

**CITY OF MIRAMAR**  
**POLICE OFFICERS' RETIREMENT PLAN AND TRUST**  
**AUDITED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

**CITY OF MIRAMAR  
POLICE OFFICERS’ RETIREMENT PLAN AND TRUST  
AUDITED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021 AND 2020**

---

Table of Contents

Independent Auditor’s Report.....	1
Management’s Discussion and Analysis .....	4
<b>Financial Statements:</b>	
Statements of Plan Net Position .....	10
Statements of Changes in Plan Net Position .....	11
Notes to the Financial Statements.....	12
<b>Required Supplementary Information:</b>	
Schedules of Changes in the City’s Net Pension Liability .....	32
Schedules of the City’s Net Pension Liability .....	33
Schedules of Contributions by Employer .....	34
Schedule of Investment Returns .....	35
Notes to Required Supplementary Information .....	36
<b>Supplementary Schedules:</b>	
Schedules of Investment Expenses .....	38
Schedules of Administrative Expenses.....	39
<b>Compliance Report:</b>	
Independent Auditor’s Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	40

## **INDEPENDENT AUDITOR'S REPORT**

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

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the City of Miramar Police Officers' Retirement Plan and Trust (the "Plan") which comprise of the statements of fiduciary net position as of September 30, 2021 and 2020 the related statements of 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***

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.

## **INDEPENDENT AUDITOR'S REPORT - Continued**

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 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 Police Officers' Retirement Plan and Trust as of September 30, 2021 and 2020, and the related changes in its fiduciary net position for the years 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.

## INDEPENDENT AUDITOR'S REPORT - Continued

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 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.

A handwritten signature in blue ink that reads "S. Davis & Associates, P.A." The signature is written in a cursive style and is positioned above a light blue horizontal line.

Hollywood, Florida  
March 3, 2022

**CITY OF MIRAMAR**  
**POLICE OFFICERS' RETIREMENT PLAN AND TRUST**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(Required Supplementary Information - Unaudited)**  
**SEPTEMBER 30, 2021 AND 2020**

---

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 year ended September 30, 2021. 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 \$256,959,885 and \$204,983,316, 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 \$51,976,569 and \$15,839,417 in fiduciary net position of the respective years has resulted primarily from the change in the fair value of the Plan's investments due to fluctuations in the financial markets.

Plan assets exceeded its liabilities at the close of fiscal years ended September 30, 2020 and 2019 by \$204,983,316 and \$189,143,899, 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 \$15,839,417 and \$10,964,268 in fiduciary net position of the respective years has resulted primarily from the change in the fair value of the Plan's investments due to fluctuations in the financial markets.

- Receivables at September 30, 2021 decreased by \$361,795 or 78.5% due primarily to less investment income and proceeds from securities sold outstanding at year end as compared to the previous year end.

Receivables at September 30, 2020 decreased by \$1,146,535 or 71.3% due primarily to the employer contribution being received in September 2019, instead of October as in previous years.

- For the fiscal year ended September 30, 2021, liabilities decreased \$102,940 or 48.0% due primarily to the decrease in amounts due for securities purchased and year end accruals.

For the fiscal year ended September 30, 2020, liabilities decreased \$32,711 or 13.2% due primarily to the decrease in accounts payable and accrued expenses.

- For the fiscal year ended September 30, 2021, employer (City) contributions to the Plan decreased \$97,031 or 1.0% based on the actuarial valuation. Actual employer contributions were \$9,348,470 and \$9,445,501 for 2021 and 2020, respectively.

**CITY OF MIRAMAR**  
**POLICE OFFICERS' RETIREMENT PLAN AND TRUST**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(Required Supplementary Information - Unaudited)**  
**SEPTEMBER 30, 2021 AND 2020**

---

For the fiscal year ended September 30, 2020, employer (City) contributions to the Plan increased \$624,141 or 7.1% based on the actuarial valuation. Actual employer contributions were \$9,445,501 and \$8,821,360 for 2020 and 2019, respectively

- For the fiscal year ended September 30, 2021, member contributions excluding buybacks increased by \$413,969 or 13.9%. Actual member contributions were \$3,382,338 and \$2,968,369 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. Buybacks were \$85,682 and \$195,508 for 2021 and 2020, respectively.

For the fiscal year ended September 30, 2020, member contributions excluding buybacks increased by \$562,044 or 23.4%. Actual member contributions were \$2,968,369 and \$2,406,325 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. Buybacks were \$195,508 and \$125,500 for 2020 and 2019, respectively.

- For the fiscal year ended September 30, 2021, the Plan had net investment income of \$47,746,433 compared to a net investment income of \$10,169,069 in the fiscal year ended September 30, 2020. Actual results were \$44,729,074 in net appreciation in fair value of investments for 2021 and \$5,004,595 in net appreciation in fair value of investments for 2020 and \$4,628,639 and \$6,144,544 of income from interest and dividends for 2021 and 2020, respectively. Investment expenses increased by \$631,210 or 64.4% from 2020.

