CITY OF MIAMI SPRINGS
GENERAL EMPLOYEES' RETIREMENT SYSTEM

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

CITY OF MIAMI SPRINGS
GENERAL EMPLOYEES' RETIREMENT SYSTEM
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INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

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, 2022, and the related statement of changes in fiduciary net position for the fiscal 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 financial position of the Plan, as of September 30, 2022, and the respective changes in fiduciary net position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

We have previously audited the Plan's 2021 financial statements, and in our report dated April 28, 2022, expressed an unmodified opinion on those financial statements. In our opinion, the comparative information presented herein as of and for the fiscal year ended September 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 to 5 and 17 to 19 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2023, on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Plan's internal control over financial reporting and compliance.

Caballero Fierman Llerena & Garcia, LLP

Miami, Florida
Caballero Fierman Llerena & Garcia, LLP
May 4, 2023

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MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF MIAMI SPRINGS
GENERAL EMPLOYEES' RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022

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 year ended September 30, 2022.

Financial Highlights

The net results from operations for fiscal year 2022 reflected the following financial activities:

- The Plan's net position decreased by $4,713,664 or 18.79% from the prior year.
- The statement of changes in fiduciary net position reflects the financial performance for the year. Employer contributions decreased from $478,209 in fiscal year 2021 to $435,789 in fiscal year 2022. The actuary determines the contribution required by the employer each year.
- Employees contributed $268,192 during fiscal year 2022.
- The Plan experienced a net investment loss of $3,936,822 for the fiscal year 2022, compared to a net investment gain of $4,351,304 for fiscal year 2021.
- Benefit payments decreased to $1,271,874 for fiscal year 2021 from $1,468,620 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 Plan 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 8-16). 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 (see pages 17-19).

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)	
	2022	2021	Amount	Percent
Total assets	$ 20,458,121	$ 25,396,957	$ (4,938,836)	-19.45%
Total liabilities	85,597	310,769	(225,172)	-72.46%
Net position restricted for pension benefits	$ 20,372,524	$ 25,086,188	$ (4,713,664)	-18.79%

Overall assets decreased by $4,938,836 as compared to prior year due to depreciation of fair value of investments. Total liabilities decreased to 85,597 as of September 30, 2022, as compared to $310,769 as of September 30, 2021, due to the timing of investment transactions. Due to broker securities reflect securities purchases which were initiated prior to year-end and settled subsequent to year-end. The total due to broker as of September 30, 2022 and 2021 was $61,840 and $280,812, 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)	
	2022	2021	Amount	Percent
Additions:				
Employer contributions	$ 435,789	$ 478,209	$ (42,420)	-8.87%
Plan member contributions	268,192	321,545	(53,353)	-16.59%
Net investment income (expense)	(3,936,822)	4,351,304	(8,288,126)	-190.47%
Other income	1,114	412	702	170.39%
Total additions	(3,231,727)	5,151,470	(8,383,197)	-162.73%
Deductions:				
Pension benefits	1,271,874	1,468,620	(196,746)	-13.40%
Refund of member contributions	120,352	115,706	4,646	4.02%
Administrative expenses	89,711	89,485	226	0.25%
Total deductions	1,481,937	1,673,811	(191,874)	-11.46%
Net increase (decrease)	$ (4,713,664)	$ 3,477,659	$ (8,191,323)	-235.54%

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 negative return on investments for fiscal year 2022 and a positive return on investments for fiscal year 2021.

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 18 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, 2022 and 2021 was 91.93% and 115.93%, 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, 2022	September 30, 2021	Change
Inactive plan members and beneficiaries currently receiving benefits	83	86	(3)
Inactive plan members entitled but not yet receiving benefits	8	7	1
Active participants	80	77	3
Total membership	171	170	1

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 2020, 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, 2022
(WITH COMPARATIVE INFORMATION AS OF SEPTEMBER 30, 2021)

	2022	2021
ASSETS		
Cash and cash equivalents	$ 921,157	$ 842,351
Investments:		
Equity securities	11,799,267	16,502,642
Corporate bonds	1,786,714	2,673,997
U.S. government agencies	167,850	265,245
Mortgage pools	1,133,605	1,537,799
Foreign bonds	101,169	83,018
Municipal bonds	270,335	335,607
Collateralized mortgage obligations	1,696,090	919,100
Real estate fund	2,498,374	2,043,514
Total investments	19,453,404	24,360,922
Receivables:		
Accrued interest and dividends	32,863	37,491
Due from broker	-	121,847
Other receivables	44,560	28,209
Total receivables	77,423	187,547
Other assets:		
Prepaid expenses	6,137	6,137
Total assets	20,458,121	25,396,957
LIABILITIES		
Accounts payable and accrued liabilities	23,757	29,957
Due to broker	61,840	280,812
Total liabilities	85,597	310,769
Net position restricted for pension benefits	$ 20,372,524	$ 25,086,188

