



# City of Miramar Police Officers' Retirement Plan and Trust

Financial Statements  
Years Ended September 30, 2017 and 2016

# **City of Miramar Police Officers' Retirement Plan and Trust**

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Financial Statements  
Years Ended September 30, 2017 and 2016

# City of Miramar Police Officers' Retirement Plan and Trust

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## Independent Auditor's Report

Board of Trustees  
City of Miramar Police Officers' Retirement Plan and Trust  
Miramar, Florida

### Report on Financial Statements

We have audited the accompanying financial statements of the City of Miramar Police Officers' Retirement Plan and Trust (the "Plan"), which comprise the statements of fiduciary net position as of September 30, 2017 and 2016 and the related changes in fiduciary net position for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 entity'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 entity'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 Police Officers' Retirement Plan and Trust as of September 30, 2017 and 2016 and the changes in fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.



### *Emphasis of Matter*

#### *Adoption of New Accounting Pronouncement*

The Plan has adopted the disclosure requirements of Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* in 2016. The provisions of the additional disclosure requirements are discussed in Note 4 to the financial statements. Our opinion is not modified with respect to this matter.

### *Other Matters*

#### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the management's discussion and analysis and required supplementary information as listed in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary Schedules*

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of the Plan. The accompanying other supplementary schedules of investment expenses and administrative expenses as listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Miami, Florida  
March 9, 2018

BDO USA, LLP

Certified Public Accountants

# Miramar Police Officers' Retirement Plan

6861 SW 196<sup>th</sup> Avenue, Suite #402  
Fort Lauderdale, FL 33332  
Telephone: 800-707-0501

## Management's Discussion and Analysis (Required Supplementary Information) - Unaudited

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Our discussion and analysis of the City of Miramar Police Officers' Retirement Plan and Trust (the "Plan") financial performance provides an overview of the Plan's financial activities for the fiscal years ended September 30, 2017 and 2016. Its purpose is to provide explanations and insights into the information presented in the financial statements, notes to the financial statements and required supplementary information. Please read it in conjunction with the Plan's financial statements, which follow this discussion.

### *Financial Highlights*

- Plan assets exceeded its liabilities at the close of fiscal years ended September 30, 2017 and 2016 by \$160,010,746 and \$136,431,603, respectively, (reported as net position restricted for pensions). The plan's net position is held in trust to meet future benefit payments. The increase of \$23,579,143 and \$15,838,026 in fiduciary net position of the respective years have resulted primarily from the change in the fair value of the Plan's investments due to volatile financial markets.

- Receivables at September 30, 2017 decreased by \$49,978 (or 4.0%) due primarily to the decrease in receivables for proceeds from securities sold.

Receivables at September 30, 2016 decreased by \$147,413 (or 10.6%) due primarily to the decrease in receivables for proceeds from securities sold.

- For the fiscal year ended September 30, 2017, liabilities decreased \$280,831 (or 70.4%) due primarily to the decrease in payable for securities purchased.

For the fiscal year ended September 30, 2016, liabilities increased \$82,110 (or 25.9%) due primarily to the decrease in payable for securities purchased.

- For the fiscal year ended September 30, 2017, employer (City) contributions to the Plan increased \$446,961 (or 6.2%) based on the actuarial valuation. Actual employer contributions were \$7,638,789 and \$7,191,828 for 2017 and 2016, respectively.

For the fiscal year ended September 30, 2016, employer (City) contributions to the Plan decreased \$52,082 (or 0.7%) based on the actuarial valuation. Actual employer contributions were \$7,191,828 and \$7,243,910 for 2016 and 2015, respectively.

# City of Miramar Police Officers' Retirement Plan and Trust

## Management's Discussion and Analysis (Required Supplementary Information) - Unaudited

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- For the fiscal year ended September 30, 2017, member contributions excluding buybacks increased by \$285,677 (or 11.56%). Actual member contributions were \$2,757,864 and \$2,472,187 for 2017 and 2016, respectively, and buybacks were \$60,110 and \$3,610 for 2017 and 2016, respectively. Member contributions have fluctuated from year to year, based on the number of active members, increases in the contribution percentage and salary increases.

For the fiscal year ended September 30, 2016, member contributions excluding buybacks increased by \$50,676 (or 2.0%). Actual member contributions were \$2,472,187 and \$2,421,511 for 2016 and 2015, respectively, and buybacks were \$3,610 and \$44,611 for 2016 and 2015, respectively. Member contributions have fluctuated from year to year, based on the number of active members, increases in the contribution percentage and salary increases.

- For the fiscal year ended September 30, 2017, the Plan had net investment income of \$18,534,179 compared to a net investment income of \$11,010,659 in the fiscal year ended September 30, 2016. Actual results were \$15,458,751 in net appreciation in fair value of investment for 2017 and \$7,979,837 in net appreciation in fair value of investment for 2016 and \$4,064,300 and \$3,860,142 of income from interest and dividends for 2017 and 2016, respectively. Investment expenses increased by \$149,649 (or 17.7%) from 2016.

For the fiscal year ended September 30, 2016, the Plan had net investment income of \$11,010,659 compared to a net investment loss of \$2,535,420 in the fiscal year ended September 30, 2015. Actual results were \$7,979,837 in net appreciation in fair value of investment for 2016 and \$5,447,252 in net depreciation in fair value of investment for 2015 and \$3,860,142 and \$3,747,312 of income from interest and dividends for 2016 and 2015, respectively. Investment expenses decreased by \$18,199 (or 2.1%) from 2015.

- For the fiscal year ended September 30, 2017, benefit payments and refunds of contributions increased by \$735,707 (or 13.3%).

For the fiscal year ended September 30, 2016, benefit payments and refunds of contributions increased by \$613,867 (or 12.5%).

- For the fiscal year ended September 30, 2017, administrative expenses decreased \$94,367 (or 34.5%) from 2016 due primarily to a decrease in membership fees and insurance expense.

For the fiscal year ended September 30, 2016, administrative expenses increased \$84,973 (or 38.2%) from 2015 due primarily to an increase in professional fees.

### *Plan Highlights*

For the fiscal year ended September 30, 2017, the total return of the portfolio was 13.6% for the year and ranked 9th in the Total Wilshire Public Plan Sponsor Universe. Actual net returns from investments were net investment income of \$18,534,179 in 2017 compared with net income from investments of \$11,010,659 in 2016.

# City of Miramar Police Officers' Retirement Plan and Trust

## Management's Discussion and Analysis (Required Supplementary Information) - Unaudited

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For the fiscal year ended September 30, 2016, the total return of the portfolio was 10.0% for the year and ranked 46th in the Total Wilshire Public Plan Sponsor Universe. Actual net returns from investments were net investment income of \$11,010,659 in 2016 compared with net loss from investments of \$2,535,420 in 2015.