For the fiscal year ended September 30, 2020, the Plan had net investment income of \$10,169,069 compared to a net investment income of \$5,908,290 in the fiscal year ended September 30, 2019. Actual results were \$5,004,595 in net appreciation in fair value of investments for 2020 and \$745,631 in net appreciation in fair value of investments for 2019 and \$6,144,544 and \$6,127,519 of income from interest and dividends for 2020 and 2019, respectively. Investment expenses increased by \$15,210 or 1.6% from 2019.

- For the fiscal year ended September 30, 2021, benefit payments and refunds of contributions increased by \$1,700,046 or 21.5%.

For the fiscal year ended September 30, 2020, benefit payments and refunds of contributions increased by \$564,685 or 7.7%.

- For the fiscal year ended September 30, 2021, administrative expenses decreased \$74,987 or 26.9% from 2020 due primarily to insurance and administrative fees.

**CITY OF MIRAMAR  
POLICE OFFICERS' RETIREMENT PLAN AND TRUST  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Required Supplementary Information - Unaudited)  
SEPTEMBER 30, 2021 AND 2020**

---

For the fiscal year ended September 30, 2020, administrative expenses increased \$91,003 or 48.5% from 2019 due primarily to increases in actuarial fees, insurance, meeting and convention expenses, auditing and accounting fees and administrative fees.

**Plan Highlights**

For the fiscal year ended September 30, 2021, the total return of the portfolio was 23.20% gross for the year and ranked 21st in the Total Wilshire Public Plan Sponsor Universe. Actual net returns from investments were net investment income of \$47,746,433 in 2021 compared with net income from investments of \$10,169,069 in 2020.

For the fiscal year ended September 30, 2020, the total return of the portfolio was 6.60% gross for the year and ranked 54th in the Total Wilshire Public Plan Sponsor Universe. Actual net returns from investments were net investment income of \$10,169,069 in 2020 compared with net income from investments of \$5,908,290 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. Additional information is also included in this report 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.



**CITY OF MIRAMAR  
POLICE OFFICERS' RETIREMENT PLAN AND TRUST  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Required Supplementary Information - Unaudited)  
SEPTEMBER 30, 2021 AND 2020**

---

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 related *Schedules* consist 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	\$ 4,548,279	\$ 5,767,421
Receivables	98,963	460,758
Prepaid expenses	750,456	578,176
Investments	251,673,637	198,391,351
Total assets	257,071,335	205,197,706
Liabilities	111,450	214,390
Net position restricted for pensions	\$ 256,959,885	\$ 204,983,316

**CITY OF MIRAMAR**  
**POLICE OFFICERS' RETIREMENT PLAN AND TRUST**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(Required Supplementary Information - Unaudited)**  
**SEPTEMBER 30, 2021 AND 2020**

---

*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	\$ 9,348,470	\$ 9,445,501
Members, including buybacks	3,468,020	3,163,877
State	1,210,002	1,231,452
Total	14,026,492	13,840,830
Net investment income	47,746,433	10,169,069
Other income	-	815
Total additions	61,772,925	24,010,714
Deductions:		
Benefits paid and contributions refunded directly to retirees	9,592,808	7,892,762
Administrative expenses	203,548	278,535
Total deductions	9,796,356	8,171,297
Net increase	51,976,569	15,839,417
Net position restricted for pensions at beginning of year	204,983,316	189,143,899
Net position restricted for pensions at end of year	\$ 256,959,885	\$ 204,983,316

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 47.4% (\$121,326,519) of the total portfolio. The allocation to fixed income securities was 11.8% (\$30,303,426), while cash and short-term investments comprised 1.8% (\$4,548,279). The portion of investments allocated to international equity represented 12.9% (\$32,984,907) of the total portfolio. The

**CITY OF MIRAMAR**  
**POLICE OFFICERS' RETIREMENT PLAN AND TRUST**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(Required Supplementary Information - Unaudited)**  
**SEPTEMBER 30, 2021 AND 2020**

---

real estate portion of the portfolio comprised 19.1% (\$49,008,332) and the amount allocated to alternative investments comprised 7.0% (\$18,050,453) of the portfolio.

At September 30, 2020, the domestic equity portion comprised 40.9% (\$83,449,962) of the total portfolio. The allocation to fixed income securities was 15.7% (\$32,052,927), while cash and short-term investments comprised 2.8% (\$5,767,421). The portion of investments allocated to international equity represented 11.7% (\$23,886,576) of the total portfolio. The real estate portion of the portfolio comprised 19.3% (\$39,402,644) and the amount allocated to alternative investments comprised 9.6% (\$19,599,242) of the portfolio.

The target asset allocation was as follows:

September 30,	2021	2020
Domestic equities	45%	40%
Fixed income	15%	20%
International equities	15%	10%
Real estate	15%	20%
Alternative investments	10%	10%

**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 Police Officers' Retirement Plan and Trust, 6861 SW 196<sup>th</sup> Avenue, Suite 402, Fort Lauderdale, FL 33332.

