Option Program (“DROP”) after the member first reaches normal retirement eligibility. The member receives 100% of their accrued benefit at the date of their election to participate in DROP.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 9 – TOWN OF PALM BEACH RETIREMENT SYSTEM (CONTINUED)

POLICE OFFICERS (CONTINUED)

Effective May 1, 2012 (continued)

Deferred Retirement (Vested Termination Benefit)

Police officers with 10 or more years of service are eligible for a deferred retirement benefit. The pension begins upon meeting the requirements for normal retirement. Contributions must be left on deposit in the Plan. Failure to do so results in forfeiture of the vested benefit. Frozen accrued benefits as of April 30, 2012 are vested immediately. The pension amount is computed as for normal retirement, based upon service and final average compensation at time of termination.

Duty Disability Retirement

There are no age or service requirements for duty disability for police officers. The pension amount is computed as a regular retirement with additional service credit granted from date of disability to earliest normal retirement eligibility date. The minimum benefit is 60% of average final compensation.

Non-Duty Disability Before Retirement

Police officers are eligible for non-duty disability benefits before retirement after 10 or more years of credited service. The pension amount is computed as for normal retirement. The minimum benefit is 30% of average final compensation.

Duty Death Before Retirement

There are no age or service requirements for duty death benefits before retirement for police officers. The pension amount to each surviving child is 25% of the member's Average Final Compensation not to exceed 50% or equal share of 75% of the member's Average Final Compensation when there are 4 or more surviving children being paid. The widow shall receive a pension benefit of the difference, if any, between 75% of the member's Average Final Compensation and the aggregate amount paid to the children.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 9 – TOWN OF PALM BEACH RETIREMENT SYSTEM (CONTINUED)

POLICE OFFICERS (CONTINUED)

Effective May 1, 2012 (continued)

Non-Duty Death Before Retirement

Police officers are eligible for non-duty death benefits before retirement after 10 or more years of credited service. The pension amount is computed as 75% of normal retirement benefit to a surviving spouse or equal shares of 75% of the normal retirement benefit to surviving unmarried children under age 18. Dependent payment continues not to exceed age 25 when no surviving spouse.

Automatic Death After Retirement Pension

If the member chooses the standard option, police officers who had attained normal retirement eligibility based on credited service as of May 1, 2012 are eligible for an automatic after death retirement pension. The benefit to surviving children shall be 25% of the retiree's pension payable to age 18, not to exceed an equal share of 75% of the retiree's pension. Payments to surviving children may be paid to age 25 if no spouse benefits are payable. The benefit to the surviving spouse shall be the difference, if any, between 75% of the retiree's pension and the aggregate amount paid to any surviving children.

Police officers who had not attained retirement eligibility as of May 1, 2012 shall have frozen accrued benefits as described in the preceding paragraph. New plan benefits accrue after April 30, 2012. Reduced optional forms of payment are available.

Post-Retirement Cost-of-Living Adjustment

Police officers that retired after September 30, 1968 and prior to October 1, 1990 receive an annual 1.0% increase computed on base benefit. Other adjustments have been made periodically. Police officers that retired after September 30, 1990 and before May 1, 2012 receive an annual 2.0% increase based on the total pension payable subsequent to an initial 3-year deferral period.

Police officers who had attained normal retirement eligibility based on credited service as of May 1, 2012 will receive an annual 2.0% increase based on pension benefits accrued, subject to an initial 3-year deferral period.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 9 – TOWN OF PALM BEACH RETIREMENT SYSTEM (CONTINUED)

POLICE OFFICERS (CONTINUED)

Effective May 1, 2012 (continued)

Post-Retirement Cost-of-Living Adjustment (continued)

Police officers who had not attained retirement eligibility as of May 1, 2012 do not receive any cost-of-living adjustment for benefits derived from service accrued on or after May 1, 2012. Police officers who have accrued service as of April 30, 2012 will receive a 2.0% cost of living adjustment for benefits derived for service accrued to that date.

FIREFIGHTERS

Prior to May 1, 2012

Firefighters were eligible for retirement after 20 or more years of service, regardless of age; or age 50 with 10 or more years of service; or, members with at least 10 years of credited service who retire after 9/30/90 are eligible when the individual's age plus credited service totals 65 years or more.

Firefighters' retirement benefits were determined by multiplying the Average Final Compensation (highest two consecutive years out of the last five), times the greater of 3.5% per year of credited service to a maximum of 25 years, or 2.0% per year of credited service to a maximum of 50 years.

A member of the Firefighters' Retirement System could elect to enter the Deferred Retirement Option Program ("DROP") within 7 years of the date the member first reaches normal retirement eligibility. The member receives 100% of their accrued benefit at the date of their election to participate in DROP.

Members who retired after September 30, 1968, and prior to October 1, 1990, received an annual 1% increase in their retirement benefit computed on the base benefit. Members who retired after September 30, 1990, received a 2% annual cost of living adjustment subsequent to an initial 3-year deferral period.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 9 – TOWN OF PALM BEACH RETIREMENT SYSTEM (CONTINUED)

FIREFIGHTERS (CONTINUED)

Effective May 1, 2012

The Firefighters' Retirement System also provided certain disability, death, and other benefits, which are considered to be retirement benefits for funding and actuarial purposes. Eligible employees become fully vested after 10 years of credited service.

All employees working in excess of 1,040 hours per year were required to participate.

Normal Retirement

Firefighters shall be eligible for normal retirement after 20 or more years of service, regardless of age; or age 50 with 10 or more years of service; or, members with at least 10 years of credited service who retire after 9/30/90 are eligible when the individual's age plus credited service totals 65 years or more. Such Firefighters' retirement benefits are determined by multiplying the Average Final Compensation (highest two consecutive years out of the last five), times the greater of 3.5% per year of credited service to a maximum of 25 years, or 2.0% per year of credited service to a maximum of 50 years.

Firefighters shall be eligible for normal retirement upon attaining age 50, or 20 or more years of credited service without regard to age, and upon such retirement shall be eligible to receive the frozen accrued benefit based on credited service and Average Final Compensation on April 30, 2012 and the above formulas.

Non-Bargaining members whose employment terminated on or after October 1, 2019 and Bargaining members whose employment terminated on or after November 2, 2019 are eligible to retire or enter the DROP at the earlier of Age 55 with 10 or more years of service or Age 52 with 25 or more years of service.

Non-Bargaining members whose employment terminated on or after October 1, 2016 and Bargaining members whose employment terminated on or after August 12, 2017 are eligible to retire or enter the DROP at age 56 with 10 or more years of service.

All other members are eligible to retire or enter the DROP at age 65 with 10 or more years of service.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 9 – TOWN OF PALM BEACH RETIREMENT SYSTEM (CONTINUED)

FIREFIGHTERS (CONTINUED)

Effective May 1, 2012 (continued)

Normal Retirement (continued)

Non-bargaining unit firefighters: For credited service between May 1, 2012 and September 30, 2016, the benefit formula shall be the Average Final Compensation multiplied by 1.25% per year of credited service. For service on or after October 1, 2016 the benefit formula shall be the Average Final Compensation multiplied by 2.75% per year of credited service. Average Final Compensation after April 30, 2012 will be over a period increasing up to the final 5 years of credited service.

Bargaining unit firefighters: For credited service between May 1, 2012 and August 11, 2017, the benefit formula shall be the Average Final Compensation multiplied by 1.25% per year of credited service. For service on or after August 12, 2017 the benefit formula shall be the Average Final Compensation multiplied by 2.75% per year of credited service. Average Final Compensation after April 30, 2012 will be over a period increasing up to the final 5 years of credited service.

DROP Retirement

Firefighters may elect to enter the Deferred Retirement Option Program (“DROP”) after the member first reaches normal retirement eligibility. The member receives 100% of their accrued benefit at the date of their election to participate in DROP.

Deferred Retirement (Vested Termination Benefit)

Firefighters with 10 or more years of service are eligible for a deferred retirement benefit. The pension begins upon meeting the requirements for normal retirement. Contributions must be left on deposit in the Plan. Failure to do so results in forfeiture of the vested benefit. Frozen accrued benefits as of April 30, 2012 are vested immediately. The pension amount is computed as for normal retirement, based upon service and final average compensation at time of termination.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 9 – TOWN OF PALM BEACH RETIREMENT SYSTEM (CONTINUED)

FIREFIGHTERS (CONTINUED)

Effective May 1, 2012 (continued)

Duty Disability Retirement

There are no age or service requirements for duty disability for firefighters. The pension amount is computed as a regular retirement with additional service credit granted from date of disability to earliest normal retirement eligibility date. The minimum benefit is 60% of average final compensation.

Non-Duty Disability Before Retirement

Firefighters are eligible for non-duty disability benefits before retirement after 10 or more years of credited service. The pension amount is computed as for normal retirement. The minimum benefit is 30% of average final compensation.

Duty Death Before Retirement

There are no age or service requirements for duty death benefits before retirement for firefighters. The pension amount to each surviving child is 25% of the member's Average Final Compensation not to exceed 50% or equal share of 75% of the member's Average Final Compensation when there are 4 or more surviving children being paid. The widow shall receive a pension benefit of the difference, if any, between 75% of the member's Average Final Compensation and the aggregate amount paid to the children.

Non-Duty Death Before Retirement

Firefighters are eligible for non-duty death benefits before retirement after 10 or more years of credited service. The pension amount is computed as 75% of normal retirement benefit to a surviving spouse or equal shares of 75% of the normal retirement benefit to surviving unmarried children under age 18. Dependent payment continues not to exceed age 25 when no surviving spouse.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 9 – TOWN OF PALM BEACH RETIREMENT SYSTEM (CONTINUED)

FIREFIGHTERS (CONTINUED)

Effective May 1, 2012 (continued)

Automatic Death After Retirement Pension

If the member chooses the standard option, firefighters who had attained normal retirement eligibility based on credited service as of May 1, 2012 are eligible for an automatic after death retirement pension. The benefit to surviving children shall be 25% of the retiree's pension payable to age 18, not to exceed an equal share of 75% of the retiree's pension. Payments to surviving children may be paid to age 25 if no spouse benefits are payable. The benefit to the surviving spouse shall be the difference, if any, between 75% of the retiree's pension and the aggregate amount paid to any surviving children.

Firefighters who had not attained retirement eligibility as of May 1, 2012 shall have frozen accrued benefits as described in the preceding paragraph. New plan benefits accrue after April 30, 2012. Reduced optional forms of payment are available.

Post-Retirement Cost-of-Living Adjustment

Firefighters that retired after September 30, 1968 and prior to October 1, 1990 receive an annual 1.0% increase computed on base benefit. Other adjustments have been made periodically. Firefighters that retired after September 30, 1990 and before May 1, 2012 receive an annual 2.0% increase based on the total pension payable subsequent to an initial 3-year deferral period.

Firefighters who had attained normal retirement eligibility based on credited service as of May 1, 2012 will receive an annual 2.0% increase based on pension benefits accrued, subject to an initial 3-year deferral period.

Firefighters who had not attained retirement eligibility as of May 1, 2012 do not receive any cost-of-living adjustment for benefits derived from service accrued on or after May 1, 2012. Firefighters who have accrued service as of April 30, 2012 will receive a 2.0% cost of living adjustment for benefits derived for service accrued to that date.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 9 – TOWN OF PALM BEACH RETIREMENT SYSTEM (CONTINUED)

FIREFIGHTERS (CONTINUED)

Effective May 1, 2012 (continued)

Share Accounts

Effective October 1, 2003, the Town Council authorized the establishment of individual member Share accounts for firefighters actively employed by the town. These accounts were funded annually using Chapter 175 monies that have not been otherwise committed for benefits for firefighter members. As of September 30, 2020, \$681,915 was held in Share accounts included in the Plan's net position.

On July 22, 2009, the Board adopted a resolution that permits the Plan participants to self-direct their Share accounts. The self-directed accounts are administered by the ICMA Retirement Corporation. As of September 30, 2021, the amount of self-directed investments held outside the Plan was \$3,031,187. Members are eligible to take distributions after separation from service. No new member accounts shall be established after May 1, 2012.

CONTRIBUTIONS

The contribution requirements of Plan members and the Town are established and may be amended by the Town Council. Plan members are required to contribute a percentage of their annual covered salary as described in the table on the following page. The Town is required to contribute at an actuarially determined rate. Administrative expenses of the Plans are reimbursed on a retrospective basis by an addition to the Town's contribution rate.

The contribution rates for the fiscal year ended September 30, 2021, as a percentage of the employees' annual compensation, were as follows:

	Member Contributions	Town Contributions
General employees	3.50%	35.55%
Lifeguards	3.50%	131.39%
Police officers	8.50%	85.74%
Firefighters - Non-Union	8.50%	97.44%
Firefighters - Union	8.50%	97.44%

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 9 – TOWN OF PALM BEACH RETIREMENT SYSTEM (CONTINUED)

CONTRIBUTIONS (CONTINUED)

For the fiscal year ended September 30, 2021, the Town and its employees made the following contributions to the Plan:

Employee Classification	Town Contributions	Employee Contributions	Total Contributions
General employees and lifeguards	\$ 5,489,209	\$ 367,687	\$ 5,856,896
Police officers	5,161,524	377,048	5,538,572
Firefighters	6,434,814	477,538	6,912,352
Total	<u><u>\$17,085,547</u></u>	<u><u>\$ 1,222,273</u></u>	<u><u>\$18,307,820</u></u>

PAYABLE TO THE RETIREMENT PLAN

At September 30, 2021, the Town had no payables for outstanding contributions to the Plan required for the fiscal year ended September 30, 2021.

INVESTMENTS

Investments of the Plan are reported at fair value, except money market funds, which are reported at amortized cost. Net appreciation in fair value of investments includes realized and unrealized gains and losses.

RATE OF RETURN

The money weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested. Inputs to the dollar-weighted rate of return valuation are determined on a monthly basis. For the year ended September 30, 2021, the annual money-weighted rate of return on Plan investments, net of investment expenses was 18.32%.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 9 – TOWN OF PALM BEACH RETIREMENT SYSTEM (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 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 pension plan's target asset allocation as of September 30, 2021 are summarized in the table below.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity funds	35.0%	7.50%
International equity funds	20.0%	8.50%
Domestic bonds	19.5%	2.50%
International bonds	0.0%	3.50%
Real estate funds	10.0%	4.50%
Alternative assets	<u>15.5%</u>	6.32%
Total	<u><u>100.0%</u></u>	

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 9 – TOWN OF PALM BEACH RETIREMENT SYSTEM (CONTINUED)

NET PENSION LIABILITY – GENERAL EMPLOYEES AND LIFEGUARDS

The components of the net pension liability at September 30, 2021 were as follows:

Description	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balance - September 30, 2020	<u>\$ 125,976,148</u>	<u>\$ (90,279,966)</u>	<u>\$ 35,696,182</u>
Changes due to:			
Service cost	1,133,679	--	1,133,679
Interest on total pension liability	8,335,237	--	8,335,237
Benefit changes	--	--	--
Difference between expected and actual experience	(4,553)	--	(4,553)
Assumption changes	2,709,676	--	2,709,676
Benefit payments	(7,881,960)	7,881,960	--
Refunds	(49,981)	49,981	--
Employer contributions	--	(5,489,209)	(5,489,209)
Employee contributions	--	(367,687)	(367,687)
Investment income	--	(19,486,420)	(19,486,420)
Investment expense	--	264,572	264,572
Administrative expense	--	125,205	125,205
Total changes	<u>4,242,098</u>	<u>(17,021,598)</u>	<u>(12,779,500)</u>
Balance - September 30, 2021	<u><u>\$ 130,218,246</u></u>	<u><u>\$ (107,301,564)</u></u>	<u><u>\$ 22,916,682</u></u>

Effective September 30, 2021 the investment return assumption decreased from 6.80% to 6.60%.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 9 – TOWN OF PALM BEACH RETIREMENT SYSTEM (CONTINUED)

NET PENSION LIABILITY – POLICE OFFICERS

The components of the net pension liability at September 30, 2021 were as follows:

Description	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balance - September 30, 2020	<u>\$ 106,851,448</u>	<u>\$ (77,244,710)</u>	<u>\$ 29,606,738</u>
Changes due to:			
Service cost	950,293	--	950,293
Interest on total pension liability	7,063,366	--	7,063,366
Benefit changes	--	--	--
Difference between expected and actual experience	(596,176)	--	(596,176)
Assumption changes	1,837,268	--	1,837,268
Benefit payments	(6,817,590)	6,817,590	--
Refunds	(89,548)	89,548	--
Employer contributions	--	(5,161,524)	(5,161,524)
Employee contributions	--	(377,048)	(377,048)
Investment income	--	(16,668,477)	(16,668,477)
Investment expense	--	226,312	226,312
Administrative expense	--	107,100	107,100
Total changes	<u>2,347,613</u>	<u>(14,966,499)</u>	<u>(12,618,886)</u>
Balance - September 30, 2021	<u><u>\$ 109,199,061</u></u>	<u><u>\$ (92,211,209)</u></u>	<u><u>\$ 16,987,852</u></u>

Effective September 30, 2021 the investment return assumption decreased from 6.80% to 6.60%.

TOWN OF PALM BEACH, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 9 – TOWN OF PALM BEACH RETIREMENT SYSTEM (CONTINUED)

NET PENSION LIABILITY – FIREFIGHTERS

The components of the net pension liability at September 30, 2021 were as follows:

Description	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balance - September 30, 2020	<u>\$ 113,077,512</u>	<u>\$ (73,383,262)</u>	<u>\$ 39,694,250</u>
Changes due to:			
Service cost	1,226,110	--	1,226,110
Interest on total pension liability	7,489,146	--	7,489,146
Benefit changes	--	--	--
Difference between expected and actual experience	35,675	--	35,675
Assumption changes	2,609,188	--	2,609,188
Benefit payments	(7,002,720)	7,002,720	--
Refunds	(109,401)	109,401	--
Employer contributions	--	(6,434,814)	(6,434,814)
Employee contributions	--	(477,535)	(477,535)
Investment income	--	(15,836,619)	(15,836,619)
Investment expense	--	215,018	215,018
Administrative expense	--	101,755	101,755
Total changes	<u>4,247,998</u>	<u>(15,320,074)</u>	<u>(11,072,076)</u>
Balance - September 30, 2021	<u><u>\$ 117,325,510</u></u>	<u><u>\$ (88,703,336)</u></u>	<u><u>\$ 28,622,174</u></u>

Effective September 30, 2021 the investment return assumption decreased from 6.80% to 6.60%.

DISCOUNT RATE

A single discount rate of 6.60% 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 6.60%. 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 difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 9 – TOWN OF PALM BEACH RETIREMENT SYSTEM (CONTINUED)

SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following table presents the net pension liability of the Town calculated using the single discount rate of 6.60% as well as what the Town's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	1% Decrease (5.60%)	Current Discount Rate (6.60%)	1% Increase (7.60%)
General employees and lifeguards	\$ 38,043,166	\$ 22,916,682	\$10,275,564
Police Officers	30,202,040	16,987,852	6,124,542
Firefighters	<u>43,434,019</u>	<u>28,622,174</u>	<u>16,557,736</u>
Net Pension Liability of the Town	<u>\$ 111,679,225</u>	<u>\$ 68,526,708</u>	<u>\$32,957,842</u>

DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES AND PENSION EXPENSES

General Employees and Lifeguards

At September 30, 2021, the Town reported a net pension liability of \$22,916,682 for the general employees and lifeguards. The liability was measured as of September 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2020.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 9 – TOWN OF PALM BEACH RETIREMENT SYSTEM (CONTINUED)

DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES AND PENSION EXPENSES (CONTINUED)

General Employees and Lifeguards (continued)

For the fiscal year ended September 30, 2021, the Town recognized a pension expense (income) of \$(2,880,315) for the general employees and lifeguards. In addition, the Town reported deferred outflows of resources related to the general employees and lifeguards from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience on liabilities	\$ 357,242	\$ (664,471)
Changes of assumptions or other inputs	4,322,214	--
Net difference between projected and actual earnings on pension plan investment	<u>1,710,353</u>	<u>(10,418,684)</u>
Total	<u><u>\$ 6,389,809</u></u>	<u><u>\$ (11,083,155)</u></u>

The amounts reported as deferred inflows of resources will be recognized in pension expense (income) as follows:

Fiscal Year Ending September 30	Amount
2022	\$ (226,013)
2023	(439,290)
2024	(1,622,576)
2025	<u>(2,405,467)</u>
Total	<u><u>\$ (4,693,346)</u></u>

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 9 – TOWN OF PALM BEACH RETIREMENT SYSTEM (CONTINUED)

DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES AND PENSION EXPENSES (CONTINUED)

Police Officers

At September 30, 2021, the Town reported a net pension liability of \$16,987,852 for the police officers. The liability was measured as of September 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2020.

For the fiscal year ended September 30, 2021, the Town recognized a pension expense (income) of \$(4,134,217) for the police officers. In addition, the Town reported deferred outflows of resources related to the police officers from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience on liabilities	\$ --	\$ (528,220)
Changes of assumptions or other inputs	1,669,493	(205,123)
Net difference between projected and actual earnings on pension plan investment	<u>1,488,761</u>	<u>(8,855,233)</u>
Total	<u><u>\$ 3,158,254</u></u>	<u><u>\$ (9,588,576)</u></u>

The amounts reported as deferred inflows of resources will be recognized in pension expense (income) as follows:

Fiscal Year Ending September 30	Amount
2022	\$ (1,153,377)
2023	(1,362,373)
2024	(1,701,730)
2025	<u>(2,212,842)</u>
Total	<u><u>\$ (6,430,322)</u></u>

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 9 – TOWN OF PALM BEACH RETIREMENT SYSTEM (CONTINUED)

DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES AND PENSION EXPENSES (CONTINUED)

Firefighters

At September 30, 2021, the Town reported a net pension liability of \$28,622,174 for the firefighters. The liability was measured as of September 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2020.

For the fiscal year ended September 30, 2021 the Town recognized a pension expense (income) of \$(3,609,255) for the firefighters. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to the firefighters from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience on liabilities	\$ 230,800	\$ --
Changes of assumptions or other inputs	2,481,719	(9,581)
Net difference between projected and actual earnings on pension plan investment	<u>1,460,566</u>	<u>(8,345,671)</u>
Total	<u><u>\$ 4,173,085</u></u>	<u><u>\$ (8,355,252)</u></u>

The amounts reported as deferred inflows of resources will be recognized in pension expense (income) as follows:

Fiscal Year Ending September 30	Amount
2022	\$ (176,684)
2023	(724,839)
2024	(1,196,041)
2025	<u>(2,084,603)</u>
Total	<u><u>\$ (4,182,167)</u></u>

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 9 – TOWN OF PALM BEACH RETIREMENT SYSTEM (CONTINUED)

SIGNIFICANT ACTUARIAL ASSUMPTIONS

The total pension liability was determined using the following actuarial assumptions:

Valuation date:	September 30, 2020
Measurement date:	September 30, 2021
Actuarial cost method:	Entry Age Normal
Single discount rate:	6.60%
Investment rate of return:	6.60%
General inflation:	2.25%
Salary increases – General:	5.5% including inflation
Salary increases – Police:	5.5% including inflation
Salary increases – Firefighters:	6.0% including inflation
Mortality:	The mortality tables used are the same as those used for the July 1, 2019 Pension Actuarial Valuation of the Florida Retirement System. These tables are based on the Pub-2010 mortality tables with mortality improvements projected for healthy lives to all future years after 2010 using Scale MP-2018.
Other Information:	Effective as of September 30, 2021, the investment return assumption was lowered from 6.80% to 6.60%. The impact of this assumption change is disclosed in the Schedule of Changes in Net Pension Liability Exhibit of this report.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 10 – PRESERVATION OF BENEFITS RETIREMENT PLAN

PLAN DESCRIPTION

Effective November 1, 2017, the Town established the Preservation of Benefits Retirement Plan (the “POB”), a single-employer defined benefit pension plan to provide payment of retirement income that would have been available to retired Town employees and their beneficiaries if the benefit provisions of the Town of Palm Beach Retirement Plan were to apply without the limitation in Section 415(b) of the Internal Revenue Code. Benefits are retroactive to the original entrance date to the Town of Palm Beach Retirement Plan.

The Preservation of Benefits Plan has no assets accumulated in a trust that meets the criteria in GASB Statement No. 73, paragraph 4.

