



**City of Miramar Pension Trust for  
General Employees**

**Financial Statements**  
Years Ended September 30, 2017 and 2016

**City of Miramar Pension Trust for General Employees**

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Financial Statements  
Years Ended September 30, 2017 and 2016

# City of Miramar Pension Trust for General Employees

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## Independent Auditor's Report

Board of Trustees  
City of Miramar Pension Trust for General Employees  
Miramar, Florida

### Report on Financial Statements

We have audited the accompanying financial statements of the City of Miramar Pension Trust for General Employees (the "Plan"), which comprise of the statements of fiduciary net position as of September 30, 2017 and 2016, and 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the City of Miramar Pension Trust for General Employees as of September 30, 2017 and 2016 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.

### *Emphasis Matter*

#### *Adoption of New Accounting Pronouncement*

The Plan has adopted the disclosure requirements of Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* in 2016. The provisions of the additional disclosure requirements are discussed in Note 3 to the financial statements. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that "Management's Discussion and Analysis" and the "Required Supplementary Information" listed on 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 Schedules*

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of the Plan. 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. This information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the 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.

Miami, Florida  
March 7, 2018

BDO USA, LLP

Certified Public Accountants

# City of Miramar Pension Trust for General Employees

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

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

### *Financial Highlights*

- Plan assets exceeded its liabilities at the close of fiscal years ended September 30, 2017 and 2016 by \$ 93,856,037 and \$83,251,380 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 \$10,604,657 and \$7,941,088 in fiduciary net position of the respective years have resulted primarily from the change in the fair value of the Plan's investments due to volatile financial markets.

Plan assets exceeded its liabilities at the close of fiscal years ended September 30, 2016 and 2015 by \$ 83,251,380 and \$75,310,292 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 \$7,941,088 and \$2,543,293 in fiduciary net position of the respective years have resulted primarily from the change in the fair value of the Plan's investments due to volatile financial markets.

- Receivables at September 30, 2017 increased by \$28,365 (or 27.8%) due primarily to the increase in accrued investment income.

Receivables at September 30, 2016 increased by \$10,815 (or 11.9%) due primarily to the increase in accrued investment income.

- Prepaid at September 30, 2017 increased by \$38,471 (or 12.8%) due to increase in prepaid benefit payment.

Prepaid at September 30, 2016 increased by \$47,532 (or 18.7%) due to increase in prepaid benefit payment.

- For the fiscal year ended September 30, 2017, liabilities decreased \$7,772 (or 11.0%) due primarily to the decrease in payable for accrued expenses.

For the fiscal year ended September 30, 2016, liabilities increased \$18,344 (or 35.1%) due primarily to the increase in payable for accrued expenses.

- For the fiscal year ended September 30, 2017, employer (City) contributions to the Plan decreased \$24,259 (or 0.6%) based on the actuarial valuation. Actual employer contributions were \$3,792,128 and \$3,767,868 for 2017 and 2016, respectively.

For the fiscal year ended September 30, 2016, employer (City) contributions to the Plan increased \$22,142 (or 0.6%) based on the actuarial valuation. Actual employer contributions were \$3,767,868 and \$3,745,727 for 2016 and 2015, respectively.

# City of Miramar Pension Trust for General Employees

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

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- For the fiscal year ended September 30, 2017, member contributions including buybacks decreased by \$153,657 (or 7.8%). Actual member contributions were \$1,420,471 and \$1,198,178 for 2017 and 2016, respectively, and buybacks were \$392,370 and \$768,321 for 2017 and 2016, respectively.

For the fiscal year ended September 30, 2016, member contributions including buybacks increased by \$752,658 (or 62%). Actual member contributions were \$1,198,178 and \$1,212,124 for 2016 and 2015, respectively, and buybacks were \$768,321 and \$1,716 for 2016 and 2015, respectively. Member contributions have fluctuated from year to year, based on the number of active members, increases in the contribution percentage and salary increases.

- For the fiscal year ended September 30, 2017, the Plan had net investment income of \$9,372,192 compared to a net investment income of \$7,502,647 in the fiscal year ended September 30, 2016. Actual results were \$7,736,759 in net appreciation in fair value of investment for 2017 and \$6,209,784 in net appreciation in fair value of investment for 2016 and \$2,005,001 and \$1,612,162 of income from interest and dividends for 2017 and 2016, respectively. Investment expenses increased by \$50,269 (or 15.74%) from 2016.

For the fiscal year ended September 30, 2016, the Plan had net investment income of \$7,502,647 compared to a net investment income of \$1,225,059 in the fiscal year ended September 30, 2015. Actual results were \$6,209,784 in net appreciation in fair value of investment for 2016 and \$264,228 in net appreciation in fair value of investment for 2015 and \$1,612,162 and \$1,260,241 of income from interest and dividends for 2017 and 2016, respectively. Investment expenses increased by \$19,889 (or 6.64%) from 2015.

- For the fiscal year ended September 30, 2017, benefit payments and refunds of contributions decreased by \$889,198 (or 17.4%).

For the fiscal year ended September 30, 2016, benefit payments and refunds of contributions increased by \$1,628,864 (or 46.7%).

- For the fiscal year ended September 30, 2017, administrative expenses decreased \$36,392 (or 20.10%) from 2016 due primarily to a decrease in actuarial fees.

For the fiscal year ended September 30, 2016, administrative expenses decreased \$21,649 (or 13.58%) from 2015 due primarily to an increase in actuarial fees.

