

**PALM TRAN, INC. -
AMALGAMATED TRANSIT UNION
LOCAL 1577 PENSION PLAN**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

As of and for the Years Ended December 31, 2021 and 2020

And Reports of Independent Auditor

**PALM TRAN, INC. -
AMALGAMATED TRANSIT UNION LOCAL 1577 PENSION PLAN
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Report of Independent Auditor

To the Board of Trustees
Palm Tran Inc. – Amalgamated Transit Union Local 1577 Pension Plan
West Palm Beach, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Palm Tran, Inc. – Amalgamated Transit Union Local 1577 Pension Plan (the “Plan”), as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Plan’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan as of December 31, 2021 and 2020, and the changes in fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information as listed in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

Other Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Plan's basic financial statements. The other supplementary information as listed in the accompanying table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2022, on our consideration of the Plan'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 Plan'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 Plan's internal control over financial reporting and compliance.

Cheryl Beckett LLP

Orlando, Florida
June 2, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

**PALM TRAN INC. -
AMALGAMATED TRANSIT UNION LOCAL 1577 PENSION PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

DECEMBER 31, 2021 AND 2020

As management of the Palm Tran Inc. - Amalgamated Transit Union Local 1577 Pension Plan (the "Plan"), we offer readers of the Plan's financial statements this narrative overview of the financial activities of the Plan for the years ended December 31, 2021 and 2020. This narrative is intended to supplement the Plan's financial statements, and we encourage readers to consider the information presented here in conjunction with these statements, which begin on page 8.

Overview of the financial statements

The following discussion and analysis is intended to serve as an introduction to the Plan's basic financial statements. The basic financial statements section includes:

- Statements of fiduciary net position
- Statements of changes in fiduciary net position
- Notes to the financial statements

The statements of fiduciary net position are a point-in-time snapshot of account balances at fiscal year-end. It reports the assets available for future payments to retirees and any current liabilities that are owed as of the statement date. The resulting net position value (assets – liabilities = net position) represents the value of assets, net of liabilities, restricted for pension benefits.

The statements of changes in fiduciary net position display the effect of pension plan transactions that occurred during the fiscal years, where additions – deductions = net increase in net position. This net increase in net position reflects the change in the net asset value of the statement of fiduciary net position from the prior year to the current year. Both statements are prepared in accordance with Governmental Accounting Standards Board ("GASB") Pronouncements.

The notes to the financial statements are an integral part of the financial statements and provide additional information that is essential to the comprehensive understanding of the data provided in the financial statements. These notes describe the accounting and administrative policies under which the Plan operates and provide additional levels of detail for select financial statement items (see notes to financial statements on pages 10 to 18 of this report).

Because of the long-term nature of a defined benefit pension plan, financial statements alone cannot provide sufficient information to properly reflect the ongoing plan perspective. Therefore, in addition to the financial statements explained above, this financial report includes "required supplementary information" with historical trend information. The required supplementary information section includes:

- Schedule of changes in net pension liability and related ratios
- Schedule of contributions
- Schedule of money-weighted rate of return
- Notes to required supplementary information

The schedule of changes in net pension liability and related ratios (page 19) includes information about the sources of changes to the net pension liability and to the changes in fiduciary net position. It also provides information regarding the fiduciary net position as a percentage of covered employee payroll and the net pension liability as a percentage of covered payroll.

The schedule of contributions (page 20) presents information regarding the value of total annual contributions to be paid by Palm Beach County (the "County") and the actual performance of the County in meeting this contribution.

**PALM TRAN INC. -
AMALGAMATED TRANSIT UNION LOCAL 1577 PENSION PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

DECEMBER 31, 2021 AND 2020

The schedule of money-weighted rate of return (page 21) provides information regarding the Plan's rate of return.

The notes to the required supplementary information (page 22) provide background information and explanatory detail to aid in understanding the required supplementary information schedules.

Financial highlights

- The assets of the Plan exceeded its liabilities at the close of the fiscal years ended December 31, 2021 and 2020, with \$154,520,407 and \$138,676,209 in net position restricted for pension benefits, respectively.
- Net position increased by \$15,844,198 or 11.4% during 2021, primarily due to contributions and investment income offset by participant benefit payments.
- Net position increased by \$19,017,551 or 15.9% during 2020, primarily due to contributions and investment income offset by participant benefit payments.
- For the year ended December 31, 2021, Plan net position was 96.6% of the total pension liability of \$159,943,269. Net pension liability was \$5,422,862, which was 16.5% of covered payroll.
- For the year ended December 31, 2020, Plan net position was 92.1% of the total pension liability of \$150,642,308. Net pension liability was \$11,966,099, which was 36.8% of covered payroll.
- Additions to fiduciary net position for the year ended December 31, 2021 were \$24,373,327 which include employee and County contributions of \$7,256,487 and net income from investment activities totaling \$17,116,840.
- Additions to fiduciary net position for the year ended December 31, 2020 were \$26,901,651, which include employee and County contributions of \$7,314,117 and net income from investment activities totaling \$19,587,534.
- Deductions from fiduciary net position totaled \$8,529,129 in 2021, a \$645,029 increase from 2020. Most of the increase relates to increased participant benefit payments made in 2021.
- Deductions from fiduciary net position totaled \$7,884,100 in 2020, a \$402,309 increase from 2019. Most of the increase relates to increased participant benefit payments made in 2020.

