

**TOWN OF DAVIE POLICE OFFICERS'
PENSION PLAN**

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

TOWN OF DAVIE POLICE OFFICERS' PENSION PLAN

YEAR ENDED SEPTEMBER 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the
Town of Davie Police Officers' Pension Plan

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Town of Davie Police Officers' Pension Plan, which comprise the statement of fiduciary net position as of September 30, 2023, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Town of Davie Police Officers' Pension Plan as of September 30, 2023, and the changes in its fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Davie Police Officers' Pension 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 Town of Davie Police Officers' Pension Plan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



INDEPENDENT AUDITOR'S REPORT (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Davie Police Officers' Pension 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 Town of Davie Police Officers' Pension Plan's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-7 and the schedules of contributions from employers and other contributors, schedule of investment returns and schedules of changes in the employer's net pension liability (asset) and related ratios on pages 26-29 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.



INDEPENDENT AUDITOR'S REPORT (Continued)

Required Supplementary Information (Continued)

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Davie Police Officers' Pension Plan's basic financial statements. The accompanying schedules of investment and administrative expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Prior Year Comparative Information

We have previously audited the Town of Davie Police Officers' Pension Plan's 2022 financial statements, and our report dated April 4, 2023, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2024, on our consideration of the Town of Davie Police Officers' Pension 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 Town of Davie Police Officers' Pension 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 Town of Davie Police Officers' Pension Plan's internal control over financial reporting and compliance.

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

Weston, Florida
February 13, 2024

TOWN OF DAVIE POLICE OFFICERS' PENSION PLAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Overview of the Financial Statements

The financial section of this annual report consists of five parts: MD&A, the basic financial statements, notes to the financial statements, supplementary information and required supplementary information.

The financial statements provide both long-term and short-term information about the Plan's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of other and required supplementary information that further explains and supports the information in the financial statements.

The Plan's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). Under GAAP, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred and appreciation (depreciation) of assets is recognized in the statement of changes in fiduciary net position. All assets and liabilities associated with the operation of the Plan are included in the statement of fiduciary net position.

The statement of fiduciary net position reports fiduciary net position and how it has changed. A net asset is the difference between the asset and any related liabilities. It is one measurement of the financial health or current position of the Plan.

Financial Highlights

The Plan's net results from operations for fiscal year 2023 reflected the following financial activities:

- Net position restricted for pension was \$205,412,366, which was 8% greater than the 2022 net position with the increase due primarily to favorable market conditions.
- Total contributions for the year were \$10,719,242, which was 15% greater than the 2022 contributions. The amount of employer contributions varies from year to year and is actuarially determined. Member contributions were 9.00% of compensation. The increase was primarily due to more employer contribution being actuarially calculated to properly fund the Plan.
- Total interest and dividend earnings were \$4,058,258, which was 12% greater than the 2022 earnings.
- Net investment income was \$17,603,864, which was 149% greater than the 2022 loss with the increase due primarily to favorable market conditions.
- Benefits paid directly to retirees were \$9,715,378, which was 13% greater than the benefits paid directly to retirees during 2022 with the increase due primarily to current year new retirees.

TOWN OF DAVIE POLICE OFFICERS' PENSION PLAN

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Statement of Fiduciary Net Position

The following condensed comparative statement of fiduciary net position is a snapshot of account balances at the fiscal year end of the Plan. It reports the assets available for future payments to retirees and any current liabilities that are owed as of the financial statement date. The resulting net asset value, or assets minus liabilities, represents the value of assets held in trust for pension benefits.

The Plan continues to be evaluated for actuarial soundness by the actuary of the Plan. It should be noted that retirement system funding is based on a long-term perspective and that temporary fluctuations in the market are to be expected.

- Net position restricted for pension at September 30, 2023 was \$205,412,366, an 8% increase from net position at September 30, 2022.
- Total investments at September 30, 2023 were \$205,219,946, an 8% increase from the investments at September 30, 2022.

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

	2023	2022	% Change
Receivables	\$ 208,485	\$ 804,089	(74%)
Prepaid expense	10,043	776,062	(99%)
Investments, at fair value	205,219,946	190,042,926	8%
Total assets	205,438,474	191,623,077	7%
Accounts payable	26,108	106,666	(76%)
Accounts payable - purchase of securities	-	658,698	(100%)
Total liabilities	26,108	765,364	(97%)
Advanced contributions from employer	-	416,449	(100%)
Net position restricted for pensions	\$ 205,412,366	\$ 190,441,264	8%

Statement of Changes in Fiduciary Net Position

The statement of changes in fiduciary net position presents the effect of Plan transactions that occurred during the fiscal year. On the statement, additions to the Plan minus deductions from the Plan equal net increase or decrease in fiduciary net position.

The funding objective is to meet long-term obligations and fund all pension benefits.

TOWN OF DAVIE POLICE OFFICERS' PENSION PLAN

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Statement of Changes in Fiduciary Net Position (Continued)

- Revenues (additions to the fiduciary net position) for the Plan were \$28,362,891, which was made up of total contributions of \$10,719,242 plus net investment income of \$17,603,864 and other income of \$39,785.
- Expenses (deductions from the fiduciary net position) increased from \$11,676,152 during 2022 to \$13,391,789 during 2023.