### *Plan Highlights*

For the fiscal year ended September 30, 2017, the total return of the portfolio was 11.48% for the year. Actual net returns from investments were net investment income of \$9,372,192 in 2017 compared with net income from investments of \$7,502,647 in 2016.

For the fiscal year ended September 30, 2016, the total return of the portfolio was 10.7% for the year. Actual net returns from investments were net investment income of \$7,502,647 in 2016 compared with net income from investments of \$1,225,059 in 2015.

# City of Miramar Pension Trust for General Employees

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

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### *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.

# City of Miramar Pension Trust for General Employees

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

### *Condensed Statements of Fiduciary Net Position*

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

| <i>September 30,</i>                            | 2017                 | 2016                 |
|---|----------------------|----------------------|
| Cash and cash equivalents                       | \$ 1,661,142         | \$ 2,070,611         |
| Receivables                                     | 130,321              | 101,956              |
| Prepaid expense                                 | 340,015              | 301,544              |
| Investments                                     | 91,787,327           | 80,847,809           |
| <b>Total assets</b>                             | <b>93,918,805</b>    | <b>83,321,920</b>    |
| Liabilities                                     | 62,768               | 70,540               |
| <b>Net position restricted<br/>for pensions</b> | <b>\$ 93,856,037</b> | <b>\$ 83,251,380</b> |

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

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

| <i>September 30,</i>   | 2017                 | 2016                 |
|--|----------------------|----------------------|
| Contributions:   |                      |                      |
| City   | \$ 3,792,128         | \$ 3,767,869         |
| Members  | 1,812,841            | 1,966,498            |
| <b>Total</b>   | <b>5,604,969</b>     | <b>5,734,367</b>     |
| Net investment income  | 9,372,192            | 7,502,647            |
| Other Income   | 2,647                | 4,815                |
| <b>Total additions</b>   | <b>14,979,808</b>    | <b>13,341,829</b>    |
| Deductions:  |                      |                      |
| Benefits paid directly to retirees                                   | 3,784,700            | 3,337,674            |
| Benefits paid from DROP  | 399,286              | 1,605,245            |
| Refunds of contributions   | 46,475               | 176,740              |
| Administrative expenses  | 144,690              | 181,082              |
| <b>Total deductions</b>  | <b>4,375,151</b>     | <b>5,300,741</b>     |
| <b>Net increase</b>  | <b>10,604,657</b>    | <b>7,941,088</b>     |
| <b>Net position restricted for pensions<br/>at beginning of year</b> | <b>83,251,380</b>    | <b>75,310,292</b>    |
| <b>Net position restricted for pensions<br/>at end of year</b>       | <b>\$ 93,856,037</b> | <b>\$ 83,251,380</b> |

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

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

# City of Miramar Pension Trust for General Employees

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

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### *Asset Allocation*

At September 30, 2017, the domestic equity portion comprised 61.44% (\$55,610,763) of the total portfolio. The allocation to fixed income securities was 25.22% (\$22,826,328), while cash and short-term investments comprised 1.84% (\$1,661,142). Real estate investment portion of the portfolio comprised 11.50% (\$10,409,957). The DROP mutual fund of \$2,940,278 which is managed outside the Plan is not included in the allocation.

At September 30, 2016, the domestic equity portion comprised 62.87% (\$50,405,061) of the total portfolio. The allocation to fixed income securities was 22.13% (\$17,745,412), while cash and short-term investments comprised 2.58% (\$2,070,611). Real estate investment portion of the portfolio comprised 12.42% (\$9,953,618). The DROP mutual fund of \$2,743,718 which is managed outside the Plan is not included in the allocation.

The target asset allocation was as follows:

| <i>September 30,</i>      | <b>2017</b> |
|---------------------------|-------------|
| Domestic equities         | 60%         |
| Fixed income              | 27%         |
| Real estate               | 13%         |
| Cash and cash equivalents | 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 Pension Trust For General Employees, Benefits USA, Inc., 3810 Inverrary Blvd., Ste 303, Lauderhill, Florida 33319.

# City of Miramar Pension Trust for General Employees

## Statements of Fiduciary Net Position

| <i>September 30,</i>                        | 2017                 | 2016                 |
|---|----------------------|----------------------|
| Cash and cash equivalents                   | \$ 1,661,142         | \$ 2,070,611         |
| Receivables:                                |                      |                      |
| Accrued investment income                   | 130,321              | 101,956              |
| <b>Total receivables</b>                    | <b>130,321</b>       | <b>101,956</b>       |
| <b>Prepaid benefit payments</b>             | <b>340,015</b>       | <b>301,544</b>       |
| Investments, at fair value:                 |                      |                      |
| US treasuries                               | 3,613,875            | 3,186,260            |
| US agencies securities                      | 249,458              | 380,565              |
| Mortgage backed securities                  | 6,793,793            | 4,155,971            |
| Corporate bonds                             | 11,337,803           | 9,320,305            |
| Asset backed securities                     | 831,400              | 702,311              |
| Mutual funds - DROP                         | 2,940,278            | 2,743,718            |
| Domestic equity funds                       | 55,610,763           | 50,405,061           |
| Alternative Investment                      | 10,409,957           | 9,953,618            |
| <b>Total investments, at fair value</b>     | <b>91,787,327</b>    | <b>80,847,809</b>    |
| <b>Total assets</b>                         | <b>93,918,805</b>    | <b>83,321,920</b>    |
| <b>Liabilities</b>                          |                      |                      |
| Accounts payable                            | 62,768               | 70,540               |
| <b>Total liabilities</b>                    | <b>62,768</b>        | <b>70,540</b>        |
| <b>Net position restricted for pensions</b> | <b>\$ 93,856,037</b> | <b>\$ 83,251,380</b> |

