

**City of Fort Lauderdale General
Employees' Retirement System
(A Component Unit of the City of Fort
Lauderdale, Florida)**

Financial Report
September 30, 2022

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Independent Auditor's Report

Board of Trustees
City of Fort Lauderdale General Employees' Retirement System
Fort Lauderdale, Florida

Report on the Audit of the Financial Statements***Opinion***

We have audited the financial statements of the City of Fort Lauderdale General Employees' Retirement System (the Plan), a component unit of the City of Fort Lauderdale, Florida, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan, as of September 30, 2022, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension related schedules as listed in the table of contents 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.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 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 the Plan's internal control over financial reporting and compliance.

RSM US LLP

Fort Lauderdale, Florida
March 28, 2023

City of Fort Lauderdale General Employees' Retirement System

Management's Discussion and Analysis (Unaudited)

Management's discussion and analysis of the City of Fort Lauderdale General Employees' Retirement System (GERS or the Plan) financial performance provides an overview of the Plan's financial activities for the year ended September 30, 2022. Please read it in conjunction with the financial statements, notes to the financial statements, required supplementary information and other information which follow this discussion.

Financial Highlights

- Plan assets exceeded its liabilities at the close of the year ended September 30, 2022, by approximately \$668 million (reported as net position restricted for pension benefits). Net position restricted for pension benefits is held in trust to meet future benefit payments.
- Net investment loss for the Plan was (\$97.7) million for the year ended September 30, 2022.
- The Plan's funding objective is to meet long-term benefit obligations through contributions and investment income. As of September 30, 2022, (date of the latest actuarial valuation), the funded ratio was approximately 91%.
- Net decrease from contributions and investment loss to Plan net position for the year ended September 30, 2022 were approximately \$87.2 million, and are comprised of contributions of \$10.5 million and net investment losses of (\$97.7) million.
- Deductions (benefits paid, refunds and administrative expenses) to Plan net position for the year ended September 30, 2022 were approximately \$48 million, and are comprised primarily of benefit payments of approximately \$ 47.3 million.

Overview of the Financial Statements

The Plan was established to administer a defined benefit pension plan for all permanent City of Fort Lauderdale, Florida (the City) employees except for firefighters and police officers. The Plan's financial statements are comprised of a Statement of Fiduciary Net Position, a Statement of Changes in Fiduciary Net Position and Notes to Financial Statements. Also included is certain required supplementary information. These financial statements report information about the Plan as a whole and about its financial condition. These statements include all assets and liabilities using the economic resource's measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, all revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Fiduciary Net Position presents information on the assets and liabilities and the resulting net position restricted for pension benefits. This statement reflects the Plan's investments along with receivables and other assets and liabilities.

The Statement of Changes in Fiduciary Net Position presents information showing how the Plan's net position restricted for pension benefits changed during the fiscal year. It reflects contributions by employees and the employer (City), along with deductions for retirement benefits, refunds and administrative expenses.

The notes to the financial statements provide additional information that is essential to a full understanding of the information provided in the financial statements.

The required supplementary information presents a schedule of changes in the employer net pension liability (asset) and related ratios, a schedule of employer contributions, and a schedule of investment returns of the plan along with a discussion of changes in actuarial assumptions and methods.

City of Fort Lauderdale General Employees' Retirement System

Management's Discussion and Analysis (Unaudited)

Summary of Fiduciary Net Position

The following condensed comparative Summary of Fiduciary Net Position demonstrates the investment position of the Plan at September 30, 2022:

	2022	2021	Change
Cash	\$ 4,208,046	\$ 1,139,455	\$ 3,068,591
Investments	665,932,252	810,189,663	(144,257,411)
Receivables	2,756,175	3,387,576	(631,401)
Total assets	672,896,473	814,716,694	(141,820,221)
Liabilities	4,968,592	11,562,362	(6,593,770)
Net position restricted for pension benefits	\$ 667,927,881	\$ 803,154,332	\$ (135,226,451)

The Plan's total assets as of September 30, 2022 were approximately \$672.9 million, and were mostly comprised of short-term investments, equity and fixed income investments, and receivables related to investments. For the year ended September 30, 2022, total assets decreased approximately \$141.8 million or 17% from the prior year primarily due to investment losses from depreciation in fair value on investments held at year end.

Total liabilities as of September 30, 2022 were approximately \$5 million, and were mostly comprised of accruals for pending trades and accruals for expenses paid by the City of Fort Lauderdale on behalf of the Plan. Total liabilities at September 30, 2022 decreased by approximately \$6.6 million or 57% from 2021, mostly due to a decrease in accruals for pending investment trades as of year-end.

Plan assets exceeded its liabilities at the close of the year ended September 30, 2022, by approximately \$667.9 million. For the year ended September 30, 2022, net position restricted for pension benefits decreased approximately \$135.2 million or 17% from the prior year primarily due to investment losses.

