CITY OF MIAMI SPRINGS
GENERAL EMPLOYEES' RETIREMENT SYSTEM

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

CITY OF MIAMI SPRINGS
GENERAL EMPLOYEES' RETIREMENT SYSTEM

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees and Plan Administrator
City of Miami Springs General Employees' Retirement System

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Miami Springs General Employees' Retirement System (the Plan), which comprise the statement of fiduciary net position as of September 30, 2017 and the related statement of changes in fiduciary net position for the fiscal 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 *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 financial statements referred to above present fairly, in all material respects, the financial position of the Plan, as of September 30, 2017, and the changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Comparative Information

The financial statements of the City of Miami Springs General Employees' Retirement System for fiscal year ended September 30, 2016 were audited by a predecessor auditor. Their report dated May, 2 2017 expressed an unmodified opinion on those financial statements.

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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, and schedule of investment returns on pages 3 to 5 and 16 to 18 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2018 on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

Caballero Fierman Llerena + Garcia, LLP

Coral Gables, Florida
April 13, 2018

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MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

CITY OF MIAMI SPRINGS
GENERAL EMPLOYEES' RETIREMENT SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

The discussion and analysis of the City of Miami Springs General Employees' Retirement System's (Retirement System or the Plan) financial performance provides an overview of the financial activities and funding conditions for the fiscal years ended September 30, 2017 and 2016.

Financial Highlights

The net results from operations for fiscal year 2017 reflected the following financial activities:

- The Plan's net position increased by $956,868 or 5.29% from the prior year.
- The statement of changes in fiduciary net position reflects the financial performance for the year. Employer contributions increased from $317,957 in fiscal year 2016 to $338,551 in fiscal year 2017. The actuary determines the contribution required by the employer each year.
- Employees contributed $283,972 during fiscal year 2017.
- The Plan experienced a net investment gain of $2,017,073 for the fiscal year 2017, compared to a net investment gain of $1,714,875 for fiscal year 2016.
- Benefit payments and refunds of member contributions decreased to $1,603,073 for fiscal year 2017 from $1,771,382 for the prior fiscal year.

Using the Annual Report

The financial statements which reflect the account balances and activities of the Retirement System are reported in the statement of fiduciary net position (see page 6) and the statement of changes in fiduciary net position (see Page 7). These statements are presented on a full accrual basis and reflect all trust account balances and activities incurred. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements (see pages 8-15). In addition to the financial statements and accompanying notes, this report presents certain required supplementary information concerning the Plan's methods and assumptions used to determine City contributions, the City's net pension liability and the Plan's historical investment returns.

Statement of Fiduciary Net Position

The statement of fiduciary net position provides a snapshot of account balances at the end of the fiscal year. The statement reports the assets available for future benefit payments and any liabilities owed as of the financial statement date. The resulting fiduciary net position, or assets minus liabilities, is the value of net position held in trust for pension benefits. The funding for the Plan is based on long-term assumptions, realizing that the market will experience shorter term gains and losses in the meantime.

The summary of fiduciary net position is presented below:

	As of September 30,		Increase (Decrease) 2016 to 2017	
	2017	2016	Amount	Percent
Total assets	$ 19,070,854	$ 18,134,486	$ 936,368	5.16%
Total liabilities	24,179	44,679	(20,500)	-45.88%
Net position restricted for pension benefits	$ 19,046,675	$ 18,089,807	$ 956,868	5.29%

Overall assets increased by $936,368 as compared to prior year due to appreciation of fair value of investments. Total liabilities decreased as of September 30, 2017 as compared to September 30, 2016 due to the timing of investments transactions. Due to broker securities reflect securities purchases which were initiated prior to yearend and settled subsequent to yearend. The total due to broker as of September 30, 2017 and 2016 was $6,988 and $23,748, respectively.

Statement of Changes in Fiduciary Net Position

The statement of changes in fiduciary net position shows the effects of pension fund transactions that occurred during the fiscal year. The net increase or decrease in the Plan's fiduciary net position equals the additions minus the deductions.

