

**CITY OF PLANTATION
POLICE OFFICERS' RETIREMENT FUND**

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023



CITY OF PLANTATION
POLICE OFFICERS' RETIREMENT FUND

YEAR ENDED SEPTEMBER 30, 2023

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-4
MANAGEMENT'S DISCUSSION AND ANALYSIS (Required Supplementary Information)	5-8
FINANCIAL STATEMENTS	
Statement of Fiduciary Net Position	9
Statement of Changes in Fiduciary Net Position	10
Notes to Financial Statements	11-24
SUPPLEMENTARY INFORMATION	
Schedules of Investment and Administrative Expenses	26
REQUIRED SUPPLEMENTARY INFORMATION	
Schedules of Contributions from Employer and Other Contributors	28
Schedule of Investment Returns	29
Schedules of Changes in the Employer's Net Pension Liability and Related Ratios	30-31
COMPLIANCE REPORT	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	33-34



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the City of Plantation
Police Officers' Retirement Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the City of Plantation Police Officers' Retirement Fund, 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 Plantation Police Officers' Retirement Fund 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 Plantation Police Officers' Retirement Fund 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 Plantation Police Officers' Retirement Fund'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 Plantation Police Officers' Retirement Fund'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 Plantation Police Officers' Retirement Fund'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.



INDEPENDENT AUDITOR'S REPORT (Continued)

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 28-31 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. 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 Plantation Police Officers' Retirement Fund'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

The financial statements of the City of Plantation Police Officers' Retirement Fund as of and for the year ended September 30, 2022, were audited by other auditors whose report dated January 24, 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 January 25, 2024, on our consideration of the City of Plantation Police Officers' Retirement Fund'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.



INDEPENDENT AUDITOR'S REPORT (Continued)

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

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 Plantation Police Officers' Retirement Fund'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 City of Plantation Police Officers' Retirement Fund's internal control over financial reporting and compliance.

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

Weston, Florida
January 25, 2024

CITY OF PLANTATION

POLICE OFFICERS' RETIREMENT FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report presents Management's Discussion and Analysis (MD&A) of the City of Plantation Police Officers' Retirement Fund's (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 is set forth in Chapter 18 of the Code of Ordinances for the City of Plantation, Florida. The Plan is amended from time to time. The most recent ordinance was Ordinance 2605. The Plan is also governed by certain provisions of Part VII, Chapter 112, 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 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 net position restricted for pensions was \$196,897,167, which was 7% higher than the 2022 total net position restricted for pensions, with the increase due primarily to improved market conditions.
- Total contributions for the year were \$8,749,447, which was 1% lower than the 2022 contributions. The amount of employer contributions varies from year to year and is actuarially determined. Participants make contributions to the Plan of 10% of compensation until retirement.
- Interest and dividend income were \$4,739,322, which was 2% higher than the 2022 income.
- Net investment income was \$16,214,594, which was 148% higher than the 2022 loss, with the increase due primarily to improved market conditions.
- Pension benefits paid were \$ 8,282,884, which was 9% higher than the pension benefits paid during 2022, with the increase due primarily to new retirees and COLA increases.

CITY OF PLANTATION POLICE OFFICERS' RETIREMENT FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 \$196,897,167, a 7% increase from the net position at September 30, 2022.
- Total investments at September 30, 2023 were \$196,602,196, a 7% 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	\$ 8,944	\$ 8,156	10%
Receivables	800,320	300,091	167%
Prepaid expense	21,655	895,166	(98%)
Investments, at fair value	196,602,196	183,718,301	7%
Total assets	197,433,115	184,921,714	7%
Accounts payable	230,073	181,636	27%
Accounts payable - purchase of investments	43,348	-	100%
Total liabilities	273,421	181,636	51%
Advanced contributions from employer	262,527	39,010	573%
Net position restricted for pensions	\$ 196,897,167	\$ 184,701,068	7%

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 fiduciary net position) for the Plan were \$24,964,041, which was comprised of total contributions of \$8,749,447, plus net investment income of \$16,214,594.
- Expenses (deductions from fiduciary net position) increased from \$11,983,904 during 2022 to \$12,767,942 during 2023.

CITY OF PLANTATION POLICE OFFICERS' RETIREMENT FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS

Statement of Changes in Fiduciary Net Position (Continued)

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	\$ 8,749,447	\$ 8,832,462	(1%)
Net investment income (loss)	16,214,594	(33,542,514)	148%
Other income	-	1,625	(100%)
Total additions	24,964,041	(24,708,427)	201%
Total deductions	12,767,942	11,983,904	7%
Net change	12,196,099	(36,692,331)	133%
Net position restricted for pensions – beginning	184,701,068	221,393,399	(17%)
Net position restricted for pensions – ending	\$ 196,897,167	\$ 184,701,068	7%

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 equity	40% - 50%	47%
International equity	7%-17%	10%
Fixed income	7%-30%	18%
Real estate funds	0%-15%	13%
Private equity	0%-15%	1%
Alternatives	0%-10%	3%
Cash and cash equivalents	0%-10%	8%

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. 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 August 17, 2023.

