NORTH MIAMI POLICE PENSION PLAN

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NORTH MIAMI POLICE PENSION PLAN
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INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

Board of Trustees
North Miami Police Pension Plan
North Miami, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the North Miami Police Pension (the "Plan"), 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 noted 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 fiduciary net position of the Plan, as of September 30, 2022, and the change 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 Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 6 to the basic financial statements, the Plan reported a prior period adjustment to the opening balances of the statement of fiduciary net position. Our opinion is not modified with respect to this matter.

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 Plan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 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.

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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.

Other Matter

Report on Comparative Information

The financial statements of the Plan as of fiscal year ended September 30, 2022, were audited by other auditors whose report dated March 25, 2022, expressed an unmodified opinion on those statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in the City's net pension liability and related ratios, the schedule of city contributions, and the schedule of investment returns on pages 4 – 9 and 21 – 23 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 Plan's basic financial statements. The schedule of administrative and investment expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of administrative and investment expenses is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 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 Plan's internal control over financial reporting and compliance.

Caballero Fierman Llerena & Garcia, LLP

Miami, Florida
June 28, 2023

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MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

The discussion and analysis of the City of North Miami's North Miami Police Pension Plan ("NMPPP") provides an overview of the financial activities and funding conditions for the fiscal years ended September 30, 2022 and 2021.

New auditors were engaged for the fiscal year ended September 30, 2022. The beginning net position was restated due to an error that was discovered related to discrepancies in the investments statements and the prior year closing balance. The restatement reduced the net position by $620,665.

Financial Highlights

The net results from operations for fiscal year 2021 reflected the following financial activities:

The CTSERS net results from operations for fiscal year 2022 reflected the following financial activities:

- A net decrease of $9,921,608 in net position (or 152.5%) compared to the prior year increase of $20,764,693. This was due primarily to $10,906,912 depreciation in fair value of investments in the current year compared to appreciation of $20,764,693 in the previous year.

- The statement of changes in fiduciary net position reflects the financial performance that occurred during the year. Employer contributions for the year increased from $4,545,250 in fiscal year 2021 to $5,035,642 in fiscal year 2022. The amounts of employer contributions vary from year to year and are actuarially determined while member contributions are equal to 11.51% of covered payroll.

- Due to actuarial requirements, employer contributions as a percentage of covered payroll increased from 61.12% to 62.36%.

- Liabilities decreased from $614,621 in 2021 to $26,605 in 2022 due to there being no outstanding amounts payable to broker for investments purchased in 2022.

- The plan experienced a decrease in net investment income of $11,714,369 from 2021 to 2022.

- Benefit payments and administrative expenses decreased slightly by 0.08% from $6,564,927 in 2021 to $6,559,643 in 2022

Statement of Fiduciary Net Position

The statement of fiduciary net position provides a snapshot of account balances at fiscal year end. 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 position value, or assets minus liabilities, represents the value of net position restricted for pension benefits. The NMPPP continues to be adequately funded. It is important to remember that retirement system funding is based on a long time horizon, and that temporary ups and downs in the market are to be expected.

The summary of fiduciary net position is presented below:

	September 30	
	2022	2021
Assets:		
Cash	$ 905,468	$ 465,297
Investments	93,041,638	104,487,850
Receivables	567,890	78,382
Other Assets	6,909	-
Total Assets	94,521,905	105,031,529
Liabilities	26,605	614,621
Net Position Restricted for Pension Benefits, as previously reported (See Note 6)	$ 94,495,300	$ 104,416,908

Statement of Changes in fiduciary Net Position

The statement of changes in fiduciary net position displays the effects of pension fund transactions that occurred during the fiscal year where additions less deductions equal the net increase or decrease in fiduciary net position.

The summary of changes in fiduciary net position is presented below:

	Fiscal Year Ended September 30	
	2022	2021
Additions		
Contributions	$ 6,080,392	$ 5,577,096
Investment income, net	(9,442,357)	21,156,726
Total Additions	(3,361,965)	26,733,822
Deductions		
Benefits paid to plan members	6,177,144	6,284,698
Administrative expenses	382,499	280,229
Total Deductions	6,559,643	6,564,927
Change in Net Position	(9,921,608)	20,168,895
Net Position Restricted for Pension Benefits		
Beginning of year, as previously reported (See Note 6)	104,416,908	84,248,013
End of year	$ 94,495,300	$ 104,416,908

Funding Status

Of primary concern to most pension plan participants is the amount of money available to pay benefits. A pension plan can become underfunded when the employer fails to make annual, actuarially required contributions to that plan. The City has traditionally contributed the annual required contribution to the NMPPP as determined by the Plan's actuary. The funded ratio this year is 75.8% compared to 75.0%

Net Pension Liability

With the implementation of Governmental Accounting Standards Board ("GASB") Statement No. 67, a measure of the accounting liability of the City of North Miami, Florida (the "City") is referred to as the net pension liability and is measured as of the Plan's year end and is presented in Note 4 and the required supplementary information section.

