



**CITY PENSION FUND FOR
FIREFIGHTERS AND POLICE OFFICERS
IN THE CITY OF MIAMI BEACH**

**FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2016 AND 2015**

**CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS
IN THE CITY OF MIAMI BEACH
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Independent Auditor's Report

Board of Trustees

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

Report on the Financial Statements

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 statement of fiduciary net position as of September 30, 2016, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the City Pension Fund for Firefighters and Police Officers in the City of Miami Beach as of September 30, 2016, and the related changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Pronouncement

The Plan has adopted the disclosure requirements of Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* in 2016. The provisions of the additional disclosure requirements are discussed in Note 4 to the financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that "Management's Discussion and Analysis" and the "Required Supplementary Information" listed on the 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 any assurance.



Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Plan. The accompanying supplementary schedules of investment expenses and administrative expenses 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. The 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. This 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.

2015 Financial Statements

The financial statements of the Plan as of and for the year ended September 30, 2015 were audited by Goldstein Schechter Koch, P.A. ("GSK") whose partners and professional staff joined BDO USA, LLP as of August 15, 2016, and has subsequently ceased operations. GSK expressed an unmodified opinion on those financial statements in their report dated January 21, 2016.

February 3, 2017

BDO USA, LLP
Certified Public Accountants



*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, 2016 and 2015**

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, 2016 and 2015. 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, 2016 and 2015 by \$806,424,132 and \$750,617,498, respectively (reported as net position restricted for pensions). The Plan's net position is held in trust to meet future benefit payments. The increase of \$55,806,634 and decrease of \$18,681,074 of the respective years has resulted primarily from the changes in the fair value of the Plan's investments due to volatile financial markets.

- Receivables at September 30, 2016 increased by \$2,005,954 (or an 81.3% increase) due primarily to an increase in the receivable for securities sold.

Receivables at September 30, 2015 increased by \$90,911 (or a 3.8% increase) due primarily to an increase in the receivable for securities sold.

- Liabilities at September 30, 2016 increased by \$1,227,138 (or a 283.2% increase) due primarily to an increase in payable for securities purchased.

Liabilities at September 30, 2015 decreased by \$61,936 (or a 12.5% decrease) due primarily to a decrease in payable for securities purchased.

- For the fiscal year ending September 30, 2016, City contributions to the Plan increased by \$1,821,253 (or a 5.5% increase) based on the actuarial valuation. Actual employer contributions were \$34,850,092 and \$33,028,839 for 2016 and 2015, respectively. Contributions from the Share plan in the amounts of \$120,549 and \$120,549 were received in the fiscal years ending 2016 and 2015, respectively. These amounts represent the annual costs of adopting certain minimum benefits mandated by the State.

For the fiscal year ending September 30, 2015, City contributions to the Plan decreased by \$2,810,938 (or a 7.8% decrease) based on the actuarial valuation. Actual employer contributions were \$33,028,839 and \$35,839,777 for 2015 and 2014, respectively. Contributions from the Share plan in the amounts of \$120,549 and \$120,549 were received in the fiscal years ending 2015 and 2014, respectively. These amounts represent the annual costs of adopting certain minimum benefits mandated by the State.

CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS IN THE CITY OF MIAMI BEACH

Management's Discussion and Analysis (Required Supplementary Information - Unaudited)

- For the fiscal year ending September 30, 2016, employee contributions including buybacks, increased by \$39,983 (or a 0.7% increase). Actual employee contributions, including buybacks, were \$5,984,397 and \$5,944,414 for 2016 and 2015, respectively. Employee contributions have fluctuated from year to year based on the number of active members.

For the fiscal year ending September 30, 2015, employee contributions including buybacks, increased by \$685,440 (or a 13.0% increase). Actual employee contributions, including buybacks, were \$5,944,414 and \$5,258,974 for 2015 and 2014, 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, 2016, net investment income increased by \$64,849,967. Actual results were \$56,626,732 and \$8,170,202 in net appreciation and net depreciation in fair value of investments for 2016 and 2015, respectively, and \$17,156,573 and \$17,319,653, of income from interest and dividends for 2016 and 2015, respectively. Investment expenses decreased by \$216,113 (or 6.2%).

For the fiscal year ending September 30, 2015, net investment income decreased by \$66,570,341. Actual results were \$8,170,202 and \$59,715,467 in net depreciation and net appreciation in fair value of investments for 2015 and 2014, respectively, and \$17,319,653 and \$15,844,449, of income from interest and dividends for 2015 and 2014, respectively. Investment expenses increased by \$159,876 (or 4.8%).

- For the fiscal year ending September 30, 2016, benefit payments and refunds of contributions decreased by \$7,825,056 (or 12.5%).

For the fiscal year ending September 30, 2015, benefit payments and refunds of contributions increased by \$9,081,622 (or 16.8%).

- For the fiscal year ended September 30, 2016, administrative expenses increased by \$48,551 (or 6.2%) due primarily to an increase professional services.

For the fiscal year ended September 30, 2015, administrative expenses decreased by \$127,637 (or 14.1%) due primarily to a decrease in salaries and payroll taxes.

CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS IN THE CITY OF MIAMI BEACH

Management's Discussion and Analysis (Required Supplementary Information - Unaudited)

Plan Highlights

For the fiscal year ending September 30, 2016, the time-weighted return of the portfolio was 9.51% for the trailing year and ranked in the 40th percentile. Actual net returns from investments were net income in 2016 of \$70,539,300 compared with net income of \$5,689,333 in 2015.

For the fiscal year ending September 30, 2015, the time-weighted return of the portfolio was 0.45% for the trailing year and ranked in the 7th percentile. Actual net returns from investments were net income in 2015 of \$5,689,333 compared with net income of \$72,259,674 in 2014.

Overview of the Financial Statements

The basic financial statements include the Statements of Fiduciary Net Position and Statements of Changes in Fiduciary 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 required supplementary schedules, which provide historical trend information about the Plan.

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 Fiduciary Net Position* presents information that includes all of the Plan's assets and liabilities, with the balance representing the Net Position Restricted for Pensions. 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 Fiduciary 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 (depreciation) 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.

**CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS
IN THE CITY OF MIAMI BEACH**

**Management's Discussion and Analysis
(Required Supplementary Information - Unaudited)**

There is also *Required Supplementary Information* included in this report as required by the Governmental Accounting Standards Board. These schedules consist of the Plan's actuarial methods and assumptions and provide data on changes in the City's net pension liability, the City's contributions, and the Plan's investment returns.

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.

Condensed Statements of Fiduciary Net Position

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

	2016	2015	2014
Investments	\$ 803,591,005	\$ 748,561,343	\$ 766,758,713
Receivables	4,472,550	2,466,596	2,375,685
Cash	20,951	22,795	659,346
Total assets	808,084,506	751,050,734	769,793,744
Liabilities	1,660,374	433,236	495,172
Net position restricted for pensions	\$ 806,424,132	\$ 750,617,498	\$ 769,298,572

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**CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS
IN THE CITY OF MIAMI BEACH**

**Management's Discussion and Analysis
(Required Supplementary Information - Unaudited)**

Condensed Statements of Changes in Fiduciary Net Position

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

	2016	2015	2014
Additions:			
Contributions			
City	\$ 34,850,092	\$ 33,028,839	\$ 35,839,777
Employees	5,984,397	5,944,414	5,258,974
Share plan	120,549	120,549	120,549
Total Contributions	40,955,038	39,093,802	41,219,300
Net investment income	70,539,300	5,689,333	72,259,674
Total additions	111,494,338	44,783,135	113,478,974
Deductions:			
Benefits paid	54,861,660	62,600,040	53,605,094
Participants' contributions refunded	-	86,676	-
Administrative expenses	826,044	777,493	905,130
Total deductions	55,687,704	63,464,209	54,510,224
Net increase (decrease)	55,806,634	(18,681,074)	58,968,750
Net position restricted for pensions at beginning of year	750,617,498	769,298,572	710,329,822
Net position restricted for pensions at end of year	\$ 806,424,132	\$ 750,617,498	\$ 769,298,572

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, 2016, the domestic equity portion comprised 53.5% (\$419,379,399) of the total portfolio, net of DROP mutual funds. The allocation to fixed income securities was 36.6% (\$286,933,882), while cash and short-term investments comprised 0.8% (\$5,880,951). The portion of investments allocated to international equity was \$29,484,393 or 3.8% and to real estate was \$42,306,906 or 5.3% of the total portfolio.

**CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS
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**Management's Discussion and Analysis
(Required Supplementary Information - Unaudited)**

At the end of the fiscal year ended September 30, 2015, the domestic equity portion comprised 50.6% (\$373,081,692) of the total portfolio, net of DROP mutual funds. The allocation to fixed income securities was 38.7% (\$285,139,090), while cash and short-term investments comprised 1.7% (\$12,844,341). The portion of investments allocated to international equity was \$25,794,216 or 3.5% and to real estate was \$40,287,637 or 5.5% of the total portfolio, net of DROP mutual funds.

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

	2016	2015
Domestic equity	50%	50%
Fixed income	35%	35%
International equity	5%	5%
Real estate equity	5%	5%
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.

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**CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS
IN THE CITY OF MIAMI BEACH
Statements of Fiduciary Net Position**

<i>September 30,</i>	2016	2015
ASSETS		
Cash	\$ 20,951	\$ 22,795
Receivables:		
Receivable for securities sold	1,754,543	99,050
Accrued interest and dividends	2,718,007	2,367,546
Total Receivables	4,472,550	2,466,596
Investments, at fair value:		
Short-term investments	5,860,046	12,821,546
U.S. government securities	64,658,443	30,501,825
Common stocks	342,649,084	307,219,899
Domestic equity fund	76,730,314	65,861,793
International equity fund	29,484,393	25,794,216
Domestic fixed income	175,131,361	208,341,514
International fixed income	47,144,078	46,295,751
Real estate fund	42,306,906	40,287,637
Mutual funds self-directed DROP participants	19,626,380	11,437,162
Total Investments	803,591,005	748,561,343
Total Assets	808,084,506	751,050,734
LIABILITIES		
Accounts payable	392,680	395,095
Payable for securities purchased	1,267,694	38,141
Total Liabilities	1,660,374	433,236
Net Position Restricted for Pensions	\$ 806,424,132	\$ 750,617,498

