

CITY OF DANIA BEACH
POLICE AND FIREFIGHTERS RETIREMENT SYSTEM

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

CITY OF DANIA BEACH
POLICE AND FIREFIGHTERS RETIREMENT SYSTEM

YEAR ENDED SEPTEMBER 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the
City of Dania Beach Police and Firefighters Retirement System

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Dania Beach Police and Firefighters Retirement System, which comprise the statement of fiduciary net position as of September 30, 2020, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the City of Dania Beach Police and Firefighters Retirement System as of September 30, 2020, 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.



INDEPENDENT AUDITOR'S REPORT (Continued)

Other Matters

Prior Year Comparative Information

We have previously audited the City of Dania Beach Police and Firefighters Retirement System's 2019 financial statements, and our report dated January 28, 2020, 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, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-7 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 26-30 be presented to supplement the basic financial statements. Such information, 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.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of administrative expenses is presented for purposes of additional analysis and is 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. Such 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 audited 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.



INDEPENDENT AUDITOR'S REPORT (Continued)

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 25, 2021, on our consideration of the City of Dania Beach Police and Firefighters Retirement System'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 Dania Beach Police and Firefighters Retirement System'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 Dania Beach Police and Firefighters Retirement System's internal control over financial reporting and compliance.

KABAT, SCHERTZER, DE LA TORRE, TARABOULOS & Co.
Weston, Florida
January 25, 2021

CITY OF DANIA BEACH

POLICE AND FIREFIGHTERS RETIREMENT SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report presents Management's Discussion and Analysis of the City of Dania Beach Police and Firefighters Retirement System's (the Plan) financial performance. This analysis provides an overview of the financial activities and funding conditions for fiscal year ended September 30, 2020. Please read it in conjunction with the Plan financial statements, which immediately follow.

General Overview of the Plan

The Plan was first established on March 1, 1977 and later amended to provide retirement, disability and death benefits for all full-time firefighters of the City of Dania Beach, Florida (the City), and those police officers who elected to remain in the Plan prior to the transfer of the Police Department to the Broward Sheriff's Office. It is defined in Chapter 18 of the Code of Ordinances of the City, which is amended from time to time. The Plan is also governed by certain provisions of Part VII, Chapter 112, Chapter 175 and Chapter 185 of the Florida Statutes. There is a board of trustees (the Board) in whom the general administration, management and responsibility for the proper operation of the system is vested.

Overview of the Financial Statements

The financial section of this annual report consists of five parts: Management's Discussion and Analysis, 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 statements 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 2020 reflected the following financial activities:

- Total fiduciary net position was \$71,133,752, which was 13% greater than the 2019 total fiduciary net position.
- Total contributions were \$8,301,531, which was 6% lower than the 2019 contributions.
- Total interest and dividend earnings were \$1,586,642, which was 9% greater than the 2019 earnings.

CITY OF DANIA BEACH

POLICE AND FIREFIGHTERS RETIREMENT SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Financial Highlights (Continued)

- Net investment income was \$4,935,894, which was 140% greater than the 2019 income.
- Benefits paid were \$4,671,185, which was 9% greater than 2019 benefits paid.
- Firefighter member contributions were 24.6% of compensation. There were no active police officers in the Plan.

Statement of Fiduciary Net Position

The following condensed comparative statement of fiduciary net position is a snap shot 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, 2020 was \$71,133,752, a 13% increase from fiduciary net position at September 30, 2019.
- Total investments at September 30, 2020 were \$68,146,234, a 11% increase from the investments at September 30, 2019.

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

	2020	2019	% Change
Cash	\$ 9,788	\$ 6,179	58%
Receivables	3,064,800	1,447,666	112%
Investments, at fair value	68,146,234	61,320,513	11%
Other assets	-	162	(100%)
Total assets	71,220,822	62,774,520	13%
Total liabilities	87,070	33,619	159%
Net position restricted for pensions	\$ 71,133,752	\$ 62,740,901	13%

Statement of Changes in Fiduciary Net Position

The statement of changes in fiduciary net position presents the effect of pension 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 pension benefits.

CITY OF DANIA BEACH

POLICE AND FIREFIGHTERS RETIREMENT SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Statement of Changes in Fiduciary Net Position (Continued)

- Revenues (additions to the fiduciary net position) for the Plan were \$13,242,937, which was made up of total contributions of \$8,301,531 plus net investment income of \$4,935,894 and other income of \$5,512.
- Expenses (deductions from the fiduciary net position) increased from \$4,472,994 during 2019 to \$4,850,086 during 2020.