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

	Fiscal Year Ended September 30,		Increase (Decrease)	
	2017	2016	Amount	Percent
Additions:				
Employer contributions	$ 338,551	$ 317,957	$ 20,594	6.48%
Plan member contributions	283,972	252,554	31,418	12.44%
Investment income	2,017,073	1,714,875	302,198	17.62%
Other income	4,297	5,953	(1,656)	-27.82%
Total additions	2,643,893	2,291,339	352,554	15.39%
Deductions:				
Pension benefits	1,585,026	1,731,453	(146,427)	-8.46%
Refund of member contributions	18,047	39,929	(21,882)	-54.80%
Administrative expenses	83,952	82,657	1,295	1.57%
Total deductions	1,687,025	1,854,039	(167,014)	-9.01%
Net Increase	$ 956,868	$ 437,300	$ 519,568	118.81%

The investment activity for the portfolio of invested assets is a function of the underlying marketplace for the period measured and the asset allocation set forth in the Investment Policy for the Plan. The Retirement System experienced a positive return on investments for fiscal years 2017 and 2016.

A local ordinance of the City of Miami Springs determines the eligibility and amounts for members of the plan to receive benefits. The total for the benefit payments increases or decreases as the number of members and beneficiaries eligible to receive benefits changes each year.

Funding Progress

Of primary concern to most pension plan participants is the amount of money available to pay benefits. A pension plan can become underfunded when the employer fails to make annual actuarially required contributions to that plan. The City has traditionally contributed the annual required contribution to the Retirement System determined by the Plans' actuary. See page 17 for a summary of City contributions to the plan.

Net Pension Liability

The fiduciary net position as a percentage of the total pension liability in accordance with GASB Statement No. 67, *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25*, as of September 30, 2017 and 2016 was 97.94% and 98.71%, respectively. The notes to the financial statements provide a summary of significant assumptions and other inputs used to calculate the total pension liability, including those about inflation, salary changes, and inputs to the discount rate, as well as certain information about mortality assumptions.

Plan Membership

The following table reflects the Plan membership as of the end of the fiscal years noted below:

Change in Plan Membership

	September 30,		
	2017	2016	Change
Inactive plan members and beneficiaries currently receiving benefits	91	75	16
Inactive plan members entitled but not yet receiving benefits	6	22	(16)
Active participants	70	68	2
Total membership	167	165	2

Investment Activities

Investment income is vital to the Retirement System's current and future financial stability. Therefore, the trustees have a fiduciary responsibility to act prudently and discretely when making investment decisions. To assist the Board of Trustees in this endeavor, the Board employs the services of an investment consultant to periodically review and update the investment policy. The Investment Policy Statement was last amended in August 2014, although the Board reviews the Policy Statement quarterly.

The Board and its consultant also review the investment performance of the assets quarterly. Performance is evaluated for each individual investment manager according to the style and asset class for that manager. The performance for each manager portfolio is compared to an internal benchmark established by the Investment Policy, a universe of peers, and a broad financial benchmark (for example, S&P500). Performance for the overall portfolio, on the other hand, is evaluated in comparison to established benchmarks and performance for similar plans. The aggregate investment portfolio includes domestic and foreign equities, fixed income securities, and a core real estate fund.

Contacting the Plan's Financial Management

The financial report is designed to provide citizens, taxpayers, Plan participants and the marketplace's credit analysis with an overview of the plan's finances and prudent exercise of the Board's oversight. If you have any questions regarding this report or need additional financial information, please contact the Board of Trustees, c/o Pension Resource Center LLC, 4360 Northlake Boulevard, Suite 206, Palm Beach Gardens, FL 33410.

