CITY OF SUNRISE, FLORIDA
GENERAL EMPLOYEES' RETIREMENT PLAN

FINANCIAL STATEMENTS

FISCAL YEAR ENDED
SEPTEMBER 30, 2023

CITY OF SUNRISE
GENERAL EMPLOYEES' RETIREMENT PLAN

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
City of Sunrise General Employees' Retirement Plan
Sunrise, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the City of Sunrise General Employees' Retirement Plan ("Plan"), which are comprised of the statement of fiduciary net position as of September 30, 2023, and the related statement of changes in fiduciary net position for the fiscal year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the City of Sunrise General Employees' Retirement Plan as of September 30, 2023 and the changes in its fiduciary net position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. 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 opinions.

Responsibilities of Management for the Financial Statements

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

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

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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, 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, schedule of net pension liability and related ratios, schedules of employer contributions, and schedule of annual money-weighted rate of return on plan investments 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 opinions 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.

The schedule of administrative expenses is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 January 31, 2024, 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, 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.

Brown & Associates

January 31, 2024

CITY OF SUNRISE
GENERAL EMPLOYEES' RETIREMENT PLAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Overview of the Financial Statements

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

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

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

The Statement of Fiduciary Net Position reports fiduciary net position and how it has changed. The net position is the difference between the assets and any related liabilities. It is one measurement of the financial health or current position of the Plan.

The Plan was first established September 12, 1989 to provide retirement, disability and death benefits for the plan members of the City, as defined in Chapter 11, of the City of Sunrise code, which is amended from time to time. There is a Board of Trustees in whom the general administration, management and responsibility for the proper operation of the system is vested.

Financial Highlights

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

- Total interest and dividend earnings were $4,534,685, which was approximately 30% more than the fiscal year 2022 earnings.

- Total benefits paid were $19,770,805, which was approximately 3% more than the fiscal year 2022 benefits paid.

- Total employer contributions were $14,301,377, which was approximately 3% less than fiscal year 2022 contributions. The amount of employer contributions varies from year to year and is actuarially determined.

- Total plan member contributions were $3,663,784, which was approximately 1% greater than fiscal year 2022 contributions.

Financial Highlights (Continued)

- For the fiscal year ended September 30, 2023, the net increase in the fair value of investments was $19,229,490, a net return of approximately 9.31%. The total fiduciary net position was $264,556,704, which was approximately 8.43% more than fiduciary net position at September 30, 2022.

Statement of Fiduciary Net Position

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

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

The following condensed Statement of Fiduciary Net Position demonstrates the investment positions of the Plan at September 30:

	2023	2022
ASSETS		
Cash and cash equivalents	$ 10,847,866	$ 2,978,248
Receivables	129,589	117,453
Accrued investment income	40,138	36,993
Investments, at fair value	253,669,774	241,032,289
Total assets	264,687,367	244,164,983
Liabilities	130,663	174,825
NET POSITION RESTRICTED FOR PENSIONS	$ 264,556,704	$ 243,990,158

Statement of Changes in Fiduciary Net Position

The Statement of Changes in Fiduciary Net Position presents the effect of pension fund transactions that occurred during the fiscal year. On the statement, additions to the Plan minus deductions from the Plan equal the net increase or decrease in Fiduciary Net Position.

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

Statement of Changes in Fiduciary Net Position (Continued)

- Additions to the Plan were $40,800787, which was made up of net investment income of $22,834,392 plus employer and plan member contributions of $17,965,161 and other income of $1,234.

- Deductions from the Plan increased from $19,664,235 in fiscal year 2022 to $20,234,241 in fiscal year 2023.

The table below reflects a condensed summary of the changes in net positions and reflects the activities of the Plan.

	2023	2022
ADDITIONS:		
Contributions	$ 17,965,161	$ 18,360,577
Net investment income	22,834,392	(51,380,197)
Other income	1,234	8,986
Total additions	40,800,787	(33,010,634)
DEDUCTIONS:		
Benefits paid	19,770,805	19,145,145
Administrative expenses and refunds	463,436	519,090
Total deductions	20,234,241	19,664,235
Net increase (decrease)	20,566,546	(52,674,869)
Net position restricted for pensions at beginning of year	243,990,158	296,665,027
Net position restricted for pension at end of year	$ 264,556,704	$ 243,990,158

Asset Allocation

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

Type of Investment	Target Allocation	Actual Allocation
Domestic equities	55%	56%
Fixed income	30%	29%
International equities	15%	15%

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

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

CITY OF SUNRISE
GENERAL EMPLOYEES' RETIREMENT PLAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

Investment Activities

Investment income is vital to the Plan for current and future financial stability. Therefore, the Board of Trustees has a fiduciary responsibility to act prudently when making plan investment decisions. To assist the Board of Trustees in this area, the Board retains investment managers who supervise and direct the investment of the assets. The Board also retains an investment monitor to evaluate and report on quarterly basis compliance by the investment managers with the investment policy of the Board and investment performance of the Plan. The investment policy statement was last amended on June 27, 2018.