Plan Membership

Change in Plan Membership

	September 30		
	2022	2021	Change
Inactive plan members and beneficiaries currently receiving benefits	65	66	1
Inactive plan members entitled but not yet receiving benefits	2	1	(1)
Active plan members	74	79	5
Total Membership	141	146	5

Asset Allocation

The following table compares the Plan's policy target asset allocation to actual allocation for September 30, 2022 and 2021.

	2022		2021	
	Target	Actual	Target	Actual
Equities	60.00%	54.70%	60.00%	61.70%
Fixed Income	21.00%	20.20%	21.00%	19.90%
Real Estate	19.00%	23.50%	19.00%	17.20%
Cash	0.00%	1.40%	0.00%	1.20%

Investment Activities

Investment income is vital to the NMPPP for current and future financial stability. Therefore, the trustees have a fiduciary responsibility to act prudently and discreetly when making Plan investment decisions. To assist the board of trustees in this area, the board employs the services of an investment consultant to periodically review and update the investment policy.

The board and its investment consultant review portfolio performance quarterly. Performance is evaluated by individual money managers and by the asset class that each manager holds. Each performance is compared [a] to an internal benchmark (7.00% actuarial rate of return), [b] to a universe of peers and [c] to a broad financial benchmark (for example, S&P 500).

Overall performance results, gross of fees, for the Plan can be viewed in the table below:

Summary of Investment Returns

	September 30,		Annualized	
	2022	2021	3 Yr. Return	5 Yr. Return
Equities				
Fund Return	-17.21%	39.03%	6.82%	6.67%
Fund Policy	-18.55%	37.86%	5.21%	6.25%
Fixed Income				
Fund Return	-10.15%	-0.88%	-1.97%	-0.34%
Fund Policy	-11.27%	-0.52%	-2.04%	0.22%
Real Estate				
Fund Return	0.00%	13.73%	0.00%	-0.34%
Fund Policy	-11.27%	15.74%	-2.04%	0.22%
Total Fund				
Fund Return	-8.91%	26.13%	6.46%	6.33%
Fund Policy	-10.01%	25.02%	5.63%	5.92%

The Plan uses the S&P 500, S&P 600, S&P 400 and the MSCI Europe Australasia Far East ("EAFE") indices as its equities policy. The Barclays Capital Government Credit Index (BCGC) and the Barclays Capital Intermediate Government Credit Index (BCIGC) for its fixed income policy. Real estate investments are measured against the National Council of Real Estate Investment Fiduciaries ("NCREIF") index. The overall fund performance of the Plan is compared to the return of a portfolio comprised of the following:

Benchmarks per the Investment Policy

Russell 1000 Value (equities)	12%
Russell 1000 Growth (equities)	12%
Standard & Poor's 600 (equities)	12%
Standard & Poor's 400 (equities)	12%
MSCI Europe Australasia Far East (equities)	12%
Bloomberg Barclays Intermediate Government Credit	16%
Bloomerg Barcalys Aggregate Bond	5%
NCREIF Property Index	19%
	100%

Financial Analysis Summary

Performance for developed equity markets was strongly negative over the trailing1-year period. The primary drivers of return during the period were weakening global economic growth, more restrictive monetary policy from global central banks, and elevated inflation. The S&P500 large cap stock index led equity market performance for the year with a return of -15.5%. The outlier was the MSCI ACWI ex-US index which declined by -25.2% for the year.

Over the trailing 1-year period, international markets fell with the developed market MSCI EAFE Index returning -25.1% while the MSCI Emerging Markets Index fell by -28.1%. Global economic growth slowed throughout the year and both developed and emerging markets were negatively impacted by a strong USD and continued geopolitical concerns.

Bond market returns disappointed over the trailing 1-year period due primarily to concerns about rising inflation and the expectation of higher future interest rates. US TIPS were the best performing sector returning -11.6% while investment grade corporate bonds was the worst, falling -18.5%.

Real Estate one asset class that performed well over the last year. Continued strength in Industrial and Multi-Family properties due to strong rent growth was sufficient to compensate for the relatively weaker performing areas of Office and Retail which continue to struggle following COVID and lower occupancy and rent growth. For the last 12-months, the NCREIF ODCE (EW) index returned 22.76%.

The plan outperformed for the year (-8.91% vs. -9.84%) due to the very good relative performance from Newton who beat their benchmark by 10.31%. The fixed income portfolio with GHA was ahead of the index by 1.16%, while the real estate managers combined to outperform by 1.31%. The strong relative performance was negatively impacted by Logan and Harding Loevner returning less than their respective benchmarks.

Contacting the Plan's Financial Management

This financial report is designed to provide the Board of Trustees, Plan participants and the marketplace's 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 need additional financial information, please contact the Plan Administrator at 305-853-9393 or at the following address; 12000 Biscayne Blvd., Suite 508, North Miami, Florida 33181.

