

CITY OF MIRAMAR
FIREFIGHTERS RETIREMENT PLAN

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2019

CITY OF MIRAMAR
FIREFIGHTERS RETIREMENT PLAN

YEAR ENDED SEPTEMBER 30, 2019

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR’S REPORT	1-3
MANAGEMENT’S DISCUSSION AND ANALYSIS	4-7
FINANCIAL STATEMENTS	
Statement of Fiduciary Net Position	8
Statement of Changes in Fiduciary Net Position	9
Notes to Financial Statements	10-22
SUPPLEMENTARY INFORMATION	
Schedule of Administrative Expenses	24
Schedules of Contributions from Employer and Other Contributors	25
Schedule of Investment Returns	26
Schedules of Changes in the Employer’s Net Pension Liability and Related Ratios	27-28
COMPLIANCE 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	30-31

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the
City of Miramar Firefighters Retirement Plan

We have audited the accompanying financial statements of the City of Miramar Firefighters Retirement Plan, which comprise the statement of fiduciary net position as of September 30, 2019, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

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.

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the City of Miramar Firefighters Retirement Plan as of September 30, 2019, and the changes in its fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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INDEPENDENT AUDITOR'S REPORT (Continued)

Other Matters

Prior Year Comparative Information

We have previously audited the City of Miramar Firefighters Retirement Plan's 2018 financial statements, and our report dated January 21, 2019, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-7, and the schedules of contributions from employers and other contributors, schedule of investment returns, and schedules of changes in the employer's net pension liability and related ratios on pages 25-28 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.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of administrative expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 audited standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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INDEPENDENT AUDITOR'S REPORT (Continued)

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 20, 2020, on our consideration of the City of Miramar Firefighters Retirement 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 City of Miramar Firefighters Retirement 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 City of Miramar Firefighters Retirement Plan's internal control over financial reporting and compliance.

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

Weston, Florida
January 20, 2020

CITY OF MIRAMAR

FIREFIGHTERS RETIREMENT PLAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report presents the Management's Discussion and Analysis (MD&A) of the City of Miramar Firefighters Retirement Plan's (the Plan) financial performance. This analysis provides an overview of the financial activities and funding conditions for the fiscal year ended September 30, 2019. Please read it in conjunction with the Plan's financial statements, which immediately follow.

General Overview of the Plan

The Plan was first established on July 7, 1981 pursuant to the City of Miramar, Florida's City Ordinance No. 81-32. It was restated with an effective date of October 1, 1999 by Ordinance No. 00-47. The latest amendment was Ordinance No. 19-11, adopted January 16, 2019.

There is a Board of Trustees (the Board) in whom the general administration, management and responsibility for the proper operation of the Plan is vested.

Overview of the Financial Statements

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

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

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

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

Financial Highlights

The Plan's net results from operations for fiscal year 2019 reflected the following financial activities:

- Total net position restricted for pensions was \$167,276,400, which was 6% greater than the 2018 total net position restricted for pensions.
- Total contributions were \$8,696,882, which was 18% lower than the 2018 contributions.
- Total interest and dividend income was \$3,171,505, which was 57% greater than the 2018 income.
- Net investment income was \$6,126,892, which was 56% lower than the 2018 income.
- Benefit payments were \$3,945,276, which was 9% greater than the benefits paid during 2018.

CITY OF MIRAMAR

FIREFIGHTERS RETIREMENT PLAN

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Financial Highlights (Continued)

- Employer, employee, permissive service credit and Chapter 175 contributions for the year were \$8,696,882, which was 18% lower than the 2018 contributions. The amount of employer contributions varies from year to year and is actuarially determined. Participant contributions were 8.47% of their compensation.

Statement of Fiduciary Net Position

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

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

- Net position restricted for pensions at September 30, 2019 was \$167,276,400, a 6% increase from the net position at September 30, 2018.
- Total investments, at fair value at September 30, 2019 were \$166,016,686, a 7% increase from the investments at September 30, 2018.

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

	2019	2018	% Change
Cash	\$ 764,947	\$ 555,378	38%
Receivables	1,336,776	1,834,479	(27%)
Prepaid expense	6,810	5,400	26%
Investments, at fair value	166,016,686	155,650,830	7%
Total assets	168,125,219	158,046,087	6%
Total liabilities	848,819	971,437	(13%)
Net position restricted for pensions	\$ 167,276,400	\$ 157,074,650	6%

Statement of Changes in Fiduciary Net Position

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

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

- Revenues (additions to the fiduciary net position) for the Plan were \$14,826,473, which was made up of total contributions of \$8,696,882, plus net investment income of \$6,126,892, and other income of \$2,699.

CITY OF MIRAMAR
FIREFIGHTERS RETIREMENT PLAN

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Statement of Changes in Fiduciary Net Position (Continued)

- Expenses (deductions from the fiduciary net position) decreased from \$5,060,693 during 2018 to \$4,624,723 during 2019.