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 Fiduciary Net Position**

<i>Years ended September 30,</i>	2016	2015
ADDITIONS		
Contributions:		
City	\$ 34,850,092	\$ 33,028,839
Share plan	120,549	120,549
Total Employer	34,970,641	33,149,388
Employees:		
Contributions	5,706,014	5,668,857
Buybacks	278,383	275,557
Total Employees	5,984,397	5,944,414
Total Contributions	40,955,038	39,093,802
Investment income:		
Net appreciation (depreciation) in fair value of investments	56,626,732	(8,170,202)
Interest and dividends	17,156,573	17,319,653
Total Investment Income	73,783,305	9,149,451
Less: investment expenses	3,244,005	3,460,118
Net investment income	70,539,300	5,689,333
Total Additions	111,494,338	44,783,135
DEDUCTIONS		
Benefits paid	54,861,660	62,600,040
Participants' contributions refunded	-	86,676
Administrative expenses	826,044	777,493
Total Deductions	55,687,704	63,464,209
Net Increase (Decrease)	55,806,634	(18,681,074)
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of Period	750,617,498	769,298,572
End of Period	\$ 806,424,132	\$ 750,617,498

CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS IN THE CITY OF MIAMI BEACH

Notes to Financial Statements

1. Description of the Plan

Organization

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 October 14, 2015. 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 Plan's governing board is the Board of Trustees, which comprises nine members: three of which are elected by the fire department, three of which are elected by the police department, and three of which are appointed by the Mayor.

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 three tiers:

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

Tier Two members are those hired on or after July 14, 2010, but prior to September 30, 2013.

Tier Three members are those hired on or after September 30, 2013.

At October 1, the Plan membership consisted of:

	2015	2014
Active Members	508	487
Deferred Vested Members	20	16
	528	503
Retired Members:		
a. Service	556*	543*
b. Disabled	56	57
c. Beneficiaries	112	107
	724	707
Total	1,252	1,210

*Including members in the DROP

Contributions

All Tier One and Tier Two members are required to contribute 10% of their salary to the Plan, while all Tier Three member are required to contribute 10.5% of their salary to the Plan.

CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS IN THE CITY OF MIAMI BEACH

Notes to Financial Statements

Service retirement benefits

Tier One members

Members who met eligibility to retire on or before September 30, 2013 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.

Members eligible to retire after September 30, 2013 may retire on a service retirement pension upon the attainment of age 50 or, if earlier, the date when the member attains age 47 and length of creditable service equals to at least 70 years.

Upon retirement, a member who met eligibility to retire on or before September 30, 2013 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.

Members who met eligibility to retire after September 30, 2013 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 85% of the average monthly salary.

A members' benefit multiplier for creditable pension service earned before October 1, 2013 shall not be reduced.

For members eligible to retire on or before September 30, 2013, the average monthly salary of the employee is computed based on the average of the two highest paid years or the average of the last two paid years prior to retirement, whichever produces the greater benefit after consideration of the below overtime limitations.

For members eligible to retire after September 30, 2013, the average monthly salary of the employee is computed based on the average of the three highest paid years or the average of the last three paid years prior to retirement, whichever produces the greater benefit after consideration of the below overtime limitations.

Overtime limitations:

- a. For firefighter members, the inclusion of overtime and/or off duty in the member's salary shall be limited in each year to an amount which 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.

CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS IN THE CITY OF MIAMI BEACH

Notes to Financial Statements

Overtime limitations:

- b. For police members, the inclusion of overtime and/or off duty in the member's salary shall be limited in each year to an amount which 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. However, the 11% limitation shall not apply to any member who holds the rank of Sergeant or Lieutenant on September 30, 2013, or any Police Officer who is promoted into the position of Police Sergeant prior to the date the 2013 Certified Police Sergeant Promotional Register expires in 2015. For these members, the inclusion of overtime and/or off duty in the member's salary shall be limited in each year to an amount which 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.
- c. In no case can overtime exceed 300 hours for each year.

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 plus the 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 85% of the average monthly salary.

The average monthly salary of the employee is computed based on the average of the three highest paid years or the average of the last three paid years prior to retirement, whichever produces the greater benefit after consideration of the below overtime limitations.

Overtime limitations:

- a. For firefighter members, the inclusion of overtime and/or off duty in the member's salary shall be limited in each year to an amount which 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.

CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS IN THE CITY OF MIAMI BEACH

Notes to Financial Statements

- b. For police members, the inclusion of overtime and/or off duty in the member's salary shall be limited in each year to an amount which 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. However, the 11% limitation shall not apply to any member who holds the rank of Sergeant or Lieutenant on September 30, 2013, or any Police Officer who is promoted into the position of Police Sergeant prior to the date the 2013 Certified Police Sergeant Promotional Register expires in 2015. For these members, the inclusion of overtime and/or off duty in the member's salary shall be limited in each year to an amount which 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.
- c. In no case can the overtime limit exceed 300 hours for each year.