FINANCIAL STATEMENTS

NORTH MIAMI POLICE PENSION PLAN

STATEMENT OF FIDUCIARY NET POSITION

SEPTEMBER 30, 2022

(WITH COMPARATIVE INFORMATION AS OF SEPTEMBER 30, 2021)

ASSETS	2022	2021
Cash	$ 905,468	$ 465,297
Investments:		
Money market funds	778,974	3,516,551
U.S. treasuries	11,294,080	5,732,581
U.S. agencies	1,088,518	5,747,114
Corporate bonds	1,999,985	2,409,376
Common stock	20,545,795	26,051,900
Equity mutual fund	10,013,251	13,491,512
Real state funds	22,033,631	17,912,536
Bond index fund	4,567,841	5,043,008
Equity securities index funds	20,719,563	24,583,272
Total investments	93,041,638	104,487,850
Receivables:		
Due from broker	453,570	15,705
Plan member contributions	14,273	14,480
Accrued interest	80,857	37,406
Accrued dividends	19,190	10,791
Total receivables	567,890	78,382
Other assets	6,909	-
Total assets	94,521,905	105,031,529
LIABILITIES		
Due to Brokers	-	608,302
Payables	26,605	6,319
Total liabilities	26,605	614,621
NET POSITION		
Net position restricted for pension benefits	$ 94,495,300	$ 104,416,908

The accompanying notes are an integral part of these financial statements

NORTH MIAMI POLICE PENSION PLAN

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

(WITH COMPARATIVE INFORMATION FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021)

	2022	2021
ADDITIONS:		
Contributions:		
Employer	$ 5,035,642	$ 4,545,250
Plan members	962,068	845,591
State contributions	82,682	186,255
Total contributions	6,080,392	5,577,096
Investment income:		
Net increase (decrease) in fair value of investments	(10,906,912)	20,764,693
Interest	502,152	254,762
Dividends	1,617,602	478,568
	(8,787,158)	21,498,023
Less investment expenses	(655,199)	(341,297)
Net investment income	(9,442,357)	21,156,726
Total additions	(3,361,965)	26,733,822
DEDUCTIONS:		
Benefits paid to plan members		
Pension benefits	5,496,346	5,132,743
Lump sum retirement	653,457	1,093,240
Refund of member contributions	27,341	58,715
Total benefits paid to plan members	6,177,144	6,284,698
Administrative expenses	382,499	280,229
Total deductions	6,559,643	6,564,927
Change in net position	(9,921,608)	20,168,895
Net position restricted for pension benefits:		
Beginning of year	104,416,908	84,248,013
End of year	$ 94,495,300	$ 104,416,908

The accompanying notes are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements of the North Miami Police Pension Plan (the "Plan") are prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body establishing governmental accounting and financial reporting principles. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Interest and dividends are recorded as earned.

Method Used to Value Investments

Investments are reported at fair value except for money market funds which are reported at amortized cost. Net appreciation or depreciation in fair value of investments includes realized and unrealized gains and losses. Realized gains and losses are determined on the basis of average cost. Purchases and sales of securities are recorded on the trade-date. Dividends are recorded on the ex-dividend date.

Within certain limitations as specified in the Plan, the investment policy is determined by the Board of Trustees and is implemented by the Plan's investment managers. A financial consultant monitors the investment managers.

For more detail regarding the methods used to measure the fair value of investments refer to the fair value hierarchy in Note 3.

Uses of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires the Plan to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Comparative Information

The financial statements include certain prior year comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Plan's financial statements for the fiscal year ended September 30, 2021, from which the summarized comparative information was derived.

NOTE 2 – PLAN DESCRIPTION

The following brief description of the Plan is provided for general information purposes only. Participants should refer to the Plan document for more information.

Plan Description

The City of North Miami, Florida (the "City" or the "Employer") is the administrator of a single-employer defined benefit pension plan established to provide pension benefits for its employees. The Plan is administered by a seven member Board of Trustees comprised of three members occupying positions specifically designated by Ordinance and four elected police members.

NOTE 2 – PLAN DESCRIPTION (CONTINUED)

Plan Description (Continued)

Effective January 1, 1977, the City established a retirement system by Ordinance 748 for all employees hired on or after that date and for all employees under the City's then existing retirement system, the Clair T. Singerman Employees' Retirement System ("691 plan"), who elected to join the new Plan. Effective April 3, 1994, all general employees were transferred to the 691 plan. In effect, this Plan's membership is now restricted to sworn police personnel hired on or after January 1, 1977. This Plan provides retirement benefits as well as death and disability benefits. Since the Plan is a single-employer public employees' retirement system sponsored by the City, the Plan is considered part of the City's financial reporting entity and is included in the City's financial statements as a pension trust fund. The latest available actuarial valuation is as of October 1, 2021 (beginning of year valuation date); however, employer contribution requirements for the fiscal year ended September 30, 2022 were based on the October 1, 2020 valuation. Benefit and contribution provisions are established by City Ordinance and may be amended only by City Council.

