

Retirement Plan for Employees of the Town of Golden Beach

Financial Statements and
Additional Information
For the Year Ended September 30, 2022



Retirement Plan for Employees of the Town of Golden Beach

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Trustees
Retirement Plan for Employees
of the Town of Golden Beach

Opinion

We have audited the accompanying financial statements of the Retirement Plan for Employees of the Town of Golden Beach (the "Plan"), which comprise the statement of plan net position as of September 30, 2022, and the related statement of changes in plan net position for the year then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Plan as of September 30, 2022, and the changes in financial 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. 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 these 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 one year after the date the financial statements are available to be issued.

Management is also responsible for maintaining a current plan instrument, including all plan amendments; administering the plan; and determining that the plan's transactions that are presented and disclosed in the financial statements are in conformity with the plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Retirement Plan for Employees of the Town of Golden Beach

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, 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 other required supplementary information identified in the table of contents, be presented to supplement the basic financial statements. Such information, 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 (Date), 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

KEEFE McCULLOUGH

Fort Lauderdale, Florida
(Date)

**Retirement Plan for Employees of the Town of Golden Beach
Management’s Discussion and Analysis
September 30, 2022**

Our discussion and analysis of the Retirement Plan for Employees of the Town of Golden Beach’s (the “Plan”) financial performance provides an overview of the Plan’s financial activities for the Plan year ended September 30, 2022 and 2021. Please read it in conjunction with the Plan’s financial statements which follow this discussion.

Financial Highlights

- Plan net position at the end of fiscal year 2022 was \$ 12,719,042 which was a decrease of \$ 1,448,155 from 2021. Net position is held to meet future benefit payments.
- Employer contributions to the Plan for 2022 were \$ 641,763 which was a decrease of \$ 67,090 from 2021.
- Net investment income for 2022 from interest and dividends on investments was \$ 329,141 up \$ 90,895 from fiscal year 2021, while the net depreciation on investment activity for 2022 was \$ 1,832,777 yielding a decrease of \$ 3,900,846 above the prior fiscal year’s results.

Plan Highlights

The Plan’s cash, cash equivalents and investments decreased \$ 8,959 during fiscal year 2022 which was primarily due to additional contributions and investment earnings.

Using the Audited Financial Statements

The financial statements are presented on a full accrual basis, and reflect the activities of the Plan as reported in the statement of plan net position available for benefits at September 30, 2022, and the statement of changes in plan net position available for benefits for the year ended September 30, 2022.

Statement of Plan Net Position Available for Benefits

The following condensed statements of plan net position available for benefits reflects the investment position of the Plan at September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Assets:		
Cash and cash equivalents	\$ 1,328,242	\$ 1,337,201
Contributions and other receivables	43,502	27,992
Prepaid expenses	50,038	45,593
Investments	<u>11,357,584</u>	<u>12,793,921</u>
Total assets	<u>12,779,366</u>	<u>14,204,707</u>
Liabilities	<u>60,324</u>	<u>37,510</u>
Net Position Available for Benefits	<u>\$ 12,719,042</u>	<u>\$ 14,167,197</u>

**Retirement Plan for Employees of the Town of Golden Beach
Management's Discussion and Analysis
September 30, 2022**

Statement of Changes in Plan Net Position Available for Benefits

The statement of changes in plan net position available for benefits displays the effect of pension fund transactions that occurred during the fiscal year where additions less deductions equal net increase in plan net position. The table below reflects the activities of the Plan for the years ended September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Additions:		
Contributions:		
Employer	\$ 641,763	\$ 708,853
Employee (less refunds)	<u>153,458</u>	<u>159,195</u>
Total contributions	795,221	868,048
Investment income (loss)	<u>(1,503,459)</u>	<u>2,306,789</u>
Total additions	<u>(708,238)</u>	<u>3,174,837</u>
Deductions:		
Benefits paid	556,671	472,335
Administrative expenses and other	<u>183,246</u>	<u>201,144</u>
Total deductions	<u>739,917</u>	<u>673,479</u>
Net increase (decrease)	(1,448,155)	2,501,358
Net Position Available for Benefits, Beginning of Year	<u>14,167,197</u>	<u>11,665,839</u>
Net Position Available for Benefits, End of Year	\$ <u><u>12,719,042</u></u>	\$ <u><u>14,167,197</u></u>