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

Financial Analysis Summary

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

Contacting the Plan's Financial Management

This financial analysis is designed to provide the Board of Trustees, plan participants and the marketplace credit analysts with an overview of the Plan's finances and the prudent exercise of the Board's oversight. If you have any questions regarding this report or you need additional financial information, please contact the administrator of the City of Sunrise General Employees' Retirement Plan, The Resource Centers, LLC, 4360 Northlake Blvd. Suite 206, Palm Beach Gardens, Florida 33410.

CITY OF SUNRISE
GENERAL EMPLOYEES' RETIREMENT PLAN

STATEMENT OF FIDUCIARY NET POSITION

AS OF SEPTEMBER 30, 2023

ASSETS	
Cash and cash equivalents	$ 10,847,866
Investments, at fair value:	
Domestic common stocks	18,137,430
Domestic equity mutual funds	123,245,157
International equity trust funds	37,708,024
Fixed income mutual funds	34,897,071
Real estate funds	39,682,092
Total investments, at fair value	253,669,774
Accrued investment income	40,138
Receivables:	
Employee contributions	129,528
Due from retirees	61
Total receivables	129,589
TOTAL ASSETS	264,687,367
LIABILITIES	
Accounts payable	130,663
TOTAL LIABILITIES	130,663
NET POSITION RESTRICTED FOR PENSIONS:	
Net position restricted for Deferred Retirement Option Plan (DROP) Benefits	13,381,097
Net position restricted for Defined Benefits	251,175,607
TOTAL NET POSITION RESTRICTED FOR PENSIONS	$ 264,556,704

See notes to the financial statements

CITY OF SUNRISE
GENERAL EMPLOYEES' RETIREMENT PLAN

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

ADDITIONS	
Contributions:	
Employer	$ 14,301,377
Plan member	3,663,784
Total contributions	17,965,161
Investment income:	
Net increase/(decrease) in fair value of investments	19,229,490
Interest and dividends	4,534,685
Less: investment expenses	(929,783)
Net investment income	22,834,392
Other income	1,234
TOTAL ADDITIONS	40,800,787
DEDUCTIONS	
Pension benefits remitted	19,770,805
Refunds of contributions	254,053
Administrative expenses	209,383
TOTAL DEDUCTIONS	20,234,241
NET INCREASE (DECREASE)	20,566,546
NET POSITION RESTRICTED FOR PENSIONS	
Beginning of fiscal year	243,990,158
End of fiscal year	$ 264,556,704

See notes to the financial statements

CITY OF SUNRISE
GENERAL EMPLOYEES' RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – THE REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Sunrise General Employees' Retirement Plan ("Plan") is a single-employer Public Employee Retirement System defined benefit plan, which began on September 12, 1989 covering each employee of the City, excluding police officers and firefighters that fulfills the prescribed eligibility requirements. The Plan was established by the City in accordance with the City ordinances and state statutes.

The financial statements presented are only for the Sunrise General Employees' Retirement Plan ("Plan") of the city of Sunrise, Florida (the "City") and are not intended to present the basic financial statements of the City. The Plan is included in the City's Annual Comprehensive Financial Report ("ACFR"), which is a separately issued document.

Basis of Accounting
These financial statements have been prepared on the accrual basis of accounting. Revenues are recorded at the time they are earned. Benefits paid directly to participants and refunds of contributions are recorded when paid. Administrative expenses are recorded when incurred.

Pension Plan Reporting
The Plan's fiduciary net position has been determined on the same basis used by the pension plan and is equal to the market value of assets calculated under the accrual basis of accounting.

Cash and Investment Valuation and Income Recognition
The Plan considers all short-term investments with an original term of less than three months to be cash equivalents. Investments are recorded at fair value. To the extent available, fair value is based on quoted market prices in active markets on a trade-date basis. Additional information regarding the fair value measurement of investments is disclosed in Note 3. Net increase/(decrease) in fair value of investments includes realized and unrealized gains and losses. Realized gains and losses are determined on the basis of specific cost. Purchases and sales of securities are recorded on the trade-date basis. Interest and dividends are recognized as earned. Dividends are recorded on the ex-dividend date. Interest income is recorded on the accrual basis.