BASIC FINANCIAL STATEMENTS

CITY OF MIAMI SPRINGS
GENERAL EMPLOYEES' RETIREMENT SYSTEM
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2017
(WITH COMPARATIVE TOTALS AS OF SEPTEMBER 30, 2016)

	2017	2016
ASSETS		
Investments:		
Money market funds	$ 390,689	$ 319,288
Equity securities	11,854,604	10,556,169
Corporate bonds	3,121,311	4,177,824
U.S. government agencies	1,189,570	1,055,421
Mortgage pools	224,464	195,936
Municipal bonds	269,152	222,570
Collateralized mortgage obligations	376,776	48,414
Real estate fund	1,597,589	1,502,327
Total investments	19,024,155	18,077,949
Receivables:		
Accrued interest and dividends	41,378	51,112
Other receivable	-	104
Total receivables	41,378	51,216
Other assets:		
Prepaid expenses	5,321	5,321
Total assets	19,070,854	18,134,486
LIABILITIES		
Accounts payable and accrued liabilities	17,191	20,931
Due to broker	6,988	23,748
Total liabilities	24,179	44,679
Net position restricted for pension benefits	$ 19,046,675	$ 18,089,807

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

CITY OF MIAMI SPRINGS
GENERAL EMPLOYEES' RETIREMENT SYSTEM
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017
(WITH COMPARATIVE TOTALS FOR THE
FISCAL YEAR ENDED SEPTEMBER 30, 2016)

	2017	2016
Additions:		
Contributions:		
Plan members	$ 283,972	$ 252,554
City	338,551	317,957
Total contributions	622,523	570,511
Investment income:		
Net appreciation in fair value of investments	1,739,426	1,418,317
Dividends and interest income	403,940	417,760
Total investment income	2,143,366	1,836,077
Less: investment expenses	126,293	121,202
Net investment income	2,017,073	1,714,875
Other income	4,297	5,953
Total additions	2,643,893	2,291,339
Deductions:		
Pension benefits	1,585,026	1,731,453
Refund of member contributions	18,047	39,929
Administrative expenses	83,952	82,657
Total deductions	1,687,025	1,854,039
Net increase	956,868	437,300
Net position restricted for pension benefits		
Beginning of year	18,089,807	17,652,507
End of year	$ 19,046,675	$ 18,089,807

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

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements of the City of Miami Springs General Employees' Retirement System (the Plan) are prepared on the accrual basis of accounting. Plan member (employees) contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Method Used To Value Investments and Investment Income Recognition

Investments are reported at fair value with the exception of money market funds which are at amortized cost. 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. Net appreciation in fair value of investments includes realized and unrealized gains and losses. Realized gains and losses are determined on the basis of specific cost. Purchases and sales of securities are recorded on the trade-date basis. Interest and dividends are recorded as earned on the accrual basis. For more detail regarding the methods used to measure the fair value of investments refer to the fair value hierarchy in Note 3.

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Comparative Information

The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Plan's financial statements for the fiscal year ended September 30, 2016, from which the summarized information was derived.

NOTE 2 - PLAN DESCRIPTION AND CONTRIBUTION INFORMATION

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

General

The City of Miami Springs (the City) is the administrator of a single-employer defined benefit pension plan established to provide pension benefits for its general employees. The latest available actuarial valuation is as of October 1, 2016 (beginning of year valuation date); however, the required employer contribution for the fiscal year ended September 30, 2017 is based on the October 1, 2015 actuarial valuation. The Plan covers all full-time employees not eligible for the separate Police and Firefighters Retirement System.

The Plan is administered by a five member Board of Trustees comprised of two members appointed by the City Commission, two members elected by/from the Firefighter members, and one member elected by/from the Police members. Changes to established provisions require a majority vote of the Board. The Plan's Board of Trustees also administers the City of Miami Springs Police and Firefighters' Retirement System.

