CLAIR T. SINGERMAN EMPLOYEES' RETIREMENT SYSTEM

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

CLAIR T. SINGERMAN EMPLOYEES' RETIREMENT SYSTEM
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INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees and Plan Administrator
Clair T. Singerman Employees' Retirement System
North Miami, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Clair T. Singerman Employees' Retirement System (the "Plan"), which comprise the statement of fiduciary net position as of the fiscal year ended September 30, 2023, and the related statement of changes in fiduciary net position for the fiscal year ended, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan, as of September 30, 2023, and the change in fiduciary net position for the fiscal 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 Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' report that includes our opinions. 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.

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

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

Other Matter

Report on Comparative Information

We have previously audited the Plan's 2022 financial statements, and our report dated June 28, 2023, expressed an unmodified opinion on those financial statements. In our opinion, the comparative information presented herein as of and for the fiscal year ended September 30, 2022, 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, the schedule of changes in the City's net position liability and related ratios, the schedule of City contributions, and the schedule of investment returns on pages 4–8 and 21-23 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.

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Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Plan's basic financial statements. The accompanying schedule of administrative and investment expenses is presented for the purpose 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. 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 schedule of administrative and investment expenses is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2024, on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 Plan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

Caballero Fierman Llerena & Garcia, LLP

Miami, Florida
March 19, 2024

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MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

The discussion and analysis present the highlights of financial activities and financial position of the City of North Miami's Clair T. Singerman Employees' Retirement System ("CTSERS" or the "Plan"), provides an overview of the financial activities and funding conditions for the fiscal years ended September 30, 2023 and 2022.

Financial Highlights

The CTSERS net results from operations for fiscal year 2023 reflected the following financial activities:

- The net position experienced a notable turnaround, increasing by $7,182,811 or 4.86% compared to the previous year's decrease of ($19,179,164) or 11.74%. This positive shift was primarily driven by an increase in the fair value of investments.
- Employer contributions decreased from $3,358,941 in fiscal year 2022 to 1,426,719 in fiscal year 2023, reflecting a decrease in employer contributions as a percentage of covered payroll. Referencing the FY 2023 Actuarial report "There was a net actuarial gain of $8,425,362 for the year which means that actual experience was more favorable than expected. The experience gain caused the Required Employer Contribution to decrease by approximately $1.7 million."
- One notable highlight is the substantial increase in investments in U.S. agencies from $1,386,021 in 2022 to $8,539,206 in 2023. The significant increase in investments in U.S. agencies reflects the CTSERS' strategic response to prevailing market conditions, including the impact of the COVID-19 pandemic and subsequent economic recovery.
- Benefit payments decreased by ($20,971), while administrative expenses saw an increase of $164,246. This rise can be linked to factors such as salary raises, the inclusion of new office personnel, trustee training, and the escalation of utility and vendor expenses.
- The actual asset allocation of the Plan differed from the target allocation with equities and fixed income slightly underweight, and real estate and cash overweight.
- Overall, the Plan's investment performance for the year showed positivity, with US Agencies, common stock, mutual funds, and bonds yielding positive returns. Conversely, Money Market funds, US Treasuries, Corporate Bonds, and Real estate experienced negative returns compared to the previous fiscal year.

Statement of Fiduciary Net Position

The statement of fiduciary net position provides a snapshot of account balances at fiscal year-end. It reports the assets available for future payments to retirees and any current liabilities that are owed as of the financial statement date. The resulting net position value, or assets minus liabilities, represents the value of net position restricted for pension benefits. The CTSERS continues to be adequately funded. It is important to remember that retirement system funding is based on a long-time horizon, and that temporary ups and downs in the market are to be expected.

CLAIR T. SINGERMAN EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023

The summary of fiduciary net position is presented below:

	September 30 2023	September 30 2022
Assets:		
Cash	$ 72,703	$ 1,070,649
Investments	154,917,658	146,360,324
Receivables	559,832	677,368
Other Assets	5,942	5,911
Total Assets	155,556,135	148,114,252
Liabilities	369,874	110,802
Net Position Restricted for Pension Benefits, as restated (See Note 6)	$ 155,186,261	$ 148,003,450

<u>Statement of Changes in fiduciary Net Position</u>

The statement of changes in fiduciary net position displays the effects of pension fund transactions that occurred during the fiscal year where additions less deductions equal the net increase or decrease in fiduciary net position.

	Fiscal Year Ended September 30 2023	Fiscal Year Ended September 30 2022
Additions:		
Contributions	$ 2,116,345	$ 4,060,239
Investment income, net	13,712,630	(14,224,215)
Total Additions	15,828,975	(10,163,976)
Deductions:		
Benefits paid to plan members	8,049,268	8,582,538
Administrative expenses	596,896	432,650
Total Deductions	8,646,164	9,015,188
Change in Net Position	7,182,811	(19,179,164)

The summary of changes in fiduciary net position is presented below:

Net Position Restricted for Pension Benefits:		
Beginning of year, as restated (see note 6)	148,003,450	167,182,614
End of year	$ 155,186,261	$ 148,003,450

Funding Status

Of primary concern to most pension plan participants is the amount of money available to pay benefits. A pension plan can become underfunded when the employer fails to make annual, actuarially required contributions to that plan. The City of North Miami, Florida (the City) has traditionally contributed the actuarially determined contribution to the Plan as provided by the Plan's actuary.

Net Pension Liability

With the implementation of Governmental Accounting Standards Board ("GASB") Statement No. 67, a measure of the accounting liability of the City is referred to as the Net Pension Liability and is measured as of the Plan's fiscal year end and is presented in Note 4 and the required supplementary information section.