**PALM TRAN INC. -
AMALGAMATED TRANSIT UNION LOCAL 1577 PENSION PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

DECEMBER 31, 2021 AND 2020

Analysis of financial activities

The Plan's funding objective is to meet long-term benefit obligations through investment income and contributions. Accordingly, the collection of County and employee contributions, and the income from investments provide the reserves needed to finance future retirement benefits.

County and employee contributions to the Plan are made at determined rates of compensation, as set forth in the collective bargaining agreement between the Union and the Plan. Accordingly, contributions fluctuate with levels of compensation. Net position restricted for pension benefits increased by \$15,844,198 in 2021, compared to an increase by \$19,017,551 in 2020.

**Fiduciary Net Position (Table 1)
As of December 31, 2021, 2020, and 2019**

	2021	2020	2019	Increase (Decrease) 2020 to 2021		Increase (Decrease) 2019 to 2020	
				\$	%	\$	%
Current and other assets	\$ 301,211	\$ 280,220	\$ 104,308	\$ 20,991	7.5%	\$ 175,912	168.6%
Investments	166,443,974	145,343,544	120,267,008	21,100,430	14.5%	25,076,536	20.9%
Total assets	166,745,185	145,623,764	120,371,316	21,121,421	14.5%	25,252,448	21.0%
Total liabilities	12,224,778	6,947,555	712,658	5,277,223	76.0%	6,234,897	874.9%
Net position	\$ 154,520,407	\$ 138,676,209	\$ 119,658,658	\$ 15,844,198	11.4%	\$ 19,017,551	15.9%

As previously noted, net position viewed over time may serve as a useful indication of the Plan's financial position (see Table 1 above). At the close of 2021, the assets of the Plan exceeded its liabilities by \$154,520,407 in fiduciary net position restricted for pension benefits. The fiduciary net position is available to meet the Plan's ongoing obligation to Plan participants and their beneficiaries.

Net position

The Plan's net position is established from County and employee contributions, and the accumulation of investment return, net of investment and administrative expenses, refunds, and benefit payments.

Additions to plan net position

As previously noted, net position needed to finance retirement benefits is accumulated through the collection of County and employee contributions and through investment earnings (net of investment expenses). The additions totaled \$24,373,327 for the year ended December 31, 2021. This was \$2,528,324 less than the prior year, primarily due to reduced increase in investment returns.

As the years roll forward and total assets and liabilities grow, investment income will continue to play an important role in funding future retirement benefits. Therefore, investment return over the long term is critical to the funding status of the retirement Plan.

**PALM TRAN INC. -
AMALGAMATED TRANSIT UNION LOCAL 1577 PENSION PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

DECEMBER 31, 2021 AND 2020

The Plan's investment portfolio experienced a money-weighted rate of return of approximately 12.3% and 16.5%, respectively, during the years ended December 31, 2021 and 2020. It is important to remember that a retirement plan's funding is based on a long time horizon, where temporary ups and downs in the market are expected. The more critical factor is that the Plan be able to meet an expected annual return on investments of 7.25% and 7.5%, respectively, during the years ended December 31, 2021 and 2020.

**Additions to Net Position (Table 2)
As of December 31, 2021, 2020, and 2019**

	2021	2020	2019	Increase (Decrease) 2020 to 2021		Increase (Decrease) 2019 to 2020	
				\$	%	\$	%
Employer contributions	\$ 6,268,796	\$ 6,338,056	\$ 5,809,852	\$ (69,260)	(1.1%)	\$ 528,204	9.1%
Employee contributions	987,691	976,061	943,170	11,630	1.2%	32,891	3.5%
Net investment income (loss)	17,116,840	19,587,534	19,052,799	(2,470,694)	(12.6%)	534,735	2.8%
Total additions	\$ 24,373,327	\$ 26,901,651	\$ 25,805,821	\$ (2,528,324)	(9.4%)	\$ 1,095,830	4.2%

Deductions from plan net position

The Plan was created to provide retirement, survivor and disability benefits to qualified members and their beneficiaries. The cost of such programs includes recurring benefit payments, refunds of contributions to employees who terminate employment, and the cost of administering the Plan.

**Deductions from Net Position (Table 3)
As of December 31, 2021, 2020, and 2019**

	2021	2020	2019	Increase (Decrease) 2020 to 2021		Increase (Decrease) 2019 to 2020	
				\$	%	\$	%
Participant benefit payments	\$ 7,803,238	\$ 7,211,941	\$ 6,752,431	\$ 591,297	8.2%	\$ 459,510	6.8%
Refunds of participant contributions	438,176	394,497	452,833	43,679	11.1%	(58,336)	(12.9%)
Administrative expenses	287,715	277,662	276,527	10,053	3.6%	1,135	0.4%
Total deductions	\$ 8,529,129	\$ 7,884,100	\$ 7,481,791	\$ 645,029	8.2%	\$ 402,309	5.4%

Fiduciary responsibilities

The Board of Trustees is the fiduciary of the Plan. Fiduciaries are charged with the responsibility of assuring that the assets of the Plan are used exclusively for the benefit of plan participants and their beneficiaries and defraying reasonable expenses of administering the Plan.