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

	2020	2019	% Change
Total contributions	\$ 8,301,531	\$ 8,789,437	(6%)
Net investment income	4,935,894	2,059,912	140%
Other income	5,512	7,656	(28%)
Total additions	13,242,937	10,857,005	22%
Total deductions	4,850,086	4,472,994	8%
Net increase	8,392,851	6,384,011	31%
Net position restricted for pensions - beginning	62,740,901	56,356,890	11%
Net position restricted for pensions - ending	\$ 71,133,752	\$ 62,740,901	13%

Asset Allocation

The table below indicates the Plan investment policy limitations and actual asset allocations as of September 30, 2020:

Type of Investment	Investment policy	Actual Allocation
Large Cap Equity	15%-45%	32%
Mid Cap Equity	7%-13%	11%
Small Cap Equity	7%-13%	10%
Developed Markets Equity	0%-18%	10%
Emerging Markets Equity	0%-7%	4%
Real estate	0%-20%	14%
Fixed income	15%-30%	18%
Cash and cash equivalents	minimum	1%

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 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 long-term investment perspective.

CITY OF DANIA BEACH
POLICE AND FIREFIGHTERS RETIREMENT SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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 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 during November 2017.

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, 2020, 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 of Trustees, 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 City of Dania Beach Police and Firefighters Retirement System: Attn: Cathy David, Administrator, 111 SW 1st Street, Dania Beach, FL 33004.

CITY OF DANIA BEACH
POLICE AND FIREFIGHTERS RETIREMENT SYSTEM

STATEMENT OF FIDUCIARY NET POSITION

SEPTEMBER 30, 2020
(WITH COMPARATIVE TOTALS AS OF SEPTEMBER 30, 2019)

	<u>2020</u>	<u>2019</u>
ASSETS		
CASH	\$ 9,788	\$ 6,179
RECEIVABLES:		
State contributions	463,157	429,236
Accrued investment income	99,099	105,195
Notes receivable from participants	927,487	913,235
Employer contributions	1,575,057	-
TOTAL RECEIVABLES	<u>3,064,800</u>	<u>1,447,666</u>
INVESTMENTS, AT FAIR VALUE:		
Equity securities	40,937,996	38,072,386
Government securities	10,062,428	8,658,124
Real estate funds	9,323,549	8,472,260
Commingled trust fund	4,003,531	-
Corporate bonds	2,269,620	3,206,033
Money market funds	1,549,110	2,911,710
TOTAL INVESTMENTS, AT FAIR VALUE	<u>68,146,234</u>	<u>61,320,513</u>
OTHER ASSETS	<u>-</u>	<u>162</u>
TOTAL ASSETS	<u>71,220,822</u>	<u>62,774,520</u>
LIABILITIES		
ACCOUNTS PAYABLE	65,191	33,619
ACCOUNTS PAYABLE - PURCHASE OF INVESTMENTS	<u>21,879</u>	<u>-</u>
TOTAL LIABILITIES	<u>87,070</u>	<u>33,619</u>
NET POSITION RESTRICTED FOR PENSIONS		
NET POSITION RESTRICTED FOR DEFINED BENEFITS	69,495,942	61,668,693
NET POSITION RESTRICTED FOR DROP BENEFITS	<u>1,637,810</u>	<u>1,072,208</u>
TOTAL NET POSITION RESTRICTED FOR PENSIONS	<u>\$ 71,133,752</u>	<u>\$ 62,740,901</u>

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

CITY OF DANIA BEACH
POLICE AND FIREFIGHTERS RETIREMENT SYSTEM

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED SEPTEMBER 30, 2020
(WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2019)

	<u>2020</u>	<u>2019</u>
ADDITIONS:		
Contributions:		
Employer	\$ 6,798,153	\$ 6,736,911
Buybacks	646,048	1,210,895
State Chapters 175 and 185	463,157	429,236
Employee	<u>394,173</u>	<u>412,395</u>
Total contributions	<u>8,301,531</u>	<u>8,789,437</u>
Investment income:		
Net appreciation in fair value of investments	3,677,329	849,450
Interest and dividend income	<u>1,586,642</u>	<u>1,450,934</u>
Total investment income	5,263,971	2,300,384
Less: investment expenses	<u>328,077</u>	<u>240,472</u>
Net investment income	<u>4,935,894</u>	<u>2,059,912</u>
Other income	<u>5,512</u>	<u>7,656</u>
TOTAL ADDITIONS	<u>13,242,937</u>	<u>10,857,005</u>
DEDUCTIONS:		
Service retirement benefits	2,932,564	2,762,059
DROP benefits	987,465	821,399
Disability retirement benefits	351,205	338,744
Insurance subsidy - police	224,370	182,161
Beneficiary payment benefits	162,661	164,578
Insurance subsidy - fire	12,920	22,568
Administrative expenses	<u>178,901</u>	<u>181,485</u>
TOTAL DEDUCTIONS	<u>4,850,086</u>	<u>4,472,994</u>
NET INCREASE IN NET POSITION		
RESTRICTED FOR PENSIONS	8,392,851	6,384,011
NET POSITION RESTRICTED FOR		
PENSIONS - BEGINNING	<u>62,740,901</u>	<u>56,356,890</u>
NET POSITION RESTRICTED FOR		
PENSIONS - ENDING	<u>\$ 71,133,752</u>	<u>\$ 62,740,901</u>

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

CITY OF DANIA BEACH
POLICE AND FIREFIGHTERS RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

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).