## **Financial Statements**

**CITY OF MIRAMAR  
POLICE OFFICERS' RETIREMENT PLAN AND TRUST  
STATEMENTS OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 4,548,279	\$ 5,767,421
Receivables:		
Accrued investment income	61,367	128,550
Proceeds from securities sold	37,596	332,208
Total receivables	<u>98,963</u>	<u>460,758</u>
Prepaid benefit payments	<u>750,456</u>	<u>578,176</u>
Investments, at fair value:		
U.S. government securities	8,312,369	6,091,503
Fixed income	21,991,057	25,961,424
Domestic equity	121,326,519	83,449,962
International equity	32,984,907	23,886,576
Real estate	49,008,332	39,402,644
Absolute return	18,050,453	19,599,242
Total investments, at fair value	<u>251,673,637</u>	<u>198,391,351</u>
Total assets	<u>257,071,335</u>	<u>205,197,706</u>
<b>Liabilities</b>		
Accounts payable and accrued expenses	111,450	159,057
Payable for securities purchased	-	55,333
Total liabilities	<u>111,450</u>	<u>214,390</u>
<b>Net position restricted for pensions</b>	<u>\$ 256,959,885</u>	<u>\$ 204,983,316</u>

See Accompanying Notes to the Financial Statements.

**CITY OF MIRAMAR**  
**POLICE OFFICERS' RETIREMENT PLAN AND TRUST**  
**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>Additions</b>		
Contributions:		
City	\$ 9,348,470	\$ 9,445,501
State of Florida	1,210,002	1,231,452
Members, including \$928,659 and \$894,651 of contributions to the DROP in 2021 and 2020, respectively	3,382,338	2,968,369
Buybacks	85,682	195,508
Total contributions	<u>14,026,492</u>	<u>13,840,830</u>
Investment income		
Net appreciation in fair value of investments	44,729,074	5,004,595
Interest and dividend income	4,628,639	6,144,544
Total investment income	<u>49,357,713</u>	<u>11,149,139</u>
Less: investment expenses	<u>1,611,280</u>	<u>980,070</u>
Net investment income	<u>47,746,433</u>	<u>10,169,069</u>
Other income	-	815
Total additions	<u>61,772,925</u>	<u>24,010,714</u>
<b>Deductions</b>		
Pension benefits paid	9,129,553	7,668,249
Refund of contributions	463,255	224,513
Administrative expenses	203,548	278,535
Total deductions	<u>9,796,356</u>	<u>8,171,297</u>
Net increase in net position	51,976,569	15,839,417
<b>Net position restricted for pensions</b>		
Beginning of year	<u>204,983,316</u>	<u>189,143,899</u>
End of year	<u>\$ 256,959,885</u>	<u>\$ 204,983,316</u>

See Accompanying Notes to the Financial Statements.

**CITY OF MIRAMAR  
POLICE OFFICERS' RETIREMENT PLAN AND TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021 AND 2020**

---

**NOTE 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 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 annual comprehensive 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:

	<b>2021</b>	<b>2020</b>
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits, but not yet receiving them	149	139
Current employees:		
Vested	84	91
Nonvested	72	81
Total participants	305	311

**CITY OF MIRAMAR  
POLICE OFFICERS' RETIREMENT PLAN AND TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021 AND 2020**

---

**NOTE 1 – DESCRIPTION OF THE PLAN - continued**

**Pension Benefits**

**Tier One members**

Members may retire on 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 means 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.

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 on 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 3.00% of average monthly earnings times credited service subject to a maximum of 75% of average monthly earnings. Average monthly earnings means 1/12 of the average annual compensation in the best five years of the last ten years of credited services prior to retirement. Pensionable earnings shall include up to three hundred (300) hours of overtime per year. Early retirement, delayed retirement, disability, death and other benefits are also provided.

**Deferred Retirement Option Plan**

Effective January 5, 2000, pursuant to Ordinance No. 00-16a 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 30 years. However, in no event shall total participation in DROP exceed 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.



**CITY OF MIRAMAR  
POLICE OFFICERS' RETIREMENT PLAN AND TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021 AND 2020**

---

**NOTE 1 – DESCRIPTION OF THE PLAN - continued**

**Deferred Retirement Option Plan - continued**

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

<u>September 30,</u>	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 50,729,846	\$ 44,202,217
Additions	4,002,545	3,784,821
Unused leave transfer	1,302,212	1,015,005
Distributions	(1,813,660)	(1,481,841)
Interest	3,810,128	3,339,644
Loans, net	<u>(38,436)</u>	<u>(130,000)</u>
Ending balance	<u>\$ 57,992,635</u>	<u>\$ 50,729,846</u>

**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 Benefits payment shall commence five years after retirement and shall be cumulative subject to provisions in the ordinance.

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. Tier Two members are not eligible for COLA.

**CITY OF MIRAMAR  
POLICE OFFICERS' RETIREMENT PLAN AND TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021 AND 2020**

---

**NOTE 1 – DESCRIPTION OF THE PLAN - continued**

**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.

**NOTE 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.

**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.

**CITY OF MIRAMAR  
POLICE OFFICERS' RETIREMENT PLAN AND TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021 AND 2020**

---

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

**Investments - continued**

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, 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.
- 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 include 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.

**CITY OF MIRAMAR  
POLICE OFFICERS' RETIREMENT PLAN AND TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021 AND 2020**

---

**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. 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 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 3, 2022, the date on which the financial statements were available for issue.

