

**CITY OF LAUDERHILL POLICE OFFICERS'
RETIREMENT PLAN**



FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2023

CITY OF LAUDERHILL POLICE OFFICERS' RETIREMENT PLAN

YEAR ENDED SEPTEMBER 30, 2023

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Public Pension Coordinating Council

***Public Pension Standards Award
For Funding and Administration
2023***

Presented to

City of Lauderhill Police Retirement Plan

In recognition of meeting professional standards for
plan funding and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

A handwritten signature in black ink, reading 'Alan H. Winkle', is positioned above the printed name.

Alan H. Winkle
Program Administrator



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the
City of Lauderhill Police Officers' Retirement Plan

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the City of Lauderhill Police Officers' Retirement Plan, which comprise the statement of fiduciary net position as of September 30, 2023, and the related statement of changes in fiduciary net position for the 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 of Lauderhill Police Officers' Retirement Plan, 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 of Lauderhill Police Officers' Retirement Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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 of Lauderhill Police Officers' Retirement Plan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



INDEPENDENT AUDITOR’S REPORT (Continued)

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 of Lauderhill Police Officers’ Retirement Plan’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Lauderhill Police Officers’ Retirement Plan’s ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 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 27-30 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by 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.



INDEPENDENT AUDITOR'S REPORT (Continued)

Required Supplementary Information (Continued)

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 of Lauderhill Police Officers' Retirement Plan's 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 of Lauderhill Police Officers' Retirement Plan's 2022 financial statements, and our report dated February 8, 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 14, 2024, on our consideration of the City of Lauderhill Police Officers' Retirement Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Lauderhill Police Officers' Retirement Plan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Lauderhill Police Officers' Retirement Plan's internal control over financial reporting and compliance.

KABAT, SCHERTZER, DE LA TORRE, TARABOULOS & Co.

Weston, Florida
February 14, 2024

CITY OF LAUDERHILL POLICE OFFICERS' RETIREMENT PLAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Overview of the Financial Statements

The financial section of this annual report consists of five parts: MD&A, the basic 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 fiduciary net position was \$90,379,235, which was 8% greater than the 2022 total fiduciary net position with the increase due primarily to favorable market conditions.
- Total contributions for the year were \$5,457,132 which was 13% greater than the 2022 contributions. The amount of employer contributions varies from year to year and is actuarially determined. Member contributions were 10% of compensation. The increase was primarily due to more employer contribution being actuarially calculated to properly fund the Plan.
- Total interest and dividend earnings were \$1,723,468, which was 21% lower than the 2022 earnings.
- Net investment income was \$6,562,336, which was 174% greater than the 2022 loss with the increase due primarily to favorable market conditions.
- Benefits paid directly to retirees were \$4,338,402, which was 5% greater than the benefits paid directly to retirees during 2022 with the increase due primarily to current year new retirees.

CITY OF LAUDERHILL POLICE OFFICERS' RETIREMENT PLAN

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Statement of Fiduciary Net Position

The following condensed comparative statement 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 pension 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.

- Fiduciary net position at September 30, 2023 was \$90,379,235, an 8% increase from fiduciary net position at September 30, 2022.
- Total investments at September 30, 2023 were \$87,910,685, an 8% 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
Receivables	\$ 587,725	\$ 45,090	1,203%
Prepaid expense	-	5,229	(100%)
Investments, at fair value	87,910,685	81,590,082	8%
Note receivables	2,031,875	2,031,875	0%
Total assets	90,530,285	83,672,276	8%
Accounts payable	84,442	81,029	4%
Advanced contributions from employer	66,608	66,494	0%
Net position restricted for pensions	\$ 90,379,235	\$ 83,524,753	8%

Statement of Changes in Fiduciary Net Position

The statement of changes in fiduciary net position presents the effect of Plan transactions that occurred during the fiscal year. On the statement, additions to the Plan minus deductions from the Plan equal 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 the fiduciary net position) for the Plan were \$12,019,468, which was made up of total contributions of \$5,457,132 and net investment income of \$6,562,336.
- Expenses (deductions from the fiduciary net position) decreased from \$5,654,713 during 2022 to \$5,164,986 in 2023.

CITY OF LAUDERHILL POLICE OFFICERS' RETIREMENT PLAN

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Statement of Changes in Fiduciary Net Position (Continued)

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

	2023	2022	% Change
Total contributions	\$ 5,457,132	\$ 4,834,532	13%
Net investment income (loss)	6,562,336	(8,922,824)	174%
Other income	-	4,891	(100%)
Total additions	12,019,468	(4,083,401)	394%
Total deductions	5,164,986	5,654,713	(9%)
Net change	6,854,482	(9,738,114)	170%
Net position restricted for pensions – beginning	83,524,753	93,262,867	(10%)
Net position restricted for pensions – ending	\$ 90,379,235	\$ 83,524,753	8%

Asset Allocation

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

Type of Investment	Investment Policy	Actual Allocation
Domestic equities	30%-60%	45.60%
International equities	5%-25%	9.46%
Fixed income	2%-20%	3.51%
Absolute return funds	5%-20%	11.00%
Private credit fund	0%-15%	1.41%
Real estate	20%-35%	26.25%
Cash and cash equivalents	0%-10%	2.77%

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.

