MIAMI BEACH EMPLOYEES' RETIREMENT PLAN

A PENSION TRUST FUND OF
THE CITY OF MIAMI BEACH, FLORIDA
FINANCIAL STATEMENTS
AND ACCOMPANYING INFORMATION

FOR THE FISCAL YEARS ENDED
SEPTEMBER 30, 2022 AND 2021

MIAMI BEACH EMPLOYEES' RETIREMENT PLAN

FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2022 AND 2021

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MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

Board of Trustees and Plan Administrator
Miami Beach Employees' Retirement Plan
Miami Beach, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Miami Beach Employees' Retirement Plan (the "Plan"), as of and for the years ended September 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Plan'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 financial position of the Plan as of September 30, 2022 and 2021, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Miami Beach Employees' Retirement Plan and do not purport to, and do not present fairly, the financial position of the City of Miami Beach, Florida as of September 30, 2022, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 and schedule of changes in the city's net pension liability and related ratios, schedule of contributions and schedule of investment returns on pages 29 through 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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 as a whole. The schedule of investment expenses and the schedule of administrative expenses are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of investment expenses and the schedule of administrative expenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary 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 February 14, 2023, on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Bradenton, Florida
February 14, 2023

Our discussion and analysis of the Miami Beach Employees' Retirement Plan's (the "Plan") financial performance provides an overview of the Plan's financial activities and funding conditions for the fiscal years ended September 30, 2022 compared to the fiscal year ended September 30, 2021, and the fiscal year ended September 30, 2021 compared to September 30, 2020. Its purpose is to provide explanations and insights into the information presented in the financial statements, notes to the financial statements and required supplementary information. Please read it in conjunction with the Plan's financial statements which follow this discussion.

Financial Highlights

2022 compared to 2021

- The Plan assets exceeded its liabilities at the close of fiscal years ended September 30, 2022 and 2021 by $715,204,642 and $848,745,475, respectively (reported as net position held in trust for pension benefits).
- For the fiscal year ended September 30, 2022, liabilities decreased by $79,720 (or 16%) from the fiscal year ended September 30, 2021.
- For the fiscal year ended September 30, 2022, City contributions to the Plan decreased $1,109,573 (or 4%).
- For the fiscal year ended September 30, 2022, member contributions including buybacks increased by $764,168.
- For the fiscal year ended September 30, 2022, the Plan had net investment losses of $114,533,245 compared to a net investment income of $153,443,495 in the fiscal year ended September 30, 2021.
- For the fiscal year ended September 30, 2022, administrative expenses increased by $63,992 (or 9%) as compared to 2021.

2021 compared to 2020

- The Plan assets exceeded its liabilities at the close of fiscal years ended September 30, 2021 and 2020 by $848,745,475 and $712,457,774, respectively (reported as net position held in trust for pension benefits).
- For the fiscal year ended September 30, 2021, liabilities increased by $59,435 (or 22.6%) from the fiscal year ended September 30, 2020.
- For the fiscal year ended September 30, 2021, City contributions to the Plan decreased $775,088 (or 2%).
- For the fiscal year ended September 30, 2021, member contributions including buybacks decreased by $144,560.
- For the fiscal year ended September 30, 2021, the Plan had net investment income of $153,443,495 compared to a net investment income of $60,053,751 in the fiscal year ended September 30, 2020.
- For the fiscal year ended September 30, 2021, administrative expenses decreased by $110,132 (or 14%) as compared to 2020.

Plan Highlights

As of September 30, 2022, the total return of the Plan's portfolio was -13.7% and ranked in the 41st percentile of the universe of total funds, 2.1% below the benchmark return of -11.6%. As of September 30, 2021, the total return of the Plan's portfolio was 22.1% and ranked in the 20th percentile of the universe of total funds, 2.7% above the benchmark return of 19.4%. As of September 30, 2020, the total return of the Plan's portfolio was 9.4% and ranked in the 20th percentile of the universe of total funds, .2% below the benchmark return of 9.6%.

Description of the Financial Statements

The *Statement of Fiduciary Net Position* presents information that includes all of the Plan's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, with the difference between the two reported as net position held in trust for pension benefits. It is a snapshot of the financial position of the Plan at that specific point in time and reflects the resources available to pay members, retirees and beneficiaries at that point in time. There were no deferred outflows/inflows at September 30, 2022, 2021, or 2020.

The *Statement of Changes in Fiduciary Net Position* reports how the Plan's net position changed during the year. The additions and deductions to net position are summarized in this statement. The additions include contributions to the retirement Plan from the City and members and net investment income, which include interest, dividends, investment expenses, and the net appreciation or depreciation in the fair value of investments. The deductions include benefit payments, refunds of member contributions, and administrative expenses.

The *Notes to the Financial Statements* are presented to provide the information necessary for a full understanding of the financial statements. They include additional information not readily evident in the statements themselves such as a description of the Plan, contributions, significant accounting policies, funding policy, and investment risk disclosure.

There are also three *Required Supplementary Schedules* included in this report as required by the Governmental Accounting Standards Board. The schedule of changes in the city's net pension liability and related ratios, schedule of city contributions, and schedule of investment returns are presented following the notes to the financial statements.

Additional information is presented as part of supplementary information. This section is not required, but management has chosen to include it. It includes the schedules of investment expenses and the schedule of administrative expenses. The schedule of investment expenses presents the expenses incurred in managing and monitoring the investments of the Plan and include financial management, consultant, and custodial fees. The schedule of administrative expenses presents the expenses incurred in the administration of the Plan.

Summary of Fiduciary Net Position

The tables below show a comparative summary of fiduciary net position:

			Increase (Decrease) 2022 to 2021	
	2022	2021	Amount	Percent
Cash	**$ 1,461,390**	$ 4,564,380	$ (3,102,990)	-68%
Receivables	**160,763**	154,563	6,200	4%
Investments	**709,600,585**	844,349,125	(134,748,540)	-16%
Other assets	**4,224,777**	-	4,224,777	100%
Total assets	**715,447,515**	849,068,068	(133,620,553)	-16%
Liabilities	**242,873**	322,593	(79,720)	-25%
Net position held in trust for pension benefits	**$ 715,204,642**	$ 848,745,475	$ (133,540,833)	-16%

			Increase (Decrease) 2021 to 2020	
	2021	2020	Amount	Percent
Cash	$ 4,564,380	$ 4,294,097	$ 270,283	6%
Receivables	154,563	246,180	(91,617)	-37%
Investments	844,349,125	708,180,655	136,168,470	19%
Total assets	849,068,068	712,720,932	136,347,136	19%
Liabilities	322,593	263,158	59,435	23%
Net position held in trust for pension benefits	$ 848,745,475	$ 712,457,774	$ 136,287,701	19%

2022 compared to 2021

- The Plan assets exceeded its liabilities at the close of fiscal years ended September 30, 2022 and 2021 by $715,447,515 and $848,068,068, respectively (reported as net position held in trust for pension benefits). Net position is held in trust to meet future benefit payments. The decrease of $133,540,833 and increase of $136,287,701, for the fiscal years ended September 30, 2022 and 2021, respectively, have resulted primarily from the changes in the contributions and the investment income and losses (market conditions).