CITY OF PLANTATION POLICE OFFICERS' RETIREMENT FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS

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:

Plantation Police Plan Administrator
451 NW 70 Terrace
Plantation, Florida 33317

CITY OF PLANTATION
POLICE OFFICERS' RETIREMENT FUND

STATEMENT OF FIDUCIARY NET POSITION

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

	<u>2023</u>	<u>2022</u>
ASSETS		
CASH	\$ 8,944	\$ 8,156
RECEIVABLES:		
Employee contributions	44,074	-
Accrued investment income	251,859	300,091
Accounts receivable - sale of investments	504,387	-
TOTAL RECEIVABLES	<u>800,320</u>	<u>300,091</u>
PREPAID EXPENSE	<u>21,655</u>	<u>895,166</u>
INVESTMENTS, AT FAIR VALUE:		
Equity securities	112,143,457	106,351,917
Private equity funds	2,153,214	1,138,630
Private debt funds	1,083,474	-
Fixed income mutual fund	1,610,241	4,677,001
U.S. government securities	24,103,361	21,763,239
Corporate bonds	3,745,573	6,359,114
Real estate funds	25,915,510	30,150,364
Infrastructure fund	6,609,363	6,125,961
Hedge fund	4,480,154	4,527,759
Money market funds and cash equivalents	14,757,849	2,624,316
TOTAL INVESTMENTS, AT FAIR VALUE	<u>196,602,196</u>	<u>183,718,301</u>
TOTAL ASSETS	<u>197,433,115</u>	<u>184,921,714</u>
LIABILITIES		
ACCOUNTS PAYABLE	230,073	181,636
ACCOUNTS PAYABLE - PURCHASE OF INVESTMENTS	43,348	-
TOTAL LIABILITIES	<u>273,421</u>	<u>181,636</u>
DEFERRED INFLOWS		
ADVANCED CONTRIBUTIONS FROM EMPLOYER	<u>262,527</u>	<u>39,010</u>
NET POSITION RESTRICTED FOR PENSIONS		
NET POSITION RESTRICTED FOR DEFINED BENEFITS	167,628,532	157,470,780
NET POSITION RESTRICTED FOR DROP BENEFITS	29,268,635	27,230,288
TOTAL NET POSITION RESTRICTED FOR PENSIONS	<u>\$ 196,897,167</u>	<u>\$ 184,701,068</u>

CITY OF PLANTATION
POLICE OFFICERS' RETIREMENT FUND

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	\$ 6,343,572	\$ 6,712,187
Employee	1,247,839	1,185,756
Chapter 185	1,158,036	934,519
Total contributions	<u>8,749,447</u>	<u>8,832,462</u>
Investment income (loss):		
Net appreciation (depreciation) in fair value of investments	12,955,701	(36,653,156)
Interest and dividend income	4,739,322	4,644,946
Total investment income (loss)	17,695,023	(32,008,210)
Less: investment expenses	1,480,429	1,534,304
Net investment income (loss)	<u>16,214,594</u>	<u>(33,542,514)</u>
Other income	-	1,625
TOTAL ADDITIONS	<u>24,964,041</u>	<u>(24,708,427)</u>
DEDUCTIONS:		
Benefit payments - defined	8,282,884	7,587,842
Benefit payments - supplemental	1,055,446	983,603
DROP distributions	3,070,423	3,074,848
Contribution refunds	68,556	70,378
Administrative expenses	290,633	267,233
TOTAL DEDUCTIONS	<u>12,767,942</u>	<u>11,983,904</u>
NET CHANGE IN NET POSITION		
RESTRICTED FOR PENSIONS	12,196,099	(36,692,331)
NET POSITION RESTRICTED FOR PENSIONS - BEGINNING	<u>184,701,068</u>	<u>221,393,399</u>
NET POSITION RESTRICTED FOR PENSIONS - ENDING	<u>\$ 196,897,167</u>	<u>\$ 184,701,068</u>

CITY OF PLANTATION
POLICE OFFICERS' RETIREMENT FUND

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 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 subject the Plan to concentration of credit risk, as defined by GAAP, consist primarily of cash, contribution receivables, accrued investment income and receivables for the purchase of investments.

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 account 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, mutual funds, government securities, corporate bonds, real estate funds, hedge funds, infrastructure fund, private debt funds, private equity funds and money market funds, which inherent 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. Certain reclassifications have been made to the prior period to conform to the current period presentation.

CITY OF PLANTATION POLICE OFFICERS' RETIREMENT FUND

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023
(Continued)

NOTE 2. DESCRIPTION OF THE PLAN

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

General

The Plan is a single-employer defined benefit pension plan, established by the City of Plantation, Florida (the City), pursuant to Chapter 18 of the City Ordinance (the Ordinance), reflecting the provisions of Ordinance 2605 (as amended). 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 five trustees (the Board) comprised of two police officer participants of the Plan who are re-elected by a majority of the police officers who are participants of the Plan, two legal residents of the City appointed by the City Council, and a fifth person chosen by a majority of the previous four participants of the Board.