The Plan's Board of Trustees (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 Activities

Investment income is vital to the Plan for current and future financial stability. Therefore, 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 adopted on September 6, 2023.

CITY OF LAUDERHILL POLICE OFFICERS' RETIREMENT PLAN

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Investment Activities (Continued)

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:

Precision Pension Administration
13790 NW 4 Street, Suite 105
Sunrise, FL 33325

**CITY OF LAUDERHILL POLICE OFFICERS'
RETIREMENT PLAN**

STATEMENT OF FIDUCIARY NET POSITION

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

	<u>2023</u>	<u>2022</u>
ASSETS		
RECEIVABLES:		
Accrued investment income	\$ 19,507	\$ 18,578
Accrued interest due from the City of Lauderhill	20,319	20,319
Other receivables	<u>547,899</u>	<u>6,193</u>
TOTAL RECEIVABLES	<u>587,725</u>	<u>45,090</u>
PREPAID EXPENSE	<u>-</u>	<u>5,229</u>
INVESTMENTS, AT FAIR VALUE:		
Equity securities	48,406,254	43,988,669
Real estate funds	23,077,465	26,500,879
Fixed income mutual funds	3,087,977	3,906,500
Absolute return funds	5,194,943	5,038,350
Private credit fund	1,243,250	-
Hedge fund	4,474,653	-
Money market funds	<u>2,426,143</u>	<u>2,155,684</u>
TOTAL INVESTMENTS, AT FAIR VALUE	<u>87,910,685</u>	<u>81,590,082</u>
NOTE RECEIVABLE	<u>2,031,875</u>	<u>2,031,875</u>
TOTAL ASSETS	<u>90,530,285</u>	<u>83,672,276</u>
LIABILITIES		
ACCOUNTS PAYABLE	<u>84,442</u>	<u>81,029</u>
DEFERRED INFLOWS		
ADVANCED CONTRIBUTIONS FROM EMPLOYER	<u>66,608</u>	<u>66,494</u>
NET POSITION RESTRICTED FOR PENSIONS		
NET POSITION RESTRICTED FOR DEFINED BENEFITS	88,462,533	81,903,067
NET POSITION RESTRICTED FOR DROP BENEFITS	<u>1,916,702</u>	<u>1,621,686</u>
TOTAL NET POSITION RESTRICTED FOR PENSIONS	<u>\$ 90,379,235</u>	<u>\$ 83,524,753</u>

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

**CITY OF LAUDERHILL POLICE OFFICERS'
RETIREMENT PLAN**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

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

	<u>2023</u>	<u>2022</u>
ADDITIONS:		
Contributions:		
Employer	\$ 3,457,293	\$ 3,030,687
Employee	1,284,063	1,203,564
Chapter 185	601,075	547,431
Employee buy backs	<u>114,701</u>	<u>52,850</u>
Total contributions	<u>5,457,132</u>	<u>4,834,532</u>
Investment income (loss):		
Net appreciation (depreciation) in fair value of investments	5,819,710	(10,036,808)
Interest and dividend income	1,723,468	2,173,269
Note receivable income	<u>81,275</u>	<u>81,275</u>
Total investment income (loss)	7,624,453	(7,782,264)
Less: investment expenses	<u>1,062,117</u>	<u>1,140,560</u>
Net investment income (loss)	<u>6,562,336</u>	<u>(8,922,824)</u>
Other income	<u>-</u>	<u>4,891</u>
TOTAL ADDITIONS	<u>12,019,468</u>	<u>(4,083,401)</u>
DEDUCTIONS:		
Benefit payments	4,338,402	4,116,401
DROP distributions	629,267	1,324,651
Refund of contribution	47,524	47,249
Administrative expenses	<u>149,793</u>	<u>166,412</u>
TOTAL DEDUCTIONS	<u>5,164,986</u>	<u>5,654,713</u>
NET CHANGE IN NET POSITION RESTRICTED FOR PENSIONS	6,854,482	(9,738,114)
NET POSITION RESTRICTED FOR PENSIONS - BEGINNING	<u>83,524,753</u>	<u>93,262,867</u>
NET POSITION RESTRICTED FOR PENSIONS - ENDING	<u>\$ 90,379,235</u>	<u>\$ 83,524,753</u>

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

CITY OF LAUDERHILL POLICE OFFICERS' RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

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 5 for discussion of fair value measurements).

Purchase 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 (depreciation) appreciation 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 accounting principles generally accepted in the United States of America (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 contribution receivables and prepaid expense.

The Plan's investments consist of common stocks, absolute return funds, real estate funds, mutual funds, hedge fund, private credit fund and money market funds, inherit in the fair market value determination, include the risk factor of credit worthiness for each individual security.

Comparative Information

The financial statements include certain prior-year comparative information. Such summarized information does not include sufficient detail in the notes to the 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.

