**CITY OF MIRAMAR**

**MANAGEMENT RETIREMENT PLAN**

**AUDITED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

S. Davis & Associates, P.A.
Certified Public Accountants & Consultants

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# AUDITED FINANCIAL STATEMENTS
# SEPTEMBER 30, 2021 AND 2020

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees
City of Miramar Management Retirement Plan
Miramar, Florida

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the City of Miramar Management Retirement Plan (the "Plan") which comprise of the statements of fiduciary net position as of September 30, 2021 and 2020, and the related statements of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Plan 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The financial statements presented are only for the Plan which is also reported as a pension trust fund in the City of Miramar's comprehensive annual financial report. Accordingly, the accompanying financial statements are not intended to represent the financial position of the City of Miramar, Florida, as of September 30, 2021 and 2020, or its changes in financial position and cash flows for the fiscal years then ended in conformity with accounting principles generally accepted in the United States of America.

***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 Management Retirement Plan as of September 30, 2021 and 2020, and the related changes in its fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the required supplementary information listed in the 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 and Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Plan's basic financial statements. The accompanying 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2022, on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

S. Davis & Associates, P.A.

Hollywood, Florida
February 17, 2022

Our discussion and analysis of the City of Miramar Management Retirement Plan (the "Plan") financial performance provides an overview of the Plan's financial activities for the fiscal year 2021 and 2020. 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, 2021 and 2020 by $71,817,997 and $55,840,037, 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 $15,977,960 and $7,887,502 in fiduciary net position of the respective years resulted primarily from the change in the fair value of the Plan's investments due to volatile financial markets.

  Plan assets exceeded its liabilities at the close of fiscal years ended September 30, 2020 and 2019 by $55,840,037 and $47,952,535, 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 $7,887,502 and $4,148,790 in fiduciary net position of the respective years resulted primarily from the change in the fair value of the Plan's investments due to volatile financial markets.

- Receivables at September 30, 2021 increased by $21,947 or 38.3% due primarily to the increase in accrued investment income.

  Receivables at September 30, 2020 increased by $15,104 or 35.7% due primarily to the increase in accrued investment income.

- Prepaid benefit payment at September 30, 2021 increased by $28,858 or 11.9% from 2020.

  Prepaid benefit payment at September 30, 2020 increased by $10,765 or 4.7% from 2019.

- For the fiscal year ended September 30, 2021, employer (City) contributions to the Plan increased $491,896 or 15.0% based on the actuarial valuation. Actual employer contributions were $3,777,306 and $3,285,410 for 2021 and 2020, respectively.

  For the fiscal year ended September 30, 2020, employer (City) contributions to the Plan increased $188,616 or 6.1% based on the actuarial valuation. Actual employer contributions were $3,285,410 and $3,096,794 for 2021 and 2020, respectively.

- For the fiscal year ended September 30, 2021, member contributions including buybacks decreased by $181,496 or 5.5%. Actual member contributions were $2,497,004 and $2,368,274 for 2021 and 2020, respectively and buybacks were $637,448 and $947,674 for 2021 and 2020, 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, 2020, member contributions including buybacks increased by $1,301,579 or 64.6%. Actual member contributions were $2,368,274 and $1,640,175 for 2020 and 2019, respectively and buybacks were $947,674 and $374,194 for 2020 and 2019, 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, 2021, the Plan had net investment income of $12,420,559 compared to a net investment income of $4,472,269 in the fiscal year ended September 30, 2020. Actual results were $11,660,324 in net appreciation in fair value of investment for 2021 and $3,840,511 in net appreciation in fair value of investment for 2020 and $924,449 and $765,457 of income from interest and dividends for 2021 and 2020, respectively. Investment expenses increased by $30,515 or 22.8% from 2020.

  For the fiscal year ended September 30, 2020, the Plan had net investment income of $4,472,269 compared to a net investment income of $2,105,759 in the fiscal year ended September 30, 2019. Actual results were $3,840,511 in net appreciation in fair value of investment for 2020 and $1,331,651 in net appreciation in fair value of investment for 2019 and $765,457 and $881,391 of income from interest and dividends for 2020 and 2019, respectively. Investment expenses increased by $26,416 or 24.6% from 2019.

- For the fiscal year ended September 30, 2021, benefit payments and refunds of contributions increased by $130,638 or 4.2%.

  For the fiscal year ended September 30, 2020, benefit payments and refunds of contributions increased by $127,260 or 4.3%.

- For the fiscal year ended September 30, 2021, administrative expenses increased by $36,594 or 36.6% from 2020 due primarily to increases in actuarial and legal fees.

  For the fiscal year ended September 30, 2020, administrative expenses decreased by $9,267 or 8.5% from 2019 due primarily to marginal decreases in actuarial, legal, meetings and convention, and auditing fees.

## Plan Highlights

For the fiscal year ended September 30, 2021, the total return of the portfolio was 22.97% for the year. Actual net returns from investments were net investment income of $12,420,559 in 2021 compared with net income from investments of $4,472,269 in 2020.