Tier Three 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 plus the 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 85% of the average monthly salary.

The average monthly salary of the employee is computed based on the average of the five highest paid years or the average of the last five paid years prior to retirement, whichever produces the greater benefit after consideration of the below overtime limitations.

Overtime limitations:

- a. For firefighter members, the inclusion of overtime and/or off duty in the member's salary shall be limited in each year to an amount which 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 members, the inclusion of overtime and/or off duty in the member's salary shall be limited in each year to an amount which 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. However, the 11% limitation shall not apply to any member who holds the rank of Sergeant or Lieutenant on September 30, 2013, or any Police Officer who is promoted into the position of Police Sergeant prior to the date the 2013 Certified Police Sergeant Promotional Register expires in 2015. For these members, the inclusion of overtime and/or off duty in the member's salary shall be limited in each year to an amount which 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.
- c. In no case can the overtime limit exceed 300 hours for each year.

CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS IN THE CITY OF MIAMI BEACH

Notes to Financial Statements

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 the monthly pension benefit accrued to date of disability.

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 after September 30, 2010 will receive a 2.5% increase in benefits annually on the anniversary date of the member's retirement.

Tier Two and Tier Three 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 5 years of service.

CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS IN THE CITY OF MIAMI BEACH

Notes to Financial Statements

Deferred retirement option plan

All Members

Deferred Retirement Option Plan ("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 will begin to receive their normal retirement benefit. The DROP is administered by the Plan's Board of Trustees.

Tier One members

An active member may enter into the DROP on the first day of any month after meeting eligibility to retire. Members who enter the DROP on or after September 1, 2012 shall be eligible to participate for a period not to exceed 60 months. All members shall receive a 2.5% COLA increase in benefits annually on the anniversary date of the member's retirement. The exception is members who entered the DROP on or after September 1, 2012 and before September 30, 2013 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.

Tier Two and Tier Three members

An active member may enter into the DROP on the first day of any month after meeting eligibility to retire. Upon becoming eligible to participate in the DROP, a member may elect to enter that program for a period not to exceed 60 months. All members shall receive a 1.5% COLA increase in benefits annually on the anniversary date of the member's retirement.

A summary of the changes in the DROP balance as of September 30 is as follows:

	2016	2015
Beginning balance	\$ 11,437,162	\$ 15,135,801
Additions	7,364,295	6,112,563
Distributions	(132,415)	(10,213,631)
Interest	957,338	402,429
Ending balance	\$ 19,626,380	\$ 11,437,162

CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS IN THE CITY OF MIAMI BEACH

Notes to Financial Statements

Other benefits

Effective November 4, 2003, a member who retires, enters the DROP, or separates from City employment or is entitled to service or disability benefits may elect, in lieu of the standard benefit, 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 a 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.

In lieu of the standard 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.

Also in lieu of the standard benefit, the member may, at any time prior to retirement, elect to receive a life of member only benefit. This option provides payments to the member as long as the member lives. All benefits cease at the member's death. There are no beneficiary benefits under this option.

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 contributions (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.

CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS IN THE CITY OF MIAMI BEACH

Notes to Financial Statements

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 Fiduciary 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 Plan has entered into requires a range of techniques to determine fair value. Refer to Note 4 to the financial statements for more detail regarding the methods used to measure the fair value of investments.

Unrealized gains and losses are presented as net appreciation (depreciation) in fair value of investments on the Statement of Changes in Fiduciary 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 fiduciary net position.

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.

CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS IN THE CITY OF MIAMI BEACH

Notes to Financial Statements

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.

Adoption of Accounting Pronouncements

In 2016, the Plan adopted Governmental Accounting Standards Board ("GASB") Statement No. 72, *Fair Value Measurement and Application* ("GASB 72"). GASB 72 addresses accounting and financial reporting issues related to fair value measurement of assets and liabilities. The statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The adoption of GASB 72 resulted in increased disclosures related to the fair value measurement of investments.

Subsequent Events

Management has evaluated subsequent events through February 3, 2017, the date which the financial statements were available for issue.

3. Contributions

Actual contributions

The actual contributions from the City and the Share Plan for active employees for the fiscal years ended September 30, 2016 and 2015, amounted to \$34,970,641 and \$33,149,388, respectively, and the actual amount of covered payroll (excluding DROP members) was \$56,759,632 and \$56,545,113, respectively. The contributions consisted of the following for the fiscal years ended September 30:

	2016		2015	
	Amount	Percent of Actual Annual Covered Payroll	Amount	Percent of Actual Annual Covered Payroll
City contributions	\$ 34,850,092	61.4%	\$ 33,028,839	58.5%
Share Plan	120,549	0.2	120,549	0.2
Total contributions from employer and other contributing entities	\$ 34,970,641	61.6%	\$ 33,149,388	58.7%

**CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS
IN THE CITY OF MIAMI BEACH**

Notes to Financial Statements

	2016		2015	
	Amount	Percent of Actual Annual Covered Payroll	Amount	Percent of Actual Annual Covered Payroll
Employee contributions	\$ 5,706,014	10.0%	\$ 5,668,857	10.0%
Employee buybacks/transfers	278,383	0.5	275,557	0.5
Total contributions from employees	\$ 5,984,397	10.5%	\$ 5,944,414	10.5%

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, 2016 and 2015, 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, 2016 and 2015, were actuarially determined by the October 1, 2014 and 2013 valuations to be \$34,970,641 and \$33,149,388, respectively. The amount of actuarially computed annual covered payroll (excluding DROP members) used in October 1, 2014 and 2013 valuations was \$50,491,405 and \$47,164,032, respectively.