CITY OF LAUDERHILL POLICE OFFICERS' RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023
(Continued)

NOTE 2. DESCRIPTION OF THE PLAN

The following description of the City of Lauderhill Police Officers' Retirement Plan (the Plan) provides only general information. Participants should refer to the City of Lauderhill, Florida's ordinance for more detailed and comprehensive information.

General

The Plan is a single employer defined benefit plan covering all eligible police officers. The Plan was established by the City on July 25, 1994, under the City Code of Ordinance, as amended through Ordinance 200-10-145. 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.

The Plan is administered by a board of five trustees (the Board) comprised of two members appointed by the City Commission who must be residents of the City, two police officers elected by active members of the Plan, and one member who is elected by a majority of the previous four members.

Plan Membership

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

Inactive Plan members or beneficiaries	
currently receiving benefits	73
Inactive Plan members entitled to but	
not yet receiving benefits	12
Active employees covered by the Plan:	
Tier One	33
Tier Two	<u>87</u>
Total	<u>205</u>

Eligibility

All full-time police officers (excluding the Police Chief) are required to become members of the Plan. Members are further divided in the following tiers:

- Tier One members are members hired prior to March 23, 2009
- Tier Two members are members hired on or after March 23, 2009

Final Monthly Compensation

Final monthly compensation (FMC) is the average monthly rate of earnable compensation during the five best years out of the last ten years of employment.

Earnable Compensation

- **Tier One members:** Base pay, longevity pay, educational incentive pay, assignment pay and up to 300 hours of overtime pay per year, as well as payouts for accrued holidays/incentive, vacation and/or sick time earned prior to September 30, 2013 based on the member's rate of pay as of September 30, 2014.

CITY OF LAUDERHILL POLICE OFFICERS' RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

(Continued)

NOTE 2. DESCRIPTION OF THE PLAN (Continued)

Earnable Compensation (Continued)

- **Tier Two members:** Base pay, longevity pay, educational incentive pay, assignment pay and up to 300 hours of overtime pay per year.

Benefits

The Plan provides retirement, death and disability benefits. The benefit provisions are established and may be amended under the authority of City ordinance.

➤ *Normal Retirement Date*

- **Tier One:** Members of Tier One are eligible for normal service retirement on the first day of the month coincident with or next following the date upon which the member has completed twenty (20) years of credited service; or the date upon which the member reaches age fifty-five (55) with five (5) years of credited service.
- **Tier Two:** Members of Tier Two are eligible for normal service retirement on the first day of the month coincident with or next following the date upon which the member has completed twenty-five (25) years of credited service; or the date upon which the member reaches age fifty-five (55) with seven (7) years of credited service.

➤ *Normal Retirement*

- **Tier One members:** monthly retirement benefit is equal to 3.0% times FMC for credit service through September 30, 2001 plus 3.5% times FMC for credit service thereafter, payable under the normal form of payment under the Plan. For members employed by the City as of April 25, 2011, monthly retirement benefit for years of credited service prior to October 1, 2001 is 3.5% times FMC. The maximum accrual is 100% of FMC.
- **Tier Two members:** monthly retirement benefit is equal to 3.0% times FMC for all years of credit service, payable under the normal form of payment under the Plan. The maximum accrual is 75% of FMC. However, members are allowed to purchase an increase in their multiplier up to 3.5% per year (from 3.0%) by paying the full actuarial costs. Any enhanced multiplier benefit purchased will not be subject to the 75% of FMC maximum, but the maximum accruals for members with such purchases will not exceed 100% of FMC.

➤ *Early Retirement*

Early retirement age is age 50 with 10 years of credited service. Benefit accrued to Early Retirement Date payable at Normal Retirement Date, with a 3.0% per year reduction for benefit commencement prior to Normal Retirement Date. A member may continue to work beyond his Normal Retirement Date and retire on any subsequent first day of the month.

CITY OF LAUDERHILL POLICE OFFICERS' RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

(Continued)

NOTE 2. DESCRIPTION OF THE PLAN (Continued)

➤ ***Death Benefits***

For deaths prior to completion of five (5) years of credited service, the benefit would be the refund of the accumulated employee contributions. With the completion of five (5) or more years of credited service the death benefit payable would be the benefit otherwise payable at Early Retirement Date or Normal Retirement Date to the member.

➤ ***Disability Benefit***

For a member totally and permanently disabled where the disability is service connected, the monthly benefit shall be equal to the greater of 42% of such member's FMC at the time of disability or the member's accrued benefit under the Plan.

In order to be eligible for non-service disability benefits, a member must have completed at least ten (10) years of credited service at the date of disability. The non-service disability benefit is equal to the greatest of i) 2.0% of FMC times years of credited service; ii) 25.0% of FMC, and iii) accrued benefit at date of disability.

➤ ***Normal and optional forms of retirement benefits***

The normal form of payment is a ten-year certain and life annuity.

The following optional forms of retirement income may be elected by a member without presenting evidence of good health, if elected at least one year prior to his date of retirement:

Option 1 A single life annuity payable during the lifetime of the participant only.

Option 2 A retirement annuity payable to the member during the joint lifetime of the member and a joint pensioner designated by the member, and following the death of either of them, 50%, 66-2/3%, 75%, or 100% depending on the retiree's election, of such smaller monthly amount payable to the survivor for the lifetime of the survivor.