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

	2019	2018	% Change
Total contributions	\$ 8,696,882	\$ 10,655,617	(18%)
Net investment income	6,126,892	13,829,285	(56%)
Other income	2,699	4,185	(36%)
Total additions	14,826,473	24,489,087	(39%)
Total deductions	4,624,723	5,060,693	(9%)
Net increase	10,201,750	19,428,394	(47%)
Net position restricted for pensions - beginning	157,074,650	137,646,256	14%
Net position restricted for pensions - ending	\$ 167,276,400	\$ 157,074,650	6%

Asset Allocation

The table below indicates the Plan's investment policy limitations and actual asset allocations as of September 30, 2019:

Type of Investment	Investment Policy	Actual Allocation
Domestic equities	35% to 65%	55.30%
International equities	5% to 25%	13.70%
Fixed income	15% to 30%	14.20%
Real assets	5% to 25%	12.80%
Cash and cash equivalents	0% to 10%	4.00%

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

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

CITY OF MIRAMAR

FIREFIGHTERS RETIREMENT PLAN

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Investment Activities

Investment income is vital to the Plan for current and future financial stability. Therefore, the Board has a fiduciary responsibility to act prudently when making plan investment decisions. To assist the Board in this area, the Board retains investment managers who supervise and direct the investment of the assets. The Board also retains an investment monitor to evaluate and report on quarterly basis compliance by the investment managers with the investment policy of the Board and investment performance of the Plan. The investment policy statement was last amended on November 26, 2018.

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

Financial Analysis Summary

The investment activities for the fiscal year ended September 30, 2019 are a function of the underlying market, money managers' performance and the investment policy's asset allocation model. The Plan has consistently implemented a high quality, conservative approach.

Contacting the Plan's Financial Management

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

City of Miramar Firefighters Retirement Plan
c/o Resource Centers, LLC
4360 Northlake Blvd, Suite 206
Palm Beach Gardens, FL 33410

CITY OF MIRAMAR
FIREFIGHTERS RETIREMENT PLAN

STATEMENT OF FIDUCIARY NET POSITION

SEPTEMBER 30, 2019
(WITH COMPARATIVE TOTALS AS OF SEPTEMBER 30, 2018)

	<u>2019</u>	<u>2018</u>
ASSETS		
CASH	\$ 764,947	\$ 555,378
RECEIVABLES:		
Chapter 175 contributions receivable	1,070,720	989,693
Accounts receivable - sale of investments	114,724	678,368
Accrued investment income	151,332	166,418
TOTAL RECEIVABLES	<u>1,336,776</u>	<u>1,834,479</u>
PREPAID EXPENSE	<u>6,810</u>	<u>5,400</u>
INVESTMENTS, AT FAIR VALUE:		
Equity securities	114,459,563	108,833,664
Certificates of deposit	2,984,914	1,070,861
Foreign bonds	765,011	554,434
Collateralized mortgage obligations	1,126,117	1,192,875
Government securities	10,148,194	10,412,137
Asset backed securities	1,351,614	1,080,095
Corporate bonds	7,241,993	6,517,849
Real estate funds	16,125,067	15,173,266
Timber funds	5,174,217	5,275,864
Money market funds	6,639,996	5,539,785
TOTAL INVESTMENTS, AT FAIR VALUE	<u>166,016,686</u>	<u>155,650,830</u>
TOTAL ASSETS	<u>168,125,219</u>	<u>158,046,087</u>
LIABILITIES		
ACCOUNTS PAYABLE	116,779	111,316
ACCOUNTS PAYABLE - PURCHASE OF INVESTMENTS	<u>732,040</u>	<u>860,121</u>
TOTAL LIABILITIES	<u>848,819</u>	<u>971,437</u>
NET POSITION RESTRICTED FOR PENSIONS		
NET POSITION RESTRICTED FOR PENSIONS:		
Net position restricted for defined benefits	129,487,239	124,732,829
Net position restricted for DROP benefits	22,150,243	18,222,523
Net assets held in trust for share benefits	15,638,918	14,119,298
TOTAL NET POSITION RESTRICTED FOR PENSIONS	<u>\$ 167,276,400</u>	<u>\$ 157,074,650</u>

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

CITY OF MIRAMAR
FIREFIGHTERS RETIREMENT PLAN

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED SEPTEMBER 30, 2019
(WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2018)

	<u>2019</u>	<u>2018</u>
ADDITIONS:		
Contributions:		
Employer	\$ 6,289,566	\$ 6,888,087
Employee	1,296,385	1,985,058
Chapter 175	1,070,720	989,693
Permissive service credit	40,211	792,779
Total contributions	<u>8,696,882</u>	<u>10,655,617</u>
Investment income:		
Net appreciation in fair value of investments	3,566,554	12,359,721
Interest and dividend income	3,171,505	2,016,215
Total investment income	6,738,059	14,375,936
Less: investment expenses	611,167	546,651
Net investment income	<u>6,126,892</u>	<u>13,829,285</u>
Other income	2,699	4,185
TOTAL ADDITIONS	<u>14,826,473</u>	<u>24,489,087</u>
DEDUCTIONS:		
Benefit payments	3,945,276	3,617,947
DROP distributions	343,196	490,216
Share plan distributions	155,321	778,271
Administrative expenses	180,930	174,259
TOTAL DEDUCTIONS	<u>4,624,723</u>	<u>5,060,693</u>
NET INCREASE IN NET POSITION RESTRICTED FOR PENSIONS	10,201,750	19,428,394
NET POSITION RESTRICTED FOR PENSIONS - BEGINNING	<u>157,074,650</u>	<u>137,646,256</u>
NET POSITION RESTRICTED FOR PENSIONS - ENDING	<u>\$ 167,276,400</u>	<u>\$ 157,074,650</u>