**Actual Contributions**

The actual City contribution for active members for the years ended September 30, 2021 and 2020 amounted to \$10,558,472 and \$10,676,953 respectively, and includes amounts funded by the State of Florida. The actual amount of covered payroll was approximately \$13,455,000 and \$14,544,000, for the years ended September 30, 2021 and 2020, respectively. City and State contributions consisted of the following:

<b>September 30, 2021</b>	<b>Amount</b>	<b>Percentage of Actual Covered Payroll</b>
City	\$ 9,348,470	69.5%
State	1,210,002	9.0%
Total	<u>\$ 10,558,472</u>	<u>78.5%</u>

**CITY OF MIRAMAR  
POLICE OFFICERS' RETIREMENT PLAN AND TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021 AND 2020**

---

**NOTE 3 – CONTRIBUTIONS**

**Actual Contributions - continued**

Employee contributions were \$3,382,338 and buybacks were \$85,682 in fiscal year ended September 30, 2021.

<u>September 30, 2020</u>	<u>Amount</u>	<u>Percentage of Actual Covered Payroll</u>
City	\$ 9,445,501	64.9%
State	1,231,452	8.5%
Total	<u>\$ 10,676,953</u>	<u>73.4%</u>

Employee contributions were \$2,968,369 and buybacks were \$195,508 in fiscal year ended September 30, 2020.

**Actuarially Determined Contributions**

The contributions required from the City of Miramar for the fiscal years ended September 30, 2021 and 2020, were actuarially determined using valuation dates of October 1, 2019 and 2018. The actuarially computed annual covered payroll used in the October 1, 2019 and 2018 valuations was \$14,543,779 and \$14,289,472, 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 ended September 30, 2012, the Plan selected to use the percentage of payroll contribution amount and the fixed dollar contribution beginning with the fiscal year ended September 30, 2013.

The amounts cover the following:

<u>September 30, 2021</u>	<u>Amount</u>	<u>Percentage of Actual Covered Payroll</u>
Normal cost	\$ 3,082,412	22.9%
Amortization of the unfunded frozen actuarial accrued liability	<u>7,034,707</u>	<u>52.3%</u>
Total	<u>\$ 10,117,119</u>	<u>75.2%</u>

**CITY OF MIRAMAR  
POLICE OFFICERS' RETIREMENT PLAN AND TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021 AND 2020**

---

**NOTE 3 – CONTRIBUTIONS - continued**

**Actual Contributions – continued**

<u>September 30, 2020</u>	<u>Amount</u>	<u>Percentage of Actual Covered Payroll</u>
Normal cost	\$ 2,766,131	19.0%
Amortization of the unfunded frozen actuarial accrued liability	<u>7,356,706</u>	<u>50.6%</u>
Total	<u>\$ 10,122,837</u>	<u>69.6%</u>

**NOTE 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 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.

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 15% 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.

**CITY OF MIRAMAR  
POLICE OFFICERS' RETIREMENT PLAN AND TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021 AND 2020**

---

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

**Investment Authorization - continued**

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 20% of the entire fixed income portfolio. Real estate and absolute return investments shall not exceed 20% and 10% of the market value of the portfolio, respectively.

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

**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, 2021 and 2020 is as follows:

<u>September 30,</u>	<u>2021</u>	<u>2020</u>
Domestic equities	45%	40%
Fixed income	15%	20%
International equities	15%	10%
Real estate	15%	20%
Alternative investment	10%	10%

**Rate of Return**

For the years ended September 30, 2021 and 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 23.2% and 6.60%, respectively. 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.

**CITY OF MIRAMAR  
POLICE OFFICERS' RETIREMENT PLAN AND TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021 AND 2020**

**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**

<b>Investment Type</b>	<b>Fair Value</b>	<b>Investment Maturities (in years)</b>			
		<b>Less than 1</b>	<b>1 to 5</b>	<b>6 to 10</b>	<b>More than 10</b>
U.S. Treasuries	\$ 4,383,014	\$ -	\$ 1,330,316	\$ -	\$ 3,052,698
U.S. Agencies	3,929,355	-	-	-	3,929,355
Corporate bonds	2,848,937	-	283,673	2,565,264	-
Bond Funds	19,142,120	787,118	5,357,054	3,053,266	9,944,682
<b>Total</b>	<b>\$ 30,303,426</b>	<b>\$ 787,118</b>	<b>\$ 6,971,043</b>	<b>\$ 5,618,530</b>	<b>\$ 16,926,735</b>

**2020**

<b>Investment Type</b>	<b>Fair Value</b>	<b>Investment Maturities (in years)</b>			
		<b>Less than 1</b>	<b>1 to 5</b>	<b>6 to 10</b>	<b>More than 10</b>
U.S. Treasuries	\$ 4,638,423	\$ 2,128,646	\$ 2,052,338	\$ -	\$ 457,439
U.S. Agencies	1,453,080	-	-	1,453,080	-
Corporate bonds	17,610,373	-	-	-	17,610,373
Bond Funds	8,351,051	-	956,348	6,762,326	632,377
<b>Total</b>	<b>\$ 32,052,927</b>	<b>\$ 2,128,646</b>	<b>\$ 3,008,686</b>	<b>\$ 8,215,406</b>	<b>\$ 18,700,189</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 THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021 AND 2020**