For the fiscal year ended September 30, 2020, the total return of the portfolio was 8.2% for the year. Actual net returns from investments were net investment income of $4,472,269 in 2020 compared with net income from investments of $2,105,759 in 2019.

## 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 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.

*Condensed Statements of Fiduciary Net Position*

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

| | 2021 | 2020 |
|---|---|---|
| Cash and cash equivalents | $ 647,581 | $ 154,194 |
| Receivables | 79,315 | 57,368 |
| Prepaid expense | 270,816 | 241,958 |
| Investments | 70,820,285 | 55,386,517 |
| Total assets | 71,817,997 | 55,840,037 |
| Liabilities | - | - |
| Net position restricted for pensions | $ 71,817,997 | $ 55,840,037 |

*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:

| | 2021 | 2020 |
|---|---|---|
| Contributions: | | |
| City | $ 3,777,306 | $ 3,285,410 |
| Members | 3,134,452 | 3,315,948 |
| Total | 6,911,758 | 6,601,358 |
| Net investment income | 12,420,559 | 4,472,269 |
| Total additions | 19,332,317 | 11,073,627 |
| Deductions: | | |
| Benefits paid directly to retirees | 3,103,735 | 2,857,720 |
| Refunds of contributions | 113,027 | 228,404 |
| Administrative expenses | 137,595 | 100,001 |
| Total deductions | 3,354,357 | 3,186,125 |
| Net increase | 15,977,960 | 7,887,502 |
| Net position restricted for pensions at beginning of year | 55,840,037 | 47,952,535 |
| Net position restricted for pensions at end of year | $ 71,817,997 | $ 55,840,037 |

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.

**Asset Allocation**

At September 30, 2021, the domestic equity portion comprised 65.7% ($45,382,290) of the total portfolio. The allocation to fixed income securities was 24.6% ($17,026,483), while cash and short-term investments comprised 0.9% ($647,581). The real estate portion of the portfolio comprised 8.8% ($6,051,751). The DROP mutual fund of ($2,359,761) which is managed outside the Plan is not included in the allocation.

At September 30, 2020, the domestic equity portion comprised 69.3% ($36,766,550) of the total portfolio. The allocation to fixed income securities was 20.7% ($11,007,783), while cash and short-term investments comprised 0.3% ($154,194). The real estate portion of the portfolio comprised 9.7% ($5,152,325). The DROP mutual fund of ($2,459,859) which is managed outside the Plan is not included in the allocation.

The target asset allocation was as follows as of September 30:

| | 2021 | 2020 |
|---|---|---|
| Domestic equities | 60% | 60% |
| Fixed income | 27% | 27% |
| Real estate | 13% | 13% |
| Cash and cash equivalents | 0% | 0% |

**Contacting the Plan's Financial Management**

This financial analysis is designed to provide the Board of Trustees, plan participants and the marketplace credit analysts with an overview of the Plan's finances and the prudent exercise of the Board's oversight. If you have any questions regarding this report or you need additional financial information, please contact the administrator of the City of Miramar Management Retirement Plan, FHA-TPA Benefit Administrators, P.O. Box 327810, Ft. Lauderdale, Florida 33332.

# Financial Statements

**CITY OF MIRAMAR**
**MANAGEMENT RETIREMENT PLAN**
**STATEMENTS OF FIDUCIARY NET POSITION**
**SEPTEMBER 30, 2021 and 2020**

| | 2021 | 2020 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ 647,581 | $ 154,194 |
| Receivables | | |
| Accrued investment income | 79,315 | 57,368 |
| Total receivables | 79,315 | 57,368 |
| Prepaid benefit payments | 270,816 | 241,958 |
| Investments, at fair value: | | |
| Government securities | 7,370,253 | 5,840,698 |
| Corporate bonds | 9,656,230 | 5,167,085 |
| Domestic equity | 45,382,290 | 36,766,550 |
| Mutual funds - DROP | 2,359,761 | 2,459,859 |
| Real estate funds | 6,051,751 | 5,152,325 |
| Total investments, at fair value | 70,820,285 | 55,386,517 |
| Total assets | 71,817,997 | 55,840,037 |
| Net position restricted for pensions | $ 71,817,997 | $ 55,840,037 |

See Accompanying Notes to the Financial Statements.

**CITY OF MIRAMAR**
**MANAGEMENT RETIREMENT PLAN**
**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION**
**FOR THE YEARS ENDED SEPTEMBER 30, 2021 and 2020**

| | 2021 | 2020 |
|---|---|---|
| **Additions** | | |
| Contributions: | | |
| Employer | $ 3,777,306 | $ 3,285,410 |
| Employee | 3,134,452 | 3,315,948 |
| Total contributions | 6,911,758 | 6,601,358 |
| Investment income | | |
| Net appreciation in fair value of investments | 11,660,324 | 3,840,511 |
| Interest and dividend income | 924,449 | 765,457 |
| Total investment income | 12,584,773 | 4,605,968 |
| Less: investment expenses | 164,214 | 133,699 |
| Net investment income | 12,420,559 | 4,472,269 |
| Total additions | 19,332,317 | 11,073,627 |
| **Deductions** | | |
| Benefits paid directly to retirees | 3,103,735 | 2,857,720 |
| Refund of contributions | 113,027 | 228,404 |
| Administrative expenses | 137,595 | 100,001 |
| Total deductions | 3,354,357 | 3,186,125 |
| Net increase | 15,977,960 | 7,887,502 |
| Net position restricted for pensions | | |
| Beginning of year | 55,840,037 | 47,952,535 |
| End of year | $ 71,817,997 | $ 55,840,037 |

See Accompanying Notes to the Financial Statements.