➤ ***Deferred Retirement Option Plan (DROP)***

The DROP is available only if the member makes an irrevocable election to participate upon the eligibility of Normal or Early Retirement. The DROP has a five (5) year maximum participation period. Depending on when a member enters the DROP and the election that is made, the DROP account will be credited with the annual assumed investment return per year, or the actual rate of return, net of investment fees. There is a guarantee that upon exiting the DROP, a member's account will not be less than the sum of the monthly payments into the DROP account. If the member dies or becomes disabled during the DROP period, the member will have presumed to have retired on a normal retirement on the day prior to disability or death.

CITY OF LAUDERHILL POLICE OFFICERS' RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

(Continued)

NOTE 2. DESCRIPTION OF THE PLAN (Continued)

➤ *Variable Thirteenth Check*

For Tier One members retiring on or after October 1, 2004, 13th checks may be paid based on annual investment and actuarial gains, but only if the Plan has cumulative net actuarial gain beginning with the 2004/2005 plan year. The amount of the 13th checks shall be computed as a uniform percentage of the current monthly benefits of the applicable retirees, with the actual amounts limited to the current monthly benefits and prorated for those retired less than a year.

Tier Two members will not be eligible for the variable thirteenth checks.

➤ *Post Retirement Supplement*

In addition to the monthly retirement benefits provided by the Plan, there is a supplemental payment of ten dollars (\$10.00) per month per year of service for all members employed by the City on or after April 25, 2011, and retired on or before September 28, 2016, provided such member has at least twenty (20) years of credited service with the City or provided such members left the City at age fifty-five (55) or older with more than five (5) years of credited service with the City. This benefit commences on the fifth anniversary date of termination of service and ceases upon the member reaching sixty-five (65) years of age.

For bargaining employees employed by the City on or after September 28, 2016, the supplemental payment is based on the following: ten dollars (\$10.00) per month per year of service up to a maximum of 20 years of service (\$200/month) and is provided to all members employed by the City on or after September 28, 2016, provided such member is eligible to begin drawing his/her normal retirement benefit immediately upon separation. This benefit ceases upon the member reaching sixty-five (65) years of age.

Effective June 29, 2020, all members employed by the City, as of July 1, 2020 who retire after June 29, 2020, the supplemental payment is based on the following: twenty-five dollars (\$25.00) per month for each year of service up to a maximum of \$600.00/month, provided such member is eligible to immediately begin drawing his/her normal retirement benefit immediately upon separation. This benefit will commence the first full month following his/her retirement from city service and will cease upon the retiree reaching 65 years of age.

Funding

Members are required to contribute ten percent (10%) of earnable compensation.

Pursuant to Florida law, the City is ultimately responsible for making sure the Plan remains actuarially sound. Therefore, each year, the City must contribute an amount determined by the Board, in conjunction with their actuary, to be sufficient, along with the employee's contribution and the state contribution, to fund the benefits under the Plan. The employer's contribution will vary from year to year.

CITY OF LAUDERHILL POLICE OFFICERS' RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

(Continued)

NOTE 2. DESCRIPTION OF THE PLAN (Continued)

Funding (Continued)

Pursuant to Chapter 185, Florida Statutes, 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 this Plan.

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 8.70%. 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 investment policy statement was last amended on September 6, 2023. The following was the Board's adopted asset allocation policy as of September 30, 2023:

<u>Type of Investment</u>	<u>Target Allocation</u>
Domestic equities	30%-60%
International equities	5%-25%
Fixed income	2%-20%
Absolute return funds	5%-20%
Private credit fund	0%-15%
Real estate	20%-35%
Cash and cash equivalents	0%-10%

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 \$5,819,710 (reported as net appreciation in fair value of investments in the accompanying statement of changes in fiduciary net position) as follows:

Common stock	\$ 1,072,734
Mutual funds	6,430,889
Absolute return funds	(140,510)
Real estate fund	(2,578,920)
Hedge fund	991,836
Private credit fund	43,681
Total	<u>\$ 5,819,710</u>

CITY OF LAUDERHILL POLICE OFFICERS' RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023
(Continued)

NOTE 3. INVESTMENTS (Continued)

The term “interest rate risk” refers to the portfolio’s exposure to fair value losses arising from increasing interest rates. Interest rate risk disclosures are required for all debt investments, as well as investments in mutual funds, external investment pools and other pooled investments that do not meet the definition of a 2a7-like pool.