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

# City of Miramar Pension Trust for General Employees

## Statements of Changes in Fiduciary Net Position

| <i>For the years ended September 30,</i>      | 2017                 | 2016                 |
|---|----------------------|----------------------|
| <b>Additions</b>                              |                      |                      |
| Contributions:                                |                      |                      |
| Employer                                      | \$ 3,792,128         | \$ 3,767,869         |
| Employee                                      | 1,812,841            | 1,966,498            |
| <b>Total contributions</b>                    | <b>5,604,969</b>     | <b>5,734,367</b>     |
| Investment income                             |                      |                      |
| Net appreciation in fair value of investments | 7,736,759            | 6,209,784            |
| Interest and dividend income                  | 2,005,001            | 1,612,162            |
| <b>Total investment income</b>                | <b>9,741,760</b>     | <b>7,821,946</b>     |
| Less: investment expenses                     | 369,568              | 319,299              |
| <b>Net investment income</b>                  | <b>9,372,192</b>     | <b>7,502,647</b>     |
| Other income                                  | 2,647                | 4,815                |
| <b>Total additions</b>                        | <b>14,979,808</b>    | <b>13,241,829</b>    |
| <b>Deductions</b>                             |                      |                      |
| Benefits paid directly to retirees            | 3,784,700            | 3,337,674            |
| Benefits paid from DROP                       | 399,286              | 1,605,245            |
| Refund of contributions                       | 46,475               | 176,740              |
| Administrative expenses                       | 144,690              | 181,082              |
| <b>Total deductions</b>                       | <b>4,375,151</b>     | <b>5,300,741</b>     |
| <b>Net increase</b>                           | <b>10,604,657</b>    | <b>7,941,088</b>     |
| <b>Net position restricted for pensions</b>   |                      |                      |
| Beginning of year                             | 83,251,380           | 75,310,292           |
| <b>End of year</b>                            | <b>\$ 93,856,037</b> | <b>\$ 83,251,380</b> |

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

# City of Miramar Pension Trust for General Employees

## Notes to Financial Statements

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### 1. Description of the Plan

#### *Organization*

The City of Miramar Pension Trust for General Employees (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.

The Plan is administered by a board of five trustees comprised of the City Manager, the Mayor, two regularly employed general employees and a fifth trustee who shall be a resident of the City appointed by the other four trustees.

#### *Participant*

Participants are the general employees of the City of Miramar, Florida.

#### *Plan Membership*

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

| <i>October 1,</i>   | 2016       | 2015       |
|---|------------|------------|
| Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits, but not yet receiving them | 195        | 187        |
| Current employees:  |            |            |
| Vested  | 234        | 235        |
| Nonvested   | 161        | 132        |
| <b>Total participants</b>   | <b>590</b> | <b>554</b> |

#### *Eligibility*

All full-time general employees are eligible for membership on their dates of employment.

Ordinance 15-11, passed and effective March 4, 2015, stipulates that general employees' participation in the City's 401(a) plan shall be placed into this Plan, and grandfathered employees shall have 30 days to make an irrevocable one-time election to remain in the 401(a) plan. Current dual members may remain as such but future members of this Plan that get promoted to a management position will cease accruing time in this Plan, cease contributing to this Plan and become a member of the Miramar Management Retirement Plan. Time already accrued in this Plan will be retained and used as the basis for a future benefit so long as the participant does not request and take a refund of the earlier contributions.

# City of Miramar Pension Trust for General Employees

## Notes to Financial Statements

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### *Pension Benefits*

#### Eligibility

For employees hired after November 20, 2001, normal retirement is at the earlier of attainment of age 65 and 7 completed years of credited service, or 20 years of credited service regardless of age. If the employee was hired after November 20, 2001, have at least seven years of credited service, and separated from service with the employer, the employee may elect to begin receiving normal retirement benefits on the date when the employee would have completed 20 years of credited service, provided that the employee have also reached age 55.

#### Benefits

Normal retirement benefits are 2.75% for participants with less than 21 years of credited service plus .05% for every year of additional service to a maximum of 3.00% of Average Monthly Earnings (AME) times Credited Service. AME is the average earnings during the three highest years of credited service. Early retirement, delayed retirement, death and other benefits are also provided. Participants should refer to the plan document for more detailed and comprehensive information.

A member may retire earlier than the normal retirement date at age 55 with 7 years of credited service. The benefit paid will be computed in the same manner as for the normal retirement benefit described above except that it will be reduced by 0.5% for each month by which the early retirement date precedes the participant's normal retirement date.

Beneficiaries of members that die prior to commencement of benefits are eligible for a death benefit. For those members that were eligible for early or normal retirement, the benefit paid is the same as if the member retired on the date of death. For those members not eligible for early or normal retirement but after completing 7 years of credited service, the benefit is computed as if the member survived until the early retirement date. Beneficiaries of a member that dies in the line of duty prior to completing 7 years of service would receive a refund of the member's accumulated contributions with interest.

#### Deferred Retirement Option Plan (DROP)

Members who continue employment with the City and pass their normal retirement date may freeze their accrued benefit and enter the Deferred Retirement Option Plan (the "DROP").