Summary of Changes In Fiduciary Net Position

The Summary of Changes in Fiduciary Net Position, displays the effect of pension fund transactions that occurred during the fiscal year, where Additions – Deductions = Net Increase (or decrease) in Net Position. The table below reflects a condensed comparative summary of the changes in net position and reflects the activity of the Plan and for the year ended September 30, 2022:

	2022	2021	Change
Additions (deductions) to net assets attributed to:			
Contributions:			
Employer	\$ 8,376,770	\$ 8,940,886	\$ (564,116)
Participants	2,085,319	2,272,367	(187,048)
Total	10,462,089	11,213,253	(751,164)
Net investment (loss) income	(97,695,420)	161,112,233	(258,807,653)
Net decrease from contributions and investment (loss) income	(87,233,331)	172,325,486	(259,558,817)
Change from net assets attributed to:			
Benefits paid	47,262,822	46,589,879	672,943
Refund of contributions	171,408	50,273	121,135
Administrative expenses	558,890	563,071	(4,181)
Total deductions	47,993,120	47,203,223	789,897
Change in net position	(135,226,451)	125,122,263	(260,348,714)
Net position restricted for pension benefits:			
Beginning of year	803,154,332	678,032,069	125,122,263
End of year	\$ 667,927,881	\$ 803,154,332	\$ (135,226,451)

City of Fort Lauderdale General Employees' Retirement System

Management's Discussion and Analysis (Unaudited)

Revenues – Additions (deductions) to Plan Net Position

The following condensed comparative summary demonstrates the additions (deductions) to/from the Plan and percentage change for the year ended September 30 (In thousands):

	2022	2021	Change	Total Percentage Change
City contributions	\$ 8,376,770	\$ 8,940,886	\$ (564,116)	-6%
Employee contributions	2,085,319	2,272,367	(187,048)	-8%
Net investment (loss) income	(97,695,420)	161,112,233	(258,807,653)	-161%
Total (deductions) additions	<u>\$ (87,233,331)</u>	<u>\$ 172,325,486</u>	<u>\$ (259,558,817)</u>	-151%

The reserves needed to finance retirement benefits are accumulated through the collection of contributions from the employees and the City, and through earnings on investments. Contributions and net investment loss for year ended September 30, 2022 totaled a decrease of approximately \$87.2 million. Total contributions and net investment income (loss) for the year ended September 30, 2022 decreased from 2021 by approximately \$259.6 million or (151)%. The decrease is primarily attributable to a significant decrease in the fair value of investments.

Net investment loss for the year ended September 30, 2022, was approximately \$(97.7) million due to a significant decline in market conditions at year end.

Total City contributions for the year ended September 30, 2022 decreased from 2021 by approximately \$564 thousand or 6%, due to a decrease in the actuarially determined contributions for the year ended.

Expenses – Deductions From Plan Net Position

The table below reflects a condensed comparative summary of the deductions of the Plan and percentage change for the years ended September 30 (in thousands):

	2022	2021	Change	Total Percentage Change
Pension benefits paid	\$ 47,262,822	\$ 46,589,879	\$ 672,943	1%
Refund of contributions	171,408	50,273	121,135	241%
Administrative expenses	558,890	563,071	(4,181)	-1%
Total deductions	<u>\$ 47,993,120</u>	<u>\$ 47,203,223</u>	<u>\$ 789,897</u>	2%

The primary deductions of the Plan include the payment of pension benefits to retirees and beneficiaries, refund of contributions to former members, and administrative expenses. Total deductions for the year ended September 30, 2022 were approximately \$48 million. Total deductions for the year ended September 30, 2022 increased by approximately 2% from 2021.

The pension benefits paid to retirees and beneficiaries increased for the year ended September 30, 2022 from 2021 by approximately \$673 thousand or 1% due to an increase in number of retirees.

City of Fort Lauderdale General Employees' Retirement System

Management's Discussion and Analysis (Unaudited)

Retirement System as a Whole

With the exception of the fiscal years ended 2011, 2015, 2019 and 2022 the Plan's net position has experienced increases over the last 10 years. Management believes, and actuarial studies concur, that the Plan is in a financial position to meet its obligations. We believe the current financial position will continue to improve due to a prudent investment program, cost controls, strategic planning and the City's continued full funding of the required employer contributions as determined by the Plan's actuary.

Economic Outlook

In December 2019, a respiratory disease caused by a novel strain of coronavirus was detected in China. The disease has since spread to other countries, including the United States of America, producing sickness and deaths in the places where it has spread. The disease was declared a Public Health Emergency of International Concern on January 30, 2020 and named "COVID-19" on February 11, 2020, each by the World Health Organization.

There was no material effect on operations in fiscal year 2022 and the event provided an opportunity to further develop and practice additional disaster recovery procedures. The payment of ongoing benefits to new and current retirees and beneficiaries remained unaffected all during fiscal year 2022. Management will continue to evaluate the impact of this unprecedented situation on the Plan's operations and financial position.