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, 2022
(WITH COMPARATIVE INFORMATION FOR THE
FISCAL YEAR ENDED SEPTEMBER 30, 2021)

	2022	2021
Additions:		
Contributions:		
Plan members	$ 268,192	$ 321,545
City	435,789	478,209
Total contributions	703,981	799,754
Investment income:		
Net appreciation (depreciation) in fair value of investments	(4,293,473)	4,032,015
Dividends and interest income	482,292	444,869
Total investment income	(3,811,181)	4,476,884
Less: investment expenses	125,641	125,580
Net investment income (expense)	(3,936,822)	4,351,304
Other income	1,114	412
Total additions	(3,231,727)	5,151,470
Deductions:		
Pension benefits	1,271,874	1,468,620
Refund of member contributions	120,352	115,706
Administrative expenses	89,711	89,485
Total deductions	1,481,937	1,673,811
Net increase (decrease)	(4,713,664)	3,477,659
Net position restricted for pension benefits		
Net position - beginning of year	25,086,188	21,608,529
Net position - end of year	$ 20,372,524	$ 25,086,188

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

NOTES TO 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, 2021, 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, 2021. The required employer contribution for the fiscal year ended September 30, 2022 is based on the October 1, 2020 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 October 1, 2021 was as follows:

Inactive plan members and beneficiaries currently receiving benefits*	83
Inactive plan members entitled but not yet receiving benefits	8
Active participants	80
Total membership	171

* This count includes one (1) beneficiary who is only due a refund of employee contributions.

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, 2022, the employees' contribution rate was 6.67% of compensation. Employer contribution requirements for the fiscal year ended September 30, 2022 were based on the October 1, 2020 actuarial valuation. For the fiscal year ended September 30, 2022, 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 manager. The investment manager 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 manager 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	25%
Large Cap Growth	25%
International Equity	12%
Real Estate	7.5%
Fixed Income	30.5%
Cash	0%

Maturity Risk

Neither state law nor Plan investment policy limit maturity term on fixed income holdings. As of September 30, 2022, 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	1,786,714	49,845	1,222,624	488,255	25,990
U.S. government agencies	167,850	-	110,371	57,479	
Mortage pools	1,133,605	-	263,282	315,454	554,869
Municipal bonds	270,335	-	46,291	80,430	143,614
Collateralized mortage obligations	1,696,090	-	141,268	133,285	1,421,537
Foreign bonds notes & debentures	101,169	-	49,265	51,904	
Total	$ 5,155,763	$ 49,845	$ 1,833,101	$ 1,126,807	$ 2,146,010

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, 2022, the annual-weighted rate of return on pension plan investments, net of pension plan investment expense, was -16.18%. 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.

	2022	
	Fair Value	Percentange of Portfolio
U.S. government guaranteed*	$ 2,832,690	54.94%
Quality rating of credit risk debt securities		
AAA	107,870	2.09%
AA+	167,850	3.26%
AA	139,398	2.70%
AA-	95,908	1.86%
A+	130,025	2.52%
A	305,261	5.92%
A-	418,291	8.11%
BBB+	303,900	5.89%
BBB	440,651	8.55%
BBB-	213,919	4.15%
Total credit risk debt securities	2,323,073	45.06%
Total fixed income securities	$ 5,155,763	100.00%

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

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, 2022, 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)

Foreign Currency Risk

The Plan may have exposure to foreign currencies by making direct investments in non-U.S. currencies or in securities denominated in non-U.S. currencies, purchasing or selling forward currency exchange contracts in non-U.S. currencies, non-U.S. currency futures contracts and swaps for cross currency investments. Foreign currencies will fluctuate, and may decline, in value relative to the U.S. dollar and other currencies and thereby affect the Funds' investments in foreign (non-U.S.) currencies or in securities that trade in, and receive revenues in, or in derivatives that provide exposure to, foreign (non-U.S.) currencies.

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 are based on quoted (unadjusted) prices in active markets for identical assets or liabilities that the government can access at the measurement date. Observable markets include exchange markets, dealer markets, brokered markets, and principal-to-principal markets.

- *Level 2*
  Investments' fair values are based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets; interest rates and yield curves observable at commonly quoted intervals; implied volatilities; credit spreads, and market-corroborated inputs.

- *Level 3*
  Investments' fair values are based upon unobservable inputs and contain the assumptions of the party fair valuing the asset or liability. Unobservable inputs should only be used when relevant Level 1 and Level 2 inputs are unavailable. Governments may use their own data to develop unobservable inputs if there is no information available without undue cost and effort.

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.

NOTE 3 - INVESTMENTS (CONTINUED)

Fair Value Hierarchy (Continued)

- 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.