Asset allocation: At the end of fiscal year 2022, the equity portion comprised 53% (\$ 6,779,527) of the total investment portfolio. The actual allocation to equity securities, fixed income securities, cash, and cash equivalents, as opposed to targeted allocations, was as follows:

Equity	53%	65%
Fixed income	25%	25%
Alternative	11%	10%
Cash and cash equivalents	10%	-

Contacting the Plan's Financial Management

This financial report is designed to provide the Board of Trustees, our participants, taxpayers, investors, and creditors with a general overview of the Plan's finances and to demonstrate the Plan's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Retirement Plan for Employees of the Town of Golden Beach, One Golden Beach Drive, Golden Beach, Florida 33160.

Draft

Retirement Plan for Employees of the Town of Golden Beach
Statement of Plan Net Position
September 30, 2022

Assets:

Cash and cash equivalents		\$	1,328,242
Receivables:			
Interest	\$	34,400	
Security sales receivable		<u>9,102</u>	43,502
Investments, at fair value:			
Common stock		6,779,527	
Government securities		2,148,646	
Alternative investments		1,377,789	
Corporate bonds		<u>1,051,622</u>	11,357,584
Other assets			
Prepaid expenses			<u>50,038</u>
Total assets			<u>12,779,366</u>

Liabilities:

Accounts payable			20
Prepaid Town contributions			38,606
Security purchases payable			<u>21,698</u>
Total liabilities			<u>60,324</u>

Net Position Held in Trust for Pension Benefits \$ 12,719,042

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

**Retirement Plan for Employees of the Town of Golden Beach
Statement of Changes in Plan Net Position
For the Year Ended September 30, 2022**

Additions:

Contributions:

Employer	\$ 641,763
Employees	153,458
	<u>795,221</u>
Total contributions	<u>795,221</u>

Investment income (loss):

Net depreciation in fair value of Plan investments	(1,832,777)
Interest and dividends	329,141
Other investment income	177
	<u>177</u>

Total investment loss	<u>(1,503,459)</u>
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Total additions	<u>(708,238)</u>
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Deductions:

Benefits paid	556,671
Consulting and advisory fees	112,450
Professional fees	56,692
Trustee education	11,120
Trustee fiduciary insurance	1,763
Dues	994
Office expenses	227
	<u>227</u>

Total deductions	<u>739,917</u>
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Change in net position available for benefits	(1,448,155)
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**Net Position Available for Benefits,
October 1, 2021**

14,167,197

**Net Position Available for Benefits,
September 30, 2022**

\$ 12,719,042

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

Note 1 - Plan Description and Contribution Information

The following brief description of the Retirement Plan for the Employees of the Town of Golden Beach (the "Plan") is provided for general information purposes only. Participants should refer to the Plan document for more complete information.

Plan description: The Plan is a defined benefit, single-employer public employee retirement system which provides pension benefits for employees of the Town of Golden Beach (the "Town"). The Plan is included in the Town's financial reporting entity as a fiduciary fund. The most recent actuarial valuation available is as of October 1, 2021.

Benefit provisions: General employees may retire and receive accrued retirement benefits after attaining the normal retirement age of 65 years, with completion of ten years of service. Police officers may retire at age 55 with completion of 10 years of service or age 52 with 25 years of service. Upon normal retirement, the monthly benefit for each member who does not contribute to the Plan is two percent (2%) of their average monthly earnings multiplied by the length of their credited service. A participant who contributes to the Plan will receive an amount equal to two and one quarter percent (2.25%) or in the case of police officers who retire after September 30, 2003 at a blended rate, not to exceed three percent (3.00%) of their average monthly earnings multiplied by the length of their credited years of service as of their actual retirement date.