Contacting The Plan's Financial Management

This financial report is designed to provide the Board of Pension Trustees, our members, taxpayers, investors, and creditors with a general overview of the Plan's finances and to demonstrate the Plan's accountability for the funds invested in the GERS. If you have any questions about this report or need additional financial information, contact the Plan Administrator, City of Fort Lauderdale General Employees' Retirement System, 316 NE Fourth Street, Suite 2, Fort Lauderdale, FL 33301.

City of Fort Lauderdale
General Employees' Retirement System

Statement of Fiduciary Net Position
September 30, 2022

Assets

Cash	\$	4,208,046
Investments:		
U.S. Treasury securities		54,948,766
U.S. Government obligations		14,270,741
Corporate bonds		4,653,876
Money Market Funds (Collective Interest Trust)		8,275,209
Common and preferred stock		246,522,259
Commingled funds collective trusts		166,542,839
Real estate and timber		120,290,989
Private equity		50,427,573
Total investments		<u>665,932,252</u>
Receivables:		
Unsettled trades		1,933,410
Accrued dividends and interest		822,765
Total receivables		<u>2,756,175</u>
Total assets		<u>672,896,473</u>
Liabilities		
Unsettled trades		1,026,293
Accounts payable and accrued liabilities		679,161
Due to the City of Fort Lauderdale		3,263,138
Total liabilities		<u>4,968,592</u>
Net position:		
Net position restricted for pension benefits		667,927,881
	\$	<u>667,927,881</u>

See notes to financial statements.

**City of Fort Lauderdale
General Employees' Retirement System**

**Statement of Changes in Fiduciary Net Position
Year Ended September 30, 2022**

Additions (deductions):	
Contributions:	
Employer	\$ 8,376,770
Plan members	2,085,319
Total contributions	<u>10,462,089</u>
Investment (loss) income:	
Net depreciation in fair value of investments	(103,521,279)
Interest and dividends	7,107,871
Real estate income	3,944,931
Other income	72,594
	<u>(92,395,883)</u>
Less investment expenses	5,299,537
Net investment loss	<u>(97,695,420)</u>
 Net decrease from contributions and investment loss	 <u>(87,233,331)</u>
Deductions:	
Benefits paid:	
Retirement	43,576,310
Disability	266,453
Death	3,420,059
Total benefits paid	<u>47,262,822</u>
Refund of contributions	171,408
Administrative expenses	558,890
Total deductions	<u>47,993,120</u>
 Change in net position	 (135,226,451)
Net position:	
Beginning	<u>803,154,332</u>
Ending	<u><u>\$ 667,927,881</u></u>

See notes to financial statements.

**City of Fort Lauderdale
General Employees' Retirement System**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

General: These financial statements represent only the City of Fort Lauderdale General Employees' Retirement System (the Plan). The Plan is sponsored by the City of Fort Lauderdale, Florida (the City). The following brief description of the Plan is provided for general information purposes only. Participants should refer to the Plan's documents for more complete information.

A summary of the Plan's significant accounting policies follows:

Basis of accounting: The accompanying financial statements of the Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due pursuant to legal requirements. Benefits and refunds are recognized when due in accordance with the terms of the Plan, pursuant to legal requirements. Interest and dividends are recorded as earned.

Valuation of investments and realized gains and losses: Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Securities traded on national or international exchanges are valued at the last reported sales price or current exchange rates. Investments that do not have an established market are reported at estimated fair value. Net appreciation or depreciation in fair value of investments includes realized and unrealized gains and losses. Realized gains and losses are determined on the basis of specific cost. The fair value of real estate investments have been estimated based upon latest appraisal information. Commingled funds that do not have an established market are reported at the net asset value of shares owned at the end of the period. Purchases and sales of securities are recorded on the trade-date basis. Dividends are recorded on the ex-dividend date.

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

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Note 2. Plan Description

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.

Plan description: This plan is a fiduciary component unit of the City. The General Employees' Retirement System is a single-employer defined benefit plan administered by a seven-member Board of Trustees plus a non-voting Ex-Officio Member, which covers a majority of City of Fort Lauderdale (the City) general employees hired prior to October 1, 2007 except police and firefighters. On March 4, 2008, the City passed Ordinance No. C-08-06 effectively closing the Plan to new entrants. The latest actuarial valuation prior to September 30, 2022 is dated September 30, 2021.