The following is a summary of the fair value hierarchy of investments as of September 30, 2022:

		Fair Value Measurements Using		
	9/30/2022	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	$ 167,850		$ 167,850	$ -
Mortgage pools	1,133,605	-	1,133,605	-
Municipal bonds	270,335	-	270,335	-
Foreign bonds notes & debentures	101,169	-	101,169	-
Collateralized mortgage obligations	1,696,090	-	1,696,090	-
Corporate bonds	1,786,714	-	1,786,714	-
Total debt securities	5,155,763	-	5,155,763	-
Equity securities:				
Common stock	7,213,185	7,213,185	-	-
Foreign stock	351,925	351,925	-	-
Mutual fund equities	4,234,157	4,234,157	-	-
Total equity securities	11,799,267	11,799,267	-	-
Total investments at fair value	$ 16,955,030	$ 11,799,267	$ 5,155,763	$ -
Investment measured at Net Asset Value (NAV)*				
Core real estate fund	2,498,374			
Total investments	$ 19,453,404			

* 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.

NOTE 3 - INVESTMENTS (CONTINUED)

The following table summarizes investments for which fair value is measured using the net asset value per share practical expedient, including their related unfunded commitments and redemption restrictions.

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Investment Measured at NAV				
Core Real Estate Fund*	$ 2,498,374	$ -	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, 2022, there were two (2) members who were enrolled in the DROP and the fair value of the DROP investments, including interest, was $84,632. 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, 2022, were as follows:

Total pension liability	$ 22,159,848
Plan fiduciary net position	(20,372,524)
Net pension liability	$ 1,787,324
Plan fiduciary net position as a percentage of the total pension liability	91.93%

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

Significant Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2021, rolled forward to September 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	3.5%-6.5% depending on service, including inflation
Investment rate of return	7.00%
Retirement Age	Experience - based table of rates that are specific to the type of eligibility condition
Mortality	The same versions of Pub-2010 Headcount-Weighted Mortality Tables for Regular (other than K-12 School Instructional Personnel) Class members as used by the Florida Retirement System (FRS) in their July 1, 2020 actuarial valuation (with mortality improvements projected for non-disabled lives to all future years after 2010 using Scale MP-2018). Florida Statutes Chapter 112.63(1)(f) mandates the use of mortality tables from one of the two most recently published FRS actuarial

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, 2022 (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 7.00%. 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.

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

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 7.00% as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Single Discount Rate Assumption 7.00%	1% Increase 8.00%
Net pension liability	$ 4,250,089	$ 1,787,324	$ (274,873)

NOTE 6 - TAX STATUS

The Plan has a favorable determination letter that expired January 31, 2019. Management has reviewed the plan document and has not identified any changes that would jeopardize the tax status of the Plan.