Income Taxes
The Plan is exempt from federal income taxes under the Internal Revenue Code and, accordingly, no provision for federal income taxes has been made.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by a taxing authority. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan Administrator believes it is no longer subject to income tax examinations for years prior to December 31, 2020.

Accounting Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – THE REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation
The accompanying financial statements are presented in accordance with Governmental Accounting Standards Board ("GASB") Statements.

NOTE 2 – PLAN DESCRIPTION

The following brief description of the Plan provides only general information. Participants should refer to the City's ordinances for more complete information.

Board of Trustees
Management of the Plan is vested in the Board of Trustees ("Board"), which consists of seven (7) total members. Three (3) members are active employees and members of the Plan that are elected by active members of the Plan. Three (3) members shall be appointed by the City Commission and must be members of the Plan. One (1) member shall be selected by majority vote of the six (6) other members and must be a member of the Plan. The Board of Trustees' duties include, amongst other responsibilities, making recommendations regarding changes in the provisions of the Plan; however, any changes to the Plan must be approved by the City Commission.

Plan Membership
As of October 1, 2021, the date of the latest actuarial valuation, Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	631
Fully vested, partially vested and non-vested active employees covered by the Plan (includes DROP participants)	657
	1,288

Eligibility
All full-time employees of the City, excluding firefighters and police officers, are eligible for membership in the Plan, provided, if the police chief elects not to participate in the Police Officers' Retirement, or if the fire chief elects not to participate in the Firefighters' Retirement Plan, the police chief or fire chief shall be deemed to be a general employee. Effective November 1, 2013, general employees shall include dispatchers and communication supervisors who are laid off by the City and became employees of Broward County or an entity designated as the operator of the Consolidated Regional E-911 Communications System pursuant to the Participation Agreement between Broward County and the City which is effective October 1, 2013, and who elect to continue their participation in the Plan and continue to contribute the prescribed employee contribution to the Plan.

NOTE 2 – PLAN DESCRIPTION (Continued)

Benefits
Effective October 1, 2009, general employees including management and senior management personnel hired on or after October 1, 2009 and through September 30, 2018 ("Tier 2") will receive the same retirement benefits as general employees hired prior to that date ("Tier 1") who are not management or senior management personnel except as follows: (1) their normal retirement age will be age 62 or older with 6 years of creditable service; (2) their early retirement age will be 57 with 6 years of creditable service; (3) their vesting period will be 6 years of full-time contributing employment with the City; (4) upon reaching normal retirement age, their normal monthly retirement benefit will be 2.5% of average final compensation ("AFC") for each year of creditable service up to a maximum benefit of 80%.

During fiscal year 2018, the City amended the Plan to create a new contribution and benefit structure for general employees, including management and senior management personnel, hired or rehired on or after October 1, 2018 ("Tier 3"). The new benefit structure includes many of the same provisions as provided for employees hired on or after October 1, 2009 ("Tier 2") except for certain provisions which are outlined in Ordinance 124-X-18-B, including the following: (1) an employee shall become vested into the Plan after ten (10) years of creditable service; (2) salary shall exclude all overtime; (3) the maximum benefit shall be 80% of AFC, not to exceed $80,000.

- ***Normal Retirement***

Tier 1 Non-management Participants who are age 58 or older and have 5 or more years of credited service or age 53 or older with 30 years of credited service are eligible for normal retirement. *Tier 1 Management and Senior Management Participants* who are age 55 or older and have 5 or more years of credited service are eligible for normal retirement. All *Tier 2 Participants* who are age 62 or older and have 6 years of credited service are eligible for normal retirement. All *Tier 3 Participants* of the Plan who are age 62 or older and have 10 or more years of credited service are eligible for normal retirement.

Tier 1 Non-Management Participants who are eligible for retirement are entitled to a retirement benefit of 4% of AFC, multiplied by the number of whole and partial years of service for the first 10 years of service, and then 2% of AFC for each additional whole and partial year of credited service. Additionally, after the first 10 years of service a 1% enhancement is added to the retirement multiplier, with an additional 1% enhancement after 20 years of service, up to a maximum benefit of 100% of AFC. Up to 300 hours of earned overtime per year is considered as part of the AFC.

Tier 1 Management Participants who are eligible for retirement are entitled to a retirement benefit of 4% of AFC for the first 10 years of credited service and an additional 2% for each additional whole and partial year of credited service. Additionally, after the first 5 years of service a 1% enhancement is added to the retirement multiplier, with an additional 1% enhancement after 10 years of service, up to a maximum benefit of 100% of AFC.