### *Overview of the Financial Statements*

The basic financial statements include the Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position and Notes to the Financial Statements. The Plan also includes in this report additional information to supplement the financial statements.

The Plan presents required supplementary schedules, which provide historical trend information about the Plan.

The Plan prepares its financial statements on the accrual basis of accounting and in accordance with generally accepted accounting principles in the United States of America. These statements provide information about the Plan's overall financial status.

### *Description of the Financial Statements*

The *Statement of Fiduciary Net Position* presents information that includes all of the Plan's assets and liabilities, with the balance representing the net position restricted for pensions. It is a snapshot of the financial position of the Plan at that specific point in time and reflects the resources available to pay members, retirees and beneficiaries at that point in time.

The *Statement of Changes in Fiduciary Net Position* reports how the Plan's net position changed during the fiscal year. The additions and deductions to net position are summarized in this statement. The additions include contributions to the retirement plan from employers (City and State of Florida) and members and net investment income (loss), which includes interest, dividends, investment expenses, and the net appreciation or depreciation in the fair value of investments. The deductions include benefit payments, refunds of member contributions, and administrative expenses.

The *Notes to the Financial Statements* are presented to provide the information necessary for a full understanding of the financial statements. They include additional information not readily evident in the statements themselves such as a description of the Plan, contributions, significant accounting policies, funding policy, and investment risk disclosure.

There is also *Required Supplementary Information* included in this report as required by the Governmental Accounting Standards Board. The *Schedules* consists of plan's actuarial methods and assumptions and provide data of changes in the city's net pension liability, the city's contributions, and the Plan's investment returns.

Additional information is presented as part of *Supplementary Schedules*. This section is not required but management has chosen to include it. It includes *Schedules of Investment Expenses and Administrative Expenses*. The *Schedule of Investment Expenses* presents the expenses incurred in managing and monitoring the investments of the Plan and includes financial management, consultant, and custodial fees. The *Schedule of Administrative Expenses* presents the expenses incurred in the administration of the Plan.

# City of Miramar Police Officers' Retirement Plan and Trust

## Management's Discussion and Analysis (Required Supplementary Information) - Unaudited

### *Condensed Statements of Fiduciary Net Position*

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

<i>September 30,</i>	2017	2016	2015
Cash and cash equivalents	\$ 1,952,911	\$ 1,787,813	\$ 2,401,314
Receivables	1,194,928	1,244,906	1,392,319
Prepaid Expense	436,620	414,297	-
Investments	156,544,114	133,383,245	117,116,492
<b>Total assets</b>	<b>160,128,573</b>	<b>136,830,261</b>	<b>120,910,125</b>
Liabilities	117,827	398,658	316,548
Net position restrictions for pensions	<b>\$ 160,010,746</b>	<b>\$136,431,603</b>	<b>\$120,593,577</b>

### *Condensed Statements of Changes in Fiduciary Net Position*

The table below reflects condensed comparative statements of changes in fiduciary net position which reflect the activities of the Plan for the fiscal years ended September 30:

<i>September 30,</i>	2017	2016	2015
<b>Additions:</b>			
Contributions			
City	\$ 7,638,789	\$ 7,191,828	\$ 7,243,910
Members	2,817,974	2,475,797	2,466,122
State	1,032,724	962,925	882,631
<b>Total</b>	<b>11,489,487</b>	<b>10,630,550</b>	<b>10,592,663</b>
Net investment income (loss)	18,534,179	11,010,659	(2,535,420)
<b>Total additions</b>	<b>30,023,666</b>	<b>21,641,208</b>	<b>8,057,243</b>
<b>Deductions:</b>			
Benefits paid	6,265,313	5,231,982	4,724,008
Refunds of contributions	-	297,624	191,731
Administrative expenses	179,210	273,577	188,604
<b>Total deductions</b>	<b>6,444,523</b>	<b>5,803,183</b>	<b>5,104,343</b>
<b>Net increase in net position</b>	<b>23,579,143</b>	<b>15,838,026</b>	<b>2,952,900</b>
Net position restricted for pensions at beginning of year	136,431,603	120,593,577	117,640,677
<b>Net position restricted for pensions at end of year</b>	<b>\$ 160,010,746</b>	<b>\$136,431,603</b>	<b>\$120,593,577</b>

The Plan's investment activity, measured as of the end of any month, quarter or year, is a function of the underlying marketplace for the period measured and the investment policy's asset allocation.

The benefit payments are a function of changing payments to retirees, their beneficiary (if the retiree is deceased) and new retirements during the period.

# City of Miramar Police Officers' Retirement Plan and Trust

## Management's Discussion and Analysis (Required Supplementary Information) - Unaudited

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### *Asset Allocation*

At September 30, 2017, the domestic equity portion comprised 42.3% (\$67,001,751) of the total portfolio. The allocation to fixed income securities was 16.8% (\$26,614,906), while cash and short-term investments comprised 1.2% (\$1,952,911). The portion of investments allocated to international equity represented 14.2% (\$22,513,589) of the total portfolio. The real estate portion of the portfolio comprised 15.7% (\$24,884,940) and the amount allocated to alternative investments comprised 9.8% (\$15,610,131) of the portfolio.

At September 30, 2016, the domestic equity portion comprised 43.8% (\$59,267,584) of the total portfolio. The allocation to fixed income securities was 23.4% (\$31,675,524), while cash and short-term investments comprised 1.3% (\$1,787,813). The portion of investments allocated to international equity represented 11.5% (\$15,564,386) of the total portfolio. The real estate portion of the portfolio comprised 13.3% (\$17,960,687) and the amount allocated to alternative investments comprised 6.6% (\$8,915,064) of the portfolio.

### *Condensed Statements of Changes in Fiduciary Net Position*

The target asset allocation was as follows, at September 30:

<u>September 30,</u>	<u>2017</u>	<u>2016</u>
Equity (domestic)	45%	45%
Fixed income	20	30
Equity (international)	10	15
Real estate	15	5
Alternative investments	10	5

### *Contacting the Plan's Financial Management*

This financial report is designed to provide the Retirement Board, our membership, taxpayers, investors, and creditors with a general overview of the Plan's finances and to demonstrate the Plan's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City of Miramar Police Officers' Retirement Plan and Trust, 6861 SW 196th Avenue, Suite 402, Fort Lauderdale, FL 33332.