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

	2023	2022	% Change
Total contributions	\$ 10,719,242	\$ 9,297,262	15%
Net investment income (loss)	17,603,864	(35,982,590)	149%
Other income	39,785	45,040	(12%)
Total additions	28,362,891	(26,640,288)	206%
Total deductions	13,391,789	11,676,152	15%
Net change	14,971,102	(38,316,440)	139%
Net position restricted for pensions – beginning	190,441,264	228,757,704	(17%)
Net position restricted for pensions – ending	\$ 205,412,366	\$ 190,441,264	8%

Asset Allocation

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

Type of Investment	Investment Policy	Actual Allocation
Domestic equities	40%-60%	49.29%
International equities	7.5%-17.5%	11.46%
Fixed income	15%-30%	14.16%
Real estate	7.5%-22.5%	22.68%
Cash and cash equivalents	Minimal	2.41%

The investment guidelines provide for the appropriate diversification of the portfolio. Investments have been diversified to the extent practicable to control risk of loss resulting from over-concentration of a specific maturity, issuer, instrument, dealer or bank through which financial instruments are bought and sold.

The Plan's Board of Trustees (the Board) recognizes that some risk must be assumed to achieve the Plan's long-term investment objectives. In establishing the risk tolerances, the Plan's ability to withstand short and intermediate term variability has been considered. However, the Plan's financial condition enables the Board to adopt a long-term investment perspective.

TOWN OF DAVIE POLICE OFFICERS' PENSION PLAN

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Investment Activities

Investment income is vital to the Plan for current and future financial stability. Therefore, the Board has a fiduciary responsibility to act prudently when making Plan investment decisions. To assist the Board in this area, the Board retains investment managers who supervise and direct the investment of the assets. The Board also retains an investment monitor to evaluate and report on a quarterly basis compliance by the investment managers with the investment policy of the Board and investment performance of the Plan. The investment policy statement was last amended on August, 2022.

The Board and its investment consultant review portfolio performance in compliance with the investment policy statement quarterly. Performance is evaluated both individually by money manager style, and collectively by investment type and for the aggregate portfolio.

Financial Analysis Summary

The investment activities for the fiscal year ended September 30, 2023 are a function of the underlying market, money managers' performance and the investment policy's asset allocation model. The Plan has consistently implemented a high quality, conservative approach.

Contacting the Plan's Financial Management

This financial analysis is designed to provide the Board, Plan participants, and the marketplace credit analysts with an overview of the Plan's finances and the prudent exercise of the Board's oversight. If you have any questions regarding this report or you need additional financial information, please contact the administrator of the Plan:

Precision Pension Administration
c/o Town of Davie Police Officers' Pension Plan
13790 NW 4 Street, Suite 105
Sunrise, Florida 33325

TOWN OF DAVIE POLICE OFFICERS' PENSION PLAN

STATEMENT OF FIDUCIARY NET POSITION

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

	<u>2023</u>	<u>2022</u>
ASSETS		
RECEIVABLES:		
Accrued investment income	150,878	190,224
Accounts receivable - sale of securities	57,607	608,754
Other	-	5,111
TOTAL RECEIVABLES	<u>208,485</u>	<u>804,089</u>
PREPAID EXPENSE	<u>10,043</u>	<u>776,062</u>
INVESTMENTS, AT FAIR VALUE:		
Equity securities	121,999,158	115,528,686
Real estate funds	35,068,231	40,582,850
Government securities	24,801,278	22,300,406
Corporate bonds	3,631,678	6,855,397
Self directed DROP accounts	4,389,472	1,768,081
Hedge fund	10,486,621	-
Money market funds	4,843,508	3,007,506
TOTAL INVESTMENTS, AT FAIR VALUE	<u>205,219,946</u>	<u>190,042,926</u>
TOTAL ASSETS	<u>205,438,474</u>	<u>191,623,077</u>
LIABILITIES		
Accounts payable	26,108	106,666
Accounts payable - purchase of securities	-	658,698
TOTAL LIABILITIES	<u>26,108</u>	<u>765,364</u>
DEFERRED INFLOWS		
ADVANCED CONTRIBUTIONS FROM EMPLOYER	<u>-</u>	<u>416,449</u>
NET POSITION RESTRICTED FOR PENSIONS		
NET POSITION RESTRICTED FOR DEFINED BENEFITS	187,846,227	175,613,709
NET POSITION RESTRICTED FOR DROP BENEFITS	<u>17,566,139</u>	<u>14,827,555</u>
TOTAL NET POSITION RESTRICTED FOR PENSIONS	<u>\$ 205,412,366</u>	<u>\$ 190,441,264</u>