Plan Membership

Change in Plan Membership

	September 30		
	2023	2022	Change
Inactive plan members and beneficiaries currently receiving benefits	222	221	(1)
Inactive plan members entitled but not yet receiving benefits	10	7	(3)
Active plan members	130	138	(8)
	-	-	
Total Membership	362	366	(4)

Asset Allocation

The following table compares the Plan's policy target asset allocation to actual allocation for September 30, 2023 and 2022.

	2023		2022	
	Target	Actual	Target	Actual
Equities	60.00%	61.70%	60.00%	55.60%
Fixed Income	24.00%	20.70%	24.00%	21.10%
Real Estate	16.00%	16.90%	16.00%	20.80%
Cash	0.00%	0.80%	0.00%	2.60%

Investment Activities

Investment income is vital to the CTSERS for current and future financial stability. Therefore, the trustees have a fiduciary responsibility to act prudently and discreetly when making Plan investment decisions. To assist the board of trustees in this area, the board employs the services of an investment consultant to periodically review and update the investment policy.

Portfolio performance is reviewed quarterly by the board and its investment consultant. Performance is evaluated by individual money managers and by the asset class that each manager holds. Each performance is compared [a] to an internal benchmark (6.75% actuarial rate of return), [b] to a universe of peers and [c] to a broad financial benchmark (for example, S&P 500).
Overall performance results, gross of fees, for the Plan can be viewed in the table below:

Summary of Investment Returns

	September 30,		Annualized	
	2023	2022	3 Yr. Return	5 Yr. Return
Equities				
Fund Return	21.57%	-15.21%	10.98%	9.22%
Fund Policy	18.72%	-9.50%	9.15%	6.36%
Fixed Income				
Fund Return	1.05%	-11.58%	-3.98%	0.49%
Fund Policy	1.57%	-12.57%	-4.12%	0.72%
Real Estate				
Fund Return	-14.11%	26.14%	7.20%	6.42%
Fund Policy	-12.22%	21.59%	7.10%	5.63%
Total Fund				
Fund Return	9.67%	-8.23%	7.17%	7.02%
Fund Policy	9.28%	-11.78%	5.93%	5.50%

The Plan uses the Russell, S&P 500 and the MSCI Europe Australasia Far East ("EAFE") indices as its equities policy. The Barclays Capital Government Credit Index ("BCGC") and the Barclays Capital Intermediate Government Credit Index ("BCIGC") form its fixed income policy. Real estate investments are measured against the National Council of Real Estate Investment Fiduciary ("NCREIF") index. The overall fund performance of the Plan is compared to the return of a portfolio comprised of the following:

Benchmarks per the Investment Policy

Barclays Aggregate Bond Index	12.0%
Barclays Capital Intermediate Government Credit	12.0%
Russell 1000 Value	12.0%
Russell 1000 Growth	12.0%
Standard & Poor's 500	12.0%
Russell 2000	12.0%
National Council of Real Estate Investment Fiduciaries	16.0%
MSCI Europe Australasia Far East	12.0%
	100.0%

Financial Analysis Summary

Domestic equity markets struggled in the third quarter, reverting from the performance posted in the first half of 2023. Strong performance from domestic equities markets earlier in the year was enough to overshadow the third quarter's negative returns, leading to positive results for most domestic equity benchmarks on a trailing one-year basis. Macroeconomic challenges faced by the US economy for the past several quarters finally weighed on market participants, leading to dismal market returns. For the period, the Russell 1000 large-cap benchmark returned -3.1% versus -4.7% for the Russell Mid Cap Index and -5.1% for the Russell 2000 small-cap index.

International developed and emerging market equities also delivered disappointing results, in line with their domestic counterparts. Europe continues to face geopolitical risks related to the conflict in Ukraine and rising interest rates. However, inflation has eased somewhat due to higher rates and more manageable energy prices. The developed-market MSCI EAFE Index returned -4.1% for the quarter and the MSCI Emerging Markets Index fell by -2.9%.

The domestic bond market continued its decline during the quarter due to the Fed's decision to hike policy rates an additional 0.25% and a re-shaping of the Treasury yield curve. The Bloomberg US Aggregate Index returned -3.2% for the quarter and investment-grade corporate bonds returned a similar -3.1%.

Real Estate had a very negative year following a very strong 2022. Valuations across the board (but particularly in office) were negatively impacted due to the continued increases in interest rates as well as limited liquidity stemming in part from the regional banking issues during the first half of 2023. For the last 12-months, the NCREIF ODCE (EW) index returned -13.3%.

The plan outperformed slightly for the year (9.34% vs. 9.28%) due to the very good relative performance from Newton who beat their benchmark by 6.0% and Kayne Anderson who outperformed by 16.71%. The biggest detractors from performance during the year were the relative underperformance of the fixed income and real estate portfolios along with the fact the plan was overweight to real estate. The fixed income portfolio with GHA was behind the index by -0.85%, while the real estate managers combined to underperform by 2.03%.

Contacting the Plan's Financial Management

This financial report is designed to provide the Board of Trustees, Plan participants and the marketplace's 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 need additional financial information, please contact the Plan Administrator at 305-853-9393 or at the following address; 12000 Biscayne Blvd., Suite 508, North Miami, Florida 33181.

