

City of Miramar Firefighters' Retirement Plan

MINUTES

February 26, 2015

James Estep called the meeting to order at 2:03 P.M. in the Meeting Room of Fire Station 100 located at 2800 SW 184th Avenue, Miramar, FL. Those persons present were:

TRUSTEES PRESENT

James Estep, Chairman
Manuel Esparza, Secretary
Orlando Segarra, Trustee
Susan Finn, Trustee

OTHERS PRESENT

Steve Gordon; SI Gordon & Co
Denise McNeill; Resource Center (via phone)

TRUSTEES ABSENT

Andrew Tomchik, Trustee
Leo Nunez, Advisory Comm
Ulises Carmona, Advisory Comm
Jason Swaidan, Advisory Comm

PUBLIC COMMENTARY

James Estep invited those present to address the Board with public comments. There were no comments at this time.

2014 AUDITED FINANCIAL STATEMENT

Steven Gordon appeared before the Board to present the 2014 Audited Financial Report. He reported an unmodified, clean opinion and the information fairly represents the Plan activity in the prior year. Mr. Gordon reviewed GASB 67 changes to the report noting there is only one year listed as this is the first year with the new format additions. He explained the 2015 report will begin to have the current audit details in comparison to the prior year (2014); however for this first 2014 report, there is no base for comparison in this new format. Mr. Gordon addressed the changes in relation to the DROP reporting advising previously when members went into the DROP, the growth of the account was added to the funds owed to the member; however GASB now requires the DROP to be categorized like any other defined benefit to be paid to members and it is to be recorded as an asset of the Plan until the member leaves the DROP at which time the money becomes a liability for payment when the member goes into pay status. He explained previously all deposits into the DROP were referred to as contributions and earnings; however it is now included in the Plan earnings and becomes a liability when the member separates service. He went on to review the new schedules added to the report due to the GASB changes. Discussion followed regarding the cash held in the Plan as of September 30th and Mr. Gordon explained he is not concerned as that was due to manager activity and the timing of the investments. He reported an increase in Plan assets of \$12M resulting in total assets of \$100,591,101. He explained the big change to the liability relates to the new DROP reporting. Mr. Gordon noted the City had used their overpayment from the prior year during 2014. Mr. Gordon reported the increase in payroll contributions related mostly to unused sick and vacation leave payments. He reported that the investment return of \$17M, although good, was slightly reduced from the prior year of \$17.9M. He then reviewed the administrative cost schedule with the Trustees noting the total cost of \$150,000, while immaterial to the Plan, is still a relatively low cost correlation overall and is in line with the costs from the prior year. Mr. Gordon reviewed the additional GASB schedules explaining that the goal with the GASB reporting change was to make things more clear while the reporting changes seem to be creating a bit more confusion for the standard person reviewing the report. He further explained in relation to the actuary detail, the unfunded liability received a slight boost with the new reporting changes. He explained if any

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important disclosures had come to his attention in the audit, he would have brought them to the attention of the Trustees. Mr. Gordon responded to various questions from the Trustees.

- *Manuel Esparza made a motion to approve the September 30, 2014 Audited Financial Report as presented. The motion received a second by Susan Finn and was approved by the Trustees 4-0.*

Discussion followed regarding the payroll data matter. James Estep reviewed the current status in detail with Mr. Gordon and the Trustees advising Ms. Munnings is monitoring the progress and they are working on the report internally. The Trustees expressed their frustration that the issue still had not been resolved and the detailed electronic data file had not been provided. The Trustees inquired with Mr. Gordon of the end result in his audit process after receiving reports with different totals for the other City Plans he also works for and Mr. Gordon reported the City had explained how the differences occurred in the reporting process and while not material for the purposes of the financial statement of the Plan, the issue is extremely important for member benefits in their retirement calculation process. Discussion followed regarding four firefighters who have been overpaid and over-contributed to the Pension Plan. Mr. Gordon explained the city's auditor tests the payroll system and their process appears to be working; however there appears to be an issue with the reports being generated for various uses.

ADJOURNMENT

The Trustees acknowledged their next meeting date set for April 17, 2014. There being no further business,

- *Manuel Esparza made a motion to adjourn the meeting at 2:36 P.M. The motion received a second by Susan Finn and was approved by the Trustees 4 -0.*

Respectfully submitted,

Manuel Esparza, Secretary