- Cash at year ended September 30, 2022 decreased by $3,102,990 (-68%) from the fiscal year ended September 30, 2021 due primarily to the timing and processing of benefit payments.

- Receivables at fiscal year ended September 30, 2022 increased by $6,200 (4%) from the fiscal year ended September 30, 2021 due primarily to current year activity related to DROP notes receivables. The Plan document allows DROP loans to be issued to Plan members subject to compliance requirements and provisions of the Plan document.

- For the fiscal year ended September 30, 2022, liabilities decreased by $79,720 (or -25%) as compared to September 30, 2021 primarily due to an increase in accrued expenses.

2021 compared to 2020

- The Plan assets exceeded its liabilities at the close of fiscal years ended September 30, 2021 and 2020 by $848,068,068 and $712,457,774, respectively (reported as net position held in trust for pension benefits). Net position is held in trust to meet future benefit payments. The increase of $136,287,701 and increase of $45,958,155, for the fiscal years ended September 30, 2021 and 2020, respectively, have resulted primarily from the changes in the contributions and the investment income and losses (market conditions).

- Cash at year ended September 30, 2021 increased by $270,283 (6%) from the fiscal year ended September 30, 2020 due primarily to the timing and processing of benefit payments.

- Receivables at fiscal year ended September 30, 2021 decreased by $91,617 (37%) from the fiscal year ended September 30, 2020 due primarily to current year activity related to DROP notes receivables. The Plan document allows DROP loans to be issued to Plan members subject to compliance requirements and provisions of the Plan document.

- For the fiscal year ended September 30, 2021, liabilities increased by $59,435 (or 23%) as compared to September 30, 2020 primarily due to an increase in accrued expenses.

Statements of Changes in Fiduciary Net Position

The table below shows a comparative summary of changes in fiduciary net position:

	2022	2021	Increase (Decrease) 2022 to 2021 Amount	Percent
Additions				
Contributions				
City	**$ 29,590,369**	$ 30,699,942	$ (1,109,573)	-4%
Member	**9,285,205**	8,521,037	764,168	9%
Total contributions	**38,875,574**	39,220,979	(345,405)	-1%
Net investment income	**(114,533,245)**	153,443,495	(267,976,740)	-175%
Total additions	**(75,657,671)**	192,664,474	(268,322,145)	-139%
Deductions				
Benefits paid	**55,507,283**	54,280,486	1,226,797	2%
Refund of contributions	**1,613,924**	1,398,325	215,599	15%
Administrative expenses	**761,955**	697,962	63,993	9%
Total deductions	**57,883,162**	56,376,773	1,506,389	3%
Change in net position	**(133,540,833)**	136,287,701	(269,828,534)	-198%
Net position held in trust for the pension benefits at beginning of year	**848,745,475**	712,457,774	136,287,701	19%
Net position held in trust for pension benefits at end of year	**$ 715,204,642**	$ 848,745,475	$ (133,540,833)	-16%

	2021	2020	Increase (Decrease) 2021 to 2020 Amount	Percent
Additions				
Contributions				
City	$ 30,699,942	$ 31,475,030	$ (775,088)	-2%
Member	8,521,037	8,665,597	(144,560)	-2%
Total contributions	39,220,979	40,140,627	(919,648)	-2%
Net investment income	153,443,495	60,053,751	93,389,744	156%
Total additions	192,664,474	100,194,378	92,470,096	92%
Deductions				
Benefits paid	54,280,486	52,250,292	2,030,194	4%
Refund of contributions	1,398,325	1,177,837	220,488	19%
Administrative expenses	697,962	808,094	(110,132)	-14%
Total deductions	56,376,773	54,236,223	2,140,550	4%
Change in net position	136,287,701	45,958,155	90,329,546	197%
Net position held in trust for the pension benefits at beginning of year	712,457,774	666,499,619	45,958,155	7%
Net position held in trust for pension benefits at end of year	$ 848,745,475	$ 712,457,774	$ 136,287,701	19%

2022 compared to 2021

- For the fiscal year ended September 30, 2022, City contributions to the Plan, decreased $1,109,573 (or 4%). Actual City contributions are based primarily on the actuarial valuation and were $29,590,369 and $30,699,942 for 2022 and 2021, respectively.

- For the fiscal year ended September 30, 2022, member contributions including buybacks increased by $764,168. The variance is due to an expected decrease of actual member contributions (based on a percentage of covered salary), including buybacks (unique to each plan member).

- For the fiscal year ended September 30, 2022, the Plan had net investment losses of $114,533,245 compared to $153,443,495 in the fiscal year ended September 30, 2021. Actual results were ($128,636,281) and $140,287,434 in net (depreciation) appreciation in fair value of investments for 2022 and 2021, respectively, and $17,042,312 and $16,356,923 of income from interest and dividends, respectively. Investment expenses decreased by $261,586 due to the net decrease in the fair value of investments from the prior year.

- For the fiscal year ended September 30, 2022, the Plan's benefits paid increased $1,226,797 (2%) as compared to fiscal year ended September 30, 2021, due to an annual Cost of Living Adjustment and new retirees receiving benefits at a higher rate than deceased retirees.

2021 compared to 2020

- For the fiscal year ended September 30, 2021, City contributions to the Plan, decreased $775,088 (or 2%). Actual City contributions are based primarily on the actuarial valuation and were $30,699,942 and $31,475,030 for 2021 and 2020, respectively.

- For the fiscal year ended September 30, 2021, member contributions including buybacks decreased by $144,560. The variance is due to an expected decrease of actual member contributions (based on a percentage of covered salary), including buybacks (unique to each plan member).

- For the fiscal year ended September 30, 2021, the Plan had net investment income of $153,443,495 compared to $60,053,751 in the fiscal year ended September 30, 2020. Actual results were $140,287,434 and $47,572,454 in net appreciation in fair value of investments for 2021 and 2020, respectively, and $16,356,923 and $15,450,947 of income from interest and dividends, respectively. Investment expenses increased by $905,976 due to the net increase in the fair value of investments from the prior year.