FINANCIAL STATEMENTS

CLAIR T. SINGERMAN EMPLOYEES' RETIREMENT SYSTEM

STATEMENT OF FIDUCIARY NET POSITION

SEPTEMBER 30, 2023

(WITH COMPARATIVE INFORMATION AS OF SEPTEMBER 30, 2022)

	2023	2022
ASSETS		
Cash	$ 72,703	$ 1,070,649
Investments:		
Money market funds	2,229,202	3,267,664
U.S. treasuries	6,212,499	11,406,339
U.S. agencies	8,539,206	1,386,021
Corporate bonds	1,819,076	3,003,133
Common stock	38,759,901	32,764,501
Equity mutual fund	16,978,887	15,968,616
Real state funds	25,931,802	30,493,819
Bond index fund	15,236,580	15,160,538
Equity securities index funds	39,210,505	32,909,693
Total investments	154,917,658	146,360,324
Receivables:		
Plan member contributions	12,632	12,804
City of North Miami Police share plan	50,725	45,551
Due from brokers	351,958	495,224
Accrued interest	120,507	91,100
Accrued dividends	24,010	32,689
Total receivables	559,832	677,368
Other assets	5,942	5,911
Total assets	155,556,135	148,114,252
LIABILITIES		
Accounts payable and accrued liabilities	39,335	65,858
Due to brokers	330,536	34,429
Benefits payable	3	10,515
Total liabilities	369,874	110,802
NET POSITION		
Net position restricted for pension benefits	$ 155,186,261	$ 148,003,450

The accompanying notes are an integral part of these financial statements

CLAIR T. SINGERMAN EMPLOYEES' RETIREMENT SYSTEM

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023
(WITH COMPARATIVE INFORMATION FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022)

	2023	2022
ADDITIONS:		
Contributions:		
Plan members	$ 684,452	$ 698,719
Employer	1,426,719	3,358,941
State contributions	5,174	2,579
Total contributions	2,116,345	4,060,239
Investment income:		
Net increase (decrease) in fair value of investments	10,569,775	(16,616,346)
Interest	1,145,705	848,760
Dividends	2,502,790	2,441,617
	14,218,270	(13,325,969)
Less investment expenses	(505,640)	(898,246)
Net investment (loss) income	13,712,630	(14,224,215)
Total additions	15,828,975	(10,163,976)
DEDUCTIONS:		
Benefits paid to plan members		
Pension benefits	7,705,671	7,726,642
Lump sum retirement	343,597	668,047
Refund of member contributions	-	187,849
Total benefits paid to plan members	8,049,268	8,582,538
Administrative expenses	596,896	432,650
Total deductions	8,646,164	9,015,188
Change in net position	7,182,811	(19,179,164)
Net position restricted for pension benefits:		
Beginning of year	148,003,450	167,182,614
End of year	$ 155,186,261	$ 148,003,450

The accompanying notes are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The accompanying financial statements of the Clair T. Singerman Employees' Retirement System (the "Plan") are prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body establishing governmental accounting and financial reporting principles. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Interest and dividends are recorded as earned.

B. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts of assets, liabilities, disclosure of contingent liabilities, revenues, and expenses reported in the financial statements and accompanying notes. Although those estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

C. Cash and Cash Equivalents

The Plan's cash and cash equivalents are short-term investments with original maturities of three months or less from the date of acquisition.

D. Method Used to Value Investments

Investments are reported at fair value expect for money market funds which are reported at amortized cost. Net appreciation/(depreciation) in fair value includes realized and unrealized gains and losses. Realized gains and losses are determined on the basis of average cost. Purchases and sales of investments are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date.

Within certain limitations as specified in the Plan, the investment policy is determined by the Board of Trustees and is implemented by the Plan's investment managers. A financial consultant monitors the investment managers.

For more details regarding those methods used to measure fair value of investments refer to the fair value hierarchy in Note 3.

E. Administrative Expenses

Administrative expenses incurred by the Plan are paid with plan assets.

F. Comparative Information

The financial statements include certain prior-year comparative information. Such information does not include sufficient detail 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 fiscal year ended September 30, 2022, from which the information was derived.

NOTE 2 - PLAN DESCRIPTION

The following brief description of the Plan is provided for general information purposesonly. Participants should refer to the Plan document for more complete information.

Plan Description

The City of North Miami, Florida (the “City” or the “Employer”) is the administrator of a single-employer defined benefit pension plan established to provide pension benefits for its employees. The Plan is administered by a seven member Board of Trustees comprised of one firefighter elected from firefighter members, one police officer elected from police members, two ex-officio members occupying positions specifically designated by Ordinance, and three elected general employee members.

The Clair T. Singerman Employees' Retirement System was established by the City’s Ordinance 691 effective January 1, 1968. The Plan is considered part of the City's financial reporting entity and is included in the City's financial statements as a pension trust fund. All full-time employees are eligible except for sworn police personnel hired after 1976. The latest actuarial valuation is as of October 1, 2022 (beginning of year valuation date); however, the required employer contribution for the fiscal year ended September 30, 2023 is based on the October 1, 2021 actuarial valuation. Benefit and contribution provisions are established by City ordinance and may be amended only by the Board of Trustees, subject to approval of the City Council.

Plan Membership

The membership in the Plan as of October 1, 2022 was as follows:

Inactive plan members	
Beneficiaries currently receiving benefits	222
Entitled to benefits but not yet receiving them	7
Active participants	138
Total membership	367

Effective February 1, 2016, new employees hired by the City join the Florida Retirement System (FRS). Existing members to the Plan had the option to remain in the Plan or to choose to participate in the FRS. These members had the option of keeping their accrued benefits in the Plan or receiving refunds of member contributions.

Pension Benefits

General Plan members and police personnel not included in the police bargaining unit become partially vested (25%) after 5 years of credited service, increasing 15% annually, with full vesting after 10 years of credited service. All other police personnel become fully vested after 14 years.

Normal retirement is for:

- Plan members who retire at the earlier of age 55 and 20 years of service or age 62 and 10 years for general members.
- Plan members who retire at age 50 and 20 years of service for police and firefighters.

Early retirement is available after completion of 14 years of service for all Plan members. General members may also be eligible at age 55 after 10 years of service.