Plan Participation

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

Inactive Plan participants or beneficiaries	
currently receiving benefits	198
Active Plan participants	126
Terminated participant eligible for benefits	<u>1</u>
Total	<u><u>325</u></u>

Eligibility

All full-time police officers of the City are eligible for participation in the Plan. Tier 1 participants are those participants hired prior to January 1, 2010. Tier 2 participants are those participants hired on or after January 1, 2010. Additionally, participants are further divided into distinct groups based upon their status as of October 1, 2014 as follows:

- Group 1—Tier 2 participants with less than 10 years of service as of October 1, 2014.
- Group 2—Tier 1 participants with less than 10 years of service as of October 1, 2014.
- Group 3—Tier 1 participants with 10–16.99 years of service as of October 1, 2014.
- Group 4—Tier 1 participants with 17–19.99 years of service as of October 1, 2014.
- Group 5—Tier 1 participants with 20 or more years of service or age 55 with 10 years of service as of October 1, 2014.

CITY OF PLANTATION
POLICE OFFICERS' RETIREMENT FUND

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023
(Continued)

NOTE 2. DESCRIPTION OF THE PLAN (Continued)

Average Compensation

The average compensation shall include the average of the participant's highest years of earnings preceding the actual retirement, termination or death which produces the largest average:

- Group 1 – The average is calculated using five years.
- Groups 2, 3 and 4 – The average is calculated using five years but in no case will the average be less than the average monthly salary as of September 30, 2014.
- Group 5 – The average is calculated using three years.

Benefit Service

The benefit service or credited service is calculated based on completed years. It is used to determine the amount of benefit payable. Vacations and other paid leaves of absence are included.

Vesting Service

Vesting service is used to determine the normal retirement date, eligibility for certain benefits and to determine whether a participant is vested. Vesting service includes all years for which an employee contributed to the Plan or the City's General Employees Plan.

Normal Retirement Benefits

Normal Retirement Benefits – Group 1

Eligibility: A participant may retire on the first day of the month coincident with or next following the earlier of age 55 and 10 years of vesting service or 25 years of vesting service regardless of age.

Benefit: If the participant meets normal retirement eligibility the benefit is 3.0% of average compensation times benefit service. If the participant does not meet normal retirement eligibility the benefit is 3.0% of average compensation times benefit service for all service through October 1, 2014, and 2.75% of average compensation times benefit service for all service after. The maximum benefit is 75% of average compensation. Upon reaching normal retirement, a participant will also receive a supplemental annual benefit payable for the life of the retiree only, of \$50 for each full year of service. The service used for this calculation includes years of service while participating in the DROP plan. Additionally, a monthly supplemental benefit for eligible participants of \$1,000 for a period of up to 10 years from the date of retirement.

Normal Retirement Benefits – Group 2

Eligibility: A participant may retire on the first day of the month coincident with or next following the earlier of age 55 and 10 years of vesting service or 20 years of vesting service regardless of age.

Benefit: If the participant has 20 or more years of vesting service, the benefit is 3.5% of average compensation times benefit service per year of credited service for 17 years and 3.0% of average compensation times benefit service for all service after.

CITY OF PLANTATION
POLICE OFFICERS' RETIREMENT FUND

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

(Continued)

NOTE 2. DESCRIPTION OF THE PLAN (Continued)

Normal Retirement Benefits (Continued)

Normal Retirement Benefits – Group 2 (Continued)

If the participant has less than 20 years of vesting service, the benefit is 3.0% of average compensation times benefit service through October 1, 2014, and 2.75% of average compensation times benefit service for all service after. The maximum benefit is 75% of average compensation. Upon reaching normal retirement, a participant will also receive a supplemental annual benefit payable for the life of the retiree only, in the amount of \$ 50 for each full year of service. The service used for this calculation includes years of service while participating in the DROP plan. Additionally, a monthly supplemental benefit for eligible participants of \$ 1,000 for a period of up to 10 years from the date of retirement.

Normal Retirement Benefits – Group 3

Eligibility: For accruals based on service before October 1, 2014, a participant may retire on the first day of the month coincident with or next following the earlier of age 55 and 10 years of vesting service or 20 years of vesting service regardless of age. For accruals based on service after October 1, 2014, a participant may retire on the first day of the month coincident with or next following the earlier of age 52 and 10 years of vesting service or 25 years of vesting service regardless of age.

Benefit: If the participant has 20 or more years of benefit service, the benefit is 3.5% of average compensation times benefit service up to 17 years, and 3.0% of average compensation times benefit service for all service after. If the participant has less than 20 years of benefit service, the benefit is 3.0% of average compensation times benefit service through October 1, 2014, and 2.75% of average compensation times benefit service for all service after. The maximum benefit is 75% of average compensation. Upon reaching normal retirement, a participant will also receive a supplemental annual benefit payable for the life of the retiree only, of \$50 for each full year of service. The service used for this calculation includes years of service while participating in the DROP plan. Additionally, a monthly supplemental benefit for eligible participants of \$1,000 for a period of up to 10 years from the date of retirement.

Normal Retirement Benefits – Group 4

Eligibility: For accruals based on the first 20 years of service, a participant may retire on the first day of the month coincident with or next following the earlier of age 55 and 10 years of vesting service or 20 years of vesting service regardless of age. For accruals based on service greater than 20 years, a participant may retire on the first day of the month coincident with or next following the earlier of age 52 and 10 years of vesting service or 25 years of vesting service regardless of age.