## Financial Statements

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# City of Miramar Police Officers' Retirement Plan and Trust

## Statements of Fiduciary Net Position

<i>September 30,</i>	2017	2016
<b>Assets</b>		
Cash and cash equivalents	\$ 1,952,911	\$ 1,787,813
Receivables:		
State contributions	1,032,724	962,925
Interest and dividends	134,523	131,911
Proceeds from securities sold	27,681	150,070
<b>Total receivables</b>	<b>1,194,928</b>	<b>1,244,906</b>
Prepaid Expense	436,620	414,297
Investments, at fair value:		
U.S. Government securities	13,100,616	19,108,753
Fixed Income	13,514,290	12,566,771
Domestic equity	67,001,751	59,267,584
International equity	22,513,589	15,564,386
Real estate	24,884,940	17,960,687
Absolute Return	15,528,928	8,915,064
<b>Total investments</b>	<b>156,544,114</b>	<b>133,383,245</b>
<b>Total assets</b>	<b>160,128,573</b>	<b>136,830,261</b>
<b>Liabilities</b>		
Accounts payable and accrued expenses	88,114	148,607
Payable for securities purchased	29,713	250,051
<b>Total liabilities</b>	<b>117,827</b>	<b>398,658</b>
<b>Net position restricted for pensions</b>	<b>\$ 160,010,746</b>	<b>\$ 136,431,603</b>

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

# City of Miramar Police Officers' Retirement Plan and Trust

## Statements of Changes in Fiduciary Net Position

<i>For the years ended September 30,</i>	2017	2016
<b>Additions</b>		
Contributions:		
City	\$ 7,638,789	\$ 7,191,828
State of Florida	1,032,724	962,925
Members, including \$839,322 and \$635,664 of contributions to the DROP in 2017 and 2016, respectively	2,757,864	2,472,187
Buybacks	60,110	3,610
<b>Total contributions</b>	<b>11,489,487</b>	<b>10,630,550</b>
Investment income		
Net appreciation in fair value of investments	15,458,751	7,979,837
Interest and dividends	4,064,300	3,860,142
Other income	5,882	15,785
<b>Total investment income</b>	<b>19,528,933</b>	<b>11,855,764</b>
Less: Investment expenses	994,754	845,105
<b>Net investment income</b>	<b>18,534,179</b>	<b>11,010,659</b>
<b>Total additions</b>	<b>30,023,666</b>	<b>21,641,210</b>
<b>Deductions</b>		
Pension benefits paid	6,265,313	5,231,982
Refunds of contributions	-	297,624
Administrative expenses	179,210	273,577
<b>Total deductions</b>	<b>6,444,523</b>	<b>5,803,183</b>
<b>Net increase in net position</b>	<b>23,579,143</b>	<b>15,838,026</b>
Net position restricted for pensions		
Beginning of year	136,431,603	120,593,577
<b>End of year</b>	<b>\$ 160,010,746</b>	<b>\$ 136,431,603</b>

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

# City of Miramar Police Officers' Retirement Plan and Trust

## Notes to Financial Statements

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### 1. Description of the Plan

#### *Organization*

The City of Miramar Police Officers' Retirement Plan and Trust (the "Plan") is a single employer defined benefit plan established by the City of Miramar (the "City") , Florida pursuant to City Ordinance No. 80-21 (as amended). Since 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 following brief description of the Plan is provided for general information purposes only. Participants should refer to the Plan agreement for more detailed and comprehensive information.

The Plan's governing board is made up of a Board of Trustees consisting of six members:

- Three are elected by active members of the Plan
- Two are appointed by the City Commission
- One is appointed by the other five, and must be approved by the City Commission

#### *Participants*

Participants are Police Officers of the City of Miramar, Florida. Tier One members are members hired prior to June 10, 2008 and Tier Two members are members hired on or after such date.

#### *Plan Membership*

As of October 1, membership in the Plan consisted of:

	2016	2015
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits, but not yet receiving them	124	112
Current employees:		
Vested	77	81
Nonvested	90	75
<b>Total participants</b>	<b>167</b>	<b>156</b>

#### *Pension Benefits*

##### Tier One members

Members may retire the earlier of the date on which they obtain 20 years of credited service or age 55 and completion of 10 years of credited service.

Normal retirement benefits are 3.25% of average monthly earnings times credited service for all participants. The maximum benefit shall be 80% of average monthly earnings. Average monthly earnings mean that 1/12 of the average annual compensation of the three best years of the last ten years of credited services prior to retirement or entry into the DROP. Pensionable earnings shall include up to three hundred (300) hours of overtime per year.

# City of Miramar Police Officers' Retirement Plan and Trust

## Notes to Financial Statements

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Participants should refer to the Plan document for more detailed and comprehensive information. All members acquire a 100% vested non-forfeitable right to accrued benefits after ten years of credited service with the City.

### Tier Two members

Members may retire the earlier of the date on which they obtain 25 years of credited service or age 55 and completion of 10 years of credited service.

Normal retirement benefits are 3.00% of average monthly earnings times credited service subject to a maximum accrual of 75% of average monthly earnings.

Early retirement, delayed retirement, disability, death and other benefits are also provided.

### *Deferred Retirement Option Plan*

Effective January 5, 2000, pursuant to Ordinance No. 00-16 a Deferred Retirement Option Plan (DROP) was created for the members. A member may enter into the police officers' DROP on the earliest date of eligibility for normal retirement and subsequently on the member's anniversary date through completion of twenty-five years of credited service. During a window period of thirty calendar days after the effective date of the ordinance, an eligible employee may enter into the DROP. Participation into the DROP when combined with the years of credited service in the Plan shall not exceed thirty (30) years. However, in no event shall total participation in DROP exceed eight (8) years.

The DROP is administered by the Plan's Board of Trustees. Upon entering the DROP each shall elect to have his or her account credited with the same rate of return actually received by the Plan. Once a member enters the DROP, their monthly retirement benefit is frozen, and their monthly benefit is paid into their DROP account. Upon termination of employment, the balance in the member's DROP account, including interest, is payable to them and they also begin to receive their frozen monthly retirement benefits.

Members eligible to receive accumulated leave payable upon separation from service are required to have the leave transferred to the member's DROP account.

A summary of the changes in the DROP balance as of September 30 is as follows:

<i>September 30,</i>	<b>2017</b>	<b>2016</b>
Beginning balance	\$ 28,363,284	\$ 23,679,450
Additions	3,531,147	3,014,359
Unused leave transfer	917,445	654,735
Distributions	(1,364,242)	(876,393)
Interest	2,223,038	1,891,133
Forfeitures	(637,529)	-
Ending balance	\$ 33,033,143	\$ 28,363,284

### *Ad Hoc Variable Benefit*

Effective October 1, 2010, an Ad Hoc Variable Benefit was created for all members and retirees of the Plan. The Ad Hoc Variable Benefit payment shall commence five years after retirement and shall be cumulative subject to provisions in the ordinance.