A member may elect to receive in a lump sum at retirement an amount which is the actuarial equivalent of the benefits otherwise payable under the Plan.

NOTE 2 - PLAN DESCRIPTION (CONTINUED)
Worde

Pension Benefits (Continued)

Normal retirement benefits are based on 2.5% of average final compensation multiplied by the years of services through June 30, 1969 plus 3% of average final compensation for years of service up to March 8, 2016. However, for any year prior to October 1, 1968 during which a member contributed less than 7% of compensation, the benefit percentage for each year varies per the Ordinance.

For credited service earned after March 8, 2016, the benefits will accrue at the rate specified in the following table, based on the member's credited service and Normal Retirement eligibility as of March 8, 2016:

As of March 8, 2016	Benefits Multiplier for Accruals March 8, 2016
Members Eligible for Normal Retirement	3.0%
Members with 15 or more years of service	3.0%
Members with 10-15 years of service	2.5%
Members with less than 10 years of service	2.0%

A terminating member with less than five years creditable service shall receive his/her contribution plus accrued interest accumulated since initial employment. Partially vested members shall receive the greater of member contributions plus accrued interest or the sum of member contributions prior to October 1, 1982 and his/her vested benefits.

Contributions and Funding Policy

Prior to November 10, 2015, Plan members contributed 7% of their compensation. Effective as of November 10, 2015, the employee contribution rate is as follows:

Member Class	Contribution Rate
Members Eligible for Normal Retirement	7.0%
Members with 15 or more years of service	8.0%
Members with 10-15 years of service	7.0%
Members with less than 10 years of service	6.0%

Interest is credited annually on Members' accumulated contributions through the prior year end. The interest rate, determined by the Board of Trustees, was 0.00% in 2023. Employer contributions for the fiscal year ended September 30, 2023 was 14.56% of covered payroll. The total employer contribution on the statement of changes in fiduciary net position is $1,426,719 for 2023.

The Plan's funding policy provides for actuarially determined periodic employer contributions sufficient to pay the benefits provided by the Plan when they become due. The actuarial cost method used for determining the contribution requirements for the Plan is the Entry Age Normal.

Contributions required on an actuarial basis to provide benefits for former City firemen who had elected to remain in the Plan upon their transfer to the Miami-Dade County Fire Department on October 1, 1969, are made by Miami-Dade County and the State of Florida – Bureau of Municipal Police and Firefighters' Retirement Fund pursuant to Chapter 175, Florida Statutes.

NOTE 2 - PLAN DESCRIPTION (CONTINUED)

Contributions and Funding Policy (Continued)

Pursuant to Chapter 185, Florida Statutes, a portion of all insurance premium tax monies received in excess of $147,586 (the 1997 threshold) are utilized by this Plan for the purchase of additional benefits for the on remaining sworn police personnel that was included in this Plan prior to 1976. The excess of insurance premium tax monies amounted to $5,174 for the fiscal year ended September 30, 2023 and is reported as State contributions; the balance to be received as of September 30, 2023 was $50,725 The funds were received by the City of North Miami's Police Share Plan and are held there for the exclusive benefit of active police officers in the Clair T. Singerman Employees' Retirement System. All other insurance premium tax monies are split between the City and the City of North Miami's Police Share Plan.

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits

Deposits, which include cash on hand, are covered by federal deposit insurance. At September 30, 2023, the Plan had no uninsured cash balances.

Investments

All investments made or held by the Plan shall be limited to the following as per the Plan's investment policy:

1. Time, savings and money market deposit accounts of a national bank, a state bank or a savings and loan association insured by the Federal Deposit Insurance Corporation provided the amount deposited does not exceed the insured amount.
2. Obligations issued by the U.S. government or an agency or instrumentality of the U.S. government, including mortgage-related securities.
3. Domestic and international equities.
4. Fixed income investments defined as preferred issues and fixed income securities.
5. Money market funds, defined as fixed income securities having a maturity of less than one year.
6. Bonds issued by the State of Israel.
7. Commingled stock, bond or money market funds whose investments are restricted to securities meeting the criteria in items 1 through 6 above.
8. Domestic commercial real estate property holdings.

Maturity Risk

Neither state law, nor Plan investment policy limit maturity terms on fixed income holdings. As of September 30, 2023, the Plan had the following fixed income investments in its portfolio:

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less than 1 year	1-5 Years	6-10 Years	More than 10 Years
U.S. Treasuries	$ 6,212,499	$ -	$ 4,635,106	$ 1,577,393	$ -
U.S. agencies	8,539,206	-	-	-	8,539,206
Corporate bonds	1,819,076	-	700,740	1,118,336	-
Total Fair Value	$ 16,570,781	$ -	$ 5,335,846	$ 2,695,729	$ 8,539,206

*Obligations of the U.S. government or obligations explicitly or implicitly guaranteed by the U.S. government are not considered to have credit risk and do not have purchase limitations.

Interest Rate Risk

Interest rate risk refers to the portfolio's exposure to fair value losses arising from increasing interest rates. The Plan does not have a formal investment policy that limits investment maturities as a means of managing its exposure to market value losses arising from increasing interest rates.

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

Rate of Return

For the fiscal year ended September 30, 2023, the annual money-weighted rate of return on pension plan investments, net of investment expense was 9.57%. The money-weighted rate of return expresses investment performance, net of investment manager and consultant expenses adjusted for the changing amounts actually invested. Inputs to the internal rate of return calculation are determined on a monthly basis.

Credit Risk

State law limits investments in bonds, stocks, or other evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia, provided the corporation is listed on any one or more of the recognized national stock exchanges or on the National Market System of the NASDAQ Stock Market and, in the case of bonds only, holds a rating in one of the three highest classifications by a major rating service.

