CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS IN THE CITY OF PEMBROKE PINES

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

City Pension Fund for Firefighters and Police Officers in the City of Pembroke Pines

YEAR ENDED SEPTEMBER 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the City Pension Fund for
Firefighters and Police Officers in the City of Pembroke Pines

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the City Pension Fund for Firefighters and Police Officers in the City of Pembroke Pines, 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 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 net position of the City Pension Fund for Firefighters and Police Officers in the City of Pembroke Pines, as of September 30, 2023, and the changes in its fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City Pension Fund for Firefighters and Police Officers in the City of Pembroke Pines and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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 City Pension Fund for Firefighters and Police Officers in the City of Pembroke Pines' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

INDEPENDENT AUDITOR'S REPORT (Continued)

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 City Pension Fund for Firefighters and Police Officers in the City of Pembroke Pines' 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 City Pension Fund for Firefighters and Police Officers in the City of Pembroke Pines' 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 5-8 and the schedules of contributions from employers and other contributors, schedule of investment returns and schedules of changes in the employer's net pension liability and related ratios on pages 31-35 be presented to supplement the basic financial statements.

INDEPENDENT AUDITOR'S REPORT (Continued)

Required Supplementary Information (Continued)

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 an opinion on the financial statements that collectively comprise the City Pension Fund for Firefighters and Police Officers in the City of Pembroke Pines' basic financial statements. The accompanying schedules of investment and administrative expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Prior Year Comparative Information

We have previously audited the City Pension Fund for Firefighters and Police Officers in the City of Pembroke Pines' 2022 financial statements, and our report dated February 16, 2023, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2024, on our consideration of the City Pension Fund for Firefighters and Police Officers in the City of Pembroke Pines' 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 City Pension Fund for Firefighters and Police Officers in the City of Pembroke Pines' internal control over financial reporting or on compliance.

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<u>INDEPENDENT AUDITOR'S REPORT</u> (Continued)

Other Reporting Required by *Government Auditing Standards* (Continued)

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City Pension Fund for Firefighters and Police Officers in the City of Pembroke Pines' internal control over financial reporting and compliance.

Kabat, Schertzer, De La Torre, Taraboulos & Co.

Weston, Florida
February 15, 2024

CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS IN THE CITY OF PEMBROKE PINES

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report presents Management's Discussion and Analysis (MD&A) of the City Pension Fund for Firefighters and Police Officers in the City of Pembroke Pines' (the Plan) financial performance. This analysis provides an overview of the financial activities and funding conditions for the fiscal year ended September 30, 2023. Please read it in conjunction with the Plan's financial statements, which immediately follow.

General Overview of the Plan

The Plan was first established on February 19, 1981 by Ordinance No. 557. The Plan is amended from time to time. The Plan is also governed by certain provisions of Part VII, Chapter 112, Chapter 175 and Chapter 185 of the Florida Statutes.

There is a Board of Trustees (the Board) in whom the general administration, management and responsibility for the proper operation of the Plan is vested.

Overview of the Financial Statements

The financial section of this annual report consists of five parts: MD&A, the financial statements, notes to the financial statements, supplementary information and required supplementary information.

The financial statements provide both long-term and short-term information about the Plan's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of other and required supplementary information that further explains and supports the information in the financial statements.

The Plan's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). Under GAAP, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred and appreciation (depreciation) of assets is recognized in the statement of changes in fiduciary net position. All assets and liabilities associated with the operation of the Plan are included in the statement of fiduciary net position.

The statement of fiduciary net position reports fiduciary net position and how it has changed. A net asset is the difference between the asset and any related liabilities. It is one measurement of the financial health or current position of the Plan.

Financial Highlights

The Plan's net results from operations for fiscal year 2023 reflected the following financial activities:

- Total net position restricted for pensions was $836,967,090, which was 9% greater than the 2022 total net position restricted for pensions with the increase due primarily to favorable market conditions.

- Total interest and dividend income was $10,166,910, which was 14% greater than the 2022 income.

- Net investment income was $81,861,320, which was 184% greater than the 2022 net investment loss with the increase due primarily to favorable market conditions.

Financial Highlights (Continued)

- Benefits paid were $38,363,780, which was 7% greater than the benefits paid directly to retirees during 2022 with the increase due primarily to current year new retirees and COLA increases.

- Total contributions for the year were $36,379,956, which was 3% greater than the 2022 contributions, with the increase due primarily to a greater amount of Chapter 175 and 185 contributions received during the year. The amount of employer contributions varies from year to year and is actuarially determined. Participant contributions were 3.0% of compensation for firefighters and police officers hired on or after October 1, 2018 until completion of $26^{2/3}$ years of continuous service. Participant contributions were 7.0% of compensation for firefighters and police officers hired on or after May 1, 2010 until completion of $26^{2/3}$ years of continuous service. Participant contributions were 10.4% (6% prior to April 1, 1991) of compensation for firefighters and police officers hired before May 1, 2010 until completion of $26^{2/3}$ years of continuous service.

Statement of Fiduciary Net Position

The following condensed comparative statements of fiduciary net position is a snapshot of account balances at the fiscal year end of the Plan. It reports the assets available for future payments to retirees and any current liabilities that are owed as of the financial statement date. The resulting net asset value, or assets minus liabilities, represents the value of assets held in trust for Plan benefits.

The Plan continues to be evaluated for actuarial soundness by the actuary of the Plan. It should be noted that retirement system funding is based on a long-term perspective and that temporary fluctuations in the market are to be expected.

- Net position restricted for pensions at September 30, 2023 was $836,967,090, a 9% increase from the net position at September 30, 2022.

- Total investments at September 30, 2023 were $805,932,128, a 9% increase from the investments at September 30, 2022.

The table below presents condensed comparative statements of fiduciary net position as of September 30:

	2023	2022	% Change
Cash and cash equivalents	$ 27,118,788	$ 23,959,221	13%
Receivables	3,771,184	3,139,400	20%
Prepaid expenses	-	3,106,060	(100%)
Investments, at fair value	805,932,128	736,121,525	9%
Property and equipment, net	1,261,156	1,196,794	5%
Total assets	838,083,256	767,523,000	9%
Total liabilities	1,116,166	1,685,597	(34%)
Net position restricted for pensions	$ 836,967,090	$ 765,837,403	9%

Statement of Changes in Fiduciary Net Position

The statement of changes in fiduciary net position presents the effect of Plan's transactions that occurred during the fiscal year. On the statement, additions to the Plan minus deductions from the Plan equal the net increase or decrease in fiduciary net position.