Requests for information

This financial report is designed to provide the Board of Trustees, our membership, taxpayers, and investment managers with an overview of the Plan's finances and accountability for the money received. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Palm Tran Inc. – Amalgamated Transit Union Local 1577 Pension Plan
c/o Strategic Benefit Advisors, Inc.
2392 Mount Vernon Road, Suite 200
Atlanta, GA 30338

BASIC FINANCIAL STATEMENTS

**PALM TRAN, INC. -
 AMALGAMATED TRANSIT UNION LOCAL 1577 PENSION PLAN
 STATEMENTS OF FIDUCIARY NET POSITION**

DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Receivables:		
Interest and dividends	\$ 111,716	\$ 123,555
Pending trades receivable	189,495	156,665
Total Receivables	<u>301,211</u>	<u>280,220</u>
Investments:		
Money market funds	9,761,315	8,604,662
U.S. Treasury bills	1,914,646	-
U.S. Government obligations	6,834,784	10,340,618
Asset-backed securities	5,175,624	216,370
Corporate obligations	5,890,472	9,252,005
Convertible bonds	6,404,357	6,202,628
Fixed income mutual funds	25,883,263	18,922,357
International equity securities	850,442	1,140,314
Domestic equity securities	17,536,277	15,002,851
Equity mutual funds	56,321,175	57,200,690
Preferred equity securities	1,215,246	1,096,927
Global infrastructure fund	8,311,738	5,698,589
Stock index fund	6,819,173	-
Commingled real estate fund	13,525,462	11,665,533
Total Investments	<u>166,443,974</u>	<u>145,343,544</u>
Total Assets	<u>166,745,185</u>	<u>145,623,764</u>
LIABILITIES		
Accounts payable	74,499	143,900
Pending trades payable	5,759,384	534,859
Prepaid contributions from Palm Beach County	6,390,895	6,268,796
Total Liabilities	<u>12,224,778</u>	<u>6,947,555</u>
Net position Restricted for Pension Benefits	<u>\$ 154,520,407</u>	<u>\$ 138,676,209</u>

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

**PALM TRAN, INC. -
AMALGAMATED TRANSIT UNION LOCAL 1577 PENSION PLAN
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION**

YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Additions		
Contributions		
Employer	\$ 6,268,796	\$ 6,338,056
Employee	987,691	976,061
Total Contributions	<u>7,256,487</u>	<u>7,314,117</u>
Investment Income:		
Net appreciation in fair value of investments (realized and unrealized)	13,882,497	17,286,969
Interest and dividends	3,741,070	2,745,207
Other	9,092	3,188
	<u>17,632,659</u>	<u>20,035,364</u>
Less investment expenses	<u>(515,819)</u>	<u>(447,830)</u>
Net Investment Income	<u>17,116,840</u>	<u>19,587,534</u>
Total Additions	<u>24,373,327</u>	<u>26,901,651</u>
Deductions		
Participant benefit payments	7,803,238	7,211,941
Refunds of participant contributions	438,176	394,497
Administrative expenses	287,715	277,662
Total Deductions	<u>8,529,129</u>	<u>7,884,100</u>
Net increase in net position restricted for pension benefits	15,844,198	19,017,551
Net position restricted for pension benefits, beginning of year	<u>138,676,209</u>	<u>119,658,658</u>
Net position restricted for pension benefits, end of year	<u>\$ 154,520,407</u>	<u>\$ 138,676,209</u>

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

**PALM TRAN, INC. -
AMALGAMATED TRANSIT UNION LOCAL 1577 PENSION PLAN
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2021 AND 2020

Note 1—Summary of significant accounting policies

Basis of Accounting – The financial statements of the Palm Tran, Inc. - Amalgamated Transit Union Local 1577 Pension Plan (the “Plan”) are prepared using the accrual basis of accounting. Contributions from the Plan’s members are recognized as revenue in the period in which the contributions are due. Contributions from Palm Beach County (the “County”) on behalf of Palm Tran, Inc. are recognized as revenue when due and when the County is legally required to provide contributions. Expenses are recognized in the accounting period incurred, if measurable. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Method Used to Value Investments – Investments, with the exceptions of money market funds, the global infrastructure fund, the stock index fund, and the commingled real estate fund, are reported at fair value. Money market funds are reported at amortized cost, which approximates fair value, and the global infrastructure fund, the stock index fund, and the commingled real estate fund are reported at net asset value (“NAV”). Securities traded on national or international exchanges are valued at the last reported sales price or exchange rates. NAV of the global infrastructure fund, the stock index fund, and the commingled real estate fund are determined by the fund managers using fair values of the underlying investments of the funds. There are no restrictions or terms and conditions on the Plan in redeeming the global infrastructure fund, the stock index fund, and the commingled real estate fund, and the Plan has no unfunded commitments related to the investments. Real estate values are based upon independent appraisals performed for assets held by the open-end fund annually, with restricted-scope appraisals conducted on a quarterly basis for those assets not receiving a full appraisal. The fair value of real estate is determined as the price that the Plan would expect to receive if the asset was sold to a market participant assuming the highest and best use of each asset at the date of the statements of fiduciary net position. Net appreciation (depreciation) in fair value of investments includes the difference between cost and fair value of investments held, as well as, the net realized gains and losses for securities which are sold. Interest and dividend income are recognized on the accrual basis when earned. Purchases and sales of investments are recorded on a trade date basis.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Risks and Uncertainties – Investment securities, in general, are subject to various risks, such as interest rate, credit and overall market volatility. Due to the levels of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statements of fiduciary net position.