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

TOWN OF DAVIE POLICE OFFICERS' PENSION PLAN

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

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

	<u>2023</u>	<u>2022</u>
ADDITIONS:		
Contributions:		
Employer	\$ 6,566,449	\$ 5,753,551
Employee	2,905,384	2,349,635
Buy back	-	150,331
Chapter 185	<u>1,247,409</u>	<u>1,043,745</u>
Total contributions	<u>10,719,242</u>	<u>9,297,262</u>
Investment income (loss):		
Net appreciation (depreciation) in fair value of investments	14,587,225	(38,367,425)
Interest and dividend income	<u>4,058,258</u>	<u>3,638,934</u>
Total investment income (loss)	18,645,483	(34,728,491)
Less: investment expenses	<u>1,041,619</u>	<u>1,254,099</u>
Net investment income (loss)	<u>17,603,864</u>	<u>(35,982,590)</u>
Other income	<u>39,785</u>	<u>45,040</u>
TOTAL ADDITIONS	<u>28,362,891</u>	<u>(26,640,288)</u>
DEDUCTIONS:		
Benefit payments	9,715,378	8,607,597
DROP distributions	3,416,792	2,770,999
Refunds of contributions	65,158	84,787
Administrative expenses	<u>194,461</u>	<u>212,769</u>
TOTAL DEDUCTIONS	<u>13,391,789</u>	<u>11,676,152</u>
NET CHANGE IN NET POSITION RESTRICTED FOR PENSIONS	14,971,102	(38,316,440)
NET POSITION RESTRICTED FOR PENSIONS - BEGINNING	<u>190,441,264</u>	<u>228,757,704</u>
NET POSITION RESTRICTED FOR PENSIONS - ENDING	<u>\$ 205,412,366</u>	<u>\$ 190,441,264</u>

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

TOWN OF DAVIE POLICE OFFICERS' PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investment Valuation and Income Recognition

Investments are reported at fair value (see Note 3). Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (see Note 5 for discussion of fair value measurements).

Purchase and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net (depreciation) appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Basis of Accounting and Use of Estimates

The accompanying financial statements have been prepared using the accrual basis of accounting. The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, benefit obligations and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments which potentially expose the Plan to concentration of credit risk, as defined by GAAP, consist primarily of contribution receivables and prepaid expense.

The Plan's investments consist of common stocks, government securities, corporate bonds, real estate funds, commingled equity funds and money market funds, inherit in the fair market value determination, include the risk factor of credit worthiness for each individual security.

Comparative Information

The financial statements include certain prior-year comparative information. Such summarized information does not include sufficient detail in the notes to the financial statements to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Plan's financial statements for the year ended September 30, 2022, from which the information was derived.

NOTE 2. DESCRIPTION OF THE PLAN

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

TOWN OF DAVIE POLICE OFFICERS' PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

(Continued)

NOTE 2. DESCRIPTION OF THE PLAN (Continued)

General

The Plan is a single employer defined benefit plan covering all full-time sworn police officers of the Town of Davie, Florida (the "City"). The Plan was established by the City on May 1, 1976. The most recent plan amendments recognized were Ordinances 2011- 18 and 2011-19. The ordinances were adopted on April 20, 2011. As the Plan is sponsored by the City, the Plan is included as a pension trust fund in the City's annual comprehensive financial report.

The Plan, in accordance with the above statute, is governed by a five-member pension board. Two police officers who are elected by a majority of the members of the Plan, two are appointed by the Town Council and must be legal residents of the City and a fifth member who is appointed by the other four members.

The Plan is also governed by certain provisions of Part VII, Chapter 112, Florida Statutes and the Internal Revenue Code.

Plan Membership

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

Inactive Plan members or beneficiaries	
currently receiving benefits	192
Fully vested, partially vested and non-vested	
active employees covered by the Plan	<u>145</u>
Total	<u>337</u>

Eligibility

Effective August 6, 1981, all police employees in the regular full-time service of the City are eligible upon the attainment of age 18. Part-time employees who work less than 20 hours per week or five (5) months per year are excluded from participation in the Plan.

Members are further divided in the following tiers:

- Tier One members are members hired prior to April 20, 2011
- Tier Two members are members hired on or after April 20, 2011

Basic Compensation

Basic rate of salary paid to an employee including longevity pay and assignment pay but excluding overtime, bonuses and commissions. Payments for unused leave time (vacation, sick leave, etc.) are excluded. Effective October 1, 2001, basic compensation includes up to 70 hours of overtime pay per year. Effective October 1, 2003, basic compensation includes up to 120 hours of overtime pay per year. The limit on overtime hours increased to 150 hours effective October 1, 2006 and to 300 hours effective May 1, 2011.

TOWN OF DAVIE POLICE OFFICERS' PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023
(Continued)

NOTE 2. DESCRIPTION OF THE PLAN (Continued)

Final Average Earnings (FAE)

Final Average Earnings is defined as the higher of (i) average monthly rate of basic compensation during the final thirty-six (36) successive calendar months of benefit service, or (ii) average monthly rate of basic compensation of the best five (5) of the last ten (10) years of benefit service, preceding actual retirement or termination.

Benefits

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

Service of a member from employment date as a certified police officer through termination date measured in years and completed months. A member may buy back up to a total of four (4) years of prior military and sworn police service by paying the true actuarial cost of the increased service.

➤ *Normal Retirement Date*

The first of the month coincident with or next following the earlier of (i) completion of 20 years of benefit service or (ii) the attainment of age 55. For a vested terminated member with at least 15 years of benefit service, full deferred accrued benefit would be payable on the first of the month coincident with or next following the anniversary of the date that the member would have completed 20 years of benefit service.

➤ *Normal Retirement*

For Tier One Participants:

The monthly accrued benefit is equal to 3.0% times FAE multiplied by the years and months of benefit service for the first 10 years, plus 4.0% times FAE for the next five (5) years of benefit service, plus 5.0% times FAE for the next five (5) years of benefit service, plus 2.0% of FAE times the next 10 years of benefit service. The maximum benefit is limited to 95% of FAE. However, after 47½ years of benefit service, benefits shall recommence at a rate of 2.0% of FAE per year.

