

CITY OF SOUTH MIAMI PENSION PLAN
A PENSION TRUST FUND OF THE
CITY OF SOUTH MIAMI, FLORIDA

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

CITY OF SOUTH MIAMI PENSION PLAN
A PENSION TRUST FUND OF THE
CITY OF SOUTH MIAMI, FLORIDA
SEPTEMBER 30, 2023

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INDEPENDENT AUDITORS' REPORT



Accountants
Advisors

INDEPENDENT AUDITORS' REPORT

To the Members of the Board of Trustees
City of South Miami Pension Plan (a pension trust
fund of the City of South Miami, Florida)
South Miami, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the City of South Miami Pension Plan (a pension trust fund of the City of South Miami, Florida) (the Plan), which comprise the statement of fiduciary net position as of September 30, 2023 and the related statement of changes in fiduciary net position for the fiscal year 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 financial position of the Plan as of September 30, 2023, and the changes in fiduciary net position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' 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 opinions.

Responsibilities of Management for the Financial Statements

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, and for 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.

Auditors' Responsibilities 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 auditors' report that includes our opinions. 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 and *Government 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 and *Government 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 on pages 3–5, and the schedule of changes in the City's net pension liability (asset) and related ratios, schedule of City contributions, and schedule of investment returns and the related notes to the required supplementary information on pages 17–21 be presented to supplement the financial statements. Such information is the responsibility of management and, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the Plan's financial statements as a whole. The supplementary information section, identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are 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 June 26, 2024, on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Plan's 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 Plan's internal control over financial reporting and compliance.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
June 26, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

CITY OF SOUTH MIAMI PENSION PLAN
(A PENSION TRUST FUND OF THE
CITY OF SOUTH MIAMI, FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023

As management of the City of South Miami Pension Plan (the "Plan"), we offer readers of the Plan's financial statements this narrative overview of the financial activities of the Plan for the fiscal year ended September 30, 2023. This narrative is intended to supplement the Plan's financial statements, and we encourage readers to consider the information presented here in conjunction with these statements, which begin on page 6.

Overview of the Financial Statements

The following discussion and analysis are intended to serve as an introduction to the Plan's basic financial statements. The basic financial statements section includes the following:

- Statement of Fiduciary Net Position
- Statement of Changes in Fiduciary Net Position
- Notes to Financial Statements

This report also contains the following "Required Supplementary Information" to the financial statements:

- Schedule of Changes in the City's Net Pension Liability (Asset) and Related Ratios
- Schedule of City Contributions
- Schedule of Investment Returns
- Notes to Required Supplementary Information

The contents of the basic financial statements section contained in the report are described below:

- The Statement of Fiduciary Net Position is a point-in-time snapshot of account balances at fiscal year-end. It reports the assets available for future payments to retirees and any current liabilities that are owed as of the statement date. The resulting Net Position value (Assets - Liabilities = Net Position) represents the value of assets held in trust for pension benefits.
- The Statement of Changes in Fiduciary Net Position displays the effect of pension fund transactions that occurred during the fiscal year, where Additions - Deductions = Net Increase (Decrease) in Net Position. This Net Increase (Decrease) in Net Position reflects the change in the net asset value of the Statement of Plan Net Position from the prior year to the current year. Both statements are in compliance with Governmental Accounting Standards Board (GASB) Pronouncements.
- The Notes to the Financial Statements are an integral part of the financial statements and provide additional information that is essential to the comprehensive understanding of the data provided in the financial statements. These notes describe the accounting and administrative policies under which the Plan operates and provide additional levels of detail for select financial statement items (See Notes to Financial Statements on pages 8 to 16 of this report).

Because of the long-term nature of a defined benefit pension plan, financial statements alone cannot provide sufficient information to properly reflect the ongoing plan perspective. Therefore, in addition to the financial statements explained above, this financial report includes various additional "Required Supplementary Information" schedules with historical trend information.

- The Schedule of Changes in the City's Net Pension Liability (Asset) and Related Ratios (page 17) includes information about the sources of changes to the net pension liability (asset) and to the changes in Plan fiduciary net position. It also provides information regarding the fiduciary net position as a percentage of the total pension liability (asset) and the net pension liability (asset) as a percentage of covered payroll.
- The Schedule of City Contributions (page 18) presents information regarding the value of total annual contributions required to be paid by the City and the actual performance of the City in meeting this requirement.
- The Schedule of Investment Returns (page 19) provides information regarding the Plan's rate of return.
- The Notes to the Required Supplementary Information (page 20-21) provide background information and explanatory detail to aid in understanding the required supplementary schedules.

CITY OF SOUTH MIAMI PENSION PLAN
(A PENSION TRUST FUND OF THE
CITY OF SOUTH MIAMI, FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023

Financial Highlights

- The net position of the Plan exceeded its liabilities at the close of the fiscal years ended September 30, 2023 and 2022 with \$ 52,953,588 and \$ 49,186,762 in net position restricted for pension benefits, respectively.
- Net position increased by \$ 3,766,826 or approximately 7.66% during 2023, primarily due to the current year's net investment income and employer contributions.
- For the year ended September 30, 2023, Plan fiduciary net position was 96.24 % of the total pension liability of \$ 55,024,434. Net pension liability was \$ 2,070,846 which was 30.86 % of covered payroll.
- Additions to fiduciary net position for the fiscal year ended September 30, 2023 were \$ 6,114,170 which includes member, employer, and state contributions of \$ 1,160,834 and net income from investment activities totaling \$ 4,953,336.
- Deductions from fiduciary net position increased to \$ 2,347,344 in 2023. Most of the increase relates to increases in benefit payments.

