

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, 2021

CITY OF SOUTH MIAMI PENSION PLAN
A PENSION TRUST FUND OF THE
CITY OF SOUTH MIAMI, FLORIDA
SEPTEMBER 30, 2021

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INDEPENDENT AUDITORS' REPORT



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 Financial Statements

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, 2021 and the related statement of changes in fiduciary net position for the fiscal year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

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, 2021, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 to 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 to 21 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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 of the Plan 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 by us 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 material respects in relation to the 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 July 12, 2022 on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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.

Caballero Fierman Llerena & Garcia, LLP

Miami, Florida
July 12, 2022

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, 2021

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, 2021. 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, 2021

Financial Highlights

- The net position of the Plan exceeded its liabilities at the close of the fiscal years ended September 30, 2021 and 2020 with \$ 58,413,726 and \$ 48,127,758 in net position restricted for pension benefits, respectively.
- Net position increased by \$ 10,285,968 or approximately 127.16% during 2021, primarily due to the current year's net investment income and employer contributions.
- For the year ended September 30, 2021, Plan fiduciary net position was 120.58% of the total pension liability of \$48,443,492. Net pension liability (asset) was \$ (9,970,234) which was (149.51) % of covered payroll.
- Additions to fiduciary net position for the fiscal year ended September 30, 2021 were \$ 12,153,125 which includes member, employer, and state contributions of \$ 1,069,716 and net income from investment activities totaling \$ 11,083,409.
- Deductions from fiduciary net position decreased to \$ 1,867,157 in 2021. Most of the decrease relates to decreases in refund of contributions.

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 2021 compared to 2020. Net position restricted for pensions increased by \$ 10,285,968 in 2021, compared to an increase of \$ 4,528,166 in 2020.

Condensed Statements of Fiduciary Net Position (Table 1)

	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>	
Assets:				
Current and other assets	\$ 161,040	\$ 590,594	\$ (429,554)	-72.73%
Investments, at fair value	58,291,000	47,837,409	10,453,591	21.85%
Total assets	<u>\$ 58,452,040</u>	<u>\$ 48,428,003</u>	<u>\$ 10,024,037</u>	20.70%
Liabilities	38,314	300,245	(261,931)	-87.24%
Net position restricted for pension	<u>\$ 58,413,726</u>	<u>\$ 48,127,758</u>	<u>\$ 10,285,968</u>	21.37%

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 2021, the Plan's investment portfolio returned income of approximately 23.27%. 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, 2021, the Plan's total pension liability is less than its fiduciary net position by \$ (9,970,234), producing a plan fiduciary net position as a percent of the total pension liability of 120.58%.

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 2021 and 2020, the assets of the Plan exceeded its current liabilities by \$ 58,413,726 and \$ 48,127,758, 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, 2021

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 \$ 12,153,125 for the fiscal year ended September 30, 2021. This was \$ 5,893,918 more than the prior year, primarily due to an increase in investment returns. The additions totaled \$ 6,259,207 for the fiscal year ended September 30, 2020.

Condensed Statements of Changes in Fiduciary Net Position				
	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>	
Additions:				
Employer contributions	\$ 552,500	\$ 2,164,260	\$ (1,611,760)	-74.47%
Member contributions	437,988	459,625	(21,637)	-4.71%
State of Florida contributions (185)	79,228	458,280	(379,052)	-82.71%
Net investment income and other	11,083,409	3,177,042	7,906,367	248.86%
Total additions	12,153,125	6,259,207	5,893,918	94.16%

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.

	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>	
Deductions:				
Benefit payments	1,624,102	1,587,588	36,514	2.30%
Refund of contributions	75,132	-	75,132	0.00%
DROP distributions	19,118	-	19,118	0.00%
Administrative expenses	148,805	143,453	5,352	3.73%
Total deductions	1,867,157	1,731,041	136,116	7.86%
Net Increase	\$ 10,285,968	\$ 4,528,166	\$ 5,757,802	127.16%

Deductions for the fiscal year ended September 30, 2021 totaled \$ 1,867,157 an increase of 7.86% from 2020. The increase was primarily due to increases in refunds of contributions in 2021. Deductions for the year ended September 30, 2020 totaled \$ 1,731,041.

The net of deductions from fiduciary net position of \$ 1,867,157 and additions to fiduciary net position of \$ 12,153,125 resulted in an overall increase of \$ 10,285,968 in net position restricted for pension benefits for the year ended September 30, 2021. The deductions from fiduciary net position of \$ 1,731,041 and additions to fiduciary net position of \$ 6,259,207 resulted in an overall increase of \$ 4,528,166 in net position restricted for pension benefits for the year ended September 30, 2020.