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

CITY OF MIRAMAR
FIREFIGHTERS RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investment Valuation and Income Recognition

Investments are reported at fair value (see Note 3). Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (see Note 5 for discussion of fair value measurements).

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

Basis of Accounting and Use of Estimates

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

Concentration of Credit Risk

Financial instruments which potentially expose the Plan to concentration of credit risk, as defined by GAAP, consist primarily of cash, contribution receivables and interest receivable.

The Plan maintains its cash deposits at a financial institution which, from time to time, may exceed federally insured limits. The exposure of the Plan from these transactions is solely dependent upon the daily account balance and the financial strength of the respective institution. The Plan manages this risk by maintaining its deposit accounts at a high quality financial institution. As of September 30, 2019, the Plan had approximately \$518,000 of deposits in excess of federally insured limits.

The Plan's investments consist of common stocks, REITS, certificates of deposit, international funds, collateralized mortgage obligations, asset backed securities, government securities, corporate bonds, real estate funds, mutual funds, certificates of deposits, and money market funds, which inherent in the fair market value determination, include the risk factor of credit worthiness for each individual security.

Comparative Information

The financial statements include certain prior-year comparative information. Such summarized information does not include sufficient detail in the notes to financial statements to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Plan's financial statements for the year ended September 30, 2018, from which the information was derived.

CITY OF MIRAMAR FIREFIGHTERS RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2019

(Continued)

NOTE 2. DESCRIPTION OF THE PLAN

The following description of the City of Miramar Firefighters Retirement Plan (the Plan) provides only general information. Participants should refer to the City of Miramar, Florida's ordinance for more detailed and comprehensive information.

General

The Plan is a single-employer defined benefit plan, established by the City of Miramar, Florida (the City), pursuant to City Ordinance No. 81-32 (as amended) which became effective July 7, 1981. As the Plan is sponsored by the City, the Plan is included as a pension trust fund in the City's comprehensive annual financial report as part of the City's financial reporting entity.

The Plan is administered by a board of five trustees (the Board) comprised of two legal residents of the City appointed by the City commission, two active firefighters elected by the active participants of the Plan and a fifth participant, chosen by a majority of the other four trustees.

Plan Participation

At September 30, 2019, Plan participation consisted of the following:

Fully vested, partially vested and non-vested	
active employees covered by the Plan	148
Retirees and beneficiaries	47
Terminated employees entitled to benefits	
but not receiving them	<u>4</u>
	<u>199</u>

Benefits

Firefighters who have reached age 55 with 10 years of credited service or with 25 or more years of service are entitled to normal retirement benefits equal to 3% of average final monthly compensation times years of credited service, subject to a maximum of the greater of 80% of average final compensation or 3% of average final compensation times years of creditable service.

Participants who have attained age 50 with 10 years of credited service are eligible for early retirement benefits. Payments are calculated in the same manner as the normal retirement benefit reduced by 3% for each year by which their age at retirement precedes their normal retirement age. Deferred payments are payable at age 55 and calculated in the same manner as the normal retirement benefit.

CITY OF MIRAMAR
FIREFIGHTERS RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2019

(Continued)

NOTE 2. DESCRIPTION OF THE PLAN (Continued)

Disability Benefits

Participants with total and permanent disability incurred in the line of duty prior to normal retirement date are entitled to the greater of the accrued benefit as of the date of disability or 66 2/3% of average final compensation as of disability date.

Participants with total and permanent disability not incurred in the line of duty after completion of 10 years of credited service but prior to normal retirement date are entitled to the greater of the then accrued benefit or 30% of average final compensation as of disability date.

Death Benefits

For death in the line of duty, the spouse is due the greater of the accrued benefit at the date of death or 75% of average final compensation adjusted as if the participant had retired on the date of death and had elected a joint and 100% survivor benefit.

For death not in the line of duty, the designated beneficiary will receive the participant's accumulated contributions.

Post Retirement Supplement

A post retirement supplement is paid for the purpose of offsetting medical insurance premiums at \$150 per month, increasing 1.0% above the Consumer Price Index annually, payable for the life of the participants retiring on or after October 1, 1999.