As of September 30, 2021, membership of the Preservation of Benefits Retirement Plan consisted of the following:

Retirees receiving benefits	2
Active plan members	--
Total	<u>2</u>

ELIGIBILITY

A member of the Town of Palm Beach Retirement Plan who retires or enters the DROP on or after July 1, 2014 and before November 1, 2017, and the beneficiaries of such member, shall participate in the Preservation of Benefits Retirement Plan whenever his or her benefit under the Town of Palm Beach Retirement Plan is reduced by application of Section 415(b) of the Internal Revenue Code. Participation in the Preservation of Benefits Retirement Plan shall continue for as long as the member’s benefit under the Town of Palm Beach Retirement Plan is reduced by application of Section 415(b) of the Internal Revenue Code.

CONTRIBUTIONS

The Preservation of Benefits Plan shall be unfunded and unsecured within the meaning of the federal tax laws. No member contributions or deferrals, direct or indirect, by election or otherwise shall be made or allowed under the Preservation of Benefits Plan.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 10 – PRESERVATION OF BENEFITS RETIREMENT PLAN (CONTINUED)

ADMINISTRATION

The Preservation of Benefits Plan shall be administered by the Town. Benefits due under the Preservation of Benefits Plan as determined by the Town's Finance Director shall be paid timely by the Town. The Finance Director may make modifications to the benefits payable under the Preservation of Benefits Plan as may be necessary to maintain compliance with Section 415(m) and other relevant sections of the Internal Revenue Code.

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES:

As of September 30, 2021, the Town reported a total pension liability of \$2,449,426 for the POB. The total pension liability was measured as of September 30, 2021 based on a September 30, 2020 actuarial valuation. The total pension liability was then "rolled forward" to the measurement date utilizing update procedures incorporating the actuarial assumptions. For the fiscal year ended September 30, 2021, the Town recognized pension expense of \$1,241,840. As of September 30, 2021, the Town did not report any deferred outflows of resources or deferred inflows of resources related to the POB.

TOTAL PENSION LIABILITY

The components of the total pension liability at September 30, 2021 are as follows:

<u>Preservation of Benefits Retirement Plan</u>	Total Pension Liability
Balance - September 30, 2020	<u>\$ 1,207,586</u>
Changes due to:	
Service cost	--
Interest on total pension liability	28,969
Benefit changes	--
Difference between expected and actual experience	112,719
Assumption changes	1,111,220
Benefit payments	<u>(11,068)</u>
Total changes	<u>1,241,840</u>
Balance - September 30, 2021	<u><u>\$ 2,449,426</u></u>

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 10 – PRESERVATION OF BENEFITS RETIREMENT PLAN (CONTINUED)

SENSITIVITY OF THE TOTAL PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following table presents the total pension liability of the Town calculated using a single discount rate of 2.19% as well as what the Town's total pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current rate.

		1% Decrease	Current	1% Increase
		1.19%	Discount Rate 2.19%	3.19%
Total Pension Liability	\$	2,850,530	\$ 2,449,426	\$ 2,124,046

ACTUARIAL ASSUMPTIONS AND OTHER INPUTS

The total pension liability was determined using the following actuarial assumptions and other inputs:

Valuation date:	September 30, 2020
Measurement date:	September 30, 2021
Actuarial cost method:	Entry Age Normal
Inflation:	2.0%. The inflation rate was used for the assumed future annual increase in the Internal Revenue Code Section 415(b) dollar limit.
Salary increase rate:	N/A
Discount rate:	2.19%
Retirement rate:	N/A
Mortality:	The mortality tables used are the same as those used in the July 1, 2019 Pension Actuarial Valuation of the Florida Retirement System for other than special risk members (General) and special risk members (Police). These tables are based on the Pub-2010 mortality tables with mortality improvements projected for healthy lives to all future years after 2010 using Scale MP-2018.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 10 – PRESERVATION OF BENEFITS RETIREMENT PLAN (CONTINUED)

SENSITIVITY OF THE TOTAL PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE (CONTINUED)

The discount rate was determined from Fidelity's 20-Year Municipal General Obligation AA Index as of September 30, 2021. This is the rate for Fidelity's Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds. 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.

The discount rate was changed from 2.41% as of September 30, 2020 to 2.19% as of September 30, 2021 based on the long-term municipal bond rate.

NOTE 11 – SUMMARY OF PENSION DATA

The following table provides a summary of significant information related to defined benefit pension plans for the fiscal year ended September 30, 2021.

	General Employees & Lifeguards	Police Officers	Firefighters	Preservation of Benefits Plan	Totals
Plan fiduciary net position	\$ 107,301,564	\$ 92,211,209	\$ 88,703,336	\$ --	\$ 288,216,109
Total pension liability	130,218,246	109,199,061	117,325,510	2,449,426	359,192,243
Net pension liability	22,916,682	16,987,852	28,622,174	2,449,426	70,976,134
Plan of fiduciary net position as a percentage of the total pension liability	82.40%	84.44%	75.60%	0.00%	80.24%
Covered payroll	10,158,087	4,108,195	5,204,780	N/A	19,471,062
Net pension liability as a percentage of covered payroll	225.60%	413.51%	549.92%	N/A	364.52%
Deferred outflows of resources	6,389,809	3,158,254	4,173,085	--	13,721,148
Deferred inflows of resources	11,083,155	9,588,576	8,355,252	--	29,026,983
Pension expense (income)	(2,880,315)	(4,134,217)	(3,609,255)	1,241,840	(9,381,947)

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 12 – DEFINED CONTRIBUTION PENSION PLAN

The Town established the Town of Palm Beach Defined Contribution Retirement Plan in the form of the ICMA Retirement Corporation Governmental Money Purchase Plan & Trust effective May 1, 2012 to provide benefits at retirement to the Town's employees. The Plan is a single-employer defined contribution pension plan administered by the ICMA Retirement Corporation. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings.

The Plan covers all employees working in excess of 1,850 hours per year. Police officers and non-union firefighters, hired before May 1, 1992, were required to make mandatory pre-tax contributions equal to 2% of covered compensation until September 30, 2016. Union firefighters hired before May 1, 1992 were required to make mandatory pre-tax contributions equal to 2% of covered compensation until August 11, 2017.

General employees and lifeguards were required to make mandatory pre-tax contributions of 4% of covered compensation until April 30, 2017. Thereafter they are required to make mandatory pre-tax contributions of 3% of covered compensation. The Town is required to match mandatory contributions. Covered compensation includes base pay (inclusive of all leave time) but excludes overtime and bonuses. General employees and lifeguards are allowed to make voluntary contributions up to the maximum allowable under IRS Regulations. The Town is required to match up to 2% for voluntary contributions. For the fiscal year ended September 30, 2020, the Town recognized pension expense of \$467,367 for the defined contribution plan, which included forfeitures of \$107,500. At September 30, 2021, the Town reported a payable in the amount of \$104,936 for outstanding contributions to the Plan for the fiscal year ended September 30, 2021.

The Town does not hold or administer resources of the Plan. Consequently, the Plan does not meet the requirements for inclusion in the Town's financial statements as a fiduciary fund. The Plan does not issue a stand-alone financial report. Plan provisions are established and may be amended only by the Town Council.

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS

PLAN DESCRIPTION

The Town of Palm Beach Other Postemployment Benefits (OPEB) Plan is a single-employer, defined benefit postemployment healthcare plan that is administered by the Town and covers retired employees of the Town and their dependents. The Town Council has the authority to establish and amend benefit provisions of the Plan. The Plan does not issue a separate, publicly available financial report.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

BENEFITS PROVIDED

The Plan provides for the payment of a portion of the health insurance premiums for eligible retired employees.

PLAN MEMBERSHIP

A summary of employees or beneficiaries covered by the Plan as of September 30, 2020 is as follows:

Active employees	305
Inactive employees currently receiving benefits	228
Inactive employees entitled to but not yet receiving benefits	<u>--</u>
Total Plan Participants	<u>533</u>

CONTRIBUTIONS

The contribution requirements of Plan members and the Town are established and may be amended by the Town Council. These contributions are neither mandated nor guaranteed. The Town has retained the right to unilaterally modify its payment for retiree health care benefits. Plan members receiving benefits contribute a percentage of the monthly insurance premium. Prior to January 1, 2010, retiree contributions were 50% of the actuarial premium. Effective January 1, 2010, the retiree contributions were changed to a sliding scale under which the retiree contribution varies depending on years of service and pension benefit. The retiree contributions vary from a minimum of 50% of the actuarial premium to the maximum amount allowed under Florida Statute 112.08.

The State of Florida prohibits the Town from separately rating retirees and active employees. The Town therefore charges both groups an equal, blended rate premium. Although both groups are charged the same blended rate premium, GAAP requires the actuarial figures to be calculated using age adjusted premiums approximating claim costs for retirees separate from active employees. The use of age adjusted premiums results in the addition of an implicit rate subsidy into the actuarial accrued liability. However, the Town has elected to contribute to the Plan at a rate that is based on an actuarial valuation prepared using the blended rate premium that is actually charged to the Plan. The Plan recognized contributions of \$429,858 from the Town for the fiscal year ended September 30, 2021.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

DISCOUNT RATE

The discount rate used to measure the total OPEB liability was 5.0%. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be available to make all projected OPEB payments for current and inactive employees. Therefore, the discount rate of 5.0% was applied to all periods of projected benefit payments to determine the total OPEB liability.

LONG-TERM EXPECTED RATE OF RETURN

The long-term expected rate of return on OPEB 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 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 OPEB plan's target asset allocation as of September 30, 2021 are summarized in the table below.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity funds	40.0%	7.50%
International equity funds	10.0%	8.50%
Domestic fixed income funds	30.0%	2.50%
Real estate funds	10.0%	4.50%
Alternative assets	<u>10.0%</u>	5.61%
Total	<u><u>100.0%</u></u>	

RATE OF RETURN

The money weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested. Inputs to the dollar-weighted rate of return valuation are determined on a monthly basis. For the fiscal year ended September 30, 2021, the annual money-weighted rate of return on Plan investments, net of investment expenses was 18.26%.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

ACTUARIAL ASSUMPTIONS AND OTHER INPUTS

The total OPEB liability was determined using the following actuarial assumptions and other inputs:

Valuation date:	September 30, 2020
Measurement date:	September 30, 2021
Actuarial cost method:	Entry Age Normal
Single discount rate:	5.0%
Participation of future retirees:	100% medical, 60% life insurance
Participation of future spouses:	100%
Health care cost trend rates:	Based on the Getzen Model, with trend starting at 6.50% on 10/1/2021, followed by 6.25% on 10/1/2022 and gradually decreasing to an ultimate trend rate of 3.99%.
Mortality:	Rates of mortality are the same as used in the July 1, 2020 actuarial valuation of the Florida Retirement System. These rates were taken from the adjusted PUB-2010 mortality tables published by the Society of Actuaries with generational mortality using Scale MP-2018. Adjustment to referenced tables are based on the results of a statewide experience study covering the period 2013 through 2018.
Retiree benefits:	Under age 65 retirees can elect either the PPO, POS, or HMO plan. Medicare eligible retirees can elect either the PPO or POS plan. Retirees are eligible for dental coverage. Retirees have the option of purchasing a term-life policy in the amount of \$10,000 at the rate of \$0.297 per thousand of coverage. Benefits are for the lifetime of the retiree and surviving spouse.
Aging factors:	Based on the 2013 SOA Study “Health Care Costs – From Birth to Death”

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

NET OPEB LIABILITY (ASSET)

The components of the net OPEB liability (asset) as of September 30, 2021 were as follows:

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability (Asset)
Balance - September 30, 2020	\$ 22,748,198	\$ (34,728,235)	\$ (11,980,037)
Changes due to:			
Service cost	805,605	--	805,605
Interest on total OPEB liability	1,385,176	--	1,385,176
Benefit changes	--	--	--
Difference between expected and actual experience	--	--	--
Assumption changes	3,339,474	--	3,339,474
Benefit payments	(935,078)	935,078	--
Employer contributions	--	(429,858)	(429,858)
Net investment income	--	(6,313,289)	(6,313,289)
Administrative expense	--	118,910	118,910
Total changes	4,595,177	(5,689,159)	(1,093,982)
Balance - September 30, 2021	<u>\$ 27,343,375</u>	<u>\$ (40,417,394)</u>	<u>\$ (13,074,019)</u>

SENSITIVITY OF THE NET OPEB LIABILITY (ASSET) TO CHANGES IN THE DISCOUNT RATE

The following table presents the net OPEB liability of the Town calculated using the single discount rate of 5.0% as well as what the Town net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	1% Decrease 4.0%	Current Discount Rate 5.0%	1% Increase 6.0%
Net OPEB Liability (Asset)	\$ (8,992,459)	\$ (13,074,019)	\$ (16,413,493)

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

SENSITIVITY OF THE NET OPEB LIABILITY (ASSET) TO CHANGES IN THE HEALTHCARE TREND RATES

The following table presents the net OPEB liability (asset) of the Town calculated using the current healthcare costs trend rates used in the most recent funding valuation as well as what the Town net OPEB liability (asset) would be if it were calculated using a healthcare costs trends that are one percentage point lower or one percentage point higher than the current healthcare costs trend rates.

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability (Asset)	\$ (16,693,240)	\$ (13,074,019)	\$ (8,521,478)

DEFERRED OUTFLOWS OF RESOURCES, DEFERRED INFLOWS OF RESOURCES, AND OPEB EXPENSE (INCOME)

At September 30, 2021, the Town reported a net OPEB asset of \$13,074,019. The asset was measured as of September 30, 2021 and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of September 30, 2020. For the fiscal year ended September 30, 2021, the Town recognized an OPEB expense (income) of \$1,793,426. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ --	\$ (4,016,669)
Assumption changes	4,520,624	(5,728,727)
Net difference between projected and actual earnings on OPEB plan investments	<u>473,216</u>	<u>(3,453,714)</u>
Total	<u>\$ 4,993,840</u>	<u>\$ (13,199,110)</u>

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

DEFERRED OUTFLOWS OF RESOURCES, DEFERRED INFLOWS OF RESOURCES, AND OPEB EXPENSE (INCOME) (CONTINUED)

Amounts reported as deferred inflows of resources will be recognized in OPEB expense (income) as follows:

Fiscal Year Ending September 30	Amount
2022	\$ (1,753,743)
2023	(1,825,149)
2024	(2,022,044)
2025	(2,171,257)
2026	(592,094)
Thereafter	<u>159,017</u>
Total	<u><u>\$ (8,205,270)</u></u>

PAYABLE TO THE OPEB PLAN

At September 30, 2021, the Town had no payables for outstanding contributions to the Plan required for the fiscal year ended September 30, 2021.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

PAYABLE TO THE OPEB PLAN (CONTINUED)

The OPEB Trust Fund does not issue a separate financial report. The Trust Fund's financial statements are presented below.

Statement of Fiduciary Net Position
September 30, 2021

Assets

Cash and cash equivalents	\$ 17,406
Investments	
Short-term investment fund	340,191
Fixed income securities	13,859,245
Domestic equity funds	20,170,832
International equity funds	1,678,427
Private equity funds	866,278
Real estate funds	<u>3,590,785</u>

Total Assets	40,523,164
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Liabilities

Accounts payable and accrued liabilities	174,936
Due to brokers for securities sold	<u>17,405</u>

Total Liabilities	<u>192,341</u>
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Net Position Restricted for Retiree Health Benefits	<u>\$40,330,823</u>
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TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

PAYABLE TO THE OPEB PLAN (CONTINUED)

Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended September 30, 2021

Additions

Contributions	
Employer	\$ 429,858
Employee	1,205,551
Other	<u>777,023</u>
Total contributions	<u>2,412,432</u>
Investment income	
Net appreciation in fair value of investments	4,661,367
Interest and dividends	<u>1,084,830</u>
Total investment income	5,746,197
Less investment expense	<u>(68,110)</u>
Net investment income	<u>5,678,087</u>
Total Additions	<u>8,090,519</u>
Deductions	
Benefit payments	2,382,028
Administrative expenses	101,008
Other	<u>4,896</u>
Total Deductions	<u>2,487,932</u>
Change in Net Position	5,602,587
Net Position Restricted for Retiree Health Benefits -	
Beginning of Year	<u>34,728,236</u>
Net Position Restricted for Retiree Health Benefits -	
End of Year	<u><u>\$40,330,823</u></u>

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 14 – INSURANCE PROGRAM

The Town retains the risk of loss for certain claims related to general liability and property risks, group accident and health, and workers' compensation. These insurance activities are accounted for in the Internal Service Funds. The Internal Service Funds charge departments of the Town for insurance coverage based upon historical claims experience, insurance costs and relative share of total risk. A claims liability of approximately \$1,963,000 is included in accrued liabilities of the Internal Service Funds at September 30, 2021. This liability is based on the provisions of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be accrued if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Accordingly, the accrued liability for claims includes the estimated future liability on a case-by-case basis for all reported claims and an amount for claims incurred but not reported. The accrued claims liabilities at September 30, 2021 were determined by actuarial valuations performed by Wakely Consulting Group, LLC for group health and Glicksman Consulting, LLC for general liability, workers' compensation, and property.

The Town's insurance program covers most risks insured by public entities. There are exposures to the Town that are either uninsured or uninsurable that pose a financial risk to the Town. The exposures consist of, but are not limited to, street lights, traffic lights, signs, roads, sidewalks, underground storm and sanitary sewers, seawalls, bulkheads, piling, docks, statues, living wall, clock tower, mold, beaches, shrubs, plants, acts of terrorism, and debris left from hurricanes. There is also a 5% deductible for named wind storms under the Town's property coverage which is not included in the 75% confidence level provided by the outside actuarial firm. Settled claims have exceeded commercial insurance coverage in the past three years.

The Town is a party to various claims, legal actions and complaints. In the opinion of Town management, all such matters are adequately covered by claim reserves under its insurance program or if not covered, are without merit or involve such minimal amounts that an unfavorable disposition would not have a material effect on the Town's financial position.

The insurance coverage and accrued claims liability of the Internal Service Funds at September 30, 2021 are summarized below and on the following pages.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 14 – INSURANCE PROGRAM (CONTINUED)

GROUP ACCIDENT AND HEALTH

Certain employees and retirees of the Town contribute through payroll deductions or deductions from pension payments to the cost of group benefits. The remainder of the necessary funding is contributed by the Town based on an actuarially determined amount. As of September 30, 2021, these benefits covered 262 active employees, 136 retirees, 3 COBRA, and 470 dependents. The Town retains the risk of loss up to \$125,000 per occurrence. Insurance coverage for claims in excess of these specific limits has been obtained from a commercial carrier. The Town makes available certain health insurance benefits for its retired employees and their dependents in accordance with State Statute. Retiree health care benefits are accounted for in the Town's OPEB plan.

OTHER LIABILITIES

The Town retains the risk of loss for most exposures as follows:

- Property Liability - \$25,000 deductible per occurrence plus a 5% deductible per insured location for a "named" windstorm.
- General Liability - \$500,000 per occurrence.
- Law Enforcement Liability - \$100,000 per occurrence.
- Public Officials Liability - \$200,000 per occurrence.
- Employment Practices Liability - \$200,000 per occurrence.
- Automobile Liability - \$100,000 per occurrence.
- Workers' Compensation – \$500,000 deductible per occurrence.
- Cyber Liability - \$25,000 per occurrence.
- An aggregate retention (loss fund) of \$1,100,000 is established each fiscal year for this purpose. The loss fund does not include property, wind, hailstorm, flood, or any uninsured or uninsurable asset.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 14 – INSURANCE PROGRAM (CONTINUED)

OTHER LIABILITIES (CONTINUED)

Excess liability coverage is maintained above the Town's retained risk of loss with commercial carriers as follows:

- Property Liability - \$40,893,204 for buildings and contents.
- General Liability - \$5,000,000 per occurrence and \$10,000,000 aggregate.
- Law Enforcement Liability - \$5,000,000 per occurrence \$10,000,000 aggregate.
- Public Officials Liability - \$5,000,000 per occurrence and \$5,000,000 aggregate.
- Employment Practices Liability - \$5,000,000 per occurrence and \$5,000,000 aggregate.
- Automobile Liability - \$5,000,000 per occurrence with no aggregate.
- Workers' Compensation – statutory.
- Cyber Liability - \$1,000,000 per occurrence with no aggregate.

Florida Statutes limit the Town's maximum loss for most liability claims to \$200,000 per person and \$300,000 per occurrence under the doctrine of sovereign immunity. However, under certain circumstances a plaintiff can seek to recover damages in excess of statutory limits by introducing a claims bill to the Florida Legislature. The limits addressed in the Florida Statutes do not apply to claims filed in Federal Courts.

The claims activity for the last two fiscal years is summarized as follows:

	Year Ended September 30, 2021	Year Ended September 30, 2020
Accrued claims liability at beginning of fiscal year	\$ 1,827,000	\$ 1,969,000
Current year claims and changes in estimates	5,019,000	3,761,000
Claim payments	<u>(4,883,000)</u>	<u>(3,903,000)</u>
Accrued Claims Liability at End of Fiscal Year	<u>\$ 1,963,000</u>	<u>\$ 1,827,000</u>

The accrued claims liability at September 30, 2021 consisted of \$331,000 for group health and accident claims and \$1,632,000 for other claims.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 15– COMMITMENTS AND CONTINGENCIES

CONTRACTUAL COMMITMENTS

The Town has various long-term contractual obligations for construction projects on which work has not been completed. The remaining commitments on these obligations were \$48,109,875 at September 30, 2021.

GRANTS

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies, principally the Federal government and State of Florida. Any disallowed claims, including amounts already received, might constitute a liability of the Town for the return of those funds.

ENCUMBRANCES

At September 30, 2021, the following amounts were encumbered in the governmental funds:

Major Funds	
General Fund	\$ 810,457
Townwide Undergrounding Assessment Fund	40,586,807
Beach Restoration Project Fund	<u>1,953,525</u>
Total Major Funds	43,350,789
Non-Major Governmental Funds	<u>4,264,151</u>
Total Encumbrances	<u><u>\$ 47,614,940</u></u>

CONTINGENCY

The Town is a defendant in various lawsuits. Although the outcome of such litigation is not presently determinable, management does not believe the settlement of these matters will have a material effect upon the financial condition or results of operations of the affected funds.

TOWN OF PALM BEACH, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 16– LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS

The Town currently operates two vegetative waste landfill sites, one on Skees Road and another on Okeechobee Boulevard. State and federal laws and regulations require that the Town place a final cover on these landfill sites when they stop accepting waste and to perform certain maintenance and monitoring functions at these sites for a minimum of thirty years after closure. Although the majority of closure and post-closure care costs will be paid only near or after the date that the operating landfills stop accepting waste, in accordance with GASB Statement No. 18, *Landfill Closure and Post-closure Care Costs*, the Town reports a portion of these closure and post closure care costs as an operating expense each fiscal year based on the landfill capacity used during the period.

As of September 30, 2021, the estimated liability for landfill closure and post-closure care costs were \$2,098,056 for the Skees Road site and \$1,507,252 for the Okeechobee Boulevard site for a total of \$3,605,308. This represents the cumulative amounts reported to date based on the use of 64.8% of the estimated capacity of the Skees Road site and 91.2% of the Okeechobee Boulevard site. The total liability is reported in the Governmental Activities in the government-wide Statement of Net Position. The Town will recognize the remaining estimated costs of closure and post-closure care of \$1,138,519 for the Skees Road Site and \$145,437 for the Okeechobee Boulevard site as the remaining estimated capacity is filled. The landfills have remaining estimated lives of 39 years and 13 years for the Skees Road site and Okeechobee Boulevard site, respectively.

The estimated total current cost of the landfill closure and post closure care is \$3,236,575 for the Skees Road site and \$1,652,689 for the Okeechobee Boulevard site for a total of \$4,889,264. This is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfills were acquired as of September 30, 2021. However, the actual cost of closure and post-closure may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

In accordance with Rule 62-701.630, Florida Administrative Code, the Town is required to prepare and submit alternate proof of financial assurance to the Florida Department of Environmental Protection on an annual basis showing that the Town has sufficient financial resources to cover, at a minimum, the costs of complying with all state landfill closing and long-term care requirements. The Town is in compliance with this requirement.