The funding objective is to meet long-term obligations and fund all Plan benefits.

- Revenues (additions to fiduciary net position) for the Plan were $118,288,091, which was made up of total contributions of $36,379,956, plus net investment income of $81,861,320, and other income of $46,815.

- Expenses (deductions from fiduciary net position) increased from $43,126,682 during 2022, to $47,158,404 during 2023.

The table below presents condensed comparative statements of the changes in fiduciary net position for the years ended September 30:

	2023	2022	% Change
Total contributions	$ 36,379,956	$ 35,335,047	3%
Net investment income (loss)	81,861,320	(97,917,510)	184%
Other income	46,815	43,755	7%
Total additions	118,288,091	(62,538,708)	(289%)
Total deductions	47,158,404	43,126,682	9%
Net change	71,129,687	(105,665,390)	167%
Net position restricted for pensions – beginning	765,837,403	871,502,793	(12%)
Net position restricted for pensions – ending	$ 836,967,090	$ 765,837,403	9%

Asset Allocation

The table below indicates the Plan's investment policy limitations and actual asset allocations as of September 30, 2023:

Type of Investment	Investment Policy	Actual Allocation
Domestic equities	42% to 62%	58.38%
International equities	0% to 10%	5.96%
Fixed income	15% to 35%	20.25%
Real assets	0% to 20%	15.41%

The investment guidelines provide for the appropriate diversification of the portfolio. Investments have been diversified to the extent practicable to control risk of loss resulting from over-concentration of a specific maturity, issuer, instrument, dealer or bank through which financial instruments are bought and sold.

Investment Activities

The Board recognizes that some risk must be assumed to achieve the Plan's long-term investment objectives. In establishing the risk tolerances, the Plan's ability to withstand short and intermediate term variability has been considered. However, the Plan's financial condition enables the Board to adopt a long-term investment perspective.

Investment income is vital to the Plan for current and future financial stability. The Board has a fiduciary responsibility to act prudently when making Plan investment decisions. To assist the Board in this area, the Board retains investment managers who supervise and direct the investment of the assets. The Board also retains an investment monitor to evaluate and report on a quarterly basis compliance by the investment managers with the investment policy of the Board and investment performance of the Plan. The investment policy statement was last amended on April 1, 2022.

The Board and its investment consultant review portfolio performance in compliance with the investment policy statement quarterly. Performance is evaluated both individually by money manager style and collectively by investment type and for the aggregate portfolio.

Financial Analysis Summary

The investment activities for the fiscal year ended September 30, 2023 are a function of the underlying market, money managers' performance and the investment policy's asset allocation model. The Plan has consistently implemented a high quality, conservative approach.

Contacting the Plan's Financial Management

This financial analysis is designed to provide the Board, Plan participants and the marketplace credit analysts with an overview of the Plan's finances and the prudent exercise of the Board's oversight. If you have any questions regarding this report or you need additional financial information, please contact the administrator of the Plan:

City Pension Fund for Firefighters and
Police Officers in the City for Pembroke Pines
Hampton Professional Center
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Pembroke Pines, FL 33028-2875

CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS IN THE CITY OF PEMBROKE PINES

STATEMENT OF FIDUCIARY NET POSITION

SEPTEMBER 30, 2023
(WITH COMPARATIVE TOTALS AS OF SEPTEMBER 30, 2022)

	2023	2022
ASSETS		
CASH AND CASH EQUIVALENTS	$ 27,118,788	$ 23,959,221
RECEIVABLES:		
DROP loans receivable	2,739,248	2,300,206
Accounts receivable - sale of investments	126,804	-
Accrued investment income	832,972	752,351
Participant contributions	72,160	68,173
Chapter 175 contribution	-	18,670
TOTAL RECEIVABLES	3,771,184	3,139,400
PREPAID EXPENSES	-	3,106,060
INVESTMENTS, AT FAIR VALUE:		
Equity securities	308,325,451	264,856,642
Government securities	56,740,445	40,086,311
Corporate bonds	41,705,966	57,545,882
Foreign bonds	1,483,054	641,881
Fixed income mutual funds	63,234,323	62,066,543
Commingled domestic equity funds	162,208,686	139,842,520
Commingled international equity fund	48,026,119	39,629,606
Real estate funds	72,862,545	86,041,694
Farmland fund	27,648,207	24,195,822
Timber funds	23,697,332	21,214,624
TOTAL INVESTMENTS, AT FAIR VALUE	805,932,128	736,121,525
PROPERTY AND EQUIPMENT, NET	1,261,156	1,196,794
TOTAL ASSETS	838,083,256	767,523,000
LIABILITIES		
ACCOUNTS PAYABLE	561,126	462,356
ACCOUNTS PAYABLE - PURCHASE OF INVESTMENTS	555,040	1,223,241
TOTAL LIABILITIES	1,116,166	1,685,597
NET POSITION RESTRICTED FOR PENSIONS		
NET POSITION RESTRICTED FOR DEFINED BENEFITS	617,368,303	566,115,452
NET POSITION RESTRICTED FOR DROP BENEFITS	219,598,787	199,721,951
TOTAL NET POSITION RESTRICTED FOR PENSIONS	$ 836,967,090	$ 765,837,403

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

CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS IN THE CITY OF PEMBROKE PINES

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED SEPTEMBER 30, 2023
(WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2022)

	2023	2022
ADDITIONS:		
Contributions:		
City	$ 29,762,535	$ 29,930,325
Participant	2,468,201	2,564,801
Chapter 175 and 185	4,122,850	2,770,539
Participant supplemental	26,370	69,382
Total contributions	36,379,956	35,335,047
Investment income (loss):		
Net appreciation (depreciation) in fair value of investments	76,249,128	(102,442,941)
Interest and dividend income	10,166,910	8,885,853
Total investment income (loss)	86,416,038	(93,557,088)
Less: investment expenses	4,554,718	4,360,422
Net investment income (loss)	81,861,320	(97,917,510)
Other income	46,815	43,755
TOTAL ADDITIONS	118,288,091	(62,538,708)
DEDUCTIONS:		
Benefit payments	38,363,780	35,882,413
DROP distributions	7,488,043	6,351,048
Contribution refunds	292,016	16,124
Administrative expenses	1,014,565	877,097
TOTAL DEDUCTIONS	47,158,404	43,126,682
NET CHANGE IN NET POSITION RESTRICTED FOR PENSIONS	71,129,687	(105,665,390)
NET POSITION RESTRICTED FOR PENSIONS - BEGINNING	765,837,403	871,502,793
NET POSITION RESTRICTED FOR PENSIONS - ENDING	$ 836,967,090	$ 765,837,403

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investment Valuation and Income Recognition

Investments are reported at fair value (see Note 3). 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 (see Note 4 for discussion of fair value measurements).