## NOTE 1 – DESCRIPTION OF THE PLAN

### Organization

The City of Miramar Management Retirement Plan (the "Plan") is a single employer defined benefit plan established under the Code of Ordinances for the City, Chapter 15, Article V, and was most recently amended under Ordinance No. 15-11 passed and adopted on March 4, 2015. The Plan is also governed by certain provisions of Chapter 112, Florida Statutes. Since the Plan is sponsored by the City of Miramar (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.

### Participants

Participants are all senior management and management employees of the City of Miramar, Florida.

### Plan Membership

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

| October 1, | 2020 | 2019 |
|---|---|---|
| Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits, but not yet receiving them | 95 | 85 |
| Current employees: | | |
| Vested | 87 | 76 |
| Nonvested | 79 | 86 |
| Total participants | 261 | 247 |

## NOTE 1 – DESCRIPTION OF THE PLAN - continued

### Eligibility

Each full-time management employee, as designated by the City Manager, are eligible for membership. Ordinance 12-09, passed and effective February 15, 2012, allows managerial employees to join the Plan at any time after they have been appointed to a position covered by the Plan. The ordinance also allows for the purchase of prior covered service at any time after employees become members of the Plan.

Ordinance 15-11, passed and effective March 4, 2015, stipulates that all full-time City management employees participating in the City's 40l(a) plan shall be placed into this Plan consistent with the definition of "management" and "employee" in Section 15-351 of the City Code. Management employees who participate in the City of Miramar Pension Trust for General Employees and previously declined dual membership shall be transferred to this Plan. All of these management employees shall be allowed to purchase service credit into this Plan by contributing the actuarially determined cost.

### Pension Benefits

### All Members

A member may retire on the first day of the month coincident with, or the next month following the earlier of: the date upon which a member completes twenty (20) years of credited service, regardless of age; or the date upon which the member attains age fifty-five (55) with ten (10) years of credited service or the date upon which the member attains age sixty-two (62) with five (5) years of credited service.

### Normal Retirement Benefit

Normal retirement benefits are 3.0% of member's average monthly salary (AMS) for each year of credited service plus an increase of 0.2% for every year of additional service above 5 years to a maximum of 4.0% of final compensation times credited service. AMS is the average of your covered salary during the 36 consecutive months that is greater than any other 36 consecutive months.

Additional service beyond ten years shall be based on 2.75% of final monthly compensation multiplied by those years and completed months of credited service in excess of ten years. There shall be no mandatory retirement age.

## NOTE 1 – DESCRIPTION OF THE PLAN - continued

### Normal Retirement Benefit - continued

In the event of the death of a vested member prior to retirement, the member's designated beneficiary would receive the benefits which the member would have received had the member retired on the day prior to death and elected the normal form of retirement. In the event of the death of a non-vested member prior to retirement, the member's designated beneficiary shall receive the member's accumulated contributions, with interest at the rate of six (6) percent.

### Early Retirement Benefit

Early retirement benefits are available upon reaching 50 years of age with 10 years of credited service. The early retirement benefit is computed in the same manner as the normal retirement benefit reduced by 5% for each year by which the early retirement date precedes age 55.

### Buybacks

Members who have full time city service prior to active membership in this plan may purchase some or all of that covered service. For the time being purchased, the full actuarial cost of this buyback must be paid by the member. The cost of the service buyback may be made in one lump sum payment or may be made by payroll deductions over a time period which shall not exceed the time period for five years, with interest.

### Enhanced Service Credit

Members of the Plan may purchase up to 5 years of enhanced service credit, based on the calculations performed by the Plan's actuary. Members purchasing enhanced service credit shall be required to pay the full actuarial cost. The contribution by the member of the actuarially determined cost of the buyback may be made in one lump sum payment, or may be made by payroll deductions in installments for a period of time which shall not exceed five years, with interest. Enhanced service credit may not be used for vesting purposes, but will otherwise constitute service credit for purposes of normal retirement eligibility.

Members who were promoted into the Management Plan from the General Employees Plan after the adoption of Ordinance 07-09, prior to the adoption of Ordinance 15-11 and are still actively employed shall be permitted to purchase three years of enhanced service credit based on the actuarially determined cost in the year that they were promoted to the Management Plan. In order to purchase service under this provision, the member must make an irrevocable election within 60 days of the effective date.

## NOTE 1 – DESCRIPTION OF THE PLAN - continued

### Rehiring

Members who are rehired within 6 months of termination shall be permitted to restore service credit by repaying withdrawn member contributions, plus interests at the plan's assumed rate of return. In such case the rehired member shall have a maximum of one year to repay the withdrawn employee contributions, but additional interest charges will accrue during the one year repayment period.