NOTE 17– DEFICIT FUND BALANCES OF INDIVIDUAL FUNDS

As of September 30, 2021, the Special Assessment Fund and Special Assessment Maintenance Fund had unassigned fund balance deficits in the amount of approximately \$812,000 and \$219,000, respectively. The deficits were caused by expenditures for special assessment projects incurred prior to the collection of the assessments.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF PALM BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE GENERAL FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes:				
Ad valorem	\$ 57,134,058	\$ 57,134,058	\$ 58,016,220	\$ 882,162
Local option gas tax	345,000	345,000	326,859	(18,141)
Franchise fees	2,250,000	2,250,000	2,267,996	17,996
Utility service	6,006,000	6,006,000	6,125,995	119,995
Business tax receipts	770,000	770,000	805,710	35,710
Total taxes	66,505,058	66,505,058	67,542,780	1,037,722
Fees and permits:				
Building permits	522,000	522,000	867,638	345,638
Fees and other permits	748,100	748,100	825,596	77,496
Total fees and permits	1,270,100	1,270,100	1,693,234	423,134
Intergovernmental:				
State shared revenue	900,800	900,800	1,088,919	188,119
Shared revenue - local	22,500	22,500	22,742	242
Total intergovernmental	923,300	923,300	1,111,661	188,361
Charges for services:				
General government	84,000	84,000	149,653	65,653
Public safety	2,188,000	2,673,000	3,043,249	370,249
Physical environment	1,192,000	1,192,000	1,099,683	(92,317)
Transportation	1,100,000	1,100,000	2,004,501	904,501
Culture and recreation	820,700	820,700	879,080	58,380
Total charges for services	5,384,700	5,869,700	7,176,166	1,306,466
Fines and forfeiture	916,000	916,000	918,508	2,508
Investment Earnings	904,715	904,715	109,290	(795,425)
Grant revenue	32,700	32,700	917,762	885,062
Miscellaneous:				
Rents and royalties	66,500	66,500	66,504	4
Other miscellaneous	383,000	383,000	433,014	50,014
Total miscellaneous	449,500	449,500	499,518	50,018
Total Revenues	\$ 76,386,073	\$ 76,871,073	\$ 79,968,919	\$ 3,097,846

(Continued)

See notes to budgetary comparison schedule.

TOWN OF PALM BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE GENERAL FUND (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures				
General government:				
Town manager	\$ 2,210,557	\$ 2,383,489	\$ 2,279,412	\$ 104,077
Human resources	700,508	745,903	573,445	172,458
Information systems	2,935,478	3,041,706	2,550,738	490,968
Town clerk	316,092	352,066	350,314	1,752
Finance	1,774,049	1,775,347	1,762,934	12,413
Planning, zoning and building	665,765	729,389	798,335	(68,946)
Permit issuance	--	66,650	--	66,650
Employee benefits	429,858	429,858	429,858	--
Total general government	9,032,307	9,524,408	8,745,036	779,372
Public safety:				
Inspection and compliance	300,290	303,770	300,282	3,488
Fire-rescue	14,933,365	14,935,484	14,913,533	21,951
Police	16,906,530	17,402,911	17,189,365	213,546
Emergency/disaster response	--	--	240	(240)
Total public safety	32,140,185	32,642,165	32,403,420	238,745
Physical environment:				
Administration	1,091,661	1,293,558	941,190	352,368
Sewer and sanitation	9,665,671	9,838,047	9,438,693	399,354
Public works	2,649,768	2,743,869	2,576,506	167,363
Total physical environment	13,407,100	13,875,474	12,956,389	919,085
Transportation:				
Streets and repairs	439,990	448,096	488,771	(40,675)
Traffic control	521,084	540,594	539,160	1,434
Total transportation	961,074	988,690	1,027,931	(39,241)
Culture and recreation:				
Recreation	1,865,276	1,879,006	1,700,041	178,965
Library	352,650	352,650	352,650	--
Parks and beaches	1,831,394	1,972,906	1,834,861	138,045
Total culture and recreation	4,049,320	4,204,562	3,887,552	317,010
Non-departmental	8,030,439	7,929,622	7,434,622	495,000
Total Expenditures	\$ 67,620,425	\$ 69,164,921	\$ 66,454,950	\$ 2,709,971

(Continued)

See notes to budgetary comparison schedule.

TOWN OF PALM BEACH, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Other Financing Sources (Uses)				
Transfers in	\$ 3,225,000	\$ 3,959,928	\$ 3,225,000	\$ (734,928)
Transfers out	(13,295,148)	(15,149,001)	(14,418,256)	730,745
Appropriation of prior year's fund balance	<u>1,304,500</u>	<u>3,482,921</u>	<u>--</u>	<u>(3,482,921)</u>
Total Other Financing Sources (Uses)	<u>(8,765,648)</u>	<u>(7,706,152)</u>	<u>(11,193,256)</u>	<u>(3,487,104)</u>
Revenue and Other Sources Under				
Expenditures and Other Uses	<u>\$ --</u>	<u>\$ --</u>	2,320,713	<u>2,320,713</u>
Fund Balance - Beginning of Year			<u>35,158,613</u>	
Fund Balance - End of Year			<u><u>\$ 37,479,326</u></u>	

See notes to budgetary comparison schedule.

TOWN OF PALM BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE TOWNWIDE UNDERGROUNDING ASSESSMENT FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Investment earnings	\$ 800,000	\$ 800,000	\$ 2,793,579	\$ 1,993,579
Special assessments	4,200,000	4,200,000	8,149,121	3,949,121
Miscellaneous	200,000	200,000	220,557	20,557
Total Revenues	<u>5,200,000</u>	<u>5,200,000</u>	<u>11,163,257</u>	<u>5,963,257</u>
Expenditures				
Current:				
Physical environment	53,316,295	53,316,295	10,716,935	42,599,360
Total current	<u>53,316,295</u>	<u>53,316,295</u>	<u>10,716,935</u>	<u>42,599,360</u>
Debt service:				
Principal	1,040,000	1,040,000	1,040,000	--
Interest and fiscal charges	2,358,850	2,358,850	2,424,929	(66,079)
Total debt service	<u>3,398,850</u>	<u>3,398,850</u>	<u>3,464,929</u>	<u>(66,079)</u>
Total Expenditures	<u>56,715,145</u>	<u>56,715,145</u>	<u>14,181,864</u>	<u>42,533,281</u>
Other Financing Sources (Uses)				
General obligation bond issued	--	--	8,575,000	(8,575,000)
General obligation bond premium	--	--	623,896	(623,896)
Transfers in	665,000	665,000	665,000	--
Appropriation of prior year's fund balance	50,850,145	50,850,145	--	(50,850,145)
Total Other Financing Sources (Uses)	<u>51,515,145</u>	<u>51,515,145</u>	<u>9,863,896</u>	<u>(60,049,041)</u>
Revenue and Other Sources Under Expenditures and Other Uses	<u>\$ --</u>	<u>\$ --</u>	<u>6,845,289</u>	<u>\$ 6,845,289</u>
Fund Balance - Beginning of Year			<u>57,855,306</u>	
Fund Balance - End of Year			<u><u>\$ 64,700,595</u></u>	

See notes to budgetary comparison schedule.

TOWN OF PALM BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON SCHEDULES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

BUDGETS

Budgets are legally adopted for the General Fund, Townwide Undergrounding Assessment Fund, all Debt Service Funds, and all Capital Projects Funds. Special Revenue Funds are not budgeted because they are not legally required to do so, except for the Townwide Undergrounding Assessment Fund which the Town has elected to budget. All governmental fund budgets are prepared on the modified accrual basis of accounting. Formal budgetary integration is employed within the accounting system as a management control device. Appropriations are legally controlled at the fund level and expenditures may not legally exceed appropriations at that level.

Under the Laws of the State of Florida and the Town Code, the Town Manager submits to the Mayor and Town Council, prior to July 31st, a proposed Annual Budget and Financial Plan for the fiscal year commencing the following October 1st. The Annual Budget and Financial Plan is prepared by fund, function and activity and includes all proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. Prior to October 1st, the budget is legally enacted by the Town Council through passage of an ordinance.

Changes or amendments to increase or decrease the total amount of budgeted revenue or expenditures for a given fund must be approved by a majority vote of the Town Council; however, changes, amendments or transfers within the total revenue or expenditures for functions, activities or departments of a given fund may be approved by the Town Manager.

The general fund had supplemental appropriations in the amount of \$1,544,496 for the fiscal year 2021.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget based on legally authorized revisions to the original budgets during the year. Unexpended appropriations lapse at year end.

ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary control. Encumbrances lapse at year end and become obligations of the subsequent year's budget. At September 30, 2020, the Town had commitments related to unperformed contracts, which have been re-appropriated in the 2020-2021 annual budget. These amounts are not included in the current year's expenditures as reported in these financial statements. The amended budget at September 30, 2021, includes \$2,178,421 of prior year encumbrances that were re-appropriated.

TOWN OF PALM BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON SCHEDULES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 2 – BUDGET AND ACTUAL COMPARISONS

A budgetary comparison schedule is required to be presented for the General Fund and each budgeted special revenue fund. For the year ended September 30, 2021, no funds had an excess of expenditures over appropriations.

TOWN OF PALM BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN THE
TOWN'S NET PENSION LIABILITY AND RELATED RATIOS**

GENERAL EMPLOYEES AND LIFEGUARDS RETIREMENT PLAN

Measurement Date, September 30,	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost	\$ 1,133,679	\$ 1,080,087	\$ 913,152	\$ 977,761	\$ 750,112	\$ 636,740	\$ 739,734	\$ 733,095
Interest on the total pension liability	8,335,237	8,516,974	8,246,713	8,198,739	7,948,875	7,664,270	7,096,090	7,058,622
Benefit changes	--	--	--	--	1,932,700	--	39,572	--
Difference between expected and actual experience	(4,553)	(1,066,898)	842,186	(222,903)	529,542	961,731	499,433	--
Assumption changes	2,709,676	1,649,212	2,427,319	1,280,204	1,253,789	2,296,388	7,152,240	--
Benefit payments	(7,881,960)	(7,169,660)	(6,890,890)	(8,931,671)	(6,243,450)	(6,476,789)	(9,215,159)	(5,289,162)
Refund	(49,981)	(71,470)	(54,245)	(73,812)	(20,235)	(37,241)	(70,488)	(16,118)
Net Change in Total Pension Liability	4,242,098	2,938,245	5,484,235	1,228,318	6,151,333	5,045,099	6,241,422	2,486,437
Total Pension Liability - Beginning	125,976,148	123,037,903	117,553,668	116,325,350	110,174,017	105,128,918	98,887,496	91,884,309
Prior Period Adjustment	--	--	--	--	--	--	--	4,516,750
Total Pension Liability - Ending (a)	130,218,246	125,976,148	123,037,903	117,553,668	116,325,350	110,174,017	105,128,918	98,887,496
Plan Fiduciary Net Position								
Employer contributions	5,489,209	5,240,710	6,256,450	4,582,576	3,531,685	2,210,609	2,008,406	2,018,621
Employee contributions	367,687	359,848	362,987	391,275	332,457	289,317	282,284	289,425
Pension plan investment income (loss)	19,486,420	5,241,399	4,052,639	6,397,527	8,813,057	5,708,914	(3,076,859)	5,799,299
Investment expense	(264,572)	(217,734)	(247,244)	(232,883)	(198,929)	(223,064)	(241,461)	(243,389)
Benefit payments	(7,881,960)	(7,169,660)	(6,890,890)	(8,931,671)	(6,243,450)	(6,476,789)	(9,215,159)	(5,289,162)
Refunds	(49,981)	(71,470)	(54,244)	(73,812)	(20,235)	(37,241)	(70,488)	(16,118)
Pension plan administrative expense	(125,205)	(145,095)	(174,965)	(159,813)	(166,261)	(175,570)	(175,900)	(162,070)
Net Change in Plan Fiduciary Net Position	17,021,598	3,237,998	3,304,733	1,973,199	6,048,324	1,296,176	(10,489,177)	2,396,606
Plan Fiduciary Net Position - Beginning	90,279,966	87,041,968	83,737,235	81,764,036	75,715,712	74,419,536	84,908,713	77,995,357
Prior Period Adjustment	--	--	--	--	--	--	--	4,516,750
Plan Fiduciary Net Position - Ending (b)	107,301,564	90,279,966	87,041,968	83,737,235	81,764,036	75,715,712	74,419,536	84,908,713
Net Pension Liability - Ending (a) - (b)	\$ 22,916,682	\$ 35,696,182	\$ 35,995,935	\$ 33,816,433	\$ 34,561,314	\$ 34,458,305	\$ 30,709,382	\$ 13,978,783
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.40%	71.66%	70.74%	71.23%	70.29%	68.72%	70.79%	85.86%
Covered Payroll	\$ 10,158,087	\$ 10,109,445	\$ 10,499,412	\$ 11,086,494	\$ 10,714,252	\$ 9,856,405	\$ 10,075,310	\$ 9,689,419
Net Pension Liability as a Percentage of Covered Payroll	225.60%	353.10%	342.84%	305.02%	322.57%	349.60%	304.80%	144.27%

This schedule is presented as required by accounting principles generally accepted in the United States of America, however, until a full 10-year trend is compiled, information is presented for those years available.

Changes in Assumptions

In 2015 the assumed life expectancies increased substantially based on an experience study for the period from July 1, 2010 to June 30, 2014. Effective September 30, 2016, the investment return assumption decreased from 7.50% to 7.40% and the mortality table was updated from the RP-2014 Healthy Annuitant Mortality Table for males and females projected to 2017 using Projection Scale MP-2014 to the same tables used in the Florida Retirement System actuarial valuation. These tables are based on the RP-2000 Mortality Tables with white and blue collar adjustments and with mortality improvements projected for healthy lives to all future years using Scale BB. The results for 2016 also reflect the impact of Ordinance 12-2016. Effective September 30, 2017, the investment return assumption decreased from 7.40% to 7.30% and the salary increase assumption decreased from 3.50% to 3.00%. The results for 2017 also reflect the impact of Ordinance No. 07-2017 as measured in the Actuarial Impact Statement dated March 6, 2017 and the impact of Ordinance No. 20-2017 as measured in the Actuarial Impact Statement dated August 4, 2017. Effective September 30, 2018, the investment return assumption decreased from 7.30% to 7.20% and the salary increase assumption decreased from 3.00% to 2.75%. Effective September 30, 2019, the investment return assumption decreased from 7.20% to 7.10% and the salary increase assumption increased to 5.5%. Effective as of September 30, 2021, the investment return assumption was lowered from 6.80% to 6.60% and the assumed Town Manager DROP participation period (for purposes of projecting the applicable IRC Section 415 limit) was updated from 7 years to 10 years.

TOWN OF PALM BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF TOWN CONTRIBUTIONS GENERAL EMPLOYEES AND LIFEGUARDS RETIREMENT PLAN

LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2021	\$ 3,776,151	\$ 5,489,209	\$ (1,713,058)	\$ 10,158,087	54.04%
2020	3,487,055	5,240,710	(1,753,655)	10,109,445	51.84%
2019	3,122,468	6,256,450	(3,133,982)	10,499,412	59.59%
2018	3,063,127	4,582,576	(1,519,449)	11,086,494	41.33%
2017	2,578,403	3,531,685	(953,282)	10,714,252	32.96%
2016	2,066,276	2,210,609	(144,333)	9,856,405	22.43%
2015	2,013,723	2,008,406	5,317	10,075,310	19.93%
2014	1,994,388	2,018,621	(24,233)	9,698,419	20.81%

Notes to the schedule

Significant methods and assumptions used to determine contribution rates for fiscal year ended September 30, 2021:

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

Valuation date:	September 30, 2019
Actuarial cost method	Entry-age normal
Amortization method	Level percent-of-payroll, closed
Remaining Amortization Period	12-20 years
Asset valuation method	5 year smoothed market
General inflation	2.50%
Salary increases	5.50% including inflation
Investment rate of return	7.10%
Retirement age	Age-based tables of rates specific to the type of eligibility condition.

Mortality The mortality tables used are the same as those used in the July 1, 2018 Pension Actuarial Valuation of the Florida Retirement System (FRS) for other than Special Risk members (General) and Special Risk members (Ocean Rescue). These tables are based on the RP-2000 mortality tables with white and blue collar adjustments and with mortality improvements projected for healthy lives to all future years using Scale BB.

Other Information:

Cost-of-Living Adjustment Members who retire after 09/30/68 and prior to 10/01/90 receive an annual 1.0% increase computed on the base benefit. Members who retire after 09/30/90 will be increased 2.0% annually based on total pension after a 3-year deferral period. Benefits accrued after 04/30/12 are not adjusted for those not eligible for normal retirement at 05/01/12. Other adjustments have been made periodically.

This schedule is presented as required by accounting principles generally accepted in the United States of America, however, until a full 10-year trend is compiled, information is presented for those years available.

TOWN OF PALM BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE
TOWN'S NET PENSION LIABILITY AND RELATED RATIOS
POLICE OFFICERS RETIREMENT PLAN

Measurement Date, September 30,	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost	\$ 950,293	\$ 919,349	\$ 585,084	\$ 643,300	\$ 571,802	\$ 229,514	\$ 274,361	\$ 311,681
Interest on the total pension liability	7,063,366	7,278,642	7,149,681	7,014,540	6,940,855	6,571,902	6,343,197	6,321,297
Benefit changes	--	--	145,828	--	--	1,149,473	83,392	--
Difference between expected and actual experience	(596,176)	(11,374)	(343,932)	(95,342)	(978,835)	489,883	637,285	--
Assumption changes	1,837,268	(421,043)	1,314,379	1,137,472	1,110,893	3,077,576	2,464,150	--
Benefit payments	(6,817,590)	(5,910,802)	(5,595,110)	(5,223,687)	(5,509,488)	(5,492,306)	(7,918,798)	(4,690,744)
Refund	(89,548)	(30,276)	(70,225)	(29,648)	(9,583)	(27,651)	(22,377)	(12,726)
Net Change in Total Pension Liability	2,347,613	1,824,496	3,185,705	3,446,635	2,125,644	5,998,391	1,861,210	1,929,508
Total Pension Liability - Beginning	106,851,448	105,026,952	101,841,247	98,394,612	96,268,968	90,270,577	88,409,367	82,415,628
Prior Period Adjustment	--	--	--	--	--	--	--	4,064,231
Total Pension Liability - Ending (a)	109,199,061	106,851,448	105,026,952	101,841,247	98,394,612	96,268,968	90,270,577	88,409,367
Plan Fiduciary Net Position								
Employer contributions	5,161,524	4,884,745	5,800,452	4,214,624	3,747,478	2,306,795	2,144,662	1,979,219
Employee contributions	377,048	360,556	415,736	388,770	368,777	122,231	98,530	108,250
Pension plan investment income (loss)	16,668,477	4,445,485	3,397,864	5,127,108	7,060,834	4,574,146	(2,464,621)	4,966,209
Investment expense	(226,312)	(184,670)	(207,297)	(186,638)	(159,377)	(178,714)	(193,415)	(193,228)
Benefit payments	(6,817,590)	(5,910,802)	(5,595,110)	(5,223,687)	(5,509,488)	(5,492,306)	(7,918,798)	(4,690,744)
Refunds	(89,548)	(30,276)	(70,225)	(29,648)	(9,583)	(27,651)	(22,377)	(12,726)
Pension plan administrative expense	(107,100)	(123,062)	(146,696)	(128,077)	(133,206)	(140,951)	(140,899)	(128,668)
Net Change in Plan Fiduciary Net Position	14,966,499	3,441,976	3,594,724	4,162,452	5,365,435	1,163,550	(8,496,918)	2,028,312
Plan Fiduciary Net Position - Beginning	77,244,710	73,802,734	70,208,010	66,045,558	60,680,123	59,516,573	68,013,491	61,920,948
Prior Period Adjustment	--	--	--	--	--	--	--	4,064,231
Plan Fiduciary Net Position - Ending (b)	92,211,209	77,244,710	73,802,734	70,208,010	66,045,558	60,680,123	59,516,573	68,013,491
Net Pension Liability - Ending (a) - (b)	\$ 16,987,852	\$ 29,606,738	\$ 31,224,218	\$ 31,633,237	\$ 32,349,054	\$ 35,588,845	\$ 30,754,004	\$ 20,395,876
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.44%	72.29%	70.27%	68.94%	67.12%	63.03%	65.93%	76.93%
Covered Payroll	\$ 4,108,195	\$ 4,232,212	\$ 3,603,005	\$ 3,865,012	\$ 3,559,337	\$ 3,668,239	\$ 3,354,258	\$ 3,453,957
Net Pension Liability as a Percentage of Covered Payroll	413.51%	699.56%	866.62%	818.45%	908.85%	970.19%	916.86%	590.51%

This schedule is presented as required by accounting principles generally accepted in the United States of America, however, until a full 10-year trend is compiled, information is presented for those years available.

Changes in Assumptions

In 2015 the assumed life expectancies increased substantially based on an experience study for the period from July 1, 2010 to June 30, 2014. Effective September 30, 2016, the investment return assumption decreased from 7.50% to 7.40% and the mortality table was updated from the RP-2014 Healthy Annuitant Mortality Table for males and females projected to 2017 using Projection Scale MP-2014 to the same tables used in the Florida Retirement System actuarial valuation. These tables are based on the RP-2000 Mortality Tables with white and blue collar adjustments and with mortality improvements projected for healthy lives to all future years using Scale BB. The results for 2016 also reflect the impact of Ordinance 12-2016. Effective September 30, 2017, the investment return assumption decreased from 7.40% to 7.30% and the salary increase assumption decreased from 3.50% to 3.00%. The results for 2017 also reflect the impact of Ordinance No. 07-2017 as measured in the Actuarial Impact Statement dated March 6, 2017 and the impact of Ordinance No. 20-2017 as measured in the Actuarial Impact Statement dated August 4, 2017. Effective September 30, 2018, the investment return assumption decreased from 7.30% to 7.20% and the salary increase assumption decreased from 3.00% to 2.75%. Effective September 30, 2019, the investment return assumption decreased from 7.20% to 7.10% and the salary increase assumption increased to 5.5%. Effective as of September 30, 2021, the investment return assumption was lowered from 6.80% to 6.60% and the assumed Town Manager DROP participation period (for purposes of projecting the applicable IRC Section 415 limit) was updated from 7 years to 10 years.

TOWN OF PALM BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF TOWN CONTRIBUTIONS POLICE OFFICERS RETIREMENT PLAN

LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2021	\$ 3,653,689	\$ 5,161,524	\$ (1,507,835)	\$ 4,108,195	125.64%
2020	3,303,037	4,884,745	(1,581,708)	4,232,212	115.42%
2019	2,835,728	5,800,452	(2,964,724)	3,603,005	160.99%
2018	2,870,523	4,214,624	(1,344,101)	3,865,012	109.05%
2017	2,642,757	3,747,478	(1,104,721)	3,559,337	105.29%
2016	2,233,214	2,306,795	(73,581)	3,668,239	62.89%
2015	2,144,662	2,144,662	--	3,354,258	63.94%
2014	1,881,949	1,979,219	(97,270)	3,453,957	57.30%

Notes to the schedule

Significant methods and assumptions used to determine contribution rates for fiscal year ended September 30, 2021:

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

Valuation date:	September 30, 2019
Actuarial cost method	Entry-age normal
Amortization method	Level percent-of-payroll, closed
Remaining Amortization Period	7-20 years
Asset valuation method	5 year smoothed market
General inflation	2.50%
Salary increases	6.0% including inflation
Investment rate of return	7.10%
Retirement age	Age-based tables of rates specific to the type of eligibility condition.

Mortality The mortality tables used are the same as those used in the July 1, 2018 Pension Actuarial Valuation of the Florida Retirement System (FRS) special risk members. These tables are based on the RP-2000 mortality tables with white and blue collar adjustments and with mortality improvements projected for healthy lives to all future years using Scale BB.

Other Information:

Cost-of-Living Adjustment Members who retire after 09/30/68 and prior to 10/01/90 receive an annual 1.0% increase computed on the base benefit. Members who retire after 09/30/90 will be increased 2.0% annually based on total pension after a 3-year deferral period. Benefits accrued after 04/30/12 are not adjusted for those not eligible for normal retirement at 05/01/12. Other adjustments have been made periodically.

This schedule is presented as required by accounting principles generally accepted in the United States of America, however, until a full 10-year trend is compiled, information is presented for those years available.

