MIAMI BEACH POLICE OFFICERS' RELIEF AND PENSION FUND

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

MIAMI BEACH POLICE OFFICERS' RELIEF AND PENSION FUND

YEAR ENDED SEPTEMBER 30, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the
Miami Beach Police Officers' Relief and Pension Fund
Miami Beach, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the Miami Beach Police Officers' Relief and Pension Fund, which comprise the statement of fiduciary net position as of September 30, 2020, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, which collectively comprise the Miami Beach Police Officers' Relief and Pension Fund's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Miami Beach Police Officers' Relief and Pension Fund as of September 30, 2020, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-6 and the schedule of investment returns on page 20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of administrative expenses on page 19 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. 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 audited 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2021, on our consideration of the Miami Beach Police Officers' 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 Police Officers' 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 Police Officers' Relief and Pension Fund's internal control over financial reporting and compliance.

Infante + Company

Hollywood, FL
March 5, 2021

This section of the annual financial report presents Management's Discussion and Analysis (MD&A) of the Miami Beach Police Officers' 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, 2020 and 2019. 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 using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP). Under GAAP, contributions are recognized in the period in which they are due, 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 the fiscal year 2020 reflected the following financial activities:

Total fiduciary net position was $11,733,823, which was 15.7% greater than the 2019 total fiduciary net position.

Total contributions were $686,284, which was 4.8% lower than the contributions received during 2019. The amount of contributions varies from year to year based on Chapter 185 taxes. The Plan is non-contributory for members.

Total interest and dividend income was $260,222, which was 14.4% greater than interest and dividend income during 2019.

Net investment income was $1,409,735, which was 115% greater than the net investment income during 2019.

Total pension benefits paid directly to retirees was $450,769, which was 1.3% lower than the pension benefits paid directly to retirees during 2019.

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.

Fiduciary net position at September 30, 2020 was $11,733,823, which was a 15.7% increase from fiduciary net position at September 30, 2019.

Total investments at fair value at September 30, 2020 were $10,928,965, which was a 8.9% increase from the investments at fair value at September 30, 2019.

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

	2020	2019	% Change
Cash	$ 35,636	$ 107,099	-66.73%
Receivables	775,789	23,840	3154.15%
Prepaid insurance	4,487	4,487	0.00%
Investments, fair value	10,928,965	10,035,649	8.90%
Total assets	11,744,877	10,171,075	15.47%
Total liabilities	11,054	28,167	-60.76%
Net position restricted for pensions	$ 11,733,823	$ 10,142,908	15.68%

Receivables increase was due to a delay in the receipt of the State 185 contribution check until after the fiscal year end. Investments increase was due principally to an increase in the fair market value of the investments of approximately $714,000 in 2020 over 2019.

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 $2,096,019, which was comprised of contributions of $686,284 plus net investment income of $1,409,735.

Expenses (deductions from fiduciary net position) decreased from $607,311 during the year ended September 30, 2019 to $505,104 during the year ended September 30, 2020.

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:

	2020	2019	% Change
Total contributions	$ 686,284	$ 720,876	-4.80%
Net investment income	1,409,735	614,317	129.48%
Total additions	2,096,019	1,335,193	56.98%
Total deductions	505,104	566,017	-10.76%
Net increase	1,590,915	769,176	106.83%
Net position restricted for pensions - beginning	10,142,908	9,373,732	8.21%
Net position restricted for pensions - ending	$ 11,733,823	$ 10,142,908	15.68%

Investment income increase was due principally to an increase in realized gains and net appreciation of Plan assets of approximately $773,000 during 2020. The decrease in deductions was principally due to a decrease in Administrative expenses in 2020 in the amount of approximately $55,000

Asset Allocation

The table below indicates the Plan's investment policy limitations and actual asset allocations as of September 30, 2020

Type of Investment	Investment Policy	Actual Allocation
Equities	50.00%	63.29%
Fixed Income	25.00%	22.85%
Foreign securities	0.00%	0.00%
Real Estate	15.00%	13.53%
Cash & cash equivalents	10.00%	0.33%

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 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 2020.