### Deferred Retirement Option Plan

Effective May 5, 2010, the ordinance was amended creating a Deferred Retirement Option Plan ("DROP"). Members are eligible to enter the DROP at the earliest date of eligibility for normal retirement. Participation in the DROP is limited to 5 years and an irrevocable resignation is required. The irrevocable resignation takes effect not more than sixty months after commencement of DROP participation. A member may participate in the DROP only once, and after commencement, the member does not have the right to be a contributing member of the Plan.

Upon the effective date of participation in the DROP, member contributions cease and members no longer accrue credited service, final average compensation is determined, and any survivorship options are selected. Moreover, upon the date of participation in the DROP, the monthly retirement benefits that would have been payable had the member elected to cease employment and receive a service retirement allowance are paid into a DROP account.

DROP account balances are self-directed by members participating in the DROP, using the self-directed mutual fund options available under the DROP program. At the end of a specific period of DROP participation, or other termination of the DROP, the member receives a sum equal to the accumulated DROP balance, adjusted for any applicable investment earnings or losses, and any applicable fees.

### Deferred Retirement Option Plan

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

| September 30, | 2021 | 2020 |
|---|---|---|
| Beginning balance | $ 2,459,859 | $ 1,955,483 |
| Additions | 276,570 | 365,708 |
| Distributions | (736,876) | (21,500) |
| Investment income | 360,208 | 160,168 |
| Ending balance | $ 2,359,761 | $ 2,459,859 |

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Funding

Beginning with the date of covered employment, all participants contribute 13.515% of their compensation. For members also contributing to the City of Miramar Pension Trust for General Employees ("General Plan"), the contribution to the Plan shall be reduced by the amount contributed to the General Plan.

Pursuant to Florida law, the City of Miramar is ultimately responsible for the actuarial soundness of the Plan. Therefore, each year, the City of Miramar must contribute an amount determined by the Trustees in conjunction with the Plan's actuary to be sufficient, along with the employee's contribution, to fund the defined benefits under the Plan.

### 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.

### Cash and 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 statements 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. The diversity of the investment types in which the Plan has entered into requires a range of techniques to determine fair value. Refer to Note 4 to the financial statements for more detail regarding the methods used to measure the fair value of investments.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

### Investments - continued

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. Interest income is recognized as earned and dividend income is recorded as of the ex-dividend date. Realized gain and losses on the sale of investments are based on average cost and identification method.

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 February 17, 2022, the date which the financial statements were available for issue.

## NOTE 3 – CONTRIBUTIONS

### Actual Contributions

The actual City contribution for active members for the years ended September 30, 2021 and 2020 amounted to $3,777,306 and $3,285,410, respectively, and the actual amount of covered payroll was approximately $15,251,000 and $14,812,000, respectively. Employee contributions were $3,134,452 and $3,315,948, including buybacks $637,448 and $947,674 for the years ended September 30, 2021 and 2020, respectively.

### Actuarially Determined Contributions

The contributions required from the City for the fiscal years ended September 30, 2021 and 2020, were actuarially determined using valuation dates of October 1, 2019 and 2018. The actuarially determined contributions were $3,777,306 and $3,285,410 for the fiscal year ended September 30, 2021 and 2020, respectively. The actuarially computed annual covered payroll used in the October 1, 2019 and 2018 valuations were $14,811,572 and $12,482,538, respectively.

## NOTE 4 – DEPOSIT AND INVESTMENT RISK DISCLOSURES

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 accounts at September 30, 2021 and 2020.

### 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.

## NOTE 4 – DEPOSIT AND INVESTMENT RISK DISCLOSURES - continued

### Investment Authorization

Investment in all equity securities shall be limited to those listed on a major U.S. stock exchange and limited to no more than 65% (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 25% of the value of the portfolio at the time of purchase.

Master limited partnerships, traded on a recognized exchange not to exceed 5% of the portfolio.

### Types of Investments

The following was the Board's adopted asset allocation policy as of September 30:

| | 2021 | 2020 |
|---|---|---|
| Domestic equities | 60% | 60% |
| Fixed income | 27% | 27% |
| Real estate | 13% | 13% |
| Cash and cash equivalents | 0% | 0% |

### Rate of Return

For the year ended September 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 22.97%. 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 anyone issuer with various durations of maturities.

