

**MIAMI BEACH FIREFIGHTERS'  
RELIEF AND PENSION FUND**

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

DRAFT

# MIAMI BEACH FIREFIGHTERS' RELIEF AND PENSION FUND

YEAR ENDED SEPTEMBER 30, 2023

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the  
Miami Beach Firefighters' Relief and Pension Fund

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

#### ***Opinion***

We have audited the accompanying financial statements of the Miami Beach Firefighters' Relief and Pension Fund, which comprise the statement of fiduciary net position as of September 30, 2023, and the related statement of changes in fiduciary 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 fiduciary net position of the Miami Beach Firefighters' Relief and Pension Fund, as of September 30, 2023, and the changes in its fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Miami Beach Firefighters' Relief and Pension Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Miami Beach Firefighters' Relief and Pension Fund'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.

## **INDEPENDENT AUDITOR'S REPORT** (Continued)

### ***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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 Miami Beach Firefighters' Relief and Pension Fund'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 Miami Beach Firefighters' Relief and Pension Fund'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 on pages 4-7 and the schedule of investment returns on page 21 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.

## **INDEPENDENT AUDITOR'S REPORT** (Continued)

### ***Required Supplementary Information*** (Continued)

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

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

### ***Prior Year Comparative Information***

We have previously audited the Miami Beach Firefighters' Relief and Pension Fund's 2022 financial statements, and our report dated February 7, 2023, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2024, on our consideration of the Miami Beach Firefighters' Relief and Pension Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Miami Beach Firefighters' Relief and Pension Fund'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 Miami Beach Firefighters' Relief and Pension Fund's internal control over financial reporting and compliance.

KABAT, SCHERTZER, DE LA TORRE, TARABOULOS & Co.

Weston, Florida  
February 14, 2024

# MIAMI BEACH FIREFIGHTERS' RELIEF AND PENSION FUND

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report presents Management's Discussion and Analysis (MD&A) of the Miami Beach Firefighters' Relief and Pension Fund's (the Plan) financial performance. This analysis provides an overview of the financial activities and funding conditions for the fiscal year ended September 30, 2023. Please read it in conjunction with the Plan's financial statements, which immediately follow.

### *Overview of the Financial Statements*

The financial section of this annual report consists of five parts: MD&A, the basic financial statements, notes to the financial statements, supplementary information, and 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 and required 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. A net asset is the difference between the asset and any related liabilities.

### *Financial Highlights*

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

- Total fiduciary net position was \$27,448,420, which was 19% greater than the 2022 total fiduciary net position with the increase due primarily to favorable market conditions.
- Total contributions were \$2,288,817, which was 73% greater than the contributions received during 2022 with the increase due primarily to more Chapter 175 taxes being allocated to the Plan. The amount of contributions varies from year to year based on Chapter 175 taxes. The Plan is non-contributory for members.
- Total interest and dividend income was \$485,552, which was 12% higher than interest and dividend income during 2022.
- Net investment income was \$2,566,216, which was 196% greater than the net investment loss during 2022 with the increase due primarily to favorable market conditions.
- Total pension benefits paid directly to retirees was \$335,689, which was 525% greater than the pension benefits paid directly to retirees during 2022 with the increase due primarily to more distributions being requested during 2023.

# MIAMI BEACH FIREFIGHTERS' RELIEF AND PENSION FUND

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

### *Statement of Fiduciary Net Position*

The following condensed comparative statement of fiduciary net position is a snapshot 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.

- Fiduciary net position at September 30, 2023 was \$27,448,420, which was a 19% increase from fiduciary net position at September 30, 2022.
- Total investments at fair value at September 30, 2023 were \$24,934,988, which was a 16% increase from the investments at fair value at September 30, 2022.

The table below presents condensed comparative statements of fiduciary net position as of September 30:

	2023	2022	% Change
Cash and cash equivalents	\$ 123,294	\$ 21,935	462%
Receivables	2,391,423	1,424,486	68%
Investments, at fair value	24,934,988	21,540,622	16%
Total assets	27,449,705	22,987,043	19%
Total liabilities	1,285	1,230	4%
Net position restricted for pensions	\$ 27,448,420	\$ 22,985,813	19%

### *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 net increase or decrease in fiduciary net position. The funding objective is to meet long-term obligations and fund all pension benefits.

- Revenues (additions to fiduciary net position) for the Plan were \$4,855,033, which was comprised of contributions of \$2,288,817 plus net investment income of \$2,566,216.
- Expenses (deductions from fiduciary net position) increased from \$96,097 during the year ended September 30, 2022 to \$392,426 during the year ended September 30, 2023.