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, 2021

Assets:

Receivables:		
Dividends and interest	\$	77,741
Section 185 contribution		79,228
Total receivables		156,969
Investments, at fair value:		
Money market funds		1,053,497
U.S. Government and agency securities		5,662,366
Corporate obligations		6,502,689
Real estate holdings		8,042,612
Mutual funds:		
Domestic equity		28,231,712
International equity		8,798,124
Total investments		58,291,000
Other assets:		
Prepaid expenses		4,071
Total assets		58,452,040

Liabilities:

Accounts payable		38,314
Total liabilities		38,314

Net Position:

Net position restricted for pension		\$ 58,413,726
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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, 2021

Additions:	
Contributions:	
Employer	552,500
Employees	437,988
Section 185 contribution	79,228
Total contributions	<u>1,069,716</u>
Investment income:	
Net appreciation in fair value of investments	10,617,444
Dividends and interest income	1,076,376
Total investment income	<u>11,693,820</u>
Less: investment expenses	610,411
Net investment income	<u>11,083,409</u>
Total additions	<u>12,153,125</u>
Deductions:	
Participant benefit payments	1,624,102
Refund of contributions	75,132
DROP distributions	19,118
Administrative expenses	148,805
Total deductions	<u>1,867,157</u>
Net increase	<u>10,285,968</u>
Net position restricted for pension	
Beginning of year	<u>48,127,758</u>
End of year	<u><u>\$ 58,413,726</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, 2021

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, 2021, the most recent amendment to the Plan occurred on December 3, 2020.

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, 2020.

Eligibility Requirements:

General Employees: 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, 2020, Plan membership consists of:

	General Employees	AMSC	Police Officers
Active Plan members	48	12	43
Terminated vested	4	-	5
Receiving benefits	25	2	22
Total membership	77	14	70

Vesting: Benefits for AMSC members are fully vested after 5 years of credited service. Benefits for all employees except for AMSC members are fully vested after 10 years of credited service. AMSC members who have completed 3 years of continuous credited service as of June 18, 2020 are 100% vested.

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, 2021

Note 1 – Plan Description (Continued)

Benefits (Continued):

Normal Retirement:

General Employees: 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 credit 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 or completion of 33 years of credit services regardless of age. 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 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 2021 with ordinance 35-19-2348 to provide the following:

- A cost-of-living supplemental benefit based upon the consumer price index, limited to 3%, upon retirement on the entire accrued benefit for General Employees (Tier 1 and 2), AMSC Employees and Police Officers.
- For Tier 1 General Employees who retired or entered the DROP prior to October 1, 2020, 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, 2020, no cost-of-living supplemental benefit is provided.

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NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 1 – Plan Description (Continued)

Benefits (Continued):

In addition, the City enacted Ordinance No. 03-20-2357 approving the payment to the plan of the supplemental benefit (COLA) for the next 30 years at the present value amount of \$1,538,292. The amount is reflected in employer contributions in the statement of changes in fiduciary net position for the fiscal year ended September 30, 2021.

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. AMSC members 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.

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, 2021, Plan participant contribution requirements were as follows: 7% for general employees and AMSC; 3% for general employees –second tier members; and 7.5% for police officers. For the fiscal year ended September 30, 2021, City contribution requirements were as follows: 7.4% for general employees - first tier members; 12.0% for AMSC members; 4.2% for, general employees – second tier members; and 10.2% 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).

In addition to amending the annual contribution from the Police Officers Retirement Trust Fund, ordinance 38-19-2351 identified reserve unused State funds of \$379,052 as of September 30, 2018. The funds shall be used to offset the cost of the benefits purchased by the adopted Ordinance 38-19-2351 which made changes to normal retirement and early retirement eligibility for eligible police officers. The Fund remitted the \$379,052 identified to the Plan during 2021.

CITY OF SOUTH MIAMI PENSION PLAN
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CITY OF SOUTH MIAMI, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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 7) 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
CITY OF SOUTH MIAMI, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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, 2021, 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, 2021:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Value	30%	8.6%
Smaller Mid Cap	15%	10.0%
Foreign Equity	15%	6.1%
Real Estate	13%	6.5%
Fixed Income	28%	2.2%
	100%	

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, 2021, 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	\$ 6,502,689	\$ 906,656	\$ 2,537,191	\$ 2,280,107	\$ 778,735
U.S. government and agency securities	5,662,366	-	3,267,156	1,647,486	747,724
Totals	\$ 12,165,055	\$ 906,656	\$ 5,804,347	\$ 3,927,593	\$ 1,526,459

CITY OF SOUTH MIAMI PENSION PLAN
(A PENSION TRUST FUND OF THE
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NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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, 2021, the Plan's fixed income securities have been rated by Standard & Poor's Investment Services as follows:

	Fair Value
U.S. government guaranteed*	\$ 5,662,366
Quality rating of credit risk debt securities	
AAA	531,137
AA	609,631
A	2,599,287
BBB	2,577,681
NR	184,953
Total credit risk debt securities	6,502,689
Total fixed income securities	\$ 12,165,055

*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 limitations.

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 40% - 45% and 0% - 10%, respectively. The Plan limits its real estate holdings between 2.5% - 10% 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.