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

Financial Analysis Summary

The investment activities for the fiscal year ended September 30, 2020 and 2019 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 Police Officers' Relief and Pension Fund, c/o Resource Centers, LLC, 4360 Northlake Blvd., Suite 206, Palm Beach Gardens, FL 33410.

MIAMI BEACH POLICE OFFICERS' RELIEF AND PENSION

STATEMENT OF FIDUCIARY NET POSITION

SEPTEMBER 30, 2020

ASSETS

CASH AND CASH EQUIVALENTS	$ 35,636
RECEIVABLES:	
Chapter 185 contributions	756,953
Accrued investment income	18,836
	775,789
PREPAID INSURANCE	4,487
INVESTMENTS, AT FAIR VALUE	
Equity securities	6,940,027
Investments in fixed income	2,505,074
Real estate fund	1,483,864
	10,928,965
TOTAL ASSETS	11,744,877

LIABILITIES

ACCOUNTS PAYABLE	11,054

NET POSITION RESTRICTED FOR PENSIONS

NET POSITION RESTRICTED FOR PENSIONS	$ 11,733,823

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

MIAMI BEACH POLICE OFFICERS' RELIEF AND PENSION FUND

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2020

ADDITIONS:		
Chapter 185 contributions, net of $70,669 paid to City Pension Fund for Police Officers in the City of Miami Beach	$	686,284
Investment income:		
Net appreciation in fair value of investments		1,202,397
Interest and dividends		260,222
Total investment income		1,462,619
Less: investment expenses		(52,884)
Net investment income		1,409,735
Total Additions		2,096,019
DEDUCTIONS:		
Benefits paid to participants		450,769
Administrative expenses		54,335
Total deductions		505,104
NET INCREASE IN NET POSITION RESTRICTED FOR PENSIONS		1,590,915
NET POSITION RESTRICTED FOR PENSIONS - BEGINNING		10,142,908
NET POSITION RESTRICTED FOR PENSIONS - ENDING	$	$ 11,733,823

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

NOTE 1 – DESCRIPTION OF THE PLAN

The following description of the Miami Beach Police Officers' Relief and Pension Fund ("the Plan") provides only general information. Participants should refer to the Plan documents for a more complete description of the Plan's provisions. Participants can also refer to Chapter 185 of the Florida Statutes for a comprehensive description of Municipal Police Pensions.

General

The Plan is a qualified defined contribution plan covering all sworn law enforcement personnel of the City of Miami Beach Police Department. It is also referred to as a "Local Law" plan in accordance with Section 185 of the Florida Statutes. It is a separate and supplemental savings/retirement Plan to the regular defined benefit plan that these participants are also receiving from the City of Miami Beach Police Department.

Management of the Plan is vested in the Board of Trustees which consists of five active duty police officers from the City of Miami Beach Police Department. As of September 30, 2020, the Plan had 469 participants.

Contributions

Annual contributions are made from the State of Florida through the City of Miami Beach each May 31st under Chapter 185 Florida Statutes - Municipal Police Pensions. These Plans are allocated to individual accounts in accordance with the underlying statutes. The source of these contributions is from an excise tax of .85% of property and casualty insurance premiums that the State of Florida receives from insurance companies covering property located within the City of Miami Beach. The Plan is non-contributory for participants.

Participants' Accounts

Participants must have 10 years of service with the Miami Beach Police Department to qualify for benefits. Each participant's account is credited with an allocation of the (a) State contribution and (b) net Plan earnings or (loss). Allocation of the State contribution is based on length of service which is ascribed as the number of shares earned as of the end of any Plan year. Net earnings from interest, dividends, as well as realized and unrealized gains (or losses) on the investments owned by the Plan, less administrative expenses, are allocated based on a proportionate share of the participants' dollar account balances. The vested benefit amount to which a participant is entitled is the benefit that can be provided from the participant's account balance as of the end of a Plan year.