# MIAMI BEACH FIREFIGHTERS' RELIEF AND PENSION FUND

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

### *Statement of Changes in Fiduciary Net Position* (Continued)

The table below presents a condensed comparative of the changes in fiduciary net position for the years ended September 30:

	2023	2022	% Change
Total contributions	\$ 2,288,817	\$ 1,323,459	73%
Net investment income (loss)	2,566,216	(2,674,411)	196%
Total additions	4,855,033	(1,350,952)	459%
Total deductions	392,426	96,097	308%
Net change	4,462,607	(1,447,049)	(408%)
Net position restricted for pensions – beginning	22,985,813	24,432,862	(6%)
Net position restricted for pensions – ending	\$ 27,448,420	\$ 22,985,813	19%

### *Asset Allocation*

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

Type of Investment	Investment Policy	Actual Allocation
Equities	50%-60%	61.76%
Fixed income	20%-40%	27.94%
Foreign securities	0%-25%	0.00%
Real estate	5%-15%	7.39%
Cash & cash equivalents	5%-15%	2.91%

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 a long-term investment perspective.

### *Investment Activities*

Investment income is vital to the Plan for current and future financial stability. Therefore, the Trustees have 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 a 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 in August 2023.

The Board and its investment consultant review the 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.



# **MIAMI BEACH FIREFIGHTERS' RELIEF AND PENSION FUND**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

### ***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 Fund'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 Miami Beach Firefighters' Relief Pension Fund, Pension Investors Corp., 3939 Hollywood Boulevard, #1A, Hollywood, Florida 33021.

# MIAMI BEACH FIREFIGHTERS' RELIEF AND PENSION FUND

## STATEMENT OF FIDUCIARY NET POSITION

SEPTEMBER 30, 2023  
(WITH COMPARATIVE TOTALS AS OF SEPTEMBER 30, 2022)

	<u>2023</u>	<u>2022</u>
ASSETS		
<b>CASH AND CASH EQUIVALENTS</b>	\$ 123,294	\$ 21,935
<b>RECEIVABLES:</b>		
Chapter 175 contributions	2,338,697	1,373,339
Accrued investment income	52,726	51,147
<b>TOTAL RECEIVABLES</b>	<u>2,391,423</u>	<u>1,424,486</u>
<b>INVESTMENTS, AT FAIR VALUE:</b>		
Equity securities	15,400,040	12,290,685
Government securities	4,085,773	861,095
Corporate bonds	2,880,312	3,816,165
Real estate fund	1,842,401	2,201,720
Money market funds	726,462	2,370,957
<b>TOTAL INVESTMENTS, AT FAIR VALUE</b>	<u>24,934,988</u>	<u>21,540,622</u>
<b>TOTAL ASSETS</b>	27,449,705	22,987,043
LIABILITIES		
<b>ACCOUNTS PAYABLE</b>	<u>1,285</u>	<u>1,230</u>
<b>NET POSITION RESTRICTED FOR PENSIONS</b>		
<b>NET POSITION RESTRICTED FOR PENSIONS</b>	<u>\$ 27,448,420</u>	<u>\$ 22,985,813</u>

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

# MIAMI BEACH FIREFIGHTERS' RELIEF AND PENSION FUND

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED SEPTEMBER 30, 2023  
(WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2022)

	<u>2023</u>	<u>2022</u>
<b>ADDITIONS:</b>		
Chapter 175 contributions, net of \$49,880 paid to City Pension Fund for Firefighters and Police Officers in the City of Miami Beach, respectively	\$ 2,288,817	\$ 1,323,459
Investment income (loss):		
Net appreciation (depreciation) in fair value of investments	2,176,895	(2,953,834)
Interest and dividend income	485,552	434,768
Total investment income (loss)	2,662,447	(2,519,066)
Less: investment expenses	96,231	155,345
Net investment income (loss)	2,566,216	(2,674,411)
<b>TOTAL ADDITIONS</b>	<u>4,855,033</u>	<u>(1,350,952)</u>
<b>DEDUCTIONS:</b>		
Benefits paid	335,689	53,753
Administrative expenses	56,737	42,344
<b>TOTAL DEDUCTIONS</b>	<u>392,426</u>	<u>96,097</u>
<b>NET CHANGE IN NET POSITION RESTRICTED FOR PENSIONS</b>	4,462,607	(1,447,049)
<b>NET POSITION RESTRICTED FOR PENSIONS - BEGINNING</b>	<u>22,985,813</u>	<u>24,432,862</u>
<b>NET POSITION RESTRICTED FOR PENSIONS - ENDING</b>	<u>\$ 27,448,420</u>	<u>\$ 22,985,813</u>

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

# MIAMI BEACH FIREFIGHTERS' RELIEF AND PENSION FUND

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Investment Valuation and Income Recognition*

Investments are reported at fair value (see Note 3). Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (see Note 5 for discussion of fair value measurements).