**City of Fort Lauderdale
General Employees' Retirement System**

Notes to Financial Statements

Note 2. Plan Description (Continued)

Membership in the Plan as of September 30, 2021, the date of the latest actuarial valuation, consists of the following:

Inactive plan members or beneficiaries currently receiving benefits	1,467
Inactive plan members entitled to but not yet receiving benefits	77
Active plan members	505
Total	<u>2,049</u>

Pension benefits: Under the vesting provisions of the Plan, most Plan members are entitled to 100% of normal retirement benefits after 5 years of service beginning at age 55 or after 30 years of service, whichever occurs first. Certain Plan members hired on or after October 1, 1983 electing reduced benefits are entitled to 100% of normal retirement benefits after 10 years of service beginning at age 65. Members who terminate prior to vesting are entitled to a refund of their contributions plus interest at 3% per year.

Members who continue in employment past normal retirement may either accrue larger pensions or freeze their accrued benefit and enter the Deferred Retirement Option Program (DROP), see Note 4. Each participant in the DROP has an account credited with benefits not received and investment earnings. Participation in the DROP must end no later than 36 months after normal retirement. These benefit provisions and all other requirements are established by City ordinance.

Contributions and funding policy: Plan members contribute 6% of their earnings to the Plan or, based on their date of hire, 4% if the employee elected to remain in a lower tier classification. The City is required to contribute the remaining amounts necessary to fund the Plan, based on an amount determined by the Plan's actuary as of September 30 each year. Employer contribution requirements for the fiscal year ended September 30, 2022, were based on the September 30, 2020 actuarial valuation. For the year ended September 30, 2022, the City's contribution rate as a percentage of covered payroll was 23.39%.

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

Note 3. Cash, Cash Equivalents and Investments

Cash and cash equivalents: Cash and cash equivalents is composed of the cash held with investment manager.

Custodial credit risk – deposits: Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution; an entity may not be able to recover its deposits. On September 30, 2022, the Plan was not exposed to custodial credit risk because balances held were all collateralized with securities held by the pledging financial institutions' trust department.

Authorized investments: Investments permitted by the Plan's investment policy includes U.S. Treasury securities, U.S. Government agency obligations, the Florida Local Government Surplus Funds Trust Fund, commercial paper, banker's acceptances, corporate bonds, state or local government taxable or tax exempt debt, intergovernmental investment pools, common and preferred stocks from domestic and foreign corporations, commingled trust funds, stock, bond or money market funds, collective interest trusts, timber, real estate and real estate securities and private equities. There were no significant investment policy changes during the fiscal year.

**City of Fort Lauderdale
General Employees' Retirement System**

Notes to Financial Statements

Note 3. Cash, Cash Equivalents and Investments (Continued)

The Board adopted the following long-term target asset mix for the Plan:

Asset Class	Target Allocation	Minimum %	Max %
Domestic equity	67%	62.0%	72.0%
Fixed income	15%	10.0%	20.0%
Real estate*	10%	7.0%	13.0%
Private equity	6%	0.0%	9.0%
Cash	less than 3 %	0.0%	5.0%

* Real estate funds, timber funds, direct real estate purchases and/or real estate securities.

Rate of return: For the year ended September 30, 2022, the annual money-weighted rate of return (loss) on pension plan investments, net of pension plan investment expense was (12.61)%. 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.

Interest rate risk: As of September 30, 2022, the Plan had the following fixed income securities and maturities in its portfolio:

Investment	Fair Value	Years to Maturity			
		Less than 1	1-5	6-10	More than 10
U.S. Treasury securities	\$ 54,948,766	\$ -	\$ 30,465,823	\$ 24,482,943	\$ -
U.S. Government obligations	14,270,741	-	-	-	14,270,741
Corporate bonds	4,653,876	-	-	4,653,876	-
Money market funds	8,275,209	8,275,209	-	-	-
	<u>\$ 82,148,592</u>	<u>\$ 8,275,209</u>	<u>\$ 30,465,823</u>	<u>\$ 29,136,819</u>	<u>\$ 14,270,741</u>

Interest rate risk refers to the portfolio's exposure to fair value losses arising from increasing interest rates. As a means of limiting its exposure to fair value losses, the investment policy looks to control impacts from interest rate risk in both rising and declining interest rate environments considering such factors as credit quality and duration for losses in rising rate environments, and credit quality in declining rate environments. The benchmarks are monitored and changed when warranted by investment market environment. Debt portfolios are structured and managed to produce returns based on risks inherent in the selected benchmarks.

**City of Fort Lauderdale
General Employees' Retirement System**

Notes to Financial Statements

Note 3. Cash, Cash Equivalents and Investments (Continued)

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 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 requires investments in corporate bonds or notes, general obligation and/or revenue bonds of state or local governments to be rated "A" or better by a nationally recognized rating service. All of these investments met this requirement. The following table discloses credit ratings by investment type at year end:

	Fair Value	Percent of Portfolio
U.S. Government Guaranteed*	\$ 54,948,766	67%
Quality rating of corporate bonds by Fitch:		
A	4,653,876	6%
Quality rating of mortgage backed securities by Fitch:		
AAA	14,270,741	17%
Quality rating of money market funds securities by S&P:		
A-1	8,275,209	10%
Total fixed income securities	<u>\$ 82,148,592</u>	<u>100%</u>

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

Concentration of credit risk: Concentration of credit risk is defined as the risk of loss attributed to the magnitude of an investment in a single issuer. Investments in any one issuer that represent 5% or more of total net position or total investments require disclosure, excluding investments issued or explicitly guaranteed by the U.S. Government, investments in mutual funds, external investment pools, and other pooled investments. The Plan utilizes limitations on securities of a single issuer to manage this risk. As of September 30, 2022, none of the Plan's investments represented 5% or more of the Plan's net position or total investments.