TOWN OF PALM BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE
TOWN'S NET PENSION LIABILITY AND RELATED RATIOS
FIREFIGHTERS RETIREMENT PLAN

Measurement Date, September 30,	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost	\$ 1,226,110	\$ 998,383	\$ 683,825	\$ 621,134	\$ 342,206	\$ 187,387	\$ 238,556	\$ 281,248
Interest on the total pension liability	7,489,146	7,670,059	7,446,115	7,336,841	6,927,564	6,601,468	6,396,715	6,324,999
Benefit changes	--	138,701	259,657	--	1,163,805	370,169	35,550	--
Difference between expected and actual experience	35,675	115,537	524,778	224,785	3,372,587	1,133,752	(299,119)	--
Assumption changes	2,609,188	(19,161)	1,846,849	1,202,733	1,167,456	3,049,237	2,324,039	--
Benefit payments	(7,002,720)	(6,409,058)	(6,399,388)	(6,500,328)	(5,861,110)	(5,679,431)	(6,098,229)	(5,101,421)
Refund	(109,401)	(25,160)	(59,346)	(47,423)	(39,427)	(66,548)	(36,034)	(21,692)
Net Change in Total Pension Liability	4,247,998	2,469,301	4,302,490	2,837,742	7,073,081	5,596,034	2,561,478	1,483,134
Total Pension Liability - Beginning	113,077,512	110,608,211	106,305,721	103,467,979	96,394,898	90,798,864	88,237,386	82,218,000
Prior Period Adjustment	--	--	--	--	--	--	--	4,536,252
Total Pension Liability - Ending (a)	117,325,510	113,077,512	110,608,211	106,305,721	103,467,979	96,394,898	90,798,864	88,237,386
Plan Fiduciary Net Position								
Employer contributions	6,434,814	6,086,196	6,747,179	5,282,052	3,607,922	2,359,519	2,269,117	2,071,503
Employee contributions	477,535	449,699	451,845	481,910	262,473	129,585	210,233	154,199
Pension plan investment income (loss)	15,836,619	4,179,254	3,184,465	4,868,112	6,706,324	4,346,954	(2,285,815)	4,308,313
Investment expense	(215,018)	(173,611)	(194,277)	(177,210)	(151,375)	(169,741)	(179,383)	(182,692)
Benefit payments ⁽¹⁾	(7,002,720)	(6,409,058)	(6,399,388)	(6,500,328)	(5,861,110)	(5,679,431)	(6,098,229)	(5,101,421)
Refunds	(109,401)	(25,160)	(59,346)	(47,423)	(39,427)	(66,548)	(36,034)	(21,692)
Pension plan administrative expense	(101,755)	(115,693)	(137,483)	(121,607)	(126,518)	(133,874)	(130,676)	(121,652)
Net Change in Plan Fiduciary Net Position	15,320,074	3,991,627	3,592,995	3,785,506	4,398,289	786,464	(6,250,787)	1,106,558
Plan Fiduciary Net Position - Beginning	73,383,262	69,391,635	65,798,640	62,013,134	57,614,845	56,828,381	63,079,168	57,436,358
Prior Period Adjustment	--	--	--	--	--	--	--	4,536,252
Plan Fiduciary Net Position - Ending (b)	88,703,336	73,383,262	69,391,635	65,798,640	62,013,134	57,614,845	56,828,381	63,079,168
Net Pension Liability - Ending (a) - (b)	\$ 28,622,174	\$ 39,694,250	\$ 41,216,576	\$ 40,507,081	\$ 41,454,845	\$ 38,780,053	\$ 33,970,483	\$ 25,158,218
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.60%	64.90%	62.74%	61.90%	59.93%	59.77%	62.59%	71.49%
Covered Payroll	\$ 5,204,780	\$ 4,446,646	\$ 4,146,355	\$ 3,736,398	\$ 3,457,670	\$ 3,242,811	\$ 3,403,307	\$ 3,671,337
Net Pension Liability as a Percentage of Covered Payroll	549.92%	892.68%	994.04%	1084.12%	1198.92%	1195.88%	998.16%	685.26%

⁽¹⁾ Transfers from ICMA Shares included in benefit payments for 2015, 2016, and 2017.

This schedule is presented as required by accounting principles generally accepted in the United States of America, however, until a full 10-year trend is compiled, information is presented for those years available.

Changes in Assumptions

In 2015 the assumed life expectancies increased substantially based on an experience study for the period from July 1, 2010 to June 30, 2014. Effective September 30, 2016, the investment return assumption decreased from 7.50% to 7.40% and the mortality table was updated from the RP-2014 Healthy Annuitant Mortality Table for males and females projected to 2017 using Projection Scale MP-2014 to the same tables used in the Florida Retirement System actuarial valuation. These tables are based on the RP-2000 Mortality Tables with white and blue collar adjustments and with mortality improvements projected for healthy lives to all future years using Scale BB. The results for 2016 also reflect the impact of Ordinance 12-2016. Effective September 30, 2017, the investment return assumption decreased from 7.40% to 7.30% and the salary increase assumption decreased from 3.50% to 3.00%. The results for 2017 also reflect the impact of Ordinance No. 07-2017 as measured in the Actuarial Impact Statement dated March 6, 2017 and the impact of Ordinance No. 20-2017 as measured in the Actuarial Impact Statement dated August 4, 2017. Effective September 30, 2018, the investment return assumption decreased from 7.30% to 7.20% and the salary increase assumption decreased from 3.00% to 2.75%. Effective September 30, 2019, the investment return assumption decreased from 7.20% to 7.10% and the salary increase assumption increased to 5.5%. Effective as of September 30, 2021, the investment return assumption was lowered from 6.80% to 6.60% and the assumed Town Manager DROP participation period (for purposes of projecting the applicable IRC Section 415 limit) was updated from 7 years to 10 years.

TOWN OF PALM BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF TOWN CONTRIBUTIONS FIREFIGHTERS RETIREMENT PLAN

LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2021	\$ 4,362,652	\$ 6,434,814	\$ (2,072,162)	\$ 5,204,780	123.63%
2020	4,001,559	6,086,196	(2,084,637)	4,446,646	136.87%
2019	3,344,186	6,747,179	(3,402,993)	4,146,355	162.73%
2018	3,262,296	5,282,052	(2,019,756)	3,736,398	141.37%
2017	2,629,230	3,607,922	(978,692)	3,457,670	104.35%
2016	2,285,579	2,359,519	(73,940)	3,242,811	72.76%
2015	2,223,584	2,223,584	--	3,403,307	65.34%
2014	2,040,491	2,071,503	(31,012)	3,671,337	56.42%

Notes to the schedule

Significant methods and assumptions used to determine contribution rates for fiscal year ended September 30, 2021:

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

Valuation date:	September 30, 2019
Actuarial cost method	Entry-age normal
Amortization method	Level percent-of-payroll, closed
Remaining Amortization Period	12-20 years
Asset valuation method	5 year smoothed market
General inflation	2.50%
Salary increases	6.0% including inflation
Investment rate of return	7.10%
Retirement age	Age-based tables of rates specific to the type of eligibility condition.

Mortality The mortality tables used are the same as those used in the July 1, 2018 Pension Actuarial Valuation of the Florida Retirement System (FRS) special risk members. These tables are based on the RP-2000 mortality tables with white and blue collar adjustments and with mortality improvements projected for healthy lives to all future years using Scale BB.

Other Information:

Cost-of-Living Adjustment Members who retire after 09/30/68 and prior to 10/01/90 receive an annual 1.0% increase computed on the base benefit. Members who retire after 09/30/90 will be increased 2.0% annually based on total pension after a 3-year deferral period. Benefits accrued after 04/30/12 are not adjusted for those not eligible for normal retirement at 05/01/12. Other adjustments have been made periodically.

This schedule is presented as required by accounting principles generally accepted in the United States of America, however, until a full 10-year trend is compiled, information is presented for those years available.

TOWN OF PALM BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS
TOWN OF PALM BEACH RETIREMENT PLAN

LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Money Weighted Rate of Investment Return
2021	18.32%
2020	6.43%
2019	4.59%
2018	7.52%
2017	11.20%
2016	7.80%
2015	(4.22)%
2014	7.09%

This schedule is presented as required by accounting principles generally accepted in the United States of America, however, until a full 10-year trend is compiled, information is presented for those years available.

TOWN OF PALM BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE TOWN'S TOTAL PENSION LIABILITY AND RELATED RATIOS

PRESERVATION OF BENEFITS RETIREMENT PLAN

Measurement Date, September 30,	2021	2020	2019	2018
Total Pension Liability				
Service cost	\$ --	\$ --	\$ --	\$ --
Interest on the total pension liability	28,969	32,052	21,802	21,440
Differences between expected and actual experience	112,719	(1,704)	(64,161)	--
Assumption changes	1,111,220	17,243	649,729	--
Benefit payments	<u>(11,068)</u>	<u>(11,093)</u>	<u>(11,041)</u>	<u>(12,961)</u>
Net Change in Total Pension Liability	1,241,840	36,498	596,329	8,479
Total Pension Liability - Beginning	<u>1,207,586</u>	<u>1,171,088</u>	<u>574,759</u>	<u>566,280</u>
Total Pension Liability - Ending	<u>\$2,449,426</u>	<u>\$ 1,207,586</u>	<u>\$ 1,171,088</u>	<u>\$ 574,759</u>
Covered-Employee Payroll	N/A	N/A	N/A	N/A
Total Pension Liability as a Percentage of Covered-Employee Payroll	N/A	N/A	N/A	N/A

Changes in Assumptions

The discount rate was changed from 3.83% as of September 30, 2018 to 2.75% as of September 30, 2019 based on the long-term municipal bond rate. The assumed Town Manager DROP participation period (for purposes of projecting the applicable IRC Section 415 limit) was updated from 5 years to 7 years. The discount rate was changed from 2.41% as of the beginning of the measurement period to 2.19% as of September 30, 2021 (based on the Long-Term Municipal Bond rate). The assumed Town Manager DROP participation period was changed from 7 years to 10 years.

This schedule is presented as required by accounting principles generally accepted in the United States of America, however, until a full 10-year trend is compiled, information is presented for those years available.

TOWN OF PALM BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE TOWN'S NET OPEB ASSET AND RELATED RATIOS

OTHER POST-EMPLOYMENT BENEFITS PLAN

Measurement Date, September 30,	2021	2020	2019	2018	2017
Total OPEB Liability					
Service cost	\$ 805,605	\$ 921,211	\$ 881,964	\$ 455,909	\$ 411,675
Interest on the total OPEB liability	1,385,176	1,964,318	1,845,152	1,945,718	1,865,625
Benefit changes	--	599,947	--	--	--
Difference between expected and actual experience	--	(4,124,393)	--	(2,597,405)	(36,232)
Assumption changes	3,339,474	(8,219,478)	--	3,919,261	--
Benefit payments	(935,078)	(421,650)	(1,138,900)	(1,247,029)	(1,035,214)
Net Change in Total Pension Liability	4,595,177	(9,280,045)	1,588,216	2,476,454	1,205,854
Total OPEB Liability - Beginning	22,748,198	32,028,243	30,440,027	27,963,573	26,757,719
Total OPEB Liability - Ending (a)	27,343,375	22,748,198	32,028,243	30,440,027	27,963,573
Plan Fiduciary Net Position					
Employer contributions	429,858	423,014	435,383	960,000	1,339,000
Pension plan investment income (loss)	6,313,289	2,056,309	940,329	1,802,059	2,692,135
Benefit payments	(935,078)	(421,650)	(1,138,900)	(1,247,029)	(1,035,214)
Administrative expense	(118,910)	(142,315)	(109,425)	(106,592)	(121,385)
Other	--	--	2,678	(1,345)	--
Net Change in Plan Fiduciary Net Position	5,689,159	1,915,358	130,065	1,407,093	2,874,536
Plan Fiduciary Net Position - Beginning	34,728,235	32,812,877	32,682,812	31,275,719	28,401,183
Plan Fiduciary Net Position - Ending (b)	40,417,394	34,728,235	32,812,877	32,682,812	31,275,719
Net OPEB Liability (Asset) - Ending (a) - (b)	<u>\$(13,074,019)</u>	<u>\$(11,980,037)</u>	<u>\$(784,634)</u>	<u>\$(2,242,785)</u>	<u>\$(3,312,146)</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	147.81%	152.66%	102.45%	107.37%	111.84%
Covered Payroll	\$ 24,689,447	\$ 23,970,337	\$ 23,920,162	\$ 23,111,268	\$ 25,241,257
Town's Net OPEB Liability (Asset) as a Percentage of Covered Payroll	-52.95%	-49.98%	-3.28%	-9.70%	-13.12%

This schedule is presented as required by accounting principles generally accepted in the United States of America, however, until a full 10-year trend is compiled, information is presented for those years available.

Changes in Assumptions

In 2017 the mortality assumption has been updated from RP-2014 Mortality Fully Generational using Projection Scale MP-2015 to RP-2014 Mortality Fully Generational using Projection Scale MP-2016. In 2018 the Discount Rate and Investment Rate of Return were lowered from 7.0% to 6.0%. Mortality rates were revised to be the same as developed for the Florida Retirement System. Aging Factors were revised to be based on the nationwide study sponsored by the Society of Actuaries. Trend rates used for modeling future health care costs were revised to be based on a long-term model published by the Society of Actuaries. Participation rates were revised to reflect the recent experience. Effective September 30, 2021, the investment rate of return assumption was lowered from 6.0% to 5.0%.

TOWN OF PALM BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF TOWN CONTRIBUTIONS OTHER POST-EMPLOYMENT BENEFITS PLAN

LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Actual Contribution as a % of Covered Employee Payroll
2021	\$ 429,858	\$ 429,858	\$ --	\$ 24,689,447	1.74%
2020	423,916	423,014	902	23,970,337	1.76%
2019	157,994	435,383	(277,389)	23,920,162	1.82%
2018	216,729	960,000	(743,271)	23,111,268	4.15%
2017	--	1,339,000	(1,339,000)	25,241,257	5.30%

Notes to the schedule

The fiscal year 2021 contributions rates were determined in the October 1, 2018 Actuarial Valuation Report dated April 5, 2019.

Valuation date:	October 1, 2018
Actuarial cost method	Entry-age normal
Inflation	2.50%
Salary increases	3.50% including inflation
Investment rate of return	6.00% net of investment related expenses
Retirement age	Experienced-based tables of rates that are specific to the type of eligibility condition.
Health care cost trend rates	Based on the Getzen Model, with trend starting at 7.00% on October 1, 2019 (1.5% for premiums), followed by 6.75% on October 1, 2020 and gradually decreasing to an ultimate trend rate of 4.45%. The ultimate trend value includes a 0.21% load for excise tax.
Years until ultimate trend rate	21
Mortality	Rates of mortality are the same as used in the July 1, 2017 actuarial valuation of the Florida Retirement System. These rates are taken from the RP-2000 Mortality Tables with experience-based adjustments and generationally projected using the SOA improvement scale BB. Adjustment factors are based on the results of a statewide experience study covering 2008 through 2013.
Aging factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death".
Expenses	OPEB Plan administrative expenses exclude investment related expenses returns; Health Plan administrative expenses are included in the per capita costs.

This schedule is presented as required by accounting principles generally accepted in the United States of America, however, until a full 10-year trend is compiled, information is presented for those years available.

TOWN OF PALM BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS
OTHER POST-EMPLOYMENT BENEFITS PLAN

LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Money Weighted Rate of Investment Return
2021	18.26%
2020	6.29%
2019	3.23%
2018	6.26%
2017	10.31%

This schedule is presented as required by accounting principles generally accepted in the United States of America, however, until a full 10-year trend is compiled, information is presented for those years available.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

BUDGETARY COMPARISON SCHEDULES

MAJOR CAPITAL PROJECTS FUNDS

TOWN OF PALM BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE

BEACH RESTORATION PROJECT FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues				
Investment earnings (loss)	\$ 547,688	\$ 547,688	\$ (11,407)	\$ (559,095)
Grant revenue	<u>16,262,500</u>	<u>16,262,500</u>	<u>9,440,315</u>	<u>(6,822,185)</u>
Total Revenues	<u>\$ 16,810,188</u>	<u>\$ 16,810,188</u>	<u>\$ 9,428,908</u>	<u>\$ (7,381,280)</u>
Expenditures				
Current:				
Physical environment	\$ 6,245,577	\$ 30,497,096	\$ 13,730,009	\$ 16,767,087
Non-departmental	<u>20,560,822</u>	<u>(3,690,697)</u>	<u>--</u>	<u>(3,690,697)</u>
Total Expenditures	<u>\$ 26,806,399</u>	<u>\$ 26,806,399</u>	<u>\$ 13,730,009</u>	<u>\$ 13,076,390</u>
Other Financing Sources (Uses)				
Transfers in	\$ 4,777,000	\$ 4,777,000	\$ 4,777,000	\$ --
Transfers out	(513,181)	(513,181)	(513,181)	--
Appropriation of prior year's fund balance	<u>5,732,392</u>	<u>5,732,392</u>	<u>--</u>	<u>(5,732,392)</u>
Total Other Financing Sources (Uses)	<u>\$ 9,996,211</u>	<u>\$ 9,996,211</u>	<u>\$ 4,263,819</u>	<u>\$ (5,732,392)</u>
Revenue and Other Sources Under Expenditures and Other Uses	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (37,282)</u>	<u>\$ (37,282)</u>

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes. The Town reports the following nonmajor special revenue funds.

State Forfeiture Fund – To account for Law Enforcement Trust Fund monies.

Federal Forfeiture Fund – To account for Federal forfeiture receipts.

Donation Fund – To account for monies donated to the Town.

Special Assessment Fund – To account for revenue from Underground Utility and other Infrastructure Assessments.

Special Assessment Maintenance Fund – To account for revenue from Special Assessments.

DEBT SERVICE FUNDS

Debt service funds are used to account for the accumulation of resources for, and the payment of debt principal, interest, and related costs. The Town reports the following nonmajor debt service funds.

Series 2010A/2013/2016A Debt Service Fund

Series 2010B/2016B Debt Service Fund

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. The Town reports the following nonmajor capital projects funds.

Capital Improvement Fund

Worth Avenue Assessment Fund

TOWN OF PALM BEACH, FLORIDA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2021

	Special Revenue				
	State Forfeiture Fund	Federal Forfeiture Fund	Donation Fund	Special Assessment Fund	Special Assessment Maintenance Fund
Assets					
Cash and cash equivalents	\$ --	\$ --	\$ --	\$ --	\$ --
Equity in pooled cash and investments	50,244	84	1,245,670	--	--
Interest receivable	2	--	--	--	--
Prepaid items	--	--	--	--	--
Equity in pooled cash and - investments - restricted	--	--	--	--	--
Total Assets	<u>\$ 50,246</u>	<u>\$ 84</u>	<u>\$ 1,245,670</u>	<u>\$ --</u>	<u>\$ --</u>
Liabilities and Fund Balances					
Liabilities					
Accounts and contracts payable	\$ --	\$ --	\$ 204,148	\$ --	\$ 41
Advance from other funds	--	--	--	812,036	219,299
Due to other governments	--	--	--	--	--
Payable from restricted assets	--	--	--	--	--
Total Liabilities	<u>--</u>	<u>--</u>	<u>204,148</u>	<u>812,036</u>	<u>219,340</u>
Fund Balances					
Non-spendable:					
Prepaid items	--	--	--	--	--
Restricted for:					
Crime prevention	50,246	84	--	--	--
Special projects	--	--	1,041,522	--	--
Debt service	--	--	--	--	--
Worth avenue	--	--	--	--	--
Assigned to:					
Capital projects	--	--	--	--	--
Unassigned	--	--	--	(812,036)	(219,340)
Total Fund Balances	<u>50,246</u>	<u>84</u>	<u>1,041,522</u>	<u>(812,036)</u>	<u>(219,340)</u>
Total Liabilities and Fund Balances	<u>\$ 50,246</u>	<u>\$ 84</u>	<u>\$ 1,245,670</u>	<u>\$ --</u>	<u>\$ --</u>

TOWN OF PALM BEACH, FLORIDA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**

SEPTEMBER 30, 2021

	Debt Service		Capital Projects			Total
	2010A/ 2013/2016A Debt Service Fund	2010B/2016B Debt Service Fund	Capital Improvement Fund	Worth Avenue Assessment Fund	CIP 2013 Bond Fund	Nonmajor Governmental Funds
Assets						
Cash and cash equivalents	\$ 1,479,528	\$ --	\$ --	\$ --	\$ --	\$ 1,479,528
Equity in pooled cash and investments	--	173,499	18,696,238	291,632	--	20,457,367
Interest receivable	41	5	59,758	7	--	59,813
Prepaid items	--	--	6,501	--	--	6,501
Equity in pooled cash and - investments - restricted	--	--	1,577,059	--	--	1,577,059
Total Assets	<u>\$ 1,479,569</u>	<u>\$ 173,504</u>	<u>\$ 20,339,556</u>	<u>\$ 291,639</u>	<u>\$ --</u>	<u>\$ 23,580,268</u>
Liabilities and Fund Balances						
Liabilities						
Accounts and contracts payable	\$ --	\$ --	\$ 1,659,981	\$ 45,347	\$ --	\$ 1,909,517
Advance from other funds	--	--	--	--	--	1,031,335
Due to other governments	--	--	694,989	--	--	694,989
Payable from restricted assets	--	--	295,883	--	--	295,883
Total Liabilities	<u>--</u>	<u>--</u>	<u>2,650,853</u>	<u>45,347</u>	<u>--</u>	<u>3,931,724</u>
Fund Balances						
Non-spendable:						
Prepaid items	--	--	6,501	--	--	6,501
Restricted for:						
Crime prevention	--	--	--	--	--	50,330
Special projects	--	--	--	--	--	1,041,522
Debt service	1,479,569	173,504	--	--	--	1,653,073
Worth avenue	--	--	--	246,292	--	246,292
Assigned to:						
Capital projects	--	--	17,682,202	--	--	17,682,202
Unassigned	--	--	--	--	--	(1,031,376)
Total Fund Balances	<u>1,479,569</u>	<u>173,504</u>	<u>17,688,703</u>	<u>246,292</u>	<u>--</u>	<u>19,648,544</u>
Total Liabilities and Fund Balances	<u>\$ 1,479,569</u>	<u>\$ 173,504</u>	<u>\$ 20,339,556</u>	<u>\$ 291,639</u>	<u>\$ --</u>	<u>\$ 23,580,268</u>

TOWN OF PALM BEACH, FLORIDA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Special Revenue				
	State Forfeiture Fund	Federal Forfeiture Fund	Donation Fund	Special Assessment Fund	Special Assessment Maintenance Fund
Revenues					
Intergovernmental	\$ --	\$ --	\$ --	\$ --	\$ --
Fines and forfeitures	21,492	--	--	--	--
Investment earnings (loss)	67	--	--	8	--
Contributions	--	--	714,332	--	--
Special assessments	--	--	--	306,814	--
Miscellaneous	--	--	--	583,088	--
Total Revenues	<u>21,559</u>	<u>--</u>	<u>714,332</u>	<u>889,910</u>	<u>--</u>
Expenditures					
Current:					
General government	--	--	73,762	--	--
Public safety	--	--	226,502	--	--
Physical environment	--	--	209,650	--	--
Economic environment	--	--	--	--	13,868
Culture and recreation	--	--	28,258	--	--
Capital outlay	--	--	146,275	--	--
Debt service:					
Principal	--	--	--	--	--
Interest and fiscal charges	--	--	--	--	--
Total Expenditures	<u>--</u>	<u>--</u>	<u>684,447</u>	<u>--</u>	<u>13,868</u>
Revenue Over (Under)					
Expenditures	21,559	--	29,885	889,910	(13,868)
Other Financing Sources (Uses)					
Transfers in	--	--	--	--	--
Transfers out	--	--	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	<u>21,559</u>	<u>--</u>	<u>29,885</u>	<u>889,910</u>	<u>(13,868)</u>
Fund Balances - Beginning of Year	<u>28,687</u>	<u>84</u>	<u>1,011,637</u>	<u>(1,701,946)</u>	<u>(205,472)</u>
Fund Balances - End of Year	<u>\$ 50,246</u>	<u>\$ 84</u>	<u>\$ 1,041,522</u>	<u>\$ (812,036)</u>	<u>\$ (219,340)</u>