Members are eligible to enter the DROP at the earliest date of eligibility for normal retirement. An irrevocable resignation is required which takes place not more than 60 months after commencement of DROP participation. A member may participate in the DROP only once and after commencement, the employee shall not have the right to be a contributing member of the Plan or be eligible for disability benefits from the Plan. Participation in the DROP is limited to 5 years.

# City of Miramar Pension Trust for General Employees

## Notes to Financial Statements

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In addition, the DROP was funded with a sick leave balance transfer and a 401(a) account transfer. The City is also currently funding the DROP with benefits due from an Excess Benefit Plan created by the City to provide benefits that would be provided, but for the limitations imposed by Section 415 of the Internal Revenue Code. The Excess Benefit Plan funds amounted to \$ 92,898 and \$85,556 as of September 30, 2017 and 2016, respectively, and are included in employer contribution in the Statement of Changes in Fiduciary Net Position. The Excess Benefit Plan funds currently earn interest at the 7.00% fixed rate as described above. The Excess Benefit Plan is being administered by the Board of Trustees of the Plan.

At the end of the specific period of DROP participation, or other termination of the DROP, the member shall receive a sum equal to accumulated DROP payments, adjusted for any applicable investment earnings or losses and any applicable fees.

DROP account balances of general employees are self-directed by members participating in the DROP, using the self-directed mutual fund options available under the DROP program.

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

| <i>September 30,</i>  | <b>2017</b>         | <b>2016</b>         |
|-----------------------|---------------------|---------------------|
| Beginning balance     | \$ 2,743,718        | \$ 3,505,664        |
| Additions             | 502,416             | 740,340             |
| Distribution          | (399,286)           | (1,605,245)         |
| Investment income     | 93,427              | 102,959             |
| <b>Ending balance</b> | <b>\$ 2,940,278</b> | <b>\$ 2,743,718</b> |

### Funding Requirements

All participants are required to contribute 7.36% of earnings which is defined as basic rate of pay, excluding overtime, bonuses, commissions, payments for unused leave and any other extraordinary compensation.

Pursuant to Florida law, the City is ultimately responsible for the actuarial soundness of the Plan. Therefore, each year, the City 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 benefit under the Plan.

### Buyback

Former members of the Plan may purchase prior full-time city service in that Plan. Members purchasing prior city service shall be required to pay the full actuarial impact to the Plan of purchased service. The contribution by the member of the actuarially determined cost of the buyback may be made in one lump sum payment or by payroll deductions in installments for a period of time which shall not exceed five years with interest.

# City of Miramar Pension Trust for General Employees

## Notes to Financial Statements

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### Enhanced Service Credit

Members of the Plan may purchase up to five years of enhanced service credit, based on the calculation performed by the actuary. Members purchasing enhanced service credit will be required to pay the full actuarial cost.

## 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 and Cash Equivalents*

The Plan considers all highly liquid investments with an original maturity of three months or less from the date of acquisition.

### *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.

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.

### *Reclassifications*

Where necessary, amounts in the prior year's financial statements have been reclassified to conform to the presentation in the current year's financial statements.

# City of Miramar Pension Trust for General Employees

## Notes to Financial Statements

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### *Use of Estimates*

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

### *Risk and Uncertainties*

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

### *Subsequent Events*

Management has evaluated subsequent events through March 7, 2018, the date which the financial statements were available for issue.

## **3. Contributions**

### *Actual Contributions*

The actual City contribution for active members for the years ended September 30, 2017 and 2016 amounted to \$3,792,128 and \$3,767,869, respectively, and the actual amount of covered payroll was approximately \$19,299,558 and \$16,269,341, respectively. Employee contributions were \$1,812,841 and \$1,966,498, buybacks were \$392,370 and \$768,321 for the years ended September 30, 2017 and 2016.

### *Actuarially Determined Contributions*

The contributions required from the City of Miramar for the fiscal years ended September 30, 2017 and 2016, were actuarially determined by the October 1, 2015 and 2014 valuations to be \$3,792,128 and \$3,761,259, respectively based on actuarially computed payrolls of approximately \$16,466,035 and \$16,496,750, respectively.

## **4. Deposit and Investment Risk Disclosures**

### *Cash and Cash Equivalents*

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

# City of Miramar Pension Trust for General Employees

## Notes to Financial Statements

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### *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 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:

| <i>September 30,</i>      | <b>2017</b> |
|---------------------------|-------------|
| Domestic equities         | 60%         |
| Fixed income              | 27%         |
| Real estate               | 13%         |
| Cash and cash equivalents | 0%          |

### *Rate of Return*

For the year ended September 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.25%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### *Interest Rate Risk*

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

# City of Miramar Pension Trust for General Employees

## Notes to Financial Statements

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

| 2017                       |                                  |                     |                     |                      |                     |
|----------------------------|----------------------------------|---------------------|---------------------|----------------------|---------------------|
| Investment Type            | Investment Maturities (in years) |                     |                     |                      |                     |
|                            | Fair Value                       | Less than 1         | 1 to 5              | 6 to 10              | More than 10        |
| U.S. treasuries            | \$ 3,613,875                     | \$ -                | \$ -                | \$ 3,375,700         | \$ 238,175          |
| U.S. agencies              | 249,458                          | -                   | 249,458             | -                    | -                   |
| U.S. treasury fund         | 1,652,000                        | 1,652,000           | -                   | -                    | -                   |
| Mortgage backed securities | 6,793,793                        | -                   | -                   | 1,240,657            | 5,553,136           |
| Corporate bonds            | 11,337,803                       | 296,643             | 3,016,813           | 6,330,660            | 1,693,687           |
| Asset backed securities    | 831,400                          | -                   | 831,400             | -                    | -                   |
| <b>Total</b>               | <b>\$ 24,478,328</b>             | <b>\$ 1,948,643</b> | <b>\$ 4,097,670</b> | <b>\$ 10,947,017</b> | <b>\$ 7,484,998</b> |