Plan Membership

The membership in the Plan as of October 1, 2021 (the date of the latest actuarial valuation):

Inactive Plan members and beneficiaries currently receiving benefits	67
Inactive Plan members entitled but not yet receiving benefits	1
Active Plan members	79
Total membership	147

Effective December 1, 2016, the Plan was closed to new members. New police officers hired by the City will join the Florida Retirement System ("FRS"). Existing members to the Plan had the option to remain in the Plan or to choose to participate in the FRS. These members had the option of keeping their accrued benefits in the Plan or receiving refunds of member contributions.

Pension Benefits

Plan members become partially vested (25%) after 5 years credited service, increasing 15% annually, with full vesting after 10 years of credited service.

Normal retirement is the earlier of age 55 and 10 years of service or age 50 and 20 years of service. A member may elect to receive in a lump sum at retirement an amount, which is the actuarial equivalent of the benefits otherwise payable under the Plan.

Early retirement is available at age 50 and 10 years of service. For certain members hired on or before December 31, 2006, early retirement is also available after 20 years of service regardless of age.

Normal retirement benefits are based on 1% of average final compensation (AFC) multiplied by the years of service up to July 1, 1979, plus 3% of average final compensation for the years of service from June 30, 1979 to June 30, 1997; and 3.5% of AFC for the years of service on or after July 1, 1997. Additionally, accumulated Plan member contributions up to September 30, 1982, are payable to the member in a lump sum upon termination or retirement.

Terminated members with less than five years creditable service receive their contribution plus accrued interest accumulated since initial employment. Partially vested members receive the greater of member contributions plus accrued interest or the sum of member contributions prior to October 1, 1982, plus their vested benefits.

NOTE 2 - PLAN DESCRIPTION (CONTINUED)

Contributions and Funding Policy

Employees contribute 9.51% of their base salaries or wages based on the Plan's investment performance. Interest is credited annually on members' accumulated contributions at a rate of interest determined at the discretion of the Board of Trustees. The interest rate was 0.00% for 2021. Employer and state contributions for the fiscal year ended September 30, 2022 was 62.31% of covered payroll.

The Plan's funding policy provides for actuarially determined periodic employer contributions sufficient to pay the benefits provided by the Plan when they become due. The actuarial cost method used for determining the contribution requirements of the Plan is the Entry Age Normal.

Pursuant to Chapter 185, Florida Statutes, and the collective bargaining agreement of October 1, 2021, insurance premium tax monies received are shared between the City and the North Miami Police Share Plan. The net insurance premium tax received during the fiscal year was $82,682.

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits

Deposits, which include cash on hand, are covered by federal deposit insurance. At September 30, 2022, the Plan had an uninsured cash balance of approximately $655,468 with one financial institution.

Investments

All investments made or held by the Plan shall be limited to the following as per the Plan's investment policy:

1. Time, savings and money market deposit accounts of a national bank, a state bank or a savings and loan association insured by the Federal Deposit Insurance Corporation provided the amount deposited does not exceed the insured amount.
2. Obligations issued by the U.S. government or an agency or instrumentality of the U.S. government, including mortgage-related securities.
3. Domestic and international equities.
4. Fixed income investments defined as preferred issues and fixed income securities.
5. Money market funds, defined as fixed income securities having a maturity of less than one year.
6. Bonds issued by the State of Israel.
7. Commingled stock, bond or money market funds whose investments are restricted to securities meeting the criteria in items 1 through 6 above.
8. Domestic commercial real estate property holdings.

Maturity

Neither state law nor Plan investment policy limits maturity terms on fixed income holdings. As of September 30, 2022, the Plan had the following fixed income investments in its portfolio:

		Investment Maturities (in Years)			
Investment	Fair Value	Less than 1 year	1-5 Years	6-10 Years	More than 10 Years
U.S. Treasuries	$ 11,294,080	$ -	$ 7,508,337	$ 3,785,743	$ -
U.S. Agencies	1,088,518	-	-	-	1,088,518
Corporate Bonds	1,999,985	-	-	1,999,985	-
Total Fair Value	$ 14,382,583	$ -	$ 7,508,337	$ 5,785,728	$ 1,088,518

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk

Interest rate risk refers to the portfolio's exposure to fair value losses arising from increasing interest rates. The Plan does not have a formal investment policy that limits investment maturities as a means of managing its exposure to market value losses arising from increasing interest rates.

Rate of Return

For the fiscal year ended September 30, 2022, the annual money-weighted rate of return on pension plan investments, net of investment expense was -8.98%. 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.

Credit Risk

State law and the Plan’s investment policy limits investments in bonds, stocks, or other evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia, provided the corporation is listed on any one or more of the recognized national stock exchanges or on the National Market System of the NASDAQ Stock Market and, in the case of bonds only, holds a rating in one of the three highest classifications by a major rating service. The Plan's investment policy limits fixed income investments to a rating no lower than Standard & Poor's BBB to Moody's Baa.
The Plan's corporate bonds and agency bonds were all rated "A" or better under Standard & Poor's ratings and at least "A" under Moody's ratings.