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.

Participant Loans

As of September 30, 2020, the Plan does not allow for participant loans.

NOTE 1 – DESCRIPTION OF THE PLAN (continued)

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 the same basis as the Plan's investment earnings. Forfeitures for the year ended September 30, 2020, were approximately $1,872.

Payment of Benefits

On retirement from service, a participant receives a lump-sum amount equal to the value of his or her account. Participants may elect not to withdraw, or to partially withdraw, his or her retirement account. These accounts will earn investment income until they are fully distributed. The participants retain the right to maintain their account balance at time of retirement, but they must take the required minimum distributions (RMD) under the Internal Revenue Code rules. Rollover distributions to eligible qualified retirement accounts are allowed at time of retirement. Benefits attributable to officers who leave prior to completing ten years are forfeited and allocated in the same manner as stated above.

Tax Exempt Status

According to the Internal Revenue Code in 26 U.S.C. §7701(j) the Plan is treated as a trust described in §401(a) which is exempt from taxation under Internal Revenue Code §501(a). The Plan complies with Thrift Savings Plans (TSP) as a retirement and savings plan for members of government and the uniformed services.

10-Year-Certain-And-Life-Thereafter Benefit Option.

On November 4, 2003 the City of Miami Beach held a special election. In Question "G" therein, the Plan was amended to include a new benefit for its participants in the form of allowing them to designate a beneficiary to receive optional survivor benefits, and to provide a lifetime benefit for members/participants with a minimum 10-year period as the normal form of benefit – an annuity. That benefit is being managed by the City Pension Plan for Firefighters and Police Officers of the City of Miami Beach, and is contained in the City's Special Acts, Article IX. The premium for this new benefit was $70,669 for the fiscal year ended September 30, 2020 which was paid by the Plan and deducted from the gross contribution of Plans of $756,953, from the State of Florida, resulting in a net contribution of $686,284 available for allocation to the participants. This net contribution is then allocated to all eligible, active plan participants based upon their respective number of shares 'earned' as of the end of the Plan year.

Investment Performance and Guidelines

Once every three years, the Plan is required to obtain an independent review of its investment portfolio and the results of its investment policies as administered by its money managers. The investment policy statement was last amended in August 2020.

NOTE 1 – DESCRIPTION OF THE PLAN (continued)

Termination of the Plan

Although the Plan's Board of Trustees has not expressed any intention of terminating the Plan, the Florida State Statutes provide specific provisions for the immediate vesting of the participant accounts and the board is responsible for the subsequent disposition or distribution of the Plan assets.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting. These financial statements are prepared in accordance with generally accepted accounting principles in the United States.

Use of Estimates

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

Concentrations of Risks

Cash
Financial instruments that potentially subject the Plan to credit risk include cash deposits with financial institutions. Accounts at each financial institution are insured for up to $250,000 per financial institution by the U.S. Federal Deposit Insurance Corporation (FDIC). At various times during the year, the Plan may have deposits in these financial institutions in excess of federally insured limits; however, the Plan maintains its cash with high quality financial institutions, which management believes limits these risks. At September 30, 2020, the Plan did not have any cash deposits in excess of federally insured limits.

Investments
The Plan provides for investments in various U.S. and foreign securities. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Accounts at brokerage firms are insured up to $500,000, with a limit of $250,000 for cash by the Securities Investor Protection Corporation (SIPC). Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the financial statements. For investments in excess of 5% of the total investments, see Note 8.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Plan maintains a major portion of its investments in two custodial trust accounts. These accounts are subject to varying degrees of market risk and credit risk. The custodial investment accounts are managed by two separate investment managers who are employed by professionally certified investment advisory firms. See Note 3 for concentrations within the Plan's investments assets.

Credit Risk
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.

Interest Rate Risk
Interest rate risk refers to the portfolio's exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk
Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the Plan will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. All investments in publically traded securities are held by a master custodian in the Plan's name.