Participants may retire early after completing ten years of credited service and attaining 55 years of age (50 years of age for police officers). Early retirement benefits are calculated and paid in a manner similar to that for normal retirement, but at an actuarially reduced amount. Participants who withdraw from service prior to the normal retirement age and who have accrued 10 years of service to the Town are entitled to monthly retirement benefits to commence on the normal retirement date.

In lieu of the amount and normal form of retirement benefits outlined above, a participant may, subject to the approval of the Board of Trustees, elect to receive an actuarially equivalent value of a lesser monthly amount, whereby a designated beneficiary shall continue to receive benefits after the participant's death. The Plan further provides benefits for pre-retirement employment related death and disability, regardless of the period of service to the Town, and also for non-service incurred disability benefits after 5 years of service to the Town. Benefit payments under the Plan are paid directly out of Plan net position available for benefits.

Membership in the Plan consisted of the following at October 1, 2020, the date of the latest actuarial valuation:

	<u>General Employees</u>	<u>Police Officers</u>
Retirees and beneficiaries currently receiving benefits and terminated members entitled to benefits, but not yet receiving them	13	17
Active plan members	<u>30</u>	<u>20</u>
	<u>43</u>	<u>37</u>

Note 1 - Plan Description and Contribution Information (continued)

Funding policy: Plan members are required to contribute 3.5% for general employees. Police officers are required to contribute 6.0% of their annual covered salary and the Town is required to contribute the amount in excess of employee contributions to pay the annual pension cost. Contribution requirements of the Plan members and the participating employer are established and may be amended by the Board of Trustees. Administrative costs of the Plan are financed through investment earnings. Annual contributions are actuarially determined as specified by a Town ordinance as of October 1.

Vesting: Plan members become fully vested in the Plan after ten years of full-time continuing employment with the Town.

Termination: Plan members who terminate employment with the Town after ten or more years of credited service may leave their contributions in the Plan and retain the right to a deferred early or normal retirement amount, which commences on the member's early or normal retirement date. Members who terminate with less than ten years of service are refunded their contributions made to the Plan.

Plan administration: The general administration, management and investment decisions of the Plan and the responsibility for carrying out its provisions are vested in the Board of Trustees, consisting of one police officer, one general employee, and three residents of the Town appointed by the Mayor and the Town Council. The Plan may only be amended by an Ordinance of the Town Council.

Ten-year historical trend information designed to provide information about the Plan's progress made in accumulating sufficient assets to pay benefits when due is presented in the required supplementary information section.

Plan termination: In the event that the Plan is terminated by the Town, each Plan member will become fully vested in their appropriate share amount regardless of length of service.

Note 2 - Summary of Significant Accounting Policies

Basis of accounting: The financial statements for 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 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. The Plan consists of two groups: The General Employees and the Police Officers. Selected information is presented throughout to show each group individually and in the aggregate.

The Plan utilizes the financial reporting requirements of Governmental Accounting Standards Board Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments" and related pronouncements.

Note 2 - Summary of Significant Accounting Policies (continued)

Investments: Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair value. Net appreciation or depreciation in the fair value of investments includes realized and unrealized gains and losses. Realized gains and losses are determined on the basis of specific cost.

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 the Board of Trustees.

Purchases and sales of securities are recorded on the trade-date basis. Interest and dividends are recorded as earned.

Cash and cash equivalents: Cash and short-term investments include money market mutual funds and investments with maturity dates of less than three months when purchased.

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

Risks and uncertainties: The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate risk, 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 value of investment will occur in the near term and that such changes could materially affect Plan account balances and the amounts reported on the statement of Plan net position.

Date of management's review: Subsequent events have been evaluated through (Date), which is the date the financial statements were available to be issued.