The Plan’s investment policy does not currently set a parameter on the duration of its fixed income securities. The Plan’s investments in fixed income securities had maturities as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More than 10</u>
Fixed income mutual funds	\$ 3,087,977	\$ 963,725	\$ 700,082	\$ 1,424,170
Totals	<u>\$ 3,087,977</u>	<u>\$ 963,725</u>	<u>\$ 700,082</u>	<u>\$ 1,424,170</u>

The term “credit risk” is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The Plan limits its credit risk by limiting its investments in fixed income securities to U.S. Government and agency securities or corporate bonds which meet or exceed a credit rating of “BBB” or higher. The Plan’s fixed income securities were rated as follows:

<u>Rating</u>	<u>Fair Value</u>
AAA	\$ 745,743
AA	529,677
A	309,371
BBB	685,272
BB	372,629
B	237,434
Below B	83,399
Unrated	124,452
Total	<u>\$3,087,977</u>

“Concentration of credit risk” is the risk of losses that may occur from having a large portion of the Plan’s holding 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 real estate funds represented more than 5% of the Plan’s net position: JP Morgan Strategic Property Fund (5.04%), Principal Real Estate Investment Fund (6.02%), TerraCap Partners Fund (5.75%) and TA Reality Fund (5.22%). At September 30, 2022, investment in the following mutual fund represented more than 5% of the Plan’s net position: Vanguard 500 Index Fund (35.72%).

CITY OF LAUDERHILL POLICE OFFICERS' RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

(Continued)

NOTE 3. INVESTMENTS (Continued)

“Custodial risk” is the risk that, in the event of the failure of a counterparty, the Plan will not be able to recover the value of its investments or collateral securities in possession of an outside party. To avoid this risk, the Plan registers all securities in its own name.

“Foreign currency risk” is the risk that fluctuations in currency exchange rate may affect transactions conducted in currencies other than U.S. Dollars as well as the carrying value of foreign investments.

The Plan’s exposure to foreign currency risk derives mainly from its investments in international equity funds. The Plan participates in international equity funds but does not own any foreign individual securities.

The investment policy limits the foreign investments to no more than 25% of the Plan’s investment balance. As of September 30, 2023, there were 9.46% of foreign investments.

NOTE 4. RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various 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 change could materially affect the amounts reported in the statement of fiduciary net position held in trust for Plan benefits.

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 5. 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.

CITY OF LAUDERHILL POLICE OFFICERS' RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

(Continued)

NOTE 5. FAIR VALUE MEASUREMENTS (Continued)

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

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

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

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

Mutual funds and absolute return 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.

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

Private credit fund: Valued based on the net assets value (NAV). The most significant input into the NAV is the fair value of its investment holdings. These holdings are valued by the general partners on a quarterly basis, in conjunction with management and investment advisors. The Plan has holdings in limited partnerships.

Hedge fund: Valued at the net assets value per share, without further adjustment. Net asset value is based upon the fair value of the underlying investment.

Money market funds: Valued at the floating net asset value of shares held by the Plan at year end.

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CITY OF LAUDERHILL POLICE OFFICERS' RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

(Continued)

NOTE 5. FAIR VALUE MEASUREMENTS (Continued)

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

	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>Investments by fair value level</u>				
Equity securities:				
Common stocks	\$ 3,325,231	\$ 3,325,231	\$ -	\$ -
Domestic equity mutual funds	39,398,764	39,398,764	-	-
International equity mutual funds	<u>5,682,259</u>	<u>5,682,259</u>	-	-
Total equity securities	<u>48,406,254</u>	<u>48,406,254</u>	-	-
Debt securities:				
Fixed income mutual funds	<u>3,087,977</u>	<u>3,087,977</u>	-	-
Absolute return funds	<u>5,194,943</u>	<u>5,194,943</u>	-	-
Total investments by fair value level	56,689,174	<u>\$ 56,689,174</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Investments measured at the net asset value (NAV) ^(a)</u>				
Real estate funds	23,077,465			
Private credit fund	1,243,250			
Hedge fund	<u>4,474,653</u>			
Total investments measured at the NAV	<u>28,795,368</u>			
Money market funds (exempt)	<u>2,426,143</u>			
Total investments	<u>\$87,910,685</u>			

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

CITY OF LAUDERHILL POLICE OFFICERS' RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

(Continued)

NOTE 5. 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.

	<u>Fair Value</u>	<u>Unfunded Commitment</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Real estate fund ⁽¹⁾	\$ 4,555,552	\$ -	Quarterly	45 Days
Real estate fund ⁽¹⁾	3,165,272	-	Quarterly	45 Days
Real estate fund ⁽²⁾	5,441,573	-	Quarterly	45 Days
Real estate fund ⁽²⁾	5,200,914	-	Quarterly	45 Days
Real estate fund ⁽³⁾	4,714,154	-	N/A	N/A
Private credit fund ⁽⁴⁾	1,243,250	-	N/A	N/A
Hedge fund ⁽⁵⁾	<u>4,474,653</u>	<u>-</u>	Quarterly	90 Days
Investments measured at the NAV	<u>\$28,795,368</u>	<u>\$ -</u>		

- (1) Real estate funds: The funds are open-ended, commingled real-estate funds that invest in improved properties with stabilized occupancies. The assets have high quality physical features with strong locational factors allowing the investment to attain a strong competitive position with the assets' local sphere. The investments are valued at NAV and redemption requests must be received by the fund 45 days prior to quarter-end.
- (2) Real estate funds: The funds are open-ended, commingled real-estate funds consisting primarily of real estate properties in the multifamily, industrial, office, retail and hotel sector. The investments are valued at NAV and redemption requests must be received by the fund 45 days prior to quarter-end.
- (3) Real estate fund: The fund is a closed-end, commingled real-estate fund consisting primarily of real estate properties in the multifamily, industrial, office, retail and hotel sector. The investment is valued at NAV and all properties purchased are sold within the investment period with funds returned to the investor. There is no redemption mechanism. The fund is fully called and in distribution at this time.
- (4) Private credit fund: These funds seek to provide a consistent stream of income and capital protection. These funds invest in securitized bonds and real estate collateralized loan obligations. The investments are valued at NAV.
- (5) Hedge fund: This fund seeks to acquire fundamentally cheap corporate and mortgage securities in order to reduce drawdowns during market dislocations. The investment is valued at NAV and redemption requests must be received by the fund 90 days prior to quarter end.