TOWN OF PALM BEACH, FLORIDA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Debt Service		Capital Projects			Total
	2010A/ 2013/2016A Debt Service Fund	2010B/2016B Debt Service Fund	Capital Improvement Fund	Worth Avenue Assessment Fund	CIP 2013 Bond Fund	Nonmajor Governmental Funds
Revenues						
Intergovernmental	\$ --	\$ --	\$ 666,598	\$ --	\$ --	\$ 666,598
Fines and forfeitures	--	--	--	--	--	21,492
Investment earnings (loss)	745	334	(8,964)	523	--	(7,287)
Contributions	--	--	1,704,021	5,000	--	2,423,353
Special assessments	--	723,959	--	269,095	--	1,299,868
Miscellaneous	--	--	--	--	--	583,088
Total Revenues	<u>745</u>	<u>724,293</u>	<u>2,361,655</u>	<u>274,618</u>	<u>--</u>	<u>4,987,112</u>
Expenditures						
Current:						
General government	10,249	1,000	80,129	--	--	165,140
Public safety	--	--	--	--	--	226,502
Physical environment	--	--	560,689	--	2,779	773,118
Economic environment	--	--	--	315,897	--	329,765
Culture and recreation	--	--	--	--	--	28,258
Capital outlay	--	--	4,511,268	--	21,852	4,679,395
Debt service:						
Principal retirement	3,025,000	355,000	--	--	--	3,380,000
Interest and fiscal charges	<u>3,544,290</u>	<u>368,092</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>3,912,382</u>
Total Expenditures	<u>6,579,539</u>	<u>724,092</u>	<u>5,152,086</u>	<u>315,897</u>	<u>24,631</u>	<u>13,494,560</u>
Revenue Over (Under)						
Expenditures	(6,578,794)	201	(2,790,431)	(41,279)	(24,631)	(8,507,448)
Other Financing Sources (Uses)						
Transfers in	6,399,142	--	4,624,704	--	--	11,023,846
Transfers out	<u>--</u>	<u>--</u>	<u>(500,000)</u>	<u>--</u>	<u>(839,596)</u>	<u>(1,339,596)</u>
Total Other Financing Sources (Uses)	6,399,142	--	4,124,704	--	(839,596)	9,684,250
Net Change in Fund Balances	(179,652)	201	1,334,273	(41,279)	(864,227)	1,176,802
Fund Balances - Beginning of Year	<u>1,659,221</u>	<u>173,303</u>	<u>16,354,430</u>	<u>287,571</u>	<u>864,227</u>	<u>18,471,742</u>
Fund Balances - End of Year	<u>\$ 1,479,569</u>	<u>\$ 173,504</u>	<u>\$ 17,688,703</u>	<u>\$ 246,292</u>	<u>\$ --</u>	<u>\$ 19,648,544</u>

TOWN OF PALM BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE

SERIES 2013/2016A DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues				
Investment earnings	\$ --	\$ --	\$ 745	\$ 745
Total Revenues	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 745</u>	<u>\$ 745</u>
Expenditures				
Current:				
General Government	\$ --	\$ --	\$ 10,249	\$ (10,249)
Debt service:				
Principal retirement	3,025,000	3,025,000	3,025,000	--
Interest and fiscal charges.	<u>3,557,397</u>	<u>3,557,397</u>	<u>3,544,290</u>	<u>13,107</u>
Total Expenditures	<u>\$ 6,582,397</u>	<u>\$ 6,582,397</u>	<u>\$ 6,579,539</u>	<u>\$ 2,858</u>
Other Financing Sources				
Transfers in	\$ 6,399,142	\$ 6,399,142	\$ 6,399,142	\$ --
Appropriation of prior year's fund balance	<u>183,255</u>	<u>183,255</u>	<u>--</u>	<u>(183,255)</u>
Total Other Financing Sources	<u>\$ 6,582,397</u>	<u>\$ 6,582,397</u>	<u>\$ 6,399,142</u>	<u>\$ (183,255)</u>
Revenue and Other Sources Under Expenditures and Other Uses	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (179,652)</u>	<u>\$ (179,652)</u>

TOWN OF PALM BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE

SERIES 2010B/2016B DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues				
Investment earnings	\$ 2,000	\$ 2,000	\$ 334	\$ (1,666)
Special assessments	<u>723,413</u>	<u>723,413</u>	<u>723,959</u>	<u>546</u>
Total Revenues	<u>\$ 725,413</u>	<u>\$ 725,413</u>	<u>\$ 724,293</u>	<u>\$ (1,120)</u>
Expenditures				
Current:				
General Government	\$ --	\$ --	\$ 1,000	\$ (1,000)
Debt service:				
Principal retirement	355,000	355,000	355,000	--
Interest and fiscal charges	<u>370,413</u>	<u>371,413</u>	<u>368,092</u>	<u>3,321</u>
Total Expenditures	<u>\$ 725,413</u>	<u>\$ 726,413</u>	<u>\$ 724,092</u>	<u>\$ 2,321</u>
Other Financing Sources				
Appropriation of prior year's fund balance	<u>\$ --</u>	<u>\$ 1,000</u>	<u>\$ --</u>	<u>\$ (1,000)</u>
Total Other Financing Sources	<u>\$ --</u>	<u>\$ 1,000</u>	<u>\$ --</u>	<u>\$ (1,000)</u>
Revenue and Other Sources Under Expenditures and Other Uses	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 201</u>	<u>\$ 201</u>

TOWN OF PALM BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE

CAPITAL IMPROVEMENT FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Revenues				
Intergovernmental	\$ 500,000	\$ 500,000	\$ 666,598	\$ 166,598
Investment earnings (loss)	107,600	107,600	(8,964)	(116,564)
Contributions	--	2,500,000	1,704,021	(795,979)
Miscellaneous	<u>1,000,000</u>	<u>1,000,000</u>	<u>--</u>	<u>(1,000,000)</u>
Total Revenues	<u>\$ 1,607,600</u>	<u>\$ 4,107,600</u>	<u>\$ 2,361,655</u>	<u>\$ (1,745,945)</u>
Expenditures				
Current:				
General government	\$ --	\$ 79,830	\$ 80,129	\$ (299)
Public safety	--	687,762	22,248	665,514
Physical environment	1,020,000	3,971,138	2,320,173	1,650,965
Transportation	1,000,000	4,001,137	1,075,299	2,925,838
Culture and recreation	--	4,698,946	1,654,237	3,044,709
Non-departmental	<u>7,880,297</u>	<u>84,592</u>	<u>--</u>	<u>84,592</u>
Total Expenditures	<u>\$ 9,900,297</u>	<u>\$ 13,523,405</u>	<u>\$ 5,152,086</u>	<u>\$ 8,371,319</u>
Other Financing Sources (Uses)				
Transfers in	\$ 2,662,000	\$ 3,785,108	\$ 4,624,704	\$ 839,596
Transfers out	(500,000)	(500,000)	(500,000)	--
Appropriation of prior year's fund balance	<u>6,130,697</u>	<u>6,130,697</u>	<u>--</u>	<u>(6,130,697)</u>
Total Other Financing Sources (Uses)	<u>\$ 8,292,697</u>	<u>\$ 9,415,805</u>	<u>\$ 4,124,704</u>	<u>\$ (5,291,101)</u>
Revenue and Other Sources Under Expenditures and Other Uses	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,334,273</u>	<u>\$ 1,334,273</u>

TOWN OF PALM BEACH, FLORIDA

BUDGETARY COMPARISON SCHEDULE

WORTH AVENUE ASSESSMENT FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Revenues				
Investment earnings	\$ 2,000	\$ 2,000	\$ 523	\$ (1,477)
Contributions	5,000	5,000	5,000	--
Special assessments	264,918	264,918	269,095	4,177
Total Revenues	<u>\$ 271,918</u>	<u>\$ 271,918</u>	<u>\$ 274,618</u>	<u>\$ 2,700</u>
Expenditures				
Current:				
Economic environment	\$ 336,918	\$ 348,389	\$ 315,897	\$ 32,492
Total Expenditures	<u>\$ 336,918</u>	<u>\$ 348,389</u>	<u>\$ 315,897</u>	<u>\$ 32,492</u>
Other Financing Sources				
Appropriation of prior year's fund balance	\$ 65,000	\$ 76,471	\$ --	\$ (76,471)
Total Other Financing Sources	<u>\$ 65,000</u>	<u>\$ 76,471</u>	<u>\$ --</u>	<u>\$ (76,471)</u>
Revenue and Other Sources Under Expenditures and Other Uses	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (41,279)</u>	<u>\$ (41,279)</u>

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis. The Town reports the following internal service funds.

Property, Liability and Workers Compensation Insurance Fund – To account for the Town's property, liability, and workers compensation insurance activities.

Group Health Insurance Fund – To account for the Town's health insurance activities.

Equipment Replacement Fund – To account for the accumulation of financial resources to be used for the acquisition of major capital equipment and vehicles.

TOWN OF PALM BEACH, FLORIDA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

SEPTEMBER 30, 2021

	Property, Liability and Workers Compensation Insurance Fund	Group Health Insurance Fund	Equipment Replacement Fund	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 20,000	\$ 34,975	\$ --	\$ 54,975
Equity in pooled cash and investments	7,222,158	7,670,827	20,292,003	35,184,988
Accounts receivable	--	--	186	186
Interest receivable	13	80	26,894	26,987
Prepaid expenses	170,243	163,000	--	333,243
Total current assets	7,412,414	7,868,882	20,319,083	35,600,379
Noncurrent assets:				
Capital assets:				
Construction in progress	--	--	258,333	258,333
Equipment	--	--	23,158,294	23,158,294
Accumulated depreciation	--	--	(13,927,187)	(13,927,187)
Total capital assets, net	--	--	9,489,440	9,489,440
Advance to other funds	--	--	1,031,335	1,031,335
Total noncurrent assets	--	--	10,520,775	10,520,775
Total Assets	7,412,414	7,868,882	30,839,858	46,121,154
Deferred Outflows of Resources				
Pension related items	56,384	35,478	--	91,862
Liabilities				
Current liabilities:				
Accounts payable	19,480	91,729	533,948	645,157
Accrued liabilities	1,635,266	332,890	--	1,968,156
Capital lease	--	--	47,718	47,718
Current portion of compensated absences	3,741	1,888	--	5,629
Total current liabilities	1,658,487	426,507	581,666	2,666,660
Noncurrent liabilities:				
Compensated absences payable	24,876	--	--	24,876
Net pension liability	202,219	127,239	--	329,458
Total noncurrent liabilities	227,095	127,239	--	354,334
Total Liabilities	1,885,582	553,746	581,666	3,020,994
Deferred Inflows of Resources				
Pension related items	97,799	61,536	--	159,335
Net Position				
Investment in capital assets	--	--	9,441,722	9,441,722
Unrestricted	5,485,417	7,289,078	20,816,470	33,590,965
Total Net Position	\$ 5,485,417	\$ 7,289,078	\$ 30,258,192	\$ 43,032,687

TOWN OF PALM BEACH, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION INTERNAL SERVICE FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Property, Liability and Workers Compensation Insurance Fund	Group Health Insurance Fund	Equipment Replacement Fund	Total
Operating Revenues				
Charges for services	\$ 2,010,439	\$ 4,471,474	\$ 2,316,293	\$ 8,798,206
Other	--	154,331	--	154,331
Total Operating Revenues	<u>2,010,439</u>	<u>4,625,805</u>	<u>2,316,293</u>	<u>8,952,537</u>
Operating Expenses				
Personal services	220,787	50,203	--	270,990
Contractual services	21,108	60,897	--	82,005
Insurance	1,025,389	927,098	--	1,952,487
Claims	640,342	4,106,318	--	4,746,660
Claims adjustment	60,229	76,000	--	136,229
Depreciation	1,380	--	1,709,803	1,711,183
Other	6,641	7,602	46,180	60,423
Total Operating Expenses	<u>1,975,876</u>	<u>5,228,118</u>	<u>1,755,983</u>	<u>8,959,977</u>
Operating Income (Loss)	<u>34,563</u>	<u>(602,313)</u>	<u>560,310</u>	<u>(7,440)</u>
Nonoperating Revenue (Expenses)				
Investment earnings (loss)	(7,438)	935	(2,609)	(9,112)
Insurance recoveries	93,026	--	--	93,026
Interest and fiscal charges	--	--	(2,192)	(2,192)
Gain/(loss) on disposal of assets	(17,700)	--	109,745	92,045
Capital assets transferred to proprietary funds	(4,535)	--	(26,940)	(31,475)
Total Nonoperating Revenue (Expense)	<u>63,353</u>	<u>935</u>	<u>78,004</u>	<u>142,292</u>
Income Before Capital Contributions from other funds	97,916	(601,378)	638,314	134,852
Capital contributions from other funds	--	--	292,711	292,711
Change in Net Position	97,916	(601,378)	931,025	427,563
Net Position - Beginning	<u>5,387,501</u>	<u>7,890,456</u>	<u>29,327,167</u>	<u>42,605,124</u>
Net Position - Ending	<u>\$ 5,485,417</u>	<u>\$ 7,289,078</u>	<u>\$ 30,258,192</u>	<u>\$ 43,032,687</u>

TOWN OF PALM BEACH, FLORIDA

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Property, Liability and Workers Compensation Insurance Fund	Group Health Insurance Fund	Equipment Replacement Fund	Total
Operating Activities				
Receipts from interfund services provided	\$ 2,010,439	\$ 4,471,474	\$ 3,197,937	\$ 9,679,850
Payments to employees	(213,319)	(85,164)	--	(298,483)
Payments to suppliers	(1,718,950)	(5,089,652)	445,874	(6,362,728)
Other receipts	--	154,331	--	154,331
Net Cash Provided by (Used in) Operating Activities	<u>78,170</u>	<u>(549,011)</u>	<u>3,643,811</u>	<u>3,172,970</u>
Noncapital Financing Activities				
Insurance recoveries	93,026	--	--	93,026
Net Cash Provided by Noncapital Financing Activities	<u>93,026</u>	<u>--</u>	<u>--</u>	<u>93,026</u>
Capital and Related Financing Activities				
Acquisition of property and equipment	(4,535)	--	(1,376,809)	(1,381,344)
Proceeds from sale of assets	--	--	101,386	101,386
Lease payment paid	--	--	(58,197)	(58,197)
Lease interest paid	--	--	(2,192)	(2,192)
Net Cash Used in Capital and Related Financing Activities	<u>(4,535)</u>	<u>--</u>	<u>(1,335,812)</u>	<u>(1,340,347)</u>
Investing Activities				
Investment earnings received	967	5,910	5,599	12,476
Net Cash Provided by Investing Activities	<u>967</u>	<u>5,910</u>	<u>5,599</u>	<u>12,476</u>
Net Increase in Cash and Cash Equivalents	167,628	(543,101)	2,313,598	1,938,125
Cash and Cash Equivalents - Beginning	<u>7,074,530</u>	<u>8,248,903</u>	<u>17,978,405</u>	<u>33,301,838</u>
Cash and Cash Equivalents - Ending	<u>\$ 7,242,158</u>	<u>\$ 7,705,802</u>	<u>\$ 20,292,003</u>	<u>\$ 35,239,963</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities				
Operating income (loss)	34,563	(602,313)	560,310	(7,440)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	1,380	--	1,709,803	1,711,183
Changes in net pension liability and related deferred amounts	13,912	(29,497)	--	(15,585)
Changes in operating assets and liabilities:				
(Increase) decrease in accounts receivable	--	--	6,893	6,893
(Increase) decrease in advance to other funds	--	--	874,751	874,751
(Increase) decrease in prepaid expenses	(3,753)	22,400	--	18,647
Increase (decrease) in accounts payable	(21,438)	(10,509)	492,054	460,107
Increase (decrease) in accrued liabilities	59,950	76,372	--	136,322
Increase (decrease) in compensated absences payable	(6,444)	(5,464)	--	(11,908)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 78,170</u>	<u>\$ (549,011)</u>	<u>\$ 3,643,811</u>	<u>\$ 3,172,970</u>
Noncash Activity				
Contributions of capital assets by other funds	\$ --	\$ --	\$ 292,711	\$ 292,711
Contributions of capital assets transferred to other funds	<u>\$ (4,535)</u>	<u>\$ --</u>	<u>\$ (26,940)</u>	<u>\$ (31,475)</u>
Insurance claims adjustment	<u>\$ 60,229</u>	<u>\$ 76,000</u>	<u>\$ --</u>	<u>\$ 136,229</u>
Loss on disposal of assets	<u>\$ (17,700)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (17,700)</u>

FIDUCIARY FUNDS

TRUST FUNDS

Trust funds are used to account for resources that are required to be held in trust for others. The Town reports the following employee benefit trust funds.

General Employees' Pension Trust Fund – To account for the accumulation of resources to be used for retirement benefits payable to eligible Town general employees and lifeguards.

Police Officers' Pension Trust Fund – To account for the accumulation of resources to be used for retirement benefits payable to eligible Town police employees..

Firefighters' Pension Trust Fund – To account for the accumulation of resources to be used for retirement benefits payable to eligible Town fire-rescue employees.

OPEB Trust Fund – To account for the accumulation of resources to be used for Town retiree health care benefits.

TOWN OF PALM BEACH, FLORIDA

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

SEPTEMBER 30, 2021

	General Employees' Pension Trust Fund	Police Officers' Pension Trust Fund	Firefighters' Pension Trust Fund	OPEB Trust Fund	Total
Assets					
Cash and cash equivalents	\$ 1,800,628	\$ 1,547,396	\$ 1,488,532	\$ 17,406	\$ 4,853,962
Interest and dividends receivable	83,616	71,856	69,123	--	224,595
Due from Broker	35,521	30,523	29,364	--	95,408
Prepaid expenses and other assets	4,667	4,012	3,859	--	12,538
Investments:					
Short-term investment fund	4,770,201	4,099,343	3,943,398	340,191	13,153,133
Fixed income securities	16,833,205	14,465,868	13,915,561	13,859,245	59,073,879
Common stock	11,064,473	9,508,421	9,146,704	--	29,719,598
Domestic equity funds	27,717,335	23,819,309	22,913,180	20,170,832	94,620,656
International equity funds	23,314,066	20,035,293	19,273,115	1,678,427	64,300,901
Hedge funds	5,422,201	4,659,650	4,482,389	--	14,564,240
Private equity funds	10,189,517	8,756,514	8,423,401	866,278	28,235,710
Real estate funds	7,102,470	6,103,615	5,871,422	3,590,785	22,668,292
Total Assets	<u>108,337,900</u>	<u>93,101,800</u>	<u>89,560,048</u>	<u>40,523,164</u>	<u>331,522,912</u>
Liabilities					
Accounts payable and other accrued liabilities	63,693	54,736	52,654	174,936	346,019
Due to brokers for securities sold	744,335	639,656	615,322	17,405	2,016,718
Due to Town of Palm Beach	228,308	196,199	188,736	--	613,243
Total Liabilities	<u>1,036,336</u>	<u>890,591</u>	<u>856,712</u>	<u>192,341</u>	<u>2,975,980</u>
Net Position Restricted for Pension and Retiree Health Benefits	<u>\$ 107,301,564</u>	<u>\$ 92,211,209</u>	<u>\$ 88,703,336</u>	<u>\$ 40,330,823</u>	<u>\$ 328,546,932</u>

TOWN OF PALM BEACH, FLORIDA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	General Employees' Pension Trust Fund	Police Officers' Pension Trust Fund	Firefighters' Pension Trust Fund	OPEB Trust Fund	Total
Additions					
Contributions:					
Employer	\$ 5,489,209	\$ 5,161,524	\$ 6,434,814	\$ 429,858	\$ 17,515,405
Employee	367,687	377,048	477,538	1,205,551	2,427,824
Other	--	--	--	777,023	777,023
Total contributions	5,856,896	5,538,572	6,912,352	2,412,432	20,720,252
Investment income					
Net appreciation in fair value of investments	17,545,115	15,007,908	14,258,916	4,661,367	51,473,306
Interest and dividends	1,934,998	1,655,177	1,572,574	1,084,830	6,247,579
Other	6,307	5,394	5,124	--	16,825
Total investment income	19,486,420	16,668,479	15,836,614	5,746,197	57,737,710
Less: investment expense	(264,572)	(226,311)	(215,018)	(68,110)	(774,011)
Net investment income	19,221,848	16,442,168	15,621,596	5,678,087	56,963,699
Total Additions	<u>25,078,744</u>	<u>21,980,740</u>	<u>22,533,948</u>	<u>8,090,519</u>	<u>77,683,951</u>
Deductions					
Benefit payments	7,047,680	5,906,747	6,155,721	2,382,028	21,492,176
Share distributions	--	--	92,004	--	92,004
DROP distributions	834,280	910,843	754,996	--	2,500,119
Refunds of participants' contributions	49,982	89,548	109,400	--	248,930
Administrative expenses	125,206	107,099	101,755	101,008	435,068
Other	--	--	--	4,896	4,896
Total Deductions	<u>8,057,148</u>	<u>7,014,237</u>	<u>7,213,876</u>	<u>2,487,932</u>	<u>24,773,193</u>
Change in Net Position	17,021,596	14,966,503	15,320,072	5,602,587	52,910,758
Net Position Restricted for Pension Benefits and OPEB - Beginning of Year	<u>90,279,968</u>	<u>77,244,706</u>	<u>73,383,264</u>	<u>34,728,236</u>	<u>275,636,174</u>
Net Position Restricted for Pension Benefits and OPEB - End of Year	<u>\$ 107,301,564</u>	<u>\$ 92,211,209</u>	<u>\$ 88,703,336</u>	<u>\$ 40,330,823</u>	<u>\$ 328,546,932</u>

DEBT SERVICE REQUIREMENTS

TOWN OF PALM BEACH, FLORIDA

**SUMMARY SCHEDULE OF DEBT SERVICE REQUIREMENTS
PRINCIPAL AND INTEREST TO MATURITY**

SEPTEMBER 30, 2021

Fiscal Year Ended September 30,	Revenue Bonds Series 2013	Revenue Refunding Bonds Series 2016A	Revenue Refunding Bonds Series 2016B	Revenue Refunding Bonds Series 2019	Taxable Revenue Refunding Bonds Series 2019	General Obligation Bonds Series 2018	General Obligation Bonds Series 2021	Business Type Activities Revenue Bonds Series 2020	Total
2022	\$ 1,506,875	\$ 2,928,125	\$ 722,113	\$ 292,054	\$ 1,807,224	\$ 3,401,850	\$ 445,955	\$ 1,992,763	\$ 13,096,958
2023	1,511,875	2,928,750	721,013	287,627	1,806,474	3,402,100	446,655	1,992,950	13,097,444
2024	1,508,500	2,926,125	724,538	293,084	1,805,474	3,399,600	447,255	1,992,463	13,097,038
2025	1,506,750	2,930,000	722,688	293,365	1,809,162	3,399,350	447,755	1,996,244	13,105,313
2026	--	2,930,125	720,538	288,589	3,333,224	3,401,100	446,255	1,999,238	13,119,068
2027	--	2,926,500	713,888	288,754	3,342,099	3,399,600	449,255	1,996,500	13,116,596
2028	--	2,924,000	717,263	288,803	3,339,599	3,399,850	446,505	1,998,031	13,114,051
2029	--	2,927,250	714,513	293,677	3,330,912	3,401,600	448,255	2,003,719	13,119,925
2030	--	2,930,875	720,513	293,376	3,329,639	3,399,600	449,255	2,003,563	13,126,820
2031	--	2,924,875	715,263	292,959	3,329,416	3,398,850	449,505	2,007,563	13,118,429
2032	--	2,933,875	713,888	292,425	3,335,134	3,399,100	449,005	2,005,719	13,129,145
2033	--	2,943,400	723,263	291,775	3,342,058	3,400,100	447,505	2,008,031	13,156,132
2034	--	2,944,400	728,394	291,008	3,340,688	3,401,600	445,905	2,009,444	13,161,438
2035	--	2,936,900	732,644	295,067	3,345,488	3,398,000	449,205	2,014,900	13,172,203
2036	--	2,950,500	716,631	289,009	3,346,888	3,401,400	447,305	2,014,400	13,166,132
2037	--	2,945,000	722,081	292,834	3,345,888	3,401,400	445,305	2,017,944	13,170,452
2038	--	2,950,400	723,494	291,485	3,341,783	3,398,000	448,205	2,020,475	13,173,841
2039	--	2,951,400	728,838	290,019	3,349,324	3,401,200	445,905	2,021,994	13,188,679
2040	--	2,952,900	728,113	293,379	3,353,968	3,400,600	448,505	2,022,500	13,199,964
2041	--	--	--	--	3,354,938	3,401,200	445,715	--	7,201,853
2042	--	--	--	--	3,357,133	3,397,800	447,823	--	7,202,755
2043	--	--	--	--	3,356,228	3,400,400	449,528	--	7,206,155
2044	--	--	--	--	--	3,398,600	446,023	--	3,844,623
2045	--	--	--	--	--	3,397,400	447,413	--	3,844,813
2046	--	--	--	--	--	3,401,600	448,488	--	3,850,088
2047	--	--	--	--	--	3,400,800	449,350	--	3,850,150
Total	<u>\$ 6,034,000</u>	<u>\$ 55,785,400</u>	<u>\$ 13,709,669</u>	<u>\$ 5,539,286</u>	<u>\$ 67,402,735</u>	<u>\$ 88,402,700</u>	<u>\$ 11,637,833</u>	<u>\$ 38,118,438</u>	<u>\$ 286,630,059</u>