## NOTE 4 – DEPOSIT AND INVESTMENT RISK DISCLOSURES - continued

### Interest Rate Risk - continued

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:

**2021**

| | | Investment Maturities (in years) | | | |
|---|---|---|---|---|---|
| **Investment Type** | **Fair Value** | **Less than 1** | **1 to 5** | **6 to 10** | **More than 10** |
| U.S. treasuries | $ 1,127,112 | $ - | $ - | $ 338,712 | $ 788,400 |
| Mortgage backed securities | 6,243,141 | - | 1,187,868 | 1,181,771 | 3,873,502 |
| Corporate bonds | 9,656,230 | - | 1,939,404 | 6,348,953 | 1,367,873 |
| Asset backed securities | - | - | - | - | - |
| Total | $ 17,026,483 | $ - | $ 3,127,272 | $ 7,869,436 | $ 6,029,775 |

**2020**

| | | Investment Maturities (in years) | | | |
|---|---|---|---|---|---|
| **Investment Type** | **Fair Value** | **Less than 1** | **1 to 5** | **6 to 10** | **More than 10** |
| U.S. treasuries | $ 714,275 | $ - | $ - | $ 154,116 | $ 560,159 |
| U.S.Mortgage backed securities | 5,126,423 | - | 1,055,694 | 780,915 | 3,289,814 |
| Corporate bonds | 4,914,453 | - | 555,286 | 2,859,171 | 1,499,996 |
| Asset backed securities | 252,632 | - | - | 252,632 | - |
| Total | $ 11,007,783 | $ - | $ 1,610,980 | $ 4,046,834 | $ 5,349,969 |

## NOTE 4 – DEPOSIT AND INVESTMENT RISK DISCLOSURES – continued

### *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.

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

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | Fair Value | Percentage of Portfolio | Fair Value | Percentage of Portfolio |
| U.S. government guaranteed* | $ 7,370,253 | 43.29% | $ 5,840,698 | 53.06% |
| AAA | - | 0.00% | 123,418 | 1.13% |
| AA+ | 204,587 | 1.20% | 160,647 | 1.46% |
| AA | 181,723 | 1.07% | 160,375 | 1.46% |
| AA- | 280,786 | 1.65% | 192,082 | 1.74% |
| A+ | 467,593 | 2.75% | 583,474 | 5.30% |
| A | 912,936 | 5.36% | 372,280 | 3.38% |
| A- | 2,130,226 | 12.51% | 1,412,453 | 12.83% |
| BBB+ | 2,317,903 | 13.61% | 1,136,420 | 10.32% |
| BBB | 2,826,276 | 16.60% | 837,622 | 7.61% |
| BBB- | 334,200 | 1.96% | 188,314 | 1.71% |
| Total credit risk debt securities | 9,656,230 | 56.71% | 5,167,085 | 46.94% |
| Total | $ 17,026,483 | 100.00% | $ 11,007,783 | 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.

### Custodial Credit Risk

Deposits are exposed to custodial risk if they are uninsured and uncollateralized. Custodial risk for investments is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are 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.

## NOTE 4 – DEPOSIT AND INVESTMENT RISK DISCLOSURES – continued

**Custodial Credit Risk - continued**

Consistent with the Plan's investment policy, substantially all the investments are held by the Plan's custodial bank 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 depositary financial institution. The Plan considers only demand deposits as cash. Cash balance at a financial institution as of September 30, 2021 and 2020 was $647,581 and $154,194, respectively. The Federal Depository Insurance Corporation (FDIC) cover cash on deposit up to $250,000. As of September 30, 2021 and 2020, the Plan had no cash on demand balances expose to custodial risk.

***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.

## NOTE 4 – DEPOSIT AND INVESTMENT RISK DISCLOSURES – continued

### Investment Valuation - continued

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, 2021.

| | | Fair Value Measurements Using | | |
|---|---|---|---|---|
| **Investments by fair value level** | **Fair Value** | **Quoted Prices in Active Markets for Identical Assets (Level 1)** | **Significant Other Observable Inputs (Level 2)** | **Significant Unobservable Inputs (Level 3)** |
| **Debt securities:** | | | | |
| US treasuries | $ 1,127,112 | $ - | $ 1,127,112 | $ - |
| Mortgage backed securities | 6,243,141 | - | 6,243,141 | - |
| Corporate bonds | 9,656,230 | - | 9,656,230 | - |
| Asset back securities | - | - | - | - |
| Total debt securities | 17,026,483 | - | 17,026,483 | - |
| Domestic equities | 15,022,594 | 15,022,594 | - | - |
| Total investments by fair value level | $ 32,049,077 | $ 15,022,594 | $ 17,026,483 | $ - |
| **Investments measured at the net asset value (NAV)** | | | | |
| Commingled SMidCap equity investment trust | 30,359,696 | | | |
| Real estate fund | 6,051,751 | | | |
| DROP Mutual Funds – vantage mutual funds | 2,359,761 | | | |
| Total investments measured at the net asset value (NAV) | 38,771,208 | | | |
| Total investments at fair value | $ 70,820,285 | | | |

## NOTE 4 – DEPOSIT AND INVESTMENT RISK DISCLOSURES – continued

### Investment Valuation - continued

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, 2020.