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Basis of Accounting and Use of Estimates

The accompanying financial statements have been prepared using the accrual basis of accounting. The preparation of financial statements in accordance with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, benefit obligations and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments which potentially expose the Plan to concentration of credit risk, as defined by GAAP, consist primarily of cash and cash equivalents, and receivables.

The Plan maintains its cash deposits at a financial institution which, from time to time, may exceed federally insured limits. The exposure of the Plan from these transactions is solely dependent upon the daily account balance and the financial strength of the respective institution. The Plan manages this risk by maintaining its deposit accounts at a high quality financial institution. As of September 30, 2023, the Plan had no deposits in excess of federally insured limits.

The Plan's investments consist of common stocks, government securities, corporate bonds, real estate funds, farmland fund, timber funds, commingled equity funds and mutual funds, which inherent in the fair market value determination, include the risk factor of credit worthiness for each individual security.

Cash and Cash Equivalents

The Plan considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Deposits are carried at cost and are included in cash and cash equivalents in the statement of fiduciary net position. Cash and cash equivalents include money market accounts at September 30, 2023.

Property and Equipment

Property and equipment are stated at cost and depreciated using the straight-line method over the estimated useful lives of the related assets.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Information

The financial statements include certain prior-year comparative information. Such summarized information does not include sufficient detail in the notes to financial statements to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Plan's financial statements for the year ended September 30, 2022, from which the information was derived.

NOTE 2. DESCRIPTION OF THE PLAN

The following description of the City Pension Fund for Firefighters and Police Officers in the City of Pembroke Pines (the Plan) provides only general information. Participants should refer to the City of Pembroke Pines, Florida's ordinance for more detailed and comprehensive information.

General

The Plan is a single-employer defined benefit plan, established by the City of Pembroke Pines, Florida (the City), pursuant to City Ordinance No. 557 (as amended) which became effective February 19, 1981. As the Plan is sponsored by the City, the Plan is included as a pension trust fund in the City's annual comprehensive financial report as part of the City's financial reporting entity.

The Plan is administered by a board of nine trustees (the Board) comprised of three legal residents of the City appointed by the city commission, three active firefighters elected by the active participants of the Plan and three active police officers elected by the active participants of the Plan.

Plan Participation

At September 30, 2023, Plan participation consisted of the following:

Fully vested, partially vested and non-vested active employees covered by the Plan	352
Retirees and beneficiaries	501
Terminated employees entitled to benefits but not yet receiving them	5
	858

Eligibility

Participants as of February 19, 1981 are automatically and immediately included. Participation is mandatory for firefighters and police officers upon date of hire or attainment of age 18, if later. The Fire Chief and the Police Chief may elect to participate.

NOTE 2. DESCRIPTION OF THE PLAN (Continued)

Average Monthly Earnings

Average monthly earnings (AME) shall be used and defined in the determination of certain benefits.

Benefits

Participants who have attained age 50 with 10 years of credited service or completion of 20 years of continuous service are eligible for retirement benefits.

Normal Retirement Benefits

(a) Firefighters - 3.0% times AME times years of continuous service. Maximum 80% of average monthly earnings for the highest two years of continuous service.

Firefighters hired on or before June 18, 2003 shall receive a benefit amount equal to 4.0% per year of continuous service prior to May 1, 2010 plus 3.5% per year of continuous service after April 30, 2010 times AME – maximum 80% of AME, provided they retire or enter the Deferred Retirement Option Plan (DROP) anytime on or after attaining age 50 with 10 years of continuous service but no later than the date they accrue the maximum 80% benefit.

Firefighters hired after June 18, 2003 but before May 1, 2010 shall receive a benefit amount equal to 4.0% per year of continuous service prior to May 1, 2010 plus 3.5% per year of continuous service after April 30, 2010 times AME – maximum 80% of AME. To obtain this benefit, such firefighters were previously required to retire or enter the DROP upon the earlier of completion of 20 years of continuous service or attainment of age 50 with 10 years of service. To obtain this benefit, such firefighters now are required to retire or enter DROP no earlier than upon completion of 20 years of continuous service or attainment of age 50 with 10 years of service, and no later than the date they accrue the same accrual percentage they would have reached under the terms of the Plan in effect prior to April 30, 2010.

In no event shall the benefit for firefighters hired after March 31, 2006 exceed 98% of average monthly regular wages.

Firefighters hired after April 30, 2010 shall receive a benefit amount equal to 3.0% times AME times years of continuous service – maximum 80% of AME for the highest two years of continuous service.

(b) Police officers - 3.0% times AME times years of continuous service up to 20 years of service plus 3.5% times AME times years of continuous service in excess of 20 years. Maximum 80% of average monthly earnings for the highest two years of continuous service.

NOTE 2. DESCRIPTION OF THE PLAN (Continued)

Normal Retirement Benefits (Continued)

(b) Police officers – (Continued)

Police officers hired before May 1, 2010 shall receive a benefit amount equal to 4.0% per year of continuous service prior to May 1, 2010 plus 3.5% per year of continuous service after April 30, 2010 times AME – maximum 80% of AME, provided they are retired or enter the DROP anytime on or after attaining age 50 with 10 year of continuous service but not later than the date they accrue the maximum 80% benefit.

Police officers hired after April 30, 2010 shall receive a benefit amount equal to 3.0% times AME times years of continuous service – maximum 80% of AME.

Disability Benefits

Participants with total and permanent disability incurred in the line of duty prior to normal retirement date are entitled to the greater of the accrued benefit as of the date of disability or $66^{2/3}$% of average final compensation as of disability date.

Participants with total and permanent disability not incurred in the line of duty after completion of 10 years of credited service but prior to normal retirement date are entitled to the greater of the then accrued benefit or 35% of average final compensation as of disability date.