For Tier Two Participants:

The monthly accrued benefit is equal to 3.0% times FAE multiplied by the years and months of benefit service for the first 20 years, plus 2.0% times FAE for each subsequent year of benefit service, subject to a maximum benefit of 80% of FAE. However, after 40 years of benefit service, benefits shall recommence at a rate of 2.0% of FAE per year.

TOWN OF DAVIE POLICE OFFICERS' PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023
(Continued)

NOTE 2. DESCRIPTION OF THE PLAN (Continued)

Benefits (Continued)

➤ *Normal Form of Retirement benefits*

For a married participant, the normal form of retirement income will be monthly payments for life of the member, with benefit continuing to spouse after member's death for one (1) year and 60% of benefit payable to spouse thereafter. The benefit amount is not reduced due to this form of payment. The participant may also elect to receive the benefit as an unreduced ten year certain and life annuity. For an unmarried participant, the normal form of payment will be an unreduced ten year certain and life annuity.

➤ *Optional Forms of Retirement benefits*

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

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

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

Option 3 A monthly annuity payable to the member for ten years certain and life thereafter.

➤ *Early Retirement*

Attainment of age 50 and completion of 10 years of benefit service. The monthly amount of retirement benefit, payable in the normal form of payment to a participant on his early retirement date. The benefit will be reduced for early payment so that it is actuarially equivalent to the normal retirement benefit. Effective May 1, 2011, the early retirement reduction will be 3.0% per year for each year prior to normal retirement date. The participant also has the option of deferring the commencement of his monthly benefit to his normal retirement date, the earlier of the date he would have attained 20 years of benefit service (provided he has completed 15 years of actual benefit service) or age 55. In such case, there would be no actuarial reduction to his monthly benefit.

➤ *Death Benefits*

Prior to retirement:

If death is non-service connected or member had no spouse to whom he had been married to for at least one (1) year prior to death, the death benefit shall be the return of accumulated employee contributions plus prior plan benefits, if any. However, if a member had at least 10 years of benefit service at the time of death, then his or her beneficiary will be entitled to the benefits otherwise payable to the member at early or normal retirement date.

TOWN OF DAVIE POLICE OFFICERS' PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023
(Continued)

NOTE 2. DESCRIPTION OF THE PLAN (Continued)

Benefits (Continued)

➤ *Death Benefits* (Continued)

Prior to retirement: (Continued)

If death is service-connected and member has an eligible spouse to whom he had been married for at least one (1) year prior to death, such spouse shall be entitled to a monthly annuity equal to the greater of (i) 50% of base pay at his date of death, or (ii) retirement benefit payable to the eligible spouse on the date of what would have been the member's normal retirement date. Such pension shall continue to the spouse until the spouse's death, with a guarantee that such benefits will at least equal the accumulated contributions at his date of death. If a member had no eligible spouse but had at least 10 years of benefit service at the time of death, then his or her beneficiary will be entitled to the benefits otherwise payable to the member at early or normal retirement date.

After retirement:

If a member had elected a joint and survivor or a 10-year certain and life optional form of payment, the adjusted monthly benefit will be continued to the beneficiary until the appropriate annuity ending date. Total benefits payable to the member and their beneficiary will not be less than the amount of accumulated contributions at date of retirement.

➤ *Disability Benefit*

For a member totally and permanently disabled where the disability is service connected, the monthly benefit shall be equal to the greater of (i) 66-2/3% of such member's base pay at time of disability, less any benefits payable by federal old age, survivors and disability insurance, worker's compensation benefits or other disability benefits payable from Broward County or the City because of disability, age or unemployment.

Effective May 1, 2011, the benefit after offset shall in no case be less than the member's normal retirement benefit at date of disability or (ii) forty-two percent (42%) of FAE payable as a ten-year certain and life annuity. The monthly non-service-connected benefit is the greater of \$100 or 1.5% times FAE multiplied by the number of years of benefit service, less any of the offset amounts described above. Effective May 1, 2011, the minimum non-service-connected disability benefit shall be the greater of the normal retirement benefit or twenty-five percent (25%) of FAE, payable as a ten-year certain and life annuity. In no event will the service-connected benefit be less than the non-service-connected benefit. Benefits shall be payable starting six (6) months after termination of service for disability and will be payable for life or until recovery.

➤ *Deferred Retirement Option Plan*

The DROP is available only if the member makes an irrevocable election to participate after meeting the eligibility for normal retirement benefit. For members who entered the DROP before October 1, 2020, there is a five (5) year maximum participation period, after which the employee is deemed separated from the City.

TOWN OF DAVIE POLICE OFFICERS' PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023
(Continued)

NOTE 2. DESCRIPTION OF THE PLAN (Continued)

Benefits (Continued)

➤ *Deferred Retirement Option Plan* (Continued)

For members who entered the DROP on or after October 1, 2020, there is a six (6) year maximum participation period, after which the employee is deemed separated from the City. In no event can a member who enters the DROP exceed 30 years of total benefit service plus years of DROP participation. If the member dies or becomes disabled during the DROP period, the member will have presumed to have retired on a normal retirement on the day prior to disability or death.