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 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 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 cash, contribution receivables and related income.

The Plan maintains its cash deposits at a financial institution which, from time to time, may exceed federally insured limits. The exposure of the Plan from these transactions is solely dependent upon the daily account balance and the financial strength of the respective institution. The Plan manages this risk by maintaining its deposit accounts at a high quality financial institution. As of September 30, 2020, the Plan had no deposits in excess of federally insured limits.

The Plan's investments consist of common stocks, government securities, corporate bonds, real estate funds, mutual funds, commingled trust fund 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 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, 2019, from which the information was derived.

CITY OF DANIA BEACH
POLICE AND FIREFIGHTERS RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020
(Continued)

NOTE 2. DESCRIPTION OF THE PLAN

The following description of the City of Dania Beach Police and Firefighters Retirement System (the Plan) provides only general information. Participants should refer to the Plan document and City ordinance 18-40, as amended, for more detailed and comprehensive information.

General

The Plan is a single-employer defined benefit retirement plan covering all eligible firefighters and certain police officers that were formerly employees of the City.

Management of the Plan is vested in the Board, which consists of nine (9) persons as follows: Four (4) legal residents of the city appointed by the city commission; two (2) active firefighters, or firefighters who are in the Deferred Retirement Option Plan (DROP), elected by a majority of the firefighters who are members of the system, or a retired member when active firefighter membership falls below ten (10), elected by a majority of the firefighters, active or retired who are members of the system, as hereinafter provided; two (2) police officers, or police officers who are in the DROP, elected by a majority of the police officers who are members of the system or retired members when active police officer membership falls below ten (10), elected by a majority of the police officers, active or retired who are members of the system and a ninth person chosen by a majority of the previous eight (8) members of the board of trustees.

Plan Membership

At September 30, 2020, Plan membership consisted of the following:

Retirees and beneficiaries	64
Fully vested, partially vested and non-vested active employees covered by the Plan	<u>24</u>
	<u>88</u>

Eligibility

Eligible for the Plan are the firefighters of the City and certain police officers that were formerly employed by the City but are now employed by the Broward County Sheriff's Office. As of October 1, 1988, the police officers of the City became employees of the Broward County Sheriff's Office pursuant to a service agreement dated August 30, 1988 between the City and the Sheriff of Broward County. As of January 29, 2011, the firefighters of the City also became employees of the Broward County Sheriff's Office. The Plan became closed to new participants at that time.

Benefits

➤ ***Normal Retirement Benefit***

Normal retirement – Police officers who have attained fifty-five years of age and completed ten years of continuous service and firefighters who have attained age 55 and completed 8 years of continuous service may retire with normal retirement benefits. Either firefighters or police officers that have completed twenty-five years of continuous service, regardless of age, may retire with normal retirement benefits.

CITY OF DANIA BEACH
POLICE AND FIREFIGHTERS RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020
(Continued)

NOTE 2. DESCRIPTION OF THE PLAN (Continued)

➤ ***Normal Retirement Benefit*** (Continued)

The monthly retirement benefit for firefighter members retiring before October 1, 1989, and for police officers who retire before October 1, 1991, shall equal 2.5% of average monthly earnings for each of the first thirty years of continuous service and 2% of average monthly earnings for each year of continuous service in excess of thirty-seven and one-half years, subject to a maximum of 100% of average monthly earnings. Average monthly earnings is defined as one twenty-fourth of the arithmetic average of earnings for the highest consecutive twenty-four month period preceding the member's date of termination.

The monthly retirement benefit for firefighter members retiring after October 1, 1989, and for police officers who retire after October 1, 1991, shall equal 3% of average monthly earnings for each of the first twenty-five years of continuous service and 2% of average monthly earnings for each year of continuous service in excess of thirty-seven and one-half years, subject to a maximum of 100% of average monthly earnings. The monthly retirement benefit for firefighter members retiring on or after January 1, 1999, shall equal 3% of average monthly earnings for each of the first fifteen years of continuous service and 4% of average monthly earnings for each of the next ten years of continuous service and 2% of average monthly earnings for each year of continuous service in excess of thirty-seven and one-half years, subject to a maximum of 100% of average monthly earnings.

➤ ***Early Retirement Benefit***

Early retirement – Early retirement date shall be when a member completes twenty years of continuous service or both attains fifty years of age and completes eight years of continuous service. A member retiring on or after his early retirement date but before his normal retirement date shall receive their normal retirement benefits actuarially reduced to take into account the member's younger age and the earlier commencement of retirement income payments, but not by more than 3% for each year the retiree is younger than the normal retirement age.

➤ ***Disability Retirement***

Any member who receives a service-connected injury, disease or disability, which injury, disease or disability permanently incapacitates the member, physically or mentally from the member's regular and continuous duties as a firefighter or police officer shall receive a monthly disability benefit equal to the greater of the member's accrued retirement benefit or 68% of the member's average monthly earnings in effect as of the date of disability for a disabled firefighter and the greater of the member's accrued retirement benefit or 60% of the member's average monthly earnings in effect as of the date of disability for a disabled police officer.