Tier 1 Senior Management Participants have a standard form of retirement of 100% joint and survivor annuity, assuming the annuitant is within ten years of the age of the Participants. This means that a Participant's benefit will continue for his or her life, and upon death 100% of the benefit continues to be paid to the annuitant until their death. If the annuitant is more than ten years from the age of the Participant, the standard benefit shall be adjusted to be actuarially equivalent to the normal form of payment up to a maximum benefit of 80%.

All *Tier 2 Participants* who are eligible for retirement are entitled to a retirement benefit of 2.5% of AFC multiplied by the number of whole and partial years of credited service with a maximum benefit of 80% of AFC. Up to 300 hours of earned overtime per year is considered as part of the AFC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – PLAN DESCRIPTION (Continued)

- ***Normal Retirement (Continued)***

All *Tier 3 Participants* of the Plan who are age 62 or older and have 10 or more years of credited service are eligible for normal retirement. All Tier 3 Participants who are eligible for retirement are entitled to a retirement benefit of 2.5% of Average Final Compensation multiplied by the number of whole and partial years of credited service with a maximum benefit of 80% of AFC or $80,000. Overtime is not considered as part of the AFC.

- ***Early Retirement***

Tier 1 Non-management Participants who are age 53 or older with 5 years of credited service may elect an early retirement benefit. *Tier 1 Management and Senior Management Participants* who are age 50 or older with 5 years of credited service may elect an early retirement benefit. All *Tier 2 Participants* who are age 57 or older with 6 years of credited service are eligible for early retirement. All *Tier 3 Participants* who are age 57 or older with 10 years of credited service are eligible for early retirement.

Tier 1 Non-Management Participants will be subject to an actuarial reduction of 3% for each year by which the Participant's age at retirement precedes normal retirement. *Tier 1 Management and Senior Management Participants* will be subject to an actuarial reduction of 1% for each year by which the Participant's age at retirement precedes normal retirement. All *Tier 2 Participants* will be subject to an actuarial reduction of up to 3% for each year by which the Participant's age at retirement precedes normal retirement. All *Tier 3 Participants* will be subject to an actuarial reduction of up to 3% for each year by which the Participant's age at retirement precedes normal retirement.

- ***Deferred Retirement Option Plan (DROP)***

Upon election to enter the DROP plan, the employee will not terminate employment with the City, but will cease accruing benefits under the Plan and the monthly benefit as of the election date will be saved and invested. Eligibility is based upon attainment of early or normal retirement age. For employees hired before October 1, 2018 (Tier 1 and 2), participation in the DROP is limited to a maximum of 60 or 72 months prior to termination of employment, depending on date of hire and retirement date. For employees hired on or after October 1, 2018 (Tier 3), participation in the DROP is limited to a maximum of 48 months. The DROP account of a member who enters the DROP on or after October 1, 2009 will earn interest at a rate of 4% per annum.

Beginning one year after retirement or entry into the DROP, a 2% annual increase in retirement benefits is applicable for all management members (2.5% for senior management) hired prior to October 1, 2009 who reach early or normal retirement age and begin receiving benefits either directly or through the DROP after June 12, 2001.

- ***Death and Disability Benefits***

Benefits are dependent on length of service or years of contributions and age upon death or disability. Disability benefits are also dependent on whether the disability was service or non-service connected.

- ***Funding***

Benefits of the Plan are financed by contributions that are paid into the Plan and by investment earnings generated by investments of the Plan.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – PLAN DESCRIPTION (Continued)

- ***Funding (Continued)***

Tier 1 Management and Senior Management Participants contribute 11.75% of their salary. *Tier 1 Non-management Participants* contribute 9.51% of their salary (the maximum contribution rate for general employees, as provided by the City's ordinance). All *Tier 2 and Tier 3 Participants* contribute 8.00% of their salary, unless the required City contribution exceeds 14%, in which case the excess shall be divided equally between the city and contributing plan members. The employee contribution rates, under certain circumstances may be required to be increased, as provided by ordinance.

The City contributes such remaining amount as is necessary to place the Plan on a sound financial basis as determined by actuarial valuation and the provisions of Chapter 112 of the Florida Statutes. Actual contributions in fiscal year 2023 were $17,965,161, $14,301,377 from the City and $3,663,784 from Plan members.

- ***Rate of Return***

For the fiscal year ended September 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (9.31%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 3 – INVESTMENTS

The Plan's policy about the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the Plan. The investment policy statement in effect during fiscal year 2023 was last revised on June 27, 2018. The following was the Board's adopted asset allocation policy as of September 30, 2023:

Type of Investment	Target Allocation
Domestic equities	55%
Fixed income	30%
International equities	15%

The Board determines the Plan's investment policy. The policy has been designed by the Board to maximize the Plan's asset value, while assuming a risk that is consistent with the Board's risk tolerance. As is prudent, the Board has adopted a policy to diversify investment risk among several institutionally acceptable asset classes including equity securities, bonds and other corporate obligations.