NOTE 2 - PLAN DESCRIPTION AND CONTRIBUTION INFORMATION (CONTINUED)

Membership in the Plan as of September 30, 2017 was as follows:

Inactive plan members and beneficiaries currently receiving benefits	91
Inactive plan members entitled but not yet receiving benefits	6
Active participants	70
Total membership	167

Pension Benefits

All employees of the City who work at least 1,000 hours in a given fiscal year are eligible to participate in the Plan. Normal retirement is attained the first day of the month which coincides with the earlier of the date which the employee reaches their 62nd birthday and has completed at least five years of credited service or the date which the total of their age and credited service, computed in full months, equals 900 months (i.e., age 75).

Upon retirement, the Plan member is eligible for straight life pension of 1% of his/her final average salary (FAS). For plan members contributing 5% of their compensation, they are entitled to a straight life pension equal to 1.75% of their final average salary. This accrual is in effect for employees hired and working up to and through September 30, 1989. Effective October 1, 2001, all eligible employees accrue benefits for years of service after October 1, 1989, at a rate of 2.5% of their FAS, through the point of retirement. If, however, an employee hired on or before October 1, 1989, elected not to contribute the 5% of salary to the Plan, then the accrual factor prior to the October 1, 1989 date is calculated at 1%. Additionally, these factors are applied to the total number of years of service in order to calculate pension benefits.

The Plan also provides for disability and death benefits. Active employees who become totally and permanently disabled, and have 10 years of credited service, may be retired by the Board of Trustees. If an active employee dies who has ten or more years of credited service, his/her designated beneficiary receives an amount equal to the retirement benefits that the employee would have received if he/she had retired on the date of death including a term-life insurance policy, face value of $5,000 to all retirees, separating service under normal circumstances and aged 65 years or more. The Plan provides post-retirement benefits to retirees that include life insurance up to age 70. Upon retiring, retirees have the option to receive health benefits and higher limits of life insurance at their expense.

Vesting

Members who terminate employment with less than 5 years of credited service receive refunds of their own contributions with interest. Those who terminate with 5 or more years may either receive their accrued pension benefit beginning at the date which would have been their normal retirement date had they remained in full-time employment or a refund of their own contributions with interest.

Funding Policy

Plan members and the City are required to contribute 5% and 10%, respectively, of compensation. Any amount required over this threshold, based on an amount determined by the Plan's actuary as of September 30th of each year, is to be shared equally by the City and the employees. For the fiscal year ended September 30, 2017, the employees' contribution rate was 9.09% of compensation. Employer contribution requirements for the fiscal year ended September 30, 2017 were based on the October 1, 2015 actuarial valuation. For the fiscal year ended September 30, 2017, the City's contribution rate as a percentage of annual covered payroll was 10.84%.

NOTE 3 - INVESTMENTS

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

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

The Board of Trustees has developed certain investment guidelines and has retained an investment consultant. The investment consultant is expected to maximize the return on the investment portfolio and may make transactions consistent with that expectation within the Board's guidelines. The investment consultant is compensated based on a percentage of the portfolio's market value.

The Plan maintains a Master Custodian Agreement, whereby the investment securities are held in the Plan's name by a financial institution acting as the Plan's agent.

The Plan's asset management structure established by the investment policy is as follows:

Type	Target
Large Cap Value	30%
Large Cap Growth	20%
International Equity	10%
Real Estate	7.50%
Fixed Income	32.50%
Cash	0%

Maturity Risk

Neither state law nor Plan investment policy limit maturity term on fixed income holdings. As of September 30, 2017, the Plan had the following investments and maturities on fixed income instruments:

		Investment Maturities (In Years)			
Investment	Fair Value	Less Than 1	1-5	6-10	More Than 10
Corporate Bonds	3,121,311	120,095	1,685,953	737,783	577,481
U.S. government agencies	1,189,570	10,974	833,700	94,767	250,129
Mortage pools	224,464	943	159	-	223,362
Minucipal bonds	269,152	-	-	-	269,152
Collateralized mortage obligations	376,776	-	-	-	376,776
Total	$ 5,181,273	$ 132,012	$ 2,519,812	$ 832,550	$ 1,696,900

NOTE 3 - INVESTMENTS (CONTINUED)

Interest Rate Risk

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

Rate of Return

For the fiscal year ended September 30, 2017, the annual-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.93%. The money-weighted rate of return expresses investment performance, net of investment manager and consultant expenses adjusted for the changing amounts actually invested. Inputs to the internal rate of return calculation are determined on a monthly basis.