# City of Miramar Police Officers' Retirement Plan and Trust

## Notes to Financial Statements

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The Ad Hoc Variable Benefit shall be solely funded from Chapter 185 revenues in excess of the amounts currently used for existing benefits and in excess of those amounts committed to funding enhanced benefits that were in place on September 30, 2010.

The cost of the Ad Hoc Variable Benefit shall be reviewed annually during the month of June by the Board and its actuary to determine what, if any, the Ad Hoc Variable Benefit will be for the next fiscal year. No Ad Hoc Variable Benefit shall be distributed to any retiree until the Board and its actuary have determined what the Ad Hoc Variable Benefit will be for that fiscal year based solely on the excess Chapter 185 funds. In the event that there are no excess Chapter 185 funds to fund this benefit for a particular fiscal year, there will be no Ad Hoc Variable Benefit for that fiscal year.

### *Cost of Living Adjustment (COLA)*

Effective October 1, 2001, an annual 2.0% COLA was created for all retirees and DROP participants who were active employees on or after October 1, 2001, including DROP participants who had entered the DROP prior to October 1, 2001. COLA payments shall commence five (5) years after retirement or entry into the DROP, but no earlier than October 1, 2006. Tier Two members are not eligible for COLA.

### *Funding Requirements*

#### Member Contributions

The Plan provides for member contributions of 13.4% of earnings. Earnings shall include up to three hundred (300) hours of overtime per year. If a member resigns or is lawfully discharged before retirement, their contributions with 3% simple interest per annum are returned to them. The Plan also provides a special provision for vested benefits for employees who terminate after 10 years of service.

#### City and State Contributions

Pursuant to Florida Statutes, Chapter 185, contributions from the State of Florida Department of Insurance consist of an excise tax imposed by the City upon certain casualty insurance companies on the gross amount of receipts of premiums from policy holders on all premiums collected on casualty insurance policies covering property within the City. The City pays into the Plan such amount as is determined actuarially to provide for benefits under the Plan not met by member contributions. This amount is reduced by any allowable Chapter 185 State contributions.

## **2. Summary of Significant Accounting Policies**

### *Basis of Accounting*

The Plan's financial statements are prepared using the accrual basis of accounting. Employee (Member) contributions are recognized as revenues in the period in which the contributions are due. Employer (City) contributions are recognized as revenues when due pursuant to actuarial valuations. State contributions are recognized as revenue in the period in which they are approved by the State. Interest and other income are recorded as earned and dividend income is recorded as of the ex-dividend date.

# City of Miramar Police Officers' Retirement Plan and Trust

## Notes to Financial Statements

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### *Cash Equivalents*

The Plan considers all highly liquid investments with an original maturity of three months or less when purchased, to be cash equivalents.

### *Investments*

Investments are recorded at fair value in the Statement of Fiduciary Net Position. 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 at the measurement date. Refer to Note 4 to the financial statements for more detail regarding the methods used to measure the fair value of investments. The diversity of the investment types in which the Plan has entered into requires a range of techniques to determine fair value. The overall valuation processes and information sources by major investment classification are as follows:

- **Equity investments:** These include common stock and international equity funds. Domestic securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the fiscal year. Securities traded in the over-the counter market and listed securities for which no sale was reported on that date are valued at the last reported bid price. International equities are valued based upon quoted foreign market prices and translated into U.S. dollars at the exchange rate in effect at September 30, 2017 and 2016. Securities which are not traded on a national security exchange are valued by the respective fund manager or other third parties based on yields currently available on comparable securities of issuers with similar credit ratings.
- **Debt securities:** Debt securities consist primarily of negotiable obligations of the U.S. government and corporate bonds. These securities can typically be valued using the close or last traded price on a specific date (quoted prices in active markets). When quoted prices are not available, fair value is determined based on valuation models that use inputs that include market observable inputs. These inputs included recent trades, yields, price quotes, cash flows, maturity, credit ratings, and other assumptions based upon the specifics of the investment's type.
- **Real estate:** The real estate portfolio holds investments in commingled funds. Limited partner interests in commingled funds are valued using the net asset value (NAV) of the partnership provided by the general partner. The most significant input into the NAV of such entity is the fair value of its investment holdings. These holdings are valued using the general partners' fair valuation policy on a continuous basis, audited annually and periodically appraised by an independent third party as directed by the governing document for each commingled fund investment. The valuation assumptions use both market and property specific input.
- **Alternative investments:** The Plan has investments as a limited partner in various infrastructure funds. The partnerships are valued using their NAV calculated in accordance with the general partner's fair valuation policy as of measurement date and are audited annually. The most significant input into the NAVs of such an entity is the fair value of its investment holdings.

Unrealized gains and losses are presented as net appreciation (depreciation) in fair value of investments on the statements of changes in Fiduciary Net Position along with gains (losses) realized on sales of investments. Purchases and sales of investments are recorded on a trade-date basis.

# City of Miramar Police Officers' Retirement Plan and Trust

## Notes to Financial Statements

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Given the inherent nature of investments, it is reasonably possible that changes in the value of those investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of Fiduciary Net Position.

### *Use of Estimates*

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

### *Risk and Uncertainties*

Contributions to the Plan and the actuarial information included in the required supplementary information (RSI) are reported based on certain assumptions pertaining to the interest rates, inflation rates and member compensation and demographics. Due to the changing nature of these assumptions, it is at least reasonably possible that changes in these assumptions may occur in the near term and, due to the uncertainties inherent in setting assumptions, that the effect of such changes could be material to the financial statements.

### *Subsequent Events*

Management has evaluated subsequent events through March 9, 2018, the date which the financial statements were available for issue.

## **3. Contributions**

### *Actual Contributions*

The actual City contribution for active members and the State contribution for the years ended September 30, 2017 and 2016 amounted to \$8,671,513 and \$8,154,753, respectively, and the actual amount of covered payroll was approximately \$ 13,666,073 and \$13,028,674, respectively.

City and State contributions consisted of the following:

	2017	
	Amount	Percentage of Actual Covered Annual Payroll
City	\$ 7,638,789	55.90%
State	1,032,724	7.60
<b>Total</b>	<b>\$ 8,671,513</b>	<b>63.45%</b>

# City of Miramar Police Officers' Retirement Plan and Trust

## Notes to Financial Statements

Employee contributions were \$2,757,864 and buybacks were \$60,110.

2016		
	Amount	Percentage of Actual Covered Annual Payroll
City	\$ 7,191,828	55.20%
State	962,925	7.40
Total	\$ 8,154,753	62.60%

Employee contributions were \$2,472,187 and buybacks were \$3,610.