NOTES TO FINANCIAL STATEMENTS

NOTE 3 – INVESTMENTS (Continued)

Investment in all equity securities is limited to those listed on a major U.S. stock exchange and limited to no more than 70% of the Plan's total asset value with no more than 5% of an investment manager's equity portfolio invested in the shares of a single corporate issuer. Investment in stocks of foreign companies is limited to 25% of the value of the equity portfolio. No more than 20% of the equity securities may be invested in small-cap stocks and shares of stock in those corporations whose stock has been publicly traded for less than one year are limited to 15% of the equity portfolio. The investments in all corporate fixed income securities must hold a rating in one of the three highest classifications by a major rating service with no more than 10% of an investment manager's total fixed income portfolio invested in the securities of any single corporate issuer. Investment in real property is limited to open-ended, broadly diversified core collective real property investment vehicles and equity real estate securities. Total real estate investments shall be limited to no more than 15% of the total portfolio, with no more than 5% of the total portfolio invested in any one real estate vehicle or security. At September 30, 2023, total real estate investments were 15.6% of the total portfolio.

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment in debt securities. The investment policy of the Plan limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information as to the maturities of the Plan's fixed income portfolio is as follows:

Years	Fair Value
Less than 1 Year	$ 3,490
1 to 5 Years	12,074,386
6 to 10 Years	16,628,454
More than 10 Years	6,190,741
	$ 34,897,071

Credit risk – For investments, credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Plan's investment policy utilizes portfolio diversification in order to control this risk.

Investment ratings by investment type are included in the preceding summary of investments. Included in the AAA rating below are non-rated government holdings.

Credit Risk	Fair Value
AAA	$ 23,360,099
AA	2,498,630
A	2,397,429
BAA	4,159,731
BB	1,430,780
B and lower	1,050,402
	$ 34,897,071

NOTES TO FINANCIAL STATEMENTS

NOTE 3 – INVESTMENTS (Continued)

Concentration risk – Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The investment policy of the Plan contains limits on the amount that can be invested in any one-issuer as well as maximum portfolio allocation percentages. There were no individual investments that represent 5% or more of fiduciary net position at September 30, 2023.

Foreign currency risk – Foreign current risk is the risk that fluctuations in currency exchange rate may affect transactions conducted in currencies other than U.S. Dollars as well as the carrying value of foreign investments. The Plan's exposure to foreign currency risk derives mainly from its investments in international equity funds. The Plan participates in international equity funds but does not own any foreign individual securities issued in foreign currency. The Plan's exposure to foreign currency risk related to foreign equity funds is $37,708,024. The investment policy limits the foreign investments to no more than 25% of the Plan's investment balance. As of September 30, 2023, the foreign investments were 15% of total investments.

Fair Value Measurement – When applicable, the Plan measures and records its investments using fair value measurement guidelines established in accordance with GASB Statements. GASB defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques.

These guidelines recognize a three-tiered fair value hierarchy, in order of highest priority, as follows:

- *Level 1:* Investments whose values are based on unadjusted quoted prices for identical investments in active markets that the Plan has the ability to access;
- *Level 2:* Investments whose inputs - other than quoted market prices - are observable either directly or indirectly; and,
- *Level 3:* Investments whose inputs are unobservable.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the entire fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

Fair value of certain investments that do not have a readily determinable fair value is established using net asset value ("NAV") (or its equivalent) as a practical expedient. These investments are not categorized according to the fair value hierarchy.

NOTES TO FINANCIAL STATEMENTS

NOTE 3 – INVESTMENTS (Continued)

The following table summarizes the Plan's investments within the fair value hierarchy at September 30, 2023:

	Total	Level 1	Level 2
Investments by fair value level			
Common stocks	$ 18,137,430	$ 18,137,430	$ -
Fixed income mutual funds	34,897,071	-	34,897,071
Equity mutual funds	123,245,157	-	123,245,157
International equity trust funds	37,708,024	-	37,708,024
Total investments by fair value level	213,987,682	18,137,430	195,850,252
Investments measured at Net Asset Value (NAV)			
Real estate funds	39,682,092		
Total investments measured at NAV	39,682,092		
Total investments	$ 253,669,774		

Common stocks – Investments traded on U.S. or foreign securities exchanges are generally valued at the regular trading session closing price on the exchange or market in which such securities are principally traded.