CITY OF DANIA BEACH
POLICE AND FIREFIGHTERS RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020
(Continued)

NOTE 2. DESCRIPTION OF THE PLAN (Continued)

➤ ***Disability Retirement*** (Continued)

The disability shall be paid until recovery from disability or if the member does not recover, death. Any member with one year of continuous service who receives a non-service connected injury, disease or disability, and which injury, disease or disability permanently incapacitates him physically or mentally from gainful employment shall receive in equal monthly installments a benefit of not less than the members accrued retirement benefit or 25% of their average monthly earnings as follows:

With less than 2 years	40%
With less than 3 years	45%
With less than 4 years	50%
With less than 5 years	55%
With 5 or more years	60%

These non-service incurred benefits are payable only until recovery as determined by the board or ten years certain and death thereafter for firefighter members or death for police officers.

➤ ***Pre-Retirement Death***

A death benefit of the benefits otherwise payable at early or normal retirement but not less than 40% of average monthly earnings is payable to the member's designated beneficiary if a member dies in the performance of services. In addition, a benefit of 7.5% of average monthly earnings is paid to each of the member's dependent children. The total death benefits to be paid to designated beneficiary and children shall not exceed 75% of average monthly earnings. For members who die while not on active duty, the Plan provides a benefit otherwise payable at early or normal retirement but not less than 35% of average monthly earnings and 7.5% for the designated beneficiary and dependent children, respectively. The total non-service-related death benefits for designated beneficiary and children shall not exceed 50% of average monthly earnings.

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

A member may enter in the DROP Plan after twenty-five but less than 30 years of credited service. The maximum duration of participation in the DROP shall be limited to seven years. Election into the DROP Plan is voluntary; however, the election is irrevocable once DROP payments begin. Members will cease to accrue a benefit and will not be eligible for disability or pre-retirement death benefits once the DROP election is made. Monthly normal retirement benefits that would be paid to members upon date of retirement are paid into the DROP account while the member is able to continue employment with the City.

Health insurance subsidy – All firefighter retirees and firefighter survivors receiving benefits shall be eligible for an annual health insurance subsidy equal to 75% of the prior year's actuarial gain allocable to firefighters, firefighter retirees and firefighter survivors remaining after the annual cost of living adjustments are applied. 75% of any increase in the percentage of covered payroll received by the City pursuant to section 175.121, Florida Statutes, over the amount received by the City in 1997 shall be defined as the "available actuarial gain".

CITY OF DANIA BEACH
POLICE AND FIREFIGHTERS RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020
(Continued)

NOTE 2. DESCRIPTION OF THE PLAN (Continued)

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

The available actuarial gain for a fiscal year is to be used to subsidize up to one year's payments for retiree health insurance due from each firefighter retiree and firefighter survivor who receives benefits from the system to cover one-third of the premium cost for such insurance or 100% of the cost if enough funds are made available. Should the available actuarial gain not be fully expended by the subsidy, then the balance together with any unexpended available actuarial gain from prior years shall be accrued by the retirement system. DROP participants shall receive credit for any such future benefits paid while participating in the DROP, but not for the health insurance subsidy.

➤ ***Funding***

Firefighters currently make contributions to the Plan at a rate equal to 24.6% of earnings. Firefighters hired prior to September 30, 2001 and those hired on or after October 1, 2001 contribute 2% and 6.46%, respectively, of their earnings through payroll deductions. The remaining contributions are made by the City and State on behalf of the firefighters.

Effective January 29, 2011 and amended September 25, 2013, the City and the Broward County Sheriff's Office agreed that for the year ending September 30, 2013 and for all future fiscal years as long as annual employer pension contributions are required, the Broward County Sheriff's Office will contribute \$513,354 to both the City Fire Pension and the City General Employee Pension. The contributed amount of \$513,354 will be divided between the City Fire Pension and the City General Employee Pension by \$497,927 and \$15,427 respectively. In the event the annual required employer pension is less than \$513,354 in any fiscal year; the Broward County Sheriff's Office annual required employer contribution shall be the lesser amount.

The Broward County Sheriff's Office refunds to the City the amount that the Sheriff's Office would have paid to the Florida Retirement System on behalf of those police officers who remained in the System. For the years ended September 30, 2020 and 2019 no active police officers were participants in the plan.

For active participants, the Broward County Sheriff's Office and City make an annual contribution to the Plan in a percentage of pensionable wages determined by the actuary by taking into consideration the amounts contributed by employees and the state of Florida (the State) under State law.