- For the fiscal year ended September 30, 2021, the Plan's benefits paid increased $2,030,194 (4%) as compared to fiscal year ended September 30, 2020, due to an annual Cost of Living Adjustment and new retirees receiving benefits at a higher rate than deceased retirees.

The Plan's investment activities, measured as of the end of any month, quarter or year, is a function of the underlying marketplace for the period measured and the investment policy's asset allocation. The benefit payments are a function of changing payments to retirees, their beneficiary (if the retiree is deceased) and new retirements during the period.

Asset Allocation

At September 30, 2022, the domestic equity portion, excluding the DROP fixed securities and mutual funds, comprised 37.6% ($259,830,142) of the total portfolio. The allocation to fixed income securities was 18.9% ($130,643,812), while real estate comprised 17.2% or ($119,294,632). The allocation to international equity including emerging markets was 15.59% ($107,892,304) and infrastructure investments were 5.4% ($37,628,178) of the total portfolio. The allocation to a quasi-private equity investment was 5.1% ($35,303,494). The current allocation to cash is $1,321,824 (0.2%).

At September 30, 2021, the domestic equity portion, excluding the DROP fixed securities and mutual funds, comprised 42.4% ($351,673,937) of the total portfolio. The allocation to fixed income securities was 19.2% ($159,166,695), while real estate comprised 8.8% or ($73,281,508). The allocation to international equity including emerging markets was 18.7% ($154,298,942) and infrastructure investments were 4.9% ($40,472,194) of the total portfolio. The allocation to a quasi-private equity investment was 5.7% ($46,828,480). The current allocation to cash is $2,494,366 (0.3%).

At September 30, 2020, the domestic equity portion, excluding the DROP fixed securities and mutual funds, comprised 42.7% ($296,367,258) of the total portfolio. The allocation to fixed income securities was 24.8% ($171,539,646), while real estate comprised 9.6% or ($66,489,683). The allocation to international equity including emerging markets was 16.7% ($115,495,332) and infrastructure investments were 5.9% ($41,163,521) of the total portfolio. The current allocation to cash is $1,395,148 (0.3%).

The target asset allocation and actual allocation (excluding DROP) as of September 30, is as follows:

	2022		2021		2020	
	Target %	**Actual**	Target %	Actual	Target %	Actual
Domestic equities	**39%**	**42.6%**	39%	48.1%	39%	42.7%
Fixed income securities	**28%**	**18.9%**	28%	19.2%	28%	24.8%
International equities	**16%**	**15.6%**	16%	18.6%	16%	16.7%
Real estate	**10%**	**17.2%**	10%	8.9%	10%	9.6%
Infrastructure	**7%**	**5.4%**	7%	4.8%	7%	5.9%
Cash	**0%**	**0.3%**	0%	0.4%	0%	0.3%
		100.0%		100.0%		100.0%

Contacting the Plan's Financial Management

This financial report is designed to provide the Board of Trustees, our membership, taxpayers, and creditors with a general overview of the Plan finances and to demonstrate accountability for the monies the Plan manages. If you have any questions about this report or need additional financial information, contact Miami Beach Employees' Retirement Plan, 1700 Convention Center Drive, Miami Beach, Florida 33139.

MIAMI BEACH EMPLOYEES' RETIREMENT PLAN

STATEMENTS OF FIDUCIARY NET POSITION
AS OF SEPTEMBER 30, 2022 AND 2021

	2022	2021
Assets		
Cash	**$ 1,461,390**	$ 4,564,380
Receivables		
DROP notes receivable	**160,763**	154,563
Investments		
Short-term investment funds	**1,808,811**	3,032,967
Domestic equities	**295,116,177**	398,477,622
International equities	**107,891,425**	154,298,932
Fixed income bond funds	**130,643,812**	159,166,695
Real estate fund	**119,294,632**	73,281,509
Infrastructure investments	**37,618,998**	39,432,012
Mutual funds - Deferred Retirement Option Program	**16,841,731**	16,178,640
Fixed securities - Deferred Retirement Option Program	**384,999**	480,748
Total investments	**709,600,585**	844,349,125
Other assets		
Prepaid benefits	**4,224,777**	-
Total assets	**715,447,515**	849,068,068
Liabilities		
Accounts payable and accrued liabilities	**242,873**	322,593
Net position held in trust for pension benefits	**$ 715,204,642**	$ 848,745,475

See accompanying notes to financial statements.

MIAMI BEACH EMPLOYEES' RETIREMENT PLAN

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
Additions		
Contributions		
City	**$ 29,590,369**	$ 30,699,942
Members	**9,285,205**	8,521,037
Total contributions	**38,875,574**	39,220,979
Investment income		
Net appreciation (depreciation) in fair value of investments	**(128,636,281)**	140,287,434
Interest and dividends	**17,042,312**	16,356,923
Total investment income (expense)	**(111,593,969)**	156,644,357
Less: investment expenses	**2,939,276**	3,200,862
Net investment income	**(114,533,245)**	153,443,495
Total additions, net	**(75,657,671)**	192,664,474
Deductions		
Benefits paid	**55,507,283**	54,280,486
Refunds of contributions	**1,613,924**	1,398,325
Administrative expenses	**761,955**	697,962
Total deductions	**57,883,162**	56,376,773
Change in net position	**(133,540,833)**	136,287,701
Net position held in trust for pension benefits		
Beginning of year	**848,745,475**	712,457,774
End of year	**$ 715,204,642**	$ 848,745,475

See accompanying notes to financial statements.

NOTE 1. DESCRIPTION OF THE PLAN

ORGANIZATION

The Miami Beach Employees' Retirement Plan (the "Plan") is a single-employer defined benefit pension plan established by the City of Miami Beach, Florida (the "City") effective March 18, 2006, for general employees. The Miami Beach Employees' Retirement System was created under and by the authority of Chapter 18691, *Laws of Florida*, Act of 1937, as amended, by merging the "Retirement System for General Employees of the City of Miami Beach" created by Ordinance 1901 with the "Retirement System for Unclassified Employees and Elected Officials of the City of Miami Beach" created by Ordinance 88-2603, as amended. Since the Plan is sponsored by the City, the Plan is included as a pension trust fund in the City's annual comprehensive financial report as part of the City's financial reporting entity.

