

**CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

**CITY OF MIAMI FIRE FIGHTERS’ AND POLICE OFFICERS’
RETIREMENT TRUST**

CONTENTS

Independent Auditors’ Report 1-3

Management’s Discussion and Analysis (Required Supplementary Information).....4-9

Financial Statements

Statement of Fiduciary Net Position 10
Statement of Changes in Fiduciary Net Position 11
Notes to Financial Statements..... 12-36

Required Supplementary Information (Unaudited)

Schedule of Changes in the City’s Net Pension Liability and Related Ratios 37-38
Schedule of City Contributions.....39
Notes to Required Supplementary Information40
Schedule of Investment Returns41

Supplementary Information

Schedule of Investment Expenses.....42
Schedule of Administrative Expenses43

Reporting Section

Independent Auditors’ Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of the Financial Statements
Performed in Accordance with *Government Auditing Standards* 44-45

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees and Plan Administrator
City of Miami Fire Fighters' and Police Officers' Retirement Trust

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Miami Fire Fighters' and Police Officers' Retirement Trust (the "Trust"), which comprise the statement of fiduciary net position as of September 30, 2021, 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.

Auditors' 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 *Governmental 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 entity'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 entity'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 2021 financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Trust as of September 30, 2021, and the related changes in its fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

We have previously audited the Trust's 2020 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated February 19, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020 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, schedule of changes in the City's net pension liability and related ratios, schedule of City contributions, schedule of investment returns and notes to required supplementary information on pages 4–9 and 37-41 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Administrative and Investment Expenses (the "Schedules") are presented for purposes of additional analysis and are not a required part of the financial statements.

The Schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the 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 February 18, 2022 on our consideration of the Trust's internal control over financial reporting and 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 Trust'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 Trust's internal control over financial reporting and compliance.

Marcum LLP

Miami, FL
February 18, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

THE CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Miami Fire Fighters' and Police Officers' Retirement Trust (the "Trust") financial performance provides an overview of the Trust's financial activities for the fiscal years ended September 30, 2021 and 2020. Please read it in conjunction with the Trust's financial statements which follow this discussion.

FINANCIAL HIGHLIGHTS

- The Trust assets exceeded its liabilities at the close of fiscal year ended 2021 and 2020 by \$1.8 billion and \$1.6 billion, respectively. The Trust's net position is held in trust to meet future benefit payments. The Trust experienced an increase in fiduciary net position of \$217.6 million in 2021 and an increase of \$5.0 million in fiduciary net position in 2020 which resulted primarily from changes in the fair value of the Trust's investments, due to better performing financial markets.
- For the fiscal year ended September 30, 2021 the Trust received contributions totaling \$85.9 million and had a net investment income of \$301.9 million.
- For the fiscal year ended September 30, 2020 the Trust received contributions totaling \$83.4 million and had a net investment income of \$87.6 million.
- For the fiscal year ended September 30, 2021 the Trust's deductions increased over the prior year from \$166.6 million to \$170.4 million or 2.3%. The increase can be attributed to a combination of increases in retiree payroll (more members retired), as well as the annual increase in the cost-of-living allowance (COLA II) given to retirees.
- For the fiscal year ended September 30, 2021, the total return of the portfolio was 19.7%. An increase of 13.5% from the 6.2% return of the portfolio in 2020.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements include the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position and Notes to the Financial Statements. The Trust also includes in this report additional information to supplement the financial statements.

The Trust presents required supplementary information, which provides historical trend information about the Trust.

The Trust prepares its financial statements on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America. These statements provide information about the Trust's overall financial status.

THE CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

MANAGEMENT'S DISCUSSION AND ANALYSIS

DESCRIPTION OF THE FINANCIAL STATEMENTS

The Statement of Fiduciary Net Position presents information that includes all of the Trust's assets and liabilities, with the balance representing the net position restricted for pension benefits. It is a snapshot of the financial position of the Trust at that specific point in time and reflects the resources available to pay members, retirees and beneficiaries at that point in time.

The Statement of Changes in Fiduciary Net Position reports how the Trust's net position changed during the fiscal year. The additions and deductions to net position are summarized in these statements. The additions include contributions to the retirement plan from the employer ("City") and members and net investment income, which include interest, dividends, investment expenses, and the net appreciation or depreciation in the fair value of investments. The deductions include benefit payments, refunds of member contributions, and administrative expenses.

The Notes to the Financial Statements are presented to provide the information necessary for a full understanding of the financial statements. They include additional information not readily evident in the statements themselves such as a description of the Trust, contributions, significant accounting policies, funding policy, and investment risk disclosure.

The Required Supplementary Information included in this report is required by the Governmental Accounting Standards Board. These schedules consist of information pertaining to the Plan's actuarial methods and assumptions and provide data on changes in the City's net pension liability, the City's contributions, and the Trust's investment returns.

Additional information is presented as part of the Supplementary Information. This section is not required but management has chosen to include it. It includes Schedules of Investment Expenses and Administrative Expenses. The Schedule of Investment Expenses presents the expenses incurred in managing and monitoring the investments of the Trust and include financial management, consultant, and custodial fees. The Schedule of Administrative Expenses presents the expenses incurred in the administration of the Trust.

FINANCIAL ANALYSIS

- Trust's total assets as of September 30, 2021, were \$1.8 billion and were mostly comprised of cash and cash equivalents, investments and securities lending collateral. Total assets increased \$245.4 million or 15.1% as compared to 2020. The increase in total assets was due to the increase in the Trust's portfolio investment balance as a result of the market performing strongly in 2021.

THE CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Total liabilities as of September 30, 2021 were \$84.2 million and were mostly comprised of obligations under securities lending and payables for securities purchased. Total liabilities increased \$27.8 million or 49.3% from the prior year primarily due to an increase in obligations under securities lending due to higher collateral received from borrowers on securities lending, and an increase in payables for securities purchased due to significant outstanding transfers to purchase securities as of fiscal year end.
- Trust assets exceeded its liabilities at the close of fiscal year ended September 30, 2021 by \$1.8 billion. Total fiduciary net position restricted for pensions increased \$217.6 million or 13.9% from the previous year. This significant increase was due to the overall increase in investments based on strong market performance.

**Table 1 - Summary of Fiduciary Net Position
As of September 30, 2021 and 2020
(Dollar Amounts in Thousands)**

	2021	2020	Increase (Decrease) Amount	Total Percentage Change
Assets				
Cash and cash equivalents	\$ 32,489	\$ 30,137	\$ 2,352	7.8%
Receivables	19,501	13,473	6,028	44.7%
Investments	1,754,638	1,534,583	220,055	14.3%
Security lending collateral - invested	59,263	42,231	17,032	40.3%
Property and equipment, net	2,055	2,075	(20)	-1.0%
Total Assets	1,867,946	1,622,499	245,447	15.1%
Liabilities				
Payables for securities purchased	24,661	13,378	11,283	84.3%
Accounts payable and other liabilities	254	760	(506)	-66.6%
Obligations under securities lending	59,263	42,231	17,032	40.3%
Total Liabilities	84,178	56,369	27,809	49.3%
Net Position Restricted for Pension Benefits				
	\$ 1,783,768	\$ 1,566,130	\$ 217,638	13.9%

THE CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

MANAGEMENT'S DISCUSSION AND ANALYSIS

ADDITIONS TO FIDUCIARY NET POSITION

The reserves needed to finance retirement benefits are accumulated through the collection of contributions from members and the City and through earnings on investments. Contributions and net investment income for fiscal years 2021 and 2020 totaled \$388.1 million and \$171.6 million, respectively. For the fiscal year ended September 30, 2021 total additions to plan fiduciary net position increased by \$216.5 million due primarily to an increase in net investment income.

Actual results were:

- City contributions increased from the previous year by approximately \$2.4 million or 3.6% based on the actuarial valuation.
- Member contributions increased from the previous year by approximately \$71.7 thousand or -0.4%. This increase is primarily due to an increase in new hires.
- Net investment income increased from the previous year by \$214.1 million as the funds performed more favorably compared to prior year. In addition, investment expenses decreased approximately 33.4% from the prior year as the result of Plan management's initiative to reduce investment costs.

Additions to Fiduciary Net Position Years Ended September 30, 2021 and 2020 (Dollar Amounts in Thousands)

	2021	2020	Increase (Decrease) Amount	Total Percentage Change
City contribution	\$ 69,982	\$ 67,564	\$ 2,418	3.6%
Member contributions	15,892	15,821	71	0.4%
Net investment income	302,015	87,913	214,102	243.5%
Other income	197	272	(75)	-27.6%
Total Additions	\$ 388,086	\$ 171,570	\$ 216,591	126.2%

DEDUCTIONS FROM FIDUCIARY NET POSITION

The primary expenses of the Trust include the payment of pension benefits to retired members and beneficiaries, cost of living allowance (COLA) payments to retired members and beneficiaries, refund of contributions to former members, administrative expenses and depreciation. Total deductions for fiscal years ended 2021 and 2020 were \$170.4 million and \$166.6 million, an increase of 2.3%.

