

**MIAMI BEACH POLICE OFFICERS' RELIEF  
AND PENSION FUND**

**FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2022**

**MIAMI BEACH POLICE OFFICERS’  
RELIEF AND PENSION FUND  
YEAR ENDED SEPTEMBER 30, 2022**

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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 Audit of the Financial Statements

##### *Opinion*

We have audited the accompanying financial statements of the Miami Beach Police Officers' Relief and Pension Fund (the Fund), which comprise the statement of fiduciary net position as of September 30, 2022, and the related statement of changes in fiduciary net position for the fiscal year then ended, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Fund, as of September 30, 2022, and the changes in fiduciary net position for the fiscal 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 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.

##### *Auditors' 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 auditors' 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 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 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. 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 Fund's basic financial statements. The accompanying schedule of administrative expenses on page 20 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 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 February 15, 2023, on our consideration of the 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 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 Fund's internal control over financial reporting and compliance.



Infante & Company  
Hollywood, FL  
February 15, 2023

**MIAMI BEACH POLICE OFFICERS' RELIEF AND PENSION FUND**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2022**

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 years ended September 30, 2022 and 2021. 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 2022 reflected the following financial activities:

Total fiduciary net position was \$12,047,738, which was 11.8% lower than the 2021 total fiduciary net position. Total contributions were \$753,566, which was 15.6% higher than the contributions received during 2021. 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 \$261,693, which was 11.8% higher than interest and dividend income during 2021.

Net investment income was a negative \$(1,080,098), which was 154.0% lower than the net investment income during 2021.

Total pension benefits paid directly to retirees was \$1,212,786, which was 82.1% greater than the pension benefits paid directly to retirees during 2021.

**MIAMI BEACH POLICE OFFICERS' RELIEF AND PENSION FUND**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**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.

Fiduciary net position at September 30, 2022 was \$12,047,738, which was an 11.8% decrease from fiduciary net position at September 30, 2021.

Total investments at fair value at September 30, 2022 were \$11,637,863, which was a 7.6% decrease from the investments at fair value at September 30, 2021.

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

	<b>2022</b>	<b>2021</b>	<b>% Change</b>
Cash	\$ 447,052	\$ 338,716	31.98%
Receivables	33,815	736,295	-95.41%
Prepaid insurance	3,366	-	100.00%
Investments, fair value	11,637,863	12,595,919	-7.61%
Total assets	12,122,096	13,670,930	-11.33%
Total liabilities	74,358	6,006	1138.06%
Net position restricted for pensions	\$ 12,047,738	\$ 13,664,924	-11.83%

2022 receivables consisted of accrued interest and dividends from the investment accounts which amounted to \$33,815. 2021 receivables consisted of a State 185 contribution check in the amount of \$722,644 that was not received until after the fiscal year end and accrued interest and dividends from the investment accounts which amounted to \$13,651. Investments decrease was due principally to a decrease in the market value of the investments of approximately \$1,769,000 in 2022.

***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 a negative \$(326,532), which was comprised of contributions of \$753,566 plus net investment losses of \$(1,080,098).

Benefits paid to participants and administrative expenses (deductions from fiduciary net position) increased by \$567,973 in 2022 from \$722,681 during the fiscal year ended September 30, 2021 for a total of \$1,290,654 during the fiscal year ended September 30, 2022.

**MIAMI BEACH POLICE OFFICERS' RELIEF AND PENSION FUND**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2022**

*Statement of Changes in Fiduciary Net Position, continued*

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

	<b>2022</b>	<b>2021</b>	<b>% Change</b>
Total contributions	\$ 753,566	\$ 651,975	15.58%
Net investment income	(1,080,098)	2,001,807	-153.96%
Total additions	(326,532)	2,653,782	-112.30%
Total deductions	1,290,654	722,681	78.59%
Net decrease	(1,617,186)	1,931,101	-183.74%
Net position restricted for pensions - beginning	13,664,924	11,733,823	16.46%
Net position restricted for pensions - ending	\$ 12,047,738	\$ 13,664,924	-11.83%

Investment income decrease was due principally to a decrease in net appreciation of Plan assets of approximately \$1,769,000 during 2022. The increase in deductions was principally due to an increase in participant benefits paid in 2022 in the amount of approximately \$547,000.

*Asset Allocation*

The table below indicates the Plan's investment policy limitations and actual asset allocations as of September 30, 2022.

<b>Type of Investment</b>	<b>Investment Policy</b>	<b>Actual Allocation</b>
Equities	55.00%	40.43%
Fixed Income	25.00%	31.57%
International securities	0.00%	0.00%
Real Estate	10.00%	16.96%
Cash & cash equivalents	10.00%	11.04%

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.