Analysis of Financial Activities

The Plan's funding objective is to meet long-term benefit obligations through investment income and contributions. Accordingly, the collection of employer and member contributions, and the income from investments provide the reserves needed to finance future retirement benefits.

Contributions from the City of South Miami are made at levels determined by the Plan's actuary. The Plan's investment portfolio produced higher returns in 2023 compared to 2022. Net position restricted for pensions increased by \$ 3,766,826 in 2023, compared to an increase of \$ 10,285,968 in 2022.

Condensed Statements of Fiduciary Net Position

	2023	2022	Increase (Decrease)	
Assets:				
Cash and cash equivalents	\$ 1,365,427	\$ 774,103	\$ 591,324	76.39%
Current and other assets	249,690	188,145	61,545	32.71%
Investments, at fair value	51,457,076	48,284,567	3,172,509	6.57%
Total assets	<u>\$ 53,072,193</u>	<u>\$ 49,246,815</u>	<u>\$ 3,825,378</u>	<u>7.77%</u>
Liabilities	118,605	60,053	58,552	97.50%
Net position restricted for pension	<u>\$ 52,953,588</u>	<u>\$ 49,186,762</u>	<u>\$ 3,766,826</u>	<u>7.66%</u>

As the years roll forward and total assets and liabilities grow, investment income will continue to play an important role in funding future retirement benefits. Therefore, investment return over the long term is critical to the funding status of the retirement Plan.

During 2023, the Plan's investment portfolio returned income of approximately 10.21%. It is important to remember that a retirement Plan's funding is based on a long-time horizon, where temporary ups and downs in the market are expected. The more critical factor is that the Plan be able to meet expected earnings yield of 7.375% annual return on investments.

Based on the latest actuarial analysis for the fiscal year ended September 30, 2023, the Plan's total pension liability is more than its fiduciary net position by \$ 2,070,846, producing a plan fiduciary net position as a percent of the total pension liability of 96.24%.

Financial Analysis - Summary

As previously noted, net position viewed over time may serve as a useful indication of the Plan's financial position (see Table 1 above). At the close of fiscal years 2023 and 2022, the assets of the Plan exceeded its current liabilities by \$ 52,953,588 and \$ 49,186,762, respectively, shown as net position restricted for pension. The fiduciary net position is available to meet the Plan's ongoing obligation to Plan members and their beneficiaries.

CITY OF SOUTH MIAMI PENSION PLAN
(A PENSION TRUST FUND OF THE
CITY OF SOUTH MIAMI, FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023

Fiduciary Net Position

The Plan's fiduciary net position is established from employer, member, and state contributions; the accumulation of investment income, net of investment and administrative expenses; and benefit payments.

Additions to Fiduciary Net Position

As noted above, net position needed to finance retirement benefits are accumulated through collecting employer and member contributions and through investment earnings (net of investment expenses.) The additions totaled \$ 6,114,170 for the fiscal year ended September 30, 2023. This was \$ 13,237,076 more than the prior year, primarily due to an increase in investment returns. The additions totaled \$ (7,122,906) for the fiscal year ended September 30, 2022.

Condensed Statements of Changes in Fiduciary Net Position

	2023	2022	Increase (Decrease)	
Additions:				
Employer contributions	\$ 652,018	\$ 614,637	\$ 37,381	6.08%
Member contributions	429,588	418,549	11,039	2.64%
State of Florida contributions (185)	79,228	79,228	-	0.00%
Net investment income and other	4,953,336	(8,235,320)	13,188,656	-160.15%
Total additions	6,114,170	(7,122,906)	13,237,076	-185.84%

Deductions from Fiduciary Net Position

The Plan was created to provide retirement, survivor and disability benefits to qualified members and their beneficiaries. The cost of such programs includes recurring benefit payments, refunds of contributions to employees who terminate employment, and the cost of administering the Plan.

	2023	2022	Increase (Decrease)	
Deductions:				
Benefit payments	1,918,422	1,709,683	208,739	12.21%
Refund of contributions	111,406	216,800	(105,394)	0.00%
DROP distributions	126,966	8,075	118,891	0.00%
Administrative expenses	190,550	169,500	21,050	12.42%
Total deductions	2,347,344	2,104,058	243,286	11.56%
Net Increase (decrease)	\$ 3,766,826	\$(9,226,964)	\$ 12,993,790	-140.82%

Deductions for the fiscal year ended September 30, 2023 totaled \$ 2,347,344 an increase of 11.56% from 2022. The increase was primarily due to increases in refunds of contributions in 2023. Deductions for the year ended September 30, 2022 totaled \$ 2,104,058.

The net of deductions from fiduciary net position of \$ 2,347,344 and additions to fiduciary net position of \$ 6,114,170 resulted in an overall increase of \$ 3,766,826 in net position restricted for pension benefits for the year ended September 30, 2023. The deductions from fiduciary net position of \$ 2,104,058 and additions to fiduciary net position of \$ (7,122,906) resulted in an overall decrease of \$ 9,226,964 in net position restricted for pension benefits for the year ended September 30, 2022.

Fiduciary Responsibilities

The Board of Trustees is the fiduciary of the pension trust fund. Fiduciaries are charged with the responsibility of assuring that the assets of the Plan are used exclusively for the benefit of Plan members and their beneficiaries and defraying reasonable expenses of administering the Plan.

Requests for Information

This financial report is designed to provide the Board of Trustees, our membership, and taxpayers with an overview of the Plan's finances and accountability for the money received. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: City of South Miami, Finance Department, 6130 Sunset Drive, South Miami, FL 33143.