Contributions
Contributions from the State of Florida are not consistent from year to year, can vary considerably, and may be dependent upon changes in the manner and/or timing of information reporting.

Valuation of Investments and Income Recognition

The Plan's investments are reported at fair value. The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (the exit price). The Plan's management determines the Plan's valuation policies utilizing information provided by the investment advisers, custodians and the real estate fund. (See Note 5)

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

Administrative Expenses

Investment management and administrative expenses incurred by the Plan are paid from the Plan assets.

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 2020. The following was the Board's adopted asset allocation policy as of September 30, 2020:

Type of Investment	Target Allocation
Equities	50%
International securities	0%
Fixed income	25%
Real estate	15%
Cash and cash equivalents	10%

All investments are non-participant directed and at September 30, 2020, are composed of the following:

	Cost	Fair Value
Money market account	$ 7,893	$ 7,893
Government and agencies bonds	482,748	504,749
Corporate bonds	2,080,251	2,327,325
Corporate stocks	5,363,490	6,605,134
Real estate fund	1,421,918	1,483,864
	$ 9,356,300	$ 10,928,965

During the year ended September 30, 2020, the Plan's investments, which were bought, sold, and held, experienced the following net realized and unrealized gains and losses:

Net appreciation (depreciation) in fair value:

	Realized	Unrealized
Government and agency securities	$ 10	$ 10,594
Corporate bonds	2,145	95,083
Corporate stocks	722,968	377,789
Real estate fund	1,911	(8,103)
	$ 727,034	$ 475,363

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, fixed income (bonds, debentures and other corporate obligations), and real estate.

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:

Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
Corporate bonds	$ 2,327,324	$ 259,363	$ 824,099	$1,162,326	$ 81,536
U.S. agencies	172,249	-	-	172,249	-
U.S. treasuries	336,000	-	336,000	-	-
Totals	$ 2,835,573	$ 259,363	$ 1,160,099	$1,334,575	$ 81,536

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:

Rating	Fair Value
AAA	$ 780,357
AA3	110,266
A1	226,767
A2	300,777
A3	621,286
BAA1	796,120
Total	$ 2,835,573

NOTE 4 – RISKS AND UNCERTAINTIES

The Plan invests in a number of investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect participants' account balances and the amounts reported in the accompanying financial statements.

NOTE 5 – FAIR VALUE MEASUREMENTS

Statement No. 72 of the Governmental Accounting Standards Board (GASB), *Fair Value Measurement and Application*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

NOTE 5 – FAIR VALUE MEASUREMENTS (continued)

The three levels of the fair value hierarchy under GASB No. 72 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has specified (contractual) term, the level 2 input must be observable for the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for the investments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy. There have been no changes in the methodologies used at September 30, 2020.

Common stocks: Valued at the closing price reported on the corresponding 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.

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.

NOTE 5 – FAIR VALUE MEASUREMENTS (continued)

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

Methods used in determining fair value may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies and assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table presents the Plan's fair value hierarchy for investments at fair value as of September 30, 2020:

		Fair Value Measurements Using		
Investment Category	Fair Value	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Corporate Bonds	$ 2,327,325	$ 2,327,325	$ -	$ -
U.S. Government and Agencies Bonds	504,749	504,749	-	-
Equities	6,605,134	6,605,134	-	-
Total investments by fair value level	$ 9,437,208	$ 9,437,208	$ -	$ -

Investments measured at the net asset value (NAV)(a)	
Real estate fund	1,483,864
Total investments measured at the NAV	1,483,864
Money market funds (exempt)	7,893
Total investments	$ 10,928,965

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

NOTE 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

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Real estate fund(1)	$ 1,483,864	$ -	Quarterly	10 Days
Total investments measured at the NAV	$ 1,483,864	$ -		

(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 – STOP LOSS PROCEDURES

As a result of volatile stock market conditions in the latter half of 2008, and the potential for the overpayment of participant balances, the Trustees agreed to new pay-out procedures effective November 1, 2008, to protect all participants of the Plan. Management prepares a monthly analysis of the brokerage account and adjusts participant pay-outs in the following way:

- No full withdrawals are made from the 1st-15th of the month to allow for an analysis of the previous month(s) brokerage account performance to be completed.