Fixed income and equity mutual funds – Some of the underlying securities have observable level 1 quoted pricing inputs. However, while the underlying asset values may be based on quoted market prices, the net asset value of the portfolios is not publicly quoted. Additionally, some of the underlying securities employ matrix pricing. Accordingly, these investments have been reported as level 2.

International equity trust funds – The Plan invests in two international equity trusts ("IETs"). The IETs' underlying investments consist mostly of common stocks, which are considered level 1 securities under the fair value hierarchy. One of the IETs also includes forward exchange currency contracts, which are considered level 2 liabilities under the fair value hierarchy. The other IET holds short-term investments that consist of cash held by its custodian who sweeps it into money market funds, and are considered level 2 investments.

NOTES TO FINANCIAL STATEMENTS

NOTE 3 – INVESTMENTS (Continued)

Fair Value Measurement (Continued)

Real estate funds – This type includes three real estate funds that invest primarily in a diversified portfolio of institutional quality multi-family, industrial, retail and office assets in the U.S. Real Estate is considered an illiquid investment strategy as funds generally have a life span of seven to 10 years. The nature of investments in this asset type is that distributions are received through investment generated income and the liquidation of the underlying assets of the fund. The fair values of the investments in this asset type are valued in good faith based upon the most recent financial information available for the underlying companies. These are reported by the investment managers at the measurement date. The estimated fair value of these investments may differ from values that would have been used had a ready market existed. The fair values of the investments in this type have been determined using the NAV (or its equivalent) of the plan's ownership interest in partners' capital. Two investments have quarterly liquidity and one can be redeemed at any time; however, all three investments are subject to liquidity risks. Liquidity risk is the risk that redemption notice periods are required and longer periods may be imposed before payment of redemption proceeds are settled.

NOTE 4 – RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, liquidity 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.

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

NOTE 5 – NET PENSION LIABILITY

Net pension liability as of September 30, 2023 is calculated as follows:

Net pension liability at 7.00% Discount Rate	
Total pension liability (TPL)	$ 389,714,784
Less fiduciary net position (FNP)	(264,556,704)
Net pension liability (NPL)	$ 125,158,080
Plan's fiduciary net position as a percentage of total pension liability	67.88%

NOTES TO FINANCIAL STATEMENTS

NOTE 5 – NET PENSION LIABILITY (Continued)

The significant assumption and other inputs used to measure the total pension liability are as follows:

Valuation date	October 1, 2022 and rolled forward to the September 30, 2023 measurement date.
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
Salary increases	3.5% to 6.0% depending on service
Inflation	2.05% as of October 1, 2020; 2.2% as of October 1, 2019; 2.3% as of October 1, 2018; 2.4% as of October 1, 2017; 2.5% as of October 1, 2016; prior to that 3.0%
Investment rate of return	7.00% as of October 1, 2020; 7.15% as of October 1, 2019; 7.25% as of October 1, 2018; 7.35% as of October 1, 2017; 7.45% as of October 1, 2016; prior to that 7.5%
Retirement age	Experience-based table of rates depending on service
Mortality	Pub 2010 Headcount Weighted Mortality Tables, generational mortality using gender specific MP 2018 mortality improvement projection scale. The tables used during employment were the Below Median Employee Tables, set back 1 year for males. The tables used postemployment are the Below Median Healthy Retiree Tables, set back 1 year for males.

The actuarial assumptions used in the October 1, 2022 valuation are based on the results of the experience study prepared in 2016, based on observed experience over a ten-year period ending in 2015, and approved by the Board of Trustees

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.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2023 (see Note 3) are summarized in the following table:

Asset Class	Long-term expected real rate of return
Domestic equity	8.62%
Fixed income	2.19%
Foreign equity	6.05%

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTES TO FINANCIAL STATEMENTS

NOTE 5 – NET PENSION LIABILITY (Continued)

The sensitivity of the net pension liability to changes in the discount rate was measured as follows. The net pension liability of the Plan was calculated using the discount rate of 7.00%. It was also calculated using a discount rate that was 1-percentage-point lower (6.00%) and 1-percentage-point higher (8.00%) percent and the different computations were compared.