FINANCIAL STATEMENTS

CITY OF SOUTH MIAMI PENSION PLAN
(A PENSION TRUST FUND OF THE
CITY OF SOUTH MIAMI, FLORIDA)
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2023

Assets:	
Cash and cash equivalents	\$ 1,365,427
Receivables:	
Employer contributions	33,842
Dividends and interest	95,968
Section 185 contribution	79,228
Pending trades	23,798
Other receivables	12,621
Total receivables	<u>245,457</u>
Investments, at fair value:	
U.S. Government and agency securities	5,578,569
Corporate obligations	5,386,640
Real estate holdings	6,490,660
Mutual funds	34,001,207
Total investments	<u>51,457,076</u>
Other assets:	
Prepaid expenses	4,233
Total assets	<u>53,072,193</u>
Liabilities:	
Accounts payable	53,699
Pending trades payable	64,906
Total liabilities	<u>118,605</u>
Net Position:	
Net position restricted for pension	<u>\$ 52,953,588</u>

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

CITY OF SOUTH MIAMI PENSION PLAN
(A PENSION TRUST FUND OF THE
CITY OF SOUTH MIAMI, FLORIDA)
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Additions:

Contributions:	
Employer	\$ 652,018
Employees	429,588
Section 185 contribution	<u>79,228</u>
Total contributions	<u>1,160,834</u>
Investment income:	
Net appreciation in fair value of investments	3,775,498
Dividends and interest income	<u>1,398,019</u>
Total investment income	5,173,517
Less: investment expenses	<u>220,181</u>
Net investment income	<u>4,953,336</u>
Total additions	<u>6,114,170</u>

Deductions:

Participant benefit payments	1,918,422
Refund of contributions	111,406
DROP distributions	126,966
Administrative expenses	<u>190,550</u>
Total deductions	<u>2,347,344</u>
Net increase	<u>3,766,826</u>
Net position restricted for pension:	
Net position - beginning	<u>49,186,762</u>
Net position - end of year	<u><u>\$ 52,953,588</u></u>

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

NOTES TO FINANCIAL STATEMENTS

CITY OF SOUTH MIAMI PENSION PLAN
 (A PENSION TRUST FUND OF THE
 CITY OF SOUTH MIAMI, FLORIDA)
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2023

Note 1 – Plan Description

The following description of the Plan is provided for general information purposes only. A more detailed description of the Plan and its provisions appears in the Ordinances constituting the Plan and in the summary plan description.

Plan Description: The Plan is defined benefit, single-employer public employee, pension plan established by Ordinance No. 528 dated December 7, 1965, effecting October 1, 1965. Benefit provisions were established and may be amended by the City of South Miami, FL (the "City"). The Plan covers police officers and other full-time general employees of the City who were eligible to participate in the Plan and who fulfill the prescribed eligibility requirements ("Members"). Through September 30, 2023, the most recent amendment to the Plan occurred on June 1, 2022.

The Plan is sponsored by the City and is included in the City's Annual Comprehensive Financial Report as a fiduciary fund. The most recent actuarial valuation available is as of October 1, 2021.

Eligibility Requirements:

General Employees – First Tier Members: The Plan is available to regular full-time employees who were employed prior to October 1, 2011 and had completed six months of credited service and attainment of age 20.

General Employees - Second Tier Members: Second Tier Members are categorized as full-time general employees who are hired on or after October 1, 2016 who elect to join or fail to make any election within the ninety days from the date of hire; and full-time general employees who were hired on or after October 1, 2011 and not participating in the Plan as of October 1, 2016 and who elect to join or fail to make any election within ninety days from the effective date of the ordinance creating this tier.

Any regular full-time employee who previously entered into the defined contribution plan may opt-out of the defined contribution plan and elect to join the Plan as a second tier member or as their respective classification at the time they elect to join the Plan during an annual open enrollment period.

Administration Management Service Class (AMSC): As of October 1, 2016, and thereafter, AMSC members are offered a one-time irrevocable election to either join the Plan or a defined contribution plan of the City.

Police Officers: Full-time police officers are eligible to participate in the Plan as of date of employment.

Notwithstanding the eligibility requirements detailed above, all persons who join the Plan on or after September 20, 2016 will not be required to have completed six months of service prior to joining and are required to participate immediately upon hire or upon election to join for members who were hired prior to September 20, 2016.

As of October 1, 2022, Plan membership consists of:

	General Employees	AMSC	Police Officers
Active Plan members	37	11	34
Terminated vested	4	2	6
Receiving benefits	28	3	21
DROP participants	3	-	8
Total membership	72	16	69

Vesting: Benefits for all employees except for AMSC members are fully vested after 10 years of credited service. AMSC members hired on or after September 7, 2021, shall be vested upon completion of 10 years of service. AMSC members who are employed on September 7, 2021, shall be 100% vested in the plan.

Termination: Plan members who terminate employment with the City after ten or more years of credited service may leave their contributions in the Plan and retain the right to a deferred early or normal retirement amount, which commences on the member's early or normal retirement date. Members who terminate with less than ten years of service are refunded their contributions made to the Plan.

CITY OF SOUTH MIAMI PENSION PLAN
(A PENSION TRUST FUND OF THE
CITY OF SOUTH MIAMI, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 1 – Plan Description (Continued)

Benefits:

Normal Retirement:

General Employees – First Tier Members: Attainment of age 55 and completion of 10 years of credited services for benefits accrued as of September 30, 2011. Attainment of age 60 and completion of 10 years of credited services for benefits accrued after September 30, 2011, including increases in the accrued benefit as of September 30, 2011, due to increases in the final average compensation. These General Employees are entitled to retirement benefits ranging from 2.25% to 2.75% of their final monthly compensation ("FMC") based on years of credited service.