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

**Credit Risk - continued**

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

	<u>2021</u>		<u>2020</u>	
	<u>Fair Value</u>	<u>Percentage of Portfolio</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
U.S. government guaranteed*	\$ 8,312,369	27.43%	\$ 6,091,503	19.00%
Quality rating of credit risk debt securities				
A	-	-	1,341,057	4.19%
A-	1,063,371	3.51%	3,476,212	10.85%
BBB+	1,785,566	5.89%	3,533,782	11.02%
Not rated	19,142,120	63.17%	17,610,373	54.94%
Total credit risk debt security	21,991,057	72.57%	25,961,424	81.00%
	<u>\$ 30,303,426</u>	<u>100.00%</u>	<u>\$ 32,052,927</u>	<u>100.00%</u>

\*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.

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 depository financial institution.

**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.

**CITY OF MIRAMAR  
POLICE OFFICERS' RETIREMENT PLAN AND TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021 AND 2020**

---

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

**Investment Valuation - continued**

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.

**CITY OF MIRAMAR  
POLICE OFFICERS' RETIREMENT PLAN AND TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021 AND 2020**

**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			
	Fair Value	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>				
<b>Debt securities:</b>				
US treasuries	\$ 8,312,369	\$ -	\$ 8,312,369	\$ -
Corporate bonds	10,920,476	7,231,372	3,689,104	-
Total debt securities	<u>19,232,845</u>	<u>7,231,372</u>	<u>12,001,473</u>	<u>-</u>
Equity securities common stock	137,789,166	137,789,166	-	-
Total investments by fair value level	<u>157,022,011</u>	<u>\$ 145,020,538</u>	<u>\$ 12,001,473</u>	<u>\$ -</u>
<b>Investments measured at the net asset value (NAV)</b>				
Fixed Income Funds	11,070,581			
Absolute Return Funds	18,050,453			
Domestic Equity Funds	9,481,555			
International Equity Funds	7,040,705			
Real Estate Equity	49,008,332			
Total investments measured at the NAV	<u>94,651,626</u>			
Total investments measured at Fair Value	<u>\$ 251,673,637</u>			

**CITY OF MIRAMAR  
POLICE OFFICERS' RETIREMENT PLAN AND TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021 AND 2020**

**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.

<u>Investments by fair value level</u>	<u>Fair Value Measurements Using</u>			
	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<b>Debt securities:</b>				
US treasuries	\$ 6,091,503	\$ -	\$ 6,091,503	\$ -
Corporate bonds	17,610,373	17,610,373	-	-
Total debt securities	<u>23,701,876</u>	<u>17,610,373</u>	<u>6,091,503</u>	<u>-</u>
Equity securities common stock				-
Total equity securities	13,779,850	13,779,850	-	-
Total investments by fair value level	<u>37,481,726</u>	<u>\$ 31,390,223</u>	<u>\$ 6,091,503</u>	<u>\$ -</u>
<b>Investments measured at the net asset value (NAV)</b>				
Fixed Income Funds	8,351,051			
Absolute Return Funds	19,599,242			
Domestic Equity Funds	69,670,112			
International Equity Funds	23,886,576			
Real Estate Equity	39,402,644			
Total investments measured at the NAV	<u>160,909,625</u>			
Total investments measured at Fair Value	<u>\$ 198,391,351</u>			

**CITY OF MIRAMAR  
POLICE OFFICERS' RETIREMENT PLAN AND TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021 AND 2020**

**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.

The Plan's valuation methods for investments measured at the net asset value ("NAV") per share (or its equivalent) as of September 30, 2021, are as follows:

		<b>2021</b>		
		<b>Investments Measured at the NAV</b>		
		<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Fixed income funds (1)	\$ 11,070,581	\$ -	Daily	Same Day
Absolute return funds (2)	18,050,453	-	Quarterly	30 Days
Domestic equities (3)	9,481,555	-	Daily	Same Day
International equity fund (4)	7,040,705	-	Daily	Same Day
Real estate equity (5)	49,008,332	-	Daily	10 Days
Total investments measured at the NAV	<u>\$ 94,651,626</u>	<u>\$ -</u>		

**CITY OF MIRAMAR  
POLICE OFFICERS' RETIREMENT PLAN AND TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021 AND 2020**

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

**Investment Valuation - continued**

		2020		
Investments Measured at the NAV				
		<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Fixed income funds (1)	\$ 8,351,051	\$ -	Daily	Same Day
Absolute return funds (2)	19,599,242	-	Quarterly	30 Days
Domestic equities (3)	69,670,112	-	Daily	Same Day
International equity fund (4)	23,886,576	-	Daily	Same Day
Real estate equity (5)	39,402,644	-	Daily	10 Days
Total investments measured at the NAV	<u>\$ 160,909,625</u>	<u>\$ -</u>		

- (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.
- (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.