Benefit: If the participant has 20 or more years of benefit service, the benefit is 3.5% of average compensation times benefit service up to 20 years, plus 3.0% of average compensation times benefit service for all service after. If a participant has less than 20 years of benefit service, the benefit is 3.0% of average compensation times benefit service through October 1, 2014, plus 2.75% of average compensation times benefit service for all service after. The maximum benefit is 75% of average compensation. Upon reaching normal retirement, a participant will also receive a supplemental annual benefit payable for the life of the retiree only, in the amount of \$ 50 for each full year of service. The service used for this calculation includes years of service while participating in the DROP plan. Additionally, a monthly supplemental benefit for eligible participants of \$ 1,000 for a period of up to 10 years from the date of retirement.

CITY OF PLANTATION
POLICE OFFICERS' RETIREMENT FUND

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

(Continued)

NOTE 2. DESCRIPTION OF THE PLAN (Continued)

Normal Retirement Benefits (Continued)

Normal Retirement Benefits – Group 5

Eligibility: A participant may retire on the first day of the month coincident with or next following the earlier of age 55 and 10 years of vesting service or 20 years of vesting service regardless of age.

Benefit: 3.0% of average compensation times benefit service if the participant has less than 20 years of benefit service. 3.5% of average compensation times benefit service if participant has 20 or more years of benefit service. The maximum benefit is 80% of average compensation. Upon reaching normal retirement, a participant will also receive a supplemental annual benefit payable for the life of the retiree only, in the amount of \$ 50 for each full year of service. The service used for this calculation includes years of service while participating in the DROP plan. Additionally, a supplemental monthly benefit of \$ 1,000 for a period of up to 10 years from the date of retirement.

Early Retirement

Date is the earlier of the date when participants reach age 45 and complete 15 years of vesting service, or age 50 with 10 years of vesting service. Participants may retire at any time following this date with reduced benefits.

Disability Benefits

Participants who become totally and permanently disabled as provided by the Plan, may be eligible for a disability benefit. The amount of benefit due to disability is 70% of monthly rate of basic pay at the time of disability offset by primary Social Security benefits until the participant reaches age 65.

For a disability incurred in the line of duty, participants are eligible for a benefit regardless of length of service. For disability that is not incurred in the line of duty, participants are eligible for a benefit if they have at least five years of credited service.

Death Benefits

Death benefits are also provided by the Plan.

Cost of Living Adjustment (COLA)

Cost of living adjustments are applied to retirement benefits as follows:

- Group 1 - There is no COLA applied to retirement benefits.
- Groups 2, 3 and 4 - An annual 1.5% COLA is only applicable to benefits accrued prior to October 1, 2014. Annual COLA payments commence seven years after retirement or DROP entry and will cease after 20 annual COLA payments.
- Group 5 - Annual 1.5% COLA payments commence five years after retirement or DROP entry and will cease after 20 annual COLA payments.

CITY OF PLANTATION
POLICE OFFICERS' RETIREMENT FUND

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023
(Continued)

NOTE 2. DESCRIPTION OF THE PLAN (Continued)

Deferred Retirement Option Plan (DROP)

Members who continue in employment past normal retirement date may either accrue larger pensions or freeze their accrued benefit and enter the DROP. Participants are eligible to enter the DROP when the normal retirement date is reached. Tier 1 participants with less than 10 years of service may enter DROP after 20 years of vesting service subject to a 3% reduction for each year that precedes the earlier of age 52 and 10 years of vesting service or 25 years of vesting service regardless of age. Participation in the DROP is voluntary. Under the provision of the DROP, employees discontinue participation in the Plan and an amount equal to their monthly pension payment is escrowed with the proportionate share of earnings until actual retirement, at which time the individual may elect payment in the entirety or payment options. The account is debited or credited each quarter at a rate equal to the actual net rate of investment return realized by the Plan for that quarter for the investment category chosen. Participants who were employed by the City prior to October 1, 2014 may participate for a maximum of seven years while participants who were employed by the City on or after October 1, 2014 may participate for a maximum of five 5 years.

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

Beginning balance	\$ 27,230,288
Additions	2,682,297
Distributions	(3,070,423)
Net earnings	<u>2,426,473</u>
Ending balance	<u>\$ 29,268,635</u>

Funding

All participants are required to contribute 10% of their annual compensation. Contributions cease upon retirement, death, employment termination or entry into the DROP. 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 to contribute such amounts as are necessary to maintain the actuarial soundness of the Plan and when combined with plan participant's contributions and contributions from the State of, will provide the Plan with assets sufficient to meet the benefits as they become payable.

