

**CITY OF MIRAMAR  
FIREFIGHTERS' RETIREMENT PLAN**

**Required Supplementary Information**

**Under GASB No. 67**

Fiscal Year October 1, 2018  
through September 30, 2019

**DuLaney and Company, Inc.**  
**Actuarial Services**

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**Disclosures Related to the City of Miramar Firefighters' Retirement Plan - GASB 67****Net Pension Liability of the City**

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

|                             | <b>2019</b>           |
|-----------------------------|-----------------------|
| Total pension liability     | <b>\$ 221,836,909</b> |
| Plan fiduciary net position | <b>(167,276,400)</b>  |
| City net pension liability  | <b>\$ 54,560,509</b>  |

Plan fiduciary net position as a percentage of total pension liability 75.41%

*Actuarial Assumptions*

The total pension liability at September 30, 2019 was determined using an actuarial valuation as of October 1, 2018, with update procedures used to roll forward the total pension liability to September 30, 2019. The actuarial valuation used the following actuarial assumptions:

|                            |   |
|----------------------------|---|
| Inflation                  | 2.50%   |
| Projected salary increases | 6.00%   |
| Investment rate of return  | 7.50% compounded annually, net of pension plan investment expense, including inflation. |

**Mortality**Pre-Retirement:

Female Non-Disabled: RP2000 Generational, 100% Combined Healthy with White Collar Adjustment, Scale BB

Male Non-Disabled: RP2000 Generational, 10% Combined Healthy with White Collar Adjustment / 90% Combined Healthy with Blue Collar Adjustment, Scale BB

Post-Retirement:

Female Non-Disabled: RP2000 Generational, 100% Annuitant White Collar, Scale BB

Male Non-Disabled: RP2000 Generational, 50% Annuitant White Collar / 50% Annuitant Blue Collar, Scale BB

Pre-Retirement & Post-Retirement:

Female Disabled: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale

Male Disabled: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale

**Disclosures Related to the City of Miramar Firefighters' Retirement Plan - GASB 67***Discount Rate*

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 Trust member contributions will be made at the current contribution rates and that contributions from the City will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Trust's fiduciary net position was projected to be available to make all projected future benefit payments of current Trust members. Therefore, the long term expected rate of return on pension Trust investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

The following presents the net pension liability of the City using the discount rate of 7.50%, as well as what the employer net pension liability would if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

|                    | <b>City Net Pension Liability</b> |                      |                    |
|--------------------|-----------------------------------|----------------------|--------------------|
|                    | <b>Current</b>                    |                      |                    |
|                    | <b>1% Decrease</b>                | <b>Discount Rate</b> | <b>1% Increase</b> |
|                    | <b>(6.50%)</b>                    | <b>(7.50%)</b>       | <b>(8.50%)</b>     |
| September 30, 2019 | \$ 117,293,953                    | \$ 54,560,509        | \$ 12,353,095      |

**Disclosures Related to the City of Miramar Firefighters' Retirement Plan - GASB 67****Schedule I****Schedule of Changes in the City's Net Pension Liability**

|  | 9/30/2019      | 9/30/2018      | 9/30/2017      | 9/30/2016      |
|--|----------------|----------------|----------------|----------------|
| <b>Total Pension Liability</b>   |                |                |                |                |
| 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     |
| Changes of benefit terms   | -              | -              | -              | -              |
| Difference Between Expected and Actual 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 of Member Contributions                | (4,443,793)    | (4,886,434)    | (5,417,407)    | (3,361,511)    |
| Net Change in Total Pension Liability                                      | 34,005,062     | 19,389,564     | 14,324,582     | 17,326,983     |
| Total Pension Liability-Beginning  | 187,831,847    | 168,442,283    | 154,117,701    | 136,790,718    |
| Total Pension Liability-Ending   | 221,836,909    | 187,831,847    | 168,442,283    | 154,117,701    |
| <b>Plan Fiduciary Net Position</b>   |                |                |                |                |
| Contributions - Employer   | 6,289,566      | 6,888,087      | 5,871,432      | 4,944,586      |
| Contributions - State  | 1,070,720      | 989,693        | 966,694        | 990,464        |
| Contributions - Member   | 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 of Member Contributions                | (4,443,793)    | (4,886,434)    | (5,417,407)    | (3,361,511)    |
| Administrative Expense   | (180,930)      | (174,259)      | (199,195)      | (191,933)      |
| Other  | -              | -              | -              | -              |
| Net Change in Plan Fiduciary Net Position                                  | 10,201,750     | 19,428,394     | 20,198,524     | 13,125,823     |
| Plan Fiduciary Net Position - Beginning                                    | 157,074,650    | 137,646,256    | 117,447,732    | 104,321,909    |
| Plan Fiduciary Net Position - Ending                                       | \$ 167,276,400 | \$ 157,074,650 | \$ 137,646,256 | \$ 117,447,732 |
| <b>City's Net Pension Liability</b>  | \$ 54,560,509  | \$ 30,757,197  | \$ 30,796,027  | \$ 36,669,969  |
| Total Pension Liability  | \$ 221,836,909 | 187,831,847    | 168,442,283    | 154,117,701    |
| Plan Fiduciary Net Position  | 167,276,400    | 157,074,650    | 137,646,256    | 117,447,732    |
| City's net pension liability   | \$ 54,560,509  | \$ 30,757,197  | \$ 30,796,027  | \$ 36,669,969  |
| Plan Fiduciary Net Position as a Percentage of the 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     |
| City's Net Pension Liability as a Percentage of Covered- Employee Payroll  | 494.46%        | 264.04%        | 269.11%        | 326.63%        |

\* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**Disclosures Related to the City of Miramar Firefighters' Retirement Plan - GASB 67****Schedule I (continued two)****Schedule of Changes in the City's Net Pension Liability**

|  | 9/30/2015      | 9/30/2014      |
|--|----------------|----------------|
| <b>Total Pension Liability</b>   |                |                |
| Service Cost   | 2,551,281      | \$ 1,961,023   |
| Interest   | 10,841,607     | 10,192,417     |
| Changes of benefit terms   | -              | -              |
| Difference Between Expected and Actual Experience                          | (933,871)      | -              |
| Changes of Assumptions   | 14,871,846     | -              |
| Benefit Payments, including Refunds of Member Contributions                | (3,198,410)    | (3,076,805)    |
| Net Change in Total Pension Liability                                      | 24,132,453     | 9,076,635      |
| Total Pension Liability-Beginning  | 112,658,265    | 103,581,630    |
| Total Pension Liability-Ending   | 136,790,718    | 112,658,265    |
| <b>Plan Fiduciary Net Position</b>   |                |                |
| Contributions - Employer   | 4,909,366      | 4,637,629      |
| Contributions - State  | 981,731        | 1,124,210      |
| Contributions - Member   | 1,158,659      | 1,068,264      |
| Net Investment Income  | 246,290        | 10,211,465     |
| Benefit Payments, including Refunds of Member Contributions                | (3,198,410)    | (3,076,805)    |
| Administrative Expense   | (165,198)      | (151,048)      |
| Other  | -              | -              |
| Net Change in Plan Fiduciary Net Position                                  | 3,932,438      | 13,813,715     |
| Plan Fiduciary Net Position - Beginning                                    | 100,389,471    | 86,575,756     |
| Plan Fiduciary Net Position - Ending                                       | \$ 104,321,909 | \$100,389,471  |
| City's Net Pension Liability   | \$ 32,468,809  | \$12,268,794   |
| Total Pension Liability  | 136,790,718    | \$ 112,658,265 |
| Plan Fiduciary Net Position  | 104,321,909    | 100,389,471    |
| City's net pension liability   | \$ 32,468,809  | \$12,268,794   |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 76.26%         | 89.11%         |
| Covered-Employee Payroll   | 11,575,085     | \$ 11,317,117  |
| City's Net Pension Liability as a Percentage of Covered- Employee Payroll  | 280.51%        | 108.41%        |

**Disclosures Related to the City of Miramar Firefighters' Retirement Plan - GASB 67****Schedule II****Schedule of Contributions by Employer**

|  | <b>2019</b>   | <b>2018</b>   | <b>2017</b>   | <b>2016</b>   | <b>2015</b>       |
|--|---------------|---------------|---------------|---------------|-------------------|
| Actuarially determined contribution                                  | \$ 6,289,566  | \$ 6,888,087  | \$ 5,871,432  | \$ 5,150,913  | \$ 5,107,415      |
| Contributions in relation to the actuarially determined contribution | 6,289,566     | 6,888,087     | 5,871,432     | 5,150,913     | 5,115,693         |
| <b>Contribution deficiency (excess)</b>                              | <b>\$ -</b>   | <b>\$ -</b>   | <b>\$ -</b>   | <b>\$ -</b>   | <b>\$ (8,278)</b> |
| Covered-employee payroll   | \$ 11,034,456 | \$ 11,648,795 | \$ 11,443,779 | \$ 11,226,760 | \$ 11,317,117     |
| Contributions as a percentage of covered-employee payroll            | 57.0%         | 59.1%         | 51.3%         | 45.9%         | 45.2%             |
|  | <b>2014</b>   | <b>2013</b>   | <b>2012</b>   | <b>2011</b>   | <b>2010</b>       |
| Actuarially determined contribution                                  | \$ 4,843,956  | \$ 4,228,032  | \$ 3,871,266  | \$ 3,617,946  | \$ 3,263,701      |
| Contributions in relation to the actuarially determined contribution | 4,843,956     | 4,228,032     | 3,871,266     | 3,617,946     | 3,263,701         |
| <b>Contribution deficiency (excess)</b>                              | <b>\$ -</b>   | <b>\$ -</b>   | <b>\$ -</b>   | <b>\$ -</b>   | <b>\$ -</b>       |
| Covered-employee payroll   | \$ 10,685,982 | \$ 10,480,991 | \$ 10,034,385 | \$ 10,174,202 | \$ 10,126,283     |
| Contributions as a percentage of covered-employee payroll            | 45.3%         | 40.3%         | 38.6%         | 35.6%         | 32.2%             |