Note 3 - Money Market Funds

Custodial Credit risk - deposits: The Plan maintains money market fund balances in various accounts with the Plan's investment custodian (Note 4) which are uninsured. Custodial credit risk is the risk that in the event of a financial institution failure, the Plan's deposits may not be returned to it. As of September 30, 2022, the Plan was exposed to a custodial credit risk of the total balance in the various money market funds of \$ 1,320,783. This amount is included as cash equivalents in the accompanying statement of financial position, which includes \$ 7,459 of cash at September 30, 2022.

Note 4 - Investments

The Plan maintains an agreement whereby the investment securities are held in the Plan's name by a financial institution acting as the Plan's custodian. The custodian also assists Plan management in securing one or more investment managers to invest in securities at the manager's discretion.

Retirement Plan for Employees of the Town of Golden Beach
Notes to Financial Statements
September 30, 2022

Note 4 - Investments (continued)

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Plan does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Plan does, however, limit its exposure to interest rate risk by diversifying its investments by security type and institution, and limits holdings in any one type of investment with any one issuer with various durations of maturities.

Information about the sensitivity of the fair values of the Plan's investments to market interest rate fluctuations is provided by the following tables that show the distribution of the Plan's investments by maturity at September 30, 2022:

Investment Type	Fair Value	Investment Maturities (in years)		
		Less than 1	1 to 5	6 to 10
U.S. treasuries and agencies	\$ 2,148,646	\$ 30,547	\$ 1,748,962	\$ 369,137
Corporate bonds	1,051,622	98,752	534,347	418,523
	<u>\$ 3,200,268</u>	<u>\$ 129,299</u>	<u>\$ 2,283,309</u>	<u>\$ 787,660</u>

Credit risk: Credit risk is the risk that a security or portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. This risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization. The Plan has no investment policy that would further limit its investment choices. The following table provides credit quality ratings on the Plan's securities which are exposed to credit risk:

	Fair Value	Percentage
U.S. treasuries and agencies*	\$ 2,148,646	67%
Corporate bonds:		
AA-	49,219	2%
A+	130,639	4%
A	355,885	11%
A-	248,993	8%
AAA	73,533	2%
BBB+	91,463	3%
Total corporate bonds	<u>1,051,622</u>	<u>30%</u>
	<u>\$ 3,200,268</u>	<u>97%</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.

Retirement Plan for Employees of the Town of Golden Beach
Notes to Financial Statements
September 30, 2022

Note 4 - Investments (continued)

Concentration of credit risk: GASB Statement No. 40 requires disclosure when the percent is 5% or more in any one issuer. As of September 30, 2022, investments held in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total investments are as follows:

Issuer	Reported Amount	Percentage
Blackrock/Lord Abbett	\$ 1,555,786	12%
Reinassance	\$ 1,522,711	12%
American Core	\$ 1,373,901	11%
Madison	\$ 1,051,622	8%
MDT	\$ 632,265	5%
Thmopson	\$ 601,597	5%
Kayne	\$ 633,697	5%
RBC	\$ 633,706	5%

Custodial credit risk: This is the risk that, upon failure of a counterparty or collateral securities held by the Plan, it would not be able to recover the value thereof. The Plan assets are held by their custodial bank and registered in the Plan's name.

Investment policy: The Plan's investment policy is determined by the Board of Trustees. The policy has been identified by the Board to achieve a favorable rate of return using both absolute and relative measures against inflation, preservation of capital and long-term growth, which will keep the Plan actuarially sound. The Trustees are authorized to acquire and retain every kind of investment specifically including, but not by way of limitation, bonds, debentures, and other corporate obligations, and stocks, preferred or common, which persons of prudence, discretion and intelligence acquire or retain for their own account.

Rate of return: For the year ended September 30, 2022, the annual money weighted rate of return on pension plan investments, net of pension plan investment expense was 4.74%. The money weighted rate of return expresses investment performance adjusted for the changing amounts actually invested.