Classified employees in the Plan are segregated into three unions and into categories called "Others": American Federation of State, County and Municipal Employees (AFSCME), Communications Workers of America (CWA) and Government Supervisors Association of Florida (GSAF). Unclassified and Others employees are not represented by a bargaining unit.

The Plan is administered by a nine-member Board of Trustees (Trustees) comprised of four members appointed by the City Manager, three members elected by/from the general employee members, and two general employee retirees elected by the retired members of the Plan.

The following brief description of the Plan is provided for general information purposes only. Members should refer to the Plan document and City ordinances for more detailed and comprehensive information.

MEMBERS

Members are all full-time employees, classified and unclassified positions, who work more than 30 hours per week except for police officers and firefighters and persons who elected to join the defined contribution retirement plan sponsored by the City.

MEMBERSHIP

Membership consisted of the following as of October 1, 2021 the date of the latest actuarial valuation:

Inactive plan members and beneficiaries currently receiving benefits	1,124
Inactive plan members entitled but not yet receiving benefits	211
Active plan members	1,185
Total Members	2,520

NOTE 1. DESCRIPTION OF THE PLAN (CONTINUED)

PENSION BENEFITS

The Plan provides for retirement benefits as well as death and disability benefits at three different tiers depending on when the members entered the Plan.

The First Tier is for members that entered the Plan prior to the Second Tier Dates. The Second Tier is for members that entered the Plan on or after the Second Tier Dates, but before the Third Tier Dates. The Third Tier is for members that entered the Plan on or after the Third Tier Dates. Both the Second Tier and Third Tier Dates were established when each of the unions bargained with the City to establish new guidelines for retirement benefits relating to employees associated with their Unions. The Second Tier Dates are April 30, 1993 for members of AFSCME; August 1, 1993 for those classified as Other and GSAF, and February 21, 1994 for members of CWA. The Third Tier Dates are September 30, 2010 for members of AFSCME, GSAF and for those classified as other, and October 27, 2010 for members of CWA.

Classified members administered under the First Tier are eligible for normal retirement at age 50 and five years of Creditable Service and are entitled to benefits of 3% of Final Average Monthly Earnings (FAME) multiplied by the first 15 years of Creditable Service plus 4% of FAME multiplied by years of service in excess of 15 years, with the total not to exceed 90% of FAME. First Tier unclassified members accrued 4% for creditable service before October 18, 1992. Unclassified First Tier members accrued 3% per year of service after October 18, 1992 with the total not to exceed 80% of FAME.

Classified and unclassified members administered under the Second Tier are eligible for Normal Retirement at age 55 and five years of creditable service and are entitled to benefits of 3% of FAME multiplied by creditable service, subject to a maximum of 80% of FAME.

Classified and unclassified members administered under the Third Tier are eligible for Normal Retirement at age 55 with at least 30 years of creditable service, or age 62 with at least five years of creditable service and are entitled to benefits of 2.5% of FAME multiplied by creditable service, subject to a maximum of 80% of FAME.

For elected officials, City Manager, City Attorney or City Clerk (from and after December 12, 2012, the date the position of City Clerk became a charter officer of the City), the benefit is 4% of FAME for each year of creditable service as an elected official, City Manager, City Attorney or City Clerk plus the retirement benefit as defined above for any other period of City Employment, subject to a maximum of 80% of FAME.

NOTE 1. DESCRIPTION OF THE PLAN (CONTINUED)

PENSION BENEFITS (CONTINUED)

FAME is defined as one-twelfth of the average annual earnings during the highest two paid years of credible service. For Unclassified First Tier members who became a member prior to October 18, 1992 and were continuously a member from that date until March 18, 2006, FAME is defined as the larger of one-twelfth average covered salary during the two highest paid years of creditable service or one-twelfth of the pay of the year immediately preceding March 18, 2006. Effective as of September 30, 2010, FAME for members who have obtained normal retirement age or are within 24 months from normal retirement age is defined as average covered salary during the two highest paid years of creditable service. FAME for those members who as of September 30, 2010 are between 24 and 36 months from normal retirement age is defined as average covered salary during the three highest paid years of creditable service. FAME for those members who as of September 30, 2010 are between 36 and 48 months from normal retirement age is defined as average covered salary during the four highest paid years of creditable service. FAME for those members who as of September 30, 2010 are more than 48 months from normal retirement age is defined as average covered salary during the five highest paid years of creditable service.

FUNDING REQUIREMENTS

Member Contributions

All First Tier members who participate are required to contribute 12% of their covered salary to the Plan. All Second and Third Tier members are required to contribute 10% of their covered salary.

Any First Tier member who terminates employment may either request a refund of their own contributions plus interest, or receive their accrued benefit beginning at age 50, if at least five years of creditable service are completed. Any Second Tier member who entered on or after the Second Tier Date and who terminates employment after five years of creditable service may either request a refund of their own contributions plus interest or receive their accrued benefit beginning at age 55. Any Third Tier member who entered on or after the Third Tier Date and who terminates employment after five years of creditable service but prior to the normal or early retirement date shall be eligible to receive a normal retirement benefit at age 62.

City Contributions

The City is to contribute such amounts as are necessary to maintain the actuarial soundness of the Plan and to provide the Plan with assets sufficient to meet the benefits to be paid to the members. The City also provides indirect administrative support such as office space and utilities.

NOTE 1. DESCRIPTION OF THE PLAN (CONTINUED)

INVESTMENTS

The Plan has contracts with investment managers who supervise and direct the investment of equity and fixed income securities. In addition, the Plan utilizes an investment advisor who monitors the Plan's investing activity. The investments owned are held by a custodian in the name of the Plan. The Plan provides for investments in U.S. Government securities, money market funds, bonds, notes, common stock, international securities, real estate investment trust funds and global infrastructure investments.

DEFERRED RETIREMENT OPTION PROGRAM (DROP)

A DROP was enacted on January 28, 2009 by Ordinance 2009-3626. Under this Program, the amount of the benefit is calculated as if the participant had retired on the date of DROP commencement. First and Second Tier members who have attained eligibility for Normal Retirement may continue working with the City for up to three years, while receiving a retirement benefit that is deposited into a DROP account. Third Tier members may participate in a DROP account for up to five years. Effective July 17, 2013, members within classifications in the CWA bargaining unit who were hired prior to October 27, 2010, and members not included in any bargaining unit who were hired prior to September 10, 2010, may elect to retire for the purposes of the Program but continue employment with the City for up to 60 months, and have their monthly retirement benefit paid into a DROP account during the DROP period. Effective October 1, 2013, any member within classifications in the GSAF bargaining may elect to retire for the purposes of the Program but continue employment with the City for up to 60 months, and have their monthly retirement paid into a DROP account during the DROP period. Effective April 23, 2014, members within classifications in the AFSCME bargaining unit who were hired prior to September 30, 2010, may elect to retire for the purposes of the Plan but continue employment with the City for up to 60 months, and have their monthly retirement benefit paid into a DROP account during the DROP period.