Note 2—Plan description and contribution information

The Plan is a single employer contributory defined benefit pension plan established by an agreement between Florida Transit Management, Inc. and Local Union 1577 of the Amalgamated Transit Union, AFL-CIO, CLC (the “Union”) on January 1, 1977. In 1996, Palm Tran, Inc. became the successor employer assuming all rights and obligations of Florida Transit Management, Inc. under the Plan. The Plan covers all full-time employees of Palm Tran, Inc. The Plan is administered by a Board of Trustees (the “Board”) comprised of four trustees appointed by Palm Tran, Inc. and the Union, who have the authority to establish and amend benefits.

**PALM TRAN, INC. -
AMALGAMATED TRANSIT UNION LOCAL 1577 PENSION PLAN
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2021 AND 2020

Note 2—Plan description and contribution information (continued)

The Plan provides retirement, death, and disability benefits to its participants. In general, normal retirement benefits are 2.5% of the participant's final average salary multiplied by the years of credited service up to a maximum of 25 years. Participants that have greater than five but fewer than ten years of credited service as of the participant's first anniversary date on or after October 1, 2013 will have a benefit multiplier of 2%. Participants with fewer than five years of credited service on or before their first anniversary date on or after October 1, 2013 will have a benefit multiplier of 1.6%. In all cases, service accrued prior to October 1, 2013 will be credited with the 2.5% multiplier.

The "final average salary" represents the highest average gross compensation earned by the employee during any three calendar years in the employment of the employer. For participants who have earned fewer than 5 years of credited service as of October 1, 2013, the "final average salary" represents the highest average gross compensation earned by the employee during any five-calendar years in the employment of the employer. For participants hired on or after October 1, 2013, the "final average salary" represents the highest average gross compensation earned by the employee during any eight calendar years in the employment of the employer.

Retirees and terminated participants are entitled to receive an amount equal to their employee contributions, payable in a lump-sum.

Normal Retirement – A participant can receive normal (unreduced) retirement benefits at age 65 or the completion of five years of credited service. For participants that have earned fewer than ten years of credited service as of the participant's first anniversary date on or after October 1, 2013, the normal retirement age will be age 65 with the completion of 8 or more years of credited service or 33 years of credited service regardless of age.

The retirement benefits of a participant retiring after the date on which he or she became eligible for normal retirement will be increased by 1% for each of the first 60 months that the retirement date follows the normal retirement date, plus 1.5% for each month thereafter.

Early Retirement – A participant can receive early retirement benefits at age 55 upon the completion of ten years of credited service. The pension benefit is reduced by ½% for each month of early retirement prior to age 60. For participants that have their first anniversary of employment on or after October 1, 2013, the reduction will be ½% for each month of early retirement prior to age 62.

Unreduced Early Retirement – Participants are eligible to retire with an unreduced early retirement if they meet either of the following conditions:

- (1) Attainment of age 62 and at least ten years of credited service (for participants that have their first anniversary of employment on or after October 1, 2013) or
- (2) Attainment of age 60 and at least ten years of credited service (for participants that have at least ten years credited service as of October 1, 2013).

Rule of 85 Retirement – Participants that have at least ten years of credited service as of October 1, 2013 are eligible for the Rule of 85 retirement if the sum of their age and years of credited service equals 85. If a participant retires under Rule of 85, the benefit will be determined in the same manner as a normal retirement with no reduction for age.

Disability Benefits – A participant who is totally and permanently disabled and has earned at least ten years of credited service will be eligible for disability retirement income. This amount is computed in the same manner as normal retirement, but with no reduction based on your age.

**PALM TRAN, INC. -
AMALGAMATED TRANSIT UNION LOCAL 1577 PENSION PLAN
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2021 AND 2020

Note 2—Plan description and contribution information (continued)

Supplemental Benefits – Participants retiring on or after age 60 with at least ten years of credited service are entitled to a supplemental benefit of \$200 per month, which continues until age 65. Participants retiring under the Rule of 85 before reaching age 60 will receive the supplemental benefit starting at age 60.

Death Benefits – If a participant dies before having retired and has not earned a vested percentage in his or her accrued pension benefit, his or her beneficiary will receive a cash benefit equal to the participant’s contributions plus interest earned before May 25, 2007. Upon the death of an active participant who has earned at least ten years of credited service, his or her designated beneficiary will receive, upon application, a lump-sum benefit in the amount of \$5,000 in addition to any other benefits payable to the participant. If the deceased was a retired participant who had earned at least ten years of credited service, the lump-sum benefit is \$7,500.

Refund of Participant Contributions – A participant who leaves employment with less than five years of credited service will receive a lump-sum distribution equal to the total employee contributions without interest.

Upon retirement directly from active service, a participant with ten years of credited service will receive a lump-sum distribution equal to the total employee contributions made prior to January 1, 2012, without interest. This benefit is payable in addition to a participant’s retirement benefit as described in the Plan document.