Cost of Living Adjustment

Effective October 1, 1999 the Board shall determine, in consultation with the actuary, a cost of living adjustment (COLA) necessary to maintain a participant's purchasing power at 75% of its value on date of retirement. In no event shall the annual COLA benefit be less than 3% per year. The 3% minimum adjustment shall apply to participants of the Plan that retire on or after October 1, 1999. Effective October 1, 2009, retirees and vested participants who terminated employment prior to October 1, 1999 would be provided a COLA of 3% per year on a prospective basis based upon the October 1, 2009 value of their Plan benefits.

Deferred Retirement Option Plan

The Plan implemented a Deferred Retirement Option Plan (DROP) during September, 2004. Participants who have met the requirement of normal retirement are eligible to participate. Participation in the DROP is limited to 60 months from the DROP entry date.

The maximum period of DROP participation shall decrease by one month for each month following the attainment of entry eligibility. However, for participants who have attained age 55 and have completed 10 years of credited service, the maximum period of DROP participation would not be reduced as long as they enter the DROP prior to completion of 25 years of credited service.

CITY OF MIRAMAR

FIREFIGHTERS RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2019

(Continued)

NOTE 2. DESCRIPTION OF THE PLAN (Continued)

Deferred Retirement Option Plan (Continued)

The DROP plan provisions call for a 4% participant contribution which is credited to the participant's account together with a matching contribution from the Plan. The total amount of such contributions during the year ended September 30, 2019 was \$151,524 and was included in employee contributions in the statement of changes in fiduciary net position. Future years of credited service and increases in salary do not change the DROP participant's pension benefit.

For participants that entered the DROP prior to October 1, 2012, interest earned is based on an irrevocable election, made at the time of entry into the DROP, of either the Plan's rate of return or the prevailing actuarial assumption rate minus 150 basis points.

Participants who enter the DROP on or after October 1, 2012 and who were not eligible for normal retirement on October 1, 2012, shall have their DROP accounts credited quarterly with the interest earned or lost at a rate equal to the Plan's actual investment return, net of investment expenses. However, the annual rate credited shall be capped at 8% and have a 0% floor.

Share Plan

A Share plan was established effective October 1, 2009. Participants actively employed on October 1, 2009 would be eligible for share allocations. Retirees and vested former participants, who were employed for at least one (1) year on September 30, 1999 and thereafter, would also be eligible for share allocations, determined based on their service through their dates of termination. The first \$1,124,210 of Chapter 175 money received per year shall be allocated on a pro-rata basis as specified by the Collective Bargaining Agreement in effect at the time the Share plan was established. Chapter 175 money received in excess of \$1,124,210 shall be divided equally with the City. The Plan's portion of this excess shall be used to fund the Share portion of the Plan. The City's portion of this excess shall be used to reduce the unfunded liability of the Plan. Share account balances for participants who terminated employment prior to becoming vested would revert back into the Share plan (forfeitures) and be reallocated to eligible participants.

Participants eligible to retire prior to October 1, 2012 have the option to select between two methods to credit investment earnings to their share accounts. The method elected may be changed each year effective on October 1. The methods available are actual Plan earnings net of investment expenses, or a fixed annual rate of return equal to the then actuarial funding assumption rate used minus 150 basis points.

Participants eligible to retire on or after October 1, 2012, shall have their accounts credited quarterly with the interest earned or lost at a rate equal to the Plan's actual investment return, net of investments. However, the annual rate credited shall be capped at 8% and have a 0% floor.

Participants will not receive distributions from their share accounts until they have terminated employment with the City and are eligible for normal, early, disability, or death benefits from the Plan.

CITY OF MIRAMAR

FIREFIGHTERS RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2019

(Continued)

NOTE 2. DESCRIPTION OF THE PLAN (Continued)

Funding

All participants are required to contribute 8.47% of their base salaries or wages on a monthly basis. If a participant terminates employment before accumulating aggregate time of 10 years towards retirement, the accumulated contributions will be returned to the participant with 5.5% per annum interest.

Pursuant to Florida Statutes Chapter 175, the City imposes a 1.85% tax on fire insurance premiums paid to insure real or personal property within the City. The proceeds of this tax are contributed to this Plan as part of the City's contribution. During the 2018 Plan year end, the Plan and the City agreed that for the Chapter 175 money to be received for the 2018 Plan year, \$900,000 of the funds received will be used as a one-time offset of the City's contribution for the contribution due for the fiscal year ended September 30, 2019. This was a one-time agreement, and all future Chapter 175 monies shall be allocated to the Plan.

The City is expected to contribute such additional amounts as are necessary on an actuarial basis to fund the Plan's expenses, normal cost and to amortize the unfunded actuarial accrued liability. For the year ended September 30, 2019, the Plan's actuary determined that the required City contribution was \$7,189,566, of which \$900,000 was offset by the one-time agreement discussed above. As a result, the City's actual contribution was \$6,289,566, which was received by the Plan during the Plan year ended September 30, 2019.

In accordance with City Ordinance No. 16-14, members may purchase up to five years of voluntary permissive service credit. Total permissive service credit contributed during 2019 was \$40,211 and was included in contributions in the accompanying statement of changes in fiduciary net position.