General Employees - Second Tier Members: Attainment of age 65 and completion of 10 years of credited service or completion of 33 years of credited services regardless of age. Second Tier Members are categorized as general employees who are hired on or after October 1, 2016, who elect to join the South Miami Pension Plan, and general employees who were hired prior to October 1, 2016, and not participating in the Plan as of October 1, 2016, and have elected to join. Second Tier Members are entitled to retirement benefits of 1.60% of FMC based on years of credited service.

Administration Management Service Class: Attainment of age 60 and completion of 5 years of credited service, age 55 and 20 years of credited service, or completion of 33 years of credited services regardless of age. Attainment of age 60 and completion of 10 years of credited service, age 55 and 20 years of credited service, or 33 years of credited service regardless of age for employees hired on or after September 7, 2021. AMSC Members are select personnel holding administrative/managerial level positions as defined by ordinance including, but not limited to, City Manager, City Attorney, City Clerk, and Chief of Police. The AMSC Members are entitled to retirement benefits of 3.00% of FMC based on years of credited service.

Police Officers: Attainment of age 55 and completion of 10 years of credited services or completion of 25 years of credited services regardless of age. These police officers are entitled to retirement benefits ranging from 2.00% to 3.00% of the FMC based on years of credited service.

Final Monthly Compensation:

Final average compensation is 1/36th of the final 36 consecutive months of compensation. For police officers, not less than 1/5th of the highest 5 years out of the last 10 years of compensation. Compensation shall mean regular wages and salaries, excluding bonuses, vacation, sick leave, and other additional compensation. Effective October 1, 2011, final average compensation for general employees is 1/60th of the final 60 consecutive months of basic compensation, provided it is not less than the final average compensation at September 30, 2011, based on the definition above. Basic compensation shall mean base wages and salaries, excluding commissions, overtime pay, bonuses and any other forms of additional compensation earned outside of base wages. Effective October 1, 2011, final average compensation for members covered under the police officers and sergeants collective bargaining agreements is the best of 5 years of basic compensation, provided it is not less than the final average compensation as of September 30, 2011, based on the definition above. Basic compensation shall mean base wages and salaries, including up to 300 hours of overtime in a fiscal year and excluding payments for accrued unused sick or annual leave, extra duty or special detail work, shift differential, assignment pay, bonuses and other forms of additional compensation earned outside of base wages.

Effective October 1, 2016, final average compensation for members covered under the Miami-Dade County Police Benevolent Association Upper-Collective Bargaining Union (Lieutenants & Captains), collective bargaining agreements, is the best 5 years of basic compensation, provided it is not less than the final average compensation as of September 30, 2016, based on the definition above.

Final average compensation for Second Tier Members and AMSC members shall be the average of the highest 8 years of credited service.

Supplemental Benefit:

A cost-of-living supplemental benefit based upon the consumer price index is provided upon retirement. The City amended the supplemental benefit in 2019 with ordinance 35-19-2348 to provide the following:

- A cost-of-living supplemental benefit based upon the consumer price index, limited to a cumulative maximum of 3% for each year following the normal retirement date, is provided upon retirement.
- For Tier 1 General Employees who retired or entered the DROP prior to October 1, 2019, no cost-of-living supplemental benefit is provided on the portion of the benefit accrued after September 30, 2011, including increases in the accrued benefit due to increases in final average compensation. For Tier 2 General Employees and AMSC Employees who retired or entered the DROP prior to October 1, 2019, no cost-of-living supplemental benefit is provided.

CITY OF SOUTH MIAMI PENSION PLAN
(A PENSION TRUST FUND OF THE
CITY OF SOUTH MIAMI, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 1 – Plan Description (Continued)

Benefits (Continued):

Early Retirement:

Police officers may elect early retirement at age 50 after 10 years of credited service. Benefits shall be based upon FMC and credited service as of early retirement date, reduced by 3% for each year that the benefit commencement date precedes normal retirement. Tier 1 General Employees may elect early retirement at age 55 or beyond after 10 years of credited service. Benefits shall be based upon final monthly compensation and credited service as of early retirement date, reduced by 1/15th for each of the first five years and 1/30th for the next five years that the benefit commencement date precedes normal retirement.

Disability Retirement:

Members who become totally and permanently disabled for a six-month period while actively employed are eligible. Benefits for disability retirement will be based upon the FMC and credited service as of the date of disability, actuarially reduced for early retirement.

Pre-Retirement Death:

Prior to vesting, the Plan will refund a member's accumulated Employee Contribution. For general employee participants, the contributions shall be credited with interest compounded annually at the rate of three (3) percent per annum from the end of the year of payment to the first of the month in which the death benefit is paid.

Upon vesting, the beneficiary will receive the benefit payable as if the deceased member had terminated employment on the day before death and survived to the earliest retirement date and elected the 50% Joint and Contingent form of payment reduced for early retirement and died the next day. The beneficiary may elect to defer payment until the deceased member's normal retirement date.

Plan Administration: The general administration, management and investment decisions of the Plan and the responsibility for carrying out its provisions is vested with the Board of Trustees (the "Board"), consisting of seven members as follows: two active employees of the City, two citizens electors of the City, two individuals with financial backgrounds and one active employee of the City designated by the City Manager. All trustees are to be appointed as a ministerial act of the City Commission.

Plan Termination: In the event that the Plan is terminated by the City, each Plan Member will become fully vested in their appropriate share amount regardless of length of service.