➤ ***Rate of Return***

For the year ended September 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.80%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF DANIA BEACH
POLICE AND FIREFIGHTERS RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020
(Continued)

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 pension plan. The investment policy statement was last amended during November 2017. The following was the Board’s adopted asset allocation policy as of September 30, 2020:

Type of Investment	Target Allocation
Large Cap Equity	15%-45%
Mid Cap Equity	7%-13%
Small Cap Equity	7%-13%
Developed Markets Equity	0%-18%
Emerging Markets Equity	0%-7%
Real estate	0%-20%
Fixed income	15%-30%
Cash and cash equivalents	minimum

During the year ended September 30, 2020, the Plan’s investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by \$3,677,329 (reported as net appreciation in fair value of investments in the statements of changes in net fiduciary position) as follows:

Commingled Intl Funds	\$ 2,444,047
Common Stock	1,564,760
Government Securities	241,330
Corporate & Foreign Bonds	130,243
Real Estate	(147,296)
Mutual Funds	(555,755)
	\$ 3,677,329

The term “interest 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.

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CITY OF DANIA BEACH
POLICE AND FIREFIGHTERS RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020
(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 within the yearly time frames as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More than 10</u>
U.S. Agencies	\$ 5,707,093	\$ -	\$ 345,009	\$ 864,329	\$ 4,497,755
Corporate and foreign bonds	2,269,620	156,108	104,393	984,313	1,024,806
Municipal obligations	3,041,758	-	445,455	1,562,466	1,033,837
U.S. Treasuries	<u>1,313,577</u>	<u>-</u>	<u>999,974</u>	<u>-</u>	<u>313,603</u>
Totals	<u>\$ 12,332,048</u>	<u>\$ 156,108</u>	<u>\$ 1,894,831</u>	<u>\$ 3,411,108</u>	<u>\$ 6,870,001</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's fixed income portfolio was rated by Moody's Investors Services as follows:

<u>Rating</u>	<u>Fair Value</u>
Aaa	\$ 2,868,746
Aa1	1,417,056
Aa2	859,467
Aa3	36,021
A1	173,668
A2	428,071
A3	397,057
Baa1	283,310
Baa2	291,346
Unrated	<u>5,577,306</u>
Total	<u>\$ 12,332,048</u>

The Plan limits investments in the securities of any one issuer, other than the U.S. Government and its agencies, to no more than 5% of fiduciary net position. The Plan had no such investments as of September 30, 2020.

"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 and foreign bonds. The total foreign investments invested at September 30, 2020 was \$6,534,347. The investment policy limits the foreign investments to no more than 25% of the Plan's investment balance. As of year-end, the foreign investments were approximately 10% of total investments.

CITY OF DANIA BEACH
POLICE AND FIREFIGHTERS RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020
(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 as established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market as follows:

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

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

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

Following is a description of the valuation methodologies used for asset measured at fair value.

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

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

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

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 and commingled trust fund: Valued at the net asset value of shares held by the Plan at year end.

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CITY OF DANIA BEACH
POLICE AND FIREFIGHTERS RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020
(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, 2020:

	<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	\$ 25,189,686	\$ 25,189,686	\$ -	\$ -
Mutual funds	15,748,310	15,748,310	-	-
Total equity securities	<u>40,937,996</u>	<u>40,937,996</u>	<u>-</u>	<u>-</u>
Debt securities:				
U.S. Agency securities	5,707,093	-	5,707,093	-
Corporate bonds	2,269,620	-	2,269,620	-
Municipal obligations	3,041,758	-	3,041,758	-
U.S. Treasury securities	1,313,577	877,429	436,148	-
Total debt securities	<u>12,332,048</u>	<u>877,429</u>	<u>11,454,619</u>	<u>-</u>
Total investments by fair value level	<u>\$ 53,270,044</u>	<u>\$ 41,815,425</u>	<u>\$ 11,454,619</u>	<u>\$ -</u>
<u>Investments measured at the net asset value (NAV) ^(a)</u>				
Real estate funds	9,323,549			
Commingled trust fund	4,003,531			
Total investments measured at the NAV	<u>13,327,080</u>			
Money market funds (exempt)	<u>1,549,110</u>			
Total investments	<u>\$ 68,146,234</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 this table 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 DANIA BEACH
POLICE AND FIREFIGHTERS RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020
(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⁾	\$ 7,399,031	\$ -	Quarterly	10 days
Real estate fund ⁽²⁾	1,924,518	-	Quarterly	10 days
Commingled trust fund ⁽³⁾	<u>4,003,531</u>	<u>-</u>	Quarterly	1 business day
Total investments measured at the NAV	<u>\$ 13,327,080</u>	<u>\$ -</u>		

- 1) Real estate fund: The fund was formed as an open-end real estate fund consisting primarily of real estate properties in core stable institutional quality offices, retail, industrial and multi-family residential properties that are substantially leased and have minimal deferred maintenance or functional obsolescence. The investment is valued at NAV and redemption requests may be made at any time and are effective at the end of the calendar quarter in which the request is received.
- 2) Real estate fund: The fund was formed as an open-end real estate investment fund consisting of real estate property investments solely in the United States in specific product types including but not limited to multi-family, industrial, retail, office, hotel and other properties. The investment is valued at NAV and redemption requests may be made at any time and are effective at the end of the calendar quarter in which the request is received.
- 3) Commingled trust fund: The fund seeks to apply a systematic and disciplined approach designed to identify high-quality companies with forward-looking secular EPS growth of at least 10% per annum over the next three to five years when they are trading at an attractive valuation. The portfolio will invest in 20 to 30 companies located outside the United States, diversified by industry and country. The investment is valued at NAV and redemption requests may be made at any time and are effective on the next business day in which the request is received.