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

#### *Basis of Accounting and Use of Estimates*

The accompanying financial statements have been prepared using the accrual basis of accounting. The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, benefit obligations and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

#### *Concentration of Credit Risk*

Financial instruments which potentially expose the Plan to concentration of credit risk, as defined by GAAP, consist primarily of cash and receivables.

The Plan maintains its cash deposits at a financial institution which, from time to time, may exceed federally insured limits. The exposure of the Plan from these transactions is solely dependent upon the daily account balance and the financial strength of the respective institution. The Plan manages this risk by maintaining its deposit accounts at a high-quality financial institution. As of September 30, 2023, the Plan had no deposits in excess of federally insured limits.

The Plan's investments consist of common stocks, government securities, corporate bonds, real estate fund and money market funds, which inherent in the fair market value determination, include the risk factor of credit worthiness for each individual security.

#### *Comparative Information*

The financial statements include certain prior-year comparative information. Such summarized information does not include sufficient detail in the notes to the financial statements to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Plan's financial statements for the year ended September 30, 2022, from which the information was derived.

# MIAMI BEACH FIREFIGHTERS' RELIEF AND PENSION FUND

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

(Continued)

### NOTE 2. DESCRIPTION OF THE PLAN

The following description of the Miami Beach Firefighters' Relief and Pension Fund (the Plan) provides only general information. Participants should refer to Article XVII of the City of Miami Beach's (the City) laws for more detailed and comprehensive information.

#### *General*

The Plan is a defined contribution plan covering all firefighters employed in the fire division of the City. It was created by Article XVII, Section 110 of the City laws. It is governed by a Board of Trustees made up of representatives of the firefighters and the City.

Management of the Plan is vested in the Board of Trustees which consists of the fire chief, the director of personnel, the assistant City manager or other responsible officer or employee of the City appointed by him and two employees of the fire division to be elected from among the participants of the Plan.

#### *Plan Membership*

Plan membership as of September 30, 2023 consisted of the following:

Fully vested, partially vested and non-vested active employees covered by the Plan	240
Retirees and beneficiaries	<u>45</u>
	<u>285</u>

#### *Participant Accounts*

Each participant's account is credited with 1) a ratable portion of the employer's contribution, net of administrative expenses, based on years of service with the City, 2) a ratable portion of the investment income earned, net of investment expenses, based on the relative size of their account balance at the beginning of the fiscal year and 3) a ratable portion of forfeitures from participants terminating employment with less than 10 years of service, based on the relative size of their account balance. Each participant's account is charged with any distributions to that participant.

#### *Benefits and Vesting*

Employees with 10 or more years of service who leave the employ of the fire division of the City are entitled to their full account balance. All benefits are paid in lump-sum form. No benefits are vested prior to 10 years of service, except those earned prior to June 10, 1983.

If a participant were to die while on active duty or retire due to disability under any other pension plan of the City, his or her entire account would be 100% vested.

# MIAMI BEACH FIREFIGHTERS' RELIEF AND PENSION FUND

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

(Continued)

### NOTE 2. DESCRIPTION OF THE PLAN (Continued)

#### *Funding*

Pursuant to Chapter 175, Florida Statutes, the City imposes a 1.85% tax on fire insurance premiums paid to insure real or personal property within its corporate limits. The proceeds of this tax are contributed to this Plan as the City's entire contribution. The Plan is non-contributory for participants.

#### *Forfeitures*

Participants who are terminated from the Plan prior to attaining vesting rights shall forfeit their account balance. Forfeitures are allocated to the remaining participants' accounts based on their years of service.

#### *Participant Loans*

The Board of Trustees may approve loans to participants not to exceed the lesser of their vested account balance or \$500 in cases where the money is required for extraordinary medical expenses or burial expenses of a participant or his immediate family. Interest would be charged at the rate of 6% per annum on the unpaid balance.

#### *Termination*

Although there is no intent to do so, the ordinance provides for termination of the Plan subject to provisions of the applicable state statutes.