**Schedule III****Schedule of Investment Returns  
For the Year Ended September 30, 2019**

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Annual money-weighted rate of return, net of investment expense:

|             |             |             |             |             |
|-------------|-------------|-------------|-------------|-------------|
| <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
| 3.8%        | 9.9%        | 12.5%       | 9.1%        | 0.4%        |
| <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
| 12.0%       | 19.9%       | 20.9%       | (1.8%)      | 9.8%        |

The annualized compounded return is 9.4%.



**Disclosures Related to the City of Miramar Firefighters' Retirement Plan - GASB 67****Notes to Required Supplementary Information***Method and assumptions used in calculations of the City's actuarially determined contributions*

The actuarially determined contribution rates in the schedule of the City's contributions are calculated as of October 1, 2017. Unless otherwise noted above, the following actuarial methods and assumptions were used to determine contribution rates reported in the Schedule of the City's contributions.

1. Mortality:Pre-Retirement:

Female Non-Disabled: RP2000 Generational, 100% Combined Healthy with White Collar Adjustment, Scale BB

Male Non-Disabled: RP2000 Generational, 10% Combined Healthy with White Collar Adjustment / 90% Combined Healthy with Blue Collar Adjustment, Scale BB

Post-Retirement:

Female Non-Disabled: RP2000 Generational, 100% Annuitant White Collar, Scale BB

Male Non-Disabled: RP2000 Generational, 50% Annuitant White Collar / 50% Annuitant Blue Collar, Scale BB

Pre-Retirement & Post-Retirement:

Female Disabled: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale

Male Disabled: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale

2. Interest to be Earned by Fund:

7.50%, compounded annually.

3. Allowances for Expenses or Contingencies:

Administrative expenses estimated to be \$174,259 for the 2018/2019 plan year.

4. Employee Withdrawal Rates:

The following are illustrative withdrawal rates assumed:

| <u>Age</u> | <u>Withdrawal Rates<br/>Per 1,000 Employees</u> |
|------------|---|
| 20         | 140.0   |
| 25         | 110.6   |
| 30         | 65.8  |
| 35         | 32.2  |
| 40         | 16.8  |
| 45         | 9.8   |
| 50         | 0.0   |

**Notes to Required Supplementary Information  
(continued two)**

5. Disability Rates:

The assumed disability rates are illustrated by the following example rates:

| <u>Age</u> | <u>Disability Rates<br/>Per 1,000 Employees</u> |
|------------|---|
| 20         | 2.0   |
| 25         | 2.0   |
| 30         | 3.6   |
| 35         | 4.6   |
| 40         | 6.0   |
| 45         | 10.2  |
| 50         | 20.0  |
| 55 & over  | 0.0   |

In addition, 80% of disabilities assumed to be service incurred and 20% assumed to be non-service incurred.

6. Salary Increase Factors:

Current salaries are assumed to increase due to merit and longevity at 6.00% per year for the first six (6) years of service and 1.00% per year thereafter. Furthermore, salaries are assumed to have an additional increase equal to the increase in the Consumer Price Index.

7. Rates of Retirement:

The following are the retirement rates assumed for the participants eligible for retirement / DROP:

| <u>Participants with 10 – 24 years<br/>of service</u> |                                  | <u>Participants with at least 25<br/>years of service</u> |                                  |
|---|----------------------------------|---|----------------------------------|
| <u>Age</u>  | <u>Percentage<br/>Retirement</u> | <u>Age</u>  | <u>Percentage<br/>Retirement</u> |
| Less than 50  | 0%                               | Less than 50  | 100%                             |
| 50  | 1%                               | 50  | 100%                             |
| 51 to 54  | 2%                               | 51 to 54  | 100%                             |
| 55 to 59  | 50%                              | 55 to 59  | 100%                             |
| 60 & over   | 100%                             | 60 & over   | 100%                             |

**Notes to Required Supplementary Information  
(continued three)**

8. Asset Valuation Method:

The actuarial value of assets is determined by smoothing the differences between actual investment earnings and assumed investment return over five (5) years, and then subtracting the total smoothed difference from the market value of assets. This method was adopted effective October 1, 2011. The resulting value would then be limited to between 80% and 120% of market value.