NOTE 5. ACTUARIAL VALUATION

The most recent actuarial valuation was done as of October 1, 2019 and rolled forward to the measurement date of September 30, 2020. Individual Entry Age Normal was used as the actuarial cost method. The actuarial value of assets method was used for asset valuation.

The mortality tables used are the same as those used in the July 1, 2018 Pension Actuarial Valuation of the Florida Retirement System (FRS) for Special Risk members. These tables are based on the RP-2000 mortality tables with white and blue collar adjustments and with mortality improvements projected for healthy lives to all future years after 2000 using Scale BB. Florida Statutes 112.63(1)(f) requires that valuations performed after January 1, 2016 for retirement systems sponsored by local governments in Florida employ the same mortality as used by the FRS in one of its two most recent valuations.

CITY OF DANIA BEACH
POLICE AND FIREFIGHTERS RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020
(Continued)

NOTE 5. ACTUARIAL VALUATION (Continued)

Principal assumptions used were 6.75% for the investment rate of return, 6.0% for projected salary increases and 2.75% for inflation.

The actuary further determined that the required City contribution for the year ended September 30, 2020 was \$6,798,153. This amount was contributed in full during the year ended September 30, 2020.

NOTE 6. 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 changes could materially affect the amounts reported in the statement of fiduciary net position available for 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 7. NET PENSION LIABILITY OF THE PLAN

The components of the net pension liability of the City at September 30, 2020 were as follows:

Total pension liability	\$ 74,985,754
Plan fiduciary net position	<u>71,133,752</u>
City's net pension liability	<u>\$ 3,852,002</u>
 Plan fiduciary net position as a percentage of the total pension liability	 94.86%

The total pension liability, required to be reported under Governmental Accounting Standards, was determined by an actuarial valuation, as of October 1, 2019 and rolled forward to the measurement date of September 30, 2020, using certain actuarial assumptions, the most significant of which were 6.75% for the investment rate of return, 6.00% for projected salary increases and 2.50% for inflation.

The mortality tables used are the same as those used in the July 1, 2019 Pension Actuarial Valuation of the Florida Retirement System (FRS) for Special Risk members. These tables are based on the Pub-2010 mortality tables with mortality improvements projected for healthy lives to all future years after 2010 using Scale MP-2018. Effective as of October 1, 2019, the mortality tables and improvement scales were updated from those used in the July 1, 2018 FRS Actuarial Valuation to those used in the July 1, 2019 FRS Actuarial Valuation. Ordinance No. 2020-001 was adopted on January 14, 2020.

CITY OF DANIA BEACH

POLICE AND FIREFIGHTERS RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020
(Continued)

NOTE 7. NET PENSION LIABILITY OF THE PLAN (Continued)

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2020 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Investment Category</u>	<u>Target Allocation</u>	<u>Long Term Real Annualized Return</u>
Large Cap	30.0%	5.6%
Mid Cap	10.0%	7.2%
Small Cap	10.0%	5.8%
Developed Markets	11.0%	2.9%
Emerging Markets	4.0%	8.7%
Real Assets	15.0%	6.2%
Fixed Income	20.0%	2.9%

A single discount rate of 6.75% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 6.75%. 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 (6.75%) 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 single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 6.75%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

	1% decrease	Current discount rate	1% increase
	<u>(5.75%)</u>	<u>(6.75%)</u>	<u>(7.75%)</u>
Net pension liability \$	11,907,381	\$ 3,852,002	\$ (2,911,128)

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CITY OF DANIA BEACH
POLICE AND FIREFIGHTERS RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020
(Continued)

NOTE 8. NOTES RECEIVABLE FROM PARTICIPANTS

During the year ended September 30, 2020, participants had bought back \$646,048 worth of time from the Plan by pledging future DROP payments that they would have been entitled to. During the year ended September 30, 2020 the participants repaid \$695,173 of the current and prior year advances plus \$63,196 of interest by foregoing the DROP benefit payments they were entitled to. The total unpaid balance at September 30, 2020 was \$927,487.

NOTE 9. INCOME TAXES

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

On November 12, 2014, the Plan obtained its most recent determination letter in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with applicable requirements of Internal Revenue Code 401(a), and therefore, 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 10. COVID-19 CONSIDERATIONS

The Plan's ongoing funding may experience instability and estimates included in the financial statements may change due to current political and economic conditions as a result of public health concerns related to the novel coronavirus, or COVID-19. The duration and intensity of these impacts and resulting disruption to which these events affect the Plan's business will depend on future developments, which are highly uncertain and cannot be predicted at this time.