CITY OF LAUDERHILL POLICE OFFICERS' RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023
(Continued)

NOTE 6. NET PENSION LIABILITY OF THE PLAN

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

Total pension liability	\$115,282,853
Plan fiduciary net position	<u>90,379,235</u>
City's net pension liability	<u>\$ 24,903,618</u>
Plan fiduciary net position as a percentage of the total pension liability	78.40%

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, 6.80% for the investment rate of return, 6.00% for projected salary increases and 3.00% for inflation.

Mortality for Pre-Retirement: Female Non-Disabled: PUB-2010 Headcount Weighted Safety Employee Female Table, set forward 1 year, Scale MP-2018. Male Non-Disabled: PUB-2010 Headcount Weighted Safety Below Median Employee Male Table, set forward 1 year, scale MP-2018
 Post-Retirement: Female Non-Disabled: PUB-2010 Headcount Weighted Safety Healthy Retiree Female Table, set forward 1 year, Scale MP-2018 Male Non-Disabled: PUB-2010 Headcount Weighted Safety Below Median Healthy Retiree Male Table, set forward 1 year, Scale MP-2018
 Pre-Retirement & Post-Retirement: Female Disabled: 80% PUB-2010 Headcount Weighted General Disabled Retiree Female Table; 20% PUB-2010 Headcount Weighted Safety Disabled Retiree Female Table, Scale MP-2018 Male Disabled: 80% PUB-2010 Headcount Weighted General Disabled Retiree Male Table; 20% PUB-2010 Headcount Weighted Safety Disabled Retiree Male Table, Scale MP-2018

The long-term expected rate of return on Plan investments was determined using the best-estimate of ranges of expected future real rates of return (expected returns, net of Plan investment expense and inflation), and are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2023 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-term expected real rate of return</u>
Domestic equity	5.10%
International equity	5.32%
Fixed Income	2.30%
Absolute return funds	3.72%
Private credit fund	5.78%
Real estate	3.79%

CITY OF LAUDERHILL POLICE OFFICERS' RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023
(Continued)

NOTE 6. NET PENSION LIABILITY OF THE PLAN (Continued)

A single discount rate of 6.80% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investment of 6.80%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments (6.80%) 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 City was calculated using the discount rate of 6.80%. It was also calculated using a discount rate that was 1-percentage-point lower (5.80%) and 1-percentage-point higher (7.80%) and the different computations were compared.

	1% decrease	Current discount rate	1% increase
	<u>(5.80%)</u>	<u>(6.80%)</u>	<u>(7.80%)</u>
Net pension liability	\$39,408,337	\$24,903,618	\$12,948,657

NOTE 7. RELATED PARTIES

The Plan has a note receivable for \$2,031,875 from the City of Lauderhill. The note accrues interest at 4.0% per annum and payments of consecutive quarterly payments of interest only on the outstanding principal balance in the amount of \$20,319 shall be due and payable to the Plan on January 1, 2021 and continuing on the first day of each quarter thereafter, consecutive quarterly payments of interest only on the outstanding principal balance shall be made. The note matures on July 9, 2024, at which time the remaining indebtedness is due.

During the year ended September 30, 2022, the Plan recorded interest income of \$81,275.

NOTE 8. INCOME TAXES

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

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 14, 2024, the date the financial statements were available to be issued.

**CITY OF LAUDERHILL POLICE OFFICERS'
RETIREMENT PLAN**

SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2023

CITY OF LAUDERHILL POLICE OFFICERS' RETIREMENT PLAN

SCHEDULES OF INVESTMENT AND ADMINISTRATIVE EXPENSES

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

	<u>2023</u>	<u>2022</u>
INVESTMENT EXPENSES:		
Financial management expenses	\$ 958,798	\$ 1,030,071
Investment consultant fees	88,277	93,347
Custodial fees	<u>15,042</u>	<u>17,142</u>
TOTAL ADMINISTRATIVE EXPENSES	<u>\$ 1,062,117</u>	<u>\$ 1,140,560</u>
ADMINISTRATIVE EXPENSES:		
Audit and accounting	\$ 20,845	\$ 19,350
Actuarial	46,037	52,979
Administrative fees	46,400	43,740
Conferences	7,326	4,786
Insurance and other	8,185	8,631
Legal	21,000	35,533
Office	<u>-</u>	<u>1,393</u>
TOTAL ADMINISTRATIVE EXPENSES	<u>\$ 149,793</u>	<u>\$ 166,412</u>
Total Administrative Expenses as a percentage of		
Total Net Position Restricted for Pensions	0.17%	0.20%