Note 5 - Fair Value Measurements

Fair Value Hierarchy: Various inputs are used in determining the fair value of investments reported in the accompanying statement of Plan Net Position. These inputs to valuation techniques are categorized into a fair value hierarchy consisting of three broad levels for financial statement purposes as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical investments that the Plan has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included with Level 1 that are observable for the investments, either directly or indirectly. (e.g., quoted prices in active markets for similar securities, securities valuations based on commonly quoted benchmarks, interest rates and yield curves, and/or securities indices.)

Retirement Plan for Employees of the Town of Golden Beach
Notes to Financial Statements
September 30, 2022

Note 5 - Fair Value Measurements (continued)

- Level 3 inputs are unobservable inputs for the investments. (e.g., information about assumptions, including risk, market participants would use in pricing a security.)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priorities to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety. The categorization of a value determined for investments is based on the pricing transparency of the investments and is not necessarily an indication of the risks associated with investing in those securities.

The Plan categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. Investments are recorded at fair value, and primarily uses the market approach to valuing each security. Security pricing is provided by a third-party and is reported daily to the Plan by its custodians.

The following table sets forth, by level within the fair value hierarchy, the Plan investments at fair value as of September 30, 2022:

	Fair Value Measurement			Fair Value September 30, 2022
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	
Investments:				
Common stock	\$ 6,779,527	\$ -	\$ -	\$ 6,779,527
U.S. government securities	-	2,148,646	-	2,148,646
Corporate bonds	-	1,051,622	-	1,051,622
Alternative investments	-	-	1,377,789	1,377,789
Total investments	6,779,527	3,200,268	1,377,789	11,357,584
Money market mutual funds included in cash and cash equivalents	-	1,320,783	-	1,320,783
Total investments and cash equivalents	\$ 6,779,527	\$ 4,521,051	\$ 1,377,789	\$ 12,678,367

Retirement Plan for Employees of the Town of Golden Beach
Notes to Financial Statements
September 30, 2022

Note 5 - Fair Value Measurements (continued)

Investment balances and activity of Level 3 investments for the year were as follows:

Beginning balance	\$ 1,104,332
Net purchases, sales, issuances and settlements	39,413
Net realized and unrealized gains (losses) on investments	<u>234,044</u>
Ending balance	<u>\$ 1,377,789</u>

Note 6 - Net Pension Liability of the Town

The components of the net pension liability of the Town at September 30, 2022 were as follows:

Total pension liability	\$ 16,613,408
Plan fiduciary net position	<u>(12,719,042)</u>
Town net pension liability	<u>\$ 3,894,366</u>
Plan fiduciary net position as a percentage of total pension liability	76.56%

Actuarial assumptions:

The total pension liability at September 30, 2022 was determined using an actuarial valuation as of October 1, 2021, using the following actuarial assumptions:

Discount rate	6.64% weighted average discount rate
Inflation	1.90%
Projected salary increases	5.00%, average, including inflation
Investment rate of return	4.74%, net of pension plan investment expense, including inflation

Mortality rates under the RP-2000 Mortality Table with the following variations were used:

- General Employees: Sex-distinct rates set forth in the RP2000 Combined Mortality Table, with full generational improvements in mortality using Scale BB.
- Police Officers: Sex-distinct rates set forth in the RP2000 Blue Collar Mortality Table, with full generational improvements in mortality using Scale BB.

No changes were made since prior measurement date.

Note 6 - Net Pension Liability of the Town (continued)

Discount rate: The discount rate used to measure the total pension liability was 6.64%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rates and that contributions from the Town will be made at statutorily required rates, actuarially determined. Based on those assumptions, the 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 on pension Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes on the discount rate: The following presents the net pension liability of the Town using the discount rate of 6.64%, as well as what the employer net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.64%) or 1-percentage-point higher (7.64%) than the current rate:

	1% Decrease (5.64%)	Current Discount Rate (6.64%)	1% Increase (7.64%)
Total pension liability	\$ 18,698,027	\$ 16,613,408	\$ 14,888,431
Plan fiduciary net position	<u>(12,719,042)</u>	<u>(12,719,042)</u>	<u>(12,719,042)</u>
Net pension liability (asset)	<u>\$ 5,978,985</u>	<u>\$ 3,894,366</u>	<u>\$ 2,169,389</u>