A series of investment vehicles which are established by the Board of Trustees are made available to DROP participants to choose from. Any losses, charges, or expenses incurred by the participant in their DROP account are not made up by the City or the Plan, but shall be borne by the participant. Upon termination of employment, a member may receive distributions in accordance with the DROP.

A DROP participant is not entitled to receive an ordinary or service disability retirement and in the event of death of a DROP participant, there is no accidental death benefit for pension purposes. DROP participation does not affect any other death or disability benefit provided to a member under federal law, state law, City ordinance, or any rights or benefits under any applicable collective bargaining agreement.

As of September 30, 2022, there were 141 members in the DROP and the fair value of DROP investments were $17,226,730 which is included in the investments in the statement of fiduciary net position.

NOTE 1. DESCRIPTION OF THE PLAN (CONTINUED)

DEFERRED RETIREMENT OPTION PROGRAM (DROP) (CONTINUED)

As of September 30, 2021, there were 133 members in the DROP and the fair value of DROP investments were $16,659,388 which is included in the investments in the statement of fiduciary net position.

The DROP also allows for member loans. Approximately $161,000 and $155,000 in loans were outstanding as of September 30, 2022 and 2021, respectively.

COST OF LIVING ADJUSTMENT

First and Second Tier members receive an annual cost-of-living adjustment (COLA) of 2.5%. The COLA is not payable while members are in the DROP. For Third Tier members the COLA is 1.5%.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The Plan's financial statements are prepared using the accrual basis of accounting. Member contributions are recognized as revenues in the period in which the contributions are due. City contributions are recognized as revenues when due pursuant to actuarial valuations. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Interest income is recorded as earned and dividend income is recorded as of the ex-dividend date.

INVESTMENTS

Investments are reported at fair value except for short-term investments which are reported at amortized cost. 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.

Net appreciation in fair value of investments includes realized and unrealized gains and losses. Realized gains and losses are determined on the basis of specific cost. Purchases and sales of securities are reflected on a trade-date basis. Interest income is recognized as earned and dividend income is recorded as of the ex-dividend date. Refer to Note 5 for more detail regarding the methods used to measure the fair value of investments.

Given the inherent nature of investments, it is reasonably possible that changes in the value of those investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of fiduciary net position.

OTHER ASSETS

Prepaid benefits totaling $4,224,777 represent benefit obligations related to the fiscal year beginning October 1, 2022 that were remitted to participants and beneficiaries on or before September 30, 2022.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect certain reported amounts of assets, liabilities and changes therein and disclosures related to contingent assets, liabilities and the net pension liability. Accordingly, actual results could differ from those estimates.

RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statement of fiduciary net position. The Plan, through its investment advisor, monitors the Plan's investments and the risks associated therewith on a regular basis, which the Plan believes minimizes these risks.

Plan contributions are made and the net pension liability is reported based on certain assumptions pertaining to investment returns, interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term could be material to the financial statements.

NOTE 3. CONTRIBUTIONS

ACTUARIALLY DETERMINED CONTRIBUTIONS

Effective May 30, 2012, the Division of Retirement mandated that local governments confer with the Plan's actuary to select and maintain a contribution method (percentage of payroll or fixed dollar contributions) that best fits the funding requirements of the Plan. For the years ended September 30, 2022 and 2021, the Plan determined to use the "fixed dollar contribution amount".

The contributions required from the City for the years ended September 30, 2022 and 2021 were actuarially determined using valuation dates of October 1, 2020 and 2019, respectively.

The actual City contributions for active employees for the years ended September 30, 2022 and 2021 amounted to $29,590,369 and $30,699,942, respectively.

NOTE 4. DEPOSIT AND INVESTMENT RISK DISCLOSURES

CASH

Deposits are carried at cost. Cash reported in the statement of fiduciary net position includes a demand account used for Plan operations.

SHORT-TERM INVESTMENT FUNDS (STIF)

Transactional cash and portfolio assets that are temporarily not invested in authorized, longer term securities may either be directly invested in allowable high-grade short-term fixed income investments or may be "swept" into the Plan's custodial short-term investment (money market) commingled fund. Allowable high-grade, short-term fixed income investments are as follows: certificates of deposit, commercial paper, U.S. Treasury bills and repurchase agreements.

INVESTMENT AUTHORIZATION

The Plan's investment policy is determined by the Board of Trustees. The policy has been established to have the greatest expected investment return, and the resulting positive impact on asset values, funded status, and benefits, without exceeding a prudent level of risk. The Trustees are authorized to acquire and retain every kind of property, real, personal or mixed, and every kind of investment specifically including, but not by way of limitation, bonds, debentures, and other corporate obligations, and stocks, preferred or common, which persons of prudence, discretion and intelligence acquire or retain for their own account.

Investment in all equity securities shall be limited to those listed on a major U.S. stock exchange and limited to no more than 60% (at market) of the Plan's total asset value with no more than 5% of an investment manager's equity portfolio invested in the shares of a single corporate issuer. Investments in stocks of foreign companies shall be limited to 25% (at cost) of the value of the portfolio.

The fixed income portfolio shall be comprised of securities rated "BBB–" or higher by Standard & Poor's rating services with no more than 5% of an investment manager's total fixed income portfolio invested in the securities of a single corporate issuer.

NOTE 4. DEPOSIT AND INVESTMENT RISK DISCLOSURES (CONTINUED)

TYPES OF INVESTMENTS

Florida statutes and the Plan investment policy authorize the Trustees to invest funds in various investments. The current target allocation of these investments at fair value is as follows:

Authorized Investments	Target %
Domestic equities	39%
Fixed income securities	19%
International equities	18%
Real estate	12%
Infrastructure	7%
Private equity	5%

RATE OF RETURN

For the year ended September 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -14.70%. The money weighted rate of return expresses investment performance, net of investment manager and consultant expenses adjusted for the changing amounts actually invested. Inputs to the internal rate of return calculation are determined on a monthly basis.

INTEREST RATE RISK

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to interest rate risk, the Plan diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer with various durations of maturities.