### *Actuarially Determined Contributions*

The contributions required from the City of Miramar for the fiscal years ended September 30, 2017 and 2016, were actuarially determined using valuation dates of October 1, 2015 and 2014, respectively. The actuarially computed annual covered payroll used in the October 1, 2015 and 2014 valuations was \$11,902,101 and \$12,703,946, respectively.

Effective May 30, 2012, the Division of Retirement mandated that local governments confer with the Plan's actuary to select and maintain a contribution method (percentage of payroll or fixed dollar contribution) that best fits the funding requirements of the Plan. For the year end September 30, 2012, the Plan selected to use the percentage of payroll contribution amount and the fixed dollar contribution beginning with the fiscal year end September 30, 2013.

The amounts cover the following:

2017		
	Amount	Percentage of Actual Covered Annual Payroll
Normal cost	\$ 2,477,513	20.8%
Amortization of the unfunded frozen actuarial accrued liability	7,638,789	64.2
Total	\$ 10,116,302	85.0%

2016		
	Amount	Percentage of Actual Covered Annual Payroll
Normal cost	\$ 2,609,787	20.0%
Amortization of the unfunded frozen actuarial accrued liability	7,191,828	55.2
Total	\$ 9,801,615	75.2%

# City of Miramar Police Officers' Retirement Plan and Trust

## Notes to Financial Statements

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### 4. Deposit and Investment Risk Disclosures

#### *Cash and Cash Equivalents*

Deposits are carried at cost and are included in cash and cash equivalents in the statement of Fiduciary Net Position. Cash and cash equivalents include money market funds which are reported at cost or amortized cost, which approximates fair value.

#### *Investment Authorization*

The Plan's investment policy is determined by the Board of Trustees. The policy has been identified by the Board as preserving the purchasing power of the Plan's assets and earns an above average real rate of return (after inflation) over the long-term while minimizing, to a reasonable extent, the short-term volatility of results. The Trustees are authorized to acquire and retain every kind of property, real, personal or mixed, and every kind of investment specifically included, but not by way of limitation, bonds, debentures, and other corporate obligations, and stocks, preferred or common, which persons of prudence, discretion and intelligence acquire or retain for their own account.

Investment in all equity securities shall be limited to those listed on a major U.S. stock exchange and limited to no more than 75% (at market) of the Plan's total asset value with no more than 5% at cost of an investment manager's equity portfolio invested in the shares of a single corporate issuer. Investments in stocks of foreign companies shall be limited to 10% of the value of the portfolio at the time of purchase. No more than 25% of the equity securities are to be invested in small or mid-cap stocks and shares of stock in those corporations whose stock has been publicly traded for less than one year are limited to 15% of the equity portfolio.

The average credit quality of the bond portfolio shall be "A" or higher and the duration of the fixed income portfolio should be less than 135% of the duration of the market index defined as the Barclay's Capital US Aggregate Bond Index. The fixed income portfolio rated below "BBB" shall not exceed 15% of the entire fixed income portfolio. Real estate and absolute return investments shall not exceed 10% and 20% of the market value of the portfolio, respectively.

#### *Types of Investments*

Florida statutes and Plan investment policy authorize the Trustees to invest funds in various investments.

The current target allocation of these investments at market as of September 30, 2017 and 2016 is as follows:

<u>Authorized Investments</u>	<u>2017</u>	<u>2016</u>
Equity (domestic)	45%	45%
Fixed income	20	30
Equity (international)	10	15
Real estate	15	5
Alternative	10	5

#### *Rate of Return*

For the years ended September 30, 2017 and 2016, the annual money-weighted rate of return on pension plan investments, net of pension investment expense, was 13.6% and 9.4%, respectively.

# City of Miramar Police Officers' Retirement Plan and Trust

## Notes to Financial Statements

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### *Interest Rate Risk*

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

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

2017					
Investment Maturities (in years)					
Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. Treasuries	\$ 4,201,006	\$ -	\$ -	\$ -	\$ 4,201,006
U.S. Agencies	8,899,610	1,796,072	3,550,553	3,201,798	351,187
U.S. Treasury Fund	1,927,000	1,927,000	-	-	-
Corporate bonds	6,115,461	-	325,920	2,464,984	3,324,557
Bond Fund	7,398,829	-	7,398,829	-	-
<b>Total fixed income</b>	<b>\$ 28,541,906</b>	<b>\$ 3,723,072</b>	<b>\$ 11,275,302</b>	<b>\$ 5,666,782</b>	<b>\$ 7,876,750</b>

2016					
Investment Maturities (in years)					
Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. Treasuries	\$ 4,749,349	\$ -	\$ -	\$ -	\$ 4,749,349
U.S. Agencies	14,359,404	2,505,129	6,599,723	4,767,238	487,314
U.S. Treasury Fund	1,786,562	1,768,562	-	-	-
Corporate bonds	5,774,048	-	3,056,506	1,705,517	1,012,025
Bond Fund	6,792,723	-	6,792,723	-	-
<b>Total fixed income</b>	<b>\$ 33,444,086</b>	<b>\$ 4,273,691</b>	<b>\$ 16,448,952</b>	<b>\$ 6,472,755</b>	<b>\$ 6,248,688</b>

### *Credit Risk*

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

# City of Miramar Police Officers' Retirement Plan and Trust

## Notes to Financial Statements

The following table discloses credit ratings by investment type, at September 30, as applicable:

	2017		2016	
	Fair Value	Percentage of Portfolio	Fair Value	Percentage of Portfolio
U.S. government guaranteed*	\$ 15,027,615	52.65%	\$ 20,895,315	62.44%
Quality rating of credit risk debt				
Securities				
AA+	251,058	0.88	-	-
AA	774,736	2.71	-	-
AA-	-	-	-	-
A+	757,957	2.66	-	-
A	1,832,652	6.42	-	-
A-	1,194,812	4.19	2,342,592	7.00
BBB	-	-	946,585	2.83
BBB+	1,304,247	4.57	2,484,871	7.43
CCC	-	-	-	-
Not rated	7,398,829	25.92	6,792,723	20.30
Total credit risk debt security	13,514,290	47.35	12,566,771	37.56
Total fixed income securities	\$ 28,541,906	100.00%	\$ 33,444,086	100.00%

\*Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not have purchase limitations.

### *Concentration of Credit Risk*

The investment policy of the Plan contains limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. There were no individual investments that represent 5% or more of Fiduciary Net Position at September 30, 2017 and 2016.

### *Custodial Credit Risk*

Deposits are exposed to custodial risk if they are uninsured and uncollateralized. Custodial risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Plan will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

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

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

# City of Miramar Police Officers' Retirement Plan and Trust

## Notes to Financial Statements

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### *Investment Valuation*

GASB 72 establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the specific characteristics of the investment. Fair value represents 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. Investments with readily available actively quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and lesser degree of judgment used in measuring fair value.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

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

Level 2 - Investments not traded on an active market but for which observable market inputs are available for an asset, either directly or indirectly, as of the reporting date.