Death Benefits

(a) Service incurred:

To spouse, 50% of AME payable for life. To unmarried children, 5% of AME until death or attainment of age 18 (if full time student attainment of age 22). Total monthly benefit not to exceed 60% of AME. Upon death of spouse, the 5% child allowance shall be increased to 10%, subject to a maximum combined total of 35% of AME.

Benefit above reduced by the actuarial equivalent of payment of:

- If the participant had less than 10 years of continuous service, participant contributions to the beneficiary with 3% simple interest, or
- If the participant had 10 or more years of continuous service, benefit otherwise payable to the participant at the participant's normal retirement date, if applicable, for 10 years certain.

NOTE 2. DESCRIPTION OF THE PLAN (Continued)

Death Benefits (Continued)

(b) Non-service incurred:

Less than 5 years of continuous service, the designated beneficiary receives a lump sum of $2,500 or return of participant contributions with 3% interest, whichever is greater.

Five or more years of continuous service, the designated beneficiary receives a lump sum of the greater of participant contributions (without interest) or $2,500, plus, if married, the spouse receives a monthly benefit equal to 50% of the accrued benefit as of participant's date of death but not less than 20% of the monthly earnings rate. To unmarried children of the deceased participant, same benefits as are payable for service incurred death. Combined monthly benefit not to exceed 50% of AME, or 35% of AME after the death or remarriage of spouse.

Benefit above reduced by the actuarial equivalent of payment of:

- If the participant had 10 years or more years of continuous service, benefit otherwise payable to the participant at the participant's normal retirement date, if applicable, for 10 years certain.

Cost of Living Adjustment

(a) Firefighters - effective April 1, 2005 and each April 1st thereafter, retirees, beneficiaries and DROP participants who were receiving benefits on June 18, 2003 will receive either a 2% cost of living adjustment or an adjustment equal to the total percentage increase in base wages, excluding performance or merit adjustments, whichever is greater.

For firefighters, effective April 1, 2005 and each April 1st thereafter, retirees, beneficiaries and DROP participants who were hired on or before June 18, 2003 and retire or enter the DROP prior to May 1, 2010 and anytime on or after attaining age 50 with 10 years of service but no later than attainment of 20 years of service will receive either a 2% cost of living adjustment or an adjustment equal to the total percentage increase in base wages, excluding performance or merit adjustments, whichever is greater. For those receiving for less than one year the increase shall be prorated.

Firefighter participants who were hired prior to April 1, 2006 who retire prior to May 1, 2010, current retirees and DROP participants shall have the option within 60 days of the effective date of Ordinance 2006-10 to irrevocably elect to receive the cost-of-living adjustment provided above in lieu of their current cost of living adjustment.

For firefighters, effective April 1, 2011 and each April 1st thereafter, retirees, beneficiaries and DROP participants who were hired before May 1, 2010 and retire or enter the DROP after April 30, 2010 at their normal retirement age receive a 2% cost of living adjustment – prorated for less than one year receipt of benefits. For firefighters hired after April 30, 2010, the cost-of-living adjustment is 1.5%.

NOTE 2. DESCRIPTION OF THE PLAN (Continued)

Cost of Living Adjustment (Continued)

(b) Police officers - Police officer retirees, DROP participants, disabled participants and their beneficiaries who retired prior to October 1, 2003 eligible for any supplemental benefit based upon an 8% Plan return threshold subject to cumulative actuarial gains may elect within 60 days to replace this supplemental benefit eligibility entitlement with an annual 2.0% cost of living adjustment retroactive to October 1, 2004.

Police officer retirees, DROP participants, disabled participants and their beneficiaries who retired on or after October 1, 2003 but not later than September 30, 2006 or were in the DROP on or after October 1, 2003 and entered the DROP not later than September 30, 2006 eligible for any supplemental benefit based upon a 9% Plan return threshold subject to cumulative actuarial gains along with a 1.5% cost of living adjustment effective October 1, 2009 and each October 1st thereafter may elect within 60 days to replace this supplemental benefit eligibility and 1.5% deferred cost of living adjustment entitlement with an annual 2.5% cost of living adjustment retroactive to October 1, 2004.

Police officer retirees, DROP participants, disabled participants and their beneficiaries who retire or enter the DROP on or after October 1, 2006 but not later than April 30, 2010 will receive a 3.0% cost of living adjustment effective October 1, 2009 and each October 1st thereafter.

For police officers, effective October 1, 2010 and each October 1st thereafter, retirees, beneficiaries and DROP participants who were hired before May 1, 2010 and retire or enter the DROP after April 30, 2010 at their normal retirement age receive a 2% cost of living adjustment-prorated for less than one year receipt of benefits.

For police officers hired after April 30, 2010, the cost-of-living adjustment is 1.5%.

Deferred Retirement Option Plan (DROP)

A participant who has reached normal retirement date is eligible to elect to participate in the DROP. A firefighter who reaches normal retirement date before age 50 may participate for the lesser of 5 years or until age 55, provided that firefighters employed as of December 20, 2000 and hired after their 30th birthday, may participate in the DROP no later than completion of 20 years of continuous service in order to participate in the DROP for all full 5 years. A police officer hired after their 25th birthday may participate in the DROP no later than completion of 25 years of continuous service in order to participate in the DROP for a full 5 years. An election to participate in the DROP is irrevocable.

Participants entering the DROP prior to May 1, 2010 could elect annually in advance interest credits of a fixed 8% per annum or Plan's return.

NOTE 2. DESCRIPTION OF THE PLAN (Continued)

Deferred Retirement Option Plan (DROP) (Continued)

Participants hired before May 1, 2010 entering the DROP after April 30, 2010, may elect annually in advance DROP interest credits based upon either Plan gross return or Plan gross return subject to a minimum of 5% and a maximum of 8% per annum.

Participants hired after April 30, 2010 entering the DROP, DROP interest credits will be based upon the Plan's gross return.

A summary of the changes in the DROP balance as of September 30, 2023 is as follows:

Beginning balance	$ 199,721,951
Additions	11,182,364
Distributions	(7,488,043)
Earnings	16,182,515
Ending balance	$ 219,598,787

DROP Loan Program

Current DROP participants or retirees may borrow against their DROP account balance up to the maximum amount permitted by the Internal Revenue Service (IRS).

No interest shall be earned or paid by the Plan on funds loaned from the DROP account until repaid.