Fair value measurement: The Plan categorizes its investments according to the fair value hierarchy established by Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets or liabilities; Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted market prices for similar assets or liabilities in active markets; Level 3 inputs are significant unobservable inputs used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations where there is little, if any, market activity for the asset or liability at the measurement date. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flows methodologies or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment.

**City of Fort Lauderdale
General Employees' Retirement System**

Notes to Financial Statements

Note 3. Cash, Cash Equivalents and Investments (Continued)

At September 30, 2022, the Plan's investments were categorized as follows:

	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Debt securities:				
U.S. Treasury securities	\$ 54,948,766	\$ 54,948,766		\$ -
U.S. Government obligations	14,270,741	-	14,270,741	-
Corporate bonds	4,653,876	-	4,653,876	-
Total debt securities	73,873,383	54,948,766	18,924,617	-
Equity securities:				
Common and preferred stocks	246,522,259	246,522,259		
Total equity securities	246,522,259	246,522,259	-	-
Total investments by fair value level	320,395,642	\$301,471,025	\$ 18,924,617	\$ -
Investments measured at the net asset value (NAV):				
Commingled funds collective trusts	166,542,839			
Real estate and timber	120,290,989			
Money market funds (collective interest trust)	8,275,209			
Private equity	50,427,573			
Total investments measured at NAV	345,536,610			
Total investment	\$ 665,932,252			

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the following table.

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Money market funds (collective interest trust)	\$ 8,275,209	\$ -	Daily	1 day
Private equity	50,427,573	22,723,442	not applicable	not applicable
Real estate and timber	120,290,989	-	not applicable	not applicable
Commingled collective trusts	166,542,839	-	Daily	1 - 30 days
	<u>\$ 345,536,610</u>			

Commingled collective trusts. Investments in multiple trusts funds that invest in common stocks and their equivalents. The fair values of the investments in this type have been determined using the NAV per share of the investments.

Collective interest trust. Investment funds that invest in short-term, high quality securities denominated in U.S. dollars. The fair values of the investments in this type have been determined using the NAV per share of the investments.

**City of Fort Lauderdale
General Employees' Retirement System**

Notes to Financial Statements

Note 3. Cash, Cash Equivalents and Investments (Continued)

Real estate and timber. Four real estate funds that invest primarily in U.S. real estate and two timberland funds. The fair values of the investments in this type have been determined using third party appraisals. Distributions from the real estate funds will be received when income is generated. Distributions from the timberland funds will be received as income is generated and as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated over the next 6 to 9 years.

Secondary funds. This investment type includes six private equity funds that invest in the existing interests or assets of private equity funds from other participants on the secondary market. The fair values of the investments in this type have been determined using the NAV per share of the investments. Distributions from the funds will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of these funds will be liquidated over the next 1 – 11 years.

Risks and uncertainties: The Plan invest in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statement of fiduciary net position. The Plan, through its investment advisor, monitors the Plan's investment and the risks associated therewith on a regular basis, which the Plan believes minimizes these risks.

Note 4. Deferred Retirement Option Program

The Plan offers a Deferred Retirement Option Program (DROP) for all eligible participants. Eligible members may apply to participate by applying to the Board of Trustees.

Upon a member's election to participate in the DROP, that member shall cease to be a member of the 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 36 months. Payments into the DROP will earn interest at the Plan's actuarial rate of return (currently 6.75%). On August 21, 2018, the City amended the ordinance as follows: Each DROP account shall accrue DROP earnings during the DROP period as follows:

- For i) eligible Members who are not employed in a position that is within the Supervisory/Professional Bargaining Unit, and ii) eligible Members who are employed in a position that is within the Supervisory/Professional Bargaining Unit who commence participation in the DROP prior to August 21, 2019, DROP earnings shall be computed at simple interest at the actuarially assumed rate of return.

**City of Fort Lauderdale
General Employees' Retirement System**

Notes to Financial Statements

Note 4. Deferred Retirement Option Program (Continued)

- For Members of the Supervisory/Professional Bargaining Unit who commence participation in the DROP on or after August 21, 2018, DROP earnings shall be computed annually as follows:
 - At a rate of three percent (3%) if the net rate of investment return for the plan year during which the earnings are computed is less than three percent (3%).
 - At a rate equal to the Plan's actual net rate of investment return if the rate of investment return for the Plan year during which the earnings are computed is three percent (3%) or greater, but no greater than six percent (6%), for the Plan year during which the earnings are computed.
 - At a rate of six percent (6%) if the net rate of investment return for the Plan year during which the earnings are computed is greater than six percent (6%).