Participants consisted of the following at January 1, 2021, the date of the actuarial valuation:

Retirees and beneficiaries receiving benefits	411
Terminated employees entitled to benefits but not yet receiving them	105
Active plan members	<u>598</u>
Total	<u><u>1,114</u></u>

Participants are required by the Union’s collective bargaining agreement to make contributions of 3.0% of their compensation to the Plan. Prior to October 1, 2014, the County made contributions to the Plan as required by the collective bargaining agreement. Effective October 1, 2014, the County will contribute the minimum required contribution as determined by the Plan actuary and approved by the Board. Contribution requirements were established by and may be amended by the Union’s collective bargaining agreement. Administrative costs are financed through investment earnings.

Note 3—Deposits and investments

Custodial Credit Risk – Florida Statutes require the Plan to maintain its deposits with financial institutions in a qualified public depository, as determined by the Treasurer of the state of Florida (the “Treasurer”).

The Plan’s accounts maintained in qualified public depositories are covered by federal depository insurance for an amount equal to the aggregate of each participant’s ascertainable, non-contingent interest in the Plan (up to \$250,000 per participant). Amounts in excess of federal depository insurance are secured by the Public Depository Trust Fund (the “Trust Fund”) maintained by the Treasurer. The Trust Fund is a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a member fails.

**PALM TRAN, INC. -
AMALGAMATED TRANSIT UNION LOCAL 1577 PENSION PLAN
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2021 AND 2020

Note 3—Deposits and investments (continued)

Authorized Investments – The Plan’s investment practices are governed by Chapters 280 (Florida Security for Public Deposits Act) and 218 (Local Government Investment Policies), Florida Statutes, the Restated Agreement and Declaration of Trust and Pension Plan, and the Plan’s adopted investment policy. The Board has the authority to review and amend the investment policy. Florida Statutes, the Restated Agreement and Declaration of Trust and Pension Plan and the Plan’s investment policy authorize the Board to invest in equities, fixed income securities, real estate, infrastructure, and cash equivalents. The policy prohibits investments in tax-exempt bonds; interest only and principal only collateralized mortgage obligations; commodity futures; short sales; general obligations issued by a foreign government; hedge funds (unless approved by the Board); insurance annuities; repurchase agreements secured by anything but U.S.; margin purchase, lending or borrowing money; options; letter stock or private equity placements; private mortgages; securities lending (unless directed by the Board); investments and assets for which a generally recognized market is not available or for which there is no consistent or generally accepted pricing mechanism; securities of the money manager, the directed trustee/custodian bank or their parent or subsidiaries; and any investment prohibited by local, state, or federal law.

At December 31, 2021, the Plan had the following investments:

2021	Credit Rating (S&P)	Amount	Investment Maturity (in years)			
			Less than 1	1 - 5	5 - 10	More than 10
Money market funds	AAAm	\$ 9,761,315	\$ 9,761,315	\$ -	\$ -	\$ -
U.S. Treasury bills	AA+	1,914,646	1,914,646	-	-	-
U.S. Government obligations	AA+	6,834,784	3,367,223	-	-	3,467,561
Asset-backed securities	AA+	5,175,624	-	-	-	5,175,624
Corporate obligations	A .. BBB+	5,890,472	1,018,615	1,056,231	3,815,626	-
Convertible bonds	N/A	6,404,357	1,395,176	4,100,399	794,923	113,859
Fixed income subtotal		<u>35,981,198</u>	<u>\$ 17,456,975</u>	<u>\$ 5,156,630</u>	<u>\$ 4,610,549</u>	<u>\$ 8,757,044</u>
Fixed income mutual funds	N/R*	25,883,263				
International equity securities	N/R	850,442				
Domestic equity securities	N/R	17,536,277				
Equity mutual funds	N/R	56,321,175				
Preferred equity securities	N/R	1,215,246				
Global infrastructure fund	N/R	8,311,738				
Stock index fund	N/R	6,819,173				
Commingled real estate fund	N/R	13,525,462				
Total investments		<u>\$ 166,443,974</u>				

*Not Rated

**PALM TRAN, INC. -
AMALGAMATED TRANSIT UNION LOCAL 1577 PENSION PLAN
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2021 AND 2020

Note 3—Deposits and investments (continued)

At December 31, 2020, the Plan had the following investments:

2020	Credit Rating (S&P)	Amount	Investment Maturity (in years)			
			Less than 1	1 - 5	5 - 10	More than 10
Money market funds	AAAm	\$ 8,604,662	\$ 8,604,662	\$ -	\$ -	\$ -
U.S. Government obligations	AA+	10,340,618	2,966,792	759,887	6,613,939	-
Asset-backed securities	AA+	216,370	-	25,018	-	191,352
Corporate obligations	AA+ .. BBB+	9,252,005	637,983	1,775,499	6,780,897	57,626
Convertible bonds	N/A	6,202,628	29,227	4,540,088	1,437,247	196,066
Fixed income subtotal		34,616,283	\$ 12,238,664	\$ 7,100,492	\$ 14,832,083	\$ 445,044
Fixed income mutual funds	N/R*	18,922,357				
International equity securities	N/R	1,140,314				
Domestic equity securities	N/R	15,002,851				
Equity mutual funds	N/R	57,200,690				
Preferred equity securities	N/R	1,096,927				
Global infrastructure fund	N/R	5,698,589				
Commingled real estate fund	N/R	11,665,533				
Total investments		\$ 145,343,544				

*Not Rated

Interest Rate Risk – This 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 market interest rates. Although the Plan’s investment policy does not provide limitations as to maturities, the Plan minimizes risk of fair value losses in its fixed income portfolio due to rising interest rates by investing in fixed income common trust funds or by structuring its investment portfolio so that securities mature to meet ongoing cash requirements, thereby avoiding the need to sell securities on the open market prior to maturity; and by investing operating funds primarily in shorter-term securities or by cash flow projections.