The DROP loan program is administered in accordance with a loan policy adopted by the Board and shall comply with all applicable IRS rules and regulations governing such loans.

A summary of the changes in the DROP loans receivable balance as of September 30, 2023 is as follows:

Beginning balance	$ 2,300,206
Additional loans	1,370,200
Loan repayments	(931,158)
Ending balance	$ 2,739,248

NOTE 2. DESCRIPTION OF THE PLAN (Continued)

13th Check Program (Police Officers Only)

For police officers retired prior to October 1, 2003, up to 2% of investment return in excess of 8% based upon the present value of future pension payments of current police officer participants, not to exceed outstanding balance of cumulative net actuarial gains. Any distribution amount is allocated to eligible participants based upon years of service with pro-rata share during the first year of entitlement.

For police officers retired on or after October 1, 2003, but before October 1, 2006, up to 2% of investment return in excess of 9% based upon present value of future pension payments of current police officer participants, not to exceed outstanding balance of cumulative net actuarial gains. Any distributable amount is allocated to eligible participants based upon years of service with pro-rate share during first year of entitlement.

For police officers retired on or after October 1, 2006 there is no 13th check.

Funding

Participants are required to contribute 3.00% of their compensation for firefighters and police officers hired on or after October 1, 2018 until completion of $26^{2/3}$ years of years of continuous service. Participants are required to contribute 7.00% of their compensation for firefighters and police officers hired on or after May 1, 2010 until completion of $26^{2/3}$ years of continuous service. Participants are required to contribute 10.40% (6.00% prior to April 1, 1991) of their compensation for firefighters and police officers hired before May 1, 2010 until completion of $26^{2/3}$ years of continuous service.

Pursuant to Florida Statutes Chapter 175, the City imposes a 1.85% tax on fire insurance premiums paid to insure real or personal property within the City. The proceeds of this tax are contributed to this Plan as part of the City's contribution.

Pursuant to Florida Statutes, Chapter 185, the City imposes a 0.85% tax on casualty insurance premiums paid to insure property within its corporate limits. The proceeds of this tax are contributed to the Plan.

The City is expected to contribute such additional amounts as are necessary on an actuarial basis to fund the Plan's expenses, normal cost, and to amortize the unfunded actuarial accrued liability. For the year ended September 30, 2023, the Plan's actuary determined that the required City contribution was \$29,762,535. This amount was received during the Plan year.

Rate of Return

For the year ended September 30, 2023, the annual money-weighted rate of return on Plan investments, net of Plan investment expense, was 10.81%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 3. INVESTMENTS

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the Plan. The Board is authorized to acquire and retain every kind of property, real, personal or mixed, and every kind of investment specifically including, but not by way of limitation, bonds, debentures, and other corporate obligations, and stocks, preferred or common. The investment policy statement was last amended on April 1, 2022. The following was the Board's adopted asset allocation policy as of September 30, 2023:

Type of Investment	Target Allocation
Domestic equities	42% to 62%
International equities	0% to 10%
Fixed income	15% to 35%
Real assets	0% to 20%

During the year ended September 30, 2023 the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by $76,249,128 (reported as net appreciation in fair value of investments in the statement of changes in fiduciary net position) as follows:

Common stocks	$ 51,920,723
Fixed income mutual funds	1,363,040
Commingled equity funds	32,807,496
Government securities	(2,927,035)
Corporate bonds	1,165,853
Real estate funds	(15,317,641)
Farmland fund	3,653,725
Timber funds	3,582,967
Total	$ 76,249,128

The Plan's investment policy does not use limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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NOTE 3. INVESTMENTS (Continued)

The Plan's investments in fixed income securities had maturities as follows:

Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
Corporate bonds	$ 41,705,966	$ 3,766,416	$23,566,505	$ 9,164,352	$ 5,208,693
Fixed income mutual funds	63,234,323	2,850,717	24,640,728	27,144,624	8,598,254
Foreign bonds	1,483,054	-	738,676	744,378	-
U.S. Treasury securities	26,959,507	1,090,043	6,929,325	12,445,495	6,494,644
U.S. agencies securities	29,780,938	989,984	2,694,026	6,029,679	20,067,249
Totals	$163,163,788	$ 8,697,160	$58,569,260	$55,528,528	$40,368,840

The fixed income portfolio shall have a minimum rating of investment grade as reported by a major crediting service. The Plan's fixed income assets were rated as follows:

Rating	Fair Value
Aaa	$ 68,669,495
Aa	8,421,125
Aa1	1,549,958
Aa2	4,963,894
Aa3	2,311,426
A	6,441,260
A1	9,371,083
A2	7,932,980
A3	8,519,146
Baa	14,234,293
Baa1	2,067,306
Baa2	829,054
Ba	1,783,340
Bbb	7,964,376
Bb	2,021,134
B	1,427,388
Ccc	339,501
Unrated	14,317,029
Total	$163,163,788

NOTE 3. INVESTMENTS (Continued)

"Concentration of investment risk" is the risk of losses that may occur from having a large portion of the Plan's holdings in a particular investment relative to the overall portfolio. GASB Statement 40 and GASB Statement 67, require disclosure of investments (other than those issued or guaranteed by the U.S. Government) in any one organization that represent 5% or more of total investments or fiduciary net position. At September 30, 2023, investment in the following commingled domestic equity funds represented more than 5% of the Plan's net position: Russell 1000 Growth Index Fund (7.6%) and Russell 1000 Value Index Fund (7.4%).

"Foreign currency risk" is the risk that fluctuations in currency exchange rate may affect transactions conducted in currencies other than U.S. Dollars and the carrying value of foreign investments. The Plan's exposure to foreign currency risk derives mainly from its investments in international equity funds.

The investment policy limits the foreign equities to no more than 10% of the Plan's investment balance. As of September 30, 2023, the foreign equities were 5.96% of total investments.

NOTE 4. FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market as follows:

Level 1- Inputs to the valuation methodology are based upon quoted prices for identical assets in active markets.

Level 2- Inputs to the valuation methodology are based upon observable inputs for the assets either directly or indirectly, other than those considered Level 1 inputs, which may include quoted prices for identical assets in markets that are not considered to be active, and quoted prices of similar assets in active or inactive markets.

Level 3- Inputs to the valuation methodology are based upon unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value:

Common stocks: Valued at the closing price reported on the New York Stock Exchange.

