

CITY OF MIRAMAR
CONSOLIDATED RETIREMENT PLAN & TRUST
AUDITED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

**CITY OF MIRAMAR
CONSOLIDATED RETIREMENT PLAN & TRUST
AUDITED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023**

Table of Contents

| | |
|--|----|
| Independent Auditor’s Report..... | 1 |
| Management’s Discussion and Analysis | 4 |
| Financial Statements | |
| Statements of Fiduciary Net Position | 10 |
| Statements of Changes in Fiduciary Net Position..... | 11 |
| Notes to the Financial Statements..... | 12 |
| Required Supplementary Information | |
| Schedules of Changes in the City’s Net Position Liability..... | 27 |
| Schedules of Contributions by Employer | 28 |
| Schedules of Investment Returns..... | 29 |
| Notes to the Required Supplementary Information | 30 |
| Supplementary Information | |
| Schedules of Investment Expenses and Administrative Expenses | 31 |
| Compliance Report | |
| 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 Government Auditing Standards..... | 32 |

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
City of Miramar Consolidated Retirement Plan & Trust
Miramar, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the City of Miramar Consolidated Retirement Plan & Trust (the "Plan") which comprise of the statements of fiduciary net position as of September 30, 2024 and 2023, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan as of September 30, 2024 and 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Plan management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

INDEPENDENT AUDITOR'S REPORT - Continued

Plan management is also responsible for maintaining a current plan instrument, including all plan amendments; administering the plan; and determining that the plan's transactions that are presented and disclosed in the financial statements are in conformity with the plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by

INDEPENDENT AUDITOR'S REPORT - Continued

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 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. Such 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2025, 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 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, flowing style.

Hollywood, Florida
February 11, 2025

**CITY OF MIRAMAR
CONSOLIDATED RETIREMENT PLAN & TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information - Unaudited)
September 30, 2024 and 2023**

Our discussion and analysis of the City of Miramar Consolidated Retirement Plan & Trust Fund (the "Plan") financial performance provides an overview of the Plan's financial activities for the fiscal year ended September 30, 2024 and 2023. 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

- On March 1, 2022 the City Commission adopted Ordinance No. 22-08 which combined the General Employees and Management Retirement Plans into a single Plan with an effective date of February 1, 2022. The single Plan was renamed The City of Miramar Consolidated Retirement Plan and Trust. The Plan's assets exceeded its liabilities at the close of fiscal period ended September 30, 2024 by \$271,205,589 (reported as net position restricted for pensions). The Plan's net position is held in trust to meet future benefit payments. The Plan's net position increased by \$48,599,963 during fiscal year 2024 due primarily to the change in the fair value of the Plan's investments.
- Receivables at September 30, 2024 decreased by \$277,467 or -40.2% due, primarily, to the increase in accrued investment income. Receivables at September 30, 2023 increased by \$313,943 or 83.6% due, primarily, to the increase in accrued investment income..
- For the fiscal year ended September 30, 2023, liabilities decreased by \$192,616 or -49.2% due, primarily, to the decrease in accrued expenses. For the fiscal year ended September 30, 2023, liabilities increased by \$97,093 or 33.0% due, primarily, to the increase in accrued expenses.
- For the fiscal year ended September 30, 2024, employer (City) contributions to the Plan increased by \$868,325 or 9.1% based on the actuarial valuation report. Actual employer contributions were \$10,377,060 and \$9,508,735 for 2024 and 2023, respectively. For the fiscal year ended September 30, 2023, employer (City) contributions to the Plan decreased by \$69,296 or (0.7%) based on the actuarial valuation report. Actual employer contributions were \$9,508,735 and \$9,578,031 for 2023 and 2022, respectively.
- For the fiscal year ended September 30, 2024, member contributions including buybacks decreased by \$99,570 or (1.6%). Actual member contributions were \$5,153,868 and \$4,845,367 for 2024 and 2023, respectively, and buybacks were \$932,656 and \$1,340,727 for 2024 and 2023, respectively. For the fiscal year ended September 30, 2023, member contributions including buybacks increased by \$315,899 or 5.4%. Actual member

CITY OF MIRAMAR
CONSOLIDATED RETIREMENT PLAN & TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
(Required Supplementary Information - Unaudited)
September 30, 2024 and 2023

contributions were \$4,845,367 and \$4,416,022 for 2023 and 2022, respectively, and buybacks were \$1,340,727 and \$1,454,174 for 2023 and 2022, respectively.

- For the fiscal year ended September 30, 2024, the Plan had net investment income of \$45,656,274 compared to a net investment income of \$16,526,828 in the fiscal year ended September 30, 2023. Actual results were \$41,299,994 in net appreciation in fair value of investment for 2024 and \$12,468,486 for 2023, and \$5,192,158 and \$4,992,938 of income from interest and dividends for 2024 and 2023, respectively. Investment expenses increased by \$98,718 or (10.6%) from 2023. For the fiscal year ended September 30, 2023, the Plan had net investment income of \$16,526,828 compared to a net investment loss of \$(25,904,285) in the fiscal year ended September 30, 2022. Actual results were \$12,468,486 in net appreciation in fair value of investment for 2023 and \$(29,085,188) in net depreciation in fair value of investment for 2022, and \$4,992,938 and \$4,472,797 of income from interest and dividends for 2023 and 2022, respectively. Investment expenses decreased by \$357,298 or (27.7%) from 2022.
- For the fiscal year ended September 30, 2024, benefit payments and refunds of contributions increased by \$2,108,654 or 19.6%. For the fiscal year ended September 30, 2023, benefit payments and refunds of contributions decreased by \$642,307 or 5.8%.
- For the fiscal year ended September 30, 2024, administrative expenses decreased by \$35,846 or (10.2%) from 2023 due primarily to a decrease in actuary, legal, administrative and insurance fees. For the fiscal year ended September 30, 2023, administrative expenses decreased by \$11,978 or (3.3%) from 2022 due primarily to a decrease in actuary, legal, administrative and insurance fees post consolidation of the General Employees and the Management Retirement Plans during fiscal year 2023.