The following tables disclose credit ratings of the fixed income securities, at September 30, 2022, as applicable:

Moody Credit Rating	Corporate Bonds	U.S. Agencies	U.S. Treasuries	Bond Index Fund	Total
AGY	$ -	$ 1,088,518	$ -	$ -	$ 1,088,518
A1	450,348	-	-	-	450,348
A2	669,072	-	-	-	669,072
A3	880,565	-	-	-	880,565
U.S. government guaranteed*	-	-	11,294,080	-	11,294,080
Total fair value	$ 1,999,985	$ 1,088,518	$ 11,294,080	$ -	$ 14,382,583

*Obligations of the U.S. government or obligations explicitly or implicitly guaranteed by the U.S. government are not considered to have credit risk and do not have purchase limitations

Concentration of Credit Risk

The Plan's investment policy stipulates that not more than 5% of Plan assets can be invested in the common stock of any one issuing company nor can the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of any company. As of September 30, 2022, the value of each position held by the Plan portfolio comprised less than 5% of fiduciary net position and less than 5% of the value of the outstanding capital stock of the respective company.

Custodial Credit Risk

This is the risk that in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are held by the counterparty. The Plan has third party custodial arrangements with financial institutions to accept securities on a delivery versus payment basis for direct purchase agreements. All securities purchased by the Plan are designated as an asset of the Plan in the Plan’s name and are held in safekeeping by the Plan’s custodial bank or a third party custodial institution.

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

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 such changes could materially affect the amounts reported in the statement of fiduciary net position. The Plan, through its investment advisor, monitors the Plan's investment and the risks associated therewith on a regular basis which the Plan believes minimizes these risks.

Fair Value Hierarchy

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

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 values based upon unobservable inputs.

The following is a description of the fair value techniques for the Plan's investments. Level 1 and 2 prices are obtained from various pricing sources by the Plan's custodian bank:

Money market funds are reported at amortized cost.

Equity securities traded on national or international exchanges are valued at the last reported sales price or current exchange rates (Level 1). This includes common stock, mutual fund equities and U.S. Treasury bonds and notes.

Debt securities classified as Level 2 are valued using pricing inputs that reflect the assumptions market participants would use to price an asset or liability and are developed based on market data obtained from sources independent of the reporting entity. This includes U.S. federal agencies, mortgage backed and collateralized securities, municipal bonds, and corporate obligations, including asset backed bonds and notes.

The Plan has investments in alternative assets consisting of real estate funds and collective investment trust funds which hold a variety of investment vehicles that do not have readily available market quotations. The alternative investments are measured at net asset value based on their proportionate share of the value of the investments as determined by the fund managers and are valued according to methodologies which include pricing models, discounted cash flow models and similar techniques.

Real estate partnerships provide quarterly valuations to the pension trust fund management. Individual properties are valued by the investment management at least annually and are adjusted as frequently as quarterly if material market or operational changes have occurred. Properties are generally externally appraised every one to five years, depending on the investment. Annual audits of partnerships include a review of compliance with each partnership's valuation policies.

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Hierarchy (Continued)

The fair value of collective investment trusts are determined by the fair values of the underlying holdings using reputable pricing sources and computing an overall net asset value per share. The holdings within each fund are publicly traded securities. The funds have daily openings and contributions and withdrawals can be made on a daily basis.

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

		Fair Value Measurements Using:		
Investments by fair value level	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities				
U.S. treasuries	$ 11,294,080	$ 11,294,080	$ -	$ -
U.S agencies	1,088,518	-	1,088,518	-
Corporate bonds	1,999,985	-	1,999,985	-
Total debt securities	14,382,583	11,294,080	3,088,503	-
Equity securities				
Common stock	20,545,795	20,545,795	-	-
Equity mutual fund	10,013,251	10,013,251	-	-
Total equity securities	30,559,046	30,559,046	-	-
Total investments by fair value level	44,941,629	$ 41,853,126	$ 3,088,503	$ -
Investments measured at				
Net Asset Value (NAV)				
Real estate funds	22,033,631			
Collective investment trust funds				
Bond index fund	4,567,841			
Equity securities index funds	20,719,563			
Total investments measured at NAV	47,321,035			
Money market funds (exempt)	778,974			
Total	$ 93,041,638			

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Hierarchy (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.

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible	Redemption Notice Period (Days)
Real estate funds	$ 22,033,631	$ -	Daily	10-90
Collective investment trust funds:				
Bond index fund	4,567,841	-	Daily	1
Equity securities index funds	20,719,563	-	Daily	1
Total investments measured at NAV	$ 47,321,035			

Fair Value Hierarchy (Continued)

Real estate funds – Consists of two real estate partnerships. One of the funds is an open end diversified core real estate commingled fund whose primary objective is to provide returns that are attractive to other asset classes with stable income and the potential for market appreciation. The fund invests primarily in core institutional quality industrial, multi family, office, and retail properties located throughout the United States, and is diversified by product type, geographic region, and economic exposure in order to mitigate investment risk. Requests for redemption in this fund may be made at any time with 10 days' notice. The other real estate fund held by the plan invests directly and indirectly in real estate using vehicles such as joint ventures, partnerships and other participation interests with real estate owners, developers and others. The fund seeks a diversified portfolio consisting of yield-driven real estate value added investments consisting of multi-family, industrial, retail, residential and mixed-use properties. The fund provides for redemptions with 90 days' notice.

