

**City Pension Fund for
Firefighters and Police Officers
In the City of Miami Beach**

**Financial Statements
Years Ended September 30, 2013 and 2012**



Goldstein Schechter Koch
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

**City Pension Fund for Firefighters and Police Officers
In the City of Miami Beach
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Independent Auditors' Report

Board of Trustees
City Pension Fund for Firefighters and Police Officers in the
City of Miami Beach, Florida

We have audited the accompanying financial statements of the City Pension Fund for Firefighters and Police Officers in the City of Miami Beach (the "Plan"), which comprise the statements of plan net position, as of September 30, 2013 and 2012, and the related statements of changes in plan net position for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



**Independent Auditors' Report
(continued)**

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City Pension Fund for Firefighters and Police Officers in the City of Miami Beach as of September 30, 2013 and 2012, and changes in plan net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and required supplementary information as listed in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide my assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of the Plan. The accompanying supplemental schedules of investment expenses and administrative expenses (Other Supplementary Schedules) as listed in the accompanying table of contents are presented for purposes of additional analysis and are 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 audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Goldstein Schechter Koch, P.A.

Hollywood, Florida
December 19, 2013



*City Pension Fund for Firefighters and Police Officers
in the City of Miami Beach*



Management's Discussion and Analysis
(Required Supplementary Information - Unaudited)
September 30, 2013 and 2012

Our discussion and analysis of the City Pension Fund for Firefighters and Police Officers in the City of Miami Beach (the "Plan") financial performance provides an overview of the Plan's financial activities for the fiscal years ended September 30, 2013 and 2012. 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

- Plan assets exceeded liabilities at the close of the fiscal years ended September 30, 2013 and 2012 by \$698,522,566 and \$622,408,229, respectively (reported as net position held in trust for pension benefits). The Plan's net position is held in trust to meet future benefit payments. The increase of \$76,114,337 and \$99,540,326 of the respective years has resulted primarily from the changes in the fair value of the Plan's investments due to volatile financial markets.
- The Plan's funded ratio, a comparison of the actuarial value of assets to the actuarial accrued pension benefit liability, changed from 64.3% as of the October 1, 2010 valuation to 61.1% as of October 1, 2011 valuation and 60.4% as of the October 1, 2012.

- Receivables at September 30, 2013 increased by \$333,821 (or an 11% increase) due primarily the net of an increase in employee buybacks and a decrease in accrued interest and dividends.

Receivables at September 30, 2012 increased by \$497,435 (or a 19.5% increase) due primarily to an increase in receivable for employee buybacks.

- Liabilities at September 30, 2013 increased by \$2,354,784 (or a 23.9% increase) due primarily to increases in deferred retirement option plan payable.

Liabilities at September 30, 2012 decreased by \$3,790,029 (or a 27.8% decrease) due primarily to decreases in Deferred Retirement Option Plan participants' contributions and investment gains incurred by the Deferred Retirement Option Plan investment holdings and prepaid employer contributions.

Management's Discussion and Analysis
(Required Supplementary Information - Unaudited)
September 30, 2013 and 2012

Financial Highlights - continued

- For the fiscal year ending September 30, 2013, City contributions to the Plan increased by \$3,194,591 (or an 8.8% increase) based on the actuarial valuation. Actual employer contributions were \$39,371,501 and \$36,176,910 for 2013 and 2012, respectively. Contributions from the Share plan in the amounts of \$120,549 and \$120,549 were received in the fiscal years ending 2013 and 2012, respectively. These amounts represent the annual costs of adopting certain minimum benefits mandated by the State.

For the fiscal year ending September 30, 2012, City contributions to the Plan increased by \$3,485,889 (or a 10.7% increase) based on the actuarial valuation. Actual employer contributions were \$36,176,910 and 32,691,021 for 2012 and 2011, respectively. Contributions from the Share plan in the amounts of \$120,549 and \$120,549 were received in the fiscal years ending 2012 and 2011, respectively. These amounts represent the annual costs of adopting certain minimum benefits mandated by the State.

- For the fiscal year ending September 30, 2013, employee contributions including buybacks, increased by \$1,954,262 (or a 25.2% increase). Actual employee contributions, including buybacks, were \$9,717,336 and \$7,763,074 for 2013 and 2012, respectively. Employee contributions have fluctuated from year to year based on the number of active members and an increase in buybacks.

For the fiscal year ending September 30, 2012, employee contributions including buybacks, increased by \$2,237,679 (or a 40.5% increase). Actual employee contributions, including buybacks, were \$7,763,074 and \$5,525,395 for 2012 and 2011, respectively. Employee contributions have fluctuated from year to year based on the number of active members and an increase in buybacks.

- For the fiscal year ending September 30, 2013, net investment income decreased by \$23,473,694. Actual results were \$68,358,117 and \$92,213,224 in net appreciation in fair value of investments for 2013 and 2012, respectively, and \$16,143,057 and \$15,448,623, of income from interest and dividends for 2013 and 2012, respectively. Investment expenses increased by \$313,021 (or 12.1%).

For the fiscal year ending September 30, 2012, net investment income increased by \$108,122,950. Actual results were \$92,213,224 and (\$17,217,915) in net appreciation (depreciation) in fair value of investments for 2012 and 2011, respectively, and \$15,448,623 and \$16,712,242, of income from interest and dividends for 2012 and 2011, respectively. Investment expenses increased by \$44,570 (or 1.7%).

- For the fiscal year ending September 30, 2013, benefit payments and refunds of contributions increased by \$5,154,354 (or 10.6%).

For the fiscal year ending September 30, 2012, benefit payments and refunds of contributions increased by \$3,791,360 (or 8.4%).

- For the fiscal year ended September 30, 2013, administrative expenses decreased by \$53,206 (or 6.2%) due primarily to a decrease in legal fees.

For the fiscal year ended September 30, 2012, administrative expenses decreased by \$112,781 (or 11.6%) due to decrease in legal fees.