Plan Highlights

For the fiscal year ended September 30, 2024, the total return of the portfolio was 20.5% for the year. Actual net returns from investments were net investment income of \$45,656,274 in 2024 compared with net income from investments of \$16,526,828 in 2023. For the fiscal year ended September 30, 2023, the total return of the portfolio was 20.10% for the year. Actual net returns from investments were net investment income of \$16,526,828 in 2023 compared with net loss from investments of \$(25,904,285) in 2022.

CITY OF MIRAMAR
CONSOLIDATED RETIREMENT PLAN & TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
(Required Supplementary Information - Unaudited)
September 30, 2024 and 2023

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* consist of the 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,

CITY OF MIRAMAR
CONSOLIDATED RETIREMENT PLAN & TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
(Required Supplementary Information - Unaudited)
September 30, 2024 and 2023

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:

| <u>September 30,</u> | <u>2024</u> | <u>2023</u> |
|--------------------------------------|-----------------------|-----------------------|
| Cash and cash equivalents | \$ 2,430,852 | \$ 6,847,534 |
| Receivables | 412,087 | 689,554 |
| Investments | <u>268,561,541</u> | <u>215,460,045</u> |
| Total assets | 271,404,480 | 222,997,133 |
| Liabilities | <u>198,891</u> | <u>391,507</u> |
| Net position restricted for pensions | <u>\$ 271,205,589</u> | <u>\$ 222,605,626</u> |

Condensed Statements of Changes in Fiduciary Net Position

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 year 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 year.

CITY OF MIRAMAR
CONSOLIDATED RETIREMENT PLAN & TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
(Required Supplementary Information - Unaudited)
September 30, 2024 and 2023

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

| <u>September 30,</u> | <u>2024</u> | <u>2023</u> |
|---|-----------------------|-----------------------|
| Contributions: | | |
| City | \$ 10,377,060 | \$ 9,508,735 |
| Members | 6,086,525 | 6,186,095 |
| Total | 16,463,585 | 15,694,830 |
| Net investment income | 45,656,274 | 16,526,828 |
| Other income | 702 | 2,076 |
| Total additions & investment income (losses) | 62,120,561 | 32,223,734 |
| Deductions: | | |
| Benefits paid directly to retirees | 10,578,300 | 9,997,979 |
| Benefits paid from DROP | 2,262,913 | 734,580 |
| Refunds of contributions | 363,226 | 278,352 |
| Administrative expenses | 316,159 | 352,005 |
| Total deductions | 13,520,598 | 11,362,916 |
| Net increase | 48,599,963 | 20,860,818 |
| Net position restricted for pensions at beginning of year | 222,605,626 | 201,744,808 |
| Net position restricted for pensions at end of year | <u>\$ 271,205,589</u> | <u>\$ 222,605,626</u> |

Asset Allocation

At September 30, 2024, the domestic equity portion comprised 61.5%, \$167,042,467 of the total portfolio. The allocation to fixed income securities was 19.9%, \$53,902,271, while cash and short-term investments comprised 0.9%, \$2,430,852. The alternative portion of the portfolio comprised 13.3%, \$35,989,044. The DROP mutual fund of \$11,627,759 which is managed outside the Plan is not included in the allocation.

**CITY OF MIRAMAR
CONSOLIDATED RETIREMENT PLAN & TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
(Required Supplementary Information - Unaudited)
September 30, 2024 and 2023**

The target asset allocation was as follows:

| <u>September 30,</u> | <u>2024</u> |
|---------------------------|-------------|
| 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 Consolidated Retirement Plan & Trust Fund, Benefits USA, Inc., 3810 Inverrary Blvd., Suite 303, Lauderhill, Florida 33319.

Financial Statements

CITY OF MIRAMAR
CONSOLIDATED RETIREMENT PLAN & TRUST
STATEMENTS OF FIDUCIARY NET POSITION
September 30, 2024 and 2023

| | <u>2024</u> | <u>2023</u> |
|---|-----------------------|-----------------------|
| Assets | | |
| Cash and cash equivalents | \$ 2,430,852 | \$ 6,847,534 |
| Receivables | | |
| Accrued investment income | 412,087 | 689,554 |
| Total receivables | 412,087 | 689,554 |
| | <u>2,842,939</u> | <u>7,537,088</u> |
| Investments, at fair value: | | |
| US treasuries | 15,641,265 | 10,646,611 |
| US agencies securities | - | 721,390 |
| Mortgage backed securities | 25,696,565 | 19,378,392 |
| Corporate bonds | 12,181,269 | 14,094,770 |
| Assets-backed securities | 383,172 | 1,887,813 |
| Mutual funds - DROP | 11,627,759 | 9,841,396 |
| Domestic equity funds | 167,042,467 | 131,487,066 |
| Alternative investment | 35,989,044 | 27,402,607 |
| Total investments, at fair value | <u>268,561,541</u> | <u>215,460,045</u> |
| Total assets | <u>271,404,480</u> | <u>222,997,133</u> |
| Liabilities | | |
| Accounts payable and accrued expenses | 198,891 | 391,507 |
| Total liabilities | <u>198,891</u> | <u>391,507</u> |
| Net position restricted for pensions | <u>\$ 271,205,589</u> | <u>\$ 222,605,626</u> |

See Accompanying Notes to the Financial Statements.