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

The Plan has established a framework to consistently measure the fair value of the Plan's assets and liabilities in accordance with applicable accounting, legal, and regulatory guidance. This framework has been provided by establishing valuation policy and procedures that will provide reasonable assurance that assets and liabilities are carried at fair value. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Plan's assessment of the significance of a particular input to the fair value measurement requires judgment and considers factors specific to the investment.

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# City of Miramar Police Officers' Retirement Plan and Trust

## Notes to Financial Statements

The following table summarizes the valuation of the Plan's investments in accordance with the above mentioned fair value hierarchy levels as of September 30, 2017:

	Fair Value Measurements Using			
	9/30/2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level</b>				
Debt securities				
U.S. Treasury securities	\$ 13,100,616		\$ 13,100,616	
Corporate bonds	6,115,461		6,115,461	
<hr/>				
<b>Total debt securities</b>	19,216,077	-	19,216,077	-
<hr/>				
Equity securities				
Common stocks	38,539,151	38,539,151		
<hr/>				
<b>Total equity securities</b>	38,539,151	38,539,151		
<hr/>				
<b>Total Investments by Fair Value Level</b>	57,755,228	\$ 38,539,151	\$ 19,216,077	\$ -
<hr/>				
<b>Investments measured at the net asset value ("NAV")</b>				
Fixed Income Funds	7,398,829			
Absolute Return Funds	15,528,928			
Domestic Equity Funds	28,462,600			
International Equity Funds	22,513,589			
Real estate equity	24,884,940			
<hr/>				
<b>Total Investments Measured at the NAV</b>	98,788,886			
<hr/>				
<b>Total Investments Measured at Fair Value</b>	\$ 156,544,114			

# City of Miramar Police Officers' Retirement Plan and Trust

## Notes to Financial Statements

The following table summarizes the valuation of the Plan's investments in accordance with the above mentioned fair value hierarchy levels as of September 30, 2016:

	Fair Value Measurements Using			
	9/30/2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level</b>				
Debt securities				
U.S. Treasury securities	\$ 19,108,753	\$ -	\$ 19,108,753	\$ -
Corporate bonds	5,774,048	-	5,774,048	-
<hr/>				
<b>Total debt securities</b>	24,882,801	-	24,882,801	-
<hr/>				
Equity securities				
Common stocks	32,490,726	32,490,726		
<hr/>				
<b>Total equity securities</b>	32,490,726	32,490,726		
<hr/>				
<b>Total Investments by Fair Value Level</b>	57,373,527	\$ 32,490,726	\$ 24,882,801	\$ -
<hr/>				
<b>Investments measured at the net asset value ("NAV")</b>				
Fixed Income Funds	6,792,723			
Absolute Return Funds	8,915,064			
Domestic Equity Funds	26,776,858			
International Equity Funds	15,564,386			
Real estate equity	17,960,687			
<hr/>				
<b>Total Investments Measured at the NAV</b>	76,009,718			
<hr/>				
<b>Total Investments Measured at Fair Value</b>	\$ 133,383,245			

# City of Miramar Police Officers' Retirement Plan and Trust

## Notes to Financial Statements

- Debt securities: Debt securities consist primarily of negotiable obligations of the U.S. government and corporate bonds. These securities can typically be valued using the close or last traded price on a specific date (quoted prices in active markets). When quoted prices are not available, fair value is determined based on valuation models that use inputs that include market observable inputs. These inputs included recent trades, yields, price quotes, cash flows, maturity, credit ratings, and other assumptions based upon the specifics of the investment's type.
- Equity investments: These include common stock and international equity funds. Domestic securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the fiscal year. Securities traded in the over-the counter market and listed securities for which no sale was reported on that date are valued at the last reported bid price. International equities are valued based upon quoted foreign market prices and translated into U.S. dollars at the exchange rate in effect at September 30, 2017 and 2016. Securities which are not traded on a national security exchange are valued by the respective fund manager or other third parties based on yields currently available on comparable securities of issuers with similar credit ratings.

The Plan's valuation methods for investments measured at the net asset value ("NAV") per share (or its equivalent) as of September 30, 2017, are as follows:

2017					
Investments Measured at the NAV					
		Unfunded Commitments	Redemption Frequency	Redemption Notice Period	
Fixed income funds (1)	\$ 7,398,829	\$ -	Daily	Same Day	
Absolute return funds (2)	15,528,928	-	Quarterly	30 Days	
Domestic equities (3)	28,462,600	-	Daily	Same Day	
International equity funds (4)	22,513,589	-	Daily	Same Day	
Real estate equity (5)	24,884,940	-	Daily	10 days	
<b>Total investments measured at the NAV</b>	<b>\$ 98,788,886</b>	<b>\$ -</b>			

(1) Fixed income funds consist primarily of mutual funds. The investment is valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.

(2) Absolute return funds aim to provide positive investment returns in all market conditions over the medium to long term. The funds are actively managed, with a wide investment remit to target a level of return over rolling three-year periods equivalent to cash plus five percent a year, gross of fees. They exploit market inefficiencies through active allocation to a diverse range of market positions. The funds use a combination of traditional assets (such as equities and bonds) and investment strategies based on advanced derivative techniques, resulting in a highly diversified portfolio. The funds can take long and short positions in markets, securities and groups of securities through derivative contracts.

(3) Domestic equity funds consist of investment vehicles that invests primarily in publicly traded equity securities. The funds are valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.

# City of Miramar Police Officers' Retirement Plan and Trust

## Notes to Financial Statements

- (4) International equity funds consist of three investment vehicles that invest primarily in publicly traded global equity securities. The funds are valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.
- (5) The real estate fund invests primarily in United States commercial real estate. The fair value of the investment in the fund is valued at the net asset value of outstanding units held at the end of the period based upon the fair value of the underlying investments. Real estate funds are valued using their respective net asset value ("NAV") as of September 30, 2017 and 2016. The most significant input into the NAV of such funds is the fair value of the investment holdings. These holdings are valued by the general partners on a quarterly or semi-annual basis, in conjunction with management and investment advisors.

### 5. Net Pension Liability of the City

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

	2017	2016
Total pension liability	\$ 236,061,413	\$ 210,320,793
Plan fiduciary net position	(160,010,746)	(136,431,603)
City's net pension liability	\$ 76,050,667	\$ 73,889,190

Plan fiduciary net position as a percentage of total pension liability	67.78%	64.87%
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#### *Actuarial Assumptions*

The total pension liability at September 30, 2017 was determined using an actuarial valuation as of October 1, 2016 with updated procedures used to roll forward the total pension liability to September 30, 2017. The actuarial valuation used the followings actuarial assumptions:

Inflation	2.5%
Projected salary increases	5.5%
Investment rate of return	7.0% compounded annually net of pension plan investment expense, including inflation.