NOTE 4. DEPOSIT AND INVESTMENT RISK DISCLOSURES (CONTINUED)

Information about the sensitivity of the fair values of the Plan's investments to market interest rate fluctuations is provided by the following tables that show the distribution of the Plan's investments by maturity at September 30, 2022 and 2021:

		September 30, 2022 Investment Maturities (in years)			
Investment Type	**Fair Value**	**Less than 1**	**1 to 5**	**6 to 10**	**More than 10**
Fixed income bond funds	**$ 130,643,812**	**$ 4,995,275**	**$ 26,671,016**	**$ 86,518,622**	**$ 12,458,899**
Fixed securities - DROP	**384,999**	**-**	**118,803**	**255,682**	**10,514**
Total fixed income investments	**$ 131,028,811**	**$ 4,995,275**	**$ 26,789,819**	**$ 86,774,304**	**$ 12,469,413**

		September 30, 2021 Investment Maturities (in years)			
Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
Fixed income bond funds	$ 159,166,695	$ 8,454,938	$ 97,189,299	$ 37,537,978	$ 15,984,480
Fixed securities - DROP	480,748	-	138,531	257,194	85,023
Total fixed income investments	$ 159,647,443	$ 8,454,938	$ 97,327,830	$ 37,795,172	$ 16,069,503

CREDIT RISK

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. This risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization. The Plan's investment policy utilizes portfolio diversification in order to control this risk. The following table discloses credit ratings for fixed income investments at September 30, 2022:

	Fair Value	**Percent of Portfolio**
Quality Rating of Credit Risk Debt Securities		
AAA….A-	**$ 86,369,819**	**65.9 %**
BBB…B-	**21,218,485**	**16.2**
Below B	**633,697**	**0.5**
Not provided	**22,806,810**	**17.4**
Total Credit Risk Debt Securities	**$ 131,028,811**	**100.0 %**

NOTE 4. DEPOSIT AND INVESTMENT RISK DISCLOSURES (CONTINUED)

CONCENTRATION OF CREDIT RISK

The investment policy of the Plan contains limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. There were no individual investments that represent 5% or more of fiduciary net position at September 30, 2022 or 2021.

CUSTODIAL CREDIT RISK

Deposits are exposed to custodial risk if they are uninsured and uncollateralized. Custodial risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Plan will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Plan's deposits are covered by federal deposit insurance. At September 30, 2022 and 2021, the Plan had an uninsured cash balance of approximately $1,230,000 and $4,441,000, respectively, with one financial institution.

Custodial risk for investments 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 its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the Plan, and are held either by the counterparty or the counterparty's trust department or agent but not in the Plan's name.

Consistent with the Plan's investment policy, the investments are held by the Plan's custodial banks and registered in the Plan's name.

NOTE 5. FAIR VALUE HIERARCHY

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset as defined below:

Level 1 - Investments' fair values based on prices quoted in active markets for identical assets.

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

Level 3 - Investments' fair value inputs based upon unobservable inputs.

NOTE 5. FAIR VALUE HIERARCHY (CONTINUED)

The diversity of the investment types in which the Plan has entered into requires a range of techniques to determine fair value. The overall valuation processes and information sources by major investment classification are as follows:

Fixed Income Securities

Fixed income securities consist primarily of bond funds. These securities can typically be valued using the close or last traded price on a specific date (quoted prices in active markets). When quoted prices are not available, fair value is determined based on valuation models that use inputs that include market observable inputs. These inputs included recent trades, yields, price quotes, cash flows, maturity, credit ratings, and other assumptions based upon the specifics of the investment type. Accordingly, these investments have been reported as Level 2.

Equity Securities

These include common stock and domestic and international equity funds. Domestic securities, which include common stock and domestic equity funds, traded on a national securities exchange are valued at the last reported sales price on the last business day of the fiscal year (Level 1). Securities which are not traded on a national security exchange are valued by the respective fund manager or other third parties based on yields currently available on comparable securities of issuers with similar credit ratings or using a matrix pricing technique (Level 2).

Mutual Funds

Mutual funds are held on behalf of participants in the DROP. These mutual funds are actively traded and quoted on a daily basis when the New York Stock Exchange is open for business (Level 1).

Real Estate Fund

This investment is composed primarily of real estate investments owned directly or through partnership interests. Estimated fair value of net equity investments in real estate assets is determined by the fund managers at each valuation date. As part of the fund managers' valuation process, properties are externally appraised generally on an annual basis. Property valuations are reviewed by the fund managers quarterly and values are adjusted if there has been a significant change in circumstances related to the investment property since the last valuation. The real estate investment fund requires a 90 day notice for redemption.

NOTE 5. FAIR VALUE HIERARCHY (CONTINUED)

Infrastructure Investment

The underlying investments of the global infrastructure fund are valued by independent appraisers on an annual basis. Asset valuations and the salient valuation-sensitive assumptions of each interest are reviewed by the adviser and values are adjusted quarterly. The investment reports a net asset value (NAV) per unit outstanding. The NAV is based on the fair value of the underlying investments held by the fund less its liability.

The following is a summary of the fair value hierarchy of the fair value of investments as of September 30, 2022 and 2021:

		Fair Value Measurements Using		
	September 30, 2022	Quoted Prices in Active Market for Identical Asset (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity Securities				
Domestic Equities				
S&P Index	$ 79,358,365	$ -	$ 79,358,365	$ -
Large Cap Fund PLUS	120,914,983	-	120,914,983	-
Mid-Cap Index Fund	31,682,610	-	31,682,610	-
Small-Cap Index Fund	63,160,219	35,286,035	27,874,184	-
International Equities				
International Quality Growth	75,793,042	-	75,793,042	-
Emerging Markets Core	32,098,383	32,098,383	-	-
Mutual Funds (DROP)				
Mutual Fund Equities	16,841,731	16,841,731	-	-
Total Equity Securities	419,849,333	84,226,149	335,623,184	-
Fixed Income Bond Funds				
Core Bond Index Fund	28,607,761	-	28,607,761	-
Bond Fund	102,036,051	-	102,036,051	-
Fixed Income Fund (DROP)	384,999	-	384,999	-
Total Fixed Income	131,028,811	-	131,028,811	-
Real Estate Fund				
Strategic Property Fund	119,294,632	-	-	119,294,632
Total Investments by Fair Value Level	670,172,776	$ 84,226,149	$ 466,651,995	$ 119,294,632
Investment Measured at the Net Asset Value (NAV)				
Infrastructure Fund	37,618,998			
Total Investment Measured at NAV	37,618,998			
Short-Term Investment Fund (Exempt)	1,808,811			
Total Investments	$ 709,600,585			