Upon termination of employment, participants in the DROP will receive the balance of their account either in a lump-sum distribution or may be rolled over to a qualified retirement plan that accepts rollovers.

As of September 30, 2022, there were 9 members enrolled in the DROP and the balance in the DROP account was \$1,375,869. These amounts are included in the total investment balance presented on the statement of fiduciary net position.

Note 5. Net Pension Liability (Asset)

The components of the net pension liability (asset) at September 30, 2022:

Total pension liability	\$ 736,657,409
Plan Fiduciary net position	667,927,881
Net pension liability (asset)	<u>\$ 68,729,528</u>

Plan fiduciary net position as a percent of the total pension liability	91%
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Significant Actuarial Assumptions

The total pension liability (asset) was determined by an actuarial valuation as of September 30, 2021 and rolled forward to the measurement date, September 30, 2022, using the following actuarial assumptions applied to all measurement periods:

Inflation	2.25%
Salary increases	3.25% to 4.50% depending on service, including inflation
Investment rate of return	6.75%

**City of Fort Lauderdale
General Employees' Retirement System**

Notes to Financial Statements

Note 5. Net Pension Liability (Asset) (Continued)

Mortality Tables

Mortality rates are the same as used by the Florida Retirement System (FRS) for Regular Class (non-Teacher) members in their July 1, 2021 actuarial valuation. These rates were taken from the PUB-2010 Headcount-Weighted Mortality Tables and adjusted to reflect FRS' experience. Mortality improvements to all future years after 2010 are generationally projected using Scale MP-2018. Adjustments to the published mortality tables were developed in a statewide experience study conducted for the FRS covering the period 2013 through 2018. F.S. 112.63(l)(f) requires the mortality assumption to be the same as used in either of the two most recently published actuarial valuation reports of the Florida Retirement System. For more information regarding these rates, refer to the July 1, 2021 actuarial valuation report of the FRS Pension Plan developed in a statewide experience study conducted for the FRS covering the period 2013 through 2018. F.S. 112.63(l)(f) requires the mortality assumption to be the same as used in either of the two most recently published actuarial valuation reports of the Florida Retirement System. For more information regarding these rates, refer to the July 1, 2021 actuarial valuation report of the FRS Pension Plan.

Change in assumptions: The following assumption changes were noted since the prior valuation:

- Inflation rate decreased from 2.50% to 2.25%
- Salary increases changed from (4% – 9.5%) to (3.25% – 4.5%)
- Investment rate of return decreased from 7% to 6.75%
- Mortality rates were updated to the mortality rates used by the Florida Retirement System (FRS) for Regular Class (non-Teacher) members in their July 1, 2021 actuarial valuation. In the prior year, the mortality rates were those used by the FRS for Regular Class (non-Teacher) members in their July 1, 2020 actuarial valuation.

The actuarial assumptions used in the September 30, 2021 valuation were based on the results of an actuarial experience study conducted for the period from October 1, 2013 through September 30, 2018, which was issued on December 20, 2019. Based on the results of this experience study, assumption changes were implemented effective with the September 30, 2021 actuarial valuation.

Long-Term Expected Rate of Return

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

**City of Fort Lauderdale
General Employees' Retirement System**

Notes to Financial Statements

Note 5. Net Pension Liability (Asset) (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	40%	8.3%
International equity	15%	5.2%
Emerging markets equity	12%	9.1%
Private equity	5%	13.0%
Real estate & timber	10%	11.3%
Fixed income	15%	0.6%
Cash equivalents	3%	-1.5%

Discount Rate

The discount rate used to measure the total pension liability was 6.75%, which is a decrease from the prior year discount rate of 7%. 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 Plan's fiduciary net position was projected to be available to make all projected future benefit payments for current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability (asset), calculated using the discount rate of 6.75%, 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 (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net Pension Liability	\$ 147,699,323	\$ 68,729,528	\$ 1,795,411

Note 6. Tax Status

Management and the Plan's tax counsel believe that the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the Internal Revenue Code. The Internal Revenue Service has determined and informed the City by a letter dated October 24, 2014, that the Plan is designed in accordance with applicable sections of the Internal Revenue Code (IRC).

Note 7. Current Events

The respiratory disease "COVID-19" remains of some concern on a global basis, but the current variants of the virus have been demonstrated to be less dangerous than the earlier ones. In most of the world preventative protocols have been rescinded and operations have largely returned to normal. Current variants of the virus are not expected to have a negative effect on the Plan's assets or financial statements. However, unknown future variants remain a risk.