Credit Risk – This is the risk that a security or 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 (“NSRO”). The Plan’s investment policy limits investments in fixed income securities to securities with the following ratings:

- Corporate fixed income: Standard & Poor’s (“S&P”) “BBB”, with an average bond portfolio rating of “A” or higher and
- Collateralized mortgage obligations backed by the full faith of the U.S. Government: a rating of “AA+” by S&P or equivalent by an NSRO

The tables above disclose the credit ratings by investment type as of December 31, 2021 and 2020.

Custodial Credit Risk – This is the risk that in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are held by the counterparty. The Plan’s policy is to maintain its investments in custodial accounts that identify securities held as assets of the Plan by registering securities in the name of the Plan, or in street name or nominee name as the Plan’s agent.

**PALM TRAN, INC. -
AMALGAMATED TRANSIT UNION LOCAL 1577 PENSION PLAN
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2021 AND 2020

Note 3—Deposits and investments (continued)

Concentration of Credit Risk – Per the Plan’s investment policy, equity investments, including convertible securities, infrastructure, and REITs, are limited to 70% of the Plan’s assets. Investments in shares of companies that have been publicly traded for less than one year are limited to no more than 10% of an investment manager’s total equity portfolio. Not more than 5% of an investment manager’s portfolio may be invested in the securities of a single corporate issuer. Investments in securities issued by foreign governments or corporations domiciled outside the United States are limited to 20% (at the time of purchase) of the Plan’s total market value. Not more than 2% of the total bond portfolio may be invested in a single corporation. Asset-backed securities investments in any one issuing corporation are limited to 5% of the total bond portfolio.

The following was the Board’s adopted asset allocation policy as of December 31, 2021:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	30%	8.3%
International equity	15%	4.0%
Bonds	24.5%	2.9%
Convertibles	10%	7.7%
Private real estate	10%	5.9%
REITS	5%	8.7%
Infrastructure	5%	7.5%
Cash	0.5%	10.0%
	<u>100%</u>	

Fair Value Hierarchy – The fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value, provides three levels of inputs to measure fair value. Because of the inherent uncertainty of valuations, estimated fair values may differ significantly from the values that would have been used had a ready market for these investments existed, and differences could be material.

The Plan classifies its investments into a hierarchical disclosure framework as follows:

Level 1 – Securities traded in an active market with available quoted prices for identical assets as of the reporting date.

Level 2 – Securities not traded on an active market but for which observable market inputs are readily available or Level I securities where there is a contractual restriction as of the reporting date.

Level 3 – Securities not traded in an active market and for which no significant observable market inputs are available as of the reporting date.

Securities classified in Level 1 are valued using prices quoted in the active markets for those securities. Securities in Level 2 and Level 3 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features and ratings. Matrix pricing is used to value securities based on the securities’ relationships to benchmark quoted prices. Level 3 securities use proprietary information or single source pricing.

**PALM TRAN, INC. -
AMALGAMATED TRANSIT UNION LOCAL 1577 PENSION PLAN
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2021 AND 2020

Note 3—Deposits and investments (continued)

At December 31, 2021, the Plan's measurements for investments were as follows:

December 31, 2021	Total	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)
Investments measured at fair value level				
U.S. Government obligations	\$ 6,834,784	\$ -	\$ 6,834,784	\$ -
U.S. Treasury bill	1,914,646	-	1,914,646	-
Asset-backed securities	5,175,624	-	-	5,175,624
Corporate obligations	5,890,472	-	5,890,472	-
Convertible bonds	6,404,357	-	6,404,357	-
Fixed income mutual funds	25,883,263	25,883,263	-	-
International equity securities	850,442	850,442	-	-
Domestic equity securities	17,536,277	17,536,277	-	-
Equity mutual funds	56,321,175	56,321,175	-	-
Preferred equity securities	1,215,246	1,215,246	-	-
Total investments measured at fair value	128,026,286	\$ 101,806,403	\$ 21,044,259	\$ 5,175,624
Investments measured at NAV				
Global infrastructure fund	8,311,738			
Stock index fund	6,819,173			
Commingled real estate fund	13,525,462			
Total investments measured at NAV	28,656,373			
Investments measured at amortized cost				
Money market funds	9,761,315			
Total investments measured at amortized cost	9,761,315			
Total investments	\$ 166,443,974			

**PALM TRAN, INC. -
AMALGAMATED TRANSIT UNION LOCAL 1577 PENSION PLAN
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2021 AND 2020

Note 3—Deposits and investments (continued)

At December 31, 2020, the Plan's measurements for investments were as follows:

December 31, 2020	Total	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)
Investments measured at fair value level				
U.S. Government obligations	\$ 10,340,618	\$ -	\$ 10,340,618	\$ -
Asset-backed securities	216,370	-	162,073	54,297
Corporate obligations	9,252,005	-	9,252,005	-
Convertible bonds	6,202,628	-	6,202,628	-
Fixed income mutual funds	18,922,357	18,922,357	-	-
International equity securities	1,140,314	1,140,314	-	-
Domestic equity securities	15,002,851	15,002,851	-	-
Equity mutual funds	57,200,690	57,200,690	-	-
Preferred equity securities	1,096,927	1,096,927	-	-
Total investments measured at fair value	119,374,760	\$ 93,363,139	\$ 25,957,324	\$ 54,297
Investments measured at NAV				
Global infrastructure fund	5,698,589			
Commingled real estate fund	11,665,533			
Total investments measured at NAV	17,364,122			
Investments measured at amortized cost				
Money market funds	8,604,662			
Total investments measured at amortized cost	8,604,662			
Total investments	\$ 145,343,544			

Note 4—Net pension liability of the County

The components of the net pension liability of the County at December 31, were as follows:

	2021	2020
Total pension liability	\$ 159,943,269	\$ 150,642,308
Plan fiduciary net position	154,520,407	138,676,209
Net pension liability of the County	\$ 5,422,862	\$ 11,966,099
Plan fiduciary net position as a percentage of the total pension liability	96.6%	92.1%

**PALM TRAN, INC. -
AMALGAMATED TRANSIT UNION LOCAL 1577 PENSION PLAN
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2021 AND 2020

Note 4—Net pension liability of the County (continued)

Mortality rates are fully generational using scale MP-2018. Assumptions for inflation and salary increases were 2.0% and 5% to 12.5%, respectively.

The discount rate used to measure the total pension liability was 7.0% and 7.25%, for the fiscal years 2021 and 2020, respectively. This is the single rate that reflects the long-term expected net rate of return on pension plan investments expected to be used to finance the payment of benefits, including inflation. The projection of cash flows used to determine this single discount rate assumed that the 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 the total 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 payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments (7.0%) was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the net pension liability of the County, calculated using the discount rate of 7.0% for the 2021 fiscal year, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate:

Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption

1% Decrease 6.00%	Current Single Discount Rate Assumption 7.00%	1% Increase 8.00%
\$ 22,372,197	\$ 5,422,862	\$ (8,961,194)

The following presents the net pension liability of the County, calculated using the discount rate of 7.25% for the 2020 fiscal year, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption

1% Decrease 6.25%	Single Discount Rate Assumption 7.25%	1% Increase 8.25%
\$ 27,817,910	\$ 11,966,099	\$ (1,508,403)

Note 5—Income taxes

The Plan's administrator and the Plan's tax counsel believe the Plan is currently designed and is being operated in compliance with the applicable requirements of the Internal Revenue Service Code and that, therefore, the Plan continues to qualify under Section 401(a) as tax-exempt as of December 31, 2021. Therefore, no provision for income taxes has been included in the Plan's financial statements.

Note 6—Subsequent events

Management has evaluated subsequent events through June 2, 2022 in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

**PALM TRAN, INC. -
AMALGAMATED TRANSIT UNION LOCAL 1577 PENSION PLAN
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Year Ending December 31,	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	\$ 4,348,404	\$ 4,130,151	\$ 4,040,432	\$ 4,022,548	\$ 3,657,542	\$ 3,614,568	\$ 3,699,372	\$ 3,517,163
Interest	10,912,701	10,597,228	10,357,277	10,013,496	9,655,384	9,070,466	8,602,255	7,920,953
Benefit changes	-	-	-	-	-	-	-	-
Difference between actual and expected experience	(1,534,186)	(1,369,424)	(1,085,883)	(1,801,094)	(2,489,675)	260,004	(2,653,460)	1,780,535
Assumption changes	3,815,456	3,572,156	1,674,262	3,193,461	(523,606)	-	1,585,562	-
Benefit payments, including refunds of member contributions	(8,241,414)	(7,606,438)	(7,205,264)	(6,625,328)	(5,898,029)	(5,467,344)	(5,009,083)	(4,626,680)
Net change in total pension liability	9,300,961	9,323,673	7,780,824	8,803,083	4,401,616	7,477,694	6,224,646	8,591,971
Total pension liability - beginning	150,642,308	141,318,635	133,537,811	124,734,728	120,333,112	112,855,418	106,630,772	98,038,801
Total pension liability	\$ 159,943,269	\$ 150,642,308	\$ 141,318,635	\$ 133,537,811	\$ 124,734,728	\$ 120,333,112	\$ 112,855,418	\$ 106,630,772
Plan fiduciary net position								
Contributions - County	\$ 6,268,796	\$ 6,338,056	\$ 5,809,852	\$ 5,509,648	\$ 5,421,844	\$ 5,589,705	\$ 5,215,491	\$ 7,205,534
Contributions - Members	987,691	976,061	943,170	923,986	912,362	867,999	777,273	684,731
Net investment income	17,116,840	19,587,534	19,052,799	(4,414,367)	12,590,071	5,754,084	(1,839,676)	4,845,252
Benefit payments, including refunds of member contributions	(8,241,414)	(7,606,438)	(7,205,264)	(6,625,328)	(5,898,029)	(5,467,344)	(5,009,083)	(4,626,680)
Administrative expense	(287,715)	(277,662)	(276,527)	(372,153)	(213,695)	(157,019)	(182,444)	(223,302)
Net changes in Plan fiduciary net position	15,844,198	19,017,551	18,324,030	(4,978,214)	12,812,553	6,587,425	(1,038,439)	7,885,535
Total Plan fiduciary net position - beginning	138,676,209	119,658,658	101,334,628	106,312,842	93,500,289	86,912,864	87,951,303	80,065,768
Total Plan fiduciary net position - ending	154,520,407	138,676,209	119,658,658	101,334,628	106,312,842	93,500,289	86,912,864	87,951,303
Net pension liability ending	\$ 5,422,862	\$ 11,966,099	\$ 21,659,977	\$ 32,203,183	\$ 18,421,886	\$ 26,832,823	\$ 25,942,554	\$ 18,679,469
Plan fiduciary net position as a percentage of the total pension liability	96.6%	92.1%	84.7%	75.9%	85.2%	77.7%	77.0%	82.5%
Covered payroll	\$ 32,799,623	\$ 32,525,195	\$ 31,395,399	\$ 30,674,568	\$ 30,402,375	\$ 30,061,310	\$ 27,512,115	\$ 24,661,404
Net pension liability as a percentage of covered payroll	16.5%	36.8%	69.0%	105.0%	60.6%	89.3%	94.3%	75.7%