TOWN OF PALM BEACH, FLORIDA

**DEBT SERVICE REQUIREMENTS
PUBLIC IMPROVEMENT REVENUE BONDS, SERIES 2013**

SEPTEMBER 30, 2021

Fiscal Year Ended September 30,	Rate	Principal	Interest	Total	Principal Balance Outstanding End of Year
2022	5.000%	\$ 1,265,000	\$ 241,875	\$ 1,506,875	\$ 4,205,000
2023	5.000%	1,335,000	176,875	1,511,875	2,870,000
2024	5.000%	1,400,000	108,500	1,508,500	1,470,000
2025	5.000%	<u>1,470,000</u>	<u>36,750</u>	<u>1,506,750</u>	--
Total		<u>\$ 5,470,000</u>	<u>\$ 564,000</u>	<u>\$ 6,034,000</u>	

TOWN OF PALM BEACH, FLORIDA

DEBT SERVICE REQUIREMENTS PUBLIC IMPROVEMENT REVENUE REFUNDING BONDS, SERIES 2016A

SEPTEMBER 30, 2021

Fiscal Year Ended September 30,	Rate	Principal	Interest	Total	Principal Balance Outstanding End of Year
2022	5.000%	\$ 1,255,000	\$ 1,673,125	\$ 2,928,125	\$ 36,870,000
2023	5.000%	1,320,000	1,608,750	2,928,750	35,550,000
2024	5.000%	1,385,000	1,541,125	2,926,125	34,165,000
2025	5.000%	1,460,000	1,470,000	2,930,000	32,705,000
2026	5.000%	1,535,000	1,395,125	2,930,125	31,170,000
2027	5.000%	1,610,000	1,316,500	2,926,500	29,560,000
2028	5.000%	1,690,000	1,234,000	2,924,000	27,870,000
2029	5.000%	1,780,000	1,147,250	2,927,250	26,090,000
2030	5.000%	1,875,000	1,055,875	2,930,875	24,215,000
2031	5.000%	1,965,000	959,875	2,924,875	22,250,000
2032	5.000%	2,075,000	858,875	2,933,875	20,175,000
2033	4.000%	2,180,000	763,400	2,943,400	17,995,000
2034	4.000%	2,270,000	674,400	2,944,400	15,725,000
2035	4.000%	2,355,000	581,900	2,936,900	13,370,000
2036	4.000%	2,465,000	485,500	2,950,500	10,905,000
2037	4.000%	2,560,000	385,000	2,945,000	8,345,000
2038	4.000%	2,670,000	280,400	2,950,400	5,675,000
2039	4.000%	2,780,000	171,400	2,951,400	2,895,000
2040	4.000%	<u>2,895,000</u>	<u>57,900</u>	<u>2,952,900</u>	--
Total		<u>\$ 38,125,000</u>	<u>\$ 17,660,400</u>	<u>\$ 55,785,400</u>	

TOWN OF PALM BEACH, FLORIDA

DEBT SERVICE REQUIREMENTS PUBLIC IMPROVEMENT REVENUE REFUNDING BONDS, SERIES 2016B

SEPTEMBER 30, 2021

Fiscal Year Ended September 30,	Rate	Principal	Interest	Total	Principal Balance Outstanding End of Year
2022	3.000%	\$ 365,000	\$ 357,113	\$ 722,113	\$ 9,535,000
2023	3.000%	375,000	346,013	721,013	9,160,000
2024	3.000%	390,000	334,538	724,538	8,770,000
2025	3.000%	400,000	322,688	722,688	8,370,000
2026	3.000%	410,000	310,538	720,538	7,960,000
2027	5.000%	420,000	293,888	713,888	7,540,000
2028	5.000%	445,000	272,263	717,263	7,095,000
2029	5.000%	465,000	249,513	714,513	6,630,000
2030	5.000%	495,000	225,513	720,513	6,135,000
2031	5.000%	515,000	200,263	715,263	5,620,000
2032	5.000%	540,000	173,888	713,888	5,080,000
2033	2.500%	570,000	153,263	723,263	4,510,000
2034	2.625%	590,000	138,394	728,394	3,920,000
2035	2.625%	610,000	122,644	732,644	3,310,000
2036	2.625%	610,000	106,631	716,631	2,700,000
2037	3.636%	635,000	87,081	722,081	2,065,000
2038	3.650%	660,000	63,494	723,494	1,405,000
2039	3.656%	690,000	38,838	728,838	715,000
2040	3.668%	<u>715,000</u>	<u>13,113</u>	<u>728,113</u>	--
Total		<u>\$ 9,900,000</u>	<u>\$ 3,809,669</u>	<u>\$ 13,709,669</u>	

TOWN OF PALM BEACH, FLORIDA

DEBT SERVICE REQUIREMENTS PUBLIC IMPROVEMENT REVENUE REFUNDING BONDS, SERIES 2019 (TAXABLE)

SEPTEMBER 30, 2021

Fiscal Year Ended September 30,	Rate	Principal	Interest	Total	Principal Balance Outstanding End of Year
2022	2.500%	\$ 425,000	\$ 1,382,224	\$ 1,807,224	\$ 47,860,000
2023	2.500%	435,000	1,371,474	1,806,474	47,425,000
2024	2.500%	445,000	1,360,474	1,805,474	46,980,000
2025	2.500%	460,000	1,349,162	1,809,162	46,520,000
2026	2.500%	2,015,000	1,318,224	3,333,224	44,505,000
2027	2.500%	2,075,000	1,267,099	3,342,099	42,430,000
2028	2.500%	2,125,000	1,214,599	3,339,599	40,305,000
2029	2.500%	2,170,000	1,160,912	3,330,912	38,135,000
2030	2.620%	2,225,000	1,104,639	3,329,639	35,910,000
2031	2.720%	2,285,000	1,044,416	3,329,416	33,625,000
2032	2.820%	2,355,000	980,134	3,335,134	31,270,000
2033	2.870%	2,430,000	912,058	3,342,058	28,840,000
2034	2.920%	2,500,000	840,688	3,340,688	26,340,000
2035	3.000%	2,580,000	765,488	3,345,488	23,760,000
2036	3.000%	2,660,000	686,888	3,346,888	21,100,000
2037	3.000%	2,740,000	605,888	3,345,888	18,360,000
2038	3.050%	2,820,000	521,783	3,341,783	15,540,000
2039	3.050%	2,915,000	434,324	3,349,324	12,625,000
2040	3.050%	3,010,000	343,968	3,353,968	9,615,000
2041	3.100%	3,105,000	249,938	3,354,938	6,510,000
2042	3.100%	3,205,000	152,133	3,357,133	3,305,000
2043	3.100%	3,305,000	51,228	3,356,228	--
Total		<u>\$ 48,285,000</u>	<u>\$ 19,117,735</u>	<u>\$ 67,402,735</u>	

TOWN OF PALM BEACH, FLORIDA

DEBT SERVICE REQUIREMENTS PUBLIC IMPROVEMENT REVENUE REFUNDING BONDS, SERIES 2019

SEPTEMBER 30, 2021

Fiscal Year Ended September 30,	Rate	Principal	Interest	Total	Principal Balance Outstanding End of Year
2022	2.330%	\$ 190,000	\$ 102,054	\$ 292,054	\$ 4,285,000
2023	2.330%	190,000	97,627	287,627	4,095,000
2024	2.330%	200,000	93,084	293,084	3,895,000
2025	2.330%	205,000	88,365	293,365	3,690,000
2026	2.330%	205,000	83,589	288,589	3,485,000
2027	2.330%	210,000	78,754	288,754	3,275,000
2028	2.330%	215,000	73,803	288,803	3,060,000
2029	2.330%	225,000	68,677	293,677	2,835,000
2030	2.330%	230,000	63,376	293,376	2,605,000
2031	2.330%	235,000	57,959	292,959	2,370,000
2032	2.330%	240,000	52,425	292,425	2,130,000
2033	2.330%	245,000	46,775	291,775	1,885,000
2034	2.330%	250,000	41,008	291,008	1,635,000
2035	2.330%	260,000	35,067	295,067	1,375,000
2036	2.330%	260,000	29,009	289,009	1,115,000
2037	2.330%	270,000	22,834	292,834	845,000
2038	2.330%	275,000	16,485	291,485	570,000
2039	2.330%	280,000	10,019	290,019	290,000
2040	2.330%	<u>290,000</u>	<u>3,379</u>	<u>293,379</u>	--
Total		<u>\$ 4,475,000</u>	<u>\$ 1,064,286</u>	<u>\$ 5,539,286</u>	

TOWN OF PALM BEACH, FLORIDA

DEBT SERVICE REQUIREMENTS GENERAL OBLIGATION BONDS, SERIES 2018

SEPTEMBER 30, 2021

Fiscal Year Ended September 30,	Rate	Principal	Interest	Total	Principal Balance Outstanding End of Year
2022	5.000%	\$ 1,095,000	\$ 2,306,850	\$ 3,401,850	\$ 52,225,000
2023	5.000%	1,150,000	2,252,100	3,402,100	51,075,000
2024	5.000%	1,205,000	2,194,600	3,399,600	49,870,000
2025	5.000%	1,265,000	2,134,350	3,399,350	48,605,000
2026	5.000%	1,330,000	2,071,100	3,401,100	47,275,000
2027	5.000%	1,395,000	2,004,600	3,399,600	45,880,000
2028	5.000%	1,465,000	1,934,850	3,399,850	44,415,000
2029	5.000%	1,540,000	1,861,600	3,401,600	42,875,000
2030	5.000%	1,615,000	1,784,600	3,399,600	41,260,000
2031	5.000%	1,695,000	1,703,850	3,398,850	39,565,000
2032	5.000%	1,780,000	1,619,100	3,399,100	37,785,000
2033	5.000%	1,870,000	1,530,100	3,400,100	35,915,000
2034	4.000%	1,965,000	1,436,600	3,401,600	33,950,000
2035	4.000%	2,040,000	1,358,000	3,398,000	31,910,000
2036	4.000%	2,125,000	1,276,400	3,401,400	29,785,000
2037	4.000%	2,210,000	1,191,400	3,401,400	27,575,000
2038	4.000%	2,295,000	1,103,000	3,398,000	25,280,000
2039	4.000%	2,390,000	1,011,200	3,401,200	22,890,000
2040	4.000%	2,485,000	915,600	3,400,600	20,405,000
2041	4.000%	2,585,000	816,200	3,401,200	17,820,000
2042	4.000%	2,685,000	712,800	3,397,800	15,135,000
2043	4.000%	2,795,000	605,400	3,400,400	12,340,000
2044	4.000%	2,905,000	493,600	3,398,600	9,435,000
2045	4.000%	3,020,000	377,400	3,397,400	6,415,000
2046	4.000%	3,145,000	256,600	3,401,600	3,270,000
2047	4.000%	<u>3,270,000</u>	<u>130,800</u>	<u>3,400,800</u>	--
Total		<u>\$ 53,320,000</u>	<u>\$ 35,082,700</u>	<u>\$ 88,402,700</u>	

TOWN OF PALM BEACH, FLORIDA

DEBT SERVICE REQUIREMENTS GENERAL OBLIGATION BONDS, SERIES 2021

SEPTEMBER 30, 2021

Fiscal Year Ended September 30,	Rate	Principal	Interest	Total	Principal Balance Outstanding End of Year
2022	2.000%	\$ 215,000	\$ 230,955	\$ 445,955	\$ 8,360,000
2023	2.000%	220,000	226,655	446,655	8,140,000
2024	2.000%	225,000	222,255	447,255	7,915,000
2025	5.000%	230,000	217,755	447,755	7,685,000
2026	5.000%	240,000	206,255	446,255	7,445,000
2027	5.000%	255,000	194,255	449,255	7,190,000
2028	5.000%	265,000	181,505	446,505	6,925,000
2029	5.000%	280,000	168,255	448,255	6,645,000
2030	5.000%	295,000	154,255	449,255	6,350,000
2031	5.000%	310,000	139,505	449,505	6,040,000
2032	2.000%	325,000	124,005	449,005	5,715,000
2033	2.000%	330,000	117,505	447,505	5,385,000
2034	2.000%	335,000	110,905	445,905	5,050,000
2035	2.000%	345,000	104,205	449,205	4,705,000
2036	2.000%	350,000	97,305	447,305	4,355,000
2037	2.000%	355,000	90,305	445,305	4,000,000
2038	2.000%	365,000	83,205	448,205	3,635,000
2039	2.000%	370,000	75,905	445,905	3,265,000
2040	2.000%	380,000	68,505	448,505	2,885,000
2041	2.050%	385,000	60,715	445,715	2,500,000
2042	2.050%	395,000	52,823	447,823	2,105,000
2043	2.050%	405,000	44,528	449,528	1,700,000
2044	2.100%	410,000	36,023	446,023	1,290,000
2045	2.100%	420,000	27,413	447,413	870,000
2046	2.100%	430,000	18,488	448,488	440,000
2047	2.125%	440,000	9,350	449,350	--
Total		<u>\$ 8,575,000</u>	<u>\$ 3,062,833</u>	<u>\$ 11,637,833</u>	

TOWN OF PALM BEACH, FLORIDA

DEBT SERVICE REQUIREMENTS PUBLIC IMPROVEMENT REVENUE BONDS, SERIES 2020

SEPTEMBER 30, 2021

Fiscal Year Ended September 30,	Rate	Principal	Interest	Total	Principal Balance Outstanding End of Year
2022	2.250%	\$ 1,310,000	\$ 682,763	\$ 1,992,763	\$ 29,690,000
2023	2.250%	1,340,000	652,950	1,992,950	28,350,000
2024	2.250%	1,370,000	622,463	1,992,463	26,980,000
2025	2.250%	1,405,000	591,244	1,996,244	25,575,000
2026	2.250%	1,440,000	559,238	1,999,238	24,135,000
2027	2.250%	1,470,000	526,500	1,996,500	22,665,000
2028	2.250%	1,505,000	493,031	1,998,031	21,160,000
2029	2.250%	1,545,000	458,719	2,003,719	19,615,000
2030	2.250%	1,580,000	423,563	2,003,563	18,035,000
2031	2.250%	1,620,000	387,563	2,007,563	16,415,000
2032	2.250%	1,655,000	350,719	2,005,719	14,760,000
2033	2.250%	1,695,000	313,031	2,008,031	13,065,000
2034	2.250%	1,735,000	274,444	2,009,444	11,330,000
2035	2.250%	1,780,000	234,900	2,014,900	9,550,000
2036	2.250%	1,820,000	194,400	2,014,400	7,730,000
2037	2.250%	1,865,000	152,944	2,017,944	5,865,000
2038	2.250%	1,910,000	110,475	2,020,475	3,955,000
2039	2.250%	1,955,000	66,994	2,021,994	2,000,000
2040	2.250%	<u>2,000,000</u>	<u>22,500</u>	<u>2,022,500</u>	--
Total		<u>\$ 31,000,000</u>	<u>\$ 7,118,438</u>	<u>\$ 38,118,438</u>	

STATISTICAL SECTION

Town of Palm Beach, Florida

Net Position by Component

Last Ten Fiscal Years

Accrual Basis of Accounting

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$ 76,021,164	\$ 71,962,534	\$ 55,346,920	\$ 74,251,960	\$ 84,762,756	\$ 79,461,477	\$ 78,478,304	\$ 80,988,015	\$ 57,421,514	\$ 52,511,662
Restricted	24,105,235	14,124,806	50,785,559	37,801,235	24,489,710	19,393,986	18,595,941	104,925,150	111,483,275	127,820,279
Unrestricted	63,300,047	80,060,626	62,431,435	(52,411)	1,629,162	(12,774,443)	78,699,629	6,513,845	15,874,972	25,928,414
Total governmental activities net position	<u>\$ 163,426,446</u>	<u>\$ 166,147,966</u>	<u>\$ 168,563,914</u>	<u>\$ 112,000,784</u>	<u>\$ 110,881,628</u>	<u>\$ 86,081,020</u>	<u>\$ 175,773,874</u>	<u>\$ 192,427,010</u>	<u>\$ 184,779,761</u>	<u>\$ 206,260,355</u>
Business-type activities										
Net investment in capital assets	\$ 16,029,772	\$ 17,243,929	\$ 17,740,802	\$ 17,072,347	\$ 16,498,309	\$ 15,898,227	\$ 15,674,570	\$ 13,620,325	\$ 12,831,232	\$ 12,153,252
Restricted	--	--	--	--	--	248,211	1,418,272	20,636	781,137	863,207
Unrestricted	3,701,370	3,783,232	4,720,586	4,303,456	5,132,473	6,314,816	12,731,660	5,120,899	9,275,191	13,477,784
Total business-type activities net position	<u>\$ 19,731,142</u>	<u>\$ 21,027,161</u>	<u>\$ 22,461,388</u>	<u>\$ 21,375,803</u>	<u>\$ 21,630,782</u>	<u>\$ 22,461,254</u>	<u>\$ 29,824,502</u>	<u>\$ 18,761,860</u>	<u>\$ 22,887,560</u>	<u>\$ 26,494,243</u>
Primary government										
Net investment in capital assets	\$ 92,050,936	\$ 89,206,463	\$ 73,087,722	\$ 91,324,307	\$ 101,261,065	\$ 95,359,704	\$ 94,152,874	\$ 94,608,340	\$ 70,252,746	\$ 64,664,914
Restricted	24,105,235	14,124,806	50,785,559	37,801,235	24,489,710	19,642,197	20,014,213	104,945,786	112,264,412	128,683,486
Unrestricted	67,001,417	83,843,858	67,152,021	4,251,045	6,761,635	(6,459,627)	91,431,289	11,634,744	25,150,163	39,406,198
Total primary government net position	<u>\$ 183,157,588</u>	<u>\$ 187,175,127</u>	<u>\$ 191,025,302</u>	<u>\$ 133,376,587</u>	<u>\$ 132,512,410</u>	<u>\$ 108,542,274</u>	<u>\$ 205,598,376</u>	<u>\$ 211,188,870</u>	<u>\$ 207,667,321</u>	<u>\$ 232,754,598</u>

Town of Palm Beach, Florida

Changes in Net Position

Last Ten Fiscal Years

Accrual Basis of Accounting

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General government	\$ 10,569,463	\$ 11,141,575	\$ 10,303,043	\$ 14,710,957	\$ 16,342,132	\$ 21,186,486	\$ 20,371,263	\$ 23,618,964	\$ 37,193,659	\$ 25,526,075
Public safety	24,321,116	24,466,050	26,082,520	29,315,807	35,197,465	33,354,806	30,720,793	29,967,201	30,520,971	23,391,138
Physical environment	17,471,774	18,157,640	18,044,387	21,525,593	23,361,401	27,174,801	35,572,597	33,599,598	38,977,270	37,117,556
Transportation	1,427,144	1,691,225	1,407,173	1,070,730	1,049,791	1,051,542	1,441,011	1,347,157	3,399,432	1,430,861
Economic Environment	331,806	189,158	196,888	232,490	248,223	307,619	287,730	296,528	327,464	329,765
Culture and recreation	1,488,135	1,624,839	1,841,595	1,912,995	1,915,433	2,127,041	2,187,973	3,429,596	3,589,831	3,662,242
Interest on long-term debt	3,078,046	3,013,531	5,017,586	5,463,859	5,275,112	4,930,514	4,882,965	6,726,860	4,629,539	5,751,587
Debt issue cost	--	--	330,638	--	--	--	--	--	--	--
Total governmental activities expenses	58,687,484	60,284,018	63,223,830	74,232,431	83,389,557	90,132,809	95,464,332	98,985,904	118,638,166	97,209,224
Business-type activities:										
Town docks	--	--	--	--	--	--	--	1,234,240	988,621	1,738,328
Golf course	--	--	--	--	--	--	--	2,309,136	2,196,475	2,001,206
Leisure services	3,582,227	3,749,068	4,066,532	4,432,739	4,931,600	4,889,532	5,146,773	--	--	--
Building Enterprise	--	--	--	--	--	--	--	--	--	4,924,286
Interest on long-term debt	--	--	--	--	--	--	--	--	497,229	699,360
Total business-type activities expenses	3,582,227	3,749,068	4,066,532	4,432,739	4,931,600	4,889,532	5,146,773	3,543,376	3,682,325	9,363,180
Total primary government expenses	\$ 62,269,711	\$ 64,033,086	\$ 67,290,362	\$ 78,665,170	\$ 88,321,157	\$ 95,022,341	\$ 100,611,105	\$ 102,529,280	\$ 122,320,491	\$ 106,572,404
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 6,024,307	\$ 7,070,796	\$ 7,483,722	\$ 10,116,770	\$ 9,498,005	\$ 7,098,034	\$ 9,416,642	\$ 11,243,637	\$ 19,951,281	\$ 11,513,238
Public safety	3,107,463	2,971,320	3,441,046	2,810,616	3,012,132	2,123,886	2,485,185	3,205,143	3,588,914	3,983,249
Physical environment	1,260,317	1,277,457	2,148,675	2,500,197	2,198,314	2,273,362	92,365,478	3,736,651	1,450,455	1,406,497
Transportation	1,920,292	1,904,822	1,293,534	1,321,912	1,395,121	1,369,271	1,456,196	1,544,322	1,905,152	2,728,460
Culture and recreation	--	--	--	--	--	--	--	377,538	739,378	1,148,175
Operating grants and contributions:										
General government	96,850	153,274	148,023	95,052	65,083	102,302	201,224	355,320	1,059,803	1,013,367
Public safety	148,133	199,641	217,125	443,902	212,299	684,874	387,517	867,824	65,273	456,490
Physical environment	5,000	30,000	8,080	302,474	2,569,518	5,040	149,604	8,806	--	5,960
Transportation	--	--	--	3,077	--	--	220,304	121,978	10,000	--
Economic Environment	--	--	--	--	--	--	--	--	1,080,655	--
Culture and recreation	881	2,338	3,708	10,574	3,819	59,542	6,348	9	--	10,002
Capital grants and contributions:										
General government	239,000	500	16,073	360,593	1,000,000	--	47,122	--	487,851	--
Public safety	304,651	155,592	106,020	114,740	106,303	9,467	18,368	161,177	--	--
Physical environment	35,321	83,454	520,770	377,689	759,024	1,107,657	13,327,684	516,572	1,771,380	17,735,711
Transportation	--	--	--	--	--	--	--	--	--	1,405,500
Economic Environment	--	--	--	--	--	--	--	--	5,000	5,000
Culture and recreation	187,634	--	--	213,500	350,000	2,021,868	5,067	3,021,735	3,339,646	298,521
Total governmental activities program revenues	13,329,849	13,849,194	15,386,776	18,671,096	21,169,618	16,855,303	120,086,739	25,160,712	35,454,788	41,710,170
Business-type activities:										
Charges for services:										
Town docks	--	--	--	--	--	--	--	4,116,852	5,429,988	1,928,332
Golf course	--	--	--	--	--	--	--	2,455,266	2,332,430	3,650,560
Leisure services	4,383,799	4,555,849	5,278,444	5,809,804	6,110,187	6,332,330	6,868,410	--	--	--
Building Enterprise	--	--	--	--	--	--	--	--	--	10,741,651
Operating grants and contributions	--	--	--	--	--	--	--	--	--	--
Capital grants and contributions	3,000	1,835,801	--	25,000	--	132,530	1,761,358	--	--	--
Total business-type activities program revenues	4,386,799	6,391,650	5,278,444	5,834,804	6,110,187	6,464,860	8,629,768	6,572,118	7,762,418	16,320,543
Total primary government program revenues	\$ 17,716,648	\$ 20,240,844	\$ 20,665,220	\$ 24,505,900	\$ 27,279,805	\$ 23,320,163	\$ 128,716,507	\$ 31,732,830	\$ 43,217,206	\$ 58,030,713
Net (expense)/revenue										
Governmental activities	\$ (45,357,635)	\$ (46,434,824)	\$ (47,837,054)	\$ (55,561,335)	\$ (62,219,939)	\$ (73,277,506)	\$ 24,622,407	\$ (73,825,192)	\$ (83,183,378)	\$ (55,499,054)
Business-type activities	804,572	2,642,582	1,211,912	1,402,065	1,178,587	1,575,328	3,482,995	3,028,742	4,080,093	6,957,363
Total primary government net expense	\$ (44,553,063)	\$ (43,792,242)	\$ (46,625,142)	\$ (54,159,270)	\$ (61,041,352)	\$ (71,702,178)	\$ 28,105,402	\$ (70,796,450)	\$ (79,103,285)	\$ (48,541,691)