REQUIRED SUPPLEMENTARY INFORMATION

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

Fiscal year ending September 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability:									
Service cost	$ 554,760	$ 530,621	$ 517,823	$ 478,369	$ 449,371	$ 425,585	$ 327,212	$ 298,401	$ 318,230
Interest	1,504,793	1,501,470	1,460,559	1,469,522	1,446,426	1,346,316	1,332,765	1,326,920	1,281,464
Differences between expected and actual experience	(145,881)	(63,182)	191,392	(114,573)	185,603	603,966	109,558	(166,972)	34,570
Changes of assumptions	-	(457,293)	-	506,514	461,742	347,759	-	-	-
Benefit payments	(1,271,874)	(1,468,620)	(1,535,189)	(1,944,484)	(1,161,974)	(1,585,026)	(1,731,453)	(993,482)	(908,927)
Refunds	(120,352)	(115,706)	(76,741)	(10,453)	(60,181)	(18,047)	(39,929)	(53,595)	(60,675)
Net change in total pension liability	521,446	(72,710)	557,844	384,895	1,320,987	1,120,553	(1,847)	411,272	664,662
Total pension liability - beginning	21,638,402	21,711,112	21,153,268	20,768,373	19,447,386	18,326,833	18,328,680	17,917,408	17,252,746
Total pension liability - ending (a)	$ 22,159,848	$ 21,638,402	$ 21,711,112	$ 21,153,268	$ 20,768,373	$ 19,447,386	$ 18,326,833	$ 18,328,680	$ 17,917,408
Plan fiduciary net position:									
Contributions - employer	$ 435,789	$ 478,209	$ 472,860	$ 443,293	$ 420,570	$ 338,551	$ 317,957	$ 344,236	$ 366,204
Contributions - member	268,192	321,545	314,272	307,085	285,901	283,972	252,554	208,312	188,555
Net investment income and other	(3,935,708)	4,351,716	2,158,818	1,107,401	2,106,317	2,021,370	1,720,828	766,343	1,903,591
Benefit payments	(1,271,874)	(1,468,620)	(1,535,189)	(1,944,484)	(1,161,974)	(1,585,026)	(1,731,453)	(993,482)	(908,927)
Refunds	(120,352)	(115,706)	(76,741)	(10,453)	(60,181)	(18,047)	(39,929)	(53,595)	(60,675)
Administrative expense	(89,711)	(89,485)	(86,173)	(86,097)	(93,369)	(83,952)	(82,657)	(82,212)	(76,422)
Other (prior period adjustment)	-	(2)	-	-	-	-	-	-	-
Net change in plan fiduciary net position	(4,713,664)	3,477,657	1,247,847	(183,255)	1,497,264	956,868	437,300	189,602	1,412,326
Plan fiduciary net position - beginning	25,086,188	21,608,531	20,360,684	20,543,939	19,046,675	18,089,807	17,652,507	17,462,905	16,050,579
Plan fiduciary net position - ending (b)	$ 20,372,524	$ 25,086,188	$ 21,608,531	$ 20,360,684	$ 20,543,939	$ 19,046,675	$ 18,089,807	$ 17,652,507	$ 17,462,905
Net pension liability (asset) - ending (a) - (b)	$ 1,787,324	$ (3,447,786)	$ 102,581	$ 792,584	$ 224,434	$ 400,711	$ 237,026	$ 676,173	$ 454,503
Plan fiduciary net position as a percentage of the total pension liability	91.93%	115.93%	99.53%	96.25%	98.92%	97.94%	98.71%	96.31%	97.46%
Covered payroll	$ 4,020,870	$ 3,955,043	$ 3,781,853	$ 3,677,665	$ 3,407,640	$ 3,124,004	$ 2,757,140	$ 2,284,123	$ 2,388,786
Net pension liability as a percentage of covered payroll	44.45%	-87.17%	2.71%	21.55%	6.59%	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,	Actuarially 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%
2018	420,570	420,570	-	3,407,640	12.34%
2019	443,293	443,293	-	3,677,665	12.05%
2020	472,860	472,860	-	3,781,853	12.50%
2021	478,209	478,209	-	3,955,043	12.09%
2022	435,789	435,789	-	4,020,870	10.84%

* A receivable City contribution for the fiscal year ending September 30, 2014 of $12,537, deposited after September 30, 2014, is reflected in the 2014 fiscal year actual contribution figure and excluded from the 2015 fiscal year.

Notes to the Schedule of Contributions

Valuation date: October 1, 2020

Note: Actuarially determined contribution rates are calculated as of October 1 which is two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar, Closed
Remaining amortization period	16 years (single equivalent period)
Asset valuation method	5-year smoothed market
Inflation	2.5%
Salary increases	3.5% to 6.5% depending on service, including inflation
Investment rate of return	7.00%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	The same versions of Pub-2010 Headcount-Weighted Mortality Tables for Regular (other than K-12 School Instructional Personnel) Class members as used by the Florida Retirement System (FRS) in their July 1, 2020 actuarial valuation (with mortality improvements projected for non-disabled lives to all future years after 2010 using Scale MP-2018). Florida Statutes Chapter 112.63(1)(f) mandates the use of mortality tables from one of the two most recently published FRS actuarial valuation reports.

Other Information:

Notes	See Discussion of Valuation Results in the October 1, 2020 Actuarial Valuation Report (dated April 29, 2021).

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	-16.18%	20.00%	10.33%	5.11%	10.65%	10.93%	9.42%	5.08%	12.63%

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 General Employees' 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 fiscal year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements and have issued our report thereon dated May 4, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Plan's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2021-01 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

Plan's Response to Findings

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

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Purpose of This Report

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

Miami, Florida
May 4, 2023

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I. Current Year Financial Statement Findings

Significant Deficiencies

2021-01 Bank Reconciliations and Investment Account Reconciliations Untimely Review

Criteria:

Best practices dictate that bank and investment account reconciliations are preferable prepared and reviewed within 30 days from period end with the appropriate sign off as evidence of the completeness, the accuracy, and timeliness of the reconciliation. Reconciliations should be prepared by one individual and reviewed by a separate individual in management. Properly reviewed bank and investment account reconciliations reduce the risk of errors, fraud, or possible misappropriations of assets.

Condition:

We identified multiple monthly bank and investment account reconciliations that were not prepared and reviewed timely evidenced by dated signatures.

Cause:

Insufficient controls in place to ensure that bank and investment account reconciliations are prepared and reviewed timely.

Effect:

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

Recommendation:

We recommend the Plan implement internal controls associated with the review of bank and investment account reconciliations that will ensure reconciliations are prepared and reviewed within 30 days subsequent to the month end to endure the accuracy and completeness of account balances reported by the Plan.

Views of Responsible Officials and Planned Corrective Action:

The Plan agrees with this recommendation for the monthly reconciliations to include evidence of preparer and approval signatures in addition to the date.