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 8.60%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF PLANTATION

POLICE OFFICERS' RETIREMENT FUND

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

(Continued)

NOTE 3. INVESTMENTS

The Plan's policy regarding 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 August 17, 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 equity	40% - 50%
International equity	7%-17%
Fixed income	7%-30%
Real estate funds	0%-15%
Private equity	0%-15%
Alternatives	0%-10%
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 \$12,955,701, (reported as net appreciation in fair value of investments in the statement of changes in fiduciary net position) as follows:

Fixed mutual funds	\$ (3,151,367)
Common stocks	11,834,452
Government securities	(999,577)
Hedge fund	91
Private equity funds	345,123
Private debt funds	12,656
Infrastructure fund	572,392
Corporate bonds	(203,086)
Equity mutual funds	8,260,509
Real estate funds	(3,715,492)
Total	<u>\$ 12,955,701</u>

CITY OF PLANTATION

POLICE OFFICERS' RETIREMENT FUND

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

(Continued)

NOTE 3. INVESTMENTS (Continued)

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. The Plan's investments in government securities and corporate bonds 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>
U.S. Treasury notes	\$ 8,576,431	\$ -	\$ 8,576,431	\$ -
U.S. Treasury bonds	3,615,732	-	-	3,615,732
U.S. agencies	11,911,198	-	-	11,911,198
Corporate bonds	3,745,573	-	3,745,573	-
Fixed income mutual fund	1,610,241	513,691	488,946	607,604
Totals	<u>\$ 29,459,175</u>	<u>\$ 513,691</u>	<u>\$ 12,810,950</u>	<u>\$ 16,134,534</u>

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:

<u>Rating</u>	<u>Fair Value</u>
AAA	\$ 386,458
AA+	24,103,361
AA	181,796
A	77,775
A-	2,006,053
BBB+	1,739,519
BBB	409,806
BB	344,753
B	126,082
C	83,572
Total	<u>\$ 29,459,175</u>

"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 mutual fund represented more than 5% of the Plan's total investments: Vanguard Institutional Index Fund (5.5%). At September 30, 2023, investment in the following real estate fund represented more than 5% of the Plan's total investments: Principal Financial Group - US Property Separate Account (6.4%).

"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 investments to no more than 17% of the Plan's investment balance. As of September 30, 2023, the foreign investments were 10% of total investments.

CITY OF PLANTATION

POLICE OFFICERS' RETIREMENT FUND

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

(Continued)

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 3 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.

Mutual funds and infrastructure fund: Valued at the Net Asset Value of units held at the end of the period based upon the fair value of the underlying investments.

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.

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

Private equity and private debt funds: Valued based on the net asset 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.

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

CITY OF PLANTATION POLICE OFFICERS' RETIREMENT FUND

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

(Continued)

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:

	<u>Total</u>	Fair Value Measurements Using		
		<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	\$ 82,497,889	\$ 82,497,889	\$ -	\$ -
Equity mutual funds	<u>29,645,568</u>	<u>29,645,568</u>	<u>-</u>	<u>-</u>
Total equity securities	<u>112,143,457</u>	<u>112,143,457</u>	<u>-</u>	<u>-</u>
Debt securities:				
U.S. treasury securities	12,192,163	8,576,431	3,615,732	-
U.S. agency securities	11,911,198	-	11,911,198	-
Fixed income mutual fund	1,610,241	1,610,241	-	-
Corporate bonds	<u>3,745,573</u>	<u>-</u>	<u>3,745,573</u>	<u>-</u>
Total debt securities	<u>29,459,175</u>	<u>10,186,672</u>	<u>19,272,503</u>	<u>-</u>
Total investments by fair value level	<u>141,602,632</u>	<u>\$ 122,330,129</u>	<u>\$ 19,272,503</u>	<u>\$ -</u>
<u>Investments measured at the net asset value (NAV)^(a)</u>				
Real estate funds	25,915,510			
Private debt funds	1,083,474			
Hedge fund	4,480,154			
Infrastructure fund	6,609,363			
Private equity	<u>2,153,214</u>			
Total investments measured at the NAV	<u>40,241,715</u>			
Money market funds (exempt)	<u>14,757,849</u>			
Total investments	<u>\$ 196,602,196</u>			

(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 presented are intended to permit reconciliation of the fair value hierarchy to the total investment line item in the statement of fiduciary net position.

CITY OF PLANTATION

POLICE OFFICERS' RETIREMENT FUND

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

(Continued)

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.

<u>Investments Measured at the NAV</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption</u>	
			<u>Frequency (if Currently Eligible)</u>	<u>Redemption Notice Period</u>
Real estate fund ⁽¹⁾	\$ 12,574,775	\$ -	Daily	7 days
Real estate fund ⁽²⁾	2,064,166	-	N/A	N/A
Real estate fund ⁽³⁾	1,001,475	1,520,478	N/A	N/A
Real estate fund ⁽⁴⁾	690,083	1,290,922	N/A	N/A
Real estate fund ⁽⁵⁾	9,585,011	-	N/A	N/A
Hedge fund ⁽⁶⁾	4,480,154	-	Quarterly	90 days
Private debt fund ⁽⁷⁾	152,729	182,930	N/A	N/A
Private debt fund ⁽⁸⁾	930,745	2,100,323	N/A	N/A
Private equity funds ⁽⁹⁾	1,343,494	853,695	N/A	N/A
Private equity fund ⁽¹⁰⁾	581,742	1,620,000	N/A	N/A
Private equity fund ⁽¹¹⁾	163,833	1,800,000	N/A	N/A
Private equity fund ⁽¹²⁾	64,145	1,935,937	N/A	N/A
Infrastructure fund ⁽¹³⁾	<u>6,609,363</u>	<u>-</u>	Quarterly	90 days
Total investments measured at the NAV	<u>\$ 40,241,715</u>	<u>\$ 11,304,285</u>		