Contributions: The City's annual required contribution is determined annually by an independent third-party actuary and is, together with earnings and employee contributions, sufficient to fund the benefits of the Plan. For the fiscal year ended September 30, 2023, Plan participant contribution requirements were as follows: 7% for tier 1 general employees and AMSC; 3% for tier 2 general employees; and 7.5% for police officers. For the fiscal year ended September 30, 2023, City contribution requirements were as follows: 8.9% for tier 1 general employees; 16.2% for AMSC members; 4.8% for tier 2 general employees; and 8.6% for police officers. In accordance with a City ordinance, should the aggregate participants and City's annual contribution be actuarially determined to exceed, not including expenses, 14% and 15%, for general employees (other than general employees – second tier members and AMSC participants) and police officers, respectively, both participants and the City shall share equally in such excess percentage. Notwithstanding the above, the maximum general employees and police officers contributions is capped at 10% and 12%, respectively, for fiscal years beginning on or after October 1, 2016. In accordance with City ordinance number 30-01-1761 and ordinance 38-19-2351, the Plan also receives an annual contribution from the Police Officers Retirement Trust Fund – Section 185 Plan of \$79,228 (Note 5).

DROP Plan: The City established a deferred retirement option plan (DROP) for General Employees, Police Officers and AMSC members on June 18, 2019. An active participant of the City's retirement system may enter into the DROP, on the first day of the month following the normal retirement date as defined in accordance with the South Miami Pension Plan.

Upon entry into the DROP, a member's monthly retirement benefits, based on final monthly compensation and credited service upon entering the DROP, which would have been payable had the member elected to cease employment and receive a normal retirement benefit, shall be paid into the member's DROP account. A member's DROP account is credited monthly with interest and compounded annually in an amount equal to 50% of the net yearly interest (gross return minus investment expense), earned by the Plan for the preceding fiscal year, up to a maximum of 5% and not less than 0%. Member contributions cease upon entering the DROP and the member shall be ineligible for disability benefits provided by the Plan. Upon termination of employment or death, the DROP account balance will be paid in a cash lump sum, periodic payments, an annuity or a combination thereof or as a rollover to an eligible retirement plan. The maximum duration for participation in the DROP shall not exceed sixty (60) months.

CITY OF SOUTH MIAMI PENSION PLAN
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NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 1 – Plan Description (Continued)

DROP Plan (Continued):

As of September 30, 2023, there were twelve (12) DROP participants, and their fair value of DROP investment was \$ 1,305,623 which is included in the Plan's net position.

Effective June 21, 2022, the maximum interest credited to a Police Officers DROP account shall be six (6) percent.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting: The financial statements for the Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Contributions are recognized when due and the employer is legally required to provide the contributions. Investment income is recognized as net additions when earned. Retirement benefits and refunds are recognized when due and payable in accordance with terms of the Plan. Other expenses are recognized when the corresponding liabilities are incurred. The net appreciation or depreciation in fair value of investments of the Plan is recorded as an increase or decrease to investment income based on the valuation of investments. Investment earnings are reduced for investment management fees, portfolio evaluation, and custodial services. The Plan utilizes the financial reporting requirements of the Governmental Accounting Standards Board.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan to make estimates and assumptions that affect certain reported amounts and disclosures. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

Income Tax: The Plan is exempt from Federal income taxes (Note 6) under the Internal Revenue Code and, therefore, no provision for Federal income taxes has been made.

Method Used to Value Investments and Investment Income Recognition: The Board of Trustees (the "Board") determines the Plan's investment policy. The policy has been designed to maximize the Plan's asset value, while assuming a risk that is consistent with the Board's risk tolerance. As is prudent, the Board has adopted a policy to diversify investment risk among several institutionally acceptable asset classes including mutual funds, bonds, debentures and other corporate obligations, domestic and international equity and U.S. government securities. Investments are reported at fair value. 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. Securities traded on a national exchange are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair value. Net appreciation or depreciation in the fair value of investments includes realized and unrealized gains and losses. Realized gains and losses are determined on the basis of specific cost.

Purchases and sales of securities are recorded on a trade-date basis. Interest and dividends are recorded as earned.

Within certain limitations as specified in the Plan, the investment policy is determined by the Board and is implemented by the Plan's investment managers. The investment managers are monitored by the Board.

For more details regarding methods used to measure fair value, see Note 3.

Risks and Uncertainties: Contributions to the Plan and the actuarial information included in the required supplementary information ("RSI") are reported based upon certain assumptions including interest rates, inflation rates, member compensation and demographics. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would change and be material to the financial statements.

The Plan has investments in a combination of stocks, bonds, government securities, real estate, and other investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect balances and the amounts reported in the statement of plan net assets and the statement of changes in plan net assets. The Plan, through its investment advisors, monitors the Plan's investments and the risks associated therewith on a regular basis, which the Plan believes minimizes these risks.

Administrative Expenses: Administrative expenses incurred by the Plan are paid by the City as established by Ordinance.

CITY OF SOUTH MIAMI PENSION PLAN
(A PENSION TRUST FUND OF THE
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NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 3 - Investments

Investment Risk Disclosures:

Investments: The Plan has an investment policy that diversifies investment risk in several asset classes while seeking returns equal to various index benchmarks to maximize the Plan's asset value. Investments held by the Plan include primarily obligations of the United States Government and its agencies, corporate debt issuances, mutual funds and other pooled accounts, and domestic and international equity securities. The Plan maintains a master custodian agreement whereby investment securities are held in the Plan's name by a financial institution, acting as the Plan's agent. The Board utilizes the services of various investment managers to initiate the Plan's investment transactions, based on the authority given by the Board. The Plan also invests in pooled accounts through investment managers. The Plan does not own individual securities under this type of arrangement, but they own shares of the underlying pools. The Board requires written consent to invest in derivative investment securities; illiquid investments, as described in Florida Statutes Chapter 215.47 are not permitted. At September 30, 2023, there were no derivative investment securities.