➤ *Cost of Living Adjustments (COLA)*

An annual COLA will be provided to retirees and beneficiaries. The amount of the COLA will be 2.0% per year. For recipients who retired prior to October 1, 1997, the monthly benefit after the yearly COLA will not exceed 115% of the original monthly benefit prior to any COLA. For post October 1, 1997 retirees, the limit for future monthly benefits after COLA will be 130% of the original benefit amounts prior to any COLA. The first annual COLA will commence on the fifth anniversary of retirement, but no earlier than November 1, 2004.

Funding

All participants are required to contribute 9% of pretax earnings, which the City pays as a pickup contribution pursuant to Internal Revenue Code (IRC) Section 414(h)(2).

Pursuant to Florida law, the City is ultimately responsible for the actuarially soundness of the Plan. Therefore, each year, the City must contribute an amount determined by the Board in conjunction with the Plan's actuary to be sufficient, along with the employee's contribution, to fund the defined benefits under the Plan.

Pursuant to Chapter 185, Florida Statutes, the City imposes a 0.85% tax on casualty insurance premiums paid to insure property within its corporate limits. The proceeds of this tax are contributed to this Plan.

Rate of Return

For the year ended September 30, 2023, the annual money-weighted rate of return on Plan investments, net of Plan investment expense, was 9.10%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 3. INVESTMENTS

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the Plan.

TOWN OF DAVIE POLICE OFFICERS' PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023
(Continued)

NOTE 3. INVESTMENTS (Continued)

The investment policy statement was last amended on August, 2022. The following was the Board's adopted asset allocation policy as of September 30, 2023:

<u>Type of Investment</u>	<u>Target Allocation</u>
Domestic equities	40%-60%
International equities	7.5%-17.5%
Fixed income	15%-30%
Real estate	7.5%-22.5%
Cash and cash equivalents	Minimal

During the year ended September 30, 2023 the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by \$14,587,225 (reported as net appreciation in fair value of investments in the accompanying statement of changes in fiduciary net position) as follows.

Domestic equities	\$ 16,988,406
International securities	4,002,034
Real estate fund	(5,202,492)
Government securities	(1,814,020)
Corporate bonds	<u>613,297</u>
Total	<u>\$ 14,587,225</u>

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

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>6 to 10</u>	<u>More than 10</u>
U.S. agencies	\$ 13,999,364	\$ -	\$ 13,999,364
Corporate bonds	3,631,678	3,631,678	-
U.S. treasuries	<u>10,801,914</u>	<u>6,948,664</u>	<u>3,853,250</u>
Totals	<u>\$ 28,432,956</u>	<u>\$ 10,580,342</u>	<u>\$ 17,852,614</u>

TOWN OF DAVIE POLICE OFFICERS' PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023
(Continued)

NOTE 3. INVESTMENTS (Continued)

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

<u>Rating</u>	<u>Fair Value</u>
Aaa	\$24,801,278
A1	2,347,325
A2	365,533
A3	918,820
Total	<u>\$28,432,956</u>

“Concentration of credit risk” is the risk of losses that may occur from having a large portion of the Plan’s holding in a particular investment relative to the overall portfolio. GASB Statement 40 and GASB Statement 67, require disclosure of investments (other than those issued or guaranteed by the U.S. Government) in any one organization that represent 5% or more of total investments or fiduciary net position. At September 30, 2023 investment in the following domestic commingled equity funds represented more than 5% of the Plan’s net position: Wellington Management Small Cap Fund (6.1%), Aristotle Value Equity Fund (8.6%), Vanguard Institutional Index Fund (12.1%), Vanguard Mid Index Fund (7.3%) and Vanguard Small Cap Index Fund (5.1%). At September 30, 2023 investment in the following international commingled equity fund represented more than 5% of the Plan’s net position: Hardman Johnston I.E Group Trust (11.2%). At September 30, 2022, investment in the following real estate funds represented more than 5% of the Plan’s net position: U.S. Real Estate Investment Fund (5.8%). At September 30, 2023, investment in the following hedge fund represented more than 5% of the Plan’s net position: Serenitas Gamma Fund (5.1%).

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

“Foreign currency risk” is the risk that fluctuations in currency exchange rate may affect transactions conducted in currencies other than U.S. Dollars as well as the carrying value of foreign investments. The Plan’s exposure to foreign currency risk derives mainly from its investments in international equity funds. The Plan participates in international equity funds but does not own any foreign individual securities. The investment policy limits the foreign investments to no more than 17.5% of the Plan’s investment balance. As of September 30, 2023, there were 11.46% of foreign investments.

NOTE 4. RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statement of fiduciary net position held in trust for Plan benefits.

TOWN OF DAVIE POLICE OFFICERS' PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023
(Continued)

NOTE 4. RISKS AND UNCERTAINTIES (Continued)

Plan contributions are made, and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

NOTE 5. FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market as follows:

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

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

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

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

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

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

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

Commingled equity funds: Valued at the net asset value of shares held by the Plan at year end.

Corporate bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing the value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yield of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks or a broker quote, if available.