**CITY OF MIRAMAR  
POLICE OFFICERS' RETIREMENT PLAN AND TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021 AND 2020**

---

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

**Investment Valuation - continued**

- (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, 2019 and 2018. 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, are as follows:

	<u>2021</u>	<u>2020</u>
Total pension liability	\$ 300,736,506	\$ 283,106,071
Plan fiduciary net position	(256,959,885)	(204,983,316)
City's net pension liability	<u>\$ 43,776,621</u>	<u>\$ 78,122,755</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>85.44%</u>	<u>72.41%</u>

**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	2.50%
Projected salary increases	5.25%
Investment rate of return	7.00% compounded annually net of pension Plan investment expense, including inflation
Cost method	Entry age normal

**CITY OF MIRAMAR  
POLICE OFFICERS' RETIREMENT PLAN AND TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021 AND 2020**

---

**NOTE 5 – NET PENSION LIABILITY OF THE CITY – continued**

**Actuarial Assumptions - continued**

Mortality:

Pre-Retirement: Female Non-Disabled: PUB-2010 Headcount Weighted Safety Employee Female Table, set forward 1 year, Scale MP-2018  
Male Non-Disabled: PUB-2010 Headcount Weighted Safety Below Median Employee Male Table, set forward 1 year, scale MP-2018

Post-Retirement: Female Non-Disabled: PUB-2010 Headcount Weighted Safety Healthy Retiree Female Table, set forward 1 year, Scale MP-2018  
Male Non-Disabled: PUB-2010 Headcount Weighted Safety Below Median Healthy Retiree Male Table, set forward 1 year, Scale MP-2018

Pre-Retirement & Post-Retirement: Female Disabled: 80% PUB-2010 Headcount Weighted General Disabled Retiree Female Table;  
20% PUB-2010 Headcount Weighted Safety Disabled Retiree Female Table, Scale MP-2018  
Male Disabled: 80% PUB-2010 Headcount Weighted General Disabled Retiree Male Table; 20% PUB-2010 Headcount Weighted Safety Disabled Retiree Male Table, Scale MP-2018

Retirement Age See “Rates of Retirement” section in October 1, 2018 Actuarial Valuation Report.

Future Contributions Contributions from the employer and employees are assumed to be made as legally required.

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.



**CITY OF MIRAMAR  
POLICE OFFICERS' RETIREMENT PLAN AND TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021 AND 2020**

---

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

**Actuarial Assumptions - continued**

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 \*

<u>Asset Class</u>	<u>2021</u>	<u>2020</u>
US Large Cap Stock	4.00%	4.00%
US Small/Mid Cap Equity	4.50%	4.50%
International equities	5.00%	5.00%
US Direct Real Estate	4.25%	4.25%
Absolute Return	3.00%	3.00%
Global Return	3.75%	3.75%
US Aggregate Bond	1.50%	1.50%

\*Real rates of return are net of the long-term inflation assumption of 3.00% for 2021 and 2020.

**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 rates and that contributions from the City will be made at statutorily required rates, actuarially determined. 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.

**CITY OF MIRAMAR  
POLICE OFFICERS' RETIREMENT PLAN AND TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021 AND 2020**

---

**Actuarial Assumptions - continued**

**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 7.00% for 2021 and 2020. It was also calculated using a discount rate that was 1-percentage-point lower (6.00 percent) or and 1-percentage-point higher (8.00 percent) and the different computations were compared.

	<b>1% Decrease (6.00%)</b>	<b>City Net Pension Liability Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
September 30, 2021	\$ 78,012,134	\$ 43,776,621	\$ 16,255,076
September 30, 2020	\$ 111,168,261	\$ 78,122,755	\$ 51,564,702

## **Required Supplementary Information**

**CITY OF MIRAMAR**  
**POLICE OFFICERS' RETIREMENT PLAN AND TRUST**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULES OF CHANGES IN THE CITY'S NET PENSION LIABILITY (UNAUDITED)**  
**LAST TEN FISCAL YEARS\***

Year's Ended September 30,	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability:</b>								
Service Cost	\$ 4,536,932	\$ 4,855,800	\$ 4,644,604	\$ 4,368,115	\$ 4,623,419	\$ 4,194,584	\$ 4,802,698	\$ 4,796,591
Interest	19,988,134	18,779,132	18,269,982	16,525,400	15,648,210	13,940,179	13,608,605	12,670,142
Benefit changes	-	-	-	-	84,240	-	-	-
Difference between expected and actual experience	2,698,177	(293,962)	3,429,985	(2,051,684)	4,363,011	(7,431,913)	(52,170)	583,516
Assumption Changes	-	(7,947,830)	-	1,082,120	7,287,053	(411,827)	-	-
Benefit payments	(9,592,808)	(7,892,762)	(7,328,077)	(6,765,640)	(6,265,313)	(5,529,606)	(4,915,739)	(4,279,408)
Net change in total pension liability	17,630,435	7,500,378	19,016,494	13,158,311	25,740,620	4,761,417	13,443,394	13,770,841
Total pension liability – beginning	283,106,071	275,605,693	256,589,199	236,061,413	210,320,793	205,559,376	167,356,296	178,345,141
Total pension liability – ending	300,736,506	283,106,071	275,605,693	249,219,724	236,061,413	210,320,793	205,559,376	192,115,982
<b>Plan fiduciary net position:</b>								
Contributions – City	9,348,470	9,445,501	8,821,360	8,823,379	7,638,789	7,191,828	7,243,910	7,381,064
Contributions – State	1,210,002	1,231,452	1,209,810	1,120,391	1,032,724	962,925	882,631	864,308
Contributions – member, including buybacks	3,468,020	3,163,877	2,531,825	2,808,627	2,817,974	2,475,797	2,466,122	2,137,015
Net investment income	47,746,433	10,169,884	5,916,882	12,387,268	18,534,179	11,010,659	2,535,420	8,789,423
Benefits payments, including refunds of member contributions	(9,592,808)	(7,892,762)	(7,328,077)	(6,765,640)	(6,265,313)	(5,529,606)	(4,915,739)	(4,279,408)
Administrative expenses	(203,548)	(278,535)	(187,532)	(205,140)	(179,210)	(273,577)	(188,604)	(161,863)
Net change in plan fiduciary net position	51,976,569	15,839,417	10,964,268	18,168,885	23,579,143	15,838,026	2,952,900	14,730,539
Plan fiduciary net position – beginning	204,983,316	189,143,899	178,179,631	160,010,746	136,431,603	120,593,577	117,640,627	102,910,138
Plan fiduciary net position - ending	256,959,885	204,983,316	189,143,899	178,179,631	160,010,746	136,431,603	120,593,577	117,640,677
City's net pension liability	\$ 43,776,621	\$ 78,122,755	\$ 86,461,794	\$ 71,040,093	\$ 76,050,667	\$ 73,889,190	\$ 84,965,799	\$ 49,715,619