The Plan's investment policy limits fixed income investments to a rating no lower than Standard & Poor's BBB to Moody's Baa.

The Plan's corporate bonds and agency bonds were all rated "A" or better under Standard & Poor's ratings and at least "A" under Moody's ratings.

The following table disclose credit ratings of the fixed income securities, at September 30, 2023, as applicable:

		Fair Value	Percentage of Portfolio
Moody rating of credit risk debt securities			
AGY		8,539,206	52%
A1		546,247	3%
A2		465,656	3%
A3		807,173	5%
Aaa		6,212,499	37%
Total fixed income	$	16,570,781	100%

Concentration of Credit Risk

The Plan's investment policy stipulates that not more than 5% of Plan assets can be invested in the common stock of any one issuing company nor can the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of any company. As of September 30, 2023, the value of each position held by the Plan portfolio comprised less than 5% of fiduciary net position and less than 5% of the value of the outstanding capital stock of the respective company.

Custodial Credit Risk

This is the risk that in the event of failure of a counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are held by the counterparty. The Plan has third party custodian arrangements with financial institutions to accept securities on a delivery vs payment basis for direct purchase agreements. All securities purchased by the Plan are designated as an asset of the Plan in the Plan’s name and are held in safekeeping by the Plan’s custodian bank or a third party custodian institution.

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

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 such changes could materially affect the amounts reported in the statement of fiduciary net position. The Plan, through its investment advisor, monitors the Plan’s investment and the risks associated therewith on a regular basis which the Plan believes minimizes these risks.

Fair Value Hierarchy

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 with in the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 – Investments’ fair values based on prices quoted in active markets for identical assets.

Level 2 – Investments’ fair values based on 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 – Investments’ fair values based upon unobservable inputs.

The of the fair value techniques for the Plan’s investments. Level 1 and 2 prices are obtained from various pricing sources by the Plan’s custodian bank:

Money market funds are reported at amortized cost.

Equity securities traded on national or international exchanges are valued at the last reported sales price or current exchange rates (Level 1). This includes common stock, mutual fund equities and U.S. Treasury bonds and notes.

Debt securities classified as Level 2 are valued using pricing inputs that reflect the assumptions market participants would use to price an asset or liability and are developed based on market data obtained from sources independent of the reporting entity. This includes U.S. federal agencies, mortgage backed and collateralized securities, municipal bonds, and corporate obligations, including asset backed, bonds and notes.

The Plan has investments in alternative assets consisting of real estate funds and an equity securities index fund which hold a variety of investment vehicles that do not have readily available market quotations. The alternative investments are measured at net asset value based on their proportionate share of the value of the investments as determined by the fund managers and are valued according to methodologies which include pricing models, discounted cash flow models and similar techniques.

Real estate partnerships provide quarterly valuations to the pension trust fund management. Individual properties are valued by the investment management at least annually and are adjusted as frequently as quarterly if material market or operational changes have occurred. Properties are generally externally appraised every one to five years, depending on the investment. Annual audits of partnerships include a review of compliance with each partnership’s valuation policies.

The Plan also invests in collective investment trusts which determine fair value by obtaining fair values of the underlying holdings using reputable pricing sources and computing an overall net asset value per share. The holdings within each fund are publicly traded securities. The funds have daily openings and contributions and withdrawals can be made on a daily basis.

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Hierarchy (continued)

The Plan has the following recurring fair value measurements as of September 30, 2023:

		Fair Value Measurements Using:		
Investments by fair value level	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities				
U.S. treasuries	$ 6,212,499	$ 6,212,499	$ -	$ -
U.S agencies	8,539,206	-	8,539,206	-
Corporate bonds	1,819,076	-	1,819,076	-
Total debt securities	16,570,781	6,212,499	10,358,282	-
Equity securities				
Common stock	38,759,901	38,759,901	-	-
Equity mutual fund	16,978,887	16,978,887	-	-
Total equity securities	55,738,788	55,738,788	-	-
Total investments by fair value level	72,309,569	$ 61,951,287	$ 10,358,282	$ -
Investments measured at Net Asset Value (NAV)				
Real estate funds	25,931,802			
Collective investment trust funds				
Bond index fund	15,236,580			
Equity securities index funds	39,210,505			
Total investments measured at NAV	80,378,887			
Money market funds (exempt)	2,229,202			
Total	$ 154,917,658			

Investments measured at the NAV

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible	Redemption Notice Period (Days)
Real estate funds	$ 25,931,802	$ -	Daily	10-90
Collective investment trust funds:				
Bond index fund	15,236,580	-	Daily	1
Equity securities index funds	39,210,505	-	Daily	1
Total investments measured at NAV	$ 80,378,887			

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.

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

Real estate funds – Consists of two real estate partnerships. One of the funds is an open-end diversified core real estate commingled fund whose primary objective is to provide returns that are attractive to other asset classes with stable income and the potential for market appreciation. The fund invests primarily in core institutional quality industrial, multi family, office, and retail properties located throughout the United States, and is diversified by product type, geographic region, and economic exposure in order to mitigate investment risk. Requests for redemption in this fund may be made at any time with 10 days' notice. The other fund invests directly and indirectly in real estate using vehicles such as joint ventures, partnerships and other participation interests with real estate owners, developers and others. The fund seeks a diversified portfolio consisting of yield-driven real estate value added investments consisting of multi-family, industrial, retail, residential and mixed-use properties.

The fund provides for redemptions with 90 days' notice.