CITY OF MIRAMAR
CONSOLIDATED RETIREMENT PLAN & TRUST
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
September 30, 2024 and 2023

| Additions | 2024 | 2023 |
|---|------------------------------|------------------------------|
| Contributions: | | |
| Employer | \$ 10,377,060 | \$ 9,508,735 |
| Employee | 6,086,525 | 6,186,095 |
| Total contributions | <u>16,463,585</u> | <u>15,694,830</u> |
| Investment income | | |
| Net appreciation in fair value of investments | 41,589,849 | 12,468,486 |
| Interest and dividend income | 5,192,158 | 4,992,938 |
| Total investment income | 46,782,007 | 17,461,424 |
| Less: investment expenses | <u>1,125,733</u> | <u>934,596</u> |
| Net investment income | <u>45,656,274</u> | <u>16,526,828</u> |
| Other income | <u>702</u> | <u>2,076</u> |
| Total additions, net | <u>62,120,561</u> | <u>32,223,734</u> |
| Deductions | | |
| Benefits paid directly to retirees | 10,578,300 | 9,997,979 |
| Benefits paid from DROP | 2,262,913 | 734,580 |
| Refund of contributions | 363,226 | 278,352 |
| Administrative expenses | 316,159 | 352,005 |
| Total deductions | <u>13,520,598</u> | <u>11,362,916</u> |
| Net increase | <u>48,599,963</u> | <u>20,860,818</u> |
| Net position restricted for pensions | | |
| Beginning of year | <u>222,605,626</u> | <u>201,744,808</u> |
| End of year | <u><u>\$ 271,205,589</u></u> | <u><u>\$ 222,605,626</u></u> |

See Accompanying Notes to the Financial Statements.

CITY OF MIRAMAR
CONSOLIDATED RETIREMENT PLAN & TRUST
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024 and 2023

NOTE 1 – DESCRIPTION OF THE PLAN

Organization

The City of Miramar Consolidated Retirement Plan & Trust Fund (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. 22-08 passed and adopted on March 1, 2022 with an effective date of February 1, 2022. 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 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 is administered by a board of nine trustees comprised of the City Manager, the Mayor, three regularly employed general employees, two management employees, and a sixth and seventh trustee that shall be appointed by the other seven trustees, whereby one of the trustees shall be a retired City employee and the other shall be a resident of the City.

Participants

Participants are all City employees, except for police, firefighters, and certain appointed employees and elected officials.

Plan Membership

As of October 1, 2023 membership in the Plan consisted of:

| | |
|---|--------------|
| Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits, but not yet receiving them | 409 |
| Current employees: | |
| Vested | 356 |
| Non-vested | 244 |
| Total participants | <u>1,009</u> |

Eligibility

With the exception of police, firefighters, certain appointed employees and elected officials and grandfathered members of the former Management Retirement Plan, all full-time general employees are eligible for membership on their dates of employment. Participation in the City's 401(a) plan shall count for vesting and retirement eligibility in this Plan.

CITY OF MIRAMAR
CONSOLIDATED RETIREMENT PLAN & TRUST
NOTES TO THE FINANCIAL STATEMENTS - Continued
September 30, 2024 and 2023

With the exception of those grandfathered members of the former Management Retirement Plan, all full-time general 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, has 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 has also reached age 55.

Pension Benefits

With the exception of those grandfathered members of the former Management Retirement Plan, Ordinance No. 19-09 increased the benefit multiplier for employees retiring after October 1, 2018 to 3.25% for the first 20 years of service and 3% thereafter, capped at 100% of Average Monthly Earnings (AME). This formula is applied both to past and future service. Additionally, the members contribution rate for all members increased from 7.36% to 9.50% AME and 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 the percentages listed below each year by which the early retirement date precedes the participant's normal retirement date.

| Number of Years Early | Percentage Reduction |
|----------------------------------|---------------------------------|
| 1 | 6% |
| 2 | 12 |
| 3 | 18 |
| 4 | 24 |
| 5 | 30 |
| 6 | 36 |
| 7 | 42 |
| 8 | 48 |
| 9 | 54 |
| 10 | 60 |

Beneficiaries of members who die prior to commencement of benefits are eligible for a death benefit. For those members who 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

CITY OF MIRAMAR
CONSOLIDATED RETIREMENT PLAN & TRUST
NOTES TO THE FINANCIAL STATEMENTS - Continued
September 30, 2024 and 2023

of duty prior to completing 7 years of service would receive a refund of the member's accumulated contributions with interest.

Grandfathered Members of the Management Retirement Plan

Effective February 1, 2022, benefits previously paid by the Management Plan shall be paid by the Consolidated Plan. Following consolidation, all covered employees will become members of the Consolidated Plan, regardless of management status, but grandfathered members of the Management Plan members will retain their existing Management Plan benefits. A member of the former Management Plan may retire on the first day of the month following the earlier of: the date upon which a member completes 20 years of credited service, regardless of age; or the date upon which the member attains age 55 with ten years of credited service or the date upon which the member attains age 62 with five years of credited service. Normal retirement benefits are 3% of final monthly compensation for each year of credited service plus an increase of 0.2% for every year of additional service above 5 years to a maximum of 4% of final compensation times credited service at 10 year of service. Additional credited service beyond 10 years is multiplied by 2.75% of Average Final Compensation. The maximum benefit is 80% of Average Final Compensation.

Buybacks

Former members of the Plan may purchase prior full-time City service in the Plan. Members purchasing prior City service shall be required to pay the full actuarial cost 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.

Enhanced Service Credit

Members of the Plan may purchase up to 5 years of enhanced service credit, based on the calculations performed by the Plan's actuary. Members purchasing enhanced service credit shall be required to pay the full actuarial cost.

Deferred Retirement Option Plan

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
CONSOLIDATED RETIREMENT PLAN & TRUST
NOTES TO THE FINANCIAL STATEMENTS - Continued
September 30, 2024 and 2023

In addition, 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 \$134,713 as of September 30, 2024 and \$97,506 as of September 30, 2023, and are included in employer contribution in the Statement of Changes in Fiduciary Net Position.