Rate of Return:

The long-term expected rate of return on investments was determined using a building – block method in which best-estimates ranges of expected future real rates of return (expected returns, net of 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 weighing 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 as provided by the investment monitor are shown in the following table, together with the Board's adopted asset allocation policy as of September 30, 2023:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Value	30%	8.1%
Smaller Mid Cap	15%	7.7%
Foreign Equity	15%	5.2%
Real Estate	20%	5.9%
Fixed Income	20%	0.4%
	<u>100%</u>	

Interest Rate Risk: This 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. Although the Plan's investment policy does not provide limitations as to maturities, the Plan minimizes risk of fair value losses in its fixed income portfolio due to rising interest rates by structuring its investment portfolio so that securities mature to meet ongoing cash requirements, thereby avoiding the need to sell securities on the open market prior to maturity; and by investing operating funds primarily in shorter-term securities or by cash flow projections.

As of September 30, 2023, the Plan had fixed income securities with the following maturities:

Investment Type	Fair Value	Less Than 1 Year	1 to 5 Years	6 to 10 Years	More Than 10 Years
Corporate obligations	\$ 5,386,640	\$ 347,966	\$ 3,049,096	\$ 1,170,864	\$ 818,714
U.S. government and agency securities	5,578,569	663,856	1,660,738	492,204	2,761,771
Totals	<u>\$ 10,965,209</u>	<u>\$ 1,011,822</u>	<u>\$ 4,709,834</u>	<u>\$ 1,663,068</u>	<u>\$ 3,580,485</u>

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SEPTEMBER 30, 2023

Note 3 - Investments (Continued)

Credit Risk: This 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 (NSRO), such as Moody's or Standard & Poor's. The Plan's investment policy limits investments in domestic corporate stocks and bonds to those of corporations listed on one or more of the recognized national exchanges or on the National Market System of the NASDAQ stock market and, in the case of bonds only, holding ratings in one of the three highest classifications of an NSRO.

As of September 30, 2023, the Plan's fixed income securities have been rated by Standard & Poor's Investment Services as follows:

	Fair Value
U.S. government guaranteed*	\$ 3,377,690
Quality rating of credit risk debt securities	
AAA	37,231
AA	2,432,041
A	1,872,948
BBB	2,830,211
BB	84,030
NR	331,058
Total credit risk debt securities	7,587,519
Total fixed income securities	\$ 10,965,209

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

Custodial Credit Risk: This 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 held by the counterparty. The Plan's policy is to maintain its investments in custodial accounts that identify securities held as assets of the Plan by registering securities in the name of the Plan, or in street name or nominee name as the Plan's agent.

Concentration of Credit Risk: The Plan's investment policy limits investments in the stock of any one issuing company to 5% of the Plan's assets at cost and to 5% of the outstanding capital stock of that company. Furthermore, investments in domestic equities shall not exceed 60% of the Plan's assets at market value, and foreign equity investments shall not exceed 20% of the Plan's assets at market value. For fixed income securities, not more than 5% of the Plan's fixed income portfolio at cost shall be invested in the securities of any single corporate issuer. Furthermore, investments in domestic and international fixed income securities of the Plan's assets at market value shall not exceed 30% - 60% and 10% - 20%, respectively. The Plan limits its real estate holdings between 10% - 30% of portfolio market value.

Fair Value Measurements

Fair Value Hierarchy: Various inputs are used in determining the fair value of investments. These inputs to valuation techniques are categorized into a fair value hierarchy consisting of three broad levels for financial statement purposes as follows:

- Level 1 - Unadjusted price quotations in active markets/exchanges for identical assets.
- Level 2 - Observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market corroborated inputs).
- Level 3 - Unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priorities to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety. The categorization of a value determined for investments is based on the pricing transparency of the investments and is not necessarily an indication of the risks associated with investing in those securities.

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SEPTEMBER 30, 2023

Note 3 - Investments (Continued)

Fair Value Measurements (Continued)

The Plan categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. Investments are recorded at fair value, and primarily uses the market approach to value each security. Security pricing is provided by a third-party and is reported daily to the Plan by its custodians.

The Plan has the following recurring fair value measurements as of September 30, 2023:

Investment Type	Fair Value	Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 34,001,208	\$ 34,001,208	\$ -	\$ -
Real estate holdings	6,490,660	-	-	6,490,660
Corporate obligations	5,386,639	-	5,386,639	-
U.S. Government and agency securities	5,578,569	3,123,772	2,454,797	-
	<u>51,457,076</u>	<u>\$ 37,124,980</u>	<u>\$ 7,841,436</u>	<u>\$ 6,490,660</u>
Investments measured at amortized cost:			5,353,699	
Money market funds	1,365,427			
Total	<u>\$ 52,822,503</u>			

Level 1 assets are valued in accordance with market quotation or valuation methods from services believed by the investment manager to be reliable. Level 2 assets, which are not publicly traded may reflect values from other external sources or special valuations prepared by the investment manager. Level 3 assets are valued at a discounted cash flow analysis provided by management of the fund.

The real estate holdings of the limited partnership have no current unfunded commitments. The final capital call was due by February 26, 2018. The limited partnership is expected to distribute the principal and earnings to the Plan over a period of approximately seven years from the date when substantially all capital commitments are invested, unless extended longer or terminated earlier, as provided in the Limited Partnership Agreement. The changes in investments in real estate holdings measured at fair value for which the Plan has used Level 3 inputs to determine fair value are as follows:

	Real Estate Holdings
Beginning balance, at October 1 st	\$ 8,999,849
Capital contributed during period	-
Investment income from operations	167,066
Total gains (realized and unrealized)	(1,327,604)
Distributions	(1,544,085)
Management fees and other	195,434
Ending balance, at September 30 th	<u>\$ 6,490,660</u>

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NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 4 - Net Pension Liability (Asset) of the City

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

Total pension liability	\$ 55,024,434
Plan fiduciary net position	52,953,588
City's net pension liability (asset)	\$ 2,070,846
Plan fiduciary net position as a percentage of the total pension liability	96.24%

Actuarial assumptions to measure the City's net pension liability (asset) are described below.