- (1) Real estate fund: This fund is an open-end, commingled private real estate fund consisting primarily of high quality, well-leased real estate properties in multifamily, industrial, office, retail and hotel sectors throughout the United States. The investment is valued at NAV and redemption requests must be received by the fund 24 hours prior to the effective date of the redemption.
- (2) Real estate fund This Partnership is engaged in the acquisition and resale of value-added investments in real estate and real estate-backed assets with a focus on opportunities in the Southeast, Southwest, Mid East, and Mountain regions of the United States of America. The investment is valued at NAV and no redemptions are allowed.
- (3) Real estate fund: This fund was formed in 2020 to invest through subsidiary entities in the acquisition or lease of real estate development sites located in the State of Florida to construct, develop and finance multifamily and mixed-used real estate and make available for lease upon future completion. The investment is valued at NAV and no redemptions are allowed.

CITY OF PLANTATION

POLICE OFFICERS' RETIREMENT FUND

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

(Continued)

NOTE 4. FAIR VALUE MEASUREMENTS (Continued)

- (4) Real estate fund: This fund will underwrite a target in excess of 20% gross returns and high teens net returns using conservative leverage. A combination of thematic & special situations investing allows across economic cycles with the flexibility to invest across three investment types: properties, companies and loans and securities. The investment is valued at NAV and no redemptions are allowed.
- (5) Real estate fund: This fund is an open-end private equity making core real estate investments of retail, industrial, and multi-family properties within the United States. The investment is valued at NAV and no redemptions are allowed.
- (6) 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.
- (7) Private debt fund: This fund seeks high current income while focusing on preservation of capital through investment primarily in senior secured loans of private U.S. lower-middle-market companies. The investment is valued at NAV and no redemptions are allowed.
- (8) Private debt fund: This fund targets middle market investments spanning senior secured first lien loans, second lien loans, mezzanine debt, and associated equity co-investments. The investment is valued at NAV and no redemptions are allowed.
- (9) Private equity funds: These partnerships invest in top performing buyout funds in North America diversified by investment size sector focus, and vintage year. The investments are valued at NAV and no redemptions are currently allowed.
- (10) Private equity fund: This fund will focus on transactions at the small end of the private equity secondary market. The investments are valued at NAV and no redemptions are currently allowed.
- (11) Private equity fund: This fund will focus on private equity partnerships, co-investments and secondary investments. The fund has a target portfolio exposure of 80% leveraged buyout, 10% venture capital, and 10% private credit transactions at the small end of the private equity secondary market. The investments are valued at NAV and no redemptions are currently allowed.
- (12) Private equity fund: This Partnership's investment objective is to invest in highly attractive, select investment opportunities by maintaining investments through private investment entities and/or separately managed accounts with investment management professionals specializing in various alternative investment strategies. The investments are valued at NAV and no redemptions are currently allowed.
- (13) Infrastructure fund: This fund targets investing in the global markets of commercial transportation, commercial services, infrastructure, and industrial sectors and invests between USD 750 million and USD 2 billion per transaction. The fund follows transportation and waste and water management asset class. The investment is valued at NAV and redemption requests must be received by the fund 90 days prior to quarter end.

CITY OF PLANTATION
POLICE OFFICERS' RETIREMENT FUND

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

(Continued)

NOTE 5. NET PENSION LIABILITY

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

Total pension liability	\$ 244,720,502
Plan fiduciary net position	<u>196,897,167</u>
City's net pension liability	<u>\$ 47,823,335</u>
Plan fiduciary net position as a percentage of the total pension liability	80.46%

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: 6.75% for the investment rate of return, 4.4% to 24.0% for projected salary increases, and 2.5% for inflation.

The rates of mortality were the same versions of Pub-2010 Headcount-Weighted Mortality Tables as used by the Florida Retirement System (FRS) in their July 1, 2021 actuarial valuation (with mortality improvements projected to all future years after 2010 using Scale MP-2018). Florida Statutes Chapter 112.63(1)(f) mandates the use of mortality tables from one of the two most recently published FRS actuarial valuation reports.

The long-term expected rate of return on Plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as 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:

<u>Asset class</u>	<u>Long-term expected real rate of return</u>	<u>Target Policy</u>
Domestic equity	7.5%	45.0%
International equity	8.5%	12.0%
Domestic bonds	2.5%	23.0%
International bonds	3.5%	0.0%
Real estate	4.5%	10.0%
Alternative assets	6.0%	10.0%

CITY OF PLANTATION
POLICE OFFICERS' RETIREMENT FUND

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023
(Continued)

NOTE 5. NET PENSION LIABILITY (Continued)

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed the City would contribute the actuarially determined contribution. 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 was calculated using the discount rate of 6.75%. It was also calculated using a discount rate that was 1-percentage-point lower (5.75%) and 1-percentage-point higher (7.75%) and the different computations were compared.

	1% decrease	Current discount rate	1% increase
	<u>(5.75%)</u>	<u>(6.75%)</u>	<u>(7.75%)</u>
Net pension liability	\$ 72,690,479	\$ 47,823,335	\$ 27,097,422

NOTE 6. 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 7. 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.