Collective investment trust funds – Consists of three index funds considered commingled in nature which are designed to match the returns of their respective benchmark index. The objective of two of the funds is to match the returns of the S&P Small-Cap 600 Index and S&P MidCap 400 Index through investments in substantially all the stocks contained in those indexes respectively. The objective of the third fund is to match the return of the Bloomberg Barclays Aggregate U.S. Bond Index through investment in substantially all the bonds contained in that index. Each are valued at the net asset value held at the end of the period based upon the fair value of the underlying investments. These funds are open for withdrawal daily and provide for redemptions with 1 day notice.

NOTE 4 – NET PENSION LIABILITY OF THE CITY

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

Total pension liability	$ 132,960,355
Plan fiduciary net position	94,495,300
Net pension liability	$ 38,465,055
Plan fiduciary net position as a percentage of total pension liability	71.07%

NOTE 4 – NET PENSION LIABILITY OF THE CITY (CONTINUED)

Significant Actuarial Assumptions

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

Inflation	2.50%
Salary increases	3.50% - 9.00% depending on service
Investment rate of return	7.00%
Retirement age	Experience-based table of rates are specific to the type of eligibility condition.
Mortality table	The mortality tables are the PUB-2010 Headcount Weighted Safety Below Median Employee Male Table (pre-retirement), the PUB-2010 Headcount Weighted Safety Employee Female Table (pre-retirement), the PUB-2010 Headcount Weighted Safety Below Median Healthy Retiree Male Table (post-retirement) and the PUB-2010 Safety Healthy Retiree Female Table (post-retirement). These tables use ages set forward one year and mortality improvements to all future years after 2010 using scale MP-2018. These are the same rates used for Special Risk Class members in the July 1, 2020 Actuarial Valuation of the Florida Retirement System (FRS).

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 Group	Long Term Expected Real Rate of Return	Long Term Expected Real Rate of Return
Domestic Equity	48.00%	7.50%
International Equity	12.00%	8.50%
Domestic Bonds	21.00%	2.50%
International Bonds	0.00%	3.50%
Real Estate	19.00%	4.50%
Alternative Assets	0.00%	6.00%

Discount Rate

A single discount rate of 7.00% 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 7.00%. 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 pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension Plan investments (7.00%) was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 4 – NET PENSION LIABILITY OF THE CITY (CONTINUED)

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

Below is a table providing the sensitivity of the net pension liability of the City to changes in the discount rate. In particular, the table presents the Plan's net pension liability calculated using a discount rate of 7.00%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the discount rate:

1% Decrease	Current Single Discount Rate Assumption	1% Increase
6.00%	7.00%	8.00%
$ 56,812,570	$ 38,465,055	$ 23,402,103

NOTE 5 – TAX STATUS

The Internal Revenue Service has determined and informed the Plan by a letter dated September 26, 2014, that the Plan is designed in accordance with applicable sections of the Internal Revenue Code. Management believes that the Plan is currently being operated in compliance with the applicable requirements of the Internal Revenue Code.

NOTE 6 – PRIOR PERIOD ADJUSTMENTS

During the fiscal year ended September 30, 2022, the net position restricted for pension benefits of the Plan was adjusted due to adjustments in the opening balance of investments, cash, and the prior year net increase (decrease) in fair value of investments. This resulted in a total reduction of net position in the amount of $620,665.