Rate of Return

For the year ended September 30, 2019, the annual money-weighted rate of return on Plan investments, net of Plan investment expense, was 3.80%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 3. INVESTMENTS

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the Plan. The investment policy statement was last amended on November 26, 2018. The following was the Board's adopted asset allocation policy as of September 30, 2019:

<u>Type of Investment</u>	<u>Target Allocation</u>
Domestic equities	35% to 65%
International equities	5% to 25%
Fixed income	15% to 30%
Real assets	5% to 25%
Cash and cash equivalents	0% to 10%

CITY OF MIRAMAR

FIREFIGHTERS RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2019

(Continued)

NOTE 3. INVESTMENTS (Continued)

During the year ended September 30, 2019, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by \$3,566,554 (reported as net appreciation in fair value of investments in the statement of changes in fiduciary net position) as follows:

Common stocks	\$ 1,307,600
Certificates of deposits	126,585
International funds	286,908
Government securities	606,724
Corporate bonds	597,720
Collateralized mortgage obligations	55,993
Asset backed securities	20,415
Real estate funds	542,331
REITS	93,014
Mutual funds	<u>(70,736)</u>
Total	<u>\$ 3,566,554</u>

The Plan's investment policy does not use limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Plan's investments in government securities, corporate bonds and other fixed income securities had maturities as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More than 10</u>
Certificates of deposit	\$ 2,984,914	\$ -	\$ 2,984,914	\$ -	\$ -
Foreign bonds	765,011	-	459,523	97,235	208,253
Collateralized mortgage obligations	1,126,117	-	2,740	1,597	1,121,780
U.S. treasuries securities	4,178,492	-	-	2,880,639	1,297,853
U.S. agencies securities	5,969,702	-	89,002	1,712,871	4,167,829
Asset backed securities	1,351,614	-	1,145,557	206,057	-
Corporate bonds	<u>7,241,993</u>	<u>-</u>	<u>2,562,839</u>	<u>2,466,448</u>	<u>2,212,706</u>
Totals	<u>\$ 23,617,843</u>	<u>\$ -</u>	<u>\$ 7,244,575</u>	<u>\$ 7,364,847</u>	<u>\$ 9,008,421</u>

CITY OF MIRAMAR

FIREFIGHTERS RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2019
(Continued)

NOTE 3. INVESTMENTS (Continued)

The fixed-income portfolio shall have a minimum rating of investment grade as reported by a major crediting service. At September 30, 2019, the Plan's fixed income assets were rated as follows:

<u>Rating</u>	<u>Fair Value</u>
A1	\$ 1,304,275
A2	1,717,167
A3	1,263,270
Aa1	252,766
Aa2	521,118
Aa3	596,523
Aaa	6,378,567
Ba1	332,425
Baa1	991,937
Baa2	456,173
Baa3	227,534
Unrated	<u>9,576,088</u>
Total	<u><u>\$23,617,843</u></u>

The Plan limits investment in the securities of any one issuer, other than the U.S. Government and its agencies, to no more than 5% of fiduciary net position. The Plan had no investments in excess of 5% of fiduciary net position.

“Foreign currency risk” is the risk that fluctuations in currency exchange rate may affect transactions conducted in currencies other than U.S. Dollars and the carrying value of foreign investments. The Plan's exposure to foreign currency risk derives mainly from its investments in international equity funds. The Plan owns participation in international equity funds as well as individual securities.

The investment policy limits the foreign investments to no more than 25% of the Plan's investment balance. As of September 30, 2019, the foreign investments were 13.7% of total investments.

NOTE 4. RISKS AND UNCERTAINTIES

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

CITY OF MIRAMAR
FIREFIGHTERS RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2019

(Continued)

NOTE 4. RISKS AND UNCERTAINTIES (Continued)

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

NOTE 5. FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

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

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

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CITY OF MIRAMAR
FIREFIGHTERS RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2019

(Continued)

NOTE 5. FAIR VALUE MEASUREMENTS (Continued)

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

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

Timber funds: Valued at the net asset value of shares held by the Plan at year end.

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

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CITY OF MIRAMAR
FIREFIGHTERS RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2019

(Continued)

NOTE 5. FAIR VALUE MEASUREMENTS (Continued)

The following table presents the Plan's fair value hierarchy for investments at fair value as of September 30, 2019:

		<u>Fair Value Measurements Using</u>		
		Quoted Prices in Active Markets for Identical Assets <u>(Level 1)</u>	Significant Other Observable Inputs <u>(Level 2)</u>	Significant Unobservable Inputs <u>(Level 3)</u>
	<u>Total</u>			
<u>Investments by fair value level</u>				
Equity securities:				
Common stocks	\$ 42,589,591	\$ 42,589,591	\$ -	\$ -
REITS	671,227	671,227	-	-
International funds	22,668,018	3,182,632	19,485,386	-
Mutual funds	48,530,727	-	48,530,727	-
Total equity securities	<u>114,459,563</u>	<u>46,443,450</u>	<u>68,016,113</u>	<u>-</u>
Debt securities:				
U.S. treasury securities	4,178,492	3,266,595	911,897	-
U.S. agency securities	5,969,702	-	5,969,702	-
Asset backed securities	1,351,614	-	1,351,614	-
Foreign bonds	765,011	-	765,011	-
Certificates of deposits	2,984,914	-	2,984,914	-
Collateralized mortgage obligations	1,126,117	-	1,126,117	-
Corporate bonds	7,241,993	-	7,241,993	-
Total debt securities	<u>23,617,843</u>	<u>3,266,595</u>	<u>20,351,248</u>	<u>-</u>
Total investments by fair value level	<u>138,077,406</u>	<u>\$ 49,710,045</u>	<u>\$ 88,367,361</u>	<u>\$ -</u>
<u>Investments measured at the net asset value (NAV)^(a)</u>				
Real estate funds	16,125,067			
Timber funds	5,174,217			
Total investments measured at the NAV	<u>21,299,284</u>			
Money market funds (exempt)	6,639,996			
Total investments	<u>\$ 166,016,686</u>			

CITY OF MIRAMAR

FIREFIGHTERS RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2019
(Continued)

NOTE 5. FAIR VALUE MEASUREMENTS (Continued)

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

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.

<u>Investments Measured at the NAV</u>	<u>Fair Value</u>	<u>Unfunded Commitment</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Real estate fund ⁽¹⁾	\$ 8,231,798	\$ -	Quarterly	45 Days
Real estate fund ⁽²⁾	7,893,269	-	Quarterly	10 Days
Timber fund ⁽³⁾	2,034,273	-	N/A	N/A
Timber fund ⁽⁴⁾	1,800,963	-	N/A	N/A
Timber fund ⁽⁵⁾	1,339,081	-	N/A	N/A
Total investments measured at the NAV	<u>\$ 21,299,384</u>	<u>\$ -</u>		

- (1) Real estate fund: This fund is an open-end, commingled real-estate fund diversified with leased real estate properties in the multifamily, industrial, office, retail and hotel sector. The investment is valued at NAV and redemption requests must be received by the fund 45 days prior to quarter-end.
- (2) Real estate fund: This fund is an open-end, commingled real-estate fund with a diversified portfolio of income producing properties located throughout the United States. The investment is valued at NAV and redemption request must be received by the fund 10 days prior to quarter end
- (3) Timber fund: This fund is a commingled timberland investment fund managed by Hancock Timber Resource Group on a long-term sustainable basis while actively engaging in conservation transactions to protect sensitive lands. The investment is valued at NAV and has no redemption or notice period.
- (4) Timber fund: This fund is a commingled timberland investment fund managed by Molpus Woodlands Group who acquires, manages, and sells timberland as an investment vehicle for pension funds, college endowments, foundations, insurance companies, and high-net-worth individual investors. The investment is valued at NAV and has no redemption or notice period.
- (5) Timber fund: This fund is a commingled timberland investment fund managed by Molpus Woodlands Group who acquires, manages, and sells timberland as an investment vehicle for pension funds, college endowments, foundations, insurance companies, and high-net-worth individual investors. The investment is valued at NAV and has no redemption or notice period.

CITY OF MIRAMAR

FIREFIGHTERS RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2019

(Continued)

NOTE 6. NET PENSION LIABILITY

The components of the net pension liability of the Plan at September 30, 2019 were as follows:

Total pension liability	\$ 221,836,909
Plan fiduciary net position	<u>167,276,400</u>
City's net pension liability	<u>\$ 54,560,509</u>
Plan fiduciary net position as a percentage of the total pension liability	75.41%

The total pension liability was determined by an actuarial valuation as of October 1, 2018, with update procedures used to roll forward the total pension liability to September 30, 2019, using the following most significant actuarial assumptions, 7.50% for the investment rate of return, 6.00% for projected salary increases and 2.50% for inflation.

Mortality rates are calculated as follows. For non-disabled females with the RP2000 Generational Table, 100% Combined Healthy with White Collar Adjustment, Scale BB. For non-disabled males with the RP2000 Generational Table, 10% Combined Healthy with White Collar Adjustment and 90% Combined Healthy with Blue Collar Adjustment, Scale BB. For disabled females with the 60% RP2000 Disabled Female set forward two years and 40% Annuitant White Collar with no setback and no projection scale. For disabled males with the 60% RP2000 Disabled Male setback four years and 40% Annuitant White Collar with no setback and no projection scale.

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of September 30, 2019 (see the discussion of the Plan's investment policy) are summarized in the following table:

<u>Asset class</u>	<u>Long-term expected real rate of return</u>
Large cap equity	5.40%
Mid cap equity	8.90%
Small cap equity	7.00%
International developed markets	3.00%
Emerging markets	8.20%
Real assets	5.80%
Fixed income	2.90%

CITY OF MIRAMAR

FIREFIGHTERS RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2019

(Continued)

NOTE 6. NET PENSION LIABILITY (Continued)

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that Plan participant contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the participant rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan participants. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The sensitivity of the net pension liability to changes in the discount rate was measured as follows. The net pension liability of the Plan was calculated using the discount rate of 7.50%. It was also calculated using a discount rate that was 1-percentage-point lower (6.50%) and 1-percentage-point higher (8.50%) and the different computations were compared.