**Retirement Plan for Employees of the Town of Golden Beach
Required Supplementary Information
Schedule of Changes in Net Position Liability and Related Ratios
(Unaudited)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total pension liability							
Service cost	\$ 625,872	604,947	\$ 626,710	\$ 646,789	\$ 372,701	\$ 355,307	\$ 410,000
Expected interest growth	1,020,931	997,034	928,482	725,127	767,653	702,846	649,000
Differences between expected and actual experience	(125,105)	(329,942)	(52,042)	164,367	113,395	537,419	(21,000)
Changes in assumptions	-	(388,109)	-	1,739,683	-	(434,803)	48,778
Changes in benefit terms	477,284	-	-	209,462	-	-	-
Benefit payments, including refunds of member contributions	<u>(556,671)</u>	<u>(505,750)</u>	<u>(399,491)</u>	<u>(373,621)</u>	<u>(324,318)</u>	<u>(329,527)</u>	<u>(308,000)</u>
Net change in total pension liability	1,442,311	378,180	1,103,659	3,111,807	929,431	831,242	778,778
Total pension liability - beginning	<u>15,171,097</u>	<u>14,792,917</u>	<u>13,689,258</u>	<u>10,577,451</u>	<u>9,648,020</u>	<u>8,816,778</u>	<u>8,038,000</u>
Total pension liability - ending (A)	<u>\$ 16,613,408</u>	<u>15,171,097</u>	<u>\$ 14,792,917</u>	<u>\$ 13,689,258</u>	<u>\$ 10,577,451</u>	<u>\$ 9,648,020</u>	<u>\$ 8,816,778</u>
Plan fiduciary net position							
Contributions - employer	\$ 641,763	708,853	\$ 700,022	\$ 637,382	\$ 588,601	\$ 513,696	\$ 457,855
Contributions - member	153,458	159,195	153,944	156,672	152,113	120,499	110,543
Expected interest growth	942,508	780,968	723,717	809,028	719,791	618,943	-
Net investment income	(2,445,967)	1,525,821	(108,023)	(545,142)	57,584	373,099	438,000
Benefit payments, including refunds of member contributions	(556,671)	(505,750)	(398,771)	(373,621)	(324,318)	(329,527)	(308,000)
Administrative expenses	<u>(183,246)</u>	<u>(167,729)</u>	<u>(158,381)</u>	<u>(60,517)</u>	<u>(57,496)</u>	<u>(129,160)</u>	<u>(60,694)</u>
Net change in plan fiduciary net position	(1,448,155)	2,501,358	912,508	623,802	1,136,275	1,167,550	637,704
Plan fiduciary net position - beginning	<u>14,167,197</u>	<u>11,665,839</u>	<u>10,753,331</u>	<u>10,129,529</u>	<u>8,993,254</u>	<u>7,825,704</u>	<u>7,188,000</u>
Plan fiduciary net position - ending (B)	<u>\$ 12,719,042</u>	<u>14,167,197</u>	<u>\$ 11,665,839</u>	<u>\$ 10,753,331</u>	<u>\$ 10,129,529</u>	<u>\$ 8,993,254</u>	<u>\$ 7,825,704</u>
Town's net pension liability (asset) - ending (A) - (B)	<u>\$ 3,894,366</u>	<u>1,003,900</u>	<u>\$ 3,127,078</u>	<u>\$ 2,935,927</u>	<u>\$ 447,922</u>	<u>\$ 654,766</u>	<u>\$ 991,074</u>
Plan fiduciary net position as a percentage of the total pension liability	76.56%	93.38%	78.86%	78.55%	95.77%	93.21%	88.76%
Covered-employee payroll	\$ 2,382,031	2,453,333	\$ 2,391,820	\$ 2,474,969	\$ 2,080,445	\$ 1,911,580	\$ 2,258,192
Town's net pension liability (asset) as percentage of covered-employee payroll	163.49%	40.92%	130.74%	118.62%	21.53%	34.25%	43.89%

* Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

**Retirement Plan for Employees of the Town of Golden Beach
 Required Supplementary Information
 Schedule of Changes in Net Position Liability and Related Ratios (continued)
 (Unaudited)**

<u>2015</u>	<u>2014</u>
\$ 412,000	\$ 406,000
540,000	540,000
(13,000)	(132,000)
-	-
-	-
<u>(347,000)</u>	<u>(315,000)</u>
592,000	499,000
<u>7,446,000</u>	<u>6,947,000</u>
<u>\$ 8,038,000</u>	<u>\$ 7,446,000</u>
\$ 428,000	\$ 428,000
102,000	100,000
-	-
(50,000)	535,000
(347,000)	(315,000)
<u>(40,000)</u>	<u>(60,000)</u>
93,000	688,000
<u>7,095,000</u>	<u>6,407,000</u>
<u>\$ 7,188,000</u>	<u>\$ 7,095,000</u>
<u>\$ 850,000</u>	<u>\$ 351,000</u>
88.76%	88.76%
\$ 2,159,806	\$ 2,027,000
39.36%	17.32%

**Retirement Plan for Employees of the Town of Golden Beach
Required Supplementary Information
Schedule of Town Contributions
(Unaudited)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contribution	\$ 641,763	\$ 708,853	\$ 700,022	\$ 637,382	\$ 588,601	\$ 513,696	\$ 457,855	\$ 427,817	\$ 427,817	\$ 391,306
Contributions in relation to the actuarially determined contribution	<u>641,763</u>	<u>708,853</u>	<u>700,022</u>	<u>637,382</u>	<u>588,601</u>	<u>513,696</u>	<u>457,855</u>	<u>427,817</u>	<u>427,817</u>	<u>383,769</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>7,537</u>
Covered-employee payroll	\$ 2,382,031	\$ 2,453,333	\$ 2,391,820	\$ 2,474,969	\$ 2,080,445	\$ 1,911,580	\$ 2,258,192	\$ 2,159,806	\$ 2,027,209	\$ 2,019,940
Contributions as a percentage of covered-employee payroll	26.94%	28.89%	29.27%	25.75%	28.29%	26.87%	20.28%	19.81%	21.10%	19.00%

**Retirement Plan for Employees of the Town of Golden Beach
 Required Supplementary Information
 Schedule of Investment Returns
 (Unaudited)**

	2022	2021	2020	2019	2018	2017	2016	2015
Annual money - weighted rate of return, net of investment expense	18.73%	18.73%	4.75%	2.62%	8.93%	5.35%	6.96%	-0.80%

* Schedule is intended to show information for 10 years.
 Additional years will be displayed as they become available.

Retirement Plan for Employees of the Town of Golden Beach
Notes to Required Supplementary Information
(Unaudited)

Valuation date	October 1, 2021
Contribution rates:	
Employer	25.75%
Plan members	3.5% for general, 6% for police
Actuarial cost method	Frozen Initial Liability Actuarial Cost Method
Amortization method	Level dollar, closed
Remaining amortization method	21 years
Asset valuation method	The actuarial value of assets is equal to the market value of assets, adjusted to reflect a five-year phase-in of the net investment appreciation (or depreciation).
Actuarial assumptions	
Investment rate of return*	7.00% per year compounded annually, net of investment-related expenses.
Projected salary increases*	5.00%
Cost of living adjustments	None

* Includes inflation rate estimated at 1.9%

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

To the Members of the Board of Trustees
Retirement Plan for Employees
of the Town of Golden Beach

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 Retirement Plan for Employees of the Town of Golden Beach (the "Plan") 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 (Date).

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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plan’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, 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.

KEEFE McCULLOUGH

Fort Lauderdale, Florida
(Date)