Management's Discussion and Analysis
(Required Supplementary Information - Unaudited)
September 30, 2013 and 2012

Plan Highlights

For the fiscal year ending September 30, 2013, the time-weighted return of the portfolio was 12.80% for the trailing year and ranked in the 30th percentile. Actual net returns from investments were a net income in 2013 of \$81,591,007 compared with net income of \$105,064,701 in 2012.

For the fiscal year ending September 30, 2012, the time-weighted return of the portfolio was 19.45% for the trailing year and ranked in the 15th percentile. Actual net returns from investments were a net income in 2012 of \$105,064,701 compared with net loss of (\$3,058,249) in 2011.

Overview of the Financial Statements

The basic financial statements include the Statements of Plan Net Position and Statements of Changes in Plan Net Position and Notes to the Financial Statements. The Plan also includes in this report additional information to supplement the financial statements.

The Plan presents two types of required supplementary schedules, which provide historical trend information about the Plan's funding. The two types of schedules include a schedule of funding progress and a schedule of contributions by employer and other contributing entity.

The Plan prepares its financial statements on the accrual basis of accounting and in accordance with generally accepted accounting principles in the United States of America. These statements provide information about the Plan's overall financial status.

Description of the Financial Statements

The *Statement of Plan Net Position* presents information that includes all of the Plan's assets and liabilities, with the balance representing the 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 employees, retirees and beneficiaries at that point in time.

The *Statement of Changes in Plan Net Position* reports how the Plan's net position changed during the fiscal year. The additions and deductions to net position are summarized in this statement. The additions include contributions to the retirement plans from employers (City) and employees and net investment income which include interest, dividends, investment expenses, and the net appreciation 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 two *Required Supplementary Schedules* included in this report as required by the Governmental Accounting Standards Board. The *Schedule of Funding Progress* presents historical trend information about the actuarially determined funded status of the Plan from a long-term, ongoing plan perspective, and the progress made in accumulating sufficient assets to fund benefit payments as they become due. The *Schedule of Employer and Other Contributing Entity* presents historical trend information about the annual required contributions of employers and percentage of such contributions in relation to actuarially determined requirements for the years presented.

Management's Discussion and Analysis
(Required Supplementary Information - Unaudited)
September 30, 2013 and 2012

Description of the Financial Statements - continued

Additional information is presented as part of *Other Supplementary Schedules*. This section is not required but management has chosen to include it. It includes *Schedules of Investment Expenses and 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.

Statements of Plan Net Position

The table below reflects condensed comparative statements of plan net position as of September 30:

	2013	2012	2011
Investments	\$ 707,321,650	\$ 629,186,350	\$ 533,933,488
Receivables	3,376,417	3,042,596	2,545,161
Cash	20,000	20,000	20,000
Total assets	710,718,067	632,248,946	536,498,649
Liabilities	12,195,501	9,840,717	13,630,746
Net position held in trust for pension benefits	\$ 698,522,566	\$ 622,408,229	\$ 522,867,903

Statements of Changes in Plan Net Position

The table below reflects a condensed comparative summary of the changes in net position and reflects the activities of the Plan for the fiscal years ended September 30:

	2013	2012	2011
Additions:			
Contributions			
City	\$ 39,371,501	\$ 36,176,910	\$ 32,691,021
Employees	9,717,336	7,763,074	5,525,395
Share plan	120,549	120,549	120,549
Total	49,209,386	44,060,533	38,336,965
Net investment income (loss)	81,591,007	105,064,701	(3,058,249)
Total additions	130,800,393	149,125,234	35,278,716
Deductions:			
Benefits paid	53,692,932	48,520,389	44,826,829
Participants' contributions refunded	187,205	205,394	107,594
Administrative expenses	805,919	859,125	971,906
Total deductions	54,686,056	49,584,908	45,906,329
Net increase (decrease)	76,114,337	99,540,326	(10,627,613)
Net position held in trust for pension benefits			
at beginning of year	622,408,229	522,867,903	533,495,516
Net position held in trust for pension benefits			
at end of year	\$ 698,522,566	\$ 622,408,229	\$ 522,867,903

Management's Discussion and Analysis
(Required Supplementary Information - Unaudited)
September 30, 2013 and 2012

Statements of Changes in Plan Net Position - continued

The Plan's investment activity, 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 the end of the fiscal year ended September 30, 2013, the domestic equity portion comprised 56.4% (\$392,379,622) of the total portfolio, net of DROP mutual funds. The allocation to fixed income securities was 32.9% (\$228,697,338), while cash and short-term investments comprised 2.6% (\$18,149,793). The portion of investments allocated to international equity was \$32,494,167 or 4.7% and to real estate was \$23,813,474 or 3.4% of the total portfolio, net of DROP mutual funds.

At the end of the fiscal year ended September 30, 2012, the domestic equity portion comprised 52.6% (\$325,756,849) of the total portfolio, net of DROP mutual funds. The allocation to fixed income securities was 36.4% (\$225,589,620), while cash and short-term investments comprised 3.3% (\$20,191,667). The portion of investments allocated to international equity was \$27,540,730 or 4.4% and to real estate was \$20,718,896 or 3.3% of the total portfolio, net of DROP mutual funds.

The target asset allocation was as follows, at September 30:

	2013	2012
Domestic equity	50%	51%
Fixed income	35%	35%
International equity	5%	5%
Real estate equity	5%	4%
Cash/short-term investments	5%	5%

Contacting the Plan's Financial Management

This financial report is designed to provide the Retirement Board, our membership, taxpayers, investors, and creditors with a general overview of the Plan's finances and to demonstrate the Plan's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City Pension Fund for Firefighters and Police Officers in the City of Miami Beach, 1691 Michigan Avenue, Suite 355, Miami Beach, Florida 33139.