	1% decrease	Current discount rate	1% increase
	<u>(6.50%)</u>	<u>(7.50%)</u>	<u>(8.50%)</u>
Net pension liability	\$ 117,293,953	\$ 54,560,509	\$ 12,353,095

NOTE 7. INCOME TAXES

The Plan is exempt from federal income taxes under the Internal Revenue Code and, accordingly, no provision for federal income taxes has been made.

On June 1, 2015, the Plan obtained its most recent determination letter in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with applicable requirements of Internal Revenue Code 401(a).

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

NOTE 8. SUBSEQUENT EVENTS

Management has evaluated subsequent events for the Plan through January 20, 2020, the date the financial statements were available to be issued.

CITY OF MIRAMAR
FIREFIGHTERS RETIREMENT PLAN

SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2019

CITY OF MIRAMAR
FIREFIGHTERS RETIREMENT PLAN

SCHEDULE OF ADMINISTRATIVE EXPENSES

YEAR ENDED SEPTEMBER 30, 2019
(WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2018)

	<u>2019</u>	<u>2018</u>
ADMINISTRATIVE EXPENSES:		
Administrative fees	\$ 63,697	\$ 63,330
Actuarial	49,980	36,695
Audit	8,890	12,320
Dues and subscriptions	100	250
Insurance	5,980	5,980
Legal	30,000	30,000
Meetings and conventions	18,536	23,500
Miscellaneous	<u>3,747</u>	<u>2,184</u>
TOTAL ADMINISTRATIVE EXPENSES	<u>\$ 180,930</u>	<u>\$ 174,259</u>

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

CITY OF MIRAMAR FIREFIGHTERS RETIREMENT PLAN

SCHEDULES OF CONTRIBUTIONS FROM EMPLOYER AND OTHER CONTRIBUTORS (UNAUDITED)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined employer contribution	\$ 6,289,566	\$ 6,888,087	\$ 5,871,432	\$ 5,150,913	\$ 5,107,415
Actual employer contribution	<u>6,289,566</u>	<u>6,888,087</u>	<u>5,871,432</u>	<u>5,150,913</u>	<u>5,115,693</u>
Annual contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,278)</u>
Covered-employee payroll	<u>\$ 11,034,456</u>	<u>\$ 11,648,795</u>	<u>\$ 11,443,779</u>	<u>\$ 11,226,760</u>	<u>\$ 11,317,117</u>
Actual contributions as a percentage of covered-employee payroll	57.00%	59.13%	51.31%	45.88%	45.20%

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Actuarially determined employer contribution	\$ 4,843,956	\$ 4,228,032	\$ 3,871,266	\$ 3,617,946	\$ 3,263,701
Actual employer contribution	<u>4,843,956</u>	<u>4,228,032</u>	<u>3,871,266</u>	<u>3,617,946</u>	<u>3,263,701</u>
Annual contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	<u>\$ 10,685,982</u>	<u>\$ 10,480,991</u>	<u>\$ 10,034,385</u>	<u>\$ 10,174,202</u>	<u>\$ 10,126,283</u>
Actual contributions as a percentage of covered-employee payroll	45.33%	40.34%	38.58%	35.56%	32.23%

Actuarial cost method	Entry Age Normal
Asset valuation method	The actuarial value of assets is determined by smoothing the difference between actual investment earnings and assumed investment return over five years, and then subtracting the total smoothed difference from the market value of assets. The resulting value would be limited to between 80% and 120% of market value.
Inflation:	2.50%
Salary increases	6.00%
Investment rate of return	7.50% compounded annually, net of pension plan investment expense, including inflation
Mortality	For Male Non-Disabled: RP2000 Generational, 10% Annuitant White Collar and 90% Annuitant Blue Collar, Scale BB. For Female Non-Disabled: RP2000 Generational, 100% Annuitant White Collar, Scale BB. For Male Disabled: 60% RP2000 Disabled Male setback four years and 40% Annuitant White Collar with no setback or projection scale. For Female Disabled: 60% RP2000 Disabled Female set forward two years and 40% Annuitant White Collar with no setback or projection scale.