| 2016                       |                                  |                     |                     |                     |                     |
|----------------------------|----------------------------------|---------------------|---------------------|---------------------|---------------------|
| Investment Type            | Investment Maturities (in years) |                     |                     |                     |                     |
|                            | Fair Value                       | Less than 1         | 1 to 5              | 6 to 10             | More than 10        |
| U.S. treasuries            | \$ 3,186,260                     | \$ -                | \$ 679,636          | \$ 2,506,624        | \$ -                |
| U.S. agencies              | 380,565                          | -                   | 380,565             | -                   | -                   |
| U.S. treasury fund         | 2,068,000                        | 2,068,000           | -                   | -                   | -                   |
| Mortgage backed securities | 4,155,971                        | -                   | -                   | 1,504,048           | 3,101,923           |
| Corporate bonds            | 9,320,305                        | -                   | 3,074,262           | 5,066,669           | 1,179,374           |
| Asset backed securities    | 702,311                          | 230,092             | 472,219             | -                   | -                   |
| <b>Total</b>               | <b>\$ 19,813,412</b>             | <b>\$ 2,298,092</b> | <b>\$ 4,606,682</b> | <b>\$ 8,627,341</b> | <b>\$ 4,281,297</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.

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# City of Miramar Pension Trust for General Employees

## Notes to Financial Statements

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

|                                 | 2017          |                         | 2016          |                         |
|---------------------------------|---------------|-------------------------|---------------|-------------------------|
|                                 | Fair Value    | Percentage of Portfolio | Fair Value    | Percentage of Portfolio |
| U.S. government guaranteed*     | \$ 12,309,126 | 50.29%                  | \$ 9,790,796  | 49.41%                  |
| AAA                             | 1,525,976     | 6.23                    | 709,924       | 3.58                    |
| AA+                             | 373,364       | 1.53                    | 676,910       | 3.42                    |
| AA                              | 181,563       | 0.74                    | 191,224       | 0.97                    |
| AA-                             | 595,533       | 2.43                    | 723,657       | 3.65                    |
| A+                              | 1,156,811     | 4.73                    | 394,095       | 1.99                    |
| A                               | 2,008,345     | 8.20                    | 1,606,890     | 8.11                    |
| A-                              | 2,990,551     | 12.22                   | 1,665,134     | 8.40                    |
| BBB+                            | 2,513,643     | 10.27                   | 1,960,040     | 9.89                    |
| BBB                             | 500,995       | 2.05                    | 1,350,720     | 6.82                    |
| BBB-                            | 322,422       | 1.32                    | 744,022       | 3.76                    |
| Total credit risk debt security | 12,169,203    | 49.71                   | 10,022,616    | 50.59                   |
| Total                           | \$ 24,478,328 | 100.00%                 | \$ 19,813,412 | 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 deposits is the risk that, in the event of the failure of a depository financial institution, the Plan will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

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

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

# City of Miramar Pension Trust for General Employees

## Notes to Financial Statements

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### *Investment Valuation*

GASB 72 establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the specific characteristics of the investment. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments with readily available actively quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and lesser degree of judgment used in measuring fair value.

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

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

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

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

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

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# City of Miramar Pension Trust for General Employees

## Notes to Financial Statements

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

|  | <u>Fair Value Measurements Using</u> |   |  |  |
|--|--------------------------------------|---|--|--|
|  | <u>Fair Value</u>                    | <u>Quoted<br/>Prices in<br/>Active Markets<br/>for Identical<br/>Assets<br/>(Level 1)</u> | <u>Significant<br/>Other<br/>Observable<br/>Inputs<br/>(Level 2)</u> | <u>Significant<br/>Unobservable<br/>Inputs<br/>(Level 3)</u> |
| <b>Investments by fair value level</b>                   |                                      |   |  |  |
| Debt securities:   |                                      |   |  |  |
| U.S. treasuries  | \$ 3,613,875                         | \$ -  | \$ 3,613,875   | \$ -   |
| U.S. agencies  | 249,458                              | -   | 249,458  | -  |
| Mortgage backed securities                               | 6,793,793                            | -   | 6,793,793  | -  |
| Corporate bonds  | 11,337,803                           | -   | 11,337,803   | -  |
| Asset backed securities                                  | 831,400                              | -   | 831,400  | -  |
| <u>Total debt securities</u>                             | <u>22,826,329</u>                    | <u>-</u>  | <u>22,826,329</u>  | <u>-</u>   |
| Domestic equities  | 27,629,569                           | 27,629,569  | -  | -  |
| <u>Total equity securities</u>                           | <u>27,629,569</u>                    | <u>27,629,569</u>   | <u>-</u>   | <u>-</u>   |
| <b>Total Investments by fair value level</b>             | <b>50,455,898</b>                    | <b><u>\$27,629,569</u></b>  | <b><u>\$22,826,329</u></b>   | <b><u>\$ -</u></b>   |
| <b>Investments measured at the net asset value (NAV)</b> |                                      |   |  |  |
| Commingled SMidCap equity investment                     |                                      |   |  |  |
| Trust  | 27,981,195                           |   |  |  |
| Private equity real estate                               | 10,409,957                           |   |  |  |
| DROP Mutual Funds - vantage mutual funds                 | 2,940,278                            |   |  |  |
| <u>Total investments measured at the NAV</u>             | <u>41,331,430</u>                    |   |  |  |
| <u>Total investments</u>                                 | <u>\$91,787,328</u>                  |   |  |  |