City Pension Fund for Firefighters and Police Officers
In The City of Miami Beach
Statements of Plan Net Position
September 30, 2013 and 2012

	2013	2012
Assets		
Cash	\$ 20,000	\$ 20,000
Receivables:		
Retainer receivable	-	7,500
Employee buybacks	1,222,109	451,295
Receivable for securities sold	-	82,357
Accrued interest and dividends	2,154,308	2,501,444
Total receivables	3,376,417	3,042,596
Investments, at fair value:		
Short-term investments	18,129,793	20,171,667
U.S. government securities	23,145,088	32,002,383
Common stocks	329,803,640	256,951,845
Domestic equity fund	62,575,982	68,805,004
International equity fund	32,494,167	27,540,730
Domestic corporate bonds	154,983,512	148,372,189
International fixed income	50,568,738	45,215,048
Real estate fund	23,813,474	20,718,896
Mutual funds self-directed DROP participants	11,807,256	9,408,588
Total investments	707,321,650	629,186,350
Total assets	710,718,067	632,248,946
Liabilities		
Accrued expenses	388,245	321,471
Payable for securities purchased	-	110,658
Deferred retirement option plan payable	11,807,256	9,408,588
Total liabilities	12,195,501	9,840,717
Net position held in trust for pension benefits	\$ 698,522,566	\$ 622,408,229

(a schedule of funding progress is presented on Page 25)

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

**City Pension Fund for Firefighters and Police Officers
In The City of Miami Beach
Statements of Changes in Plan Net Position
For the Years Ended September 30, 2013 and 2012**

	2013	2012
Additions		
Contributions:		
City	\$ 39,371,501	\$ 36,176,910
Share plan	120,549	120,549
	<u>39,492,050</u>	<u>36,297,459</u>
Employees:		
Contributions	5,091,354	5,327,374
Buybacks	4,625,982	2,435,700
Total employees	<u>9,717,336</u>	<u>7,763,074</u>
Total contributions	<u>49,209,386</u>	<u>44,060,533</u>
Investment income:		
Net appreciation in fair value of investments	68,358,117	92,213,224
Interest and dividends	16,143,057	15,448,623
Total investment income	<u>84,501,174</u>	<u>107,661,847</u>
Less: investment expenses	<u>2,910,167</u>	<u>2,597,146</u>
Net investment income	<u>81,591,007</u>	<u>105,064,701</u>
Total additions	<u>130,800,393</u>	<u>149,125,234</u>
Deductions		
Benefits paid	53,692,932	48,520,389
Participants' contributions refunded	187,205	205,394
Administrative expenses	805,919	859,125
Total deductions	<u>54,686,056</u>	<u>49,584,908</u>
Net increase	76,114,337	99,540,326
Net position held in trust for pension benefits:		
Beginning of period	622,408,229	522,867,903
End of period	<u>\$ 698,522,566</u>	<u>\$ 622,408,229</u>

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

**City Pension Fund for Firefighters and Police Officer's
In the City of Miami Beach**
Notes to Financial Statements
September 30, 2013 and 2012

Note 1 – Description of the Plan

Organization

The City Pension Fund for Firefighters and Police Officers in the City of Miami Beach (the "Plan") was f/k/a City Pension Fund for Firemen and Policemen - City of Miami Beach and City Supplemental Pension Fund for Firefighters and Police Officers - City of Miami Beach. The former plans were merged and the name was changed to City Pension Fund for Firefighters and Police Officers in the City of Miami Beach. The Plan is a single employer defined benefit pension plan established by the City of Miami Beach, Florida (the "City") and was created under Chapter 23414, Laws of Florida, Special Acts of 1945, as amended through November 17, 2010. Since the Plan is sponsored by the City, it is included as a pension trust fund in the City's comprehensive annual financial report as part of the City's financial reporting entity.

The following is a brief description of the Plan provided for general information purposes only. Members should refer to the Plan document for more complete information. The Plan document governs in the event a question arises.

Members

Members are substantially all police officers and firefighters employed by of the City of Miami Beach, Florida. Members are further divided in the following two tiers:

Tier One members are those hired prior to July 14, 2010.

Tier Two members are those hired on or after July 14, 2010.

At October 1, the Plan membership consisted of:

	2012	2011
Active Members	428	457
Deferred Vested Members	16	15
	<u>444</u>	<u>472</u>
Retired Members:		
a. Service	534*	498*
b. Disabled	56	56
c. Beneficiaries	92	90
	<u>682</u>	<u>644</u>
Total	<u>1,126</u>	<u>1,116</u>

*Including members in the DROP

Contributions

All members are required to contribute 10% of their salary to the Plan.

**City Pension Fund for Firefighters and Police Officer's
In the City of Miami Beach**
Notes to Financial Statements
September 30, 2013 and 2012

Note 1 – Description of the Plan - continued

Service retirement benefits

Tier One members

Any member may retire on a service retirement pension upon the attainment of age 50 or, if earlier, the date when age and length of creditable service equals to at least 70 years.

Upon retirement, a member will receive a monthly pension, payable for life, equal to 3% of the average monthly salary, as defined in the Plan ordinance, for each of the first 15 years of creditable service and 4% of the average monthly salary for each year of creditable service in excess of 15 years, provided that the pension does not exceed 90% of the average monthly salary. The average monthly salary of the employee is computed based on the salary for the two highest paid years prior to the date of retirement or the average of the last 2 paid years to the employee prior to the date of retirement subject to the following limitation:

- a. For firefighter members, the inclusion of overtime in the employee's salary for the two highest paid years or last two years, as the case may be, shall be limited in each year to an amount which, when combined with compensation for off duty services and the value of any accrued sick and/or vacation leave that is included in a member's salary for pension contribution and benefit purposes is equal to 11% of the highest annualized pay rate for the same salary rank that the member is in at the time of retirement.
- b. For police officer members, the inclusion of overtime in the member's salary for the two highest-paid years or last two years, as the case may be, shall be limited in each year to an amount which, when combined with compensation for off duty services and the value of any accrued sick and/or vacation leave that is included in a member's salary for pension contribution and benefit purposes, is equal to 70% of the difference between the member's annualized pay rate at retirement and the highest annualized pay rate for the next higher salary rank.