| | | Fair Value Measurements Using | | |
|---|---|---|---|---|
| **Investments by fair value level** | **Fair Value** | **Quoted Prices in Active Markets for Identical Assets (Level 1)** | **Significant Other Observable Inputs (Level 2)** | **Significant Unobservable Inputs (Level 3)** |
| **Debt securities:** | | | | |
| US treasuries | $ 714,275 | $ - | $ 714,275 | $ - |
| Mortgage backed securities | 5,126,423 | - | 5,126,423 | - |
| Corporate bonds | 4,914,453 | - | 4,914,453 | - |
| Asset back securities | 252,632 | - | 252,632 | - |
| Total debt securities | 11,007,783 | - | 11,007,783 | - |
| Domestic equities | 21,663,239 | 21,663,239 | - | - |
| Total investments by fair value level | $ 32,671,022 | $ 21,663,239 | $ 11,007,783 | $ - |
| **Investments measured at the net asset value (NAV)** | | | | |
| Commingled SMidCap equity investment trust | 15,103,311 | | | |
| Real estate fund | 5,152,325 | | | |
| DROP Mutual Funds – vantage mutual funds | 2,459,859 | | | |
| Total investments measured at the net asset value (NAV) | 22,715,495 | | | |
| Total investments at fair value | $ 55,386,517 | | | |

## NOTE 4 – DEPOSIT AND INVESTMENT RISK DISCLOSURES - continued

### Investment Valuation - continued

- **Debt securities:** Debt securities consist primarily of negotiable obligations of the U.S. government and U.S. government-sponsored agencies 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 securities:** These include common stocks and international equity fund. 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, 2021 and 2020. 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.

**2021**

**Investments Measured at the NAV**

| | | Unfunded Commitments | Redemption Frequency | Redemption Notice Period |
|---|---|---|---|---|
| Commingled SMidCap equity investment trust (1) | $ 30,359,696 | $ - | Daily | Same Day |
| DROP mutual funds – vantage mutual funds (2) | 2,359,761 | - | Daily | Same Day |
| Real estate fund (3) | 6,051,751 | - | Daily | Same Day |
| Total investments measured at the NAV | $ 38,771,208 | $ - | | |

## NOTE 4 – DEPOSIT AND INVESTMENT RISK DISCLOSURES – continued

### Investment Valuation - continued

**2020**

**Investments Measured at the NAV**

| | | Unfunded Commitments | Redemption Frequency | Redemption Notice Period |
|---|---|---|---|---|
| Commingled SMidCap equity investment trust (1) | $ 15,103,311 | $ - | Daily | Same Day |
| DROP mutual funds – vantage mutual funds (2) | 2,459,859 | - | Daily | Same Day |
| Real estate fund (3) | 5,152,325 | - | Daily | Same Day |
| Total investments measured at the NAV | $ 22,715,495 | $ - | | |

(1) Commingled SMidCap equity investment trust consists of one commingled investment vehicle which invests primarily in publicly traded domestic common stocks or similar equity securities of high quality, financially secure companies listed on principal exchange. 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.

(2) DROP mutual funds consist of three commingled investment vehicles which 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.

(3) 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, 2021 and 2020. 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.

## NOTE 5 – NET PENSION LIABILITY OF THE CITY

| The components of the net pension liability of the City as of September 30, 2021 and 2020 were as follows: | 2021 | 2020 |
|---|---|---|
| Total pension liability | $ 81,953,366 | $ 73,223,720 |
| Less: plan fiduciary net position | 71,817,997 | 55,840,037 |
| City’s net pension liability | $ 10,135,369 | $ 17,383,683 |
| Plan fiduciary net position as a percentage of the total pension liability | 87.63% | 76.26% |

## NOTE 5 – NET PENSION LIABILITY OF THE CITY - continued

### Actuarial Assumptions

The total pension liability at September 30, 2021, was determined using an actuarial valuation as of October 1, 2019, with update procedures used to roll forward the total Pension to September 30, 2021, using the following actuarial assumptions:

| | |
|---|---|
| Inflation | 2.5% |
| Projected salary increases | 4.0%, including inflation |
| Investment rate of return | 7.00% |
| Cost method | Entry age normal |

The same versions of Pub-2010 Headcount-Weighted Mortality Tables as used by the Florida Retirement System (FRS) in their July 1, 2019 actuarial valuation (with mortality improvements projected to all future years after 2010 using Scale MP-2018). Florida Statutes Chapter 112.63(1)(f) mandates the use of mortality tables from one of the two most recently published FRS actuarial valuation reports.

The actuarial assumptions used in the October 1, 2020 valuation were based on the review if economic assumptions in a study prepared in 2013.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2021 and 2020 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Long-Term Expected Real Rate of Return *

| Asset Class | 2021 | 2020 |
|---|---|---|
| Domestic equities | 7.50% | 7.50% |
| International equities | 8.50% | 8.50% |
| Fixed income | 2.50% | 2.50% |
| Real estate | 4.50% | 4.50% |
| Cash | 0.00% | 0.00% |

*Real rates of return are net of the long-term inflation assumption of 2.50% for 2021 and 2020.