NOTE 5. FAIR VALUE HIERARCHY (CONTINUED)

	September 30, 2021	Fair Value Measurements Using: Quoted Prices in Active Market for Identical Asset (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity Securities				
Domestic Equities				
S&P Index	$ 122,493,755	$ -	$ 122,493,755	$ -
Large Cap Fund PLUS	150,863,444	-	150,863,444	-
Mid-Cap Index Fund	43,995,693	-	43,995,693	-
Small-Cap Index Fund	81,124,730	46,803,685	34,321,045	-
International Equities				
International Quality Growth	112,228,484	-	112,228,484	-
Emerging Markets Core	42,070,448	42,070,448	-	-
Mutual Funds (DROP)				
Mutual Fund Equities	16,178,640	16,178,640	-	-
Total Equity Securities	568,955,194	105,052,773	463,902,421	-
Fixed Income Bond Funds				
Core Bond Index Fund	39,752,334	-	39,752,334	-
Bond Fund	119,414,361	-	119,414,361	-
Fixed Income Fund (DROP)	480,748	-	480,748	-
Total Fixed Income	159,647,443	-	159,647,443	-
Real Estate Fund				
Strategic Property Fund	73,281,509	-	-	73,281,509
Total Investments by Fair Value Level	801,884,146	$ 105,052,773	$ 623,549,864	$ 73,281,509
Investment Measured at the Net Asset Value (NAV)				
Infrastructure Fund	39,432,012			
Total Investment Measured at NAV	39,432,012			
Short-Term Investment Fund (Exempt)	3,032,967			
Total Investments	$ 844,349,125			

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

Investment Measured at the NAV:

	September 30, 2022 Fair Value	**Unfunded Commitments**	**Redemption Frequency (if Currently Eligible)**	**Redemption Notice Period**
Infrastructure Fund (1)	**$ 37,618,998**	**$ -**	**Semi-annual**	**90 days**

	September 30, 2021 Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Infrastructure Fund (1)	$ 39,432,012	$ -	Semi-annual	90 days

(1)This fund is focused on identifying a universe of investments that best meet the portfolio's risk management objectives. This involves the identification of investments that have assets predominantly invested in developed economies. Limits have been applied to country and regional exposure. The return pattern expected from global infrastructure is an inflationary return component plus a substantial premium, as well as competitive performance relative to the S&P Global Infrastructure Index. During 2022, the Plan transferred the Infrastructure Investment to the same fund with a hedged position to better protect against market declines.

NOTE 6. NET PENSION LIABILITY OF THE CITY

The components of the net pension liability of the City at September 30, 2022 and 2021:

	2022	2021
Total pension liability	**$ 1,000,117,378**	$ 948,951,480
Plan fiduciary net position	**(715,204,642)**	(848,745,475)
Net pension liability	**$ 284,912,736**	$ 100,206,005
Plan fiduciary net position as a percentage of the total pension liability	**71.51%**	89.44%

Significant Actuarial Assumptions

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

Interest rates:	
Discount rate	7.20%
Long-term expected rate of return	7.20%

Mortality table:	The same versions of the PUB-2010 Headcount-Weighted Mortality Tables and mortality improvement projection scale used for Regular Class members of the Florida Retirement System (FRS) in the July 1, 2021 actuarial valuation. Florida Statutes Chapter 112.63(1)(f) mandates the use of mortality tables from one of the two most recently published FRS actuarial valuation reports.

Additional discussion on valuation results is included in the revised October 1, 2021 Actuarial Valuation Report dated June 3, 2022.

NOTE 6. NET PENSION LIABILITY OF THE CITY (CONTINUED)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2022 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic equities	8.47%
Fixed income securities	2.14%
International equities	9.39%
Real estate	5.64%
Infrastructure	7.14%
Private equity	12.14%

Discount Rate

A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

Below is a table providing the sensitivity of the net pension liability to changes in the discount rate. In particular, the table presents the Plan's net pension liability, if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentagepoint higher than the single discount rate:

	1% Decrease 6.20%	Current Discount Rate 7.20%	1% Increase 8.20%
Net pension liability	$ 420,679,136	$ 284,912,736	$ 201,542,581

NOTE 7. TAX STATUS

The Internal Revenue Service has determined and informed the Trustees by a letter dated October 15, 2014, that the Plan is designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended since receiving the determination letter, the Plan Administrator and tax counsel believe that the Plan is currently being operated in compliance with the applicable requirements of the IRC.