REQUIRED SUPPLEMENTARY INFORMATION

NORTH MIAMI POLICE PENSION PLAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability:									
Service cost	$ 2,575,874	$ 2,728,817	$ 2,745,074	$ 2,884,226	$ 2,874,281	$ 2,736,585	$ 2,688,621	$ 2,364,576	$ 2,474,226
Interest	8,821,801	8,368,131	8,192,391	7,986,311	7,175,820	7,112,421	6,699,774	6,407,038	5,987,806
Difference between actual & expected experience	1,335,775	1,753,351	1,490,024	(2,846,387)	5,426,628	(586,971)	(722,729)	(2,551,912)	-
Assumption changes	1,640,630	1,560,253	(2,593,823)	1,471,145	1,422,393	2,910,987	1,055,450	973,319	-
Benefit payments	(6,149,803)	(6,225,983)	(5,351,111)	(4,686,763)	(4,550,105)	(4,280,161)	(2,859,026)	(2,992,356)	(3,537,499)
Refunds	(27,341)	(58,715)	-	(71,573)	(18,657)	(32,663)	(160,092)	-	(72,946)
Net change in total pension liability	8,196,936	8,125,854	4,482,555	4,736,959	12,330,360	7,860,198	6,701,998	4,200,665	4,851,587
Total pension liability - beginning	124,763,419	116,637,565	112,155,010	107,418,051	95,087,691	87,227,493	80,525,495	76,324,830	71,473,243
Total pension liability - ending (a)	$ 132,960,355	$ 124,763,419	$ 116,637,565	$ 112,155,010	$ 107,418,051	$ 95,087,691	$ 87,227,493	$ 80,525,495	$ 76,324,830
Plan fiduciary net position:									
Contributions - employer	$ 5,035,642	$ 4,545,250	$ 4,682,955	$ 4,724,031	$ 3,884,945	$ 3,744,407	$ 3,558,223	$ 3,358,659	$ 3,194,000
Contributions - employer (from State/Share Plan)	82,682	186,255	197,038	184,085	82,682	82,682	576,823	82,682	82,682
Contributions - member	962,068	845,591	875,237	907,850	932,232	1,153,440	1,014,411	846,576	791,906
Net investment income	(10,063,022)	21,777,391	3,509,502	420,126	8,694,199	6,933,826	5,759,158	1,672,653	4,798,319
Benefit payments	(6,149,803)	(6,225,983)	(5,351,111)	(4,686,763)	(4,550,105)	(4,280,161)	(2,859,026)	(2,992,356)	(3,537,499)
Refunds	(27,341)	(58,715)	-	(71,573)	(18,657)	(32,663)	(160,092)	-	(72,946)
Administrative expenses	(382,499)	(280,229)	(270,755)	(253,291)	(227,839)	(159,823)	(136,260)	(126,435)	(132,094)
Net change in plan fiduciary net position	(10,542,273)	20,789,560	3,642,866	1,224,465	8,797,457	7,441,708	7,753,237	2,841,779	5,124,368
Plan fiduciary net position - beginning	105,037,573	84,248,013	80,605,147	79,380,682	70,583,225	63,141,517	55,388,280	52,546,501	47,422,133
Plan fiduciary net position - ending (b)	$ 94,495,300	$ 105,037,573	$ 84,248,013	$ 80,605,147	$ 79,380,682	$ 70,583,225	$ 63,141,517	$ 55,388,280	$ 52,546,501
Net pension liability - ending (a) - (b)	$ 38,465,055	$ 19,725,846	$ 32,389,552	$ 31,549,863	$ 28,037,369	$ 24,504,466	$ 24,085,976	$ 25,137,215	$ 23,778,329
Plan fiduciary net position as a percentage of total pension liability	71.07%	84.19%	72.23%	71.87%	73.90%	74.23%	72.39%	68.78%	68.85%
Covered payroll*	$ 8,214,176	$ 8,887,506	$ 8,936,209	$ 9,667,188	$ 9,962,588	$ 9,058,510	$ 9,185,954	$ 8,901,956	$ 8,327,087
Net pension liability as a percentage of covered payroll	468.28%	221.95%	362.45%	326.36%	281.43%	270.51%	262.20%	282.38%	285.55%

*Estimated covered payroll

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present information for those years for which information is available.

NORTH MIAMI POLICE PENSION PLAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2022	$ 5,118,324	$ 5,118,324	$ -	$ 8,214,176	62.31%
2021	4,731,505	4,731,505	-	8,887,506	53.24%
2020	4,879,993	4,879,993	-	8,936,209	54.61%
2019	4,908,116	4,908,116	-	9,667,188	50.77%
2018	3,967,627	3,967,627	-	9,962,588	39.83%
2017	3,827,089	3,827,089	-	9,058,510	42.25%
2016	3,640,905	4,135,046	(494,141)	9,185,954	45.01%
2015	3,441,341	3,441,341	-	8,901,956	38.66%
2014	3,239,178	3,276,682	(37,504)	8,327,087	39.35%

Notes to Schedule of City Contributions

Valuation Date	10/1/2020
Notes	Actuarially determined contributions 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	25 years
Asset Valuation Method	Recognition of 20% of difference between market value of assets and expected actuarial value of assets
Inflation	2.50%
Salary Increases	3.50% to 9.00% depending on service
Investment Rate of Return	7.10%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	The mortality tables are the PUB-2010 Headcount Weighted Safety Below Median Employee Male Table (pre-retirement), the PUB-2010 Headcount Weighted Safety Employee Female Table (pre-retirement), the PUB-2010 Headcount Weighted Safety Below Median Healthy Retiree Male Table (post-retirement) and the PUB-2010 Safety Healthy Retiree Female Table (post-retirement). These tables use ages set forward one year and mortality improvements to all future years after 2010 using scale MP-2018. These are the same rates used for Special Risk Class members in the July 1, 2019 Actuarial Valuation of the Florida Retirement System (FRS).