THE CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the fiscal year ended September 30, 2021, the payment of pension benefits to retirees and COLA payments increased by \$3.6 million or 2.2% from the previous year. The slight increase is due to COLA payments to retirees along with an increase in retiree payroll.

For the fiscal year ended September 30, 2021, the refund of contributions increased by \$181 thousand or 56.6% from the previous year. This increase is mostly due to a large number of active members terminating employment during the fiscal year.

For the fiscal year ended September 30, 2021, administrative expenses and depreciation decreased by approximately \$28 thousand or 1.2% from the previous year due mostly to a small decrease in administrative expenses.

Deductions from Fiduciary Net Position Years Ended September 30, 2021 and 2020 (Dollar Amounts in Thousands)

	2021	2020	Increase (Decrease) Amount	Total Percentage Change
Pension benefits paid	\$ 141,282	\$ 137,866	\$ 3,416	2.5%
Refund of contributions	501	320	181	56.6%
Cost of living allowance	26,463	26,231	232	0.9%
Administrative expenses and depreciation	2,202	2,230	(28)	-1.3%
Total Deductions	\$ 170,448	\$ 166,647	\$ 3,801	2.3%

CAPITAL ASSETS

As of September 30, 2021, the Trust's investment in capital assets totaled \$2.1 million (net of accumulated depreciation). This investment in capital assets includes land, building and equipment for administrative use. The appraised value of the Administration building is \$3.8 million at September 30, 2021. An appraisal is performed on an annual basis for insurance and valuation purposes.

RETIREMENT SYSTEM AS A WHOLE

Management believes, and actuarial studies concur, that the Trust's fiduciary net position is in line to meet all its current obligations.

THE CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

MANAGEMENT'S DISCUSSION AND ANALYSIS

CONTACTING THE TRUST'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Retirement Board, our membership, taxpayers, investors, and creditors with a general overview of the Trust's finances and to demonstrate the Trust's accountability for the money it receives and the money it dispenses. If you have any questions about this report or need additional financial information, they can be directed to Dania L. Orta, Administrator, City of Miami Fire Fighters' and Police Officers' Retirement Trust Fund, located at 1895 SW 3 Avenue, Miami FL, 33129.

FINANCIAL STATEMENTS

CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

STATEMENT OF FIDUCIARY NET POSITION

SEPTEMBER 30, 2021

(WITH COMPARATIVE TOTALS AS OF SEPTEMBER 30, 2020)

	2021				2020			
	Membership and Benefit Account	Cost-of Living Adjustment I Account	Cost-of Living Adjustment II Account	Total	Membership and Benefit Account	Cost-of Living Adjustment I Account	Cost-of Living Adjustment II Account	Total
Assets								
Cash and cash equivalents	\$ 23,501,196	\$ 1,689,497	\$ 7,298,381	\$ 32,489,074	\$ 21,815,702	\$ 1,504,121	\$ 6,817,163	\$ 30,136,986
Investments, at Fair Value								
Debt securities, domestic	266,997,640	19,194,413	82,917,069	369,109,122	271,654,965	18,729,692	84,889,163	375,273,820
Debt securities, international	12,237,992	879,787	3,800,551	16,918,330	12,193,840	840,724	3,810,440	16,845,004
Equity securities, domestic	449,682,309	32,327,581	139,650,444	621,660,334	372,275,603	25,667,145	116,331,996	514,274,744
Equity securities, international	281,528,294	20,239,019	87,429,618	389,196,931	230,852,064	15,916,470	72,138,709	318,907,243
Private equity	156,760,511	11,269,485	48,682,536	216,712,532	132,476,764	9,133,825	41,397,519	183,008,108
Real estate	102,023,022	7,334,417	31,683,613	141,041,052	91,407,980	6,302,271	28,563,979	126,274,230
Total Investments	<u>1,269,229,768</u>	<u>91,244,702</u>	<u>394,163,831</u>	<u>1,754,638,301</u>	<u>1,110,861,216</u>	<u>76,590,127</u>	<u>347,131,806</u>	<u>1,534,583,149</u>
Securities Lending Cash Collateral Invested	<u>42,868,521</u>	<u>3,081,811</u>	<u>13,312,972</u>	<u>59,263,304</u>	<u>30,570,773</u>	<u>2,107,752</u>	<u>9,553,028</u>	<u>42,231,553</u>
Receivables								
Proceeds from securities sold	15,688,896	--	--	15,688,896	10,945,195	--	--	10,945,195
Accrued interest	3,812,087	--	--	3,812,087	2,527,651	--	--	2,527,651
Total Receivables	<u>19,500,983</u>	<u>--</u>	<u>--</u>	<u>19,500,983</u>	<u>13,472,846</u>	<u>--</u>	<u>--</u>	<u>13,472,846</u>
Property and Equipment, Net	<u>1,486,314</u>	<u>106,851</u>	<u>461,580</u>	<u>2,054,745</u>	<u>1,502,160</u>	<u>103,569</u>	<u>469,409</u>	<u>2,075,138</u>
Total Assets	<u>1,356,586,782</u>	<u>96,122,861</u>	<u>415,236,764</u>	<u>1,867,946,407</u>	<u>1,178,222,697</u>	<u>80,305,569</u>	<u>363,971,406</u>	<u>1,622,499,672</u>
Liabilities								
Payable for securities purchased	24,660,790	--	--	24,660,790	13,377,715	--	--	13,377,715
Accounts payable and other liabilities	253,732	--	--	253,732	759,830	--	--	759,830
Obligations under securities lending	42,868,522	3,081,810	13,312,972	59,263,304	30,570,773	2,107,752	9,553,028	42,231,553
Total Liabilities	<u>67,783,044</u>	<u>3,081,810</u>	<u>13,312,972</u>	<u>84,177,826</u>	<u>44,708,318</u>	<u>2,107,752</u>	<u>9,553,028</u>	<u>56,369,098</u>
Net Position Restricted for Pension Benefits	<u>\$ 1,288,803,738</u>	<u>\$ 93,041,051</u>	<u>\$ 401,923,792</u>	<u>\$ 1,783,768,581</u>	<u>\$ 1,133,514,379</u>	<u>\$ 78,197,817</u>	<u>\$ 354,418,378</u>	<u>\$ 1,566,130,574</u>

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

CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

**FOR THE YEAR ENDED SEPTEMBER 30, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2020)**

	2021				2020			
	Membership and Benefit Account	Cost-of Living Adjustment I Account	Cost-of Living Adjustment II Account	Total	Membership and Benefit Account	Cost-of Living Adjustment I Account	Cost-of Living Adjustment II Account	Total
Additions								
Contributions:								
City	\$ 62,773,727	\$ --	\$ 7,208,422	\$ 69,982,149	\$ 60,633,239	\$ --	\$ 6,931,175	\$ 67,564,414
Members	15,892,461	--	--	15,892,461	15,820,796	--	--	15,820,796
Total Contributions	78,666,188	--	7,208,422	85,874,610	76,454,035	--	6,931,175	83,385,210
Investment Income								
Net appreciation in fair value of investments	213,543,702	14,435,061	64,520,608	292,499,371	48,828,661	3,530,052	15,946,803	68,305,516
Interest	5,710,172	391,696	1,748,092	7,849,960	11,656,596	754,487	3,551,108	15,962,191
Dividends	4,314,922	299,490	1,326,367	5,940,779	7,206,427	471,027	2,204,891	9,882,345
	223,568,796	15,126,247	67,595,067	306,290,110	67,691,684	4,755,566	21,702,802	94,150,052
Less: investment expenses	(3,192,907)	(219,631)	(977,718)	(4,390,256)	(4,802,594)	(315,833)	(1,475,649)	(6,594,076)
Net Investment Income from Investing Activities	220,375,889	14,906,616	66,617,349	301,899,854	62,889,090	4,439,733	20,227,153	87,555,976
Securities Lending Activities								
Securities lending income	111,792	7,703	34,276	153,771	346,830	22,595	105,975	475,400
Securities lending fees	(27,925)	(1,924)	(8,562)	(38,411)	(86,647)	(5,645)	(26,475)	(118,767)
Net Income from Securities Lending Activities	83,867	5,779	25,714	115,360	260,183	16,950	79,500	356,633
Total Net Investment Income	220,459,756	14,912,395	66,643,063	302,015,214	63,149,273	4,456,683	20,306,653	87,912,609
Other	142,831	9,860	43,806	196,497	198,448	12,827	60,380	271,655
Total Additions	299,268,775	14,922,255	73,895,291	388,086,321	139,801,756	4,469,510	27,298,208	171,569,474
Deductions								
Pension benefits paid	141,281,881	--	--	141,281,881	137,866,491	--	--	137,866,491
Refund of contributions	501,152	--	--	501,152	320,190	--	--	320,190
COLA distributions to retirees	--	77,965	26,385,292	26,463,257	--	93,495	26,136,817	26,230,312
Depreciation expense	14,753	1,056	4,585	20,394	14,774	1,007	4,592	20,373
Administrative expenses	2,181,630	--	--	2,181,630	2,210,096	--	--	2,210,096
Total Deductions	143,979,416	79,021	26,389,877	170,448,314	140,411,551	94,502	26,141,409	166,647,462
Change in Net Position	155,289,359	14,843,234	47,505,414	217,638,007	(609,795)	4,375,008	1,156,799	4,922,012
Net Position Restricted for Pension Benefits								
Beginning of year	1,133,514,379	78,197,817	354,418,378	1,566,130,574	1,134,124,174	73,822,809	353,261,579	1,561,208,562
End of year	\$ 1,288,803,738	\$ 93,041,051	\$ 401,923,792	\$ 1,783,768,581	\$ 1,133,514,379	\$ 78,197,817	\$ 354,418,378	\$ 1,566,130,574