NOTE 4. FAIR VALUE MEASUREMENTS (Continued)

Fixed income mutual funds: Valued at the daily closing price as reported by the Plan. Mutual funds held by the Plan are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Government securities: Valued using pricing models maximizing the use of observable inputs for similar securities.

Corporate bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing the value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yield of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks or a broker quote, if available.

Real estate funds: Valued at the net asset value of shares held by the Plan at year end. The Plan has investments in private market real estate investments for which no liquid public market exists.

Timber funds and farmland fund: Valued at the net asset value of shares held by the Plan at year end.

Commingled equity funds: Valued at the net asset value of shares held by the Plan at year end.

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NOTE 4. FAIR VALUE MEASUREMENTS (Continued)

The following table presents the Plan's fair value hierarchy for investments at fair value as of September 30, 2023:

		Fair Value Measurements Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Equity securities:				
Common stocks	$ 308,325,451	$ 308,325,451	$ -	$ -
Total equity securities	308,325,451	308,325,451	-	-
Debt securities:				
U.S. Treasury securities	26,959,507	2,245,926	24,713,581	-
U.S. agency securities	29,780,938	-	29,780,938	-
Fixed income mutual funds	63,234,323	-	63,234,323	-
Foreign bonds	1,483,054	-	1,483,054	-
Corporate bonds	41,705,966	-	41,705,966	-
Total debt securities	163,163,788	2,245,926	160,917,862	-
Total investments by fair value level	471,489,239	$ 310,571,377	$ 160,917,862	$ -
Investments measured at the net asset value (NAV) [(a)]				
Real estate funds	72,862,545			
Farmland fund	27,648,207			
Timber funds	23,697,332			
Commingled domestic equity funds	162,208,686			
Commingled international equity fund	48,026,119			
Total investments measured at the NAV	334,442,889			
Total investments	$ 805,932,128			

(a) As required by GAAP, certain investments that are measured at net asset value have not been classified in the fair value hierarchy. The fair value amounts presented in the table are intended to permit reconciliation of the fair value hierarchy to the total investment line item in the statement of fiduciary net position.

NOTE 4. FAIR VALUE MEASUREMENTS (Continued)

The following table summarizes investments for which fair value is measured using the net asset value per share practical expedient, including their related unfunded commitments and redemption restrictions.

Investments Measured at the NAV	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Real estate fund [1]	$ 35,111,367	$ -	Quarterly	90 Days
Real estate fund [2]	18,354,380	-	Quarterly	10 Days
Real estate fund [3]	19,396,798	-	Quarterly	60 Days
Farmland fund [4]	27,648,207	-	Annual	90 Days
Timber fund [5]	15,107,954	-	N/A	N/A
Timber fund [5]	8,589,378	-	N/A	N/A
Commingled equity funds [6]	210,234,805	-	Daily	Same day
Total investments measured at the NAV	$ 334,442,889	$ -		

(1) Real estate fund: This fund is an open-end, commingled real-estate fund with a diversified portfolio of income producing properties located throughout the United States. The investment is valued at NAV and redemption request must be received by the fund 90 days prior to quarter end.

(2) Real estate fund: This fund is an open-end, commingled investment vehicle with a multi-disciplinary investment strategy. Diversified nationally, the foundation of the portfolio is to acquire yield-driven assets consisting of all property types. The investment is valued at NAV and redemption requests must be received by the fund 10 days prior to quarter-end.

(3) Real estate fund: This fund is organized as a perpetual life, open-end, commingled fund to invest in real estate assets. The investment is valued at NAV and redemption request must be received 60 days before quarter end.

(4) Farmland fund: This fund is an open-end investment fund whose objective is to generate an attractive total return through the acquisition and management of farmland in the Midwestern United States. The investment is valued at NAV and redemption requests must be received 90 days prior to year-end.

(5) Timber funds: These funds are two commingled timberland investment funds who acquire, manage, and sell timberland as an investment vehicle for pension funds, college endowments, foundations, insurance companies, and high-net-worth individual investors. The investments are valued at NAV and have no redemption frequency or notice period.

(6) Commingled equity funds: This commingled investment consists of participation in four equity mutual funds. The investment is valued at NAV based on the participant's share of the total fund. Redemption requests are permitted daily.

NOTE 5. PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following as of September 30, 2023:

	Estimated Useful Lives	
Building	39 years	$ 757,249
Building improvements	39 years	530,771
Land	-	28,000
Equipment	5 years	189,065
		1,505,085
Less: accumulated depreciation		243,929
Property and equipment, net		$ 1,261,156

Depreciation expense for the year ended September 30, 2023 was $25,377.

NOTE 6. NET PENSION LIABILITY

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

Total pension liability	$1,149,149,562
Plan fiduciary net position	836,967,090
City's net pension liability	$ 312,182,472
Plan fiduciary net position as a percentage of the total pension liability	72.83%

The total pension liability was determined by an actuarial valuation as of October 1, 2022, and rolled forward to the measurement date of September 30, 2023, using the following most significant actuarial assumptions: 7.50% for the investment rate of return, 3.50% to 8.50% for projected salary increases and 2.60% for inflation.

Mortality rates are calculated as follows. For healthy participants during employment, PUB-2010 Headcount Weighted Safety Employee Female Mortality Table and Safety Below Median Employee Male Mortality Table, both set forward one year, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018. For healthy participants post-employment, PUB-2010 Headcount Weighted Safety Healthy Retiree Female Mortality Table and Safety Below Median Healthy Retiree Male Mortality Table, both set forward one year, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018. For 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.

NOTE 6. NET PENSION LIABILITY (Continued)

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of September 30, 2023 (see the discussion of the Plan's investment policy) are summarized in the following table:

Asset Class	Long-term expected real rate of return
Large cap equity	8.50%
Mid cap equity	9.20%
Small cap equity	7.90%
International equity	5.80%
Real estate	5.10%
Fixed income	0.10%

The discount rate used to measure the total pension liability was 7.45%. The projection of cash flows used to determine the discount rate assumed that Plan participant contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the participant rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan participants. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The sensitivity of the net pension liability to changes in the discount rate was measured as follows. The net pension liability of the Plan was calculated using the discount rate of 7.45%. It was also calculated using a discount rate that was 1-percentage-point lower (6.45%) and 1-percentage-point higher (8.45%) and the different computations were compared.