Town of Palm Beach, Florida

Changes in Net Position (continued)

Last Ten Fiscal Years

Accrual Basis of Accounting

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 36,662,916	\$ 37,473,107	\$ 39,110,926	\$ 43,869,888	\$ 47,882,187	\$ 50,195,981	\$ 52,282,253	\$ 54,883,747	\$ 56,817,697	\$ 58,016,220
Local option gas tax	301,240	299,081	310,290	329,481	338,120	352,281	347,820	353,375	315,146	326,859
Infrastructure surtax	--	--	--	--	--	350,847	576,792	623,176	--	--
Franchise fees	2,040,443	2,036,065	2,172,540	2,168,171	2,132,019	2,305,715	2,249,067	2,226,941	2,176,528	2,267,996
Utility service taxes	4,954,671	5,098,715	5,463,267	5,558,660	5,591,219	5,695,690	5,795,378	5,945,986	6,052,180	6,125,995
Business tax receipts	669,095	666,788	702,711	682,428	723,649	713,710	771,499	773,039	813,903	805,710
Intergovernmental, unrestricted	838,855	875,467	939,801	945,915	980,977	958,373	987,807	1,023,012	1,580,805	1,778,259
Investment earnings	660,689	129,845	1,486,459	1,460,232	1,952,317	2,062,752	5,383,592	8,444,652	6,841,308	2,875,063
Miscellaneous	1,025,368	1,654,276	891,628	1,007,465	191,090	376,602	788,898	1,124,079	713,748	1,303,163
Insurance Recoveries	--	--	--	--	320,105	354,723	270,358	538,042	--	--
Gain on disposal of assets	--	--	--	--	--	--	--	--	--	92,045
Transfers	1,418,740	1,013,000	(207,700)	1,087,200	989,100	870,967	(3,816,737)	14,564,120	224,813	3,388,338
Total governmental activities	48,572,017	49,246,344	50,869,922	57,109,440	61,100,783	64,237,641	65,636,727	90,500,169	75,536,128	76,979,648
Business-type activities										
Investment earnings	28,718	1,840	14,615	17,024	65,492	40,651	63,516	473,895	268,115	37,658
Miscellaneous	--	--	--	4,168	--	--	--	--	--	--
Gain/(loss) on disposal of assets	--	--	--	--	--	--	--	--	2,305	--
Transfers	(924,238)	(1,013,000)	207,700	(1,087,200)	(989,100)	(870,967)	3,816,737	(14,564,120)	(224,813)	(3,388,338)
Total business-type activities	(895,520)	(1,011,160)	222,315	(1,066,008)	(923,608)	(830,316)	3,880,253	(14,090,225)	45,607	(3,350,680)
Total primary government	\$ 47,676,497	\$ 48,235,184	\$ 51,092,237	\$ 56,043,432	\$ 60,177,175	\$ 63,407,325	\$ 69,516,980	\$ 76,409,944	\$ 75,581,735	\$ 73,628,968
Changes in Net Position										
Governmental activities	\$ 3,214,382	\$ 2,811,520	\$ 3,032,868	\$ 1,548,105	\$ (1,119,156)	\$ (9,039,865)	\$ 90,259,134	\$ 16,674,977	\$ (7,647,250)	\$ 21,480,594
Business-type activities	(90,948)	1,631,422	1,434,227	336,057	254,979	745,012	7,363,248	(11,061,483)	4,125,700	3,606,683
Total primary government	\$ 3,123,434	\$ 4,442,942	\$ 4,467,095	\$ 1,884,162	\$ (864,177)	\$ (8,294,853)	\$ 97,622,382	\$ 5,613,494	\$ (3,521,550)	\$ 25,087,277

Town of Palm Beach, Florida

Fund Balances of Governmental Funds

Last Ten Fiscal Years

Modified Accrual Basis of Accounting

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Non Spendable:										
Non Spendable	\$ 527,146	\$ 534,374	\$ 520,247	\$ 510,044	\$ 487,341	\$ 385,786	\$ 425,502	\$ 396,466	\$ 365,478	\$ 425,020
Spendable:										
Restricted	--	--	--	--	--	--	--	--	--	--
Committed	3,315,135	3,390,226	3,456,532	3,168,789	3,061,180	3,210,518	3,129,714	3,094,888	2,784,655	2,791,672
Assigned	2,956,588	6,265,157	2,486,676	2,621,024	5,480,500	6,536,676	2,335,827	2,158,458	2,379,755	6,261,302
Unassigned	21,424,261	20,043,760	22,298,680	22,267,051	21,615,082	17,716,419	23,063,128	26,540,203	29,628,725	28,001,332
Total General Fund	<u>\$ 28,223,130</u>	<u>\$ 30,233,517</u>	<u>\$ 28,762,135</u>	<u>\$ 28,566,908</u>	<u>\$ 30,644,103</u>	<u>\$ 27,849,399</u>	<u>\$ 28,954,171</u>	<u>\$ 32,190,015</u>	<u>\$ 35,158,613</u>	<u>\$ 37,479,326</u>
All other governmental funds										
Non Spendable:										
Non Spendable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 483,144	\$ 6,501
Spendable:										
Restricted	24,015,235	14,124,806	50,785,559	37,587,735	24,703,210	17,535,776	17,722,369	68,934,046	61,396,892	67,691,812
Committed	--	--	--	--	--	--	--	--	--	--
Assigned	17,919,125	21,209,913	44,233,613	30,085,768	19,316,913	25,987,032	35,293,163	54,324,328	48,705,923	49,996,413
Unassigned	(455,669)	(961,325)	(2,004,706)	(1,558,223)	(1,864,970)	(3,578,081)	(2,515,068)	(2,236,544)	(1,907,418)	(1,031,376)
Total All Other Governmental Funds	<u>\$ 41,478,691</u>	<u>\$ 34,373,394</u>	<u>\$ 93,014,466</u>	<u>\$ 66,115,280</u>	<u>\$ 42,155,153</u>	<u>\$ 39,944,727</u>	<u>\$ 50,500,464</u>	<u>\$ 121,021,830</u>	<u>\$ 108,678,541</u>	<u>\$ 116,663,350</u>

Town of Palm Beach, Florida

Tax Revenues by Source, Governmental Funds

Last Ten Fiscal Years

Fiscal Year	Property Taxes	Local Option Gas Tax	Franchise Fees	Utility Service Taxes	Business Tax Receipts	Total
2012	\$ 36,662,916	\$ 301,240	\$ 2,040,443	\$ 4,973,633	\$ 669,095	\$ 44,647,327
2013	37,473,107	299,081	2,036,065	5,098,715	666,788	45,573,756
2014	39,110,926	310,290	2,172,540	5,463,267	702,711	47,759,734
2015	43,869,888	329,481	2,168,171	5,558,660	682,428	52,608,628
2016	47,882,187	338,120	2,132,019	5,591,219	723,649	56,667,194
2017	50,195,981	352,282	2,035,715	5,695,690	713,710	58,993,378
2018	52,282,254	347,820	2,217,998	5,795,377	771,499	61,414,948
2019	54,883,747	353,375	2,226,941	5,945,986	773,039	64,183,088
2020	56,817,697	315,146	2,176,528	6,052,180	813,903	66,175,454
2021	58,016,221	326,858	2,267,996	6,125,995	805,710	67,542,780
Change: 2012-2021	58.2%	8.5%	11.2%	23.2%	20.4%	51.3%

Town of Palm Beach, Florida

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

Modified Accrual Basis of Accounting

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Taxes	\$ 44,647,327	\$ 45,573,756	\$ 47,759,734	\$ 52,608,628	\$ 56,667,194	\$ 59,263,377	\$ 61,446,017	\$ 64,183,088	\$ 66,175,454	\$ 67,542,780
Fees and permits	5,880,327	6,959,778	7,401,315	10,020,118	9,422,858	7,024,524	9,339,708	11,126,361	9,010,686	1,693,234
Intergovernmental	1,967,946	986,853	1,056,503	1,074,234	1,106,768	1,352,991	1,603,835	1,709,861	1,580,805	1,778,259
Charges for services	4,081,261	3,576,155	3,741,185	3,957,603	4,131,754	3,681,925	3,763,590	5,152,779	5,648,639	7,176,166
Fines and forfeitures	1,106,676	1,530,917	1,924,183	1,115,240	1,185,547	799,768	1,068,792	916,035	780,975	940,000
Contributions	459,050	71,066	421,366	736,770	1,946,658	3,294,902	565,675	4,339,616	3,539,029	2,423,353
Investment earnings	704,692	212,594	626,295	1,184,939	857,219	738,997	4,296,845	6,969,546	5,786,543	2,884,175
Grant revenue	771,909	362,568	358,805	490,367	3,120,771	69,735	7,491,989	6,295,845	2,021,348	10,358,077
Special Assessments	1,068,133	1,015,907	1,183,221	1,538,098	1,257,358	1,227,990	14,368,109	2,784,534	3,102,131	9,448,989
Miscellaneous	1,011,340	692,198	663,967	177,606	291,461	506,948	783,431	1,263,621	713,748	1,303,163
Total revenues	61,698,661	60,981,792	65,136,574	72,903,603	79,987,588	77,961,157	104,727,991	104,741,286	98,359,358	105,548,196
Expenditures										
General government	9,328,868	9,611,179	9,482,734	10,349,294	10,672,235	11,144,220	10,979,679	10,029,283	9,910,235	8,776,140
Public safety	25,095,341	24,045,416	25,803,242	26,328,383	28,298,011	29,168,148	29,049,008	30,058,951	32,575,116	32,608,073
Physical environment	11,676,641	12,580,551	12,848,052	16,836,864	14,953,923	18,042,161	24,718,387	22,244,428	23,242,395	25,561,935
Transportation	1,099,438	1,528,094	1,282,851	1,084,764	1,081,675	1,128,328	1,192,357	1,070,521	1,272,189	1,027,931
Economic Environment	331,806	189,158	196,888	232,490	248,223	307,619	287,730	296,528	327,464	329,765
Culture and recreation	1,508,402	1,649,498	1,870,601	1,931,194	1,938,661	2,186,244	2,251,619	3,073,134	3,573,250	3,915,810
Non-departmental	1,804,439	1,922,643	1,880,251	1,925,555	1,967,485	4,708,491	6,609,398	11,434,745	7,324,441	7,434,622
Capital outlay	16,389,104	11,161,869	11,573,533	34,409,565	35,114,632	10,032,899	10,897,086	16,579,026	19,173,640	17,449,796
Debt service										
Principal	2,885,619	1,290,000	1,320,000	2,260,000	2,340,000	2,445,000	2,550,000	3,360,000	3,775,000	4,420,000
Interest and other fiscal charges	3,190,196	3,111,294	4,524,027	5,727,107	5,642,453	4,674,144	5,315,481	6,745,700	7,482,108	6,337,311
Bond issue costs	--	--	330,638	--	403,895	--	--	--	--	--
Payment to refunded bond escrow	--	--	--	--	622,861	--	--	--	--	--
Total expenditures	73,309,854	67,089,702	71,112,817	101,085,216	103,284,054	83,837,254	93,850,745	104,892,316	108,655,838	107,861,383
Revenues over (under) expenditures	(11,611,193)	(6,107,910)	(5,976,243)	(28,181,613)	(23,296,466)	(5,876,097)	10,877,246	(151,030)	(10,296,480)	(2,313,187)
Other financing sources (uses)										
Transfers in	11,774,938	11,257,899	32,693,862	23,861,850	19,884,368	18,484,704	20,779,956	31,148,637	17,337,494	19,690,846
Transfers out	(10,973,009)	(10,244,899)	(28,042,649)	(22,774,650)	(18,895,268)	(17,613,737)	(19,996,693)	(17,740,294)	(17,112,681)	(16,271,033)
Proceeds from sale of capital assets	--	--	--	--	--	--	--	--	--	--
Insurance recoveries	494,502	--	--	--	--	--	--	--	--	--
Bonds/Notes proceeds	--	--	58,494,720	--	58,432,064	--	--	60,499,897	53,499,266	9,198,896
Retirement of bonds/notes	--	--	--	--	--	--	--	--	--	--
Payment to refunded bond escrow	--	--	--	--	(58,007,630)	--	--	--	(52,802,290)	--
Total other financing sources (uses)	1,296,431	1,013,000	63,145,933	1,087,200	1,413,534	870,967	783,263	73,908,240	921,789	12,618,709
Net change in fund balances	\$ (10,314,762)	\$ (5,094,910)	\$ 57,169,690	\$ (27,094,413)	\$ (21,882,932)	\$ (5,005,130)	\$ 11,660,509	\$ 73,757,210	\$ (9,374,691)	\$ 10,305,522
Debt service as a percentage of non-capital expenditures	10.67%	7.86%	10.39%	11.94%	12.24%	9.57%	9.40%	11.42%	12.56%	11.76%

Town of Palm Beach, Florida

Historic and Projected General Fund Non-Ad Valorem Revenues

Last Ten Fiscal Years Actual and Next Year Budgeted

	Actual FY2013	Actual FY2014	Actual FY2015	Actual FY2016	Actual FY2017	Actual FY2018	Actual FY2019	Actual FY2020	Actual FY2021	Budget FY2022
Franchise Fees	\$ 2,036,065	\$ 2,172,540	\$ 2,168,171	\$ 2,132,019	\$ 2,305,715	\$ 2,249,067	\$ 2,226,940	\$ 2,176,527	\$ 2,267,996	\$ 2,310,733
Utility Service Tax	5,397,796	5,463,267	5,558,660	5,591,219	5,695,690	5,795,377	5,945,986	6,052,179	6,125,995	6,385,500
Business Tax Receipts	666,788	702,711	682,429	723,649	713,710	771,499	773,039	813,903	805,710	807,000
Building Permits (2)	6,500,256	6,919,361	9,508,851	8,791,344	6,490,797	8,739,628	9,892,112	7,826,548	11,084,334	6,854,200
Other License Fees & Permits	459,522	481,955	511,268	631,514	533,727	600,080	1,234,249	1,184,138	1,277,412	1,356,500
State Shared Revenue (1)	930,906	988,578	1,040,960	1,053,691	957,861	1,002,841	1,041,631	965,512	1,065,880	1,050,500
Local Shared Revenue	42,813	25,795	15,040	24,199	19,598	24,202	23,485	18,895	22,743	17,500
General Government	41,412	39,658	39,052	37,228	38,618	42,094	79,001	76,466	149,653	82,500
Public Safety	1,440,533	1,516,863	1,711,089	1,837,295	1,324,118	1,416,643	2,301,067	2,807,939	3,064,236	1,872,000
Physical Environment	1,264,060	1,226,434	1,192,087	1,179,500	1,277,199	1,177,602	1,175,710	1,101,088	1,099,683	1,167,000
Transportation	830,150	958,230	1,015,373	1,077,731	1,041,990	1,127,251	1,219,460	1,194,084	2,004,501	2,131,000
Fines & Forfeitures	1,530,787	1,924,183	1,099,526	1,174,837	799,768	1,068,444	904,076	780,976	750,060	861,000
Culture and Recreation	--	--	--	--	--	--	377,523	469,059	879,079	940,000
Investment Earnings	32,425	383,727	597,586	490,102	421,514	702,261	969,180	696,608	111,540	360,000
Rents & Royalties	69,606	42,749	57,599	37,919	34,892	34,840	38,290	47,139	66,504	71,500
Sale of Capital Assets	--	353,100	--	--	--	--	--	--	--	--
Miscellaneous Other	500,152	253,347	110,637	245,143	435,258	349,337	376,212	432,016	433,584	387,919
Marina Fund Revenue (3)	--	--	--	--	--	--	--	3,210,696	44,565	9,554,961
Total Non-Ad Valorem Revenues	\$ 21,743,271	\$ 23,452,498	\$ 25,308,328	\$ 25,027,390	\$ 22,090,455	\$ 25,101,164	\$ 28,577,961	\$ 29,853,773	\$ 31,253,474	\$ 36,209,813

(1) Excludes 8th cent motor fuel tax and fuel tax refund.

(2) Includes Building Permit Revenues that are accounted for in a separate Building Fund beginning in 2021. These funds are restricted and can only be used for building permit related expenses.

(3) Marina Fund Revenues are not restricted and are pledged to pay the debt service for the 2020 Revenue Note. Marina was closed for construction in 2021.

DESCRIPTION OF CERTAIN MAJOR SOURCES OF NON-AD VALOREM REVENUES AS DEFINED IN BOND DOCUMENT (UNAUDITED)

Franchise Fees

Public utilities operating within the Town of Palm Beach, Florida must pay the Town a franchise fee in return for the right to do business within the Town and for the right to use public rights-of-way. Franchise agreements currently in effect include: Florida Public Utilities, Florida Power & Light, BellSouth Telecommunications, and Comcast Cable.

Utility Service Tax

The Town levies a utility tax on the purchase of electricity, metered or bottled gas, water service and telecommunication services. The Town levies this tax at the state allowed maximum of 10% for all services.

Business Tax Receipts

Any person engaging in or managing any business, occupation, or profession within the limits of the Town of Palm Beach must obtain a business license. All licenses must be secured at the time the business begins operation and are renewed thereafter each October 1. The fee for each license is based on the business in which the entity is engaged.

Building Permits

Building permit fees include all building, electrical, mechanical, and plumbing permits as well as architectural fees, variance application fees, and landmark application fees. Building permit fees were reduced in FY2017 and FY2020. Building permit fees and all related expenses were moved to the Building Fund in FY2021. These fees are restricted for building permit related expenses per F.S. 553.

Other License Fees and Permits

These revenues include, right of way permits, parking permits and registrations.

State Shared Revenue

Revenues that are distributed from the State of Florida to the Town of Palm Beach, Florida are included in this line item. A portion of this revenue is State Revenue Sharing. The current structure of the revenue sharing program has three revenue sources for municipalities: Sales & Use Tax, one-cent Municipal Gas Tax and the State Alternative Fuel Decal Users Fee. Of these sources, the one-cent Municipal Gas Tax (Local Option Gas Tax) is restricted to expenditures for roads and has not been included in the Historic and Projected Non Ad Valorem Revenue Chart. Also included in the State Shared Revenue sections are the following distributions from the State of Florida: Alcoholic Beverage License and Sales Tax.

Local Shared Revenue

Local shared revenue includes a portion of the Palm Beach County Occupational License fees and a 911 equipment reimbursement.

General Government Revenues

These revenues include charges for copies, meeting tapes, lien search fees, microfiche, certification of copies and sales of maps and code books.

Public Safety Revenue

Public Safety Revenue includes special detail pay for police and fire officers, EMS transport fees, burglar alarm registration and false alarm fees, police ID cards, Direct Connect Alarm fees, and fire inspection fees.

Physical Environment Revenue

Physical Environment Revenue includes solid waste collection fees, (collected through a non-ad valorem assessment), and recycling fees.

Transportation

Revenues include parking meter and permit collections. In FY2021, parking meter fees were increased.

Fines and Forfeitures

Fines and penalties received from traffic violations, parking meter violations, right-of-way violations, and code compliance fines.

Culture and Recreation

In FY19, the Recreation Activities, which include adult and youth program fees and tennis fees, were transferred into the General Fund. These programs were previously included in the Recreation Enterprise Fund, which has been dissolved to separate out the Marina and Par 3 Golf Course into separate enterprise funds.

Contributions

Contributions represent donations by citizens and businesses for various Town projects.

Investment Earnings

Represents interest earnings on cash, cash equivalents, and investments.

Rents and Royalties

Represents revenue from the rental of public property, pay phone and vending machine commissions.

Sale of Capital Assets

Revenue represents proceeds from the sale of capital assets. Revenue represents proceeds from the sale of Town owned property, except where required to be applied in connection with related outstanding bonds.

Miscellaneous Other Revenue

Revenues include fees associated with charitable solicitations, a rebate for Town towing, State highway lighting maintenance, insurance proceeds for hurricane damage and other miscellaneous revenues.

Marina Fund Revenue

Marina Fund Revenues are included in Non-Ad Valorem Revenues beginning in FY20. The Town issued a Revenue Bond in FY20 for the reconstruction of the Town Marina. The Marina was closed from May of 2020 through November 2021 for construction. The FY22 budget reflects the revenues from the new leases for the Town Marina and other related income.

Outstanding Town Indebtedness

On August 25, 2016, the Town issued bonds to refund the 2010A & 2010B bonds. This transaction produced gross savings of \$8,900,539 over 23 years. The net present value savings is \$6,895,965 or 13.35%. The all-in true interest cost (TIC) for the 2016 issue was 2.75%. On October 17, 2019, the Town refunding the remaining \$4,660,000 of the 2010A bonds. The refunding achieved \$1,157,902 of net present value debt service savings or 25.39% of the refunded bonds par amount. The all-in true interest Cost (TIC) was 2.46%.

In 2013, the Town issued Public Improvement Revenue Bonds in a par amount of \$55,590,000. The proceeds of the bond were used for the second phase of the Town's Accelerated Capital Improvement Program (\$44,997,957) groin rehabilitation and seawall replacement (\$11,900,000) and the Town's portion of the Par 3 Clubhouse project (\$1,250,000). The all-in true interest cost (TIC) for the 2013 issue was 4.49%. In 2019, the Town issued bonds to refund most of the 2013 bonds. The transaction produced savings of \$4,385,248 or 10.24%. The all-in true interest cost (TIC) for the 2019 refunding was 3.036%.

In 2020, the Town issued \$31,000,000 in Revenue Bond through CenterState Bank for the Marina Construction project. This bond is secured by non-ad valorem revenues. The rate on the bonds is 2.25%.

The voters approved a referendum on March 15, 2016, for the issuance of \$90,000,000 in General Obligation Bonds for the Underground Utility Project. The Town issued \$56,040,000 of the General Obligation Bonds in September 2018. The all-in true interest cost (TIC) for the 2018 series was 3.64%.

In 2021, the Town issued \$8,575,000 in General Obligation Bonds through Robert W. Baird & Co. Inc. for the Underground Utility Project. The all-in true interest cost (TIC) for the 2021 series was 2.02%.

The General Obligation Bonds shall be payable first from the Underground Utility Project Special Assessments and, to the extent the Underground Utility Project Special Assessments are insufficient to pay debt service or not assessed, ad valorem taxes levied and collected in the Town on all taxable property in the Town sufficient to pay principal and interest on the bonds as they become due and payable. The Town may apply other legally available sources of revenues to the payment of the Bonds.

Town of Palm Beach, Florida

Assessed Value and Actual Value of Taxable Property

Last Ten Fiscal Years

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Other Property	Less: Tax-exempt Property	Total Taxable Value	Total Direct Tax Rate	Total Assessed Value	Assessed Value as a % of Actual Value
2012	\$ 12,455,771,607	\$ 917,204,438	\$ 1,795,500	\$ 348,994,178	\$ (2,213,575,366)	\$ 11,510,190,357	3.2512	\$ 12,013,987,648	96%
2013	12,889,708,323	915,763,620	1,795,500	364,349,859	(2,365,784,414)	11,805,832,888	3.2512	12,288,707,603	96%
2014	13,830,680,923	943,455,273	1,795,500	368,781,059	(2,772,972,410)	12,371,740,345	3.2468	12,862,947,349	96%
2015	15,403,086,966	1,160,442,899	1,885,275	326,783,978	(3,631,110,871)	13,261,088,247	3.4058	13,728,091,553	97%
2016	17,428,504,556	1,270,937,024	1,885,275	341,777,143	(4,533,683,531)	14,509,420,467	3.3779	14,987,210,512	97%
2017	19,293,989,329	1,389,277,926	1,108,283	360,821,288	(5,286,783,579)	15,758,413,247	3.2706	16,253,191,394	97%
2018	19,863,333,751	1,559,628,992	--	385,867,603	(5,019,966,708)	16,788,863,638	3.2037	17,291,500,785	97%
2019	21,355,255,337	1,652,651,648	--	421,729,767	(5,397,143,225)	18,032,493,527	3.1350	18,562,636,660	97%
2020	21,910,296,539	1,734,693,448	--	431,596,527	(5,021,617,077)	19,054,969,437	3.0681	19,567,684,515	97%
2021	22,466,173,359	1,767,335,280	--	453,694,015	(4,778,778,966)	19,908,423,688	2.9962	20,442,618,497	97%

Assessed value is an annual determination of the just or fair market value of the property, or the value of the homestead property as limited pursuant to State law.

Taxable value is the assessed value of property minus the amount of any applicable exemption provided under State law.