**MIAMI BEACH POLICE OFFICERS' RELIEF AND PENSION FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2022**

***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 September 2022.

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 years ended September 30, 2022 and 2021 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 FUND**

**STATEMENT OF FIDUCIARY NET POSITION**

**SEPTEMBER 30, 2022**

**ASSETS**

<b>CASH AND CASH EQUIVALENTS</b>	<b>\$</b>	<b>447,052</b>
<b>RECEIVABLES</b>		
Chapter 185 contributions		0
Accrued investment income		33,815
		<u>33,815</u>
<b>INVESTMENTS, AT FAIR VALUE</b>		
Equity securities		5,563,158
Investments in fixed income		4,025,229
Real estate fund		2,049,476
		<u>11,637,863</u>
<b>OTHER ASSETS</b>		
Prepaid insurance		<u>3,366</u>
<b>TOTAL ASSETS</b>		<b>12,122,096</b>

**LIABILITIES**

<b>ACCOUNTS PAYABLE</b>	<b>\$</b>	<b>74,358</b>
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**NET POSITION RESTRICTED FOR PENSIONS**

<b>NET POSITION RESTRICTED FOR PENSIONS</b>	<b>\$</b>	<b><u>12,047,738</u></b>
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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 FISCAL YEAR ENDED SEPTEMBER 30, 2022**

**ADDITIONS:**

Chapter 185 contributions, net of \$70,669 paid to City Pension Fund for Police Officers in the City of Miami Beach	\$ <u>753,566</u>
Investment income:	
Net decrease in fair value of investments	(1,226,873)
Interest and dividends	<u>261,693</u>
Total investment income	(965,180)
Less: investment expenses	<u>(114,918)</u>
Net investment income	<u>(1,080,098)</u>
Total Additions	<u>(326,532)</u>

**DEDUCTIONS:**

Benefits paid to participants	1,212,786
Administrative expenses	<u>77,868</u>
Total deductions	<u>1,290,654</u>

**NET INCREASE IN NET POSITION RESTRICTED  
FOR PENSIONS**

(1,617,186)

**NET POSITION RESTRICTED FOR  
PENSIONS - BEGINNING**

13,664,924

**NET POSITION RESTRICTED FOR  
PENSIONS - ENDING**

\$ \$ 12,047,738

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

**MIAMI BEACH POLICE OFFICERS' RELIEF AND PENSION FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2022**

**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, 2022, the Plan had 486 participants.

***Contributions***

Annual contributions are made from the State of Florida through the City of Miami Beach each year 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 automobile liability and property damage 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, 2022, the Plan does not allow for participant loans.

**MIAMI BEACH POLICE OFFICERS' RELIEF AND PENSION FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2022**

**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 Chapter 185 premium tax allocation according to the number of shares credited to the member. Forfeitures for the year ended September 30, 2022 amounted to \$15,231.

***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, 2021 which was paid by the Plan and deducted from the gross contribution of Plans of \$722,644, from the State of Florida, resulting in a net contribution of \$651,975 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 Plan retains an independent investment consultant that reports to the Board quarterly to satisfy this requirement. The investment policy statement was last amended in September 2022.

**MIAMI BEACH POLICE OFFICERS' RELIEF AND PENSION FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2022**

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

***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 Plan member 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, 2022, the Plan had \$197,052 in 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.

**MIAMI BEACH POLICE OFFICERS' RELIEF AND PENSION FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2022**

**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.



**MIAMI BEACH POLICE OFFICERS' RELIEF AND PENSION FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2022**

**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 September 2022. The following was the Board's adopted asset allocation policy as of September 30, 2022:

<u>Type of Investment</u>	<u>Target Allocation</u>
Equities	55%
International securities	0%
Fixed income	25%
Real estate	10%
Cash and cash equivalents	10%

All investments are non-participant directed and at September 30, 2022, are composed of the following:

	<u>Cost</u>	<u>Fair Value</u>
Money market account	\$ 888,611	\$ 888,611
Government and agencies bonds	2,706,023	2,548,395
Corporate bonds	1,347,010	1,266,578
Corporate stocks	5,355,758	4,884,803
Real estate fund	<u>1,526,559</u>	<u>2,049,476</u>
	<u>\$ 11,823,961</u>	<u>\$ 11,637,863</u>

During the year ended September 30, 2022, 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:

	<u>Realized</u>	<u>Unrealized</u>
Government and agency securities	\$ -	\$ (3,236)
Corporate bonds	(59,949)	(404,379)
Corporate stocks	591,072	(1,713,556)
Real estate fund	<u>11,846</u>	<u>351,329</u>
	<u>\$ 542,969</u>	<u>\$ (1,769,842)</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, fixed income (bonds, debentures and other corporate obligations), and real estate.