Tier Two members

Any member may retire on a service retirement pension upon the attainment of age 50 or, if earlier, the date when the member attains age 48 and length of creditable service equals to at least 70 years.

Upon retirement, a member will receive a monthly pension, payable for life, equal to 3% of the average monthly salary, as defined in the Plan ordinance, for each of the first 20 years of creditable service and 4% of the average monthly salary for each year of creditable service in excess of 20 years, provided that the pension does not exceed 90% of the average monthly salary. The average monthly salary of the employee is computed based on the salary for the three highest paid years prior to the date of retirement or the average of the last 3 paid years to the employee prior to the date of retirement subject to the following limitations:

- a. For firefighter members, all compensation received for overtime pay and off duty services received through the City shall be included in member's salary for pension contribution and benefit purposes; in no event shall the amount exceed 11% of the highest annualized pay rate for the same salary rank at the time of retirement.

**City Pension Fund for Firefighters and Police Officer's
In the City of Miami Beach
Notes to Financial Statements
September 30, 2013 and 2012**

Note 1 – Description of the Plan - continued

Service retirement benefits - continued

Tier Two members - continued

- b. For police officer members, all compensation received for overtime pay and off duty services received through the City shall be included in member's salary for pension contribution and benefit purposes. In no event shall the amount exceed 70% of the difference between the member's annualized pay rate and the highest annualized pay rate for the next higher salary rank.

Disability benefits

Service connected - Any member who becomes totally and permanently disabled at any time as a result of illness or injury suffered in the line of duty may be retired on an accidental disability pension. For a service connected disability, the minimum pension payable is 85% of monthly salary of the employee at the time of disability retirement, less any offset for worker's compensation.

Non-service connected - Any member who becomes totally or permanently disabled after 5 years of creditable service as a result of illness or injury not suffered in the line of duty may be retired on an ordinary disability retirement pension. Upon disability retirement, a member receives a monthly pension equal to their service retirement benefits. For a non-service connected disability, the pension is the accrued benefit after 5 years of creditable service.

Death benefits

The Plan also provides benefits for beneficiaries of members for service connected and non-service connected death.

Cost of living adjustment

Tier One members

All retirees and beneficiaries receiving a monthly pension as of September 30, 2010 will receive a 2.5% increase in benefits on October 1st of each year. Members that retire on or after September 30, 2010 will receive a 2.5% increase in benefits annually on the anniversary date of the member's retirement.

Tier Two members

All retirees and beneficiaries will receive a 1.5% increase in benefits annually on the anniversary date of the member's retirement.

Refund of employee contributions

If a member resigns or is lawfully discharged before retirement, their contributions with 3% interest per annum are returned to them. The Plan also provides a special provision for vested benefits for members who terminate after 10 years of service.

**City Pension Fund for Firefighters and Police Officer's
In the City of Miami Beach**
Notes to Financial Statements
September 30, 2013 and 2012

Note 1 – Description of the Plan - continued

Deferred retirement option plan

All Members

DROP participants have self-directed accounts, and the rate of return earned will therefore depend on the return of the particular accounts selected by the individuals. Once a member enters the DROP, their monthly retirement benefit is fixed, and their monthly benefit is paid into their DROP account. Upon termination of employment, the balance in the member's DROP account, including earnings, is payable to them and they also begin to receive their previously fixed monthly retirement benefit. The DROP is administered by the Plan's Board of Trustees.

Tier One members

An active member may enter into the Deferred Retirement Option Plan (the "DROP") on the first day of any month after attainment of age 50 or rule of 70 retirement and becoming eligible to receive a service retirement pension. Upon becoming eligible to participate in the DROP, a member may elect to enter that program for a period not to exceed 36 months. Members who enter the DROP on or after September 1, 2012 shall be eligible to participate for a period not to exceed 60 months. Members who enter the DROP on or after September 1, 2012 shall receive a 0% COLA adjustment for the 3rd and 4th annual adjustment dates, regardless of whether the member remains in the DROP for the maximum 60 month period. Further, any member who exits the DROP within 6 months following the date of DROP entry shall be eligible to the 2.5% COLA adjustment.

Tier Two members

An active member may enter into the Deferred Retirement Option Plan (the "DROP") on the first day of any month after attainment of age 50 or, if earlier, the date when the member attains age 48 and length of creditable service equals to at least 70 years. Upon becoming eligible to participate in the DROP, a member may elect to enter that program for a period not to exceed 60 months. Members shall receive a 0% COLA adjustment for the 3rd and 4th annual adjustment dates, regardless of whether the member remains in the DROP for the maximum 60 month period. Further, any member who exits the DROP within 6 months following the date of DROP entry shall be eligible to the 1.5% COLA adjustment.

Other benefits

Effective November 4, 2003, a member who retires, enters the DROP, or separates from City employment and is entitled to service or disability benefits may elect, in lieu of such benefits, a joint and contingent survivor option, at any time prior to retirement. Under the joint and contingent survivor option, the member shall receive an actuarially adjusted retirement benefit during the member's lifetime, and have the same monthly benefit (or designated percentage of 25%, 50%, 66-2/3% or 75% thereof) continued after the member's death to and for the lifetime of the member's designated joint pensioner. The election of the joint and contingent survivor option shall be null and void if the designated joint pensioner dies before the member's retirement. The value of the joint and contingent survivor option shall be actuarially equivalent to the value otherwise payable.