\*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  
POLICE OFFICERS' RETIREMENT PLAN AND TRUST  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF THE CITY'S NET PENSION LIABILITY (UNAUDITED)  
LAST TEN FISCAL YEARS\***

September 30,	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability**	\$ 300,736,506	\$ 283,106,071	\$ 275,605,693	\$ 249,219,724	\$ 236,061,413	\$ 210,320,793	\$ 205,559,376	\$ 167,356,296
Plan fiduciary net position	(256,959,885)	(204,983,316)	(189,143,899)	(178,179,631)	(160,010,745)	(136,431,603)	(120,593,577)	(117,640,677)
City's net pension liability	<u>\$ 43,776,621</u>	<u>\$ 78,122,755</u>	<u>\$ 86,461,794</u>	<u>\$ 71,040,093</u>	<u>\$ 76,050,668</u>	<u>\$ 73,889,190</u>	<u>\$ 84,965,799</u>	<u>\$ 49,715,619</u>
Plan fiduciary net position as a percentage of total pension liability	<u>85.44%</u>	<u>72.41%</u>	<u>68.63%</u>	<u>71.49%</u>	<u>67.78%</u>	<u>64.87%</u>	<u>58.67%</u>	<u>70.29%</u>
Covered employee payroll	<u>\$ 13,454,800</u>	<u>\$ 14,543,779</u>	<u>\$ 14,289,472</u>	<u>\$ 12,476,703</u>	<u>\$ 13,104,019</u>	<u>\$ 11,902,101</u>	<u>\$ 13,025,960</u>	<u>\$ 12,703,946</u>
Net pension liability as a percentage of covered employee payroll	<u>325.36%</u>	<u>537.16%</u>	<u>605.07%</u>	<u>569.38%</u>	<u>580.36%</u>	<u>620.81%</u>	<u>652.28%</u>	<u>586.24%</u>

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

\*\*Effective June 6, 2020, the Plan, based on a revised actuarial valuation, changed its total pension liability estimate as of September 30, 2019 and as such, the previously reported total pension liability of \$249,219,724 was changed to \$256,589,199. The effect of this change in estimate was to increase the total pension liability as of September 30, 2019 by \$7,369,475. There was no impact, as a result of this change in actuarial assumptions, on covered employee payroll for 2019.

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

**CITY OF MIRAMAR  
POLICE OFFICERS' RETIREMENT PLAN AND TRUST  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF CONTRIBUTIONS BY EMPLOYER (UNAUDITED)  
LAST TEN FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined employer contribution	\$ 10,558,472	\$ 10,676,953	\$ 9,846,084	\$ 9,786,304	\$ 8,521,420
Actual employer contribution	<u>10,558,472</u>	<u>10,676,953</u>	<u>9,846,084</u>	<u>9,786,304</u>	<u>8,521,420</u>
Actual contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	<u>\$ 13,454,800</u>	<u>\$ 14,543,779</u>	<u>\$ 14,289,472</u>	<u>\$ 12,476,703</u>	<u>\$ 13,104,019</u>
Actual contributions as a percentage of covered-employee payroll	<u>78.5%</u>	<u>73.41.7%</u>	<u>68.9%</u>	<u>78.4%</u>	<u>65.0%</u>
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially determined employer contribution	\$ 8,056,136	\$ 8,042,692	\$ 8,120,568	\$ 7,760,056	\$ 6,757,964
Actual employer contribution	<u>8,056,136</u>	<u>8,042,692</u>	<u>8,120,568</u>	<u>7,760,056</u>	<u>6,757,964</u>
Actual contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	<u>\$ 11,902,101</u>	<u>\$ 12,703,976</u>	<u>\$ 12,877,037</u>	<u>\$ 13,153,434</u>	<u>\$ 13,480,502</u>
Actual contributions as a percentage of covered-employee payroll	<u>67.7%</u>	<u>63.3%</u>	<u>63.1%</u>	<u>59.0%</u>	<u>50.1%</u>