**MIAMI BEACH POLICE OFFICERS' RELIEF AND PENSION FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2022**

**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	\$ 1,266,578	\$ -	\$ 195,876	\$ 518,787	\$ 551,915
U.S. agencies	47,535	-	-	47,535	-
U.S. treasuries	2,500,860	983,207	1,207,195	101,817	208,641
Totals	<u>\$ 3,814,973</u>	<u>\$ 983,207</u>	<u>\$ 1,403,071</u>	<u>\$ 668,139</u>	<u>\$ 760,556</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	\$ 2,594,301
Aa3	98,471
A1	509,964
A2	233,172
Baa1	379,065
Total	<u>\$ 3,814,973</u>

**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).

**MIAMI BEACH POLICE OFFICERS' RELIEF AND PENSION FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2022**

**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, 2022.

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.

**MIAMI BEACH POLICE OFFICERS' RELIEF AND PENSION FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2022**

**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, 2022:

<u>Investment Category</u>	<u>Fair Value</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>
Domestic Equities	\$ 4,884,803	\$ 4,884,803	\$ -	\$ -
Corporate Bonds	1,266,578	1,266,578	-	-
U.S. Government and Agencies Bonds	<u>2,548,395</u>	<u>2,548,395</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>\$ 8,699,776</u>	<u>\$ 8,699,776</u>	<u>\$ -</u>	<u>\$ -</u>

Investments measured at  
the net asset value (NAV)(a)

Real estate fund	<u>2,049,476</u>
Total investments measured at the NAV	<u>2,049,476</u>
Money market funds (exempt)	<u>888,611</u>
Total investments	<u>\$ 11,637,863</u>

(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.

**MIAMI BEACH POLICE OFFICERS' RELIEF AND PENSION FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2022**

**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>	\$ 2,049,476	\$ -	Quarterly	10 Days
Total investments measured at the NAV	<u>\$ 2,049,476</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 – 10% HOLD BACK**

In early 2020, upon a full distribution request by a participant, the Plan transitioned from the prior 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 Real Estate Fund's valuation was \$2,049,476 at September 30, 2022, which represented approximately 18% of the Plan's total investments.

**MIAMI BEACH POLICE OFFICERS' RELIEF AND PENSION FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2022**

**NOTE 8 – REAL ESTATE FUND - continued**

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 – RISKS AND UNCERTANTIES**

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and since spread to other countries, including the United States (U.S.). On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic, and multiple jurisdictions in the U.S. have declared states of emergency. The impact of the pandemic on the U.S. economy during 2020 has been severe and is expected to continue for some time.

Management and the Board of Directors continue to evaluate and monitor the potential adverse effect that this event may have on the Organization's financial position, operations and cash flows. The full impact of COVID-19 is unknown at this time and cannot be reasonably estimated as these events are still developing.

In February 2022, the Russian Federation launched a full-scale invasion against Ukraine, and sustained conflict and disruption in the region is ongoing. The effect on the Plan at this time is unknown as the situation is still evolving.

**NOTE 10 – DATE OF MANAGEMENT REVIEW**

Management has evaluated subsequent events for the Plan through February 15, 2023, the date the financial statements were available to be issued.

## **SUPPLEMENTARY INFORMATION**

**MIAMI BEACH POLICE OFFICERS' RELIEF AND PENSION FUND**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF ADMINISTRATIVE EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

<b>ADMINISTRATIVE EXPENSES:</b>		
Third party administrator	\$	26,110
Conferences, education & seminars		21,183
Accounting and audit		12,000
Legal fees		8,250
Dues and subscriptions		4,600
Professional fees		3,000
Insurance		2,244
Office expense		<u>481</u>
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<b>\$</b>	<b><u><u>77,868</u></u></b>

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

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## **REQUIRED SUPPLEMENTARY INFORMATION**



**MIAMI BEACH POLICE OFFICERS' RELIEF AND PENSION FUND**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF INVESTMENT RETURNS**  
**(UNAUDITED)**

Year Ended September 30	Annual money- weighted rate of return net of investment expense
2022	-8.07%
2021	17.85%
2020	14.64%
2019	6.85%
2018	10.86%
2017	7.75%
2016	8.18%
2015	1.76%
2014	11.36%
2013	10.61%

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



## INFANTE & COMPANY

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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 of the Miami Beach Police Officers' Relief and Pension Fund (the Fund), as of and for the fiscal year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated February 15, 2023.

#### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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 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 Fund'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.

*Infante & Company*

February 15, 2023  
Hollywood, Florida