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

NOTES TO FINANCIAL STATEMENTS

**CITY OF MIAMI FIRE FIGHTERS’ AND POLICE OFFICERS’
RETIREMENT TRUST**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – DESCRIPTION OF THE PLAN

ORGANIZATION

The City of Miami Fire Fighters’ and Police Officers’ Retirement Trust (the “Trust”) is a single-employer defined benefit pension plan established by the City of Miami, Florida (the “City”) pursuant to the provisions and requirements of Ordinance No. 10002 as amended. Since the Trust is sponsored by the City, the Trust is included as a pension trust fund in the City’s annual comprehensive financial report as part of the City’s financial reporting entity.

The Trust’s governing board is made up of a Board of Trustees consisting of nine members:

- Four are appointed by the City Commission
- Two are selected by fire fighters who belong to the International Association of Firefighters (“IAFF”) bargaining unit
- Two are selected by police officers who belong to the Fraternal Order of Police (“FOP”) bargaining unit
- One is appointed by the City manager

The following brief description of the Trust is provided for general information purposes only. Participants should refer to the Trust document for more detailed and comprehensive information.

MEMBERSHIP

Participants are contributing police officers and firefighters with full-time status in the Police and Fire Department of the City of Miami, Florida.

Membership in the Trust consisted of the following as of October 1, 2020, the date of the latest available actuarial valuation census data:

Inactive plan members and beneficiaries currently receiving benefits	2,341
Inactive plan members entitled but not yet receiving benefits	27
Active plan members - vested	842
Active plan members - non-vested	<u>1,089</u>
Total Members	<u><u>4,299</u></u>

**CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – DESCRIPTION OF THE PLAN (CONTINUED)

MEMBER CONTRIBUTION

Members contribute a percentage of their base salaries on a bi-weekly basis. Prior to the agreement dated January 9, 1994, a 2% contribution was designated to the Cost-of-Living Adjustment I Account (COLA I account). Effective January 9, 1994, the Gates Agreement was resettled whereby this contribution percentage was decreased to 0% and a new Cost-of-Living Adjustment II Account (COLA II account) was created and funded by an actuarially determined percentage of the excess investment return (from other than COLA I account assets).

As of September 30, 2014, the member contribution for police officers hired prior to October 1, 2012 shall be 7% of earnable compensation. The member contribution for police officers hired on or after October 1, 2012 shall be 10% of earnable compensation.

As of September 30, 2014, the member contribution for fire fighters shall be 10% of earnable compensation.

During the year ended September 30, 2021, approximately \$91,000 is included as member contributions for the purchase of additional service years by members as provided for by the Trust.

FUNDING REQUIREMENTS

The City is to contribute such amounts as are necessary to maintain the actuarial soundness of the Trust and to provide the Trust with assets sufficient to meet the benefits to be paid to the participants. Contributions to the Trust are authorized pursuant to City of Miami Code Section 40.196 (a) and (b). Contributions to the COLA accounts are authorized pursuant to Section 40.204 of the City of Miami Code. The City's contributions to the Trust provide for non-investment expenses and normal costs of the Trust. The yield (interest, dividends, and net unrealized and realized gains and losses) on investments of the Trust serves to reduce/increase future contributions that would otherwise be required to provide for the defined level of benefits under the Trust.

**CITY OF MIAMI FIRE FIGHTERS’ AND POLICE OFFICERS’
RETIREMENT TRUST**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – DESCRIPTION OF THE PLAN (CONTINUED)

PENSION BENEFITS

Members may elect to retire after 10 or more years of creditable service upon attainment of normal retirement age. Normal retirement pursuant to Section 40-203 of the City code shall be determined as follows:

Plan A

“For members employed on September 30, 2010, who as of that date have attained age 50 with ten or more years of creditable service or eligibility for Rule of 64 retirement for police officer members, or eligibility for rule of 68 retirement for firefighter members, the normal retirement age shall be 50 years of age with ten or more years of creditable service, or Rule of 64 retirement for police officer members, or Rule of 68 for firefighter members.”

Plan B

“For members employed on September 30, 2010, who as of that date have not attained age 50 with ten or more years of creditable service, or Rule of 64 retirement for police officer members, or Rule of 68 retirement for firefighter members, and member hired on or after October 1, 2010 shall be rule of 70 retirement with a minimum age of 50 and ten or more years of creditable service.”

Rule of 64, 68 and 70 shall mean a computation consisting of the sum of a member’s age and length of creditable service, which sum shall permit normal service retirement upon the member’s combined age and creditable service equaling at least 64, 68 and 70, respectively.

Members who were vested as of September 27, 2010, may elect to retire after 10 or more years of creditable service upon attainment of normal retirement age. A member entitled to a normal retirement shall receive a retirement allowance equal to 3% of the member’s average final compensation multiplied by years of creditable service for the first 15 years of such creditable service, and 3½% of the member’s average final compensation multiplied by years of creditable service exceeding 15 years. This benefit paid in monthly installments.

Members who were not vested as of September 27, 2010, may elect to retire upon reaching Rule of 70 with a minimum age of 50.

Effective September 30, 2010, for members who retire under normal service retirement or Rule of 70 retirement the retirement allowance shall not exceed the lesser of 100% of the member’s average final compensation or an annual retirement allowance of \$100,000 as of retirement or DROP entry based on the normal form of benefit in effect on the date of retirement.

**CITY OF MIAMI FIRE FIGHTERS’ AND POLICE OFFICERS’
RETIREMENT TRUST**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – DESCRIPTION OF THE PLAN (CONTINUED)

PENSION BENEFITS (CONTINUED)

Early retirement, disability, death and other benefits are also provided.

INVESTMENT POLICY

The Trust’s investment policy is determined by the Board of Trustees and is implemented by investment managers. In addition, the Trust utilizes an investment advisor who monitors the investing activities. The investment policy of the Trust stipulates that the trustees shall, in acquiring, investing, reinvesting, exchanging, retaining, selling and maintaining property for the benefit of the Trust, exercise the judgment and care under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital. The trustees are authorized to acquire and retain various kinds of property, real, personal or mixed, and various types of investments specifically including, but not by way of limitation, bonds, debentures and other corporate obligations, and stocks, preferred or common, which persons of prudence, discretion and intelligence acquire or retain for their own account. The investment of funds shall be in a manner that is consistent with the applicable sections of the City Code as well as State and Federal laws within the allocation percentages established in the Trust’s investment policy guidelines.

The investments are considered held by the Membership and Benefit Account and a share of the value of this account is allocated to each account based on a weighted average calculation performed each month to reflect each account’s membership and benefit, COLA I and COLA II activity.

COLA ACCOUNTS

Effective January 9, 1994, the Trust entered into an agreement with the City of Miami with regards to the funding methods, member benefits, member contributions and retiree COLA. As of January 9, 1994, members no longer contribute to the original COLA account (COLA I), and a new COLA account (COLA II) was established.

The agreement included the following provisions:

- The funding method was changed to an aggregate method.
- Combining all accounts for investment purposes (membership and benefit, COLA I and COLA II).
- Retirees receive additional COLA benefits.

**CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – DESCRIPTION OF THE PLAN (CONTINUED)

COLA ACCOUNTS (CONTINUED)

- Active members no longer contribute 2% of pretax earnings to fund the original retiree COLA account (COLA I account).