**City Pension Fund for Firefighters and Police Officer's
In the City of Miami Beach
Notes to Financial Statements
September 30, 2013 and 2012**

Note 1 – Description of the Plan - continued

Other benefits - continued

In the alternative and in lieu of the normal form of benefit, the member may, at any time prior to retirement, elect to receive a lifetime retirement benefit with 120 monthly payments guaranteed. If the member should die before 120 monthly payments are made, benefits will continue to be paid to the member's designated beneficiary for the balance of the 120 month period. If the retired member is living after 120 monthly payments are made, the payments shall be continued for the member's remaining lifetime.

Termination

In case of termination of the Plan, benefits accrued to members to the extent funded will be non-forfeitable.

Funding Requirements

The City is required to pay into the Plan such amounts as necessary to maintain the actuarial soundness of the Plan and to provide the Plan with assets sufficient to meet the benefits to be paid the members. The City contribution is reduced by any available State (Share Plan).

Investments

The Plan has contracts with investment counselors who supervise and direct the investment of equity and fixed income securities. In addition, the Plan utilizes an investment consultant who monitors the investing activity. The Plan requires the City of Miami Beach to be custodian of all assets. The City in turn has a custodial agreement with a trust company which provides for the custody and handling of all transactions. The Plan provides for investment in U.S. Government securities, money market funds, bonds, notes, real estate, common stock, private placement international bond funds and international equity securities.

Note 2 - Summary of Significant Accounting Policies

Basis of accounting

The Plan financial statements are prepared using the accrual basis of accounting. Employee 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. Share plan contributions are recognized as revenues in the period in which they are approved by the State. 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 recorded at fair value in the Statement of Plan Net Position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The diversity of the investment types in which the Trust 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:

**City Pension Fund for Firefighters and Police Officer's
In the City of Miami Beach**
Notes to Financial Statements
September 30, 2013 and 2012

Note 2 - Summary of Significant Accounting Policies - continued

Investments - continued

- Short-term investments consist primarily of money market funds, commercial paper and similar instruments with maturities of less than one year. Short term investments are reported at fair value or at cost or amortized cost, which approximates fair value. For those investments which are reported at fair value, the investments are valued using similar methodologies as described within the debt securities section below.
- Debt securities: Debt securities consist primarily of negotiable obligations of the U.S. government and U.S. government-sponsored agencies, corporations, securitized offerings backed by residential and commercial mortgages, foreign debt securities and private placement funds (included in international fixed income in the statement of plan net position). 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's type.
- Equity securities: These include common stock, domestic and international equity funds. Domestic securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the fiscal year. Securities traded in the over-the counter market and listed securities for which no sale was reported on that date are valued at the last reported bid price. International equities are valued based upon quoted foreign market prices and translated into U.S. dollars at the exchange rate in effect at September 30, 2013 and 2012. 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.
- Real estate: Real estate funds are valued using their respective net asset value ("NAV") as of September 30, 2013 and 2012. The most significant input into the NAV of such funds is the fair value of the investment holdings. These holdings are valued by the general partners on a quarterly or semi-annual basis, in conjunction with management and investment advisors.

Unrealized gains and losses are presented as net appreciation in fair value of investments on the statement of changes in plan net position along with gains and losses realized on sales of investments. Purchases and sales of investments are recorded on a trade-date basis.

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 statements of plan net position.

**City Pension Fund for Firefighters and Police Officer's
In the City of Miami Beach**
Notes to Financial Statements
September 30, 2013 and 2012

Note 2 - Summary of Significant Accounting Policies - continued

Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, the actual results could differ from those estimates.

Income Tax Status

The Plan is tax exempt under the Internal Revenue Code, and, therefore, has recorded no income tax liability or expense.

Risk and Uncertainties

Contributions to the Plan and the actuarial information included in the required supplementary information ("RSI") are reported based on certain assumptions pertaining to the interest rates, inflation rates and employee compensation and demographics. Due to the changing nature of these assumptions, it is at least reasonably possible that changes in these assumptions may occur in the near term and, due to the uncertainties inherent in setting assumptions, that the effect of such changes could be material to the financial statements.

Recently Adopted Accounting Pronouncements

The Plan has adopted Governmental Accounting Standards Board ("GASB") Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position (GASB Statement No. 63). The adoption of this Statement resulted in a change in the presentation of the Statement of Plan Net Assets to what is now referred to as the Statement of Plan Net Position and the term "net assets" is changed to "net position" throughout the financial statements.

Subsequent Events

Management has evaluated subsequent events through December 19, 2013, the date which the financial statements were available for issue.

**City Pension Fund for Firefighters and Police Officer's
In the City of Miami Beach**
Notes to Financial Statements
September 30, 2013 and 2012

Note 3 - Funded Status and Funding Progress

The funded status of the Plan as of October 1, 2012, the most recent actuarial valuation date, is as follows:

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability AAL	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
10/1/12	\$ 545,067,653	\$ 902,778,465	\$ 357,710,812	60.4%	\$ 46,313,650	772.4%

The schedule of funding progress, presented as required supplementary information ("RSI") following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan position is increasing or decreasing over time relative to the AAL for benefits.

Additional information as of the latest actuarial valuation follows:

Valuation Date:	10/1/12
Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level percent closed
Remaining Amortization Period:	20 to 30 years
Asset Valuation Method:	Market Related Value
Actuarial assumptions:	
Investment rate of return	8.00%
Projected salary increases	2.87% - 9.87%
Includes projected payroll	3.50%
Cost-of-living adjustments	0%

**City Pension Fund for Firefighters and Police Officer's
In the City of Miami Beach**
Notes to Financial Statements
September 30, 2013 and 2012

Note 4 - Contributions

Actual contributions

The actual contributions from the City of Miami Beach and the Share Plan for active employees for the fiscal years ended September 30, 2013 and 2012, amounted to \$39,492,050 and \$36,297,459, respectively, and the actual amount of covered payroll was approximately \$49,730,000 and \$53,270,000, respectively. The contributions consisted of the following for the fiscal years ended September 30:

	2013		2012	
	Amount	Percent of Actual Annual Covered Payroll	Amount	Percent of Actual Annual Covered Payroll
City contributions	\$ 39,371,501	79.2%	\$ 36,176,910	67.9%
Share Plan	120,549	0.2	120,549	0.2
Total contributions from employer and other contributing entities	\$ 39,492,050	79.4%	\$ 36,297,459	68.1%

	2013		2012	
	Amount	Percent of Actual Annual Covered Payroll	Amount	Percent of Actual Annual Covered Payroll
Employee contributions	\$ 5,091,354	10.2%	\$ 5,327,374	10.0%
Employee buybacks/transfers	4,625,982	9.3	2,435,700	4.6
Total contributions from employees	\$ 9,717,336	19.5%	\$ 7,763,074	14.6%

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 contribution) that best fits the funding requirements of the Plan. For the years ended September 30, 2013 and 2012, the Plan selected to use the fixed dollar contribution amount.

The contributions required from the City, and the Share Plan for the fiscal years ended September 30, 2013 and 2012, were actuarially determined by the October 1, 2011 and 2010 valuations to be \$39,492,050 and \$36,296,459, respectively. The updated amount of actuarially computed annual covered payroll used in October 1, 2011 and 2010 valuations was \$49,186,724 and \$49,718,966, respectively.

**City Pension Fund for Firefighters and Police Officer's
In the City of Miami Beach**
Notes to Financial Statements
September 30, 2013 and 2012

Note 4 – Contributions - continued

Actuarially determined contributions - continued

The required City and Share Plan contributions cover the following for the fiscal years ended September 30:

	2013		2012	
	Amount	Percent of Actuarially Computed Covered Payroll	Amount	Percent of Actuarially Computed Covered Payroll
Normal cost	\$ 17,593,392	35.8%	\$ 17,427,104	35.1%
Amortization of Unfunded liability and other costs	21,898,658	44.5	18,870,355	38.0
Total required from City and Share Plan	\$ 39,492,050	80.3%	\$ 36,297,459	73.1%

Note 5 - Deposits and Investment Risk Disclosures

Investment Authorization

The Plan's investment policy is determined by the Board of Trustees. The policy has been identified by the Board to achieve a favorable rate of return using both absolute and relative measures against inflation, preservation of capital and long term growth, which will keep the Plan actuarially sound. The Trustees are authorized to acquire and retain every kind of property investment.

Types of Investments

The Plan's investment policy allowed for investment in bonds, equities, commercial paper, savings accounts, government securities, real estate, insurance contracts of domestic corporations and bonds issued by the State of Israel as follows:

Short-term investments

- a. 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.
- b. Money market obligations issued by the United States Government or in obligations guaranteed as to principal and interest by the United States government.

**City Pension Fund for Firefighters and Police Officer's
In the City of Miami Beach
Notes to Financial Statements
September 30, 2013 and 2012**

Note 5 - Deposits and Investment Risk Disclosures - continued

Types of Investments - continued

Equity

1. Domestic and International Equities: equities defined as common stocks and issues convertible to equities, provided:
 - a. Each holding shall be listed on a major U.S. exchange (excluding Wellington who may hold Private Placements).
 - b. Not more than five percent (5%) of the market value of the Plan's total assets shall be invested in the common stock or capital stock of any one issuing company, nor shall the aggregate investment in any one issuing company be equal to or exceed five percent (5%) of the outstanding capital stock of the company.
2. The use of un-hedged and/or leveraged derivatives will not be allowed in any form, except Wellington who may have up to fifteen percent (15%) maximum, in their total fund portfolio.

Fixed Income

1. Short-term investments
 - a. 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.
 - b. Money market funds, defined as fixed income securities having a maturity of less than one year, provided that all issues shall meet or exceed Standard & Poor's A1, or Moody's P1 credit rating.
2. Obligations issued by the U.S. government or an agency or instrumentality of the U.S. government, including mortgage-related securities, or foreign bonds or other evidence of indebtedness denominated in United States Dollars. The U.S. government securities which may be purchased include direct obligations issued by the United States Treasury, such as Treasury bills, certificates on indebtedness, notes and bonds as well as instruments issued or guaranteed by agencies or instrumentalities of the United States government, including mortgage-related securities. Mortgage-related securities or asset-backed securities not issued by the U.S. government or an agency or instrumentality thereof may also be purchased.
3. Fixed income investments defined as preferred issues and fixed income securities provided:
 - a. All corporate debt issues (Bonds, Notes, Debentures at the time of purchase) shall be rated in the highest three (3) categories of quality by any of the following listed services: Moody's, Standard and Poor's, or Fitch's Manual. Anything herein to the contrary notwithstanding, a maximum of 25% of the Inverness bond portfolio may be rated in the fourth (4) highest categories.
 - b. Any issue, if downgraded below the fourth (4) highest category by two (2) of the three (3) of the above mentioned ratings services must either be sold or specifically approved for retention by the Board of Trustees.
4. Bonds issued by the State of Israel.

**City Pension Fund for Firefighters and Police Officer's
In the City of Miami Beach
Notes to Financial Statements
September 30, 2013 and 2012**

Note 5 - Deposits and Investment Risk Disclosures - continued

Types of Investments – continued

Fixed Income - continued

5. Commingled stocks, bonds private placement international bond funds or money market funds whose investments are restricted to securities meeting the above criteria.
6. In addition to the above, Inverness Counsel, Inc. (money manager) is subject to the following specific guidelines:
 - a. Inverness Counsel's investment in corporate common stock, convertible bonds and convertible preferred issues shall not exceed fifty-one percent (51%) of their total fund assets at market value.
 - b. No limitations are placed on percentage commitments to fixed income or money market investments.
7. In addition to the above, Wells Capital Management Inc. (money manager) is subject to the following specific guidelines:
 - a. Wells Capital's will generally invest at least eighty percent (80%) of its assets in debt securities, including obligations of foreign government or corporate entities or supranational agencies (such as the World Bank) denominated in various currencies.
 - b. Up to thirty-five percent (35%) of the debt securities may be below investment grade (which are rated below BBB by Standard & Poor's or Fitch, Inc. or below Baa by Moody's Investors Service, Inc.).
 - c. Wells Capital will invest in at least three countries or supranational agencies (such as World Bank).
 - d. No more than five percent (5%) of Wells Capital's assets will be invested in debt obligations or similar securities denominated in the currencies of developing countries.
 - e. Wells Capital may also enter into foreign currency exchange contracts to hedge currency exposure, where required, helping to manage the overall risk profile of the strategy.