**City of Fort Lauderdale
General Employees' Retirement System**

Notes to Financial Statements

Note 7. Current Events (Continued)

On February 24, 2022, Russia began an invasion of the nation of Ukraine, which is ongoing at this time. Much of the international community, particularly the United States and most Western European nations, have condemned Russia for its actions, many countries have implemented economic sanctions against Russia, Russian individuals, or companies. The ongoing war and the aforementioned economic sanctions have resulted in added volatility in equity and commodity markets, and will likely have significant implications for economic growth and inflation going forward. The full impact of the war is unknown at this time but could have negative implications for the Plan.

A spike in inflation both in the United States and abroad during the first half of 2022 negatively affected Plan asset values. However, inflation has been dramatically reduced in the second half of the year as a result of aggressive actions of the Federal Reserve and its counterparts abroad, and asset values have partially recovered. While inflation remains above the Federal Reserve's 2% target, current levels are not of immediate concern to financial markets.

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

City of Fort Lauderdale
General Employees' Retirement System

Required Supplementary Information
Schedule of Changes in the Employer Net Pension Liability (Asset) and Related Ratios – Unaudited
Last Nine Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability:									
Service cost	\$ 7,802,722	\$ 8,088,646	\$ 8,383,056	\$ 8,740,748	\$ 9,080,935	\$ 9,607,674	\$ 9,940,115	\$ 9,917,828	\$ 10,774,138
Interest	49,427,159	50,028,794	49,407,430	49,004,369	48,592,554	46,437,709	45,329,190	44,655,792	43,346,733
Benefit changes	-	-	-	-	-	-	-	-	-
Difference between actual and expected experience	136,829	(3,188,205)	(938,592)	(6,046,993)	(7,758,188)	(1,676,483)	(657,609)	(6,253,927)	-
Assumption changes	4,708,261	3,651,795	6,861,164	6,715,780	6,581,878	14,797,404	3,054,924	5,940,974	-
Benefit payments	(47,262,822)	(46,589,879)	(44,060,351)	(42,784,488)	(40,797,248)	(38,843,113)	(38,030,549)	(36,967,771)	(36,087,008)
Refunds	(171,408)	(50,273)	(76,301)	(5,452)	(85,828)	(90,430)	(138,606)	(127,423)	(153,598)
Net change in total pension liability	14,640,741	11,940,878	19,576,406	15,623,964	15,614,103	30,232,761	19,497,465	17,165,473	17,880,265
Total pension liability – beginning	722,016,668	710,075,790	690,499,384	674,875,420	659,261,317	629,028,556	609,531,091	592,365,618	574,485,353
Total pension liability – ending (a)	736,657,409	722,016,668	710,075,790	690,499,384	674,875,420	659,261,317	629,028,556	609,531,091	592,365,618
Plan fiduciary net position:									
Contributions – employer	\$ 8,376,770	\$ 8,940,886	\$ 8,164,058	\$ 8,824,651	\$ 10,459,835	\$ 14,650,881	\$ 14,393,012	\$ 15,501,180	\$ 15,061,353
Contributions – member	2,085,319	2,272,367	2,454,925	2,592,025	2,741,096	2,978,329	3,152,504	3,200,689	3,264,583
Net investment income (loss)	(97,695,420)	161,112,233	45,186,966	14,518,545	58,237,325	88,659,514	56,764,958	(22,561,456)	59,588,725
Benefit payments	(47,262,822)	(46,589,879)	(44,060,351)	(42,784,488)	(40,797,248)	(38,843,113)	(38,030,549)	(36,967,771)	(36,087,008)
Refunds	(171,408)	(50,273)	(76,301)	(5,452)	(85,828)	(90,430)	(138,606)	(127,423)	(153,598)
Administrative expense	(558,890)	(563,071)	(514,568)	(544,417)	(472,181)	(445,475)	(551,683)	(398,274)	(469,862)
Net change in plan fiduciary net position	(135,226,451)	125,122,263	11,154,729	(17,399,136)	30,082,999	66,909,706	35,589,636	(41,353,055)	41,204,193
Plan fiduciary plan net position – beginning	803,154,332	678,032,069	666,877,340	684,276,476	654,193,477	587,283,771	551,694,135	593,047,190	551,842,997
Plan fiduciary plan net position – ending (b)	667,927,881	803,154,332	678,032,069	666,877,340	684,276,476	654,193,477	587,283,771	551,694,135	593,047,190
Net pension liability (asset) – ending (a) - (b)	\$ 68,729,528	\$ (81,137,664)	\$ 32,043,721	\$ 23,622,044	\$ (9,401,056)	\$ 5,067,840	\$ 41,744,785	\$ 57,836,956	\$ (681,572)
Plan fiduciary net position as a percentage of total pension liability	90.67%	111.24%	95.49%	96.58%	101.39%	99.23%	93.36%	90.51%	100.12%
Covered payroll	\$ 35,820,891	\$ 39,391,278	\$ 42,611,331	\$ 42,975,708	\$ 45,140,076	\$ 47,494,154	\$ 53,951,321	\$ 57,804,651	\$ 59,303,500
Net pension liability (asset) as a percentage of covered payroll	191.87%	-205.98%	75.20%	54.97%	-20.83%	10.67%	77.37%	100.06%	-1.15%