NOTE 11. SUBSEQUENT EVENTS

We evaluated subsequent events through January 25, 2021, the date that the financial statements were available to be issued.

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CITY OF DANIA BEACH
POLICE AND FIREFIGHTERS RETIREMENT SYSTEM

SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2020

CITY OF DANIA BEACH
POLICE AND FIREFIGHTERS RETIREMENT SYSTEM

SCHEDULE OF ADMINISTRATIVE EXPENSES

YEAR ENDED SEPTEMBER 30, 2020
(WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2019)

	<u>2020</u>	<u>2019</u>
ADMINISTRATIVE EXPENSES:		
Administrative fees	\$ 53,222	\$ 46,554
Actuarial	38,177	27,192
Legal	33,600	50,570
Meetings and conventions	14,463	20,886
Rent	11,579	11,552
Insurance	12,913	8,290
Accounting	8,005	7,480
Office	5,468	7,477
Telephone	820	545
Utilities	492	551
Depreciation	162	388
TOTAL ADMINISTRATIVE EXPENSES	<u>\$ 178,901</u>	<u>\$ 181,485</u>

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

CITY OF DANIA BEACH
POLICE AND FIREFIGHTERS RETIREMENT SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2020

CITY OF DANIA BEACH
POLICE AND FIREFIGHTERS RETIREMENT SYSTEM

SCHEDULES OF CONTRIBUTIONS FROM EMPLOYER AND OTHER CONTRIBUTORS
(UNAUDITED)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined employer contribution	\$ 6,990,098	\$ 6,928,856	\$ 6,920,425	\$ 6,915,503	\$ 5,729,245
Actual employer contribution	<u>6,990,098</u>	<u>6,928,856</u>	<u>6,920,425</u>	<u>6,915,503</u>	<u>5,729,245</u>
Annual contribution deficiency (excess)	<u>\$ -</u>				
Covered-employee payroll *	<u>\$ 1,602,329</u>	<u>\$ 1,676,402</u>	<u>\$ 2,012,598</u>	<u>\$ 2,140,626</u>	<u>\$ 2,620,630</u>
Actual contributions as a percentage of covered-employee payroll	436.25%	413.32%	343.86%	323.06%	218.62%
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined employer contribution	\$ 3,967,948	\$ 2,987,487	\$ 2,283,943	\$ 1,876,694	\$ 1,330,774
Actual employer contribution	<u>3,967,948</u>	<u>2,987,487</u>	<u>2,283,943</u>	<u>1,876,694</u>	<u>1,225,373</u>
Annual contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105,401</u>
Covered-employee payroll *	<u>\$ 2,970,618</u>	<u>\$ 3,030,736</u>	<u>\$ 3,019,514</u>	<u>\$ 2,777,071</u>	<u>\$ 4,449,422</u>
Actual contributions as a percentage of covered-employee payroll	133.57%	98.57%	75.64%	67.58%	27.54%

* Note: Covered payroll was calculated by dividing the total member contributions for the fiscal year by the total member contribution rate of 24.6%.

CITY OF DANIA BEACH
POLICE AND FIREFIGHTERS RETIREMENT SYSTEM

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

Notes to Schedules of Contributions from Employer and Other Contributions

Actuarial Assumptions	
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar, Closed
Remaining amortization period	5 years
Asset valuation method	5 year smoothed market
Inflation:	2.75%
Salary increases	6.00%
Investment rate of return	6.75%
Mortality	The mortality tables used are the same as those used in the July 1, 2018 Pension Actuarial Valuation of the Florida Retirement System (FRS) for Special Risk members. These tables are based on the RP2000 mortality tables with white and blue collar adjustments and with mortality improvements projected for healthy lives to all future years after 2000 using Scale BB. Florida Statutes 112.63(1)(f) requires that valuations performed after January 1, 2016 for retirement systems sponsored by local governments in Florida employ the same mortality as used by the FRS in one of its two most recent valuations.

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

CITY OF DANIA BEACH
POLICE AND FIREFIGHTERS RETIREMENT SYSTEM

SCHEDULE OF INVESTMENT RETURNS
(UNAUDITED)

Year Ended <u>September 30</u>	Annual money- weighted rate of return net of investment <u>expense</u>
2020	7.80%
2019	3.35%
2018	9.45%
2017	12.67%
2016	7.47%
2015	(0.57%)
2014	8.49%
2013	11.69%
2012	17.28%
2011	0.95%