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 as of September 30:

| | 2024 | 2023 |
|-------------------|----------------------|---------------------|
| Beginning balance | \$ 9,841,098 | \$ 7,589,353 |
| Additions | 2,811,249 | 2,527,923 |
| Distributions | (2,262,913) | (765,447) |
| Investment income | 1,238,325 | 489,269 |
| Ending balance | <u>\$ 11,627,759</u> | <u>\$ 9,841,098</u> |

Funding Requirements

Plan Members Not Grandfathered under the Management Retirement Plan

Plan members not grandfathered under the Management Retirement Plan are required to contribute 9.5% of earnings which is defined as basic rate of pay, excluding overtime, bonuses, commissions, payments for unused leave and any other extraordinary compensation.

Grandfathered Members of the Management Retirement Plan

Plan members grandfathered under the Management Retirement Plan are required to contribute 13.515% of their compensation.

Pursuant to Florida law, the City of Miramar 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 benefits under the Plan.

CITY OF MIRAMAR
CONSOLIDATED RETIREMENT PLAN & TRUST
NOTES TO THE FINANCIAL STATEMENTS - Continued
September 30, 2024 and 2023

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 and Cash Equivalents

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

Investments

Investments are recorded at fair value in the statements of fiduciary net position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The diversity of the investment types in which the Plan has entered into requires a range of techniques to determine fair value. Refer to Note 4 to the financial statements for more detail regarding the methods used to measure the fair value of investments.

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

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

Use of Estimates

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

CITY OF MIRAMAR
CONSOLIDATED RETIREMENT PLAN & TRUST
NOTES TO THE FINANCIAL STATEMENTS - Continued
September 30, 2024 and 2023

Risk and Uncertainties

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

Subsequent Events

Management has evaluated subsequent events through February 11, 2025, the date which the financial statements were available for issue.

NOTE 3 – CONTRIBUTIONS

Actual Contributions

The actual City contribution for active members for the period ended September 30, 2024 and 2023 amounted to \$10,377,060 and \$9,508,735, respectively, and the actual amount of covered payroll was approximately \$44,937,113 and \$38,084,738, respectively. Employee contributions were \$6,086,525 and \$6,186,095, including buybacks of \$932,657 and \$1,340,727 for the period ended September 30, 2024 and 2023, respectively.

Actuarially Determined Contributions

The contributions required from the City for the fiscal year ended September 30, 2024, were actuarially determined using the valuation date of October 1, 2022. The actuarially determined contributions were \$10,377,060 and \$9,508,735 for the fiscal year ended September 30, 2024 and 2023, respectively. The actuarially computed annual covered payroll used in the October 1, 2022 and 2021 valuations were \$44,937,113 and \$38,084,738, respectively.

NOTE 4 – DEPOSIT AND INVESTMENT RISK DISCLOSURES

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

Investment Authorization

The Plan's investment policy is determined by the Board of Trustees. The policy has been identified by the Board as preserving the purchasing power of the Plan's assets and earns an above average real rate of return (after inflation) over the long-term while minimizing, to a reasonable extent, the short-term volatility of results. The Trustees are authorized to acquire and retain every kind of property, real, personal or mixed, and every kind of investment specifically included, but

**CITY OF MIRAMAR
CONSOLIDATED RETIREMENT PLAN & TRUST
NOTES TO THE FINANCIAL STATEMENTS - Continued
September 30, 2024 and 2023**

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 are not to exceed 5% of the portfolio.

Types of Investments

The following was the Board's adopted asset allocation policy as of September 30, 2023:

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

Rate of Return

For the period ended September 30, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.93%. 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
CONSOLIDATED RETIREMENT PLAN & TRUST
NOTES TO THE FINANCIAL STATEMENTS - Continued
September 30, 2024 and 2023

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:

2024

| Investment Type | Fair Value | Investment Maturities (in years) | | | |
|----------------------------|----------------------|----------------------------------|---------------------|----------------------|----------------------|
| | | Less than 1 | 1 to 5 | 6 to 10 | More than 10 |
| U.S. treasuries | \$ 15,641,265 | \$ 508,293 | \$ 1,531,025 | \$ 7,313,195 | \$ 6,288,752 |
| Mortgage backed securities | 25,696,565 | - | 57 | - | 25,696,508 |
| Corporate bonds | 12,181,269 | - | 3,470,770 | 5,328,046 | 3,382,453 |
| Asset backed securities | 383,172 | - | 383,172 | - | - |
| Total | <u>\$ 53,902,271</u> | <u>\$ 508,293</u> | <u>\$ 5,385,024</u> | <u>\$ 12,641,241</u> | <u>\$ 35,367,713</u> |

2023

| Investment Type | Fair Value | Investment Maturities (in years) | | | |
|----------------------------|----------------------|----------------------------------|----------------------|---------------------|----------------------|
| | | Less than 1 | 1 to 5 | 6 to 10 | More than 10 |
| U.S. treasuries | \$ 10,646,611 | \$ - | \$ 2,243,413 | \$ 795,417 | \$ 7,607,781 |
| U.S. agencies | 721,390 | - | 721,390 | - | - |
| Mortgage backed securities | 19,378,392 | - | 1,955,456 | 1,345,489 | 16,077,447 |
| Corporate bonds | 14,094,770 | - | 5,291,017 | 6,308,642 | 2,495,111 |
| Asset backed securities | 1,887,813 | - | 1,887,813 | - | - |
| Total | <u>\$ 46,728,976</u> | <u>\$ -</u> | <u>\$ 12,099,089</u> | <u>\$ 8,449,548</u> | <u>\$ 26,180,339</u> |