Discount Rate Minus 1%	7.00% Discount Rate	Discount Rate Plus 1%
$ 169,677,548	$ 125,158,080	$ 87,996,145

CITY OF SUNRISE
GENERAL EMPLOYEES' RETIREMENT PLAN

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SUNRISE
GENERAL EMPLOYEES' RETIREMENT PLAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

	SEPTEMBER 30,									
Total Pension Liability	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Beginning balance	$ 373,481,989	$ 356,298,614	$ 340,090,801	$ 326,887,735	$ 312,194,373	$ 297,474,737	$ 263,928,563	$ 246,978,656	$ 230,997,644	$ 225,236,553
Service cost	7,142,762	7,177,096	6,848,065	6,778,624	6,564,011	6,700,193	6,719,925	6,249,017	5,709,473	5,592,989
Interest	25,942,863	24,762,143	24,064,037	23,540,693	22,761,354	22,116,944	19,803,514	18,468,241	17,739,018	16,695,690
Difference between expected and actual experience	3,172,028	4,705,752	473,120	1,961,459	111,572	(2,725,152)	2,638,592	6,201,568	4,223,251	(86,907)
Assumption changes	-	-	5,580,401	(1,143,421)	3,416,624	3,234,052	17,587,407	-	2,870,501	-
Benefit payments	(19,770,805)	(19,145,145)	(20,676,285)	(17,818,644)	(17,985,794)	(14,471,951)	(13,058,734)	(13,886,080)	(14,424,957)	(16,155,069)
Refunds	(254,053)	(316,471)	(81,525)	(115,645)	(174,405)	(134,450)	(144,530)	(82,839)	(136,274)	(285,612)
Ending balance	$ 389,714,784	$ 373,481,989	$ 356,298,614	$ 340,090,801	$ 326,887,735	$ 312,194,373	$ 297,474,737	$ 263,928,563	$ 246,978,656	$ 230,997,644
Plan Fiduciary Net Position										
Beginning balance	$(243,990,158)	$(296,665,027)	$(246,227,533)	$(224,077,061)	$(218,551,505)	$ (198,335,213)	$ (176,026,669)	$(160,767,773)	$ (163,396,851)	$ (155,619,994)
Benefit payments	19,770,805	19,145,145	20,676,285	17,818,644	17,985,794	14,471,951	13,058,734	13,886,080	14,424,957	16,155,069
Refunds	254,053	316,471	81,525	115,645	174,405	134,450	144,530	82,839	136,274	285,612
Administrative expense	209,383	202,619	193,837	176,507	190,238	196,903	189,591	204,736	198,432	172,293
Contributions - employer	(14,301,377)	(14,740,421)	(14,164,599)	(13,785,067)	(13,530,354)	(13,239,759)	(11,255,914)	(10,310,136)	(9,797,263)	(9,606,777)
Contributions - member	(3,663,784)	(3,620,156)	(3,534,479)	(3,416,185)	(3,306,287)	(3,198,740)	(3,173,557)	(3,103,175)	(2,951,954)	(2,676,412)
Net investment income	(22,835,626)	51,371,211	(53,690,063)	(23,060,016)	(7,039,352)	(18,581,097)	(21,271,928)	(16,019,240)	618,632	(12,106,642)
Ending balance	$(264,556,704)	$(243,990,158)	$(296,665,027)	$(246,227,533)	$(224,077,061)	$ (218,551,505)	$ (198,335,213)	$(176,026,669)	$ (160,767,773)	$ (163,396,851)
Net Pension Liability										
Beginning balance	$ 129,491,831	$ 59,633,587	$ 93,863,268	$ 102,810,674	$ 93,642,868	$ 99,139,524	$ 87,901,894	$ 86,210,883	$ 67,600,793	$ 69,616,559
Service cost	7,142,762	7,177,096	6,848,065	6,778,624	6,564,011	6,700,193	6,719,925	6,249,017	5,709,473	5,592,989
Interest	25,942,863	24,762,143	24,064,037	23,540,693	22,761,354	22,116,944	19,803,514	18,468,241	17,739,018	16,695,690
Difference between expected and actual experience	3,172,028	4,705,752	473,120	1,961,459	111,572	(2,725,152)	2,638,592	6,201,568	4,223,251	(86,907)
Assumption changes	-	-	5,580,401	(1,143,421)	3,416,624	3,234,052	17,587,407	-	2,870,501	-
Administrative expense	209,383	202,619	193,837	176,507	190,238	196,903	189,591	204,736	198,432	172,293
Contributions - employer	(14,301,377)	(14,740,421)	(14,164,599)	(13,785,067)	(13,530,354)	(13,239,759)	(11,255,914)	(10,310,136)	(9,797,263)	(9,606,777)
Contributions - member	(3,663,784)	(3,620,156)	(3,534,479)	(3,416,185)	(3,306,287)	(3,198,740)	(3,173,557)	(3,103,175)	(2,951,954)	(2,676,412)
Net investment income	(22,835,626)	51,371,211	(53,690,063)	(23,060,016)	(7,039,352)	(18,581,097)	(21,271,928)	(16,019,240)	618,632	(12,106,642)
Ending balance	$ 125,158,080	$ 129,491,831	$ 59,633,587	$ 93,863,268	$ 102,810,674	$ 93,642,868	$ 99,139,524	$ 87,901,894	$ 86,210,883	$ 67,600,793
Plan fiduciary net position as a percentage of total pension liability	67.88%	65.33%	83.26%	72.40%	68.55%	70.00%	66.67%	66.69%	65.09%	70.74%
Covered member payroll	$ 42,797,234	$ 41,108,911	$ 39,027,379	$ 38,155,382	$ 36,132,250	$ 35,240,205	$ 35,656,748	$ 31,775,096	$ 28,384,840	$ 26,603,455
Net pension liability as a percentage of covered employee	292.44%	315.00%	152.80%	246.00%	284.54%	265.73%	278.04%	276.64%	303.72%	254.11%