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# City of Miramar Pension Trust for General Employees

## Notes to Financial Statements

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

|  | <u>Fair Value Measurements Using</u> |   |  |  |
|--|--------------------------------------|---|--|--|
|  | <u>Fair Value</u>                    | <u>Quoted<br/>Prices in<br/>Active Markets<br/>for Identical<br/>Assets<br/>(Level 1)</u> | <u>Significant<br/>Other<br/>Observable<br/>Inputs<br/>(Level 2)</u> | <u>Significant<br/>Unobservable<br/>Inputs<br/>(Level 3)</u> |
| <b>Investments by fair value level</b>                   |                                      |   |  |  |
| <b>Debt Securities:</b>                                  |                                      |   |  |  |
| U.S. treasuries  | \$ 3,186,260                         | \$ -  | \$ 3,186,260   | \$ -   |
| U.S. agencies  | 380,565                              | -   | 380,565  | -  |
| Mortgage backed securities                               | 4,155,971                            | -   | 4,155,971  | -  |
| Corporate bonds  | 9,320,305                            | -   | 9,320,305  | -  |
| Asset backed securities                                  | 702,311                              | -   | 702,311  | -  |
| <u>Total debt securities</u>                             | <u>17,745,412</u>                    | <u>-</u>  | <u>17,745,412</u>  | <u>-</u>   |
| Domestic equities  | 39,534,788                           | 13,687,320  | 25,847,468   | -  |
| <u>Total equity securities</u>                           | <u>39,534,788</u>                    | <u>13,687,320</u>   | <u>25,847,468</u>  | <u>-</u>   |
| <b>Total Investments by fair value level</b>             | <b>57,280,200</b>                    | <b>\$13,687,320</b>   | <b>\$43,592,880</b>  | <b>\$ -</b>  |
| <b>Investments measured at the net asset value (NAV)</b> |                                      |   |  |  |
| <b>Commingled SMidCap equity investment</b>              |                                      |   |  |  |
| Trust  | 10,870,273                           |   |  |  |
| Private equity real estate                               | 9,953,618                            |   |  |  |
| DROP Mutual Funds - vantage mutual funds                 | 2,241,156                            |   |  |  |
| <u>DROP pension plan fixed return fund</u>               | <u>502,562</u>                       |   |  |  |
| <u>Total investments measured at the NAV</u>             | <u>23,567,609</u>                    |   |  |  |
| <u>Total investments measured at fair value</u>          | <u>\$80,847,809</u>                  |   |  |  |

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# City of Miramar Pension Trust for General Employees

## Notes to Financial Statements

- 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, 2017 and 2016. Securities which are not traded on a national security exchange are valued by the respective fund manager or other third parties based on yields currently available on comparable securities of issuers with similar credit ratings.

### 2017 Investments Measured at the NAV

|  |                      | Unfunded<br>Commitments | Redemption<br>Frequency | Redemption<br>Notice<br>Period |
|--|----------------------|-------------------------|-------------------------|--------------------------------|
| Commingled SMidCap equity investment trust (1) | \$ 27,981,195        | \$ -                    | Daily                   | Same day                       |
| DROP mutual Funds - vantage mutual Funds (2)   | 2,404,501            | -                       | Daily                   | Same day                       |
| DROP pension plan fixed return fund (3)        | 535,777              | -                       |                         | Same day                       |
| Private equity real estate (4)                 | 10,409,957           | -                       | Daily                   | Same day                       |
| <b>Total investments measured at the NAV</b>   | <b>\$ 41,331,430</b> | <b>\$ -</b>             |                         |                                |

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# City of Miramar Pension Trust for General Employees

## Notes to Financial Statements

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- (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) DROP pension plan fixed return fund consists of one commingled investment vehicle which invests in primarily pension plan fixed return fund.
- (4) The real estate fund invests primarily in United States commercial real estate. The fair value of the investment in the fund is valued at the net asset value of outstanding units held at the end of the period based upon the fair value of the underlying investments. Real estate funds are valued using their respective net asset value ("NAV") as of September 30, 2017 and 2016. The most significant input into the NAV of such funds is the fair value of the investment holdings. These holdings are valued by the general partners on a quarterly or semi-annual basis, in conjunction with management and investment advisors.