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
CONSOLIDATED RETIREMENT PLAN & TRUST
NOTES TO THE FINANCIAL STATEMENTS - Continued
September 30, 2024 and 2023

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

| | 2024 | | 2023 | |
|---------------------------------|-------------------|--------------------------------|-------------------|--------------------------------|
| | Fair Value | Percentage of Portfolio | Fair Value | Percentage of Portfolio |
| U.S. government guaranteed* | \$ 41,028,726 | 76.12% | \$ 30,746,393 | 65.80% |
| AAA | 630,852 | 1.17% | 1,740,708 | 3.73% |
| AA | 185,600 | 0.34% | 351,752 | 0.75% |
| AA- | 170,017 | 0.32% | 210,231 | 0.45% |
| A+ | 3,197,451 | 5.93% | - | 0.00% |
| A | 1,350,809 | 2.51% | 1,696,210 | 3.63% |
| A- | 1,377,667 | 2.56% | 3,250,803 | 6.96% |
| BBB+ | 1,741,146 | 3.23% | 3,690,800 | 7.90% |
| BBB | 3,050,188 | 5.66% | 4,340,542 | 9.29% |
| BBB- | 1,169,815 | 2.17% | - | 0.00% |
| Not-rated | - | 0.00% | 701,537 | 1.50% |
| Total credit risk debt security | 12,873,545 | 23.88% | 15,982,583 | 34.20% |
| Total | \$ 53,902,271 | 100.00% | \$ 46,728,976 | 100.00% |

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

Custodial Credit Risk

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

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, 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

CITY OF MIRAMAR
CONSOLIDATED RETIREMENT PLAN & TRUST
NOTES TO THE FINANCIAL STATEMENTS - Continued
September 30, 2024 and 2023

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.

CITY OF MIRAMAR
CONSOLIDATED RETIREMENT PLAN & TRUST
NOTES TO THE FINANCIAL STATEMENTS - Continued
September 30, 2024 and 2023

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, 2024.

| Fair Value Measurements Using | | | | |
|--|-------------------|---|--|--|
| Investments by fair value level | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Debt securities: | | | | |
| US treasuries | \$ 15,641,265 | \$ - | \$ 15,641,265 | \$ - |
| Mortgage backed securities | 25,696,565 | - | 25,696,565 | - |
| Corporate bonds | 12,181,269 | - | 12,181,269 | - |
| Asset back securities | 383,172 | - | 383,172 | - |
| Total debt securities | 53,902,271 | - | 53,902,271 | - |
| Domestic equities | 80,056,897 | 80,056,897 | - | - |
| Total investments by fair value level | 133,959,168 | \$ 80,056,897 | \$ 53,902,271 | \$ - |
| Investments measured at the net asset value (NAV) | | | | |
| Commingled SMidCap equity investment trust | 86,985,570 | | | |
| Private equity real estate | 35,989,044 | | | |
| DROP Mutual Funds – vantage mutual funds | 11,627,759 | | | |
| Total investments measured at the net asset value (NAV) | 134,602,373 | | | |
| Total investments | \$ 268,561,541 | | | |

CITY OF MIRAMAR
CONSOLIDATED RETIREMENT PLAN & TRUST
NOTES TO THE FINANCIAL STATEMENTS - Continued
September 30, 2024 and 2023

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, 2023.

| Fair Value Measurements Using | | | | |
|--|----------------|--|--|--|
| Investments by fair value level | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Debt securities: | | | | |
| US treasuries | \$ 10,646,611 | \$ - | \$ 10,646,611 | \$ - |
| US agencies | 721,390 | - | 721,390 | - |
| Mortgage backed securities | 19,378,392 | - | 19,378,392 | - |
| Corporate bonds | 14,094,770 | - | 14,094,770 | - |
| Asset back securities | 1,887,813 | - | 1,887,813 | - |
| Total debt securities | 46,728,976 | - | 46,728,976 | - |
| Domestic equities | 44,237,062 | 44,237,055 | - | 7 |
| Total investments by fair value level | 90,966,038 | \$ 44,237,055 | \$ 46,728,976 | \$ 7 |
| Investments measured at the net asset value (NAV) | | | | |
| Commingled SMidCap equity investment trust | 87,250,004 | | | |
| Private equity real estate | 27,402,607 | | | |
| DROP Mutual Funds – vantage mutual funds | 9,841,396 | | | |
| Total investments measured at the net asset value (NAV) | 124,494,007 | | | |
| Total investments | \$ 215,460,045 | | | |

- 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, 2024. 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.

CITY OF MIRAMAR
CONSOLIDATED RETIREMENT PLAN & TRUST
NOTES TO THE FINANCIAL STATEMENTS - Continued
September 30, 2024 and 2023

| Investments Measured at the NAV | | | | |
|--|--|---------------------------------|---------------------------------|-------------------------------------|
| | September 30, 2024 Fair Value | Unfunded Commitments | Redemption Frequency | Redemption Notice Period |
| Commingled SMidCap equity investment trust (1) | \$ 86,985,570 | \$ - | Daily | Same day |
| DROP mutual funds – vantage mutual funds (2) | 11,627,759 | - | Daily | Same day |
| Private equity real estate (3) | <u>35,989,044</u> | <u>-</u> | Daily | Same day |
| Total investments measured at the NAV | <u>\$ 134,602,373</u> | <u>\$ -</u> | | |

| Investments Measured at the NAV | | | | |
|--|--|---------------------------------|---------------------------------|-------------------------------------|
| | September 30, 2023 Fair Value | Unfunded Commitments | Redemption Frequency | Redemption Notice Period |
| Commingled SMidCap equity investment trust (1) | \$ 87,250,004 | \$ - | Daily | Same day |
| DROP mutual funds – vantage mutual funds (2) | 9,841,396 | - | Daily | Same day |
| Private equity real estate (3) | <u>27,402,607</u> | <u>-</u> | Daily | Same day |
| Total investments measured at the NAV | <u>\$ 124,494,007</u> | <u>\$ -</u> | | |