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

**CITY OF LAUDERHILL POLICE OFFICERS'
RETIREMENT PLAN**

REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2023

CITY OF LAUDERHILL POLICE OFFICERS' RETIREMENT PLAN

SCHEDULES OF CONTRIBUTIONS FROM EMPLOYER AND OTHER CONTRIBUTORS (UNAUDITED)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially determined employer contribution	\$ 4,058,367	\$ 3,578,118	\$ 3,222,009	\$ 3,123,011	\$2,990,419
Actual employer contribution	<u>4,058,367</u>	<u>3,578,118</u>	<u>3,222,009</u>	<u>3,123,011</u>	<u>2,990,419</u>
Annual contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	<u>\$ 11,776,526</u>	<u>\$ 11,286,934</u>	<u>\$ 10,233,255</u>	<u>\$ 10,306,308</u>	<u>\$ 9,421,667</u>
Actual contributions as a percentage of covered-employee payroll	34.46%	31.70%	31.49%	30.30%	31.74%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined employer contribution	\$ 2,938,028	\$ 2,720,045	\$ 2,723,906	\$ 2,831,595	\$2,872,191
Actual employer contribution	<u>2,938,028</u>	<u>2,720,045</u>	<u>2,723,906</u>	<u>2,831,595</u>	<u>2,872,191</u>
Annual contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	<u>\$ 8,751,336</u>	<u>\$ 8,091,698</u>	<u>\$ 8,479,879</u>	<u>\$ 9,712,011</u>	<u>\$ 9,671,315</u>
Actual contributions as a percentage of covered-employee payroll	33.57%	33.62%	32.12%	29.16%	29.70%

Notes to Schedules of Contributions from Employer and Other Contributors

Actuarial cost method	Entry Age Normal
Remaining amortization period	20 years
Asset valuation method	4-year smoothed market
Inflation:	3.00%
Salary increases	6.00%
Investment rate of return	6.80% compounded annually
Mortality	<p><u>Pre-Retirement:</u> Female Non-Disabled: PUB-2010 Headcount Weighted Safety Employee Female Table, set forward 1 year, Scale MP-2018 Male Non-Disabled: PUB-2010 Headcount Weighted Safety Below Median Employee Male Table, set forward 1 year, scale MP-2018</p> <p><u>Post-Retirement:</u> Female Non-Disabled: PUB-2010 Headcount Weighted Safety Healthy Retiree Female Table, set forward 1 year, Scale MP-2018 Male Non-Disabled: PUB-2010 Headcount Weighted Safety Below Median Healthy Retiree Male Table, set forward 1 year, Scale MP-2018</p> <p><u>Pre-Retirement & Post-Retirement:</u> Female Disabled: 80% PUB-2010 Headcount Weighted General Disabled Retiree Female Table; 20% PUB-2010 Headcount Weighted Safety Disabled Retiree Female Table, Scale MP-2018 Male Disabled: 80% PUB-2010 Headcount Weighted General Disabled Retiree Male Table; 20% PUB-2010 Headcount Weighted Safety Disabled Retiree Male Table, Scale MP-2018</p>

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

CITY OF LAUDERHILL POLICE OFFICERS' RETIREMENT PLAN

SCHEDULE OF INVESTMENT RETURNS (UNAUDITED)

Year Ended <u>September 30,</u>	Annual money- weighted rate of return net of investment <u>expense</u>
2023	8.70%
2022	(9.60%)
2021	22.70%
2020	6.00%
2019	2.60%
2018	7.90%
2017	14.40%
2016	10.20%
2015	1.20%
2014	9.20%