The COLA II account is funded annually by a percentage of the excess investment returns from other than COLA I account assets. The excess earnings contributed to the COLA II account will be used to fund a minimum annual payment of \$2,500,000, increasing by 4% compounded annually. To the extent necessary, the City will fund the portion of the minimum annual payment not funded by annual excess earnings no later than January 1 of the following year. During the year ended September 30, 2021, approximately \$7,208,000 was funded by the City. Benefits payable from the COLA accounts are computed in accordance with an actuarially based formula as defined in Section 40.204 of the City of Miami Code.

DEFERRED RETIREMENT OPTION PROGRAM (DROP)

Members who are eligible for service retirement or Rule of 64 or Rule of 68 after September 1998 may elect to enter the Deferred Retirement Option Program (DROP). Maximum participation in the DROP for firefighters shall be 54 full months and for police officers shall be 84 full months. A member's creditable service, accrued benefit and compensation calculation shall be frozen.

Upon commencement of participation in the DROP, the participant's contribution and the City's contribution to the Trust for that participant cease as the participant will not earn further creditable service for pension purposes.

Effective July 24, 2008, firefighter DROP participants may continue City employment for up to a maximum of 54 full months and police officers who elect DROP on May 8, 2008, or thereafter, may continue City employment for up to a maximum of 84 full months.

Effective January 1, 2013, a backdrop benefit option was implemented. An eligible employee who elects the backdrop option shall receive a monthly benefit payable on the employee's actual retirement date based on the benefit the employee would have received if the employee had severed employment and retired on an earlier date after attaining normal retirement eligibility. Employees are eligible to elect the backdrop option after completing one year of creditable service following the normal retirement date. An employee can elect a backdrop period of one to seven years.

**CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – DESCRIPTION OF THE PLAN (CONTINUED)

DEFERRED RETIREMENT OPTION PROGRAM (DROP) (CONTINUED)

The DROP assets are held by an independent third party and therefore are not a part of the Trust's Financial Statements. The DROP balance was \$178,612,618 as of September 30, 2021.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The Trust's financial statements are prepared in accordance with generally accepted accounting principles accepted in the United States of America ("U.S. GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB"). Member contributions are recognized as revenues in the period in which contributions are due. City contributions are due when there is a formal commitment to provide amounts determined by an actuarial valuation. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

CASH EQUIVALENTS

The Trust considers all highly liquid investments with short-term maturities, typically less than three months, to be cash equivalents.

INVESTMENTS

Investments are recorded at fair value in the statement of fiduciary net position. 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 at the measurement date. Refer to Note 3 to the financial statements for more detail regarding the methods used to measure the fair value of investments.

Unrealized and realized gains and losses are presented as net appreciation in fair value of investments on the statement of changes in fiduciary net position. Purchases and sales of securities are reflected on a trade-date basis. Interest income is recognized as earned and dividend income is recorded as of the ex-dividend date. Realized gains and losses on the sale of investments are based on average cost identification method.

Given the inherent nature of investments it is reasonably possible that changes in the value of those investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of fiduciary net position.

**CITY OF MIAMI FIRE FIGHTERS’ AND POLICE OFFICERS’
RETIREMENT TRUST**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

PROPERTY AND EQUIPMENT, NET

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

INCOME TAX STATUS

The Trust is tax-exempt under the Internal Revenue Code and, therefore, has recorded no income tax liability or expense.

RISK AND UNCERTAINTIES

Contributions to the Trust and the actuarial information included in the required supplementary information (“RSI”) are reported based on certain assumptions pertaining to the interest rates, inflation rates and member compensation and demographics. Due to the changing nature of these assumptions, it is at least reasonably possible that changes in these assumptions may occur in the near term and, due to the uncertainties inherent in settling assumptions, that the effect of such changes could be material to the financial statements.

COMPARATIVE INFORMATION

The financial statements include certain prior-year comparative information. Such summarized information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Trust’s financial statements for the year ended September 30, 2020, from which the information was derived.

**CITY OF MIAMI FIRE FIGHTERS’ AND POLICE OFFICERS’
RETIREMENT TRUST**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 3 – DEPOSIT AND INVESTMENT RISK DISCLOSURES

CASH AND CASH EQUIVALENTS

Deposits are carried at cost and are included in cash and cash equivalents in the statement of fiduciary net position. Cash and cash equivalents include demand accounts and short-term investment funds (“STIF”). The cash is invested through daily sweeps of excess cash by the Trust’s custodial bank into the custodial short-term (money market) commingled fund or invested in certificates of deposit, commercial paper, U.S. Treasury bills and repurchase agreements.

Cash and cash equivalents at September 30, 2021 consist of the following:

(Managed overdraft) deposits	\$ (787,424)
Invested cash and foreign currency	17,105,562
Short-term investments	<u>16,170,936</u>
Total	<u>\$ 32,489,074</u>

INVESTMENT AUTHORIZATION

The Board of Trustees holds the fiduciary responsibility for the Trust, and has adopted a policy to invest in several institutionally acceptable asset classes. Thus, the Trustees have set a reasonably diversified asset allocation in accordance with state statutes (including minimum and maximum allocations), which is expected to appropriately fund the Trust’s liabilities and meet its basic investment objectives. The basis for such a target asset allocation is a study of the Trust’s pension liabilities and reasonable, alternative investment portfolios.

These asset classes are domestic equity (large, mid and small capitalization), international equity (developed and emerging markets), domestic real estate (institutional quality properties either individually or in open-ended commingled funds, or in real estate investment trust securities portfolios), private equity funds, domestic fixed income, and short-term investments. Other asset classes may be added by the Trustees to its investment policy.

Investment in domestic equity securities shall be limited to those listed on a major U.S. stock exchange and limited to no more than 40% (at market value) of the Trust’s total asset value, in accordance with the Trust’s investment policy. Investments in stocks of foreign companies shall be limited to 30% of the value of the Trust’s portfolio.

**CITY OF MIAMI FIRE FIGHTERS’ AND POLICE OFFICERS’
RETIREMENT TRUST**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 3 – DEPOSIT AND INVESTMENT RISK DISCLOSURES (CONTINUED)

INVESTMENT AUTHORIZATION (CONTINUED)

Investments in core domestic fixed income securities shall be limited to 47% (at maturity) of the Trusts’ total portfolio. The domestic fixed income portfolio shall be comprised of securities rated “BBB” or higher by nationally recognized rating agencies, preferably by Moodys’ or Standard & Poors rating services. Investment in bank loans has also been authorized by the Trust. The goal of the bank loan allocation is to generate reasonable returns, while providing diversification relative to core and high yield fixed income managers. Proper portfolio diversification of bank loan portfolios is required, such that reasonable risk/reward expectations are maintained. Performance attribution is required, as is the case of domestic core and high yield fixed income managers. Additionally, investment in absolute return has been authorized by the Trust. The goal of the absolute return allocation is to protect against volatility. Proper diversification of absolute return portfolios is required, such that reasonable risk/reward expectations are maintained. Performance attribution is required, as is the case of domestic fixed income and equity managers. Derivative investments with allocation limits, may not represent more than 5% of the individual portfolio manager’s assets managed for the Trust. Derivative investments with allocation limits in the aggregate may not expose the individual manager’s portfolio to losses in excess of 5% of the manager’s total assets.

The Trust invests in various funds and investment vehicles which employ specific strategies and co-investments often outside the traditional asset classes. The most common investment categories for these funds include domestic and international real estate and private equity funds. The structure of these investments is generally a limited partnership or limited liability company and tend to be long-term and illiquid in nature. Global real estate investments and private equity allocation range is limited to 12% and 8%, respectively.

No single security can represent more than 5% of the market value of a portfolio at the time of purchase, and no single industry (based on Global Industry Classification System codes) can represent more than 15% of the market value of the account. These single security and single industry restrictions do not apply to U.S. Government and Agency bond holdings.

**CITY OF MIAMI FIRE FIGHTERS’ AND POLICE OFFICERS’
RETIREMENT TRUST**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 3 – DEPOSIT AND INVESTMENT RISK DISCLOSURES (CONTINUED)

TYPES OF INVESTMENTS

Florida Statutes and the Trust’s investment policy authorize the Trustees to invest funds in various investments. The current target and actual allocation of these investments at market, per the performance analysis report, is as follows as of September 30, 2021:

<u>Authorized Investments</u>	<u>Target % of Portfolio</u>	<u>Actual % of Portfolio</u>
Cash and cash equivalents	0.00%	1.82%
Domestic equities	32.00%	35.40%
Core domestic fixed income	31.00%	25.06%
International equities	22.00%	20.38%
Global real estate	9.00%	8.07%
Private equity	<u>6.00%</u>	<u>11.70%</u>
Total Authorized Investments	<u>100.00%</u>	<u>100.00%</u>

RATE OF RETURN

For the year ended September 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 19.71%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**CITY OF MIAMI FIRE FIGHTERS’ AND POLICE OFFICERS’
RETIREMENT TRUST**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 3 – DEPOSIT AND INVESTMENT RISK DISCLOSURES (CONTINUED)

INVESTMENTS

The table below shows the Trust’s investments by type as of September 30, 2021:

Debt Securities, Domestic	
U.S. treasuries	\$ 11,455,330
U.S. agencies	60,122
Corporate bonds	14,398,479
Asset backed securities	4,286,104
Mortgage backed securities	25,269,035
High yield bond	<u>313,640,052</u>
Total Debt Securities, Domestic	<u>369,109,122</u>
Debt Securities, International	
International government bonds	4,474,980
Corporate bonds	<u>12,443,350</u>
Total Debt Securities, International	<u>16,918,330</u>
Total Debt Securities	386,027,452
Equity securities, domestic	621,660,334
Equity securities, international	389,196,931
Private equity	216,712,532
Real estate	<u>141,041,052</u>
Total Investments	<u><u>\$ 1,754,638,301</u></u>

INTEREST RATE RISK

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to interest rate risk, the Trust diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer with various durations of maturities.