Collective investment trust funds – Consists of three index funds considered commingled in nature which is designed to match the return of its respective benchmark index. The objective of two of the funds is to match the returns of the Russell 1000 Growth Index and S&P MidCap 400 Index through investments in substantially all the stocks contained in those indexes respectively. The objective of the third fund is to match the return of the Bloomberg Barclays Aggregate U.S. Bond Index through investment in substantially all the bonds contained in that index. The fund is valued at the net asset value held at the end of the period based upon the fair value of the underlying investments. These funds are open for withdrawal daily and provide for redemptions with 1 day notice.

NOTE 4 - NET PENSION (ASSET) LIABILITY

The components of the net pension (asset) liability of the City at September 30, 2023:

Total pension liability	$ 150,712,501
Plan fiduciary net position	155,181,087
Net pension (asset) liability	$ (4,468,586)
Plan fiduciary net position as a percentage of total pension liability	102.96%

NOTE 4 - NET PENSION (ASSET) LIABILITY (CONTINUED)

Significant Actuarial Assumptions

The total pension (asset) liability was determined by an actuarial valuation as of October 1, 2022 and rolled forward to September 30, 2023, using the following actuarial assumptions:

Inflation	2.50%
Salary increases	3.00% - 6.00% depending on service
Investment rate of return	6.75%
Mortality	

The mortality table for General Employees is the PUB-2010 Headcount Weighted Below Median Employee Male Table (pre-retirement), the PUB-2010 Headcount Weighted Below Median Employee Female Table (pre-retirement), the PUB-2010 Headcount Weighted Below Median Healthy Retiree Male Table (post-retirement) and the PUB-2010 Headcount Weighted Below Median Retiree Female Table (post-retirement). These tables use ages set back one year for males and future improvements in mortality projected to all future years after 2010 using scale MP-2018. These are the same rates used for Regular Class members of the Florida Retirement System (FRS) in their actuarial valuation as of July 1,2021.

The mortality tables for Police and Fire members are the PUB-2010 Headcount Weighted Safety Below Median Employee Male Table (pre-retirement), the PUB-2010 Headcount Weighted Safety Employee Female Table (pre-retirement), the PUB-2010 Headcount Weighted Safety Below Median Healthy Retiree Male Table (post-retirement) and the PUB-2010 Safety Healthy Retiree Female Table (post-retirement). These tables use ages set forward one year and mortality improvements to all future years after 2010 using scale MP-2018. These are the same rates used for Special Risk Class members in the July 1, 2021 Actuarial Valuation of the Florida Retirement System (FRS).

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investment was determined using the long-term nominal building block data less the long-term inflation assumption of 5.94%. The building block long-term real return projections were developed considering the long-term historic capital market returns, 10-15 year expected capital market return assumptions, as well as, historical, current, and expected inflation data. Best estimates of arithmetic real return for each asset class included in the pension plan’s target allocation as of September 30, 2023 are summarized in the following table:

Asset Group	Target Allocation	Long Term Expected Real Rate of Return
Domestic equity	48.00%	7.50%
International equity	12.00%	8.50%
Domestic bonds	24.00%	2.50%
International equity	0.00%	3.50%
Real estate	16.00%	4.50%
Alternative assets	0.00%	6.24%

NOTE 4 - NET PENSION (ASSET) LIABILITY (CONTINUED)

Discount Rate

A single discount rate of 6.75% was used to measure the total pension (asset) 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 (asset) liability.

Sensitivity of the Net Pension (Asset) Liability of the City to Changes in the Discount Rate

Below is a table providing the sensitivity of the net pension (asset) liability of the City to changes in the discount rate. In particular, the table presents the Plan's net pension (asset) liability calculated using a discount rate of 6.75%, as well as what the Plan's net pension (asset) liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the discount rate:

1% Decrease 5.75%	Discount Rate 6.75%	1% Increase 7.75%
$ 13,217,877	$ (4,468,586)	$ (19,243,601)

NOTE 5 – TAX STATUS

The Internal Revenue Service has determined and informed the Plan by a letter dated September 24, 2014, that the Plan is designed in accordance with applicable sections of the Internal Revenue Code. Management believes that the Plan is currently being operated in compliance with the applicable requirements of the Internal Revenue Code.