### 5. Net Pension Liability

The components of the net pension liability of the City were as follows:

| <i>September 30,</i>                | <u>2017</u>          | <u>2016</u>          |
|-------------------------------------|----------------------|----------------------|
| Total pension liability             | \$ 110,050,775       | \$ 98,235,906        |
| Plan fiduciary net position         | 93,856,037           | 83,251,380           |
| <b>City's net pension liability</b> | <b>\$ 16,194,738</b> | <b>\$ 14,984,526</b> |

|  |        |        |
|--|--------|--------|
| Plan fiduciary net position as a percentage of the total pension liability | 85.28% | 84.75% |
|--|--------|--------|

#### *Actuarial Assumptions*

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

|                            |  |
|----------------------------|--|
| Inflation                  | 2.5%   |
| Projected salary increases | 5.0% -7.5% including inflation   |
| Investment rate of return  | 7.00% compounded annually net of pension plan investment expense, including inflation. |

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

# City of Miramar Pension Trust for General Employees

## Notes to Financial Statements

The actuarial assumptions used in the October 1, 2016 valuation were based on the review of the 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, 2017 and 2016 (see discussion of the Plan's investment policy in Note 4) are summarized in the following table:

### Long-term Expected Real Rate of Return\*

| Asset Class            | 2017 | 2016 |
|------------------------|------|------|
| Domestic equities      | 7.5% | 7.5% |
| International equities | 8.5% | 8.5% |
| Fixed income           | 2.5% | 2.5% |
| Real estate            | 4.5% | 4.5% |
| Cash                   | 0.0% | 0.0% |

\* Real rates of return are net of the long-term inflation assumption of 2.5% for 2017 and 2016.

### Discount Rate

The discount rate used to measure the total pension liability was 7.00% for 2017 and 2016. 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 7.00% for 2017 and 2016. It was also calculated using a discount rate that was 1-percentage-point lower (6.00%) and 1-percentage-point higher (8.00%) and the different computations were compared.

|                    | City Net Pension Liability |                          |                        |
|--------------------|----------------------------|--------------------------|------------------------|
|                    | 1% Decrease<br>(6.00%)     | Discount rate<br>(7.00%) | 1% Increase<br>(8.00%) |
| September 30, 2017 | \$ 28,760,142              | \$ 16,194,738            | \$4,738,063            |
| September 30, 2016 | \$ 25,720,618              | \$ 14,984,526            | \$4,730,410            |

## Required Supplementary Information

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**City of Miramar Pension Trust for General Employees**  
**Required Supplementary Information**  
**Schedule of Changes in the City's Net Pension Liability (Unaudited)**  
**Last Four Fiscal Years**

| <i>Years ended September 30,</i>                                       | 2017                 | 2016                 | 2015                 | 2014                 |
|--|----------------------|----------------------|----------------------|----------------------|
| <b>Total pension liability:</b>  |                      |                      |                      |                      |
| Service cost   | \$ 3,518,217         | \$ 3,032,270         | \$ 3,077,703         | \$ 2,802,948         |
| Interest   | 6,980,442            | 6,788,829            | 6,509,284            | 6,096,343            |
| Benefit changes  | -                    | (702,521)            | -                    | -                    |
| Difference between actual and expected experience                      | 3,597,097            | (2,192,133)          | (1,242,827)          | (94,738)             |
| Assumption Changes   | 1,867,865            |                      |                      |                      |
| Benefit payments   | (4,183,986)          | (4,942,919)          | (3,366,671)          | (2,782,930)          |
| Refunds  | (46,475)             | (176,740)            | (124,124)            | (86,573)             |
| <b>Net change in total pension liability</b>                           | <b>11,733,160</b>    | <b>1,806,786</b>     | <b>4,853,365</b>     | <b>5,935,050</b>     |
| <b>Total pension liability - beginning</b>                             | <b>98,317,615</b>    | <b>96,510,829</b>    | <b>91,657,464</b>    | <b>85,722,414</b>    |
| <b>Total pension liability - ending</b>                                | <b>110,050,775</b>   | <b>98,317,615</b>    | <b>96,510,829</b>    | <b>91,657,464</b>    |
| <b>Plan fiduciary net position:</b>                                    |                      |                      |                      |                      |
| Contributions - employer   | 3,792,128            | 3,846,815            | 3,745,727            | 3,594,261            |
| Contributions - member   | 1,812,841            | 1,966,498            | 1,213,840            | 1,192,804            |
| Net investment income  | 9,374,839            | 7,507,462            | 1,233,954            | 7,245,995            |
| Benefit payments   | (4,183,986)          | (5,021,865)          | (3,366,671)          | (2,782,930)          |
| Refunds of contributions   | (46,475)             | (176,740)            | (124,124)            | (86,573)             |
| Administrative expenses  | (144,690)            | (181,082)            | (159,433)            | (125,266)            |
| <b>Net change in plan fiduciary net position</b>                       | <b>10,604,657</b>    | <b>7,941,088</b>     | <b>2,543,293</b>     | <b>9,038,291</b>     |
| <b>Plan fiduciary net position - beginning</b>                         | <b>83,251,380</b>    | <b>75,310,292</b>    | <b>72,766,999</b>    | <b>63,728,708</b>    |
| <b>Plan fiduciary net position - ending</b>                            | <b>93,856,037</b>    | <b>83,251,380</b>    | <b>75,310,292</b>    | <b>72,766,999</b>    |
| <b>City's net pension liability</b>                                    | <b>\$ 16,194,738</b> | <b>\$ 15,066,235</b> | <b>\$ 21,200,537</b> | <b>\$ 18,890,465</b> |
| Plan fiduciary net position as a percentage of total pension liability | 85.28%               | 84.68%               | 78.03%               | 79.39%               |
| Covered employee payroll   | \$ 18,367,256        | \$ 15,909,213        | \$ 15,938,891        | \$ 14,844,382        |
| Net pension liability as a percentage of covered employee payroll      | 88.17%               | 94.19%               | 133.01%              | 127.26%              |