**CITY OF MIAMI FIRE FIGHTERS’ AND POLICE OFFICERS’
RETIREMENT TRUST**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 3 – DEPOSIT AND INVESTMENT RISK DISCLOSURES (CONTINUED)

INTEREST RATE RISK (CONTINUED)

Information about the sensitivity of the fair values of the Trust’s fixed income (debt securities) investments to market interest rate fluctuations is provided by the following tables that show the distribution of the Trust’s investments by maturity at September 30, 2021:

Investment Type	Fair Value	Investment Maturities (In Years)			
		Less Than 1	1-5 Years	6-10 Years	More Than 10 Years
U.S. treasuries	\$ 11,455,330	\$ --	\$ 4,236,639	\$ 5,450,311	\$ 1,768,380
U.S. agencies	60,122	--	60,122	--	--
Corporate bonds	14,398,479	1,165,783	4,802,751	3,900,505	4,529,440
Asset backed securities	4,286,104	--	22,521	--	4,263,583
Mortgage backed securities	25,269,035	4,250	91,060	5,737,161	19,436,564
High yield bond	313,640,052	--	--	313,640,052	--
International fixed income	16,918,330	1,366,420	6,185,885	4,425,065	4,940,960
Total Debt Securities	\$ 386,027,452	\$ 2,536,453	\$ 15,398,978	\$ 333,153,094	\$ 34,938,927
% of Debt Securities Portfolio	100.00%	0.66%	3.99%	86.30%	9.05%

CREDIT RISK

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. This risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization. The Trust’s investment policy utilizes portfolio diversification in order to control this risk.

**CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 3 – DEPOSIT AND INVESTMENT RISK DISCLOSURES (CONTINUED)

CREDIT RISK (CONTINUED)

The following tables disclose credit ratings by investment type, at September 30, 2021, as applicable:

Investment	Fair Value	Percentage of Portfolio
U.S. Government Guaranteed*	\$ 10,095,720	2.62%
Credit Risk Debt Securities		
AAA	306,731,573	79.46%
AA+	3,958,303	1.03%
AA-	598,382	0.16%
A+	814,806	0.21%
A	656,878	0.17%
A-	1,947,064	0.50%
BBB+	6,288,534	1.63%
BBB	8,683,024	2.25%
BBB-	4,118,982	1.07%
BB+	5,183,567	1.34%
BB-	1,361,077	0.35%
BB	1,438,655	0.37%
Not rated	34,150,887	8.85%
Total Credit Risk Debt Securities	<u>375,931,732</u>	<u>97.38%</u>
Total Debt Securities	<u>\$ 386,027,452</u>	<u>100.00%</u>

*Obligations are backed by the full faith and credit of the U.S. Government.

CONCENTRATION OF CREDIT RISK

The investment policy of the Trust contains limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. There were 5 individual investments that represent 5% or more of the fair value of the Trust's net position at September 30, 2021.

**CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 3 – DEPOSIT AND INVESTMENT RISK DISCLOSURES (CONTINUED)

CUSTODIAL CREDIT RISK

Deposits are exposed to custodial risk if they are uninsured and uncollateralized. Custodial risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Trust will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Trust's deposits are covered by depository insurance or are collateralized by securities held with a financial institution in the Trust's name. The Trust is only exposed to custodial credit risk for uncollateralized cash and cash equivalents that are not covered by federal depository insurance.

Custodial risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Trust will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the Trust, and are held either by the counterparty or the counterparty's trust department or agent but not in the Trust's name.

Consistent with the Trust's investment policy, the investments are held by Trust's custodial bank and registered in the Trust's name. All of the Trust's deposits are insured or collateralized by a financial institution separate from the Trust's depository financial institution.

The Trust participates in securities lending transactions, as lender, and the securities loaned in those circumstances are exposed to some degree of custodial credit risk. The Trust does require that its custodian maintain insurance to help protect against losses due to negligence, theft, and certain other events.

FOREIGN CURRENCY RISK

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of the investment or a deposit. The Trust may have exposure to foreign currency risk to the extent its investments contain non-U.S. dollar denominated holdings in foreign countries. All asset classes may hold non-U.S. securities, depending on portfolio guidelines. There is no requirement that this exposure to foreign currency be hedged through forward currency contracts, although the manager uses them in many cases.

**CITY OF MIAMI FIRE FIGHTERS’ AND POLICE OFFICERS’
RETIREMENT TRUST**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 3 – DEPOSIT AND INVESTMENT RISK DISCLOSURES (CONTINUED)

FOREIGN CURRENCY RISK (CONTINUED)

The Trust has exposure to foreign currency fluctuation as of September 30, 2021, as follows:

Currency	Equity Securities	Debt Securities	Private Equity	Total
Australian Dollar	\$ 386,592	\$ --	\$ --	\$ 386,592
Brazilian Real	689,319	--	--	689,319
British Pound Sterling	10,129,938	--	--	10,129,938
Canadian Dollar	5,566,882	--	--	5,566,882
Colombian Peso	--	508,006	--	508,006
Euro	95,967	21,271,980	5,499,923	26,867,870
Hong Kong Dollar	2,800,568	--	--	2,800,568
Indonesian Rupiah	--	179,873	--	179,873
Japanese Yen	23,102,777	--	--	23,102,777
Malaysian ringgit	--	412,540	--	412,540
Mexican Peso	209,869	659,821	--	869,690
Norwegian Krone	1,134,434	--	--	1,134,434
Peruvian nuevo sol	--	268,641	--	268,641
Singapore Dollar	2,404,323	642,944	--	3,047,267
South Korean Won	4,431,335	434,500	--	4,865,835
Swedish Krona	3,834,909	--	--	3,834,909
Swiss Franc	4,748,624	--	--	4,748,624
Thai baht	648,351	--	--	648,351
Turkish lira	208,964	--	--	208,964
Total	\$ 60,392,852	\$24,378,305	\$5,499,923	\$ 90,271,080

SECURITIES LENDING TRANSACTIONS

A retirement system is authorized by state statutes and board of trustees’ policies to lend its investment securities. The lending is managed by the Trust’s custodial bank. All loans can be terminated on demand by either the Trust or the borrowers, although the average term of loans is approximately 71 days, as of September 30, 2021. The custodial bank and its affiliates are prohibited from borrowing the Trust’s securities.

**CITY OF MIAMI FIRE FIGHTERS’ AND POLICE OFFICERS’
RETIREMENT TRUST**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 3 – DEPOSIT AND INVESTMENT RISK DISCLOSURES (CONTINUED)

SECURITIES LENDING TRANSACTIONS (CONTINUED)

The agent lends the Trust’s U.S. government and agency securities and domestic corporate fixed income and equity securities for securities or cash collateral at least 102 percent of the market value of the securities plus any accrued interest and international securities at least 105 percent of the market value of the securities plus any accrued interest. The securities lending contracts do not allow the Trust to pledge or sell any collateral securities unless the borrower defaults. Cash collateral is invested in the agent’s collateral investment pool, whose share values are based on the amortized cost of the pool’s investments. Investments are restricted to issuers with a credit rating A3 or A- or higher by Moody’s or Standard & Poor’s. At September 30, 2021, the pool had a weighted average term to maturity of 30 days.

The relationship between the maturities of the investment pool and the Trust’s loans is affected by the maturities of the securities loans made by other entities that use the agent’s pool, which the Trust cannot determine. There are policy restrictions by the custodial bank that limit the amount of securities that can be lent at one time or to one borrower.

Loaned securities continue to be classified as investment assets on the statement of fiduciary net position. Off balance sheet cash collateral is recorded as an asset with a corresponding liability. For lending agreements collateralized by securities, no accompanying asset or liability is recorded, since the Trust is not permitted to sell or re-pledge the associated collateral.