Property in Palm Beach County is reassessed every three years on average by the Palm Beach County Property Appraiser

Town of Palm Beach, Florida

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

Fiscal Year	Town Direct Rates			Overlapping Rates			Total All
	General Fund	Debt Service	Total Direct	School District	Palm Beach County	Special Taxing Districts	
2012	3.2512	0.0000	3.2512	8.1800	4.9925	2.3433	18.7670
2013	3.2512	0.0000	3.2512	7.7780	4.9902	2.3154	18.3348
2014	3.2468	0.0000	3.2468	7.5860	4.9852	2.2280	18.0460
2015	3.4058	0.0000	3.4058	7.5940	4.9729	2.1732	18.1459
2016	3.3779	0.0000	3.3779	7.5120	4.9277	2.0974	17.9150
2017	3.2706	0.0000	3.2706	7.0700	4.9142	1.9453	17.2001
2018	3.2037	0.0000	3.2037	6.7690	4.9023	1.7818	16.6568
2019	3.1350	0.0000	3.1350	6.5720	4.8980	1.6920	16.2970
2020	3.0681	0.0000	3.0681	7.1640	4.8580	1.6873	16.7774
2021	2.9962	0.0000	2.9962	7.0100	4.8124	1.6753	16.4939

Tax rate limits	- Ten mills per Florida Statute 200.81 (one mill equals \$1 per \$1,000 of assessed valuation).
Scope of tax rate limit	- No municipality shall levy ad valorem taxes for real and tangible personal property in excess of ten mills of the assessed value, except for special benefits and debt service on obligations issued with the approval of those taxpayers subject to ad valorem taxes.
Taxes assessed	- January 1
Taxes due	- March 31
Taxes delinquent	- April 1
Discount allowed	- 4% November; 3% December, 2% January; 1% February
Penalties for delinquent	- 2.5% after April 1, increase .5% each ten days; maximum 5%
Tax collector	- Palm Beach County
Tax collector's commission	- None

Town of Palm Beach, Florida

Principal Property Tax Payers

September 30, 2021 and Nine Years Ago

	2021				2012			
	Taxable Assessed Value	Taxes Paid	Rank	Percentage of Town Taxable Assessed Value	Taxable Assessed Value	Taxes Paid	Rank	Percentage of Town Taxable Assessed Value
The Breaker's	\$ 352,581,342	\$ 1,056,404	1	1.77%	\$ 151,100,000	\$ 491,256	1	1.31%
Blossom Way Holdings LLC	240,958,847	721,961	2	1.21%				
Nelson Peltz	134,439,164	402,807	3	0.68%	79,037,855	256,968	2	0.69%
Brooke Schonfeld	112,734,199	337,774	4	0.57%				
Linda Saville	103,178,079	309,142	5	0.52%				
WEMIO LLC	93,795,761	281,031	6	0.47%				
700 North Lake LLC	89,973,621	269,579	7	0.45%				
Wilson 150 Worth LLC	89,370,179	267,771	8	0.45%				
535 NCR Land Trust	83,135,997	249,092	9	0.42%				
JV Associates PB LLC	82,014,420	245,732	10	0.41%	49,500,000	160,934	5	0.43%
County Road Property LLC					56,104,735	182,408	3	0.49%
Sydell Miller					50,973,787	165,726	4	0.44%
Dwight Schar					45,543,025	148,069	6	0.40%
James H Clark					40,757,775	132,512	7	0.35%
John L Thornton					40,751,702	132,492	8	0.35%
White Sea Holdings LLC					35,245,675	114,591	9	0.31%
Worth Avenue Associates LTD					32,576,017	105,911	10	0.28%
Totals	<u>\$ 1,382,181,609</u>	<u>\$ 4,141,293</u>		<u>6.94%</u>	<u>\$ 581,590,571</u>	<u>\$ 1,890,867</u>		<u>5.05%</u>

Town of Palm Beach, Florida

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year	Net Tax Levy*	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Property Tax Collections	Collections as a Percent of Current Levy
2012	\$ 37,421,931	\$ 36,636,311	97.90%	\$ 26,605	\$ 36,662,916	97.97%
2013	38,449,282	37,376,601	97.21%	96,506	37,473,107	97.46%
2014	40,168,565	39,067,303	97.26%	43,623	39,110,926	97.37%
2015	45,709,498	43,979,362	96.21%	9,128	43,988,490	96.23%
2016	49,611,524	47,733,340	96.21%	193,117	47,926,457	96.60%
2017	52,099,146	50,080,658	96.13%	115,323	50,195,981	96.35%
2018	54,179,433	52,135,566	96.23%	146,687	52,282,253	96.50%
2019	57,064,172	54,847,083	96.11%	36,664	54,883,747	96.18%
2020	58,925,725	56,740,735	96.29%	76,962	56,817,697	96.42%
2021	60,141,114	57,966,306	96.38%	49,914	58,016,220	96.47%

Note: All property taxes are assessed and collected by the Palm Beach County Tax Collector without charge to the Town. Collections are distributed in full as collected.

* Tax levy, net of allowance for discounts.

Town of Palm Beach, Florida

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Revenue Refunding Bonds	Revenue Bonds/Notes	Capital Leases	Revenue Bonds/Notes				
2012	\$ --	\$ --	\$ 69,517,815	\$ --	\$ --	\$ 69,517,815	6.78%	\$ 8,511	
2013	--	--	68,137,765	--	--	68,137,765	6.64%	8,340	
2014	--	--	125,139,203	--	--	125,139,203	11.85%	14,882	
2015	--	--	123,042,406	--	--	123,042,406	12.19%	15,302	
2016	--	--	125,798,878	--	--	125,798,878	14.83%	15,647	
2017	--	--	122,721,163	--	--	122,721,163	14.55%	14,802	
2018	--	--	119,397,705	184,492	--	119,582,197	12.99%	14,416	
2019	59,620,815	--	115,958,418	139,939	--	175,719,172	19.03%	21,118	
2020	58,372,706	--	116,574,304	105,915	31,000,000	206,052,925	17.34%	24,504	
2021	66,265,622	--	112,517,667	47,718	31,000,000	209,831,007	16.06%	22,697	

Note: Details about the Town's outstanding debt can be found in the notes to the financial statements.

Town of Palm Beach, Florida

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund		Total	Percentage of Assessed Value of Taxable Property	Per Capita
2012	\$ --	\$ --		\$ --	N/A	\$ --
2013	--	--		--	N/A	--
2014	--	--		--	N/A	--
2015	--	--		--	N/A	--
2016	--	--		--	N/A	--
2017	--	--		--	N/A	--
2018	--	--		--	N/A	--
2019	59,620,815	--		59,620,815	0.33%	7,165
2020	58,372,706	--		58,372,706	0.30%	6,942
2021	65,654,902	--		65,654,902	0.32%	7,102

Note: For each fiscal year ending September 30, property is valued as of January 1st of the preceding calendar year.

Town of Palm Beach, Florida

Direct and Overlapping Governmental Activities Debt

September 30, 2021

	Total Outstanding	Percentage Applicable to Town of Palm Beach ⁽¹⁾	Amount Applicable to Town of Palm Beach
Direct:			
Town of Palm Beach	\$ 178,831,007	100.00%	\$ 178,831,007
Overlapping:			
Palm Beach County	\$ 845,342,739	9.97%	84,309,581
Palm Beach County School District	1,512,264,000	9.97%	150,824,438
Total overlapping debt	2,357,606,739		235,134,019
Total direct and overlapping debt payable from ad valorem taxes	\$ 2,536,437,746		\$ 413,965,026
Estimated population			9,245
Total direct and overlapping debt per capita			\$ 44,777

⁽¹⁾ Based on 2021 ratio of assessed taxable values.

Source: Finance Department, Town of Palm Beach, Florida
Palm Beach County Property Appraiser
School Board of Palm Beach County

Note: The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the Town's taxable assessed value that is within the County's boundaries and multiplying it by the County and School Board General Obligation Debt outstanding.

Town of Palm Beach, Florida

Legal Debt Margin Information

Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt limit	\$ 600,699,382	\$ 614,435,380	\$ 643,147,367	\$ 686,404,578	\$ 749,360,526	\$ 812,659,570	\$ 864,575,039	\$ 928,131,833	\$ 978,384,226	\$ 1,022,130,925
Total net debt applicable to limit	--	--	--	--	--	--	--	59,620,815	58,372,706	65,654,902
Legal debt margin	<u>\$ 600,699,382</u>	<u>\$ 614,435,380</u>	<u>\$ 643,147,367</u>	<u>\$ 686,404,578</u>	<u>\$ 749,360,526</u>	<u>\$ 812,659,570</u>	<u>\$ 864,575,039</u>	<u>\$ 868,511,018</u>	<u>\$ 920,011,520</u>	<u>\$ 956,476,023</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>6.42%</u>	<u>5.97%</u>	<u>6.42%</u>

The Town of Palm Beach has a 5% general obligation debt limit as a percent of taxable value per Section 7.02 of the Town Charter.

Town of Palm Beach, Florida

Pledged Revenue Coverage

Last Ten Fiscal Years

Fiscal Year	Non-Ad Valorem Revenue Available for Debt Coverage	Current Debt Service			Current Coverage
		Principal	Interest	Total	
2012	\$ 20,905,195	\$ 2,775,000	\$ 3,165,134	\$ 5,940,134	3.52
2013	21,743,271	1,290,000	3,111,294	4,401,294	4.94
2014	23,452,498	1,320,000	4,524,027	5,844,027	4.01
2015	25,308,328	2,260,000	5,722,457	7,982,457	3.17
2016	25,027,390	2,340,000	5,636,404	7,976,404	3.14
2017	22,090,455	2,445,000	4,664,860	7,109,860	3.11
2018	25,101,164	2,550,000	5,074,845	7,624,845	3.29
2019	28,577,961	2,670,000	4,962,945	7,632,945	3.74
2020	29,853,773	2,785,000	4,382,997	7,167,997	4.16
2021	31,253,474	3,380,000	4,602,797	7,982,797	3.92

The Town's revenue bonds and note are special obligations of the Town payable solely from and secured solely by non-ad valorem revenue and any unused debt proceeds and related investment income. Note 7 describes the Town's current bond status.

Town of Palm Beach, Florida

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	Population⁽¹⁾	Estimated Total Personal Income	Per Capita Personal Income⁽²⁾	Median Age⁽²⁾	Education Level in Years of Schooling	School Enrollment⁽³⁾	Unemployment Rate⁽⁴⁾
2012	8,358	\$ 1,093,986,978	\$ 130,891	68.7	N/A	378	9.2%
2013	8,168	1,025,386,216	125,537	68.7	N/A	402	7.1%
2014	8,170	1,025,637,290	125,537	68.7	N/A	413	6.0%
2015	8,409	1,055,640,633	125,537	68.7	N/A	406	5.0%
2016	8,040	848,437,080	105,527	67.6	N/A	406	5.1%
2017	8,291	843,609,250	101,750	67.9	N/A	399	4.1%
2018	8,295	920,421,495	110,961	68.5	N/A	365	3.1%
2019	8,321	923,306,481	110,961	68.5	N/A	383	3.2%
2020	8,409	1,188,595,332	141,348	70.6	N/A	362	7.0%
2021	9,245	1,306,762,260	141,348	70.6	N/A	420	4.1%

Data Sources:

(1) The population for 2020 was obtained from the U.S. Census Bureau. All remaining populations were obtained from the University of Florida, Bureau of Economic Business Administration.

(2) U.S. Census Bureau

(3) Palm Beach County School District

(4) Business Development Board of Palm Beach County. Data is for the West Palm Beach to Boca Raton metropolitan area.

Town of Palm Beach, Florida

Principal Employers

September 30, 2021 and Nine Years Ago

Employer	2021			2012		
	Employees ⁽¹⁾	Rank	Percentage of Total Town Employment	Employees ⁽¹⁾	Rank	Percentage of Total Town Employment
Breakers Palm Beach Inc	1,535	1	19.53%	2,644	1	18.59%
Town of Palm Beach	345	2	4.39%	363	3	2.55%
Everglades Club	284	3	3.61%	360	4	2.53%
Mar-a-Lago Beach	195	4	2.48%			
Four Seasons	184	5	2.34%	420	2	2.95%
Bath & Tennis Club	142	6	1.81%	150	7	1.05%
John Hopkins University	129	7	1.64%			
Colony Palm Beach	122	8	1.55%			
Palm Beach Country Club	120	9	1.53%			
Palm Beach Day Academy	113	10	1.44%			
Gunster, Yoakley & Stewart				253	5	1.78%
Testa's				221	6	1.55%
Coldwell Banker/Century 21				144	8	1.01%
CSC Palm Beach LLP				140	9	0.98%
Charley's Crab				130	10	0.91%
Totals	3,169		40.32%	4,825		33.92%

Source: (1) Florida Department of Economic Opportunity (DEO), Bureau of Labor Market Statistics

Town of Palm Beach, Florida

Full-time Equivalent Town Government Employees by Function / Program

Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government	75.05	74.85	75.62	78.87	82.23	82.33	83.46	76.18	73.86	74.55
Public Safety										
Building Official	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Land Development	11.85	11.35	10.85	10.85	13.15	13.15	13.15	13.75	13.25	14.25
Police Officers	71.00	70.00	70.00	70.00	70.00	69.00	69.00	67.00	67.00	67.00
Firefighters	71.50	69.00	66.00	66.00	64.00	64.00	70.00	67.00	70.00	70.00
Civilian Police/Fire	46.25	47.25	45.25	45.25	45.25	46.25	45.75	45.75	46.60	42.60
Physical Environment										
Sanitation	37.06	38.05	38.23	38.23	38.23	38.22	38.18	37.01	37.00	36.02
Storm Sewer Maintenance	17.44	17.01	17.77	17.77	17.76	17.86	17.96	17.93	18.03	15.64
Transportation										
Roads and Streets	5.79	6.86	5.67	5.67	5.92	5.76	6.14	5.03	3.46	4.17
Culture and Recreation										
Recreation	25.71	18.58	18.55	26.04	27.55	25.30	25.23	25.59	32.03	20.34
Total	362.65	353.95	348.94	359.68	365.09	362.87	369.87	356.23	362.23	345.57

Town of Palm Beach, Florida

Operating Indicators by Function / Program

Last Ten Fiscal Years

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public Safety										
Police										
Physical arrests	1,404	1,985	1,718	1,828	1,919	1,784	2,114	1,940	1,106	861
Parking violations	14,485	13,434	16,691	16,258	17,221	10,901	12,158	10,832	11,736	11,976
Traffic violations	3,529	3,266	2,708	2,874	3,028	2,671	2,636	2,590	1,952	1,246
Fire										
Number of fire calls	1,003	928	943	900	867	1,157	957	990	1,014	1,202
Number of EMS Calls	1,603	1,478	1,691	1,717	1,577	1,593	1,675	1,633	1,619	1,524
Physical Environment										
Sanitation										
Refuse collected (tons)	8,443	9,175	9,186	8,904	8,869	8,857	9,126	8,570	9,008	9,857
Recyclables collected (tons)	1,624	1,576	1,646	1,655	1,623	1,471	1,502	1,334	1,435	1,503
Transportation										
Roads and Streets										
Street resurfacing (miles)	17	5	0	0	3	0	0	2	2	2
Pot holes repaired	26	35	34	30	31	40	29	28	99	45
Culture and Recreation										
Recreation Department										
Youth athletic participants	3,209	2,097	1,723	2,365	1,967	2,133	1,516	838	178	4,446
Camp program participants	10,862	11,143	11,127	10,192	10,064	10,405	9,628	3,680	213	5,670
Youth enrichment participants	2,879	2,515	1,757	1,144	1,331	2,075	1,411	16	354	296
Adult Enrichment/Fitness participants	2,287	2,483	1,922	1,599	1,575	1,760	1,599	993	354	7,856
Special Events Offered	3	3	3	3	3	2	2	1	-	2
Special Events participants	1,250	1,225	1,290	1,190	1,200	1,240	1,300	250	631	529
Tennis Participants	27,474	24,746	25,961	26,712	26,618	26,525	26,824	20,752	18,624	21,397
Rounds of Golf	29,117	30,366	34,780	35,379	36,861	36,757	38,089	39,114	38,160	52,459
Range buckets sold	12,712	14,323	16,473	17,139	15,450	11,678	18,552	18,950	17,150	NA
Annual Marina Leases	69	68	70	72	75	77	78	73	-	-
Seasonal Marina Leases	8	8	11	11	8	5	-	-	65	-
Total transient vessels	396	318	374	356	367	288	285	347	219	-

Sources: Town departments

Town of Palm Beach, Florida

Capital Asset Statistics by Function / Program

Last Ten Fiscal Years

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	21	21	21	21	21	21	21	21	19	19
Fire										
Fire Stations	3	3	3	3	3	3	3	3	3	3
Fire Trucks	7	7	7	6	6	5	4	4	4	4
ALS Rescue Vehicles	5	5	5	5	5	5	5	5	5	5
Physical Environment										
Sanitation										
Garbage Trucks	17	16	16	16	16	16	16	16	16	16
Trash Trucks	12	12	12	12	12	12	12	12	12	12
Transportation										
Roads and Streets										
Street lights	991	991	991	991	991	991	991	991	991	991
Lane miles	103	103	103	103	103	103	103	103	103	103
Culture and Recreation										
Recreation Department										
Basketball courts	1	1	1	1	1	1	2	2	2	2
Multi-purpose fields	1	1	1	1	1	1	1	1	1	1
Tennis courts	13	13	13	13	13	13	13	13	13	13
Dock slips	88	88	88	88	88	88	88	88	88	88
Golf courses	1	1	1	1	1	1	1	1	1	1
Playgrounds	1	1	1	1	1	1	1	1	1	1
Recreation centers	1	1	1	1	1	1	1	0	1	1
Tennis pro-shops	2	2	2	2	2	2	2	2	2	2
Parks	11	11	11	11	11	11	11	11	11	11

Sources: Town departments

Note: Data is not available for general government.

REPORTING SECTION

**INDEPENDENT AUDITORS' 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***

To the Honorable Mayor and Members of the Town Council
Town of Palm Beach, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Palm Beach, Florida (the "Town") as of and for the fiscal year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated March 30, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 Town's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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*.

Purpose of the Report

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

Marcum LLP

West Palm Beach, FL
March 30, 2022

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND STATE PROJECT; REPORT ON INTERNAL CONTROL
OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE REQUIRED BY THE
UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE AUDITOR
GENERAL**

To the Honorable Mayor and Members of the Town Council
Town of Palm Beach, Florida

Report on Compliance for the Major Federal Program and State Project

We have audited the Town of Palm Beach, Florida (the "Town") compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, and the requirements described in the *State of Florida Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on the Town's major federal program and major state project for the fiscal year ended September 30, 2021. The Town's major federal program and major state project are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal awards and state financial assistance applicable to its federal programs and state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Town's major federal program and major state project based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and Chapter 10.550, Rules of the Auditor General ("Chapter 10.550"). Those standards, the Uniform Guidance, and Chapter 10.550, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program and state project. However, our audit does not provide a legal determination of the Town's compliance

Opinion on Major Federal Program and State Project

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program and state project for the fiscal year ended September 30, 2021.

Report on Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and major state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550. Accordingly, this report is not suitable for any other purpose.

Marcum LLP

West Palm Beach, FL
March 30, 2022

TOWN OF PALM BEACH, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Federal/State Agency, Pass-through Entity Federal Program/State Project	ALN/CSFA No.	Contract/ Grant No.	Total Expenditures
<u>United States Department of Homeland Security</u>			
Indirect Programs:			
Passed through Florida Division of Emergency Management - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR4337	\$ 9,254,384
Passed through State of Florida, Division of Emergency Management - Hazard Mitigation Grant Program	97.039	H0374	246,740
Passed through Palm Beach County - Presidential Residence Protection Security Grant	97.134	EMW-2019-GR-00037-S01	12,210
Total United States Department of Homeland Security			<u>9,513,334</u>
<u>United States Department of Justice</u>			
Direct Programs:			
Bulletproof Vest Partnership Program 2020	16.607	N/A	2,765
Bulletproof Vest Partnership Program 2021	16.607	N/A	635
Total United States Department of Justice			<u>3,400</u>
Total Expenditures of Federal Awards			<u>\$ 9,516,734</u>
<u>Florida Department of Environmental Protection</u>			
Direct Project:			
Beach Management Funding Assistance Program	37.003	21PB3, 21PB6, 21PB9	\$ 4,466,381
Total Florida Department of Environmental Protection			<u>4,466,381</u>
<u>Florida Department of Financial Services</u>			
Direct Project:			
Fire Decontamination Equipment Grant Project	43.013	N/A	3,780
Total Florida Department of Financial Services			<u>3,780</u>
<u>Total Florida Department of Health</u>			
Indirect Project:			
Passed through Palm Beach County - Powerload Cot System	64.005	N/A	21,849
Total Florida Department of Health			<u>21,849</u>
Total Expenditures of State Financial Assistance			<u>\$ 4,492,010</u>
Total Expenditures of Federal Awards and State Financial Assistance			<u>\$ 14,008,744</u>

Notes: No amounts provided to subrecipients.

See accompanying notes to schedule of expenditures of federal awards and state financial assistance.

See notes to schedule of expenditures of federal awards and state financial assistance.

TOWN OF PALM BEACH, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance (the “Schedule”) presents the expenditure activity of all federal awards and state financial assistance of the Town of Palm Beach, Florida (the “Town”) for the fiscal year ended September 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, Rules of Auditor General. Because the schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net position/fund balance or cash flows of the Town.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and the Florida Single Audit Act, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

The Town has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

TOWN OF PALM BEACH, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified Opinion

Internal control over financial reporting:

Material weakness(es) identified?

___ Yes X No

Significant deficiency(ies) identified not considered to be material weakness(es)?

___ Yes X None reported

Non-compliance material to financial statements noted?

___ Yes X No

Federal Awards and State Financial Assistance

Internal control over major programs and projects:

Material weakness(es) identified?

___ Yes X No

Significant deficiency(ies) identified not considered to be material weakness?

___ Yes X None reported

Type of auditors' report issued on compliance for major program and project:

Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) or Chapter 10.557, Rules of the Auditor General?

___ Yes X No

Identification of the major program and project:

Federal Program

ALN

United States Department of Homeland Security - Passed through State of Florida, Division of Emergency Management - Disaster Relief Funding, Hurricane Irma

97.036

State Project

CSFA No.

Beach Management Funding Assistance Program

37.003

Dollar threshold used to distinguish between Type A and Type B federal programs:

\$750,000

Dollar threshold used to distinguish between Type A and Type B state projects:

\$750,000

Auditee qualified as low-risk auditee pursuant to the Uniform Guidance?

___ Yes X No

TOWN OF PALM BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

None.

**SECTION III – FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FINDINGS AND QUESTIONED COSTS**

None.

TOWN OF PALM BEACH, FLORIDA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS

None.

II. PRIOR YEAR FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.

**MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE
AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Honorable Mayor and Members of the Town Council
Town of Palm Beach, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Palm Beach, Florida (the “Town”), as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated March 30, 2022.

Auditors’ Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors’ Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors’ Report on Compliance for Each Major Federal Program and State Project; Report on Internal Control over Compliance; Report on the Schedule of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General; Schedule of Findings and Questioned Costs; Summary Schedule of Prior Audit Findings; and Independent Accountants’ Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedules, which are dated March 30, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. There were no findings or recommendations in the prior year that required corrective actions.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note 1 to the financial statements. The Town included the following blended component units: Town of Palm Beach Retirement System and Other Postemployment Benefit Plan.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Town met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Town did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Town. It is management's responsibility to monitor the Town's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same. Our assessment was done as of the fiscal year end. The results of our procedures did not disclose any matters that are required to be reported.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Honorable Mayor, Town Council, and applicable management of the Town, and is not intended to be and should not be used by anyone other than these specified parties.

Marcum LLP

West Palm Beach, FL
March 30, 2022

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE PURSUANT TO
SECTION 218.415, FLORIDA STATUTES**

To the Honorable Mayor and Members of the Town Council
Town of Palm Beach, Florida

We have examined the Town of Palm Beach, Florida (the "Town") compliance with Section 218.415, Florida Statutes, Local Government Investment Policies, for the fiscal year ended September 30, 2021. Management of the Town is responsible for the Town's compliance with the specified requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Town complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Town complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Town's compliance with specified requirements.

In our opinion, the Town complied, in all material respects, with Section 218.415, Florida Statutes for the fiscal year ended September 30, 2021.

This report is intended solely to describe our testing of compliance with Section 218.415, Florida Statutes and it is not suitable for any other purpose.

Marcum LLP

West Palm Beach, FL
March 30, 2022