- (1) Commingled SMidCap equity investment trust consists of one commingled investment vehicle which invests primarily in publicly traded domestic common stocks or similar equity securities of high quality, financially secure companies listed on principal exchange. The funds are valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.
- (2) DROP mutual funds consist of three commingled investment vehicles which invest primarily in publicly traded global equity securities. The funds are valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.
- (3) The real estate fund invests primarily in United States commercial real estate. The fair value of the investment in the fund is valued at the net asset value of outstanding units held at the end of the period based upon the fair value of the underlying investments. Real estate funds are valued using their respective net asset value ("NAV") as of September 30, 2024 and 2023. 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.

**CITY OF MIRAMAR
CONSOLIDATED RETIREMENT PLAN & TRUST
NOTES TO THE FINANCIAL STATEMENTS - Continued
September 30, 2024 and 2023**

NOTE 5 – NET PENSION LIABILITY OF THE CITY

The components of the net pension liability of the City as of September 30, 2024 were as follows:

| | |
|--|----------------------|
| Total pension liability | \$ 308,355,970 |
| Plan fiduciary net position | <u>(271,205,589)</u> |
| City's net pension liability | <u>\$ 37,150,381</u> |
| Plan fiduciary net position as a percentage of the total pension liability | <u>87.95%</u> |

The components of the net pension liability of the City as of September 30, 2023 were as follows:

| | |
|--|----------------------|
| Total pension liability | \$ 279,313,574 |
| Plan fiduciary net position | <u>(222,605,626)</u> |
| City's net pension liability | <u>\$ 56,707,948</u> |
| Plan fiduciary net position as a percentage of the total pension liability | <u>79.70%</u> |

Actuarial Assumptions

| | |
|-------------------|--------------------|
| Valuation Date: | October 1, 2022 |
| Measurement Date: | September 30, 2023 |

Methods and Assumptions Used to Determine Net Pension Liability:

| | |
|---------------------------|--|
| Actuarial Cost Method | Entry Age Normal |
| Inflation | 2.50% |
| Salary Increases | 4.0% - 7.5%, including inflation |
| Investment Rate of Return | 7.00% |
| Retirement Age | Experience-based table of rates |
| Mortality | The same versions of Pub-2010 Headcount-Weighted Mortality Tables as used by the Florida Retirement System (FRS) in their July 1, 2020 actuarial valuation (with mortality improvements projected to all future years after 2010 using Scale MP-2018). Florida Statutes Chapter 112.63(1)(f) mandates the use of mortality tables from one of the two most recently published FRS actuarial valuation reports. |

Other Information:

| | |
|-------|--|
| Notes | See Discussion of Valuation Results from the October 1, 2022 Actuarial Valuation Report. |
|-------|--|

CITY OF MIRAMAR
CONSOLIDATED RETIREMENT PLAN & TRUST
NOTES TO THE FINANCIAL STATEMENTS - Continued
September 30, 2024 and 2023

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, 2024 and 2023 (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> | |
|------------------------|-------|
| Domestic equities | 10.0% |
| International equities | 11.0% |
| Fixed income | 5.0% |
| International bonds | 6.0% |
| Real estate | 7.0% |
| Cash | 0% |

*Real rates of return are net of the long-term inflation assumption of 2.5% for 2024.

Discount Rate

The discount rate used to measure the total pension liability was 7.0% for 2024 and 2023. 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 2024 and 2023. It was also calculated using a discount rate that was 1-percentage-point lower (6.00 percent) and 1-percentage point higher (8.00 percent) and the different computations were compared.

| | 1% Decrease | City Net Pension | 1% Increase |
|--------------------|----------------------|-------------------------|--------------------|
| | (6.00%) | Liability | (8.00%) |
| | Discount Rate | (7.00%) | |
| September 30, 2024 | \$ 72,506,680 | \$ 37,150,381 | \$ 7,661,127 |
| September 30, 2023 | \$ 88,014,982 | \$ 56,707,948 | \$ 30,118,924 |