Credit Risk

State law and the Plan's investment policy limits investments in bonds, stocks, or other evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia, provided the corporation is listed on any one or more of the recognized national stock exchanges or on the National Market System of the NASDAQ Stock Market and in the case of bonds only, holds a rating in one of the three highest classifications by a major rating service. The Plan's investment policy limits fixed income investments to a rating no lower than Standard & Poor's BBB or Moody's Baa.

Standard & Poor's Quality Ratings of Credit Risk Debt Securities	Fair Value	Percentage of Fixed Income Portfolio
AAA	236,739	5%
AA	118,146	2%
AA-	168,401	3%
AA+	1,062,431	21%
A-	412,192	8%
A+	248,855	5%
A	833,271	16%
BBB+	664,539	13%
BBB	434,302	8%
BBB-	95,073	2%
NR	907,324	18%
	5,181,273	100%

The Plan's corporate bonds and agency bonds were all rated "BBB" or better under Standard & Poor's ratings and at least "A" under Moody's ratings. The Plan's mutual bond fund investments were rated and average of "A" under both Standard & Poor's and Moody's.

Concentration of Credit Risk

The Plan's investment policy stipulates that not more than 5% of the fiduciary net position can be invested in the common stock of any one issuing company nor can the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of any company. As of September 30, 2017, the value of each position held by the Plan portfolio comprised less than 5% of the fiduciary net position and less than 5% of the value of the outstanding capital stock of the respective company.

NOTE 3 - INVESTMENTS (CONTINUED)

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the master custodian, the Plan will not be able to recover the value of its investments that are in the possession of the outside party. All of the Plan's investments are in the name of the Plan.

Risk and Uncertainties

The Plan has investments in investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect balances and the amounts reported in the statement of fiduciary net position and the statement of changes in fiduciary net position. The Plan, through its investment consultant, monitors the Plan's investments and the risks associated therewith on a regular basis, which the Plan believes minimizes these risks.

Fair Value Hierarchy

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.

- *Level 1*
  Investments' fair values based on prices quoted in active markets for identical assets.

- *Level 2*
  Investments' fair values based on observable inputs for the assets either directly or indirectly, other than those considered Level 1 inputs, which may include quoted prices for identical assets in markets that are not considered to be active, and quoted prices of similar assets in active or inactive markets.

- *Level 3*
  Investments' fair values based upon unobservable inputs.

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

- Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. This includes U.S government agencies, common stock, foreign stock, and mutual fund equities.

- Debt and equity securities classified in Level 2 of the fair value hierarchy are valued using pricing inputs that reflect the assumptions market participants would use to price an asset or liability and are developed based on market data obtained from sources independent of the reporting entity. This includes mortgage pools, municipal bonds, collateralized mortgage obligations, corporate bonds, and common stock.

- The Plan invests in a core real estate fund which holds a variety of investment vehicles that do not have readily available market quotations. This investment is measured at net asset value based on its proportionate share of the value of the investments as determined by the fund manager and is valued according to methodologies which include pricing models, property valuations (appraisals), discounted cash flow models, and similar techniques.