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 8. SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 25, 2024, the date the financial statements were available to be issued.

CITY OF PLANTATION
POLICE OFFICERS' RETIREMENT FUND

SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2023

CITY OF PLANTATION
POLICE OFFICERS' RETIREMENT FUND

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 expense	\$ 1,322,614	\$ 1,424,133
Custodial fee	61,065	23,671
Investment consultant fee	<u>96,750</u>	<u>86,500</u>
TOTAL INVESTMENT EXPENSES	<u>\$ 1,480,429</u>	<u>\$ 1,534,304</u>
 ADMINISTRATIVE EXPENSES:		
Accounting	\$ 28,900	\$ 28,400
Actuarial	84,045	73,001
Conferences	14,538	23,762
Insurance	12,982	13,861
Legal	41,745	48,847
Miscellaneous	8,749	8,403
Payroll and payroll taxes	<u>99,674</u>	<u>70,959</u>
TOTAL ADMINISTRATIVE EXPENSES	<u>\$ 290,633</u>	<u>\$ 267,233</u>

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

CITY OF PLANTATION
POLICE OFFICERS' RETIREMENT FUND

REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2023

CITY OF PLANTATION POLICE OFFICERS' RETIREMENT FUND

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	\$ 7,501,608	\$ 7,646,706	\$ 7,702,630	\$ 7,657,777	\$ 6,560,016
Actual employer contribution	<u>7,501,608</u>	<u>7,646,706</u>	<u>7,702,630</u>	<u>7,657,777</u>	<u>6,560,016</u>
Annual contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	<u>\$ 11,928,790</u>	<u>\$ 11,851,930</u>	<u>\$ 11,905,120</u>	<u>\$ 10,816,963</u>	<u>\$ 10,139,420</u>
Actual contributions as a percentage of covered-employee payroll	62.89%	64.52%	64.70%	70.79%	64.70%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined employer contribution	\$ 6,449,495	\$ 6,894,091	\$ 6,939,748	\$ 6,910,444	\$ 7,627,566
Actual employer contribution	<u>6,449,495</u>	<u>6,902,218</u>	<u>6,939,748</u>	<u>6,910,444</u>	<u>7,627,566</u>
Annual contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (8,127)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	<u>\$ 9,770,304</u>	<u>\$ 9,355,012</u>	<u>\$ 9,656,131</u>	<u>\$ 8,949,617</u>	<u>\$ 9,339,051</u>
Actual contributions as a percentage of covered-employee payroll	66.01%	73.78%	71.87%	77.21%	81.67%

Notes to Schedules of Contributions from Employer and Other Contributors

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Asset valuation method	5 - year smoothed market
Salary increases	4.4% - 24.0%, including inflation, based on service
Investment rate of return	6.75%
Mortality	The same versions of Pub-2010 Headcount-Weighted Mortality Tables as used by the Florida Retirement Systems (FRS) in their July1, 2020 actuarial valuation (with mortality improvements projected to all future years after 2010 using Scale MP-2018). Florida Statutes Chapter 112.63(1)(f) mandates the use of mortality tables from one of the two most recently published FRS actuarial valuation reports.

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

CITY OF PLANTATION
POLICE OFFICERS' RETIREMENT FUND

SCHEDULE OF INVESTMENT RETURNS
(UNAUDITED)

Year ended <u>September 30,</u>	Annual money- weighted rate of return net of investment <u>expense</u>
2023	8.60%
2022	(15.19%)
2021	25.11%
2020	7.78%
2019	4.32%
2018	9.87%
2017	13.17%
2016	11.69%
2015	(2.20%)
2014	7.69%