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

**CITY OF MIRAMAR  
POLICE OFFICERS' RETIREMENT PLAN AND TRUST  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF INVESTMENT RETURNS (UNAUDITED)  
LAST TEN FISCAL YEARS**

---

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

<u><b>2021</b></u>	<u><b>2020</b></u>	<u><b>2019</b></u>	<u><b>2018</b></u>	<u><b>2017</b></u>
23.20%	6.60%	3.00%	8.10%	13.60%
<u><b>2016</b></u>	<u><b>2015</b></u>	<u><b>2014</b></u>	<u><b>2013</b></u>	<u><b>2012</b></u>
9.40%	(1.80%)	9.50%	14.30%	18.80%

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

**CITY OF MIRAMAR  
POLICE OFFICERS' RETIREMENT PLAN AND TRUST  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF INVESTMENT RETURNS (UNAUDITED)  
LAST TEN FISCAL YEARS**

---

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

The actuarially determined contribution rates in the Schedule of the City's contributions are calculated as of October 1, 2019 for the following, not the current, fiscal year. 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 dollar, closed
Remaining amortization period	30 years
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.
Interest	7.10%, net of investment expenses, compounded annually.
Inflation	3.00%
Salary increases	5.25% per year, including inflation
Rates of Retirement	The following are the retirement rates assumed for the participants eligible for retirement:
Tier One Members	

<u>Participants with 20 or more years of Credited Service</u>		<u>Participants with less than 20 years of Credited Service</u>	
<u>Years of Credited Service</u>	<u>Percentage Retiring</u>	<u>Age</u>	<u>Percentage Retiring</u>
20 or more	100%	50-54	25%
		55-59	75%
		60	100%

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



**CITY OF MIRAMAR  
POLICE OFFICERS' RETIREMENT PLAN AND TRUST  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF INVESTMENT RETURNS (UNAUDITED)  
LAST TEN FISCAL YEARS**

---

Tier Two Members

Participants with 25 or more years of Credited Service		Participants with less than 25 years of Credited Service	
Years of Credited Service	Percentage Retiring	Age	Percentage Retiring
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.

**Mortality:**

**Pre-Retirement:**

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

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

**Post-Retirement:**

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

Male Non-Disabled: RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue, Collar, Scale BB

**Pre-Retirement & Post-Retirement:**

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

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

**Changes from Most Recent Actuarial Valuation:**

1. The salary scale was changed from 5.50% to 5.25%.
2. The assumed interest to be earned by the Fund was changed from 7.50% to 7.25%, net of investment expenses, compounded annually.
3. The assumed administrative expenses were changed from \$179,210 to \$205,140 for the plan/fiscal year.

See accompanying independent auditor's report.

## **Supplementary Information**

**CITY OF MIRAMAR  
POLICE OFFICERS' RETIREMENT PLAN AND TRUST  
SUPPLEMENTARY SCHEDULES OF INVESTMENT EXPENSES  
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

<b>Description</b>	<b>2021</b>	<b>2020</b>
Financial management expenses:		
Garcia Hamilton	\$ 58,122	\$ 40,642
Boston	-	19,458
JP Morgan	25,917	20,220
Intercontinental	-	48,674
DePrince	9,083	62,418
Capital Dynamics Global	243,279	-
Bloomfield	249,773	238,328
Sawgrass Management LLC	-	70,313
TA Realty	99,386	84,108
TerraCap Management	127,369	112,192
Taurus	362,416	-
Entrust Global Recovery Fund	1,961	-
Crescent Direct Lending	26,644	-
Affiliated Housing Impact Fund	20,492	-
National Investment Services	-	-
Total financial management expenses	<u>1,224,442</u>	<u>696,353</u>
Investment consultant fees		
Southeastern Advisory Services, Inc.	249,653	225,320
Investment custodial fees	-	-
Fiduciary Trust International	66,336	58,397
Affiliated Housing Impact Fund	70,849	-
Total investment expense	<u>\$ 1,611,280</u>	<u>\$ 980,070</u>

**CITY OF MIRAMAR  
POLICE OFFICERS' RETIREMENT PLAN AND TRUST  
SUPPLEMENTARY SCHEDULES OF ADMINISTRATIVE EXPENSES  
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

<b>Description</b>	<b>2021</b>	<b>2020</b>
Actuarial	\$ 85,880	\$ 85,620
Legal	40,132	33,499
Administrative fees	21,889	40,087
Auditing and accounting	27,900	23,200
Meetings and conventions	27,747	70,277
Insurance	-	25,852
<b>Total administrative expense</b>	<b>\$ 203,548</b>	<b>\$ 278,535</b>

## **Compliance Report**

**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 Police Officers' Retirement Plan and Trust  
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 Police Officers' Retirement Plan and Trust (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 March 3, 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.

A handwritten signature in blue ink that reads "S. Davis & Associates, P.A." The signature is written in a cursive style and is positioned above a horizontal line.

Hollywood, Florida  
March 3, 2022