NOTE 3 - INVESTMENTS (CONTINUED)

Fair Value Hierarchy (Continued)

The following is a summary of the fair value hierarchy of investments as of September 30, 2017:

		Fair Value Measurements Using		
	9/30/2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Debt securities:				
U.S. government agencies	$ 1,189,570	$ 1,189,570	$ -	$ -
Mortgage pools	224,464	-	224,464	-
Municipal bonds	269,152	-	269,152	-
Collateralized mortgage obligations	376,776	-	376,776	-
Corporate bonds	3,121,311	-	3,121,311	-
Total debt securities	5,181,273	1,189,570	3,991,703	-
Equity securities:				
Common stock	9,205,254	9,006,154	199,100	-
Foreign stock	303,950	303,950	-	-
Unit investment trusts	120,934	120,934		
Mutual fund equities	2,224,466	2,224,466	-	-
Total equity securities	11,854,604	11,655,504	199,100	-
Total investments at fair value	$ 17,035,877	$ 12,845,074	$ 4,190,803	$ -
Investment measured at Net Asset Value (NAV)*				
Core real estate fund	1,597,589			
Money market funds (exempt)	390,689			
Total investments	$ 19,024,155			

* As required by GAAP, certain investments that are measured at net asset value have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the total investment line item in the statement of fiduciary net position.

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.

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Investment Measured at NAV				
Core Real Estate Fund*	$ 1,597,589	$ -	Quarterly	10 business days

* *Core real estate fund*. This fund is an open-end diversified core commingled real estate fund that invests primarily in core stable institutional offices, retail, industrial, and multi-family residential properties.

NOTE 4 - DEFERRED RETIREMENT OPTION PROGRAM

On October 8, 2001, the Plan adopted a Deferred Retirement Option Program (DROP) for participants who are eligible to receive normal retirement. Eligible members may apply to participate by applying to the Board. Upon a member's election to participate in the DROP, that member shall cease to be a member of the General Employees' Retirement Plan and shall be precluded from any additional benefits under the Plan; accordingly, that member shall be considered retired. Monthly retirement benefits that would have been payable had the member retired and elected to receive monthly pension payments will be paid into the DROP and credited to the retired member. Payments into the DROP are made monthly for the period the retired member participates in the DROP, up to a maximum of 60 months. Payments into the DROP will earn the same return as earned by the remainder of the Plan assets.

Upon termination of employment, participants in the DROP will receive the balance of their account either in a lump-sum distribution or in any other form of payment selected by the participant, approved by the Board and conforming to applicable laws.

At September 30, 2017, there were 14 members who were enrolled in the DROP and the fair value of the DROP investments, including interest, was $784,148. This amount is included in investments in the accompanying the statement of fiduciary net position.

NOTE 5 - NET PENSION LIABILITY OF THE CITY

The components of the net pension liability at September 30, 2017, were as follows:

Total pension liability	$ 19,447,386
Plan fiduciary net position	(19,046,675)
Net pension liability	$ 400,711
Plan fiduciary net position as a percentage of the total pension liability	97.94%

Significant Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2016, rolled forward to September 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	4.0%-8.0%*
Investment rate of return	7.5%

*Based on service

Mortality rates were based on the RP-2000 Combined Healthy Participant Mortality Table for males and females with mortality improvement projected to all future years after 2000 using Scale AA.

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

Long-term Expected Rate of Return

The long-term expected rate of return of each pension plan asset class is based upon the historical average or mean returns. This historical data reveals a tendency for the returns of various asset classes to fall within a range, but the expected returns are based upon the average returns during these past periods. In order to determine the real rates of return, it is necessary to subtract the expected inflation rate from the nominal investment return. The long-term expected rate of return for the pension plan was calculated by weighing the expected future rates of return of each asset class by the corresponding target allocation percentages. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2017 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	7.50%
International Equity	8.50%
Domestic Fixed Income	2.50%
International Fixed Income	3.50%
Real Estate	4.50%
Alternative Assets	6.24%

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those 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 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, calculated using the discount rate of 7.50% as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease 6.50%	Single Discount Rate Assumption 7.50%	1% Increase 8.50%
Net pension liability (asset)	$ 2,325,395	$ 400,711	$ (1,218,545)