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

CITY OF PLANTATION

POLICE OFFICERS' RETIREMENT FUND

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	\$ 3,998,345	\$ 3,864,933	\$ 3,923,904	\$ 3,568,663	\$ 3,074,273
Interest	16,294,233	15,224,497	14,780,574	14,625,698	13,486,029
Changes of benefit terms	-	5,391,716	-	-	10,238,899
Difference between actual and expected experience	(6,731,126)	3,330,373	603,418	1,280,381	1,294,308
Changes in assumptions	-	-	1,057,785	(3,102,099)	967,074
Benefit payments	(12,477,309)	(11,716,671)	(12,523,305)	(13,237,355)	(9,744,310)
Other (increase in State reserve)	-	-	-	-	-
NET CHANGE IN TOTAL PENSION LIABILITY	<u>1,084,143</u>	<u>16,094,848</u>	<u>7,842,376</u>	<u>3,135,288</u>	<u>19,316,273</u>
TOTAL PENSION LIABILITY - BEGINNING	<u>243,636,359</u>	<u>227,541,511</u>	<u>219,699,135</u>	<u>216,563,847</u>	<u>197,247,574</u>
TOTAL PENSION LIABILITY - ENDING	<u>244,720,502</u>	<u>243,636,359</u>	<u>227,541,511</u>	<u>219,699,135</u>	<u>216,563,847</u>
PLAN FIDUCIARY NET POSITION:					
Contributions - member, including buyback	1,247,839	1,185,756	1,020,972	1,009,742	934,674
Contributions - city and state	7,501,608	7,646,706	7,702,630	7,657,777	6,560,016
Net investment income (loss)	16,214,594	(33,540,889)	45,508,872	13,526,326	7,408,413
Benefit payments	(12,477,309)	(11,716,671)	(12,523,305)	(13,237,355)	(9,744,310)
Administrative expenses	(290,633)	(267,233)	(282,996)	(213,197)	(226,616)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	<u>12,196,099</u>	<u>(36,692,331)</u>	<u>41,426,173</u>	<u>8,743,293</u>	<u>4,932,177</u>
PLAN FIDUCIARY NET POSITION - BEGINNING	<u>184,701,068</u>	<u>221,393,399</u>	<u>179,967,226</u>	<u>171,223,933</u>	<u>166,291,756</u>
PLAN FIDUCIARY NET POSITION - ENDING	<u>196,897,167</u>	<u>184,701,068</u>	<u>221,393,399</u>	<u>179,967,226</u>	<u>171,223,933</u>
NET PENSION LIABILITY - ENDING	<u>\$ 47,823,335</u>	<u>\$ 58,935,291</u>	<u>\$ 6,148,112</u>	<u>\$ 39,731,909</u>	<u>\$ 45,339,914</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY COVERED EMPLOYEE PAYROLL	80.46%	75.81%	97.30%	81.92%	79.06%
	11,928,790	11,851,930	11,905,120	10,816,963	10,139,420
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL	400.91%	497.26%	51.64%	367.31%	447.16%

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

CITY OF PLANTATION

POLICE OFFICERS' RETIREMENT FUND

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	\$ 2,973,682	\$ 2,953,358	\$ 3,084,847	\$ 2,981,771	\$ 3,450,673
Interest	12,864,078	12,556,108	11,952,044	11,963,143	11,440,209
Changes of benefit terms	-	-	-	(6,934,786)	-
Difference between actual and expected experience	2,235,073	(267,929)	1,587,630	(935,569)	62,656
Changes in assumptions	935,084	(1,978,523)	-	864,537	-
Benefit payments	(7,762,610)	(7,360,707)	(8,004,585)	(6,128,139)	(8,212,520)
Other (increase in State reserve)	-	-	(180,907)	77,708	66,707
NET CHANGE IN TOTAL PENSION LIABILITY	<u>11,245,307</u>	<u>5,902,307</u>	<u>8,439,029</u>	<u>1,888,665</u>	<u>6,807,725</u>
TOTAL PENSION LIABILITY - BEGINNING	<u>186,002,267</u>	<u>180,099,960</u>	<u>171,660,931</u>	<u>169,772,266</u>	<u>162,964,541</u>
TOTAL PENSION LIABILITY - ENDING	<u>197,247,574</u>	<u>186,002,267</u>	<u>180,099,960</u>	<u>171,660,931</u>	<u>169,772,266</u>
PLAN FIDUCIARY NET POSITION:					
Contributions - member, including buyback	871,611	861,371	875,249	833,532	874,712
Contributions - city and state	6,449,495	6,902,218	6,758,841	6,988,152	7,694,273
Net investment income	15,296,284	18,088,960	14,081,428	(2,413,158)	9,306,160
Benefit payments	(7,762,610)	(7,360,707)	(8,004,585)	(6,128,139)	(8,212,520)
Administrative expenses	(207,062)	(180,750)	(227,065)	(224,150)	(207,024)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	<u>14,647,718</u>	<u>18,311,092</u>	<u>13,483,868</u>	<u>(943,763)</u>	<u>9,455,601</u>
PLAN FIDUCIARY NET POSITION - BEGINNING	<u>151,644,038</u>	<u>133,332,946</u>	<u>119,849,078</u>	<u>120,792,841</u>	<u>111,337,240</u>
PLAN FIDUCIARY NET POSITION - ENDING	<u>166,291,756</u>	<u>151,644,038</u>	<u>133,332,946</u>	<u>119,849,078</u>	<u>120,792,841</u>
NET PENSION LIABILITY - ENDING	<u>\$ 30,955,818</u>	<u>\$ 34,358,229</u>	<u>\$ 46,767,014</u>	<u>\$ 51,811,853</u>	<u>\$ 48,979,425</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY	84.31%	81.53%	74.03%	69.82%	71.15%
COVERED EMPLOYEE PAYROLL	9,770,304	9,355,012	9,656,131	8,949,617	9,339,051
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL	316.84%	367.27%	484.32%	578.93%	524.46%

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

CITY OF PLANTATION
POLICE OFFICERS' RETIREMENT FUND

COMPLIANCE REPORT

YEAR ENDED 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 Plantation
Police Officers’ Retirement Fund

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 Plantation Police Officers’ Retirement Fund, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Plantation Police Officers’ Retirement Fund’s basic financial statements, and have issued our report thereon dated January 25, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Plantation Police Officers’ Retirement Fund’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 Plantation Police Officers’ Retirement Fund’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Plantation Police Officers’ Retirement Fund’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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Plantation Police Officers’ Retirement Fund’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*.



**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)**

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
January 25, 2024