Note to Schedule:

Government accounting standards require ten-year trend information. As fiscal year 2014 is the first year of implementation, additional years will be displayed as the information becomes available.

**PALM TRAN, INC. -
 AMALGAMATED TRANSIT UNION LOCAL 1577 PENSION PLAN
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

SCHEDULE OF CONTRIBUTIONS

FY Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2021	\$ 6,268,796	\$ 6,268,796	\$ -	\$ 32,799,623	19.1%
2020	6,338,056	6,338,056	-	32,525,195	19.5%
2019	5,809,852	5,809,852	-	31,395,399	18.5%
2018	5,509,648	5,509,648	-	30,674,568	18.0%
2017	5,421,844	5,421,844	-	30,402,375	17.8%
2016	5,482,364	5,589,705	(107,341)	30,061,310	18.2%
2015	5,123,999	5,215,491	(91,492)	27,512,115	18.6%
2014	4,744,444	4,522,038	222,406	24,661,404	19.2%
2013	5,684,906	4,102,966	1,581,940	25,724,674	22.1%
2012	5,544,441	3,836,843	1,707,598	24,999,674	22.2%

**PALM TRAN, INC. -
AMALGAMATED TRANSIT UNION LOCAL 1577 PENSION PLAN
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN

<u>Years Ended December 31,</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expenses</u>
2021	12.3 %
2020	16.5 %
2019	18.9 %
2018	-4.0 %
2017	14.0 %
2016	7.4 %
2015	-1.6 %
2014	6.6 %

Note: Government accounting standards require ten-year trend information. As fiscal year 2014 is the first year of implementation, additional years will be displayed as the information becomes available.

**PALM TRAN, INC. -
 AMALGAMATED TRANSIT UNION LOCAL 1577 PENSION PLAN
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Valuation Date January 1, 2020

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Asset valuation method	5-year smoothed market
Amortization method	Level percent of pay, closed
Remaining amortization period	New amortization bases are set up over 25 years
Inflation	2.0%
Salary increases	5% to 12.5%
Investment rate of return	7.5% net of investment expenses, including inflation
Retirement age	Tier 1 Members with at least 10 years of service and who have not reached the Rule of 85 retire at a rate of 10% between age 62 and 64. Members with at least 5 years of service and who have not reached the Rule of 85 retire at a rate of 10% between age 65 and 68. Tier 1 Members who are age 69 or have met the Rule of 85 are assumed to retire immediately. Tier 2 and 3 Members are assumed to retire at the earliest of 65 with 5 years of service, age 62 with 10 years of service, or at 33 years of service regardless of age. Tier 4 Members are assumed to retire at the earliest of 65 with 8 years of service or 62 with 10 years of service.
Mortality	RP-2000 Combined Mortality Table using Scale BB projected to valuation year.
Benefit changes	None.
Changes in assumptions	Investment rate of return was revised from 7.75% to 7.5%.

OTHER SUPPLEMENTARY INFORMATION

**PALM TRAN, INC. -
 AMALGAMATED TRANSIT UNION LOCAL 1577 PENSION PLAN
 SCHEDULES OF ADMINISTRATIVE AND INVESTMENT EXPENSES**

YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Administrative expenses		
Administrative services	\$ 129,419	\$ 123,900
Legal services	59,319	58,195
Actuarial services	54,400	61,925
Accounting services	17,400	17,225
Liability insurance	12,153	11,167
Trustee expenses	13,915	3,618
Other administrative expenses	1,109	1,632
Total administrative expenses	<u>\$ 287,715</u>	<u>\$ 277,662</u>
Investment expenses		
Investment management fees	\$ 377,073	\$ 325,071
Custodial fees	96,746	82,759
Performance monitoring fees	42,000	40,000
Total investment expenses	<u>\$ 515,819</u>	<u>\$ 447,830</u>

See accompanying Report of Independent Auditor

OTHER REPORT

**Independent Auditor’s Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Board of Trustees
Palm Tran Inc. - Amalgamated Transit Union Local 1577 Pension Plan
West 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 Palm Tran Inc. - Amalgamated Transit Union Local 1577 Pension Plan (the “Plan”) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Plan’s basic financial statements, and have issued our report thereon, dated June 2, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Plan’s internal control over financial reporting (“internal control”) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan’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 entity’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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plan’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 this Report

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

Cheryl Bohart CPA

Orlando, Florida
June 2, 2022