#### *Rate of Return*

For the year ended September 30, 2023, the annual money-weighted rate of return on pension fund investments, net of pension fund investment expense, was 15.04%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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# MIAMI BEACH FIREFIGHTERS' RELIEF AND PENSION FUND

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023  
(Continued)

### NOTE 3. INVESTMENTS

The Plan's policy in regard to 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 pension fund. The investment policy statement was last amended in August 2023. The following was the Board's adopted asset allocation policy as of September 30, 2023:

<u>Type of Investment</u>	<u>Target Allocation</u>
Equities	50%-60%
International securities	0%-25%
Fixed income	20%-40%
Real estate	5%-15%
Cash and cash equivalents	5%-15%

During the year ended September 30, 2023, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by \$2,176,895 (reported as net appreciation in fair value of investments in the accompanying statement of changes in fiduciary net position) as follows:

Common stocks	\$ 2,652,391
Corporate bonds	34,785
Government securities	(93,698)
Real estate fund	(416,583)
Total	<u>\$ 2,176,895</u>

The Board of Trustees 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, debentures and other corporate obligations.

The term "interest rate risk" refers to the portfolio's exposure to fair value losses arising from increasing interest rates. Interest rate risk disclosures are required for all debt investments, as well as investments in mutual funds, external investment pools and other pooled investments that do not meet the definition of a 2a7-like pool.

# MIAMI BEACH FIREFIGHTERS' RELIEF AND PENSION FUND

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023  
(Continued)

### NOTE 3. INVESTMENTS (Continued)

The Plan's investment policy does not currently set a parameter on the duration of its fixed income securities. However, the information as to the weighted average maturity of its fixed income portfolio is as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More than 10</u>
Corporate bonds	\$ 2,880,312	\$ 493,140	\$ 1,331,353	\$ 1,055,819	\$ -
U.S. agencies	168,849	-	141,843	-	27,006
U.S. treasuries	3,916,924	902,444	1,180,165	1,731,550	102,765
Totals	<u>\$ 6,966,085</u>	<u>\$ 1,395,584</u>	<u>\$ 2,653,361</u>	<u>\$ 2,787,369</u>	<u>\$ 129,771</u>

The term "credit risk" is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The Plan limits its credit risk by limiting its investments in fixed income securities to U.S. Government and agency securities or corporate bonds which are in the highest four rating categories.

The Plan's investments in corporate bonds, U.S. treasuries and U.S. agencies were rated by Moody's Investors Services as follows:

<u>Rating</u>	<u>Fair Value</u>
Aaa	\$ 4,422,392
Aa2	77,881
Aa3	98,993
A1	421,332
A2	463,746
A3	800,435
Baa1	424,322
Baa2	256,984
Total	<u>\$ 6,966,085</u>

"Concentration of investment risk" is the risk of losses that may occur from having a large portion of the Plan's holding in a particular investment relative to the overall portfolio. GASB Statement 40 and GASB Statement 67, require disclosure of investments (other than those issued or guaranteed by the U.S. Government) in any one organization that represent 5% or more of total investments or fiduciary net position. At September 30, 2023, investment in the following real estate fund represented more than 5% of the Plan's net position in U.S. Real Estate Investment Fund (6.71%).

"Foreign currency risk" is the risk that fluctuations in currency exchange rate that 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 bonds and international equities.



# MIAMI BEACH FIREFIGHTERS' RELIEF AND PENSION FUND

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

(Continued)

### NOTE 3. INVESTMENTS (Continued)

The investment policy limits the foreign investments to no more than 25% of the Plan's investment balance. As of September 30, 2023, there were no foreign investments.

### NOTE 4. RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of fiduciary net position available for benefits.

### NOTE 5. FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market as follows:

Level 1- Inputs to the valuation methodology are based upon quoted prices for identical assets in active markets.

Level 2- Inputs to the valuation methodology are based upon observable inputs for the assets either directly or indirectly, other than those considered Level 1 inputs, which may include quoted prices for identical assets in markets that are not considered to be active, and quoted prices of similar assets in active or inactive markets.

Level 3- Inputs to the valuation methodology are based upon unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value.

Common stocks: Valued at the closing price reported on the New York Stock Exchange.

Government securities: Valued using pricing models maximizing the use of observable inputs for similar securities.

Corporate bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing the value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yield of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks or a broker quote, if available.

# MIAMI BEACH FIREFIGHTERS' RELIEF AND PENSION FUND

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023  
(Continued)

### NOTE 5. FAIR VALUE MEASUREMENTS (Continued)

Real estate: Valued at the net asset value of shares held by the Plan at year end. The Plan has an investment in a private market real estate investment for which no liquid public market exists.

Money market funds: Valued at the floating net asset value of shares held by the Plan at year end.