REQUIRED SUPPLEMENTARY INFORMATION

MIAMI BEACH EMPLOYEES' RETIREMENT PLAN
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY
AND RELATED RATIOS

September 30,	**2022**	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service cost	**$ 15,165,144**	$ 15,417,997	$ 15,577,246	$ 16,171,537	$ 15,232,372	$ 13,720,496	$ 12,906,811	$ 11,795,411	$ 12,306,795
Interest	**69,368,135**	67,381,190	67,095,944	65,045,122	63,015,047	57,800,541	56,164,518	53,832,182	51,809,378
Benefit changes	**-**	488,415	-	-	-	-	-	(1,277,929)	-
Difference between expected and actual experience	**(1,297,131)**	(1,635,336)	(3,398,414)	1,117,690	18,961	(4,242,257)	(2,210,692)	5,603,144	(278,357)
Assumption changes	**21,348,530**	-	(8,618,033)	10,022,465	4,771,684	52,573,659	11,676,037	11,026,357	-
Benefit payments	**(51,814,856)**	(54,280,486)	(52,250,292)	(51,014,104)	(49,726,168)	(44,576,144)	(41,900,843)	(35,874,016)	(37,501,400)
Refunds	**(1,603,924)**	(1,398,325)	(1,177,837)	(1,571,361)	(1,381,297)	(905,574)	(948,535)	(941,310)	(1,143,866)
Other (change in receivable from excess benefit plan)	**-**	-	-	-	-	-	-	311,076	311,077
Net change in total pension liability	**51,165,898**	25,973,455	17,228,614	39,771,349	31,930,599	74,370,721	35,687,296	44,474,915	25,503,627
Total pension liability, beginning	**948,951,480**	922,978,025	905,749,411	865,978,062	834,047,463	759,676,742	723,989,446	679,514,531	654,010,904
Total pension liability, ending (a)	**$ 1,000,117,378**	$ 948,951,480	$ 922,978,025	$ 905,749,411	$ 865,978,062	$ 834,047,463	$ 759,676,742	$ 723,989,446	$ 679,514,531
Plan fiduciary net position									
Contributions, employer	**$ 29,590,369**	$ 30,699,942	$ 31,475,030	$ 31,864,304	$ 31,892,485	$ 29,358,098	$ 27,783,852	$ 26,456,580	$ 25,602,030
Contributions, member	**9,285,205**	8,521,037	8,665,597	8,512,207	8,242,590	7,871,072	7,341,533	7,310,183	7,373,407
Net investment income (expense)	**(114,533,245)**	153,443,495	60,053,751	23,328,881	51,285,893	70,646,072	55,818,905	(5,048,406)	51,773,646
Benefit payments	**(55,507,283)**	(54,280,486)	(52,250,292)	(51,014,104)	(49,726,168)	(44,576,144)	(41,900,843)	(35,874,016)	(37,501,400)
Refunds	**(1,613,924)**	(1,398,325)	(1,177,837)	(1,571,361)	(1,381,297)	(905,574)	(948,535)	(941,310)	(1,143,866)
Administrative expenses	**(761,955)**	(697,962)	(808,094)	(827,919)	(730,118)	(703,539)	(677,509)	(706,283)	(668,851)
Other	**-**	-	-	-	-	(68,222)	-	-	-
Net change in plan fiduciary net position	**(133,540,833)**	136,287,701	45,958,155	10,292,008	39,583,385	61,621,763	47,417,403	(8,803,252)	45,434,966
Plan fiduciary net position, beginning	**848,745,475**	712,457,774	666,499,619	656,207,611	616,624,226	555,001,936	507,584,533	516,387,785	470,952,819
Plan fiduciary net position, ending (b)	**$ 715,204,642**	$ 848,745,475	$ 712,457,774	$ 666,499,619	$ 656,207,611	$ 616,623,699	$ 555,001,936	$ 507,584,533	$ 516,387,785
Net pension liability, ending (a) - (b)	**$ 284,912,736**	$ 100,206,005	$ 210,520,251	$ 239,249,792	$ 209,770,451	$ 217,423,237	$ 204,674,806	$ 216,404,913	$ 163,126,746
Plan fiduciary net positon as a percentage of the total pension liability	**71.51%**	89.44%	77.19%	73.59%	75.78%	73.93%	73.06%	70.11%	75.99%
Covered payroll*	**$ 88,213,744**	$ 88,446,616	$ 88,141,166	$ 84,980,438	$ 79,797,583	$ 77,013,213	$ 71,863,150	$ 82,359,302	$ 76,362,960
Net pension liability as a percentage of covered payroll	**322.98%**	113.30%	238.84%	281.54%	262.88%	282.32%	284.81%	262.76%	213.62%

*Covered payroll for the fiscal years ending on or after September 30, 2016 is estimated using the expected pensionable payroll from the Actuarial Valuation as of October 1 of the preceding year.

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

MIAMI BEACH EMPLOYEES' RETIREMENT PLAN

SCHEDULE OF CONTRIBUTIONS

Year Ended September 30,	Actuarially Determined Contributions	Actual Contributions	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2022	**$ 29,590,369**	**$ 29,590,369**	**$ -**	**$ 88,213,744**	**33.54%**
2021	30,699,942	30,699,942	-	88,446,616	34.71%
2020	31,475,030	31,475,030	-	88,141,166	35.71%
2019	31,864,304	31,864,304	-	84,980,438	37.50%
2018	31,892,485	31,892,485	-	79,797,583	39.97%
2017	29,358,098	29,358,098	-	77,013,213	38.12%
2016	27,783,852	27,783,852	-	71,863,150	38.66%
2015	26,317,983	26,456,580	(138,597)	82,359,302	32.12%
2014	25,602,030	25,602,030	-	76,362,960	33.53%

Valuation date:	October 1, 2020
Measurement date:	September 30, 2022
Notes:	
	Actuarially determined contribution are calculated as of October 1, which is two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method:	Entry age normal
Amortization method:	Level dollar, closed
Remaining amortization period:	29 years
Asset valuation method:	5-year smoothed market
Inflation:	2.50%
Salary increases:	3.75% to 6.10% depending on service, including inflation
Investment rate of return:	7.40%
Retirement age:	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality:	The same versions of the PUB-2010 Headcount-Weighted Mortality Tables and mortality improvement projection scale used for Regular Class members of the Florida Retirement System (FRS) in the July 1, 2020 actuarial valuation. Florida Statutes Chapter 112.63(1)(f) mandates the use of mortality tables from one of the two most recently published FRS actuarial valuation reports.
Other information:	See Discussion of Valuation Results in the October 1, 2020 Actuarial Valuation Report dated May 10, 2021 and the Actuarial Impact Statement dated June 11, 2021.

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

MIAMI BEACH EMPLOYEES' RETIREMENT PLAN

SCHEDULE OF PENSION INVESTMENT RETURNS

Year Ended September 30,	Annual Money Weighted Rate of Return, Net of Investment Expense
2022	**-14.70%**
2021	21.27%
2020	7.85%
2019	2.65%
2018	7.61%
2017	11.51%
2016	9.63%
2015	-2.61%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

SUPPLEMENTARY INFORMATION

MIAMI BEACH EMPLOYEES' RETIREMENT PLAN
SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

Schedule of Investment Expenses

	2022	2021
Financial management expense	$ 2,833,471	$ 3,103,493
Investment consultant fees	101,000	95,000
DROP service fees	4,805	2,369
Total investment expenses	$ 2,939,276	$ 3,200,862

Schedule of Administrative Expenses

	2022	2021
Personnel services		
Salaries and payroll taxes	$ 434,205	$ 406,334
Professional services		
Actuarial	49,271	47,786
Legal	60,000	60,000
Audit	21,000	20,500
Bookkeeping	4,200	4,200
Total professional services	134,471	132,486
Other		
Educational, dues and subscriptions	56,148	19,799
Insurance	51,229	51,907
Computer consultant	56,394	51,513
Printing and postage	26,867	29,821
Bank charges	2,141	984
Medical	500	5,118
Total other	193,279	159,142
Total administrative expenses	$ 761,955	$ 697,962

OTHER AUDITOR'S REPORT

MAULDIN & JENKINS
CPAs & ADVISORS

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

Board of Trustees and Plan Administrator
Miami Beach Employees' Retirement Plan
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 Employees' Retirement Plan (the "Plan") as of and for the year ended September 30, 2022, and the related notes to the financial statements, and have issued our report thereon dated February 14, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Plan's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Mauldin & Jenkins, LLC

Bradenton, Florida
February 14, 2023