Notes:

- The following assumption changes were made since the prior valuation:
 - The discount rate decreased from 7% to 6.75%.
 - Salary increases changed from (4% – 9.5%) to (3.25% – 4.5%)
 - Investment rate of return decreased from 7% to 6.75%
 - Mortality rates were updated to the mortality rates used by the Florida Retirement System (FRS) for Regular Class (non-Teacher) members in their July 1, 2021 actuarial valuation.
- This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the plan will present information for those years for which information is available.

**City of Fort Lauderdale
General Employees' Retirement System**

**Required Supplementary Information
Schedule of Employer Contributions – Unaudited
Last Ten Years**

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2013	\$ 13,560,634	\$ 13,560,634	-	not available	not available
2014	15,061,353	15,061,353	-	\$ 59,393,500	25.36%
2015	15,501,180	15,501,180	-	57,804,651	26.82%
2016	14,393,012	14,393,012	-	53,951,321	26.68%
2017	14,650,881	14,650,881	-	47,494,154	30.85%
2018	10,459,835	10,459,835	-	45,140,076	23.17%
2019	8,824,651	8,824,651	-	42,975,708	20.53%
2020	8,164,058	8,164,058	-	42,611,331	19.16%
2021	8,940,886	8,940,886	-	39,391,278	22.70%
2022	8,376,770	8,376,770	-	35,820,891	23.39%

Notes to Schedule:

Valuation date: September 30, 2020

Actuarially determined contribution rates are calculated as of September 30, 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
Closed amortization period	22 years
Asset valuation method	5-year smoothed market
Investment rate of return	7.00%
Inflation	2.50%
Salary increases	4.0% to 9.5% depending on service, including inflation
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.

Mortality

Mortality rates are the same as used by the Florida Retirement System (FRS) for Regular Class (non-Teacher) members in their July 1, 2020 actuarial valuation. These rates were taken from the PUB- 2010 Headcount-Weighted Mortality Tables and adjusted to reflect FRS' experience. Mortality improvements to all future years after 2010 are generationally projected using Scale MP-2018. Adjustments to the published mortality tables were developed in a statewide experience study conducted for the FRS covering the period 2013 through 2018. F.S. 112.63(1)(f) requires the mortality assumption to be the same as used in either of the two most recently published actuarial valuation reports of the Florida Retirement System. For more information regarding these rates, refer to the July 1, 2020 actuarial valuation report of the FRS Pension Plan.

The following assumption changes were made since the prior valuation:

- Investment rate of return decreased from 7.2% to 7.0%
- Mortality rates were updated to the mortality rates used by the Florida Retirement System (FRS) for Regular Class (non-Teacher) members in their July 1, 2020 actuarial valuation. In the prior year the following rates were used: RP-2000 Combined Healthy Participant Mortality Tables for preretirement mortality and RP-2000 Mortality for postretirement mortality with mortality improvements projected to all future years after 2000 using Scale BB. Base mortality rate for males have a 50% blue collar and 50% white collar adjustment. For females, a 100% white collar adjustment was used.

**City of Fort Lauderdale
General Employees' Retirement System**

**Required Supplementary Information
Schedule of Investment Returns – Unaudited
Last Nine Years**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual Money-Weighted Rate of Return (Loss), Net of Investment Expense	-12.61%	23.84%	7.24%	2.20%	9.03%	15.05%	10.45%	-4.59%	10.62%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complied, the plan will present information for those years for which information is available.

**City of Fort Lauderdale
General Employees' Retirement System**

**Supplementary Information
Schedule of Administrative Expenses – Unaudited
Fiscal Year Ended September 30, 2022**

The City provides the Plan with certain services without receiving compensation. Administrative costs paid or incurred by the Plan consisted of the following for the year ended:

Salaries and wages	\$	187,572
Professional services		178,131
Fringe benefits		53,394
Leases and rentals		49,850
Meetings/conferences/dues		39,482
Insurance premiums/charges		21,346
Accounting and auditing		16,500
Supplies		5,317
Other expenses		5,256
Intragovernmental service charges		2,042
Total	\$	558,890

**Independent Auditor's Report
on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

Board of Trustees
City of Fort Lauderdale General Employees' Retirement System
Fort Lauderdale, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the City of Fort Lauderdale General Employees' Retirement System (the Plan), a component unit of the City of Fort Lauderdale, Florida, as of and for the 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 March 28, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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*.

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.

RSM VS LLP

Fort Lauderdale, Florida
March 28, 2023