The following represents the balances relating to securities lending transactions at September 30, 2021:

Currency	Market Value of Securities on Loan for Cash	Fair Value Cash Collateral Invested	Fair Value of Liabilities to Borrowers
Securities Lent			
U.S. government and agency obligations	\$ 7,982,439	\$ 8,155,081	\$ 8,155,081
Domestic corporate stocks	42,819,551	44,050,636	44,050,636
Domestic corporate bonds	<u>6,847,671</u>	<u>7,057,587</u>	<u>7,057,587</u>
Total Securities Lent	<u>\$ 57,649,661</u>	<u>\$ 59,263,304</u>	<u>\$ 59,263,304</u>

**CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 3 – DEPOSIT AND INVESTMENT RISK DISCLOSURES (CONTINUED)

SECURITIES LENDING TRANSACTIONS (CONTINUED)

The contract with the Trust's custodian requires the custodian to indemnify the Trust if the borrower fails to return the securities, due to the insolvency of a borrower, and the custodian has failed to live up to its contractual responsibilities relating to the lending of those securities. At year end, the Trust has no credit risk exposure to borrowers because the amounts of collateral held by the Trust exceed the amounts the borrowers owe the Trust.

There are no significant violations of legal or contractual provisions, no borrowers or lending agent default losses, and no recoveries of prior period losses during the year. There are no income distributions owing on securities lent.

INVESTMENT VALUATION

The Trust categorizes its fair value measurements with 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.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 - Investments traded in an active market with available quoted prices for identical assets as of the reporting date.

Level 2 - Investments not traded on an active market but for which observable market inputs are available for an asset, either directly or indirectly, as of the reporting date.

Level 3 - Investments not traded in an active market and for which no significant observable market inputs are available as of the reporting date.

**CITY OF MIAMI FIRE FIGHTERS’ AND POLICE OFFICERS’
RETIREMENT TRUST**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 3 – DEPOSIT AND INVESTMENT RISK DISCLOSURES (CONTINUED)

INVESTMENT VALUATION (CONTINUED)

The Trust has established a framework to consistently measure the fair value of the Trust’s assets and liabilities in accordance with applicable accounting, legal, and regulatory guidance. This framework has been provided by establishing valuation policies and procedures that will provide reasonable assurance that assets and liabilities are carried at fair value. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment’s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Trust’s assessment of the significance of a particular input to the fair value measurement requires judgment and considers factors specific to the investment.

Debt securities: Debt securities consist primarily of negotiable obligations of the U.S. government and U.S. government-sponsored agencies, corporations, securitized offerings backed by residential and commercial mortgages and foreign debt securities. These securities can typically be valued using the close or last traded price on a specific date (quoted prices in active markets). When quoted prices are not available, fair value is determined based on valuation models that use inputs that include market observable inputs. These inputs included recent trades, yields, price quotes, cash flows, maturity, credit ratings, and other assumptions based upon the specifics of the investment’s type.

Equity securities: These include domestic and international equities. Domestic securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the fiscal year. Securities traded in the over-the counter market and listed securities for which no sale was reported on that date are valued at the last reported bid price. International equities are valued based upon quoted foreign market prices and translated into U.S. dollars at the exchange rate in effect at September 30, 2021. Securities which are not traded on a national security exchange are valued by the respective fund manager or other third parties based on yields currently available on comparable securities of issuers with similar credit ratings.

**CITY OF MIAMI FIRE FIGHTERS’ AND POLICE OFFICERS’
RETIREMENT TRUST**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 3 – DEPOSIT AND INVESTMENT RISK DISCLOSURES (CONTINUED)

INVESTMENT VALUATION (CONTINUED)

Alternative investments: These investments pertain to private equity where no readily ascertainable market value exists. To value these investments, management, in consultation with the general partner and investment advisors, determines the fair values for the individual investments based upon the partnership’s or limited liability company’s most recent available financial information adjusted for cash flow activities through September 30, 2021. The estimated fair value of these investments may differ from values that would have been used had a ready market existed. The Trust also has investments which are measured at net asset value (“NAV”) based on their proportionate share of the value of the investments as determined by the fund manager and are valued according to methodologies which include pricing models, property valuations (appraisals), discounted cash flow models, and similar techniques. Investments measured at NAV as a practical expedient would be excluded from the fair value hierarchy because the valuation is not based on actual market inputs but rather is quantified using the investments’ reported NAV as a matter of convenience.

**CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 3 – DEPOSIT AND INVESTMENT RISK DISCLOSURES (CONTINUED)

INVESTMENT VALUATION (CONTINUED)

The following table summarizes the valuation of the Trust's investments in accordance with the above mentioned fair value hierarchy levels as of September 30, 2021:

	September 30, 2021	Fair Value Measurements Using		
		(Level 1 Inputs)	(Level 2 Inputs)	(Level 3 Inputs)
Investment by Fair Value Level:				
Debt Securities				
U.S. treasuries	\$ 11,455,330	\$ --	\$ 11,455,330	\$ --
U.S. agencies	60,122	--	60,122	--
Corporate bonds	14,398,479	--	14,398,479	--
Asset backed securities	2,988,180	--	2,988,180	--
Mortgage backed securities	25,269,035	--	25,269,035	--
International fixed income	<u>16,918,331</u>	--	<u>16,918,331</u>	--
Total Debt Securities	<u>71,089,477</u>	--	<u>71,089,477</u>	--
Equity Securities				
Domestic equities	172,340,934	172,340,934	--	--
International equities	<u>95,302,015</u>	<u>95,302,015</u>	--	--
Total Equity Securities	<u>267,642,949</u>	<u>267,642,949</u>	--	--
Alternative Investments				
Private equity	<u>66,343,565</u>	--	--	<u>66,343,565</u>
Total Investments by Fair Value Level	<u>405,075,991</u>	<u>\$ 267,642,949</u>	<u>\$ 71,089,477</u>	<u>\$ 66,343,565</u>
Investments Measured at Net Asset Value (NAV)				
Commingled domestic fixed income funds	314,937,975			
Commingled international equity funds	293,834,090			
Commingled domestic equity funds	449,380,228			
Real estate investment funds	141,041,052			
Venture capital private equity funds	<u>150,368,965</u>			
Total Investments Measured at NAV	<u>1,349,562,310</u>			
Total Investments	<u>\$ 1,754,638,301</u>			

**CITY OF MIAMI FIRE FIGHTERS’ AND POLICE OFFICERS’
RETIREMENT TRUST**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 3 – DEPOSIT AND INVESTMENT RISK DISCLOSURES (CONTINUED)

INVESTMENT VALUATION (CONTINUED)

The following tables summarize investments as of September 30, 2021 for which fair value is measuring using the net asset value per share, including their related unfunded commitments and redemption restrictions.

Investments Measured at NAV	Fair Value	Investments Measured at NAV		
		Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Commingled domestic fixed income funds (1)	\$ 314,937,975	\$ --	Daily	Same Day
Commingled international equity funds (2)	293,834,090	--	Daily	Same Day
Commingled domestic equity funds (3)	449,380,228	--	Daily	Same Day
Real estate investment funds (4)	141,041,052	--	Quarterly	45 days
Venture capital private equity funds (5)	<u>150,368,965</u>	<u>53,960,186</u>	N/A	N/A
Total Investments Measured at NAV	<u>\$ 1,349,562,310</u>	<u>\$ 53,960,186</u>		

1. Commingled domestic fixed income funds with established investment objectives to seek high income and capital growth by investing in U.S. high yield debt securities over a long-term period. These funds aim at hedging the foreign exchange risk resulting from the divergence between the reference currency of subfunds and the currency of share classes by using derivatives instruments.
2. Commingled international equity funds with globally diversified private equity programs that invest and seeks to measure the stocks representing the lowest 15% of float-adjusted market cap and high quality growth companies that trade at discount to the market, in key developed countries, excluding the U.S.
3. Commingled domestic equity funds which aim to pursue varying strategies in order to diversify risks and reduce volatility. These funds have a diversified portfolio of relative value and event driven hedge funds with a focus on U.S. holdings.

**CITY OF MIAMI FIRE FIGHTERS’ AND POLICE OFFICERS’
RETIREMENT TRUST**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 3 – DEPOSIT AND INVESTMENT RISK DISCLOSURES (CONTINUED)

INVESTMENT VALUATION (CONTINUED)

4. Real estate investment funds are established for the purpose to acquire, own, hold for investment and ultimately dispose of investments in real estate. These funds strive to keep a diversified portfolio of income producing institutional properties throughout the US.

5. Venture capital private equity funds whose investment objective is investing primarily in private equity investments, including primary and secondary investments in private equity, infrastructure, and other private asset funds and co-investments in portfolio companies, although the allocation among those types of investments may vary from time to time.