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

CITY OF LAUDERHILL POLICE OFFICERS' RETIREMENT PLAN

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
TOTAL PENSION LIABILITY:					
Service cost	3,002,360	2,827,638	\$ 2,556,832	\$ 2,544,333	\$ 2,268,458
Interest	7,499,766	7,152,500	6,618,154	6,256,606	6,128,008
Difference between actual and expected experience	474,584	3,601,613	1,004,290	1,413,248	(1,414,643)
Assumption changes	1,253,560	1,170,550	-	(800,649)	1,459,437
Benefit payments	<u>(5,015,193)</u>	<u>(5,488,301)</u>	<u>(4,718,881)</u>	<u>(4,586,631)</u>	<u>(4,271,556)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	7,215,077	9,264,000	5,460,395	4,826,907	4,169,704
TOTAL PENSION LIABILITY - BEGINNING	<u>108,067,776</u>	<u>98,803,776</u>	<u>93,343,381</u>	<u>88,516,474</u>	<u>84,346,770</u>
TOTAL PENSION LIABILITY - ENDING	<u>115,282,853</u>	<u>108,067,776</u>	<u>98,803,776</u>	<u>93,343,381</u>	<u>88,516,474</u>
PLAN FIDUCIARY NET POSITION:					
Contributions - employer and state	4,058,368	3,578,118	3,222,009	3,123,011	2,990,419
Contributions - member	1,398,764	1,256,414	1,255,519	1,128,506	1,091,077
Net investment income (loss)	6,562,336	(8,917,934)	17,183,345	4,233,791	1,786,676
Benefit payments	(5,015,193)	(5,488,301)	(4,718,881)	(4,586,631)	(4,271,556)
Administrative expenses	<u>(149,793)</u>	<u>(166,412)</u>	<u>(151,355)</u>	<u>(156,635)</u>	<u>(147,624)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	6,854,482	(9,738,115)	16,790,637	3,742,042	1,448,992
PLAN FIDUCIARY NET POSITION - BEGINNING	<u>83,524,753</u>	<u>93,262,868</u>	<u>76,472,231</u>	<u>72,730,189</u>	<u>71,281,197</u>
PLAN FIDUCIARY NET POSITION - ENDING	<u>90,379,235</u>	<u>83,524,753</u>	<u>93,262,868</u>	<u>76,472,231</u>	<u>72,730,189</u>
NET PENSION LIABILITY - ENDING	<u>\$ 24,903,618</u>	<u>\$ 24,543,023</u>	<u>\$ 5,540,908</u>	<u>\$ 16,871,150</u>	<u>\$ 15,786,285</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY	78.40%	77.29%	94.39%	81.93%	82.17%
COVERED EMPLOYEE PAYROLL	\$ 11,776,526	\$ 11,286,934	\$ 10,233,255	\$ 10,306,308	\$ 9,421,667
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL	211.47%	217.45%	54.15%	163.70%	167.55%

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

CITY OF LAUDERHILL POLICE OFFICERS' RETIREMENT PLAN

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
TOTAL PENSION LIABILITY:					
Service cost	\$ 2,115,373	\$ 1,968,523	\$ 2,026,701	\$ 2,263,617	\$ 2,410,501
Interest	5,948,033	5,533,621	5,166,947	4,759,669	4,396,768
Difference between actual and expected experience	1,103,892	(414,452)	541,452	(357,156)	-
Assumption changes	1,377,890	781,572	230,889	783,793	-
Benefit payments	<u>(3,960,165)</u>	<u>(3,106,966)</u>	<u>(2,120,243)</u>	<u>(1,630,757)</u>	<u>(1,223,106)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	6,585,023	4,762,298	5,845,746	5,819,166	5,584,163
TOTAL PENSION LIABILITY - BEGINNING	<u>77,761,747</u>	<u>72,999,449</u>	<u>67,153,703</u>	<u>61,334,537</u>	<u>55,750,374</u>
TOTAL PENSION LIABILITY - ENDING	<u>84,346,770</u>	<u>77,761,747</u>	<u>72,999,449</u>	<u>67,153,703</u>	<u>61,334,537</u>
PLAN FIDUCIARY NET POSITION:					
Contributions - employer and state	2,938,028	2,720,815	2,724,191	2,831,755	2,872,191
Contributions - member	954,885	911,939	922,206	1,014,541	1,071,357
Net investment income	5,006,434	8,315,095	5,185,725	366,152	3,886,946
Benefit payments	(3,960,165)	(3,106,966)	(2,120,243)	(1,630,757)	(1,223,106)
Administrative expenses	<u>(141,321)</u>	<u>(141,295)</u>	<u>(156,372)</u>	<u>(154,489)</u>	<u>(127,535)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	4,797,861	8,699,588	6,555,507	2,427,202	6,479,853
PLAN FIDUCIARY NET POSITION - BEGINNING	<u>66,483,336</u>	<u>57,783,748</u>	<u>51,228,241</u>	<u>48,801,039</u>	<u>42,321,186</u>
PLAN FIDUCIARY NET POSITION - ENDING	<u>71,281,197</u>	<u>66,483,336</u>	<u>57,783,748</u>	<u>51,228,241</u>	<u>48,801,039</u>
NET PENSION LIABILITY - ENDING	<u>\$13,065,573</u>	<u>\$11,278,411</u>	<u>\$15,215,701</u>	<u>\$15,925,462</u>	<u>\$12,533,498</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY	84.51%	85.50%	79.16%	76.29%	79.57%
COVERED EMPLOYEE PAYROLL	\$ 8,751,336	\$ 8,091,698	\$ 8,479,879	\$ 9,712,011	\$ 9,671,315
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL	149.30%	139.38%	179.43%	163.98%	129.59%

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

**CITY OF LAUDERHILL POLICE OFFICERS'
RETIREMENT PLAN**

COMPLIANCE REPORT

SEPTEMBER 30, 2023



**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**

To the Board of Trustees of the
City of Lauderhill Police Officers’ Retirement Plan

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 Lauderhill Police Officers’ Retirement Plan, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Lauderhill Police Officers’ Retirement Plan’s basic financial statements, and have issued our report thereon dated February 14, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Lauderhill Police Officers’ Retirement Plan’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Lauderhill Police Officers’ Retirement Plan’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Lauderhill Police Officers’ Retirement 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 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 of Lauderhill Police Officers’ Retirement Plan’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the 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 14, 2024