The Plan's investment policy and guidelines include an addendum that allowed the Board to define a formal set of investment objectives and guidelines and procedures for management of the DROP Plan assets.

In accordance with the provisions of Florida Senate Bill 1462, no more than 25% of the Plan's total assets can be invested in foreign securities.

In accordance with the Protecting Florida's Investment Act (Fla. Stat. 215.473), the Board is prohibited from directly investing in any companies, identified by the State Board of Administration (SBA) on its website each quarter, as a scrutinized company.

**City Pension Fund for Firefighters and Police Officer's
In the City of Miami Beach**
Notes to Financial Statements
September 30, 2013 and 2012

Note 5 - Deposits and Investment Risk Disclosures - continued

Types of Investments - continued

Florida statutes and Plan investment policy authorize the Trustees to invest funds in various investments. The current target and actual allocations of these investments at September 30, 2013 and 2012 are as follows:

Authorized investments	Target % of portfolio	2013	Target % of portfolio	2012
Domestic equity	50%	56%	51%	53%
Fixed income	35%	33%	35%	37%
International equity	5%	5%	5%	4%
Real estate equity	5%	3%	4%	3%
Cash/short-term investments	5%	3%	5%	3%

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.

Information about the sensitivity of the fair values of the Plan's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Plan's investments by maturity at September 30:

2013					
Investment Maturities (in years)					
Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. treasuries	\$ 10,410,888	\$ -	\$ 5,108,723	\$ 5,302,165	\$ -
U.S. agencies	12,734,200	-	12,734,200	-	-
Domestic corporate bonds	154,983,512	15,389,319	64,796,759	74,797,434	-
International corporate bonds	17,705,158	-	3,169,836	14,535,322	-
Private placement	32,863,580	572,917	12,536,301	11,275,688	8,478,674
Total fixed income					
Securities	\$ 228,697,338	\$ 15,962,236	\$ 98,345,819	\$ 105,910,609	\$ 8,478,674

2012					
Investment Maturities (in years)					
Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. treasuries	\$ 9,963,901	\$ 2,189,978	\$ 5,259,256	\$ 2,514,667	\$ -
U.S. agencies	22,038,482	8,722,787	9,679,815	3,635,880	-
Domestic corporate bonds	148,372,189	14,831,311	56,074,758	77,466,120	-
International corporate bonds	16,392,241	-	3,287,862	13,104,379	-
Private placement	28,822,807	1,153,384	9,892,504	12,454,163	5,322,756
Total fixed income					
Securities	\$ 225,589,620	\$ 26,897,460	\$ 84,194,195	\$ 109,175,209	\$ 5,322,756

**City Pension Fund for Firefighters and Police Officer's
In the City of Miami Beach**
Notes to Financial Statements
September 30, 2013 and 2012

Note 5 - Deposits and Investment Risk Disclosures - continued

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 by investment type, at September 30, as applicable:

	2013		2012	
	Fair Value	Percent of Portfolio	Fair Value	Percent of Portfolio
U.S. Government				
Guaranteed*	\$ 23,145,088	10.12%	\$ 32,002,383	14.19%
Quality rating of credit risk debt securities:				
AAA	9,173,468	4.01	8,649,678	3.83
AA+	20,869,376	9.13	6,849,817	3.04
AA	10,309,394	4.51	11,517,030	5.11
AA-	15,478,651	6.77	21,362,802	9.47
A+	28,411,031	12.42	34,729,457	15.39
A	60,330,060	26.38	50,983,800	22.60
A-	36,736,392	16.06	29,081,680	12.89
BBB+	14,167,167	6.19	16,806,929	7.45
BBB	6,892,372	3.01	9,807,567	4.35
BBB-	2,468,183	1.08	1,711,655	0.76
BB+	35,755	0.02	1,137,785	0.50
BB	80,557	0.04	97,302	0.04
BB-	57,622	0.03	215,121	0.10
B+	162,904	0.07	326,487	0.14
B	358,977	0.16	177,495	0.08
B-	20,341	0.01	132,632	0.06
Total credit risk debt securities	205,552,250	89.88	193,587,237	85.81
Total fixed income securities	\$ 228,697,338	100.00%	\$ 225,589,620	100.00%

*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 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 the plan net position at September 30, 2013 and 2012.

**City Pension Fund for Firefighters and Police Officer's
In the City of Miami Beach**
Notes to Financial Statements
September 30, 2013 and 2012

Note 5 - Deposits and Investment Risk Disclosures – continued

Custodial Credit Risk

Deposits are exposed to custodial risk if they are uninsured and uncollateralized. Custodial risk 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 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 bank and registered in the Plan's name. All of the Plan's deposits are insured and or collateralized by a financial institution separate from the Plan's depository financial institution.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Plan has exposure through international holdings in a private placement trust fund. The Plan has exposure to currency fluctuations at September 30, as follows:

Currency	2013	2012
	Holdings Valued in U.S. Dollars Private Placement	Holdings Valued in U.S. Dollars Private Placement
Australian Dollar	\$ 4,118,051	\$ 1,767,074
Brazilian Real	1,895,237	797,227
British Pound Sterling	1,250,885	1,325,196
Canadian Dollar	203,291	3,343,698
Euro	11,093,123	8,320,966
Hungarian Forint	-	910,314
Japanese Yen	16,762	3,341,298
Mexican Peso	1,786,679	1,084,704
Norwegian Krone	1,541,475	1,394,816
South African Rand	928,603	741,910
Swedish Krona	2,207,342	-
Other	6,628,412	4,519,103
Total	\$ 31,669,860	\$ 27,546,306

Note 6 - Commitments

The Plan is obligated under a rental operating lease for office space, which expires on August 31, 2016. The base rent for the first twelve months of the lease was \$7,355 per month, net of electricity. The lease contains a provision for future rent increases annually by an amount equal to 4% of the prior year's base rent. During the years ended September 30, 2013 and 2012, rent expense under the lease agreement amounted to \$117,519 and \$116,683, respectively.