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

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

**City of Miramar Pension Trust for General Employees**  
**Required Supplementary Information**  
**Schedules of Contributions by Employer (Unaudited)**  
**Last Ten Fiscal Years**

|  | <u>2017</u>      | <u>2016</u>       | <u>2015</u>      | <u>2014</u>       | <u>2013</u>      |
|--|------------------|-------------------|------------------|-------------------|------------------|
| Actuarially determined employer contribution                     | \$ 3,792,128     | \$ 3,761,259      | \$ 3,745,727     | \$ 3,594,261      | \$ 3,632,157     |
| Actual employer contribution                                     | <u>3,792,128</u> | <u>3,767,869</u>  | <u>3,745,727</u> | <u>3,594,261</u>  | <u>3,632,157</u> |
| <b>Annual contribution deficiency (excess)</b>                   | <u>\$ -</u>      | <u>\$ (6,610)</u> | <u>\$ -</u>      | <u>\$ -</u>       | <u>\$ -</u>      |
| Covered-employee payroll *                                       | \$ 18,367,256    | \$ 15,909,213     | \$ 15,938,891    | \$ 14,844,382     | \$ 15,013,902    |
| Actual contributions as a percentage of covered-employee payroll | 20.65%           | 23.68%            | 23.50%           | 24.21%            | 24.19%           |
|  | <u>2012</u>      | <u>2011</u>       | <u>2010</u>      | <u>2009</u>       | <u>2008</u>      |
| Actuarially determined employer contribution                     | \$ 3,804,517     | \$ 4,170,161      | \$ 3,918,143     | \$ 3,603,503      | \$ 3,500,405     |
| Actual employer contribution                                     | <u>3,804,517</u> | <u>4,170,166</u>  | <u>3,918,143</u> | <u>3,609,608</u>  | <u>3,500,405</u> |
| <b>Annual contribution deficiency (excess)</b>                   | <u>\$ -</u>      | <u>\$ (5)</u>     | <u>\$ -</u>      | <u>\$ (6,105)</u> | <u>\$ -</u>      |
| Covered-employee payroll *                                       | \$ 14,859,096    | \$ 15,857,109     | \$ 16,445,474    | \$ 15,496,532     | \$ 14,535,824    |
| Actual contributions as a percentage of covered-employee payroll | 25.60%           | 26.30%            | 23.83%           | 23.29%            | 24.08%           |

\*Estimated payroll

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

**City of Miramar Pension Trust for General Employees**  
**Required Supplementary Information**  
**Schedules of Investment Returns (Unaudited)**  
**Last Ten Fiscal Years**

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

|             |             |             |             |             |
|-------------|-------------|-------------|-------------|-------------|
| <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
| 11.25%      | 10.27%      | 1.78%       | 11.11%      | 9.27%       |
| <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> |
| 15.87%      | 1.94%       | 8.28%       | 6.69%       | (10.83)%    |

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

**City of Miramar Pension Trust for General Employees**  
**Required Supplementary Information**  
**Notes to the Required Supplementary Information (Unaudited)**  
**Last Ten Fiscal Years**

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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 | 30 years  |
| Asset valuation method        | 5-year smoothed market  |
| Inflation                     | 2.50%   |
| Salary increases              | 5.0%-7.5%, including inflation  |
| Investment rate of return     | 7%  |
| Retirement age                | Experienced-based table of rates  |
| Mortality                     | RP-2000 Combined Healthy<br>Participant Mortality Table for males<br>and females with mortality<br>improvement projected to all future<br>years after 2000 using Scale AA |

*See accompanying independent auditor's report.*

## Supplementary Information

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**City of Miramar Pension Trust for General Employees**  
**Supplementary Schedules of Investment Expenses**  
**and Administrative Expenses**

| <i>Years ended September 30,</i>           | 2017              | 2016              |
|--|-------------------|-------------------|
| <b>Schedule "1"</b>                        |                   |                   |
| <b>Schedule of Investment Expenses</b>     |                   |                   |
| <b>Financial management expenses:</b>      |                   |                   |
| American Core Realty Fund                  | \$ 41,732         | \$ 41,346         |
| Eagle Asset                                | 57,217            | 51,177            |
| US Real Estate Investment Fund, LLC        | 103,415           | 79,120            |
| RhumbLine S&P 500 Pooled Index Fund        | 13,440            | 12,890            |
| Westwood Trust                             | 98,901            | 85,040            |
| <b>Total financial management expenses</b> | <b>314,705</b>    | <b>269,573</b>    |
| Investment consultant fees                 |                   |                   |
| AndCo Consulting                           | 22,721            | 22,062            |
| Investment custodial fees                  |                   |                   |
| Fiduciary Trust International              | 32,141            | 27,664            |
| <b>Total investment expenses</b>           | <b>\$ 369,568</b> | <b>\$ 319,299</b> |

|  |                   |                   |
|--|-------------------|-------------------|
| <b>Schedule "2"</b>                        |                   |                   |
| <b>Schedule of Administrative Expenses</b> |                   |                   |
| <b>Administrative expenses:</b>            |                   |                   |
| Actuarial                                  | \$ 59,640         | \$ 87,980         |
| Legal                                      | 25,436            | 32,153            |
| Administrative fees                        | 30,000            | 31,247            |
| Auditing                                   | 14,300            | 8,850             |
| Accounting and bookkeeping                 | 3,000             | 3,000             |
| Meetings and conventions                   | 5,988             | 11,728            |
| Insurance                                  | 5,689             | 5,524             |
| Miscellaneous                              | 637               | 600               |
| <b>Total administrative expenses</b>       | <b>\$ 144,690</b> | <b>\$ 181,082</b> |