## NOTE 5 – NET PENSION LIABILITY OF THE CITY - continued

### Discount Rate

The discount rate used to measure the total pension liability was 7.00% for 2021 and 2020. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension 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 sensitivity of the net pension liability to changes in the discount rate was measured as follows. The net pension liability of the City was calculated using the discount rate of 7% for 2021 and 2020. It was also calculated using a discount rate that was 1-percentage-point lower (6 percent) or and 1-percentage point higher (8 percent) and the different computations were compared.

| | 1% Decrease (6.00%) | City Net Pension Liability Discount Rate (7.00%) | 1% Increase (8.00%) |
|---|---|---|---|
| September 30, 2021 | $ 20,191,906 | $ 10,135,369 | $ 1,846,438 |
| September 30, 2020 | $ 26,158,715 | $ 17,383,683 | $ 9,527,844 |

# Required Supplementary Information

# CITY OF MIRAMAR
# MANAGEMENT RETIREMENT PLAN
# REQUIRED SUPPLEMENTARY INFORMATION
# SCHEDULES OF CHANGES IN THE CITY'S NET PENSION LIABILITY (UNAUDITED)
# LAST TEN FISCAL YEARS*

| Fiscal year ending September 30, | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|
| **Total Pension liability:** | | | | | | | | |
| Service Cost | $ 4,129,358 | $ 4,093,366 | $ 3,430,497 | $ 2,991,499 | $ 2,861,698 | $ 2,518,825 | $ 1,872,399 | $ 1,413,607 |
| Interest | 5,302,129 | 4,832,909 | 4,417,410 | 4,048,676 | 3,463,509 | 3,047,764 | 2,764,576 | 2,590,498 |
| Benefit Changes | - | - | - | - | 85,811 | 972,222 | - | - |
| Assumption Changes | - | (788,044) | - | - | 1,201,912 | - | - | - |
| Difference between actual and expected experience | 2,514,921 | 1,680,361 | 447,424 | 508,992 | 3,175,232 | 1,431,262 | 1,111,274 | (10,581) |
| Benefit Payments | (3,103,735) | (2,857,720) | (2,705,591) | (2,423,993) | (2,417,125) | (2,034,435) | (2,585,438) | (1,286,644) |
| Refunds | (113,027) | (228,404) | (253,273) | (58,236) | (217,512) | (78,389) | - | - |
| Other (Change in Buyback Payables) | - | - | - | - | - | - | - | 68,898 |
| Net Change in Total Pension Liability | 8,729,646 | 6,732,468 | 5,336,467 | 5,066,938 | 8,153,525 | 5,857,249 | 3,162,811 | 2,775,778 |
| Total pension liability - Beginning | 73,223,720 | 66,491,252 | 61,154,785 | 56,087,847 | 47,934,322 | 42,077,073 | 38,914,262 | 36,138,484 |
| Total pension liability - Ending (a) | 81,953,366 | 73,223,720 | 66,491,252 | 61,154,785 | 56,087,847 | 47,934,322 | 42,077,073 | 38,914,262 |
| **Plan Fiduciary Net Position:** | | | | | | | | |
| Contributions - Employer | 3,777,306 | 3,285,410 | 3,096,794 | 3,111,065 | 2,496,156 | 2,099,470 | 1,640,338 | 1,414,321 |
| Contributions - Member | 3,134,452 | 3,315,948 | 2,014,369 | 1,762,120 | 2,498,920 | 2,376,288 | 1,851,604 | 1,255,885 |
| Net Investment Income | 12,420,559 | 4,472,269 | 2,105,759 | 4,214,420 | 3,767,761 | 2,706,817 | 424,212 | 2,451,132 |
| Benefit Payments | (3,103,735) | (2,857,720) | (2,705,591) | (2,423,993) | (2,417,125) | (2,034,435) | (2,585,438) | 1,286,644 |
| Refunds of contributions | (113,027) | (228,404) | (253,273) | (58,236) | (217,512) | (78,389) | - | - |
| Administrative expenses | (137,595) | (100,001) | (109,268) | (98,630) | (114,287) | (152,658) | (140,686) | (77,174) |
| Net change in plan fiduciary net position | 15,977,960 | 7,887,502 | 4,148,790 | 6,506,746 | 6,013,913 | 4,917,893 | 1,190,030 | 3,757,520 |
| Plan fiduciary net position - Beginning | 55,840,037 | 47,952,535 | 43,803,745 | 37,296,999 | 31,283,086 | 26,365,086 | 25,175,963 | 21,418,443 |
| Plan fiduciary net position - Ending (b) | 71,817,997 | 55,840,037 | 47,952,535 | 43,803,745 | 37,296,999 | 31,283,086 | 26,365,993 | 25,175,963 |
| City's Pension Liability - Ending (a) - (b) | $ 10,135,369 | $ 17,383,683 | $ 18,538,717 | $ 17,351,040 | $ 18,790,848 | $ 16,651,236 | $ 15,711,080 | $ 13,738,299 |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 87.36% | 76.26% | 72.12% | 71.63% | 66.50% | 65.26% | 62.66% | 64.70% |
| Covered employee payroll | $ 15,251,373 | $ 14,811,572 | $ 12,482,538 | $ 11,053,089 | $ 10,962,290 | $ 9,585,631 | $ 8,344,193 | $ 5,976,124 |
| Net pension liability as a percentage of covered employee payroll | 66.46% | 117.37% | 148.52% | 156.98% | 171.41% | 173.71% | 188.29% | 229.89% |