**City Pension Fund for Firefighters and Police Officer's
In the City of Miami Beach**
Notes to Financial Statements
September 30, 2013 and 2012

Note 6 – Commitments - continued

The following is a schedule of the aggregate future minimum rental payments under this lease, excluding applicable sales taxes, net of electricity:

For the year ending September 30,

2014	\$ 116,527
2015	121,188
2016	115,149
	<u>\$ 352,864</u>

Note 7 - Pension Plan for Employees of the Plan

The administrative employees of the Plan, who do not participate in the plan described herein, participate in the City of Miami Beach Employees Retirement Plan ("MBERP") which is a single employer defined benefit pension plan for general employees of the City of Miami Beach, Florida. MBERP provides retirement, death, and disability benefits to plan members and beneficiaries. The employees of the Plan are required to contribute 8-10% of their base salary. The MBERP issues a publicly available financial report that can be obtained by contacting Miami Beach Employees Retirement Plan, 1700 Convention Center Drive, Miami Beach, Florida 33139.

Note 8 – Subsequent Events

On September 30, 2013, ordinance 2013-3817 was passed and adopted. This ordinance amends pension provisions and implements provisions of the 2012-2015 collective bargaining agreements between the City and firefighters of Miami Beach and the Miami Beach fraternal order of police.

As a result of this ordinance, among other changes, effective September 30, 2013, each member hired before September 30, 2013 shall contribute 10% of his salary to the Plan and each member hired on or after September 30, 2013 shall contribute 10.5% of this salary to the Plan.

The ordinance also amends the computation of creditable service and provisions for service and disability benefits, cost of living adjustments, deferred retirement option plan, and military service.

Required Supplementary Schedules

**City Pension Fund For Firefighters And Police Officers
In The City of Miami Beach
Required Supplementary Information - Unaudited
September 30, 2013**

Schedule "1" - Schedule of Funding Progress - Revised ⁽¹⁾

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll ⁽²⁾	UAAL as % of Covered Payroll
10/1/07	\$495,993,903	\$632,992,587	\$ 136,998,684	78.4%	\$40,060,096	342.0%
10/1/08	507,363,813	683,731,944	176,368,131	74.2	53,153,934	331.8
10/1/09	517,602,834	784,395,822	266,792,988	66.0	51,636,070	516.7
10/1/10	525,709,407	817,640,913	291,931,506	64.3	49,718,966	587.2
10/1/11	531,821,181	871,118,629	339,297,448	61.1	49,186,724	689.8
10/1/12	545,067,653	902,778,465	357,710,812	60.4	46,313,650	772.4

⁽¹⁾ Revised in fiscal 2013 by actuary as a result of an actuarial impact statement of changes resulting from ordinance 2013-3817 passed and adopted September 30, 2013. See Note - Subsequent Events.

⁽²⁾ The historical covered payroll was updated to reflect the projected pensionable payroll.

Schedule "2" - Schedule of Contributions by Employer and Other Contributing Entity

Year Ended September 30,	Annual Required Contribution	Percentage Contributed
2008	\$ 17,618,045	100%
2009	20,159,995	100
2010	23,403,818	100
2011	32,811,570	100
2012	36,297,459	100
2013	39,492,050	100

Other Supplementary Schedules

City Pension Fund for Firefighters and Police Officers

In The City of Miami Beach

Other Supplementary Schedules of Investment Expenses and Administrative Expenses

For the Years Ended September 30, 2013 and 2012

	2013	2012
Schedule "1"		
Schedule of Investment Expenses		
Financial management expenses:		
JP Morgan Investment Management, Inc.	\$ 224,290	\$ 197,171
RBC Global Asset Management (U.S.) Inc.	89,492	72,881
Logan Capital Management, Inc.	117,691	97,418
Wentworth, Hauser and Violich	272,688	246,646
Wellington Trust Company, NA	457,360	380,692
Inverness Counsel	1,426,719	1,302,136
RhumbLine Advisers	51,099	44,499
Wells Capital Management	102,717	98,803
Total financial management expenses	2,742,056	2,440,246
Investment consultant fees:		
Thistle Asset consulting	64,600	62,200
Investment custodial fees:		
Fiduciary Trust Company	103,511	94,700
Total investment expenses	\$ 2,910,167	\$ 2,597,146
Schedule "2"		
Schedule of Administrative Expenses		
Personnel services		
Salaries and payroll taxes	\$ 295,312	\$ 283,602
Fringe benefits	26,084	37,605
Total personnel services	321,396	321,207
Professional services		
Legal	61,751	149,290
Actuarial	46,996	45,207
Audit	30,000	23,650
Bookkeeping	2,407	2,164
Total professional services	141,154	220,311
Other		
Rent	117,519	116,683
Insurance	75,985	55,225
Office expense	39,907	37,578
I.T. dept. computer and phone charges	37,137	39,618
Computer consultant	10,238	9,302
Education, dues & subscriptions	28,562	36,767
Medical fees	23,346	12,782
Equipment expense	5,792	5,792
Utilities	4,883	3,860
Total other	343,369	317,607
Total administrative expenses	\$ 805,919	\$ 859,125



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