Mortality was based on:

- Healthy General Employees: RP-2000 Mortality Table, separate for males and females, with fully generational mortality improvements projected to each future payment date with Scale BB.
- Healthy Police Officers: RP-2000 Combined Healthy Participant Mortality Table with Blue Collar Adjustment, separate for male and female, with fully generational mortality improvements projected to each future payment date with Scale BB.
- Disabled Members: RP-2000 Disabled Mortality Table, separate for males and females, with fully generational mortality improvements projected to each future payment date with Scale BB.

Assumptions for inflation and salary increases were 2.75% and 3.75% to 5.25%, respectively. The economic and demographic actuarial assumptions used in the October 1, 2022 valuation were based on an experience study which covered the period of October 1, 2005 through May 31, 2013. The actuarial valuation of the liabilities was determined as of October 1, 2022 with a roll forward to the measurement date, September 30, 2023.

Discount Rate:

A discount rate of 7.375% was used to measure the total pension liability. This discount rate was based on the expected rate of return on Plan investments. The projection of cash flows used to determine this discount rate assumed member contributions will be made at the current contribution rate and employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member contribution rate. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future expected benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments.

Sensitivity of Net Pension Liability (Asset) to Changes in the Discount Rate: The following presents the net pension liability (asset) of the City, calculated using the discount rate of 7.375%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.375%) or 1-percentage higher (8.375%) than the current rate:

	1% Decrease	Current	1% Increase
	6.375%	7.375%	8.375%
Net pension liability (asset)	\$ 9,195,104	\$ 2,070,846	\$ (3,771,350)

Note 5 - Section 185 Contribution Receivable

In accordance with ordinance 30-01-1761, the City of South Miami Police Officers' Retirement Trust Fund - Section 185 Plan (the "Fund") is required to pay the Plan a minimum of \$ 12,498 per year, regardless of the growth or diminution in future Florida State contributions under Section 185, to partially fund additional benefits. On March 15, 2005, the City adopted Ordinance 06-05-1828, effective upon adoption, which allowed police officers to participate in the Fund from their date of employment, provided that the police officer began participation in the Plan when first eligible. The adoption of this ordinance resulted in an increase in the minimum annual payment by an additional \$ 25,282, actuarially determined. The City issued Ordinance 38-19-2351 in December 2020 further amending the total annual contribution from the Fund by \$41,448 and issuing a one-time contribution payment from reserve unused funds of \$ 379,052. Therefore, the annual payment required is currently \$ 79,228 and is included in the Plan's total receivables at September 30, 2023.

CITY OF SOUTH MIAMI PENSION PLAN
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NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 6 - Tax Status

Management believes that the Plan is designed and is currently being operated in compliance with applicable requirements of the Internal Revenue Code and that, therefore, the Plan continues to qualify under Section 401(a) as tax-exempt as of September 30, 2023. Therefore, no provision for income taxes is included in the Plan's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SOUTH MIAMI PENSION PLAN
(A PENSION TRUST FUND OF THE
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REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS

	September 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:										
Service cost	\$ 775,791	\$ 815,886	\$ 897,075	\$ 852,115	\$ 842,564	\$ 796,141	\$ 846,884	\$ 697,537	\$ 686,435	\$ 669,181
Interest	3,859,126	3,666,476	3,387,205	3,164,443	2,889,649	2,834,288	2,630,646	2,460,415	2,381,731	2,299,340
Benefit changes	-	-	266,306	2,209,880	-	-	(20,122)	-	-	-
Differences between expected and actual experience	147,586	1,407,429	339,164	502,197	(1,314,061)	901,489	(112,807)	(656,677)	(502,259)	(598,374)
Assumption Changes	-	-	-	(1,109,800)	-	-	566,118	-	-	-
Benefit payments, including refunds of employee contributions	(2,156,794)	(1,934,558)	(1,721,259)	(1,584,681)	(1,660,970)	(1,563,305)	(1,570,751)	(1,293,782)	(1,417,586)	(1,315,113)
Net change in total pension liability	2,625,709	3,955,233	3,168,491	4,034,154	757,182	2,968,613	2,339,968	1,207,493	1,148,321	1,055,034
Total pension liability - beginning	52,398,725	48,443,492	45,275,001	41,240,847	40,483,665	37,515,052	35,175,084	33,967,591	32,819,270	31,764,236
Total pension liability - ending (a)	<u>\$ 55,024,434</u>	<u>\$ 52,398,725</u>	<u>\$ 48,443,492</u>	<u>\$ 45,275,001</u>	<u>\$ 41,240,847</u>	<u>\$ 40,483,665</u>	<u>\$ 37,515,052</u>	<u>\$ 35,175,084</u>	<u>\$ 33,967,591</u>	<u>\$ 32,819,270</u>
Plan Fiduciary Net Position:										
Contributions - employer and state	\$ 731,246	\$ 693,865	\$ 631,728	\$ 2,215,515	\$ 704,929	\$ 690,632	\$ 681,713	\$ 570,154	\$ 834,251	\$ 878,217
Contributions - employees	429,588	418,549	437,988	459,625	594,753	536,473	910,127	490,452	562,835	593,396
Net investment income and other	4,953,336	(8,235,320)	11,083,408	3,177,042	868,406	3,984,542	4,542,693	3,306,002	16,750	3,054,164
Benefit payments, including refunds of employee contributions	(2,156,794)	(1,934,558)	(1,721,259)	(1,584,681)	(1,660,970)	(1,563,305)	(1,570,751)	(1,293,782)	(1,417,586)	(1,315,113)
Administrative expense	(190,550)	(169,500)	(148,804)	(143,452)	(129,072)	(139,324)	(163,555)	(129,291)	(135,093)	(100,780)
Other	-	-	-	359,949	49,243	260,999	-	2,835	4,454	6,784
Net change in plan fiduciary net position	3,766,826	(9,226,964)	10,283,061	4,483,998	427,289	3,770,017	4,400,227	2,946,370	(134,389)	3,116,668
Plan fiduciary net position - beginning	49,186,762	58,413,726	48,130,665	43,646,667	43,219,378	39,449,361	35,049,134	32,102,764	32,237,153	29,120,485
Plan fiduciary net position - ending (b)	<u>\$ 52,953,588</u>	<u>\$ 49,186,762</u>	<u>\$ 58,413,726</u>	<u>\$ 48,130,665</u>	<u>\$ 43,646,667</u>	<u>\$ 43,219,378</u>	<u>\$ 39,449,361</u>	<u>\$ 35,049,134</u>	<u>\$ 32,102,764</u>	<u>\$ 32,237,153</u>
Net pension liability (asset) ending (a) - (b)	<u>\$ 2,070,846</u>	<u>\$ 3,211,963</u>	<u>\$ (9,970,234)</u>	<u>\$ (2,855,664)</u>	<u>\$ (2,405,820)</u>	<u>\$ (2,735,713)</u>	<u>\$ (1,934,309)</u>	<u>\$ 125,950</u>	<u>\$ 1,864,827</u>	<u>\$ 582,117</u>
Plan fiduciary net position as a percentage of the total pension liability	96.24%	93.87%	120.58%	106.31%	105.83%	106.76%	105.16%	99.64%	94.51%	98.23%
Covered payroll	\$ 6,710,974	\$ 6,372,829	\$ 6,668,442	\$ 7,013,961	\$ 6,840,856	\$ 6,447,564	\$ 6,368,739	\$ 4,861,991	\$ 4,086,300	\$ 4,902,128
Net pension liability as a percentage of covered payroll	30.86%	50.40%	-149.51%	-40.71%	-35.17%	-42.43%	-30.37%	2.59%	45.64%	11.87%

See notes to Required Supplementary Information.

CITY OF SOUTH MIAMI PENSION PLAN
(A PENSION TRUST FUND OF THE
CITY OF SOUTH MIAMI, FLORIDA)
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS

Schedule of Contributions

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll ^{1,2}	Contribution as a Percentage of Covered Payroll
2014	\$ 878,217	\$ 878,217	\$ -	\$ 4,902,128	17.92%
2015	834,251	834,251	-	4,086,300	20.42%
2016	570,154	570,154	-	4,861,991	11.73%
2017	680,568	681,713	(1,145)	6,368,739	10.70%
2018	690,632	690,632	-	6,447,564	10.71%
2019	704,929	704,929	-	7,013,961	10.05%
2020	677,223	2,215,515	(1,538,292)	7,013,961	31.59%
2021	631,727	631,728	(1)	6,668,442	9.47%
2022	730,415	693,865	36,550	6,372,829	10.89%
2023	697,404	731,246	(33,842)	6,710,974	10.90%

¹ Projected prior to fiscal year ended September 30, 2014

² Reported payroll on which contributions to the Plan are based as provided under GASB No. 82

CITY OF SOUTH MIAMI PENSION PLAN
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 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF INVESTMENT RETURNS

Fiscal Year Ending September 30,	Annual Money- Weighted Rate of Return Net of Investment Expense
2023	10.21%
2022	-14.18%
2021	23.27%
2020	7.24%
2019	2.11%
2018	10.25%
2017	13.10%
2016	10.46%
2015	0.01%
2014	11.36%

See notes to Required Supplementary Information.

CITY OF SOUTH MIAMI PENSION PLAN
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REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Mortality (continued)	Police members - disabled participants, 80% PUB-2010 Headcount Weighted General Disabled Retiree Mortality Table / 20% PUB-2010 Headcount Weighted Safety Disabled Retiree Mortality Table, separate rates for males and females, without projected mortality improvements.
Cost of living increases	3.0% / 0.0%

SUPPLEMENTARY INFORMATION

CITY OF SOUTH MIAMI PENSION PLAN
 (A PENSION TRUST FUND OF THE
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 SCHEDULE OF ADMINISTRATIVE AND INVESTMENT EXPENSES
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Administrative Expenses:	
Legal services	\$ 51,637
Administrative services	77,981
Actuarial services	43,781
Fiduciary liability insurance	10,030
Annual membership fees and postage	7,121
Total administrative expenses	<u>\$ 190,550</u>
Investment Expenses:	
Investment management fees	\$ 165,904
Custodial fees	17,678
Total investment expenses	<u>\$ 220,181</u>

COMPLIANCE SECTION



Accountants
Advisors

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

To the Members of the Board of Trustees
City of South Miami Pension Plan (a Pension Trust Fund of the City of South Miami, Florida)
South Miami, 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 South Miami Pension Plan (a Pension Trust Fund of the City of South Miami, Florida) (the Plan), as of and for the fiscal year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Plan's financial statements, and have issued our report thereon dated June 26, 2024.

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 opinions 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 or significant deficiencies may exist that were not identified.

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 entity'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.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
June 26, 2024