REQUIRED SUPPLEMENTARY INFORMATION

CLAIR T. SINGERMAN EMPLOYEES' RETIREMENT SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN CITY NET PENSION (ASSET) LIABILITY AND RELATED RATIOS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability:										
Service cost	$ 1,506,091	$ 1,672,374	$ 1,896,893	$ 1,908,045	$ 1,812,287	$ 1,759,663	$ 1,959,651	$ 2,659,600	$ 2,438,790	$ 2,250,457
Interest	9,770,953	9,818,622	9,685,488	9,617,391	9,216,810	8,939,070	8,775,025	9,099,037	8,937,243	8,638,765
Benefit changes	-	-	-	-	-	-	-	(6,839,780)	-	-
Difference between actual & expected experience	211,323	(3,717,602)	(205,083)	2,635,026	3,067,379	1,551,666	2,228,073	(1,266,151)	(2,263,638)	-
Assumption changes	-	-	-	(2,353,306)	1,601,838	1,522,923	4,504,616	-	-	-
Benefit payments	(8,049,268)	(8,394,689)	(9,682,490)	(7,613,250)	(8,363,533)	(7,487,572)	(7,225,538)	(7,034,144)	(6,863,520)	(6,939,695)
Refunds	-	(187,849)	(100,969)	(22,347)	(26,378)	(136,942)	(98,051)	(190,942)	(265,792)	(185,090)
Other: Increase in State Contribution Reserve	-	2,579	2,579	2,368	2,595	1,901	1,657	1,423	1,253	1,253
Net change in total pension liability	3,439,099	(806,565)	1,596,418	4,173,927	7,310,998	6,150,709	10,145,433	(3,570,957)	1,984,336	3,765,690
Total pension liability - beginning	147,273,402	148,079,967	146,483,549	142,309,622	134,998,624	128,847,915	118,702,482	122,273,439	120,289,103	116,523,413
Total pension liability - ending (a)	$ 150,712,501	$ 147,273,402	$ 148,079,967	$ 146,483,549	$ 142,309,622	$ 134,998,624	$ 128,847,915	$ 118,702,482	$ 122,273,439	$ 120,289,103
Plan fiduciary net position:										
Contributions - employer (from City)	$ 1,426,719	$ 3,358,941	$ 3,623,990	$ 4,018,087	$ 5,537,669	$ 5,135,715	$ 4,924,792	$ 5,900,606	$ 5,452,219	$ 4,024,959
Contributions - employer (from State/Share Plan)	-	2,579	2,579	2,368	2,595	1,901	1,657	1,423	1,253	1,253
Contributions - non-employer contributing entity	-	-	5,951	108,396	194,266	195,277	103,860	92,782	145,792	171,222
Contributions - member	684,452	698,719	800,962	833,994	824,981	813,650	788,484	920,667	853,456	789,599
Net investment income	13,712,630	(14,244,480)	30,973,032	11,308,249	6,279,184	12,802,737	12,071,492	11,084,389	548,641	9,493,224
Benefit payments	(8,049,268)	(8,394,689)	(9,682,490)	(7,613,250)	(8,363,533)	(7,487,572)	(7,225,538)	(7,034,144)	(6,863,520)	(6,939,695)
Refunds	-	(187,849)	(100,969)	(22,347)	(26,378)	(136,942)	(98,051)	(190,942)	(265,792)	(185,090)
Administrative expenses	(596,896)	(432,650)	(436,987)	(362,800)	(344,954)	(333,039)	(262,418)	(250,675)	(235,209)	(284,291)
Net change in plan fiduciary net position	7,177,637	(19,199,429)	25,186,068	8,272,697	4,103,830	10,991,727	10,304,278	10,524,106	(363,160)	7,071,181
Plan fiduciary net position - beginning	148,003,450	167,202,879	142,016,811	133,744,114	129,640,284	118,648,557	108,344,279	97,820,173	98,183,333	91,112,152
Plan fiduciary net position - ending (b)	$ 155,181,087	$ 148,003,450	$ 167,202,879	$ 142,016,811	$ 133,744,114	$ 129,640,284	$ 118,648,557	$ 108,344,279	$ 97,820,173	$ 98,183,333
Net pension (asset) liability - ending (a) - (b)	$ (4,468,586)	$ (730,048)	$ (19,122,912)	$ 4,466,738	$ 8,565,508	$ 5,358,340	$ 10,199,358	$ 10,358,203	$ 24,453,266	$ 22,105,770
Plan fiduciary net position as a percentage of total pension liability	102.96%	100.50%	112.91%	96.95%	93.98%	96.03%	92.08%	91.27%	80.00%	81.62%
Covered payroll*	$ 9,795,714	$ 10,840,943	$ 12,267,117	$ 12,384,844	$ 11,992,650	$ 11,989,341	$ 11,834,735	$ 11,618,974	$ 12,192,229	$ 11,279,986
Net pension liability as a percentage of covered payroll	-45.62%	-6.73%	-155.89%	36.07%	71.42%	44.69%	86.18%	89.15%	200.56%	195.97%

CLAIR T. SINGERMAN EMPOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2023	$ 1,426,719	$ 1,426,719	-	$ 9,795,714	14.56%
2022	3,358,941	3,358,941	-	10,840,493	30.99%
2021	3,629,523	3,629,941	(418)	12,267,117	29.59%
2020	4,126,483	4,126,483	-	12,384,844	33.32%
2019	5,731,935	5,731,935	-	11,992,650	47.80%
2018	5,330,992	5,330,992	-	11,989,341	44.46%
2017	5,028,652	5,028,652	-	11,834,735	42.49%
2016	5,993,388	5,993,388	-	11,618,974	51.58%
2015	5,598,011	5,598,011	-	12,192,229	45.91%
2014	4,196,181	4,196,181	-	11,279,986	37.20%

Notes to Schedule of City Contributions

Valuation Date	October 1, 2021
Notes	Actuarially determined contribution rates are calculated as of October 1, which is two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	General: Level Dollar, Closed Police and Fire: Level Dollar, Closed
Remaining Amortization Period	15 years
Asset Valuation Method	Recognition of 20% if difference between fair value of assets and expected actuarial value of assets
Inflation	2.50%
Salary Increases	3.00% to 6.00% depending on service
Investment Rate of Return	6.75%
Retirement Age	Experience-based tables of rates
Mortality	The mortality table for General Employees is the PUB-2010 Headcount Weighted Below Median Employee Male Table (pre-retirement), the PUB-2010 Headcount Weighted Below Median Employee Female Table (pre-retirement), the PUB-2010 Headcount Weighted Below Median Healthy Retiree Male Table (post-retirement) and the PUB-2010 Headcount Weighted Below Median Retiree Female Table (post-retirement). These tables use ages set back one year for males and future improvements in mortality projected to all future years after 2010 using scale MP-2018. These are the same rates used for Regular Class members of the Florida Retirement System (FRS) in their actuarial valuation as of July 1, 2020. The mortality tables for Police and Fire members are the PUB-2010 Headcount Weighted Safety Below Median Employee Male Table (pre-retirement), the PUB-2010 Headcount Weighted Safety Employee Female Table (pre-retirement), the PUB-2010 Headcount Weighted Safety Below Median Healthy Retiree Male Table (post-retirement) and the PUB-2010 Safety Healthy Retiree Female Table (post-retirement). These tables use ages set forward one year and mortality improvements to all future years after 2010 using scale MP-2018. These are the same rates used for Special Risk Class members in the July 1, 2020 Actuarial Valuation of the Florida Retirement System (FRS).