	1% decrease (6.45%)	Current discount rate (7.45%)	1% increase (8.45%)
Net pension liability	$406,650,929	$312,182,472	$191,045,147

NOTE 7. RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of fiduciary net position.

Plan contributions are made, and the actuarial present value of accumulated Plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. 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 be material to the financial statements.

NOTE 8. INCOME TAXES

The Plan is exempt from federal income taxes under the Internal Revenue Code and, accordingly, no provision for federal income taxes has been made.

On September 26, 2014, the Plan obtained its most recent determination letter in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with applicable requirements of Internal Revenue Code 401(a).

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by a taxing authority. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 9. SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 15, 2024, the date the financial statements were available to be issued.

City Pension Fund for Firefighters and Police Officers in the City of Pembroke Pines

SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2023

City Pension Fund for Firefighters and Police Officers in the City of Pembroke Pines

SCHEDULES OF INVESTMENT AND ADMINISTRATIVE EXPENSES

YEAR ENDED SEPTEMBER 30, 2023
(WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2022)

	2023	2022
INVESTMENT EXPENSES:		
Financial management expense	$ 4,265,364	$ 4,023,776
Custodial fee	149,094	171,718
Investment consultant fee	140,260	164,928
TOTAL INVESTMENT EXPENSES	$ 4,554,718	$ 4,360,422

	2023	2022
ADMINISTRATIVE EXPENSES:		
Accounting and audit	$ 27,564	$ 24,179
Actuarial	198,045	237,627
Depreciation	25,377	21,746
Dues and subscriptions	3,075	1,310
Employee benefits	59,233	50,710
Insurance	39,527	42,664
Legal	140,743	53,135
Office	76,089	73,676
Rent	8,168	30,240
Repairs and maintenance	57,677	14,246
Salaries and payroll taxes	325,486	314,558
Trustee expenses	53,581	13,006
TOTAL ADMINISTRATIVE EXPENSES	$ 1,014,565	$ 877,097

The accompanying independent auditor's report should be read with this supplementary schedule.

CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS IN THE CITY OF PEMBROKE PINES

REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2023

CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS IN THE CITY OF PEMBROKE PINES

SCHEDULES OF CONTRIBUTIONS FROM EMPLOYER AND OTHER CONTRIBUTORS
(UNAUDITED)

	2023	2022	2021	2020	2019
Actuarially determined employer contribution	$33,885,385	$32,700,864	$30,977,999	$30,795,916	$30,227,258
Actual employer contribution	33,885,385	32,700,864	30,977,999	30,795,916	30,227,258
Annual contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll [1]	$32,250,032	$31,863,439	$31,923,658	$30,046,447	$28,868,635
Actual contributions as a percentage of covered-employee payroll	105.07%	102.63%	97.04%	102.49%	104.71%

	2018	2017	2016	2015	2014
Actuarially determined employer contribution	$29,196,005	$27,355,807	$26,354,499	$26,190,282	$26,214,407
Actual employer contribution	29,196,005	27,355,807	26,354,499	26,190,282	26,214,407
Annual contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll [1]	$28,431,363	$27,697,423	$27,677,991	$28,831,332	$28,252,541
Actual contributions as a percentage of covered-employee payroll	102.69%	98.77%	95.22%	90.84%	92.79%

[1] Reported payroll on which contributions to the Plan are based as provided under GASB Statement Number 82.

See notes to schedules of contributions from employer and other contributors on following page.

The accompanying independent auditor's report should be read with this required supplementary schedule.

City Pension Fund for Firefighters and Police Officers in the City of Pembroke Pines

SCHEDULES OF CONTRIBUTIONS FROM EMPLOYER AND OTHER CONTRIBUTORS
(UNAUDITED)
(Continued)

Notes to Schedules of Contributions from Employer and Other Contributors

Valuation date	Actuarially determined contributions are calculated as of October 1st, two year(s) prior the fiscal year end in which contributions are reported.
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage, Closed
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Inflation	2.60%
Salary increases	3.5% - 8.5%
Investment rate of return	7.50%
Mortality	For healthy participants during employment, PUB-2010 Headcount Weighted Safety Employee Female Mortality Table and Safety Below Median Employee Male Mortality Table, both set forward one year, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018. For healthy participant post-employment, PUB-2010 Headcount Weighted Safety Healthy Retiree Female Mortality Table and Safety Below Median Healthy Retiree Male Mortality Table, both set forward one year, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018. For 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	Firefighters: 0.0%, 1.5%, 2.0% or 3.0% Police: 0.0%, 1.5%, 2.0%, 2.5% or 3.0%
Benefit changes	2019 - Disability retirement eligibility for Firefighters updated. 2018 - New Tier of benefits added for members hired on or after October 1, 2018 and DROP was extended to 8 years. 2015 - Employee contributions reduced to 7% for firefighters hired on or after May 1, 2010. 2014 - Employee contributions reduced to 7% for police officers hired on or after May 1, 2010. 2013 - Additional benefits provided upon rehire.
Assumption changes	2021 - Investment return updated. 2020 - Investment return, payroll growth assumption, employee withdrawal rates, salary increase factors and retirement rates updated. 2019 - Investment return, mortality assumptions, disability rates for firefighters and marital assumption were updated. 2018 - Investment return updated. 2017 - Investment return updated. 2016 - Assumed mortality rates and investment return updated. 2015 - Assumed mortality rates, investment return, employee withdrawal rates, salary increase rates and retirement rates updated. 2013 - Load added for assumed future rehired members.

City Pension Fund for Firefighters and Police Officers in the City of Pembroke Pines

SCHEDULE OF INVESTMENT RETURNS
(UNAUDITED)

Year Ended September 30,	Annual money-weighted rate of return net of investment expense
2023	10.81%
2022	(11.33%)
2021	19.63%
2020	7.63%
2019	4.01%
2018	10.99%
2017	11.49%
2016	9.09%
2015	2.04%
2014	10.24%

The accompanying independent auditor's report should be read with this required supplementary schedule.