Required Supplementary Information

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

| Fiscal year ending September 30, | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Total Pension Liability | | | | | | | | | | |
| Service Cost | \$ 11,133,781 | \$ 9,505,685 | \$ 8,943,920 | \$ 8,669,575 | \$ 8,787,568 | \$ 7,199,179 | \$ 6,760,796 | \$ 6,379,915 | \$ 5,551,095 | \$ 4,950,102 |
| Interest | 19,869,160 | 18,134,150 | 16,590,345 | 15,406,563 | 14,239,376 | 12,741,868 | 11,846,602 | 10,443,951 | 9,836,593 | 9,273,860 |
| Benefit Changes | - | - | 535,096 | - | - | 8,486,542 | - | 85,811 | 269,701 | - |
| Difference between actual & expected experience | 11,243,894 | 7,625,592 | 6,112,996 | 2,386,494 | 5,565,251 | (769,018) | 1,239,133 | 6,772,329 | (760,871) | (131,553) |
| Assumption Changes | - | - | - | - | (3,137,768) | - | - | 3,069,777 | - | - |
| Benefit Payments | (12,841,213) | (10,732,559) | (9,854,499) | (9,065,778) | (7,702,825) | (7,334,765) | (7,147,437) | (6,601,111) | (6,977,354) | (5,952,109) |
| Refunds | (363,226) | (278,352) | (514,105) | (217,244) | (338,806) | (331,584) | (177,039) | (263,987) | (255,129) | (124,124) |
| Net Change in Total Pension Liability | 29,042,396 | 24,254,516 | 21,813,753 | 17,179,610 | 17,412,796 | 19,992,222 | 12,522,055 | 19,886,685 | 7,664,035 | 8,016,176 |
| Total Pension Liability - Beginning | 279,313,574 | 255,059,058 | 233,245,305 | 216,065,695 | 198,652,899 | 178,660,677 | 166,138,622 | 146,251,937 | 138,587,902 | 130,571,726 |
| Total Pension Liability - Ending (a) | \$ 308,355,970 | \$ 279,313,574 | \$ 255,059,058 | \$ 233,245,305 | \$ 216,065,695 | \$ 198,652,899 | \$ 178,660,677 | \$ 166,138,622 | \$ 146,251,937 | \$ 138,587,902 |
| Plan Fiduciary Net Position | | | | | | | | | | |
| Contributions - Employer | \$ 10,377,060 | \$ 9,508,735 | \$ 9,578,031 | \$ 9,265,238 | \$ 8,505,956 | \$ 7,660,577 | \$ 7,490,994 | \$ 6,288,284 | \$ 5,867,339 | \$ 5,386,065 |
| Contributions - Member | 6,086,525 | 6,186,095 | 5,870,196 | 5,264,805 | 5,383,200 | 4,190,671 | 3,511,256 | 4,311,761 | 4,342,786 | 3,065,444 |
| Net Investment Income | 45,656,976 | 15,788,183 | (25,903,530) | 40,039,799 | 13,080,042 | 7,060,190 | 14,462,331 | 13,142,600 | 10,214,279 | 1,658,166 |
| Benefit Payments | (12,841,213) | (10,732,559) | (9,854,499) | (9,065,778) | (7,702,825) | (7,334,765) | (7,147,437) | (6,601,111) | (6,977,354) | (5,952,109) |
| Refunds | (363,226) | (278,352) | (514,105) | (217,244) | (338,806) | (331,584) | (177,039) | (263,987) | (255,129) | (124,124) |
| Administrative Expense | (316,159) | (352,005) | (363,983) | (322,377) | (243,599) | (263,489) | (249,733) | (258,977) | (333,740) | (300,119) |
| Net Change in Plan Fiduciary Net Position | 48,599,963 | 20,120,097 | (21,187,891) | 44,964,444 | 18,683,968 | 10,981,600 | 17,890,372 | 16,618,570 | 12,858,181 | 3,733,323 |
| Plan Fiduciary Net Position - Beginning | 222,605,626 | 202,485,529 | 223,673,420 | 178,708,976 | 160,025,008 | 149,043,408 | 131,153,036 | 114,534,466 | 101,676,285 | 97,942,962 |
| Plan Fiduciary Net Position - Ending (b) | \$ 271,205,589 | \$ 222,605,626 | \$ 202,485,529 | \$ 223,673,420 | \$ 178,708,976 | \$ 160,025,008 | \$ 149,043,408 | \$ 131,153,036 | \$ 114,534,466 | \$ 101,676,285 |
| Net Pension Liability - Ending (a) - (b) | 37,150,381 | 56,707,948 | 52,573,529 | 9,571,886 | 37,356,719 | 38,627,891 | 29,617,269 | 34,985,586 | 31,717,471 | 36,911,617 |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 87.95 % | 79.70 % | 79.39 % | 95.90 % | 82.71 % | 80.56 % | 83.42 % | 78.94 % | 78.31 % | 73.37 % |
| Covered Payroll* | \$ 44,937,113 | \$ 38,084,738 | \$ 35,922,271 | \$ 35,334,437 | \$ 35,331,501 | \$ 31,395,196 | \$ 30,241,307 | \$ 29,329,546 | \$ 25,494,844 | \$ 24,283,084 |
| Net Pension Liability as a Percentage of Covered Payroll | 82.67 % | 148.90 % | 146.35 % | 27.09 % | 105.73 % | 123.04 % | 97.94 % | 119.28 % | 124.41 % | 152.01 % |

* Estimated Payroll.

** On March 1, 2022 the City Commission adopted Ordinance No. 22-08 which combined the General Employees and Management Retirement Plans into a single plan with an effective date of February 1, 2022. The single Plan was renamed The City of Miramar Consolidated Retirement Plan and Trust. For comparative purposes the information presented herein for fiscal years ending September 30, 2015 through September 30, 2021 has been restated to include the former General Employees and Management Retirement Plans information.

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

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

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Actuarially determined employer contribution | \$ 11,133,781 | \$ 9,508,735 | \$ 9,578,031 | \$ 9,265,238 | \$ 8,505,956 |
| Actual employer contribution | <u>11,133,781</u> | <u>9,508,735</u> | <u>9,578,031</u> | <u>9,265,238</u> | <u>8,505,956</u> |
| Actual contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered-employee payroll* | <u>\$ 44,937,113</u> | <u>\$ 38,084,738</u> | <u>\$ 35,922,271</u> | <u>\$ 35,334,437</u> | <u>\$ 35,331,501</u> |
| Actual contributions as a percentage of covered-employee payroll | <u>24.80%</u> | <u>25.00%</u> | <u>26.66%</u> | <u>26.22%</u> | <u>24.07%</u> |
| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
| Actuarially determined employer contribution | \$ 7,660,577 | \$ 7,490,994 | \$ 6,288,284 | \$ 5,860,729 | \$ 5,386,065 |
| Actual employer contribution | <u>7,660,577</u> | <u>7,490,994</u> | <u>6,288,284</u> | <u>5,867,339</u> | <u>5,386,065</u> |
| Actual contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (6,610)</u> | <u>\$ -</u> |
| Covered-employee payroll* | <u>\$ 31,395,196</u> | <u>\$ 30,241,307</u> | <u>\$ 29,329,546</u> | <u>\$ 25,494,844</u> | <u>\$ 24,283,084</u> |
| Actual contributions as a percentage of covered-employee payroll | <u>24.40%</u> | <u>24.77%</u> | <u>21.44%</u> | <u>23.01%</u> | <u>22.18%</u> |