CITY OF SOUTH MIAMI PENSION PLAN
(A PENSION TRUST FUND OF THE
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NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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, 2021:

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	\$ 37,029,836	\$ -	\$ 37,029,836	\$ -
Real estate holdings	8,042,612	-	-	8,042,612
Corporate obligations	6,502,689	-	6,502,689	-
U.S. Government and agency securities	5,662,366	3,819,233	1,843,133	-
	57,237,503	<u>\$ 3,819,233</u>	<u>\$ 45,375,658</u>	<u>\$ 8,042,612</u>
Investments measured at amortized cost:				
Money market funds	1,053,497			
Total	<u>\$ 58,291,000</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	\$ 2,189,597
Capital contributed during period	4,500,000
Investment income from operations	222,660
Total gains (realized and unrealized)	2,183,909
Distributions	(574,368)
Management fees and other	(479,186)
Ending balance, at September 30 th	<u>\$ 8,042,612</u>

CITY OF SOUTH MIAMI PENSION PLAN
(A PENSION TRUST FUND OF THE
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NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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

The components of the net pension liability (asset) of the City at September 30, 2021, were as follows:

Total pension liability	\$ 48,443,492
Plan fiduciary net position	<u>58,413,726</u>
City's net pension liability (asset)	<u>\$ (9,970,234)</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>120.58%</u>

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, 2020 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, 2020 with a roll forward to the measurement date, September 30, 2021.

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% percent) than the current rate:

	Current Single Discount Rate		
	1% Decrease	Assumption	1% Increase
	<u>6.375%</u>	<u>7.375%</u>	<u>8.375%</u>
Net pension liability (asset)	\$ (3,508,799)	\$ (9,970,234)	\$ (15,259,028)

CITY OF SOUTH MIAMI PENSION PLAN
(A PENSION TRUST FUND OF THE
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NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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, 2021.

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, 2021. 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
CITY OF SOUTH MIAMI, FLORIDA)
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS

	September 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:								
Service cost	\$ 897,075	\$ 852,115	\$ 842,564	\$ 796,141	\$ 846,884	\$ 697,537	\$ 686,435	\$ 669,181
Interest	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	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	(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	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	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)	\$ 48,443,492	\$ 45,275,001	\$ 41,240,847	\$ 40,483,665	\$ 37,515,052	\$ 35,175,084	\$ 33,967,591	\$ 32,819,270
Plan Fiduciary Net Position:								
Contributions - employer and state	\$ 631,728	\$ 2,215,515	\$ 704,929	\$ 690,632	\$ 681,713	\$ 570,154	\$ 834,251	\$ 878,217
Other	-	359,949	49,243	260,999	-	2,835	4,454	6,784
Contributions - employees	437,988	459,625	594,753	536,473	910,127	490,452	562,835	593,396
Net investment income and other	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	(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	(148,804)	(143,452)	(129,072)	(139,324)	(163,555)	(129,291)	(135,093)	(100,780)
Net change in plan fiduciary net position	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	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)	\$ 58,413,726	\$ 48,130,665	\$ 43,646,667	\$ 43,219,378	\$ 39,449,361	\$ 35,049,134	\$ 32,102,764	\$ 32,237,153
Net pension liability (asset) ending (a) - (b)	\$ (9,970,234)	\$ (2,855,664)	\$ (2,405,820)	\$ (2,735,713)	\$ (1,934,309)	\$ 125,950	\$ 1,864,827	\$ 582,117
Plan fiduciary net position as a percentage of the total pension liability	120.58%	106.31%	105.83%	106.76%	105.16%	99.64%	94.51%	98.23%
Covered payroll	\$ 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	-149.51%	-40.71%	-35.17%	-42.43%	-30.37%	2.59%	45.64%	11.87%

Note: This schedule is presented as required by accounting principles generally accepted in the United States of America, however, until a full 10-year trend is compiled, information is presented for those years available.

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
2012	\$ 1,021,975	\$ 1,021,975	\$ -	\$ 5,423,152	18.84%
2013	860,190	860,190	-	4,861,701	17.69%
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%

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

Fiscal Year Ending <u>September 30,</u>	Annual Money- Weighted Rate of Return Net of <u>Investment Expense</u>
2021	23.27%
2020	7.24%
2019	2.11%
2018	10.25%
2017	13.10%
2016	10.43%
2015	0.01%

Note: This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.

CITY OF SOUTH MIAMI PENSION PLAN
(A PENSION TRUST FUND OF THE
CITY OF SOUTH MIAMI, FLORIDA)
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
CITY OF SOUTH MIAMI, FLORIDA)
SCHEDULE OF ADMINISTRATIVE AND INVESTMENT EXPENSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Administrative Expenses:

Legal services	\$ 51,633
Administrative services	47,774
Actuarial services	39,366
Fiduciary liability insurance	9,771
Annual membership fees and postage	261
Total administrative expenses	<u>\$ 148,805</u>

Investment Expenses:

Investment management fees	\$ 553,190
Investment consultant fees	38,158
Custodial fees	19,063
Total investment expenses	<u>\$ 610,411</u>

COMPLIANCE SECTION

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, 2021, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements, and have issued our report thereon dated July 12, 2022.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Caballero Fierman Llerena & Garcia, LLP

Miami, Florida
July 12, 2022