City Pension Fund for Firefighters and Police Officers in the City of Pembroke Pines

SCHEDULES OF CHANGES IN THE EMPOYER'S NET PENSION LIABILITY AND RELATED RATIOS (UNAUDITED)

	2023	2022	2021	2020	2019
TOTAL PENSION LIABILITY:					
Service cost	$ 9,450,079	$ 9,834,890	$ 9,832,199	$ 9,170,806	$ 9,460,539
Interest	81,192,764	77,653,204	73,320,856	69,213,834	66,491,126
Difference between actual and expected experience	7,400,355	10,245,283	8,200,941	8,829,679	6,212,714
Changes of benefit terms	-	-	-	390,575	-
Changes of assumptions	7,335,856	21,169,543	15,816,597	(7,687,585)	6,152,407
Benefit payments, including refunds	(46,143,839)	(42,249,585)	(38,504,065)	(36,106,324)	(34,185,981)
NET CHANGE IN TOTAL PENSION LIABILITY	59,235,215	76,653,335	68,666,528	43,810,985	54,130,805
TOTAL PENSION LIABILITY - BEGINNING	1,089,914,347	1,013,261,012	944,594,484	900,783,499	846,652,694
TOTAL PENSION LIABILITY - ENDING	1,149,149,562	1,089,914,347	1,013,261,012	944,594,484	900,783,499
PLAN FIDUCIARY NET POSITION:					
Contributions - city and state	33,885,385	32,700,864	30,977,999	30,795,916	30,227,258
Contributions - members	2,494,571	2,634,183	2,739,444	2,682,831	2,688,739
Net investment income (loss)	81,861,320	(97,917,510)	142,128,291	51,835,953	25,868,833
Benefit payments, including refunds	(46,143,839)	(42,249,585)	(38,504,065)	(36,106,324)	(34,185,981)
Administrative expenses	(1,014,565)	(877,097)	(827,418)	(723,056)	(749,211)
Other	46,815	43,755	-	-	-
NET CHANGE IN PLAN FIDUCIARY NET POSITION	71,129,687	(105,665,390)	136,514,251	48,485,320	23,849,638
PLAN FIDUCIARY NET POSITION - BEGINNING	765,837,403	871,502,793	734,988,542	686,503,222	662,653,584
PLAN FIDUCIARY NET POSITION - ENDING	836,967,090	765,837,403	871,502,793	734,988,542	686,503,222
NET PENSION LIABILITY - ENDING	$ 312,182,472	$ 324,076,944	$ 141,758,219	$209,605,942	$214,280,277
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY	72.83%	70.27%	86.01%	77.81%	76.21%
COVERED EMPLOYEE PAYROLL	$ 32,250,032	$ 31,863,439	$ 31,923,658	$ 30,046,447	$ 28,868,635
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL	968.01%	1017.08%	444.05%	697.61%	742.26%

City Pension Fund for Firefighters and Police Officers in the City of Pembroke Pines

SCHEDULES OF CHANGES IN THE EMPOYER'S NET PENSION LIABILITY
AND RELATED RATIOS
(UNAUDITED)
(Continued)

	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY:					
Service cost	$ 9,288,146	$ 9,212,121	$ 9,537,905	$ 10,619,978	$ 10,631,405
Interest	62,814,379	59,453,153	56,386,139	53,285,378	50,687,264
Difference between actual and expected experience	4,956,652	1,830,547	399,811	(3,834,368)	(679,355)
Changes of benefit terms	-	-	22,338	765,470	-
Other	-	-	41,959	-	-
Changes of assumptions	5,779,580	5,790,909	8,511,772	-	-
Benefit payments, including refunds	(32,981,866)	(30,611,666)	(29,062,537)	(27,110,856)	(25,391,326)
NET CHANGE IN TOTAL PENSION LIABILITY	49,856,891	45,675,064	45,837,387	33,725,602	35,247,988
TOTAL PENSION LIABILITY - BEGINNING	796,795,803	751,120,739	705,283,352	671,557,750	636,309,762
TOTAL PENSION LIABILITY - ENDING	846,652,694	796,795,803	751,120,739	705,283,352	671,557,750
PLAN FIDUCIARY NET POSITION:					
Contributions - city and state	29,196,005	27,355,807	26,354,499	26,190,282	26,214,407
Contributions - members	2,787,802	2,663,136	2,819,814	3,065,485	2,983,425
Net investment income	64,922,938	61,789,524	44,141,730	9,650,600	44,138,554
Benefit payments, including refunds	(32,981,866)	(30,611,666)	(29,062,537)	(27,070,511)	(25,391,326)
Administrative expenses	(627,989)	(738,354)	(627,306)	(597,262)	(544,463)
Other	30,970	8,131	26,207	72,859	(17,372)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	63,327,860	60,466,578	43,652,407	11,311,453	47,383,225
PLAN FIDUCIARY NET POSITION - BEGINNING	599,325,724	538,859,146	483,895,286	483,895,286	436,512,061
PLAN FIDUCIARY NET POSITION - ENDING	662,653,584	599,325,724	527,547,693	495,206,739	483,895,286
NET PENSION LIABILITY - ENDING	$ 183,999,110	$ 197,470,079	$ 223,573,046	$ 210,076,613	$ 187,662,464
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY	78.27%	75.22%	70.23%	70.21%	72.06%
COVERED EMPLOYEE PAYROLL	$ 28,431,363	$ 27,697,423	$ 27,677,991	$ 28,831,332	$ 28,252,541
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL	647.17%	712.95%	807.76%	728.64%	664.23%

The accompanying independent auditor's report should be read with this required supplementary schedule.

CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS IN THE CITY OF PEMBROKE PINES

COMPLIANCE REPORT

YEAR ENDED SEPTEMBER 30, 2023

<u>INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*</u>

To the Board of Trustees of the City Pension Fund for
Firefighters and Police Officers in the City of Pembroke Pines

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 Pension Fund for Firefighters and Police Officers in the City of Pembroke Pines, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City Pension Fund for Firefighters and Police Officers in the City of Pembroke Pines' basic financial statements, and have issued our report thereon dated February 15, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City Pension Fund for Firefighters and Police Officers in the City of Pembroke Pines' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City Pension Fund for Firefighters and Police Officers in the City of Pembroke Pines' internal control. Accordingly, we do not express an opinion on the effectiveness of the City Pension Fund for Firefighters and Police Officers in the City of Pembroke Pines' 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 or significant deficiencies may exist that were not identified.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* (Continued)

Report on Compliance and Other Matters

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

Purpose of This Report

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

Kabat, Schertzer, De La Torre, Taraboulos & Co.

Weston, Florida
February 15, 2024

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