* Estimated payroll

** On March 1, 2022 the City Commission adopted Ordinance No. 22-08 which combined the General Employees and Management Retirement Plans into a single plan with an effective date of February 1, 2022. The single Plan was renamed The City of Miramar Consolidated Retirement Plan and Trust. For comparative purposes the information presented herein for fiscal years ending September 30, 2015 through September 30, 2021 has been restated to include the former General Employees and Management Retirement Plans information

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

**CITY OF MIRAMAR
CONSOLIDATED RETIREMENT PLAN & TRUST
SCHEDULES OF INVESTMENT RETURNS
LAST TEN FISCAL YEARS**

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

| Consolidated Retirement Plan & Trust (Formerly General Employees' Retirement Plan) | | | | | | | | | |
|---|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 2024* | 2023* | 2022* | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| 20.10% | 5.93% | -11.79% | 22.89% | 7.62% | 4.61% | 10.88% | 11.25% | 10.27% | 1.78% |

| Former Management Retirement Plan | | | | | | | | | |
|--|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 2024* | 2023* | 2022* | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| - | - | - | 22.97% | 8.20% | 4.52% | 10.88% | 11.10% | 9.90% | 1.57% |

* On March 1, 2022 the City Commission adopted Ordinance No. 22-08 which combined the General Employees and Management Retirement Plans into a single plan with an effective date of February 1, 2022. The single plan was renamed The City of Miramar Consolidated Retirement Plan and Trust.

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

CITY OF MIRAMAR
CONSOLIDATED RETIREMENT PLAN & TRUST
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
LAST TEN FISCAL YEARS

| | |
|-----------------|--|
| Valuation Date: | October 1, 2022 |
| Notes | Actuarially determined contributions are calculated as of October 1, which is two years prior to the end of the fiscal year in which contributions are reported. |

Methods and Assumptions Used to Determine Contribution Rates:

| | |
|-------------------------------|--|
| Actuarial cost method | Entry-Age-Normal |
| Amortization method | Level Percent, closed |
| Remaining amortization period | 20 years |
| Asset valuation method | The difference between the expected actuarial value of assets and actual market value of assets is recognized. |
| Inflation | 2.50% |
| Salary increases | 4.0%-7.5%, including inflation |
| Investment rate of return | 7.00% |
| Retirement age | Experienced-based table of rates |
| Mortality | The same versions of Pub-2010 Headcount-Weighted Mortality Tables as used by the Florida Retirement System (FRS) in their July 1, 2020 actuarial valuation (with mortality improvements projected to all future years after 2010 using Scale MP-2018). Florida Statutes Chapter 112.63(1)(f) mandates the use of mortality tables from one of the two most recently published FRS actuarial valuation reports. |

Other Information:

| | |
|-------|--|
| Notes | See Discussion of Valuation Results from October 1, 2022 Actuarial Valuation Report. |
|-------|--|

See accompanying independent auditor's report.

Supplementary Information

CITY OF MIRAMAR
CONSOLIDATED RETIREMENT PLAN & TRUST
SUPPLEMENTARY SCHEDULES OF INVESTMENT EXPENSES AND
ADMINISTRATIVE EXPENSES
For the Years Ended September 30, 2024 and 2023

Investment Expenses

| | 2024 | 2023 |
|-------------------------------------|---------------------|-------------------|
| Financial management expenses: | | |
| American Core Realty Fund | \$ 101,477 | \$ 119,294 |
| Eagle Asset | 7,182 | 140,522 |
| US Real Estate Investment Fund, LLC | - | 107,512 |
| Rhumblin S&P 500 Pooled Index Fund | 38,560 | 18,755 |
| Westwood Trust | 191,426 | 137,950 |
| Channing Capital | 193,458 | 162,721 |
| Artemis Real Estate Partners | 75,052 | 141,589 |
| Loop Capital | 48,849 | - |
| IFM Global | 36,990 | - |
| Brookfield | 252,864 | - |
| Garcia Hamilton & Assoc | 67,180 | - |
| Total financial management expenses | <u>\$ 1,013,038</u> | <u>\$ 828,343</u> |
| Investment consultant fees | | |
| Mariner Consulting | 40,000 | 40,000 |
| Investment custodial fees | | |
| Rhumblin | 72,695 | 66,253 |
| Total investment expense | <u>\$ 1,125,733</u> | <u>\$ 934,596</u> |

Administrative Expenses

| | | |
|--------------------------------|-------------------|-------------------|
| Actuarial | 117,948 | 112,157 |
| Legal | 61,669 | 67,054 |
| Administrative fees | 69,842 | 50,750 |
| Auditing and accounting | 20,716 | 94,525 |
| Trustee education and expenses | 32,686 | 23,153 |
| Insurance | 12,798 | 3,616 |
| Dues and membership | 500 | 750 |
| Total administrative expense | <u>\$ 316,159</u> | <u>\$ 352,005</u> |

See accompanying independent auditor's report.

Compliance Report

**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 *GOVERNMENT AUDITING STANDARDS***

Board of Trustees
City of Miramar Consolidated Retirement Plan & Trust Fund
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 Consolidated Retirement Plan & Trust Fund (the “Plan”), as of and for the period ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Plan’s basic financial statements, and have issued our report thereon dated February 11, 2025.

Report on 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 (internal control) as a basis for designing 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.

**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 *GOVERNMENT AUDITING STANDARDS* - Continued**

Report on 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 financial statements. 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 light blue horizontal line.

Hollywood, Florida
February 11, 2025