****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 the required supplementary information.

**CITY OF MIRAMAR**
**MANAGEMENT RETIREMENT PLAN**
**REQUIRED SUPPLEMENTARY INFORMATION**
**SCHEDULES OF CONTRIBUTIONS BY EMPLOYER (UNAUDITED)**
**LAST TEN FISCAL YEARS***

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Actuarially determined employer contribution | $ 3,777,306 | $ 3,285,410 | $ 3,096,794 | $ 3,111,065 | $ 2,496,156 |
| Actual employer contribution | 3,777,306 | 3,285,410 | 3,096,794 | 3,111,065 | 2,496,156 |
| Actual contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - |
| Covered-employee payroll* | $ 15,251,373 | $ 14,811,572 | $ 12,482,538 | $ 11,053,089 | $ 10,962,290 |
| Actual contributions as a percentage of covered-employee payroll | 24.77% | 22.18% | 24.81% | 28.15% | 22.77% |

| | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|
| Actuarially determined employer contribution | $ 2,099,470 | $ 1,640,338 | $ 1,414,321 | $ 1,301,681 | $ 1,195,531 |
| Actual employer contribution | 2,099,470 | 1,640,338 | 1,414,321 | 1,301,681 | 1,195,531 |
| Actual contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - |
| Covered-employee payroll* | $ 9,585,631 | $ 8,344,193 | $ 5,976,124 | $ 5,674,807 | $ 5,446,548 |
| Actual contributions as a percentage of covered-employee payroll | 21.90% | 19.66% | 23.67% | 22.94% | 21.95% |

*Estimated payroll

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

## CITY OF MIRAMAR
## MANAGEMENT RETIREMENT PLAN
## REQUIRED SUPPLEMENTARY INFORMATION
## SCHEDULES OF INVESTMENT RETURNS (UNAUDITED)
## LAST TEN FISCAL YEARS

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

| 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|
| 22.97% | 8.20% | 4.52% | 10.88% | 11.10% |

| 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|
| 9.90% | 1.57% | 11.41% | 9.03% | 15.45% |

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

Method and assumption 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. Unless otherwise noted 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 |
| Amortization Method | Level Percent, Closed |
| Remaining Amortization Period | 20 years |
| Asset Valuation Method | Market Value |
| Inflation | 2.5% |
| Salary Increases | 4.0%, including inflation |
| Investment Rate of Return | 7.00% |
| Retirement Age | Experience-based table of rates |
| Mortality | The healthy post-retirement mortality table is the RP-2000 Mortality Table for annuitants with future improvements in mortality projected to all future years using Scale BB. For females, the base mortality rates include a 100% white collar adjustment. For males, the base mortality rates include a 50% blue collar adjustment and a 50% white collar adjustment. These are the same rates used for Regular Class members of the Florida Retirement System (FRS) in the July 1, 2016 FRS actuarial valuation. |

# Supplementary Information

**CITY OF MIRAMAR**
**MANAGEMENT RETIREMENT PLAN**
**SUPPLEMENTARY SCHEDULES OF INVESTMENT EXPENSES**
**FOR THE YEARS ENDED SEPTEMBER 30, 2021 and 2020**

| Description | 2021 | 2020 |
|---|---|---|
| Financial management expenses: | | |
| American Core Realty Fund | $ 24,253 | $ 23,130 |
| Eagle Asset | 50,927 | 32,276 |
| US Real Estate Investment Fund, LLC | - | 10,486 |
| Rhumbline S&P 500 Pooled Index Fund | 4,051 | 2,752 |
| Westwood Trust | 3,978 | 3,052 |
| Channing | 53,318 | 34,196 |
| Vanguard | 1,803 | 5,166 |
| Total financial management expenses | 138,330 | 111,058 |
| Investment consultant fees | | |
| AndCo Consulting | 16,111 | 11,869 |
| Investment custodial fees | | |
| Fiduciary Trust International | 9,773 | 10,772 |
| Total investment expense | $ 164,214 | $ 133,699 |

**CITY OF MIRAMAR**
**MANAGEMENT RETIREMENT PLAN**
**SUPPLEMENTARY SCHEDULES OF ADMINISTRATIVE EXPENSES**
**FOR THE YEARS ENDED SEPTEMBER 30, 2021 and 2020**

| Description | 2021 | 2020 |
|---|---|---|
| Actuarial | $ 69,816 | $ 44,076 |
| Legal | 32,250 | 22,376 |
| Administrative fees | 11,700 | 12,848 |
| Auditing | 13,950 | 15,501 |
| Accounting and bookkeeping | 4,800 | 5,200 |
| Meetings and conventions | 31 | - |
| Dues and membership | 585 | - |
| Cyber Insurance | 4,463 | - |
| Total administrative expense | $ 137,595 | $ 100,001 |

# Compliance Report

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# INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
City of Miramar Management Retirement Plan
Miramar, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of Miramar Management Retirement Plan (the "Plan"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements, and have issued our report thereon dated February 17, 2022.

## Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Plan's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

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

S. Davis & Associates, P.A.

Hollywood, Florida
February 17, 2022