- In an increasing market, the participant is entitled to the amount credited to the participant's account as of the last audited financial statement. Any earnings derived during the following fiscal year will be credited to the participant's account, and the balance paid out after the end of the following fiscal year. This practice has been in place since the inception of the Plan.

- In a declining market, the participant's balance is adjusted downward by management's estimate of the cumulative decline in fair value of the brokerage account to the month ended prior to the withdrawal request. If the market declines further, the Plan will absorb any subsequent losses.

In early 2020, upon a full distribution request by a participant, the Plan transitioned from the above stop loss procedure to simply withholding 10% of the participant's last posted account balance, to account for the crediting of earnings or losses to the Plan.

NOTE 7 – 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.

In March 2015, the Plan received a favorable determination letter from the IRS. In June 2018, the City of Miami Beach approved the changes to the applicable pension ordinance which were approved by the IRS.

NOTE 8 – REAL ESTATE FUND

The Real Estate Fund is an open-end, commingled real estate investment fund organized for the objective and purpose of making investments in real estate assets; owning managing, supervising and disposing of such investments through its subsidiaries.

The Plan invested an additional $507,000 into this fund in April 2020. The Real Estate Fund's valuation was $1,483,864 at September 30, 2020, which represented approximately 14% of the Plan's total investments.

Under the real estate fund's contractual agreement, the Plan has the right to request redemption and this request must be received by the fund 10 days prior to quarter-end. The receipt of this redemption may take as long as 180 days for the Plan to receive the funding.

NOTE 9 – SUBSEQUENT EVENTS

In November 2020, as noted in the Summary Plan Description, the name of the Plan was changed from Miami Beach Policemen's Relief and Pension Fund to Miami Beach Police Officers' Relief and Pension Fund as reflected in these financial statements.

The Plan's ongoing funding may experience instability and estimates included in the financial statements may change due to current political and economic conditions as a result of public health concerns related to the novel coronavirus, or COVID-19. The duration and intensity of these impacts and resulting disruption to which these events affect the Plan's business will depend on future developments, which are highly uncertain and cannot be predicted at this time.

Management has evaluated subsequent events for the Plan through March 5, 2021, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

MIAMI BEACH POLICE OFFICERS' RELIEF AND PENSION FUND

SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2020

ADMINISTRATIVE EXPENSES:		
Third party administrator	$	18,000
Conferences, education & seminars		9,472
Insurance		7,152
Payroll and related expense		6,940
Legal fees		6,000
Rent		2,700
Office expense		2,263
Quarterly meetings		1,808
TOTAL ADMINISTRATIVE EXPENSES	$	54,335

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

REQUIRED SUPPLEMENTARY INFORMATION

MIAMI BEACH POLICE OFFICERS' RELIEF AND PENSION FUN

SCHEDULE OF INVESTMENT RETURNS
(UNAUDITED)

Year Ended September 30	Annual money-weighted rate of return net of investment expense
2020	14.64%
2019	6.85%
2018	10.86%
2017	7.75%
2016	8.18%
2015	1.76%
2014	11.36%
2013	10.61%
2012	17.45%
2011	0.69%

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

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

To the Board of Trustees of the
Miami Beach Police Officers' Relief and Pension Fund
Miami Beach, 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 Miami Beach Police Officers' Relief and Pension Fund, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Miami Beach Police Officers' Relief and Pension Fund's basic financial statements, and have issued our report thereon dated March 5, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Miami Beach Police Officers' 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 Police Officers' Relief and Pension Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Miami Beach Police Officers' 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 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Miami Beach Police Officers' 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.

Infante + Company

March 5, 2021
Hollywood, Florida