TOWN OF DAVIE POLICE OFFICERS' PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023
(Continued)

NOTE 5. FAIR VALUE MEASUREMENTS (Continued)

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

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

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

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

	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>Investments by fair value level</u>				
Equity securities:				
Common stocks	\$ 68,954,073	\$ 68,954,073	\$ -	\$ -
Domestic commingled equity funds	30,038,236	30,038,236	-	-
International commingled equity fund	23,006,849	23,006,849	-	-
Total equity securities	<u>121,999,158</u>	<u>121,999,158</u>	<u>-</u>	<u>-</u>
Debt securities:				
U.S. Treasury securities	10,801,914	10,801,914	-	-
U.S. agency securities	13,999,364	-	13,999,364	-
Corporate bonds	3,631,678	-	3,631,678	-
Total debt securities	<u>28,432,956</u>	<u>10,801,914</u>	<u>17,631,042</u>	<u>-</u>
Self directed DROP accounts	<u>4,389,472</u>	<u>-</u>	<u>4,389,472</u>	<u>-</u>
Total investments by fair value level	<u>154,821,586</u>	<u>\$ 132,801,072</u>	<u>\$ 22,020,514</u>	<u>\$ -</u>
<u>Investments measured at the net asset value (NAV) ^(a)</u>				
Real estate funds	35,068,231			
Hedge fund	10,486,621			
Total investments measured at the NAV	<u>45,554,852</u>			
Money market funds (exempt)	<u>4,843,508</u>			
Total investments	<u>\$ 205,219,946</u>			

TOWN OF DAVIE POLICE OFFICERS' PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023
(Continued)

NOTE 5. FAIR VALUE MEASUREMENTS (Continued)

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

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.

Investments Measured at the NAV

	<u>Fair Value</u>	<u>Unfunded Commitment</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Real estate fund ⁽¹⁾	\$ 11,906,847	\$ -	Quarterly	60 Days
Real estate fund ⁽¹⁾	7,396,995	-	Quarterly	60 Days
Real estate fund ⁽¹⁾	4,868,406	-	Quarterly	60 Days
Real estate fund ⁽¹⁾	137,332	-	Quarterly	60 Days
Real estate fund ⁽¹⁾	340,616	-	Quarterly	60 Days
Real estate fund ⁽¹⁾	2,615,943	-	Quarterly	60 Days
Real estate fund ⁽¹⁾	3,450,613	-	Quarterly	60 Days
Real estate fund ⁽¹⁾	4,351,479	-	Quarterly	60 Days
Hedge fund ⁽²⁾	<u>10,486,621</u>	-	Quarterly	90 Days
Investments measured at the NAV	<u>\$ 45,554,852</u>	<u>\$ -</u>		

(1) Real estate funds: The funds are open-end, commingled private equity real estate portfolios. These funds are structured as limited partnerships. Their primary focus is to invest in well-based income producing properties within major U.S. markets. The investments are valued at NAV and redemption requests must be received by the fund 60 days prior to quarter end.

(2) Hedge fund: This fund seeks to acquire fundamentally cheap corporate and mortgage securities in order to reduce drawdowns during market dislocations. The investment is valued at NAV and redemption requests must be received by the fund 90 days prior to quarter end.

NOTE 6. NET PENSION LIABILITY OF THE PLAN

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

Total pension liability	\$262,335,602
Plan fiduciary net position	<u>205,412,366</u>
Net pension liability	<u>\$ 56,923,236</u>
Plan fiduciary net position as a percentage of the total pension liability	78.30%

TOWN OF DAVIE POLICE OFFICERS' PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023
(Continued)

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

The total pension liability was determined by an actuarial valuation as of October 1, 2022, and rolled forward to the measurement date of September 30, 2023, using the following most significant actuarial assumptions, 6.95% for the investment rate of return, 5.50% for projected salary increases and 3.00% for inflation.

Mortality rates were based on the PUB-2010 Headcount-Weighted Mortality Tables, set forward one year, using Scale MP-2018.

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

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

<u>Asset Class</u>	<u>Long-term expected real rate of return</u>
Large cap	8.00%
Mid cap	8.30%
Small cap	6.80%
International	5.20%
Real estate	5.90%
Fixed income	0.40%

A single discount rate of 6.95% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investment of 6.95%. 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 (6.95%) was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF DAVIE POLICE OFFICERS' PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023
(Continued)

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

The sensitivity of the net pension liability to changes in the discount rate was measured as follows. The net pension liability of the City was calculated using the discount rate of 6.95%. It was also calculated using a discount rate that was 1-percentage-point lower 5.95% and 1-percentage-point higher 7.95% and the different computations were compared.

	1% decrease	Current discount rate	1% increase
	<u>(5.95%)</u>	<u>(6.95%)</u>	<u>(7.95%)</u>
Net pension liability	\$87,704,710	\$56,923,236	\$31,598,424

NOTE 7. INCOME TAXES

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

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by a taxing authority. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 8. SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 13, 2024, the date the consolidated financial statements were available to be issued.