9. Cost Methods:

Entry Age Normal Method

10. Marriage Assumptions:

85% of active participants are assumed married, with husbands three (3) years older than wives.

11. Deferred Retirement Option Plan (DROP) Elections Assumptions:

75% of those assumed to take normal retirement benefits are assumed to participate in the DROP, with the assumed length of participation of five (5) years.

12. Consumer Price Index Increase Assumption:

The Consumer Price Index is assumed to increase by 3.00% annually.

13. Changes from Most Recent Actuarial Valuation:

1. The assumed interest to be earned by the Fund was changed from 8.15% to 7.50%, net of investment expenses, per annum.
2. The assumed administrative expenses were changed from \$199,195 to \$174,259 for the plan/fiscal year.
3. The annual payroll growth assumption was changed from 1.78% to 1.21%, to reflect actual experience for the prior ten (10) years.
4. The actuarial cost method was changed to entry age normal cost method.

**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>           |
|---|-----------------------|-----------------------|
| <b>ASSETS</b>                                     |                       |                       |
| <b>CASH</b>                                       | \$ 764,947            | \$ 555,378            |
| <b>RECEIVABLES:</b>                               |                       |                       |
| 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               |
| <b>TOTAL RECEIVABLES</b>                          | <u>1,336,776</u>      | <u>1,834,479</u>      |
| <b>PREPAID EXPENSE</b>                            | <u>6,810</u>          | <u>5,400</u>          |
| <b>INVESTMENTS, AT FAIR VALUE:</b>                |                       |                       |
| Equity securities                                 | 122,691,362           | 108,833,664           |
| Certificates of deposit                           | 2,984,913             | 1,070,861             |
| Fixed income international 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                                 | 7,893,269             | 15,173,266            |
| Timber funds                                      | 5,174,217             | 5,275,864             |
| Money market funds                                | 6,639,996             | 5,539,785             |
| <b>TOTAL INVESTMENTS, AT FAIR VALUE</b>           | <u>166,016,686</u>    | <u>155,650,830</u>    |
| <b>TOTAL ASSETS</b>                               | <u>168,125,219</u>    | <u>158,046,087</u>    |
| <b>LIABILITIES</b>                                |                       |                       |
| <b>ACCOUNTS PAYABLE</b>                           | 116,779               | 111,316               |
| <b>ACCOUNTS PAYABLE - PURCHASE OF INVESTMENTS</b> | <u>732,040</u>        | <u>860,121</u>        |
| <b>TOTAL LIABILITIES</b>                          | <u>848,819</u>        | <u>971,437</u>        |
| <b>NET POSITION RESTRICTED FOR PENSIONS</b>       |                       |                       |
| <b>NET POSITION RESTRICTED FOR PENSIONS:</b>      |                       |                       |
| Net position restricted for defined benefits      | 167,276,400           | 124,732,829           |
| Net position restricted for DROP benefits         |                       | 18,222,523            |
| Net assets held in trust for share benefits       |                       | <u>14,119,298</u>     |
| <b>TOTAL NET POSITION RESTRICTED FOR PENSIONS</b> | <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>           |
|---|-----------------------|-----------------------|
| <b>ADDITIONS:</b>   |                       |                       |
| 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   | <u>6,738,059</u>      | <u>14,375,936</u>     |
| Less: investment expenses                                       | <u>611,167</u>        | <u>546,651</u>        |
| Net investment income   | <u>6,126,892</u>      | <u>13,829,285</u>     |
| Other income  | <u>2,699</u>          | <u>4,185</u>          |
| <b>TOTAL ADDITIONS</b>  | <u>14,826,473</u>     | <u>24,489,087</u>     |
| <b>DEDUCTIONS:</b>  |                       |                       |
| 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               |
| <b>TOTAL DEDUCTIONS</b>   | <u>4,624,723</u>      | <u>5,060,693</u>      |
| <b>NET INCREASE IN NET POSITION<br/>RESTRICTED FOR PENSIONS</b> | <b>10,201,750</b>     | <b>19,428,394</b>     |
| <b>NET POSITION RESTRICTED FOR<br/>PENSIONS - BEGINNING</b>     | <u>157,074,650</u>    | <u>137,646,256</u>    |
| <b>NET POSITION RESTRICTED FOR<br/>PENSIONS - ENDING</b>        | <u>\$ 167,276,400</u> | <u>\$ 157,074,650</u> |

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