Mortality rates are calculated using the RP2000 Combined Healthy Participants Mortality Table for males and females with mortality improvement projected to all future years after 2000 using Scale AA. The age was set forward by 5 years for the disabled participants.

The actuarial assumptions used in the October 1, 2016 valuation were based on the results of an actuarial experience study from October 1, 2009 through September 30, 2016.

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension Plan investment expense and inflation) for each major asset class as well as historical investment data and Plan performance.

# City of Miramar Police Officers' Retirement Plan and Trust

## Notes to Financial Statements

Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of the valuation dates of October 1, 2016 and 2015 (see the discussion of the Plan's investment policy) are summarized in the following table:

Asset Class	Expected Long-Term Real Rate of Return	
	2017	2016
US Large Cap Stock	4.75%	4.75%
US Small/ Mid Cap Equity	5.00%	5.00%
International Equity	4.50%	4.50%
US Direct Real Estate	4.50%	4.50%
Absolute Return	2.50%	2.50%
Global Return	3.25%	3.25%
US Aggregate Bond	0.75%	0.75%

### *Discount Rate*

The discount rate used to measure the total pension liability was 7.0% and 7.50% for 2017 and 2016, respectively. The projection of cash flows used to determine the discount rate assumed that Plan 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 Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long term expected rate of return on pension Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

### *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 7.00% and 7.50% for 2017 and 2016 respectively, as well as what the employer net pension liability would if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	City Net Pension Liability - 2017		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
September 30, 2017	\$ 107,134,545	\$ 76,050,667	\$ 51,370,530

  

	City Net Pension Liability - 2016		
	1% Decrease (6.00%)	Current Discount Rate (7.50%)	1% Increase (8.00%)
September 30, 2016	\$ 100,495,499	\$ 73,889,190	\$ 52,489,690

## Required Supplementary Information

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**City of Miramar Police Officers' Retirement Plan and Trust**  
**Required Supplementary Information**  
**Schedule of Changes in the City's Net Pension Liability (Unaudited)**  
**Last Four Fiscal Years**

	2017	2016	2015	2014
<b>Total pension liability</b>				
Service cost	\$ 4,623,419	\$ 4,194,584	\$ 4,802,698	\$ 4,131,932
Interest	15,648,210	13,940,179	13,608,605	12,030,374
Changes of benefit terms	84,240			
Differences between expected and actual experience	4,363,011	(7,431,913)	(52,170)	-
Changes of assumptions	7,287,053	(411,827)	-	-
Benefit payments, including refunds of member contributions	(6,265,313)	(5,529,606)	(4,915,739)	(4,279,408)
<b>Net change in total pension liability</b>	<b>25,740,620</b>	<b>4,761,417</b>	<b>13,443,394</b>	<b>13,443,394</b>
Change in estimate due to change in actuarial assumptions as of September 30, 2017	-	-	24,759,686	-
<b>Total pension liability- beginning</b>	<b>210,320,793</b>	<b>205,559,376</b>	<b>167,356,296</b>	<b>155,473,398</b>
<b>Total pension liability- ending</b>	<b>236,061,413</b>	<b>210,320,793</b>	<b>205,559,376</b>	<b>167,356,296</b>
<b>Plan fiduciary net position</b>				
Contributions - City	7,638,789	7,191,828	7,243,910	7,381,064
Contributions - State	1,032,724	962,925	882,631	864,308
Contributions - Member, including buybacks	2,817,974	2,475,797	2,466,122	2,137,015
Net investment income	18,534,179	11,010,659	(2,535,420)	8,789,423
Benefit payments, including refunds of member contributions	(6,265,313)	(5,529,606)	(4,915,739)	(4,279,408)
Administrative expenses	(179,210)	(273,577)	(188,604)	(161,863)
<b>Net change in plan fiduciary net position</b>	<b>23,579,142</b>	<b>15,838,026</b>	<b>2,952,900</b>	<b>14,730,539</b>
<b>Plan fiduciary net position - beginning</b>	<b>136,431,603</b>	<b>120,593,577</b>	<b>117,640,677</b>	<b>102,910,138</b>
<b>Plan fiduciary net position - ending</b>	<b>\$ 160,010,745</b>	<b>\$ 136,431,603</b>	<b>\$ 120,593,577</b>	<b>\$ 117,640,677</b>
<b>City's net pension liability</b>	<b>\$ 76,050,668</b>	<b>\$ 73,889,190</b>	<b>\$ 84,965,799</b>	<b>\$ 49,715,619</b>

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

*See accompanying independent auditor's report and  
notes to required supplementary information.*

**City of Miramar Police Officers' Retirement Plan and Trust**  
**Required Supplementary Information**  
**Schedule of the City's Net Pension Liability (Unaudited)**  
**Last Four Fiscal Years**

	2017	2016	2015	2014
Total pension liability **	\$ 236,061,413	\$ 210,320,793	\$ 205,559,376	\$ 167,356,296
Plan fiduciary net position	(160,010,746)	(136,431,603)	(120,593,577)	(117,640,677)
<b>City's net pension liability</b>	<b>\$ 76,050,667</b>	<b>\$ 73,889,190</b>	<b>\$ 84,965,799</b>	<b>\$ 49,715,619</b>
Plan fiduciary net position as a percentage of the total pension liability	67.78%	64.87%	58.67%	70.29%
Covered - employee payroll	\$ 13,104,019	\$ 11,902,101	\$ 13,025,960	\$ 12,703,946
City's net pension liability as a percentage of covered - employee payroll	580.36%	620.81%	652.28%	586.24%

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

\*\* Effective February 25, 2016, the Plan, based on a revised actuarial valuation, changed its total pension liability estimate as of September 30, 2014 and as such, the previously reported total pension liability of \$167,356,296 was changed to \$192,115,982. The effect of this change in estimate was to increase the total pension liability as of September 30, 2015 by \$24,759,686.

Also, as a result of this change in actuarial assumptions, covered employee payroll for 2014 was changed to \$12,703,946 from the previously reported covered employee payroll of \$13,339,143.