NOTE 4 – OFF-BALANCE-SHEET COMMITMENTS

The Trust, in the normal course of business, enters into commitments with off-balance-sheet risk. The Trust adheres to the same credit policies, financial and administrative controls, and risk limiting and monitoring procedures for commitments as for on-balance-sheet investments. The majority of these future financial commitments are reported as part of the unfunded commitments for investments measured at NAV which are disclosed in Note 3 of the financial statements.

In addition to the unfunded commitments disclosed in Note 3, the Trust has future investment commitments outstanding for foreign private equity investments at September 30, 2021 of approximately €1,143,000 (euros), respectively.

NOTE 5 – NET PENSION LIABILITY OF THE CITY

The components of the net pension liability of the City at September 30, 2021 were as follows:

Total Pension Liability	\$ 2,477,962,324
Less: Plan fiduciary net position	<u>(1,783,768,581)</u>
Net Pension Liability	<u>\$ 694,193,743</u>
Plan Fiduciary Net Position as a % of the Total Pension Liability	71.99%

**CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 5 – NET PENSION LIABILITY OF THE CITY (CONTINUED)

SIGNIFICANT ACTUARIAL ASSUMPTIONS

The total pension liability at September 30, 2021 was determined using an actuarial valuation as of October 1, 2020. The actuarial valuation used the following actuarial assumptions:

Inflation	2.60%
Projected salary increases	1.5% for promotions plus salary merit scale
Projected COLAs	Amount varies annually with the adjustment on January 1st
Investment rate of return	7.00% compounded annually, net of pension plan investment expense, including inflation.

Mortality rates are calculated with the Florida Retirement System projected using scale BB for all healthy retirees. Disabled Mortality rates are not projected.

LONG-TERM EXPECT RATE OF RETURN

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 Trust's target asset allocation as of September 30, 2021 (see the discussion of the Trust's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>*Long-term Expected Real Rates of Return</u>
Domestic Fixed Income	1.78%
Foreign Fixed Income	0.00%
Domestic Equities	5.50%
International Equities	5.90%
Real Estate	4.73%
Private Equity	6.30%
Cash	0.00%

* Real rates of return are net of the long-term inflation assumption of 2.60% for 2021.

**CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 5 – NET PENSION LIABILITY OF THE CITY (CONTINUED)

DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.00%, for 2021. The projection of cash flows used to determine the discount rate assumed that Trust member contributions will be made at the current contribution rates and that contributions from the City will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Trust's fiduciary net position was projected to be available to make all projected future benefit payments of current Trust members. Therefore, the long term expected rate of return on pension Trust investments was applied to all periods of projected benefit payments to determine the total pension liability.

SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the net pension liability of the City using the discount rate of 7.00% for 2021, as well as what the employer net pension liability would if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
City's Net Pension Liability	<u>\$ 969,793,261</u>	<u>\$ 694,193,743</u>	<u>\$ 463,132,987</u>

NOTE 6 – PROPERTY AND EQUIPMENT

As of September 30, 2021, the property and equipment consist of:

		<u>Estimated Useful Lives</u>
Land	\$ 760,865	N/A
Building	<u>1,666,306</u>	39 years
Less: accumulated depreciation	<u>(372,426)</u>	
Property and Equipment, Net	<u><u>\$ 2,054,745</u></u>	

The depreciation expense for year ended September 30, 2021 was \$20,394.

**CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 7 – ADMINISTRATIVE EXPENSES REIMBURSEMENT

For the fiscal year ended September 30, 2021 administrative costs of the Trust in the amount of \$2,181,630 were funded by the City of Miami and are accounted for as a part of the actuarially determined minimum required contributions from the City and are reflected in contributions from the City in the accompanying statement of changes in fiduciary net position.

NOTE 8 – RETIREMENT PLAN FOR STAFF

The employees of the Trust participate in a separate plan sponsored by the City of Miami Fire Fighters' and Police Officers' Retirement Trust, which is a single-employer defined benefit pension plan. The employees' contribution is 7% of earnable compensation. Employee retirement contributions for the fiscal year ended September 30, 2021, totaled \$22,626.

The Trust, as employer, is to contribute such amounts as necessary to provide the Staff Plan with assets sufficient to meet the benefits to be paid to the participants. The employer contributions to the Plan for fiscal year ended September 30, 2021 were \$63,636.

NOTE 9 – LEGAL MATTERS

Pursuant to the financial urgency settlement agreement, effective September 30, 2021, the Trust restored the pension plan benefits that were in effect prior to September 27, 2010, including the Forward DROP, for all members under collective bargaining who were non-vested as of September 27, 2010, with a cap on benefits of \$120,000. As a result, the Trust's actuary issued an actuarial impact statement to determine the impact of the restoration of benefits described in the settlement agreement. The restoration of benefits include increasing the benefit accrual multiplier to 3.5% for credited service after 15 years, no longer utilizing Rule of 70 for retirement eligibility, amending the basis of final average compensation to one year instead of five years, and changing the normal form of benefit structure. The settlement agreement plan provision changes will first be reflected in the October 1, 2021 actuarial valuation report.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

REQUIRED SUPPLEMENTARY INFORMATION

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

September 30,	2021	2020	2019	2018	2017 (Restated)	2016	2015	2014
Total Pension Liability								
Service cost	\$ 33,080,765	\$ 33,703,733	\$ 30,947,329	\$ 27,965,925	\$ 26,279,333	\$ 21,625,163	\$ 19,203,823	\$ 17,233,272
Interest	159,732,358	160,096,512	152,192,907	149,244,425	146,548,443	156,265,650	156,479,438	155,338,970
Changes in benefit terms	119,271,883	4,270,406	55,386,337	--	122,641,436 (1)	--	9,453,429	--
Differences between expected and actual experience	29,131,987	46,795,554	32,027,954	21,728,074	15,553,948	12,725,721	(16,970,540)	(6,638,755)
Changes of assumptions	77,759,117	(82,872,814)	(5,024,797)	16,618,357	--	30,651,781	14,895,466	--
Benefit payments, including refunds of member contributions	<u>(168,246,291)</u>	<u>(164,416,994)</u>	<u>(156,798,207)</u>	<u>(156,093,286)</u>	<u>(151,375,376)</u>	<u>(166,203,470)</u>	<u>(165,535,327)</u>	<u>(139,860,276)</u>
Net Change in Total Pension Liability	250,729,819	(2,423,603)	108,731,523	59,463,495	159,647,784	55,064,845	17,526,289	26,073,211
Total Pension Liability - Beginning	2,227,232,505	2,229,656,108	2,120,924,585	2,184,102,526	2,222,547,481	2,167,482,636	2,149,956,347	2,123,883,136
Changes in benefit terms (1)	--	--	--	(122,641,436)	--	--	--	--
Restatement (2)	--	--	--	--	<u>(198,092,739)</u>	--	--	--
Total Pension Liability - Ending	<u>\$ 2,477,962,324</u>	<u>\$ 2,227,232,505</u>	<u>\$ 2,229,656,108</u>	<u>\$ 2,120,924,585</u>	<u>\$ 2,184,102,526</u>	<u>\$ 2,222,547,481</u>	<u>\$ 2,167,482,636</u>	<u>\$ 2,149,956,347</u>
Plan Fiduciary Net Position								
Contributions - employer	\$ 69,982,149	\$ 67,564,414	\$ 62,694,851	\$ 56,999,866	\$ 53,264,009	\$ 48,672,615	\$ 48,616,677	\$ 47,535,499
Contributions - member	15,892,460	15,820,796	16,309,563	14,258,763	13,206,378	12,082,805	9,317,231	9,462,569
Net investment income	302,191,323	88,163,893	73,863,324	102,296,007	136,351,212	132,946,827	35,844,550	132,696,604
Benefit payments, including refunds of member contributions	<u>(168,246,291)</u>	<u>(164,416,995)</u>	<u>(156,798,207)</u>	<u>(156,093,286)</u>	<u>(151,375,376)</u>	<u>(166,203,470)</u>	<u>(165,537,888)</u>	<u>(139,860,276)</u>
Administrative expense	<u>(2,181,634)</u>	<u>(2,210,096)</u>	<u>(2,128,469)</u>	<u>(2,086,709)</u>	<u>(2,058,797)</u>	<u>(2,029,168)</u>	<u>(2,222,561)</u>	<u>(2,086,240)</u>
Other	--	--	<u>585,124</u>	<u>(42,726)</u>	<u>(42,726)</u>	<u>(42,726)</u>	<u>(42,726)</u>	<u>989,372</u>
Net Change in Plan Fiduciary Net Position	217,638,007	4,922,012	(5,473,814)	15,331,915	49,344,700	25,426,883	(74,024,717)	48,737,528
Plan Fiduciary Net Position - Beginning	1,566,130,574	1,561,208,562	1,566,682,376	1,551,350,461	1,700,098,500	1,674,671,617	1,748,696,334	1,699,958,806
Restatement	--	--	--	--	<u>(198,092,739)</u>	--	--	--
Plan Fiduciary Net Position - Ending	<u>\$ 1,783,768,581</u>	<u>\$ 1,566,130,574</u>	<u>\$ 1,561,208,562</u>	<u>\$ 1,566,682,376</u>	<u>\$ 1,551,350,461</u>	<u>\$ 1,700,098,500</u>	<u>\$ 1,674,671,617</u>	<u>\$ 1,748,696,334</u>
Net Pension Liability - Ending	<u>\$ 694,193,743</u>	<u>\$ 661,101,931</u>	<u>\$ 668,447,546</u>	<u>\$ 554,242,209</u>	<u>\$ 632,752,065</u>	<u>\$ 522,448,981</u>	<u>\$ 492,811,019</u>	<u>\$ 401,260,013</u>

(1) See "Total Pension Liability Adjustment" description in notes to required supplementary information

(2) Restated for elimination of DROP assets and related activity. There was no effect on the City's net pension liability.