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**TOWN OF DAVIE POLICE OFFICERS'
PENSION PLAN**

SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2023

TOWN OF DAVIE POLICE OFFICERS' PENSION PLAN

SCHEDULES OF INVESTMENT AND ADMINISTRATIVE EXPENSES

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

	<u>2023</u>	<u>2022</u>
INVESTMENT EXPENSES:		
Investment management fees	\$ 922,287	\$ 1,111,291
Performance monitor	80,941	82,879
Custodial fees	<u>38,391</u>	<u>59,929</u>
TOTAL INVESTMENT EXPENSES	<u>\$ 1,041,619</u>	<u>\$ 1,254,099</u>
	<u>2023</u>	<u>2022</u>
ADMINISTRATIVE EXPENSES:		
Actuarial	\$ 70,802	\$ 79,527
Administrative fees	53,370	57,540
Audit fees	20,850	28,750
Dues and subscription	1,525	1,300
Insurance	11,494	1,842
Legal	21,015	26,988
Office expenses	2,036	1,576
Seminar and travel expense	<u>13,369</u>	<u>15,246</u>
TOTAL ADMINISTRATIVE EXPENSES	<u>\$ 194,461</u>	<u>\$ 212,769</u>

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

**TOWN OF DAVIE POLICE OFFICERS'
PENSION PLAN**

REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2023

TOWN OF DAVIE POLICE OFFICERS' PENSION PLAN

SCHEDULES OF CONTRIBUTIONS FROM EMPLOYER AND OTHER CONTRIBUTORS (UNAUDITED)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially determined employer contribution	\$ 8,901,037	\$ 6,642,300	\$ 6,686,706	\$ 6,573,169	\$ 6,548,431
Actual employer contribution	<u>8,901,037</u>	<u>7,015,969</u>	<u>7,087,833</u>	<u>7,114,836</u>	<u>7,174,869</u>
Annual contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (373,669)</u>	<u>\$ (401,127)</u>	<u>\$ (541,667)</u>	<u>\$ (626,438)</u>
Covered-employee payroll	<u>\$15,475,959</u>	<u>\$15,654,087</u>	<u>\$15,490,823</u>	<u>\$15,564,522</u>	<u>\$ 15,236,338</u>
Actual contributions as a percentage of covered-employee payroll	57.52%	44.82%	45.76%	45.71%	47.09%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined employer contribution	\$ 7,161,525	\$ 7,117,240	\$ 6,226,728	\$ 5,953,504	\$ 6,166,672
Actual employer contribution	<u>7,170,624</u>	<u>7,272,120</u>	<u>6,418,604</u>	<u>6,361,217</u>	<u>6,430,027</u>
Annual contribution deficiency (excess)	<u>\$ (9,099)</u>	<u>\$ (154,880)</u>	<u>\$ (191,876)</u>	<u>\$ (407,713)</u>	<u>\$ 263,355</u>
Covered-employee payroll	<u>\$15,388,083</u>	<u>\$15,278,632</u>	<u>\$14,068,195</u>	<u>\$13,411,960</u>	<u>\$ 13,916,944</u>
Actual contributions as a percentage of covered-employee payroll	46.60%	47.60%	45.62%	47.43%	46.20%

Notes to Schedules of Contributions from Employer and Other Contributors

Actuarial cost method	Entry Age Actuarial Cost Method
Remaining amortization period	20 years
Asset valuation method	4-year smoothed market
Inflation	3.00%
Salary increases	5.50%, including inflation
Investment rate of return	6.95%, compounded annually, net of investment expenses.
Mortality	<p><u>Pre-Retirement:</u> Female Non-Disabled: PUB-2010 Headcount Weighted Safety Employee Female Table, set forward 1 year, Scale MP-2018 Male Non-Disabled: PUB-2010 Headcount Weighted Safety Below Median Employee Male Table, set forward 1 year, scale MP-2018</p> <p><u>Post-Retirement:</u> Female Non-Disabled: PUB-2010 Headcount Weighted Safety Healthy Retiree Female Table, set forward 1 year, Scale MP-2018 Male Non-Disabled: PUB-2010 Headcount Weighted Safety Below Median Healthy Retiree Male Table, set forward 1 year, Scale MP-2018</p> <p><u>Pre-Retirement & Post-Retirement:</u> Female Disabled: 80% PUB-2010 Headcount Weighted General Disabled Retiree Female Table; 20% PUB-2010 Headcount Weighted Safety Disabled Retiree Female Table, Scale MP-2018 Male Disabled: 80% PUB-2010 Headcount Weighted General Disabled Retiree Male Table; 20% PUB-2010 Headcount Weighted Safety Disabled Retiree Male Table, Scale MP-2018</p>

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

TOWN OF DAVIE POLICE OFFICERS' PENSION PLAN

SCHEDULE OF INVESTMENT RETURNS (UNAUDITED)

Year Ended <u>September 30,</u>	Annual money- weighted rate of return net of investment <u>expense</u>
2023	9.10%
2022	(15.80%)
2021	20.30%
2020	9.15%
2019	2.30%
2018	8.90%
2017	11.80%
2016	8.40%
2015	0.50%
2014	9.10%