NORTH MIAMI POLICE PENSION PLAN

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF INVESTMENT RETURNS

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Annual Money-Weighted Rate of Return, Net of Investment Expense	-8.98%	25.96%	4.94%	0.54%	12.26%	13.20%	8.07%	-0.99%	10.89%	13.72%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present information for those years for which information is available.

SUPPLEMENTARY INFORMATION

NORTH MIAMI POLICE PENSION PLAN

SCHEDULE OF ADMINISTRATIVE AND INVESTMENT EXPENSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022
(WITH COMPARATIVE INFORMATION FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021)

	2022	2021
Administrative expenses:		
Bookkeeping, secretarial, and telephone	$ 174,512	$ 83,808
Audit and legal services	48,000	54,575
Training	44,310	30,583
Actuarial services	35,852	27,861
Office expenses	15,615	25,427
Performing monitoring	12,360	18,180
Office lease expense	31,984	18,012
Bond insurance	19,807	16,130
Bank fees	59	5,653
Total administrative expenses	$ 382,499	$ 280,229
Investment expenses:		
Investment management fees	$ 614,763	$ 307,759
Custodial fees	40,436	33,538
Total investment management fees	$ 655,199	$ 341,297

COMPLIANCE SECTION

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 and Plan Administrator
North Miami Police Pension Plan
North Miami, 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 North Miami Police Pension Plan (the Plan), as of and for the fiscal year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise Plan's basic financial statements and have issued our report thereon dated June 28, 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as item 2022-01 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2022-02 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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.*

Plan's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Plan's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Plan's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Caballero Fierman Llerena & Garcia, LLP

Miami, Florida
June 28, 2023

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MATERIAL WEAKNESS

2022-01 Death check process

Criteria:

Changes to the census data including deaths of participants and retirees should include proper notification and review by the Plan Administrator and the Board of Trustees on a timely basis.

Condition:

During the performance of our audit planning and benefit payment procedures we noted that a monthly death audit is not performed by the Plan to ensure census data is accurate for the Plan.

Cause:

The communication and review process in place for death audits and census data did not involve the Board of Trustees and is it wasn't communicated in the monthly meetings.

Effect:

The Board of Trustees is not properly informed on a timely basis of any changes to deceased participants or retirees. Additionally, the Plan Administrator should be informed of the death audits on a timely basis to ensure the census data is accurate. Without a proper review and communication process, the census data may have errors or potentially could lead to fraudulent activity for benefit payments due to inaccurate reporting.

Recommendation:

We recommend the results of death audits to be communicated on a timely basis to the Board of Trustees and the Plan Administrator to ensure timely action to update the census data and benefit payments.

Management's response:

North Miami Police plan acknowledges the absence of a monthly death audit and recognizes the lack of proper notification and review by the Plan Administrator and the Board of Trustees. The significance of maintaining accurate census data is understood. To address this material weakness, they have implemented a monthly death audit process to ensure the verification of members in pay. Additionally, a Verification of Life procedure has been introduced to enhance the accuracy of their census data. The organization is committed to promptly communicating the results of these procedures to the Board of Trustees. By involving the Board of Trustees in the review process and facilitating effective communication, they aim to keep the relevant stakeholders properly informed of any changes to deceased participants or retirees in a timely manner. Furthermore, they will update their monthly meeting agenda to include discussions on death audits as needed, fostering improved communication and decision-making.

SIGNIFICANT DEFICIENCY

2022-02 Bank/Investment Reconciliation

Criteria:

Based on best practices, investment reconciliations are preferably prepared and reviewed within 30 days from the period end with the appropriate sign off as evidence of the completeness, the accuracy, and timeliness of the reconciliation. Properly reviewed investment reconciliations reduce the risk of errors, fraud, or possible misappropriations of assets.

Condition:

During the performance of our fieldwork procedures and discussion with the plan administrator, CFLG noted the Plan does not prepare monthly investment reconciliations for its investment account and lack of bank reconciliations timely review.

SIGNIFICANT DEFICIENCY (CONTINUED)

2022-02 Bank/Investment Reconciliation (Continued)

Cause:

Insufficient controls in place to ensure that investment reconciliations are prepared and monthly reviewed.

Effect:

Delays in the review/approval of the reconciliations can have a detrimental effect on the Plans contribution and benefit payments as a result of fraudulent activity to the accounts and misuse of funds. Timely preparation and review of account reconciliations can alert the Plan of unrecorded transactions and missed contributions towards the Plan.

Recommendation:

CFLG recommended the Plan implement internal controls associated with the preparation and review of investment reconciliations to ensure this process is completed within 30 days subsequent to the month end to ensure the accuracy and completeness of cash balances reported.

Management's response:

North Miami Police plan acknowledges that their practices did not meet the recommended monthly reconciliation requirements for the 2021-2022 fiscal year. Immediate action has been taken to address and rectify this situation. The organization has engaged the services of Jeanne Kennedy Bookkeeping, who will handle the monthly reconciliations going forward. The organization is confident that this arrangement will ensure the timely and accurate preparation of investment reconciliations.