*See accompanying independent auditor's report and notes to required supplementary information.*

**City of Miramar Police Officers' Retirement Plan and Trust**  
**Required Supplementary Information**  
**Schedule of Contributions by Employer (Unaudited)**  
**Last 10 Fiscal Years**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contribution	\$ 8,521,420	\$ 8,056,136	\$ 8,042,692	\$ 8,120,568	\$ 7,760,056
Contributions in relation to the actuarially determined contribution	<u>8,521,420</u>	<u>8,056,136</u>	<u>8,042,692</u>	<u>8,120,568</u>	<u>7,760,056</u>
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>				
Covered-employee payroll	\$ 13,104,019	\$ 11,902,101	\$ 12,703,976	\$ 12,877,037	\$ 13,153,434
Contributions as a percentage of covered-employee payroll	65.0%	82.4%	57.0%	57.3%	53.8%
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Actuarially determined contribution	\$ 6,757,964	\$ 6,679,088	\$ 5,792,364	\$ 4,331,376	\$ 4,508,456
Contributions in relation to the actuarially determined contribution	<u>6,757,964</u>	<u>6,679,088</u>	<u>5,792,364</u>	<u>4,331,376</u>	<u>4,508,456</u>
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>				
Covered-employee payroll	\$ 13,480,502	\$ 13,630,744	\$ 12,710,441	\$ 11,595,288	\$ 12,233,680
Contributions as a percentage of covered-employee payroll	50.1%	49.0%	45.6%	37.4%	36.9%

*See accompanying independent auditor's report and notes to required supplementary information.*

**City of Miramar Police Officers' Retirement Plan and Trust**  
**Required Supplementary Information**  
**Schedule of Investment Returns (Unaudited)**  
**Last Ten Fiscal Years**

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

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
13.6%	9.4%	(1.8%)	9.5%	14.3%
<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
18.8%	(1.2%)	6.8%	(0.8%)	(10.9%)

The annualized compound return is 5.4%.

*See accompanying independent auditor's report and  
notes to required supplementary information.*

**City of Miramar Police Officers' Retirement Plan and Trust**  
**Required Supplementary Information**  
**Notes to Required Supplementary Information (Unaudited)**  
**Last Fiscal Year**

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*Method and assumptions used in calculations of City's actuarially determined contributions.*

The actuarially determined contribution rates in the schedule of the City's contributions are calculated as of October 1, one year prior to the end of the fiscal year in which contributions are reported. 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.

Actuarial cost method	Entry-Age-Normal
Asset valuation method	The actuarial value of assets is determined by smoothing the differences between actuarial investment earnings and assumed investment return over five (5) years. This method was adopted effective October 1, 2001 with no phase-in. The resulting value would then be limited to between 80% and 120% of market value.
Interest Rates	7.0% (changed from 7.5% effective with the October 1, 2016, actuarial valuation) net of investment expenses, compounded annually.
Inflation	2.50%
Projected salary increases	5.50% per year, including inflation
Expense and or Contingency Loading	Actual expenses paid during previous year less direct investment expense.
Mortality Rates:	
Healthy	Mortality rates are calculated with the RP2000 Generational Table with separate rates for males and females.
Disabled	For disabled participants, the 60% RP2000 Disabled with separate rates for males and females.

*See accompanying independent auditor's report.*

**City of Miramar Police Officers' Retirement Plan and Trust**  
**Required Supplementary Information**  
**Notes to Required Supplementary Information (Unaudited)**  
**Last Fiscal Year**

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Retirement Rates The following are the retirement rates assumed for the participants eligible for retirement:

**Tier One Members**

Participants with 20 or more years of credited service		Participants with less than 20 years of credited service	
<u>Years of Service</u>	<u>Percentage retiring</u>	<u>Age</u>	<u>Percentage Retiring</u>
20 or More	100%	50-54	25%
		55-59	50%
		60	100%

Active Participants with less than 20 years of Credited Service who are eligible for retirement as of the valuation date are assumed to have a minimum of one (1) year future service

**Tier Two Members**

Participants with 25 or more years of credited service		Participants with less than 25 years of credited service	
<u>Years of Service</u>	<u>Percentage retiring</u>	<u>Age</u>	<u>Percentage Retiring</u>
25 or More	100%	50-54	25%
		55-59	50%
		60	100%

Active Participants with less than 25 years of Credited Service who are eligible for retirement as of the valuation date are assumed to have a minimum of one (1) year future service

Disability Rates: The 1985 Disability Study- Class 2 separate Male and Female rates were used. 75% of disabilities assumed to be service incurred, 25% assumed to be non-service incurred

Withdrawal Rates:

Withdrawal Rates		
Per 100 Employees		
<u>Age</u>	<u>Male</u>	<u>Female</u>
20	11.90%	19.90%
25	7.90%	11.90%
30	5.50%	7.90%
35	3.90%	5.50%
40	2.20%	3.90%
45	1.40%	2.20%
50	0.30%	1.40%
55	0.00%	0.30%
60 & over	0.00%	0.00%

Marital Status and Ages:

100% of active participants were assumed married, with husbands three (3) years older than wives.

Withdrawal of Employee Contributions:

It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.

*See accompanying independent auditor's report.*

## Supplementary Schedules

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**City of Miramar Police Officers' Retirement Plan and Trust**  
**Supplementary Schedules of Investment Expenses and Administrative Expenses**  
**For the Years Ended September 30, 2017 and 2016**

	2017	2016
<b>Schedule "1"</b>		
<b>Schedule of Investment Expenses</b>		
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Financial management expenses		
Garcia Hamilton	\$ 58,635	\$ 71,349
Boston	75,276	86,099
Cornerstone	-	58,416
JP Morgan	40,977	44,647
Intercontinental	231,013	131,568
DePrince	100,745	60,060
Luther King	12,912	58,334
American Core	65,260	61,604
Thomas White	-	36,029
Bloomfield	133,831	-
Sawgrass Management, LLC	59,633	55,804
<hr/>		
<b>Total financial management expenses</b>	<b>778,281</b>	<b>663,910</b>
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Investment consultant fees		
Southeastern Advisory Services, Inc.	166,779	150,529
Investment custodial fees		
Fiduciary Trust Company	49,694	30,667
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<b>Total investment expenses</b>	<b>\$ 994,754</b>	<b>\$ 845,105</b>
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<b>Schedule "2"</b>		
<b>Schedule of Administrative Expenses</b>		
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Professional services		
Administrative fees	\$ 16,538	\$ 19,721
Legal	29,316	86,440
Actuarial	67,630	78,710
Audit and accounting fees	27,524	26,795
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<b>Total professional services</b>	<b>141,007</b>	<b>211,666</b>
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Other		
Insurance	13,438	25,870
Member education expense	24,165	33,391
Dues and subscriptions	600	2,650
<hr/>		
<b>Total other</b>	<b>38,203</b>	<b>61,911</b>
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<b>Total administrative expenses</b>	<b>\$ 179,210</b>	<b>\$ 273,577</b>
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