CITY OF SUNRISE
GENERAL EMPLOYEES' RETIREMENT PLAN

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year End	(1) Actuarially Determined Contribution (ADC)	(2) Contributions Recognized by the Plan	(3) Difference Between (1) and (2)	Covered Payroll	Column (2) as a Percentage of Covered Payroll
September 30, 2014	$ 9,606,777	$ 9,606,777	$ -	$ 34,795,946	27.61%
September 30, 2015	9,797,263	9,797,263	-	38,172,723	25.67%
September 30, 2016	10,310,136	10,310,136	-	31,775,096	32.45%
September 30, 2017	11,255,914	11,255,914	-	35,656,748	31.57%
September 30, 2018	13,239,759	13,239,759	-	35,240,205	37.57%
September 30, 2019	13,530,354	13,530,354	-	36,132,250	37.45%
September 30, 2020	13,785,067	13,785,067	-	38,155,382	36.13%
September 30, 2021	14,164,599	14,164,599	-	39,027,379	36.29%
September 30, 2022	14,740,421	14,740,421	-	41,108,911	35.86%
September 30, 2023	14,301,377	14,301,377	-	42,797,234	33.42%

The methods and assumptions used to determine contributions rates are as follows:

Valuation date	October 1, 2021
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll, Closed
Remaining amortization period	20 Years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Payroll growth assumption	2.27%
Investment rate of return	7.00% as of October 1, 2020; 7.15% as of October 1, 2019; 7.25% as of October 1, 2018; 7.35% as of October 1, 2017; 7.45% as of October 1, 2016; prior to that 7.5%
Salary increases	3.5% to 6.0% depending on service
Inflation	2.05% as of October 1, 2020; 2.2% as of October 1, 2019; 2.3% as of October 1, 2018; 2.4% as of October 1, 2017; 2.5% as of October 1, 2016;
Retirement age	Experience-based table of rates depending on service
Mortality	Pub 2010 Headcount Weighted Mortality Tables, generational mortality using gender specific MP 2018 mortality improvement projection scale. The tables used during employment were the Below Median Employee Tables, set back 1 year for males. The tables used post employment are the Below Median Healthy Retiree Tables, set back 1 year for males.

SCHEDULE OF ANNUAL MONEY-WEIGHTED RATE OF RETURN ON PLAN INVESTMENTS

Fiscal Year End	Money Weighted Rate of Return
September 30, 2014	7.77%
September 30, 2015	-0.27%
September 30, 2016	9.80%
September 30, 2017	11.86%
September 30, 2018	9.17%
September 30, 2019	3.23%
September 30, 2020	10.26%
September 30, 2021	21.59%
September 30, 2022	-17.05%
September 30, 2023	9.31%

CITY OF SUNRISE
GENERAL EMPLOYEES' RETIREMENT PLAN

SUPPLEMENTARY INFORMATION

CITY OF SUNRISE
GENERAL EMPLOYEES' RETIREMENT PLAN
SCHEDULE OF ADMINISTRATIVE EXPENSES

	SEPTEMBER 30, 2023	SEPTEMBER 30, 2022
Accounting	$ 10,900	$ 10,600
Actuarial	83,775	78,470
Administrative fees	67,615	77,594
Insurance	9,165	8,983
Legal	20,204	8,747
Miscellaneous	17,724	18,225
	$ 209,383	$ 202,619

CITY OF SUNRISE
GENERAL EMPLOYEES' RETIREMENT PLAN

COMPLIANCE REPORT

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

To the Board of Trustees of the
City of Sunrise General Employees' Retirement Plan
Sunrise, 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, the financial statements of the City of Sunrise General Employees' Retirement Plan ("Plan") as of and for the fiscal year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements, and have issued our opinion thereon dated January 31, 2024.

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses 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 agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Brown & Associates

January 31, 2024