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

TOWN OF DAVIE POLICE OFFICERS' PENSION PLAN

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
TOTAL PENSION LIABILITY:					
Service cost	\$ 4,848,712	\$ 4,814,200	\$ 4,499,322	\$ 4,362,363	\$ 4,413,896
Interest	17,476,327	16,935,970	16,071,892	15,293,941	14,835,448
Difference between actual and expected experience	(1,714,601)	4,929,304	588,690	2,795,825	2,026,532
Assumption changes	-	11,378,119	2,211,069	(6,550,964)	-
Benefit payments	<u>(13,197,328)</u>	<u>(11,393,003)</u>	<u>(10,003,426)</u>	<u>(8,645,596)</u>	<u>(10,013,274)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	7,413,110	26,664,590	13,367,547	7,255,569	11,262,602
TOTAL PENSION LIABILITY - BEGINNING	<u>254,922,492</u>	<u>228,257,902</u>	<u>214,890,355</u>	<u>207,634,786</u>	<u>196,372,184</u>
TOTAL PENSION LIABILITY - ENDING	<u>262,335,602</u>	<u>254,922,492</u>	<u>228,257,902</u>	<u>214,890,355</u>	<u>207,634,786</u>
PLAN FIDUCIARY NET POSITION:					
Contributions - town	6,566,449	5,753,551	6,210,000	6,367,000	6,625,000
Contributions - state	1,247,409	1,043,745	1,000,965	1,055,365	1,051,508
Contributions - member	2,905,384	2,499,966	2,339,335	2,256,454	2,013,240
Net investment income (loss)	17,643,649	(36,007,930)	39,822,297	15,746,361	3,714,484
Benefit payments	(13,197,328)	(11,393,003)	(10,003,426)	(8,645,596)	(10,013,274)
Administrative expenses	<u>(194,461)</u>	<u>(212,769)</u>	<u>(183,548)</u>	<u>(190,823)</u>	<u>(206,958)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	14,971,102	(38,316,440)	39,185,623	16,588,761	3,184,000
PLAN FIDUCIARY NET POSITION - BEGINNING	<u>190,441,264</u>	<u>228,757,704</u>	<u>189,572,081</u>	<u>172,983,320</u>	<u>169,799,320</u>
PLAN FIDUCIARY NET POSITION - ENDING	<u>205,412,366</u>	<u>190,441,264</u>	<u>228,757,704</u>	<u>189,572,081</u>	<u>172,983,320</u>
NET PENSION LIABILITY (ASSET) - ENDING	<u>\$ 56,923,236</u>	<u>\$ 64,481,228</u>	<u>\$ (499,802)</u>	<u>\$ 25,318,274</u>	<u>\$ 34,651,466</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY	78.30%	74.71%	100.22%	88.22%	83.31%
COVERED EMPLOYEE PAYROLL	\$ 15,475,959	\$ 15,654,087	\$ 15,490,823	\$ 15,564,522	\$ 15,236,338
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL	367.82%	411.91%	-3.23%	162.67%	227.43%

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

TOWN OF DAVIE POLICE OFFICERS' PENSION PLAN

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
TOTAL PENSION LIABILITY:				
Service cost	\$ 4,574,502	\$ 4,567,940	\$ 4,172,243	\$ 4,080,569
Interest	13,924,970	12,970,707	11,090,225	10,820,739
Difference between actual and expected experience	497,848	5,256,258	229,588	(698,115)
Assumption changes	3,193,344	5,409,186	-	21,912,756
Benefit payments	<u>(6,438,104)</u>	<u>(6,036,548)</u>	<u>(6,691,573)</u>	<u>(7,246,724)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	15,752,560	22,167,543	8,800,483	28,869,225
TOTAL PENSION LIABILITY - BEGINNING	<u>180,619,624</u>	<u>158,452,081</u>	<u>149,651,598</u>	<u>120,782,373</u>
TOTAL PENSION LIABILITY - ENDING	<u>196,372,184</u>	<u>180,619,624</u>	<u>158,452,081</u>	<u>149,651,598</u>
PLAN FIDUCIARY NET POSITION:				
Contributions - town	6,223,000	6,472,000	5,672,500	5,797,600
Contributions - state	938,653	905,664	858,749	784,261
Contributions - member	2,458,252	2,233,592	1,946,185	1,491,816
Net investment income	13,757,131	16,147,239	10,696,539	844,685
Benefit payments	(6,438,104)	(6,036,548)	(6,691,573)	(7,246,724)
Administrative expenses	<u>(200,479)</u>	<u>(197,732)</u>	<u>(192,512)</u>	<u>(152,164)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	16,738,453	19,524,215	12,289,888	1,519,474
PLAN FIDUCIARY NET POSITION - BEGINNING	<u>153,060,867</u>	<u>133,536,652</u>	<u>121,246,764</u>	<u>119,727,290</u>
PLAN FIDUCIARY NET POSITION - ENDING	<u>169,799,320</u>	<u>153,060,867</u>	<u>133,536,652</u>	<u>121,246,764</u>
NET PENSION LIABILITY - ENDING	<u>\$26,572,864</u>	<u>\$27,558,757</u>	<u>\$24,915,429</u>	<u>\$28,404,834</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY	86.47%	84.74%	84.28%	81.02%
COVERED EMPLOYEE PAYROLL	\$15,388,083	\$15,278,632	\$14,068,195	\$13,411,960
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL	172.68%	180.37%	177.10%	211.79%

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

**TOWN OF DAVIE POLICE OFFICERS'
PENSION PLAN**

COMPLIANCE REPORT

SEPTEMBER 30, 2023



**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

To the Board of Trustees of the
Town of Davie Police Officers’ Pension Plan.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Town of Davie Police Officers’ Pension Plan, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Davie Police Officers’ Pension Plan’s basic financial statements, and have issued our report thereon dated February 13, 2024.

Report on Internal Control over Financial Reporting

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

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

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



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Davie Police Officers' Pension Plan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

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

Weston, Florida
February 13, 2024