The following table presents the Plan's fair value hierarchy for investments at fair value as of September 30, 2023:

	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>Investments by fair value level</u>				
Equity securities:				
Common stocks	\$ 15,400,040	\$ 15,400,040	\$ -	\$ -
Debt securities:				
U.S. Treasury securities	3,916,924	3,916,924	-	-
U.S. agency securities	168,849	-	168,849	-
Corporate bonds	2,880,312	-	2,880,312	-
Total debt securities	6,966,085	3,916,924	3,049,161	-
Total investments by fair value level	22,366,125	\$ 19,316,964	\$ 3,049,161	\$ -
<u>Investments measured at the net asset value (NAV) <sup>(a)</sup></u>				
Real estate fund	1,842,401			
Total investments measured at the NAV	1,842,401			
Money market funds (exempt)	726,462			
Total investments	\$ 24,934,988			

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

# MIAMI BEACH FIREFIGHTERS' RELIEF AND PENSION FUND

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023  
(Continued)

### NOTE 5. FAIR VALUE MEASUREMENTS (Continued)

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

#### Investments Measured at the NAV

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if Currently Eligible)</u>	<u>Redemption Notice Period</u>
Real estate fund <sup>(1)</sup>	\$ 1,842,401	\$ -	Quarterly	10 Days
Total investments measured at the NAV	<u>\$ 1,842,401</u>	<u>\$ -</u>		

(1) Real estate fund: This fund is an open-end, commingled real-estate fund consisting primarily of real estate properties in the multifamily, industrial, office, retail and hotel sector. The investment is valued at NAV and redemption requests must be received by the fund 10 days prior to quarter-end.

### NOTE 6. 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.

On January 25, 2017, the Plan obtained its most recent determination letter in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with applicable requirements of Internal Revenue Code 401(a), and therefore it is tax exempt.

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 Trustees believe it is no longer subject to income tax examinations for years prior to September 30, 2020.

### NOTE 7. SUBSEQUENT EVENTS

Management has evaluated subsequent events for the Plan through February 14, 2024, the date the financial statements were available to be issued.

**MIAMI BEACH FIREFIGHTERS'  
RELIEF AND PENSION FUND**

SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2023

**MIAMI BEACH FIREFIGHTERS  
RELIEF AND PENSION FUND**

SCHEDULE OF ADMINISTRATIVE EXPENSES

YEAR ENDED SEPTEMBER 30, 2023  
(WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2022)

	<u>2023</u>	<u>2022</u>
<b>ADMINISTRATIVE EXPENSES:</b>		
Accounting	\$ 8,710	\$ 8,295
Administrative expenses	23,718	19,665
Insurance	5,907	5,515
Legal fees	6,000	6,000
Meeting and conventions	10,943	-
Miscellaneous	-	2,286
Office expenses	1,459	583
<b>TOTAL ADMINSTRATIVE EXPENSES</b>	<u><u>\$ 56,737</u></u>	<u><u>\$ 42,344</u></u>

The accompanying independent auditor's report should be read with this supplementary schedule.

**MIAMI BEACH FIREFIGHTERS'  
RELIEF AND PENSION FUND**

REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2023

**MIAMI BEACH FIREFIGHTERS'  
RELIEF AND PENSION FUND**

**SCHEDULE OF INVESTMENT RETURNS  
(UNAUDITED)**

<u>Year Ended September 30</u>	<u>Annual money- weighted rate of return net of investment expense</u>
2023	15.04%
2022	(13.52%)
2021	17.95%
2020	15.86%
2019	6.25%
2018	10.73%
2017	8.68%
2016	8.42%
2015	0.97%
2014	11.10%

The accompanying independent auditor's report should be read with this supplementary schedule.

**MIAMI BEACH FIREFIGHTERS'  
RELIEF AND PENSION FUND**

COMPLIANCE REPORT

SEPTEMBER 30, 2023



**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  
Miami Beach Firefighters' Relief and Pension Fund

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 Miami Beach Firefighters' Relief and Pension Fund, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Miami Beach Firefighters' Relief and Pension Fund's basic financial statements, and have issued our report thereon dated February 14, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Miami Beach Firefighters' Relief and Pension Fund's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Miami Beach Firefighters' Relief and Pension Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Miami Beach Firefighters' Relief and Pension Fund'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 Plan'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.

**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*** (Continued)

## Report on Compliance and Other Matters

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

## Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan'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 Plan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KABAT, SCHERTZER, DE LA TORRE, TARABOULOS & Co.

Weston, Florida  
February 14, 2024