NOTE 6 - TAX STATUS

The Internal Revenue Service has determined and informed the Plan by a letter dated November 17, 2014, that the Plan is designed in accordance with applicable sections of the Internal Revenue Code. Although the Plan has been amended since receiving the determination letter, the Plan administrator and tax counsel believe that the Plan is currently being operated in compliance with the applicable requirements of the IRC.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MIAMI SPRINGS
GENERAL EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S
NET PENSION LIABILITY AND RELATED RATIOS

	September 30,			
	2017	2016	2015	2014
Total pension liability:				
Service cost	$ 425,585	$ 327,212	$ 298,401	$ 318,230
Interest	1,346,316	1,332,765	1,326,920	1,281,464
Differences between expected and actual experience	603,966	109,558	(166,972)	34,570
Changes of assumptions	347,759	-	-	-
Benefit payments	(1,585,026)	(1,731,453)	(993,482)	(908,927)
Refunds	(18,047)	(39,929)	(53,595)	(60,675)
Net change in total pension liability	1,120,553	(1,847)	411,272	664,662
Total pension liability - beginning	18,326,833	18,328,680	17,917,408	17,252,746
Total pension liability - ending (a)	$ 19,447,386	$ 18,326,833	$ 18,328,680	$ 17,917,408
Plan fiduciary net position:				
Contributions - employer	$ 338,551	$ 317,957	$ 344,236	$ 366,204
Contributions - member	283,972	252,554	208,312	188,555
Net investment income and other	2,021,370	1,720,828	766,343	1,903,591
Benefit payments	(1,585,026)	(1,731,453)	(993,482)	(908,927)
Refunds	(18,047)	(39,929)	(53,595)	(60,675)
Administrative expense	(83,952)	(82,657)	(82,212)	(76,422)
Net change in plan fiduciary net position	956,868	437,300	189,602	1,412,326
Plan fiduciary net position - beginning	18,089,807	17,652,507	17,462,905	16,050,579
Plan fiduciary net position - ending (b)	$ 19,046,675	$ 18,089,807	$ 17,652,507	$ 17,462,905
Net pension liability - ending (a) - (b)	$ 400,711	$ 237,026	$ 676,173	$ 454,503
Plan fiduciary net position as a percentage of the total pension liability	97.94%	98.71%	96.31%	97.46%
Covered employee payroll	$ 3,124,004	$ 2,757,140	$ 2,284,123	$ 2,388,786
Net pension liability as a percentage of covered payroll	12.83%	8.60%	29.60%	19.03%

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 SPRINGS
GENERAL EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS

Fiscal Year Ending September 30,	Actuarilly Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contributions as a % of Covered Payroll
2014*	$ 366,204	$ 366,204	$ -	$ 2,388,786	15.33%
2015	344,236	344,236	-	2,284,123	15.07%
2016	317,957	317,957	-	2,757,140	11.53%
2017	338,551	338,551	-	3,124,004	10.84%

Notes to the Schedule of Contributions

Valuation date: October 1, 2015

Note: Actuarially determined contribution rates are calculated as of October 1, one year prior to the expected contribution date and the beginning of the fiscal year in which the contribution is due.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar, Closed
Remaining amortization period	20 years (single equivalent period)
Asset valuation method	5-year smoothed market
Inflation	3.00%
Salary increases	4.0% to 8.0% depending on service, including inflation
Investment rate of return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 Combined Healthy Participant Mortality Table for males and females with mortality improvement projected to all future years after 2000 using Scale AA

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 SPRINGS
GENERAL EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS

	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	10.93%	9.42%	5.08%	11.95%

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.

COMPLIANCE SECTION

CABALLERO FIERMAN LLERENA + GARCIA LLP

accountants I advisors

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 Springs Police and Firefighters' Retirement System

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of Miami Springs General Employees' Retirement System (the Plan) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements, and have issued our report thereon dated April 13, 2018.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 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 determination of financial statement amounts. 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*.

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Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Caballero Fierman Llerena + Garcia, LLP

Coral Gables, Florida
April 13, 2018

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