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

CITY OF DANIA BEACH
POLICE AND FIREFIGHTERS RETIREMENT SYSTEM

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
TOTAL PENSION LIABILITY:				
Service cost	\$ 679,390	\$ 724,803	\$ 839,069	\$ 891,121
Interest	4,949,503	4,747,703	4,709,586	4,574,753
Benefit changes	(1,967)	-	-	-
Difference between actual and expected experience	(67,164)	595,694	(922,961)	506,187
Assumption changes	(1,802,248)	-	-	1,869,158
Benefit payments	(4,671,185)	(4,291,509)	(4,497,632)	(4,299,948)
Other	<u>917,260</u>	<u>1,448,186</u>	<u>447,835</u>	<u>1,027,652</u>
NET CHANGE IN TOTAL PENSION LIABILITY	3,589	3,224,877	575,897	4,568,923
TOTAL PENSION LIABILITY - BEGINNING	<u>74,982,165</u>	<u>71,757,288</u>	<u>71,181,391</u>	<u>66,612,468</u>
TOTAL PENSION LIABILITY - ENDING	<u>74,985,754</u>	<u>74,982,165</u>	<u>71,757,288</u>	<u>71,181,391</u>
PLAN FIDUCIARY NET POSITION:				
Contributions - Employer	6,798,153	6,736,911	6,728,480	6,723,558
Contributions - State	463,157	429,236	395,992	448,880
Contributions- Member	394,173	412,395	495,099	526,594
Net investment income (loss)	4,941,406	2,067,568	4,568,934	5,074,159
Benefit Payments	(4,671,185)	(4,291,509)	(4,497,632)	(4,299,948)
Administrative expenses	(178,901)	(181,485)	(209,337)	(179,172)
Other	<u>646,048</u>	<u>1,210,895</u>	<u>185,895</u>	<u>(357,645)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	8,392,851	6,384,011	7,667,431	7,936,426
PLAN FIDUCIARY NET POSITION - BEGINNING	<u>62,740,901</u>	<u>56,356,890</u>	<u>48,689,459</u>	<u>40,753,033</u>
PLAN FIDUCIARY NET POSITION - ENDING	<u>71,133,752</u>	<u>62,740,901</u>	<u>56,356,890</u>	<u>48,689,459</u>
NET PENSION LIABILITY - ENDING	<u>\$ 3,852,002</u>	<u>\$ 12,241,264</u>	<u>\$ 15,400,398</u>	<u>\$ 22,491,932</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY	94.86%	83.67%	78.54%	68.40%
COVERED EMPLOYEE PAYROLL	\$ 1,602,329	\$ 1,676,402	\$ 2,012,598	\$ 2,140,626
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL	240.40%	730.21%	765.20%	1050.72%

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

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

CITY OF DANIA BEACH
POLICE AND FIREFIGHTERS RETIREMENT SYSTEM

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
TOTAL PENSION LIABILITY:			
Service cost	\$ 1,226,373	\$ 1,145,724	\$ 1,067,760
Interest	4,337,463	4,171,246	3,944,144
Difference between actual and expected experience	1,314,433	392,918	(23,067)
Assumption changes	(1,436,329)	1,666,373	2,894,544
Benefit payments	(3,122,665)	(3,803,361)	(2,922,426)
Other	<u>1,994,483</u>	<u>435,428</u>	<u>210,585</u>
NET CHANGE IN TOTAL PENSION LIABILITY	4,313,758	4,008,328	5,171,540
TOTAL PENSION LIABILITY - BEGINNING	<u>62,298,710</u>	<u>58,290,382</u>	<u>53,118,842</u>
TOTAL PENSION LIABILITY - ENDING	<u>66,612,468</u>	<u>62,298,710</u>	<u>58,290,382</u>
 PLAN FIDUCIARY NET POSITION:			
Contributions - Employer	5,537,300	3,776,003	2,795,542
Contributions - State	446,780	441,891	466,381
Contributions- Member	644,675	730,772	745,561
Net investment income (loss)	2,582,275	(197,718)	2,435,693
Benefit Payments	(3,122,665)	(3,803,361)	(2,922,426)
Administrative expenses	(160,786)	(141,008)	(135,697)
Other	<u>966,824</u>	<u>58,192</u>	<u>173,969</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	6,894,403	864,771	3,559,023
PLAN FIDUCIARY NET POSITION - BEGINNING	<u>33,858,630</u>	<u>32,993,859</u>	<u>29,434,836</u>
PLAN FIDUCIARY NET POSITION - ENDING	<u>40,753,033</u>	<u>33,858,630</u>	<u>32,993,859</u>
NET PENSION LIABILITY - ENDING	<u>\$ 25,859,435</u>	<u>\$ 28,440,080</u>	<u>\$ 25,296,523</u>
 PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY	61.18%	54.35%	56.60%
COVERED EMPLOYEE PAYROLL	\$ 2,620,630	\$ 2,970,618	\$ 3,030,736
 NET PENSION LIABILITY AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL	986.76%	957.38%	834.67%

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

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

CITY OF DANIA BEACH
POLICE AND FIREFIGHTERS RETIREMENT SYSTEM

COMPLIANCE REPORT

SEPTEMBER 30, 2020



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 Dania Beach Police and Firefighters Retirement System

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 Dania Beach Police and Firefighters Retirement System, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Dania Beach Police and Firefighters Retirement System’s basic financial statements, and have issued our report thereon dated January 25, 2021.

Internal Control Over Financial Reporting

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

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

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



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)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Dania Beach Police and Firefighters Retirement System'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
January 25, 2021