CLAIR T. SINGERMAN EMPLOYEES' RETIREMENT SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF INVESTMENT RETURNS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual Money-Weighted Rate of Return, Net of Investment Expense	9.57%	-8.70%	22.28%	8.02%	4.79%	11.04%	12.53%	10.61%	1.30%	10.02%

CLAIR T. SINGERMAN EMPLOYEES' RETIREMENT SYSTEM

SCHEDULE OF ADMINISTRATIVE AND INVESTMENT EXPENSES

FISCAL YEAR ENDED SEPTEMBER 30, 2023

(WITH COMPARATIVE INFORMATION FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022)

	2023	2022
Administrative expenses:		
Bookeeping, secretarial and telephone	$ 146,611	$ 199,393
Audit and legal services	224,047	54,000
Actuarial services	99,180	49,199
Office lease	27,785	37,503
Performance monitoring	38,479	37,358
Bond insurance	28,117	22,472
Training	18,335	25,310
Office expenses	14,342	7,415
Total administrative expenses	$ 596,896	$ 432,650
Investment expenses:		
Management fees	461,725	848,137
Custodial fees	43,915	50,109
Total investment management fees	$ 505,640	$ 898,246

COMPLIANCE SECTION

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 and Plan Administrator
Clair T. Singerman Employees' Retirement System
North Miami, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Clair T. Singerman Employees' Retirement System (the Plan), as of and for the fiscal year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements and have issued our report thereon dated March 19, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2022-01 and 2023-01 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.*

Plan's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Plan's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Plan's responses were not subject to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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Purpose of This Report

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

Caballero Fierman Llerena & Garcia, LLP

Miami, Florida
March 19, 2024

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CLAIR T. SINGERMAN EMPLOYEES' RETIREMENT SYSTEM
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
SEPTEMBER 30, 2023

PRIOR YEAR COMMENTS AND STATUS

The following addresses the status of financial statement findings reported in the fiscal year ended September 30, 2023 schedule of findings and responses:

Matters that are modified and repeated in the accompanying schedule of findings and responses:

- 2022-02 Bank/Investment Reconciliation

Matters that are not repeated in the accompanying schedule of findings and responses:

- 2022-01 Death Check Process

SIGNIFICANT DEFICIENCY

2022-02 Bank/Investment Reconciliation

Criteria:

Based on best practices, investment reconciliations are preferably prepared and reviewed within 30 days from the period end with the appropriate sign off as evidence of the completeness, the accuracy, and timeliness of the reconciliation. Properly reviewed investment reconciliations reduce the risk of errors, fraud, or possible misappropriations of assets.

Condition:

During the performance of our fieldwork procedures and discussion with the plan administrator, CFLG noted the Plan does not prepare monthly investment reconciliations for its investment account and lack of bank reconciliations timely review.

Cause:

Insufficient controls in place to ensure that investment reconciliations are prepared and monthly reviewed.

Effect:

Delays in the review/approval of the reconciliations can have a detrimental effect on the Plans contribution and benefit payments as a result of fraudulent activity to the accounts and misuse of funds. Timely preparation and review of account reconciliations can alert the Plan of unrecorded transactions and missed contributions towards the Plan.

Recommendation:

CFLG recommends the Plan implement internal controls associated with the preparation and review of investment reconciliations to ensure this process is completed within 30 days subsequent to the month end to ensure the accuracy and completeness of cash balances reported.

Views of responsible official and planned corrective actions:

Clair T. Singerman plan acknowledges that their practices did not meet the recommended monthly reconciliation requirements for the 2022-2023 fiscal year. Immediate action has been taken to address and rectify this situation. The organization has engaged the services of Jeanne Kennedy, Bookkeeping, who will handle the preparation of the monthly reconciliations and Angela Reyes, CFO for the City of North Miami, to review the monthly reconciliations. The organization is confident that this arrangement will ensure the timely and accurate preparation of investment reconciliations.

2023-01 Lack of Payroll Processing

Criteria:

Based on best practices, the review and approval process of payroll should not be performed by the same individual. Proper implementation of segregation of duties satisfying the payroll process will reduce the risk of errors, fraud, or possible misappropriations of assets.

Condition:

During the performance of our audit planning procedures for the fiscal year ended September 30, 2023, CFLG identified payroll is processed and reviewed by the plan administrator.

Cause:

Insufficient controls in place to ensure the payroll transactions are processed by one individual and reviewed/approved by another individual to ensure accuracy.

2023-01 Lack of Payroll Processing (Continued)

Effect:

Without proper review of payroll transactions, the Plan could be exposed to misuse of funds, fraud, or material misstatements due to improper recording of payroll transactions.

Recommendation:

CFLG recommends the Plan implement effective internal controls to mitigate the risks mentioned above. Internal controls should ensure proper segregation of duties between processing and review/approval of payroll.

Views of responsible official and planned corrective actions:

Clair T. Singerman Plan recognizes the importance of this discovery, given that inadequate scrutiny of payroll transactions may leave the Plan vulnerable to various risks, including fund misappropriation, fraudulent activities, or inaccuracies stemming from improper recording of payroll transactions. In light of CFLG's suggestion, the Clair T. Singerman Pension Plan has proactively instituted robust internal controls to address the aforementioned risks. Notably, we've ensured a clear segregation of duties between payroll processing and review/approval, with the specific responsibility assigned to the Assistant pension administrator. It's noteworthy that there was no Assistant Pension administrator for a duration of 10 months during the 2023 fiscal year.