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

CITY OF MIRAMAR
FIREFIGHTERS RETIREMENT PLAN

SCHEDULE OF INVESTMENT RETURNS
(UNAUDITED)

Year ended <u>September 30,</u>	Annual money- weighted rate of return net of investment <u>expense</u>
2019	3.80%
2018	9.90%
2017	12.50%
2016	9.10%
2015	0.40%
2014	11.90%
2013	17.50%
2012	20.80%
2011	(0.30%)
2010	9.60%

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

CITY OF MIRAMAR

FIREFIGHTERS RETIREMENT PLAN

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
TOTAL PENSION LIABILITY:				
Service cost	\$ 3,203,460	\$ 3,006,856	\$ 2,811,233	\$ 2,676,320
Interest	15,632,010	14,338,805	13,043,840	11,873,785
Difference between actual and expected experience	4,029,717	3,940,516	1,384,702	(16,192)
Changes of assumptions	15,583,668	2,989,821	2,502,214	6,154,581
Benefit payments, including refunds	<u>(4,443,793)</u>	<u>(4,886,434)</u>	<u>(5,417,407)</u>	<u>(3,361,511)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	34,005,062	19,389,564	14,324,582	17,326,983
TOTAL PENSION LIABILITY - BEGINNING	<u>187,831,847</u>	<u>168,442,283</u>	<u>154,117,701</u>	<u>136,790,718</u>
TOTAL PENSION LIABILITY - ENDING	<u>221,836,909</u>	<u>187,831,847</u>	<u>168,442,283</u>	<u>154,117,701</u>
PLAN FIDUCIARY NET POSITION:				
Contributions - employer and state	7,360,286	7,877,780	6,838,126	5,935,050
Contributions - employee	1,336,596	2,777,837	3,724,060	1,268,018
Net investment income	6,129,591	13,833,470	15,252,940	9,476,199
Benefit payments, including refunds	(4,443,793)	(4,886,434)	(5,417,407)	(3,361,511)
Administrative expenses	<u>(180,930)</u>	<u>(174,259)</u>	<u>(199,195)</u>	<u>(191,933)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	10,201,750	19,428,394	20,198,524	13,125,823
PLAN FIDUCIARY NET POSITION - BEGINNING	<u>157,074,650</u>	<u>137,646,256</u>	<u>117,447,732</u>	<u>104,321,909</u>
PLAN FIDUCIARY NET POSITION - ENDING	<u>167,276,400</u>	<u>157,074,650</u>	<u>137,646,256</u>	<u>117,447,732</u>
NET PENSION LIABILITY - ENDING	<u>\$ 54,560,509</u>	<u>\$ 30,757,197</u>	<u>\$ 30,796,027</u>	<u>\$ 36,669,969</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY	75.41%	83.63%	81.72%	76.21%
COVERED EMPLOYEE PAYROLL	\$ 11,034,456	\$ 11,648,795	\$ 11,443,779	\$ 11,226,760
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL	494.46%	264.04%	269.11%	326.63%

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.

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

CITY OF MIRAMAR FIREFIGHTERS RETIREMENT PLAN

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

	<u>2015</u>	<u>2014</u>
TOTAL PENSION LIABILITY:		
Service cost	\$ 2,551,281	\$ 1,961,023
Interest	10,841,607	10,192,417
Difference between actual and expected experience	(933,871)	-
Changes of assumptions	14,871,846	-
Benefit payments, including refunds	<u>(3,198,410)</u>	<u>(3,076,805)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	24,132,453	9,076,635
TOTAL PENSION LIABILITY - BEGINNING	<u>112,658,265</u>	<u>103,581,630</u>
TOTAL PENSION LIABILITY - ENDING	<u>136,790,718</u>	<u>112,658,265</u>
PLAN FIDUCIARY NET POSITION:		
Contributions - employer and state	5,891,097	5,761,839
Contributions - employee	1,158,659	1,068,264
Net investment income	246,290	10,211,465
Benefit payments, including refunds	(3,198,410)	(3,076,805)
Administrative expenses	<u>(165,198)</u>	<u>(151,048)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	3,932,438	13,813,715
PLAN FIDUCIARY NET POSITION - BEGINNING	<u>100,389,471</u>	<u>86,575,756</u>
PLAN FIDUCIARY NET POSITION - ENDING	<u>104,321,909</u>	<u>100,389,471</u>
NET PENSION LIABILITY - ENDING	<u>\$ 32,468,809</u>	<u>\$ 12,268,794</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY	76.26%	89.11%
COVERED EMPLOYEE PAYROLL	\$ 11,575,085	\$ 11,317,117
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL	280.51%	108.41%

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.

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

CITY OF MIRAMAR
FIREFIGHTERS RETIREMENT PLAN

COMPLIANCE REPORT

YEAR ENDED SEPTEMBER 30, 2019

KABAT · SCHERTZER
DE LA TORRE · TARABOULOS
&
C O M P A N Y

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

**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 of the
City of Miramar Firefighters Retirement Plan

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 City of Miramar Firefighters Retirement Plan, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Miramar Firefighters Retirement Plan's basic financial statements, and have issued our report thereon dated January 20, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Miramar Firefighters Retirement Plan's internal control over financial reporting (internal control) to determine the 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 City of Miramar Firefighters Retirement Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Miramar Firefighters Retirement 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.

KABAT · SCHERTZER
DE LA TORRE · TARABOULOS
&
C O M P A N Y

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Miramar Firefighters Retirement 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 determination of financial statement amounts. 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 City of Miramar Firefighters Retirement 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 City of Miramar Firefighters Retirement Plan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Weston, Florida
January 20, 2020