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.

(Continued)

CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

REQUIRED SUPPLEMENTARY INFORMATION

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

September 30,	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017 (Restated)</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability	\$ 2,477,962,324	\$ 2,227,232,505	\$ 2,229,656,108	\$ 2,120,924,585	\$ 2,184,102,526	\$ 2,222,547,481	\$ 2,167,482,636	\$ 2,149,956,347
Plan Fiduciary Net Position	<u>(1,783,768,581)</u>	<u>(1,566,130,574)</u>	<u>(1,561,208,562)</u>	<u>(1,566,682,376)</u>	<u>(1,551,350,461)</u>	<u>(1,700,098,500)</u>	<u>(1,674,671,617)</u>	<u>(1,748,696,334)</u>
City's Net Pension Liability	<u>\$ 694,193,743</u>	<u>\$ 661,101,931</u>	<u>\$ 668,447,546</u>	<u>\$ 554,242,209</u>	<u>\$ 632,752,065</u>	<u>\$ 522,448,981</u>	<u>\$ 492,811,019</u>	<u>\$ 401,260,013</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.99%	70.32%	70.02%	73.87%	71.03%	76.49%	77.26%	81.34%
Covered Payroll ⁽³⁾	\$ 176,212,600	\$ 168,059,448	\$ 166,670,939	\$ 141,497,840	\$ 133,083,231	\$ 106,278,376	\$ 93,705,765	\$ 85,222,842
City's Net Pension Liability as a Percentage of Covered Payroll	393.95%	393.37%	401.06%	391.70%	475.46%	491.59%	525.91%	470.84%
Total Payroll Including DROP Participants	\$ 194,876,743	\$ 184,484,315	\$ 176,975,203	\$ 159,787,486	\$ 153,785,532	\$ 133,966,173	\$ 127,786,644	\$ 124,563,050

(3) Covered payroll is as of September 30, of the prior fiscal year.

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.

CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY CONTRIBUTIONS (UNAUDITED)

	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 69,982,149	\$ 67,564,414	\$ 62,694,851	\$ 56,999,866	\$ 53,264,009
Contributions in relation to the actuarially determined contribution	<u>69,982,149</u>	<u>67,564,414</u>	<u>62,694,851</u>	<u>56,999,866</u>	<u>53,264,009</u>
Contribution Deficiency (Excess)	<u>\$ --</u>				
Covered payroll ⁽¹⁾	\$ 178,532,455	\$ 176,712,600	\$ 168,059,448	\$ 166,670,939	\$ 141,497,840
Contributions as a percentage of covered payroll	39.20%	38.23%	37.31%	34.20%	37.64%
	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 48,672,615	\$ 48,616,677	\$ 47,305,679	\$ 45,412,248	\$ 47,418,316
Contributions in relation to the actuarially determined contribution	<u>48,672,615</u>	<u>48,616,677</u>	<u>47,305,679</u>	<u>45,412,248</u>	<u>47,418,316</u>
Contribution Deficiency (Excess)	<u>\$ --</u>				
Covered payroll ⁽¹⁾	\$ 133,083,231	\$ 106,278,378	\$ 93,705,765	\$ 85,222,842	\$ 82,205,838
Contributions as a percentage of covered payroll	36.57%	45.74%	50.48%	53.29%	57.68%

(1) Covered payroll is as of September 30, the fiscal year end date.

**CITY OF MIAMI FIRE FIGHTERS’ AND POLICE OFFICERS’
RETIREMENT TRUST**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Total Pension Liability Adjustment. For the fiscal year 2017, the GASB Statement No. 67 and No. 68 report, the actuary included the impact of the full restoration of benefits under Supreme Court Ruling which increased both the total pension liability and pension expense by \$122.6 million. Since the restoration of benefits was under negotiation, the Board decided not to include the impact of the restoration of benefits in the October 1, 2017 funding valuation. As a result of this determination, in the September 30, 2018 GASB Statement No. 67 and No. 68 report, the actuary reduced the beginning pension liability by \$122.6 million. The pension liability reported by the actuary as of September 30, 2018 does not include any impact from this Supreme Court ruling. This matter was resolved.

Method and assumptions used in calculations of the City’s actuarially determined contributions. The actuarially determined contribution rates in the schedule of the City’s contributions are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported. Unless otherwise noted above, the following actuarial methods and assumptions were used to determine contribution rates reported in the Schedule of the City’s contributions.

Valuation Date	October 1, 2019
Actuarial cost method	Aggregate Cost Method
Asset valuation method	20% Write-Up Method: Expected actuarial value and actual market value (net of pending transfers to the COLA fund)
Interest Rates	7.34% net of investment expenses
Inflation	3.25%
Projected salary increases	1.5% for promotions plus salary merit scale
Mortality Rates:	
Healthy	Florida Retirement System special risk mortality projected generationally with scale MP-2018
Disabled	100% of the assumed deaths are expected to be ordinary deaths

CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF INVESTMENT RETURNS (UNAUDITED)

September 30,	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	19.71%	6.17%	5.39%	7.48%*	9.22%	9.70%	1.84%	8.60%

* Restated

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.

SUPPLEMENTARY INFORMATION

**CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

**SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT EXPENSES**

**FOR THE YEAR ENDED SEPTEMBER 30, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2020)**

	2021	2020
Equities		
Barrow Hanley	\$ --	\$ 395,962
BGI/Black Rock	1,665	21,619
Boston Partners	252,307	391,801
Center Square Partners	9,492	409,681
Champlain Investments	635,201	482,451
Copper Rock	--	179,244
Eagle Asset Management	--	210,451
First Eagle	972,342	921,194
Total Equities	1,871,007	3,012,403
Debt Securities		
AXA U.S. High Yield	102,127	236,568
Barrow Hanley	--	312,866
Dodge & Cox	185,510	237,717
Munder Capital	--	144,608
NTAM U.S. Aggregate Bond	32,983	--
NTAM U.S. Government Bond	22,127	--
NTAM S&P 500 Lending	9,036	--
NTAM MSCI EAFE Lending	15,327	--
Wellington International	622,887	859,458
Wellington International Growth	196,565	--
Total Debt Securities	1,186,562	1,791,217
Real Estate		
Proxy Voting	6,000	10,000
J.P. Morgan	1,321,315	1,775,291
Total Real Estate	1,327,315	1,785,291
Other	5,372	5,165
Total Investment Expenses	\$ 4,390,256	\$ 6,594,076

**CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

**SUPPLEMENTARY INFORMATION
SCHEDULE OF ADMINISTRATIVE EXPENSES**

**FOR THE YEAR ENDED SEPTEMBER 30, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2020)**

	2021	2020
Personnel Services		
Salaries and payroll taxes	\$ 536,451	\$ 506,208
Fringe benefits	74,489	77,791
Total Personnel Services	610,940	583,999
Professional Services		
Actuarial	147,714	118,537
Audit	42,034	52,810
Consultant and custodial	677,399	833,082
Legal	40,547	70,155
Medical	5,100	2,200
Total Professional Services	912,794	1,076,784
Other		
Education and travel	13,777	10,957
Insurance	152,357	143,970
Office expense	175,401	191,324
Repair and maintenance	227,525	105,476
Retirement contribution	63,636	75,586
Utilities	25,200	22,000
Total Other	657,896	549,313
Total Administrative Expense	\$ 2,181,630	\$ 2,210,096

REPORTING SECTION

**INDEPENDENT AUDITORS' 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
City of Miami Fire Fighters' and Police Officers' Retirement Trust

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 City of Miami Fire Fighters' and Police Officers' Retirement Trust (the "Trust"), which collectively comprise the statement of fiduciary net position as of September 30, 2021, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 18, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Trust'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 Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust'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 entity'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marcum LLP

Miami, FL

February 18, 2022