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

	2016		2015	
	Amount	Percent of Actuarially Computed Covered Payroll	Amount	Percent of Actuarially Computed Covered Payroll
Normal cost	\$ 18,162,040	36.0%	\$ 16,815,075	35.7%
Amortization of Unfunded liability and other costs	16,808,601	33.3	16,334,313	34.6
Total required from City and Share Plan	\$ 34,970,641	69.3%	\$ 33,149,388	70.3%

CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS IN THE CITY OF MIAMI BEACH

Notes to Financial Statements

4. 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.

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.

CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS IN THE CITY OF MIAMI BEACH

Notes to Financial Statements

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 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.
5. Commingled stocks, bonds, 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 forty-six percent (46%) of their total fund assets at market value.
 - b. No limitations are placed on percentage commitments to fixed income or money market investments.

CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS IN THE CITY OF MIAMI BEACH

Notes to Financial Statements

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 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.

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, 2016 and 2015 are as follows:

Authorized investments	Target % of portfolio	2016	Target % of portfolio	2015
Domestic equity	50%	53%	50%	51%
Fixed income	35%	37%	35%	39%
International equity	5%	4%	5%	3%
Real estate equity	5%	5%	5%	5%
Cash/short-term investments	5%	1%	5%	2%

CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS IN THE CITY OF MIAMI BEACH

Notes to Financial Statements

Rate of Return

For the years ended September 30, 2016 and 2015, the annual money-weighted rate of return on pension plan investments, net of pension investment expense, was 8.74% and 0.70%, respectively. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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:

2016					
Investment Maturities (in years)					
Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. agencies	\$ 64,658,443	\$ -	\$ -	\$ 40,345,473	\$ 24,312,970
Domestic					
corporate bonds	175,131,361	-	57,000,625	113,780,176	4,350,560
International					
corporate bonds	12,205,125	-	9,874,980	2,330,145	-
Private placement	34,938,953	1,713,066	4,133,567	21,160,598	7,931,722
Total fixed income					
Securities	\$ 286,933,882	\$ 1,713,066	\$ 71,009,172	\$ 177,616,392	\$ 36,595,252

2015					
Investment Maturities (in years)					
Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. agencies	\$ 30,501,825	\$ -	\$ 3,267,393	\$ 9,189,765	\$ 18,044,667
Domestic					
corporate bonds	208,341,514	6,064,052	95,954,820	100,241,669	6,080,973
International					
corporate bonds	14,847,400	-	6,037,146	8,810,254	-
Private placement	31,448,351	932,861	6,506,264	19,335,712	4,673,514
Total fixed income					
Securities	\$ 285,139,090	\$ 6,996,913	\$ 111,765,623	\$ 137,577,400	\$ 28,799,154

**CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS
IN THE CITY OF MIAMI BEACH**

Notes to Financial Statements

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:

	2016		2015	
	Fair Value	Percent of Portfolio	Fair Value	Percent of Portfolio
U.S. Government Guaranteed*	\$ 64,658,443	22.53%	\$ 30,501,825	10.70%
Quality rating of credit risk debt securities:				
AAA	6,089,089	2.12	10,149,088	3.56
AA+	4,016,586	1.40	14,449,062	5.07
AA	14,075,987	4.91	15,058,967	5.28
AA-	17,790,413	6.20	21,475,606	7.53
A+	15,638,644	5.45	20,752,837	7.28
A	57,254,180	19.95	62,173,174	21.80
A-	51,535,826	17.96	57,682,976	20.23
BBB+	29,087,024	10.14	37,514,615	13.16
BBB	4,230,357	1.47	10,441,059	3.66
BBB-	1,541,558	0.54	2,624,907	0.92
BB+	567,492	0.20	98,245	0.03
BB	1,143,643	0.40	121,320	0.04
BB-	352,619	0.12	382,821	0.13
B+	285,098	0.10	81,888	0.03
B	399,697	0.14	369,811	0.13
B-	162,647	0.06	328,026	0.12
Not rated	18,104,579	6.31	932,863	0.33
Total credit risk debt securities	222,275,439	77.47	254,637,265	89.30
Total fixed income securities	\$ 286,933,882	100.00%	\$285,139,090	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 fiduciary net position at September 30, 2016 and 2015.

**CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS
IN THE CITY OF MIAMI BEACH**

Notes to Financial Statements

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 investments 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	2016 Holdings Valued in U.S. Dollars Private Placement	2015 Holdings Valued in U.S. Dollars Private Placement
Australian Dollar	\$ 4,613,866	\$ 13,236
Brazilian Real	959,102	(56,019)
British Pound Sterling	3,647,572	3,878,090
Canadian Dollar	535,665	16,479
Euro	5,034,682	13,930,887
Hungarian Forint	848,559	-
Japanese Yen	-	11,094,319
Malaysian Ringgit	1,596,263	-
Mexican Peso	1,585,600	211,029
New Zealand Dollar	1,685,296	-
Norwegian Krone	1,713,066	-
Polish Zloty	1,617,463	-
Singapore Dollar	1,473,796	-
South African Rand	918,349	(4,982)
Other	1,232,314	1,838,447
Total	\$ 27,461,593	\$ 30,921,486

CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS IN THE CITY OF MIAMI BEACH

Notes to Financial Statements

Investment Valuation

GASB 72 establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the specific characteristics of the investment. Fair value represents 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. Investments with readily available actively quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and lesser degree of judgment used in measuring fair value.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 - Investments traded in an active market with available quoted prices for identical assets as of the reporting date.

Level 2 - Investments not traded on an active market but for which observable market inputs are available for an asset, either directly or indirectly, as of the reporting date.

Level 3 - Investments not traded in an active market and for which no significant observable market inputs are available as of the reporting date.

The Plan has established a framework to consistently measure the fair value of the Plan's assets and liabilities in accordance with applicable accounting, legal, and regulatory guidance. This framework has been provided by establishing valuation policy and procedures that will provide reasonable assurance that assets and liabilities are carried at fair value. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Plan's assessment of the significance of a particular input to the fair value measurement requires judgment and considers factors specific to the investment.

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CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS IN THE CITY OF MIAMI BEACH

Notes to Financial Statements

The following table summarizes the valuation of the Plan's investments in accordance with the above mentioned fair value hierarchy levels as of September 30:

	Fair Value Measurements Using			
	2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Short-term investment funds	\$ 5,860,046	\$ 5,860,046	\$ -	\$ -
Total short-term investment funds	5,860,046	5,860,046	-	-
Equity securities				
Common stocks	342,649,084	342,649,084	-	-
Total equity securities	342,649,084	342,649,084	-	-
Debt securities				
Government and agency obligations	64,658,443	-	64,658,443	-
Municipal/provincial obligations	5,893,600	-	5,893,600	-
Corporate bonds	181,442,886	-	181,442,886	-
Total debt securities	251,994,929	-	251,994,929	-
Total investments by fair value level	600,504,059	\$348,509,130	\$ 251,994,929	\$ -
Investments measured at the net asset value ("NAV")				
Commingled domestic equity funds	76,730,314			
Real estate fund	42,306,906			
Private placement	34,938,953			
Commingled international equity funds	29,484,393			
Mutual funds	19,626,380			
Total investments measured at the NAV	203,086,946			
Total investments	\$ 803,591,005			

CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS IN THE CITY OF MIAMI BEACH

Notes to Financial Statements

Short-term investment funds: These 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.

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, 2016 and 2015. 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.

Debt securities: Debt securities consist primarily of negotiable obligations of the U.S. government and U.S. government-sponsored agencies, corporations, and foreign debt securities (included in international fixed income in the Statement of Fiduciary 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.

Real estate: Real estate funds are valued using their respective net asset value ("NAV") as of September 30, 2016 and 2015. 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.

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CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS IN THE CITY OF MIAMI BEACH

Notes to Financial Statements

The Plans valuation methods for investments measured at the net asset value ("NAV") per share (or its equivalent) as of September 30, 2016, are as follows:

2016 Investments Measured at the NAV					
		Unfunded Commitments	Redemption Frequency	Redemption Notice Period	
Commingled					
domestic equity fund (1)	\$ 76,730,314	\$ -	Monthly	10 Days	
Real estate fund (2)	42,306,906	-	Quarterly	45 Days	
Private placement	34,938,953		Weekly	1 Day	
Commingled					
international equity fund (4)	29,484,393	-	Daily	Same Day	
Mutual funds (5)	19,626,380	-	Daily	Same Day	
Total investments measured at the NAV	\$ 203,086,946	\$ -			

- (1) Commingled domestic equity fund consists of one comingled investment vehicle which invests primarily in publicly traded equity securities. The fund is valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.
- (2) The real estate fund invests primarily in United States commercial real estate. The fair value of the investment in the fund is valued at the net asset value of outstanding units held at the end of the period based upon the fair value of the underlying investments.
- (3) The private placement fund invests primarily in international bonds. The fair value of this investment is valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.
- (4) Commingled international equity fund consists of one commingled investment vehicle which invests primarily in publicly traded global equity securities. The fund is valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.
- (5) These mutual funds are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. They are determined to be actively traded.

**CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS
IN THE CITY OF MIAMI BEACH**

Notes to Financial Statements

5. Commitments

The Plan renewed its operating lease for office space on March 24, 2016, which expires on March 31, 2027. The base rent for the first twelve months of the lease was \$9,965 per month, net of electricity. The lease contains a provision for future rent increases annually by an amount equal to 3% of the prior year's base rent. During the years ended September 30, 2016 and 2015, rent expense under the lease agreement amounted to \$125,290 and \$132,789, respectively. The net minimum rental payments on this lease as of September 30, 2016 are as follows:

Rent Expense	
2017	\$ 119,574
2018	123,161
2019	126,862
2020	130,677
2021	134,606
Thereafter	816,420
Total	\$ 1,451,300

6. Net Pension Liability of the City

The components of the net pension liability of the City at September 30, were as follows:

	2016	2015
Total pension liability	\$ 1,104,054,031	\$ 1,041,447,645
Plan's fiduciary net position	(806,424,132)	(750,617,498)
City net pension liability	\$ 297,629,899	\$ 290,830,147
Plan's fiduciary net position as a percentage of total pension liability	73.04%	72.07%

Actuarial Assumptions

The total pension liability was determined using an actuarial valuation as of October 1, 2015 updated to September 30, 2016 using the following actuarial assumptions:

Inflation	3%
Salary increases	0.7% - 10.7%
Cost-of-living increases	1.5%, 2.0%, or 2.5%
Investment rate of return	7.9% compounded annually, net of pension plan investment expense, including inflation.

CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS IN THE CITY OF MIAMI BEACH

Notes to Financial Statements

Healthy mortality rates are calculated with the RP-2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, with Blue Collar Adjustment and projected 15 years from the valuation date for pre-retirement mortality and 7 years from valuation date for post-retirement mortality with projection scale AA. Disabled mortality rates are calculated with the RP-2000 Disabled Mortality Table, separate rates for males and females, and without projection for future mortality improvement.

The actuarial assumptions used in the October 1, 2015 valuation were based on the results of an actuarial experience study for the period October 1, 2009 - September 30, 2014.

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*.

ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation are summarized in the following table as of September 30:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return*</u>	
	<u>2016</u>	<u>2015</u>
Domestic equity	7.50%	8.00%
International equity	8.50%	8.00%
Domestic bonds	2.50%	2.30%
International bonds	3.50%	6.20%
Real estate	4.50%	6.00%
Alternative investments	5.45%	-

* Real rates of return are net of the long-term inflation assumption of 2.5% for 2016 and 2015.

Discount Rate

The discount rate used to measure the total pension liability was 7.90% and 7.95% for 2016 and 2015, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from the City will be made at statutorily required rates, actuarially determined. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS IN THE CITY OF MIAMI BEACH

Notes to Financial Statements

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

The following presents the net pension liability of the City calculated using the discount rate of 7.90% and 7.95% for 2016 and 2015, respectively, as well as what the employer 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 current rate:

	Employer Net Pension Liability - 2016		
	1% Decrease (6.90%)	Current Discount Rate (7.90%)	1% Increase (8.90%)
September 30, 2016	\$ 434,381,124	\$ 297,629,899	\$ 184,950,173

	Employer Net Pension Liability - 2015		
	1% Decrease (6.95%)	Current Discount Rate (7.95%)	1% Increase (8.95%)
September 30, 2015	\$ 420,682,847	\$ 290,830,147	\$ 183,867,275

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.

Required Supplementary Schedules

**CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS
IN THE CITY OF MIAMI BEACH
Required Supplementary Information
Schedule of Changes in the City's Net Pension Liability (Unaudited)
Last Three Fiscal Years**

	2016	2015	2014
Total pension liability			
Service cost	\$ 17,803,602	\$ 16,098,560	\$ 14,763,595
Interest	82,627,847	78,415,039	75,108,912
Changes of benefit terms			
Differences between expected and actual experience	14,588,712	12,428,547	7,685,043
Changes of assumptions	2,447,885	5,686,196	-
Benefit payments, including refunds of member contributions	(54,861,660)	(62,686,716)	(53,605,094)
Net Change in Total Pension Liability	62,606,386	49,941,626	43,952,456
Total Pension Liability - Beginning	1,041,447,645	991,506,019	947,553,563
Total Pension Liability- Ending	1,104,054,031	1,041,447,645	991,506,019
Plan fiduciary net position			
Contributions - City and State	34,970,641	33,149,388	35,960,326
Contributions - employees	5,984,397	5,944,414	5,258,974
Net investment income	70,539,300	5,689,333	72,259,674
Benefit payments, including refunds of member contributions	(54,861,660)	(62,686,716)	(53,605,094)
Administrative expenses	(826,044)	(777,493)	(905,130)
Net Change in Plan Fiduciary Net Position	55,806,634	(18,681,074)	58,968,750
Plan Fiduciary Net Position - Beginning	750,617,498	769,298,572	710,329,822
Plan Fiduciary Net Position - Ending	\$ 806,424,132	\$ 750,617,498	\$ 769,298,572
City's Net Pension Liability	\$ 297,629,899	\$ 290,830,147	\$ 222,207,447

* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying independent auditor's report and notes to required supplementary information.

**CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS
IN THE CITY OF MIAMI BEACH
Required Supplementary Information
Schedule of Changes in the City's Net Pension Liability (Unaudited) - continued
Last Three Fiscal Years**

	2016	2015	2014
Total pension liability	\$ 1,104,054,031	\$ 1,041,447,645	\$ 991,506,019
Plan fiduciary net position	806,424,132	750,617,498	769,298,572
City's Net Pension Liability	\$ 297,629,899	\$ 290,830,147	\$ 222,207,447
Plan fiduciary net position as a percentage of the total pension liability	73.04%	72.07%	77.59%
Covered - employee payroll excluding DROP	\$ 56,759,632	\$ 56,545,113	\$ 50,740,542
City's net pension liability as a percentage of covered - employee payroll excluding DROP	524.37%	514.33%	437.93%

* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying independent auditor's report and notes to required supplementary information.

**CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS
IN THE CITY OF MIAMI BEACH**
Required Supplementary Information
Schedule of Contributions by Employer (Unaudited)
Last Ten Fiscal Years

	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 34,970,641	\$ 33,149,388	\$ 35,960,326	\$ 39,492,050	\$ 36,297,459
Contributions in relation to the actuarially determined contribution	34,970,641	33,149,388	35,960,326	39,492,050	36,297,459
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll (excluding DROP members)	\$ 56,759,632	\$ 56,545,113	\$ 50,740,542	\$ 47,164,030	\$ 53,273,735
Contributions as a percentage of covered-employee payroll	61.61%	58.62%	70.87%	83.73%	68.13%
	2011	2010	2009	2008	2007
Actuarially determined contribution	\$ 32,811,570	\$ 23,403,818	\$ 20,159,995	\$ 17,618,045	\$ 15,231,417
Contributions in relation to the actuarially determined contribution	32,811,570	23,403,818	20,159,995	17,618,045	15,231,417
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll (excluding DROP members)	\$ 49,041,435	\$ 49,144,179	\$ 50,393,490	\$ 49,192,010	\$ 46,668,370
Contributions as a percentage of covered-employee payroll	66.91%	47.62%	40.01%	35.81%	32.64%

See accompanying independent auditor's report and notes to required supplementary information.

**CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS
IN THE CITY OF MIAMI BEACH
Required Supplementary Information
Schedule of Investment Returns (Unaudited)
Last Three Fiscal Years**

	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	8.74%	0.70%	9.98%

* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

*See accompanying independent auditor's report and
notes to required supplementary information.*

**CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS
IN THE CITY OF MIAMI BEACH
Required Supplementary Information
Notes to Required Supplementary Information (Unaudited)
Last Ten Fiscal Years**

Method and assumptions used in calculations of the City's actuarially determined contributions. The actuarially determined contribution rates in the schedule of the City's contributions are calculated as of October 1. Unless otherwise noted above, the following actuarial methods and assumptions were used to determine contribution rates reported in the Schedule of the City's contributions.

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage, Closed
Amortization period	30 years
Asset valuation method	5-year smoothed market
Inflation	3.00%
Payroll growth	3.30%
Salary increases	0.7% - 10.7%
Investment rate of return	7.90%
Cost-of-Living Increases	1.5%, 2.0% or 2.5%

Retirement Age: Experience-based table of rates that are specific to the type of eligibility condition.

Mortality Rates:

Healthy: For healthy participants, the RP 2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, with Blue Collar Adjustment projected 15 years from valuation date for pre-retirement mortality and 7 years from valuation date for post-retirement mortality with Scale AA were used.

Disabled: For disabled participants, the RP 2000 Disabled Mortality Tables, separate rates for males and females, without projection for future mortality improvement were used.

Disability Rates: Representative values of the assumed annual rates of disability among members in active service are as follows:

<u>Age</u>	<u>Disability Rates</u>	<u>Age</u>	<u>Disability Rates</u>
20	0.07%	45	0.58%
25	0.11%	50	0.99%
30	0.16%	55	1.42%
35	0.22%	60	2.00%
40	0.32%	64	2.69%

35% of disabilities are assumed to be non-service incurred; 65% are assumed to be service incurred.

Employee Withdrawal Rates: Representative values of the assumed annual rates of withdrawal among members in active service are as follows:

<u>Age</u>	<u>Withdrawal Rates</u>	<u>Age</u>	<u>Withdrawal Rates</u>
20	2.00%	35	1.25%
25	1.75%	40	1.00%
30	1.50%	45	0.75%

Marital Assumptions:

1. 77% of members are assumed married or entitled to benefits for dependents, including registered domestic partners.
2. Male spouses are assumed to be three years older than female spouses.

See accompanying independent auditor's report.

**CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS
IN THE CITY OF MIAMI BEACH
Required Supplementary Information
Notes to Required Supplementary Information (Unaudited) - continued
Last Ten Fiscal Years**

Benefit Changes

In 2013, participants were categorized into different tiers: Tier 1 - members hired prior to July 14, 2010, Tier 2 - members hired on or after July 14, 2010 but prior to September 30, 2013, and Tier 3 - members hired on or after September 30, 2013. Final average monthly earnings (FAME) were updated to the greater of the average of the 2 highest paid years prior to date of retirement or the 2 last paid years after taking into consideration the overtime limit (Tier 1 and eligible to retire prior to September 30, 2015), the greater of the average of the 3 highest paid years prior to date of retirement or the 3 last paid years after taking into consideration the overtime limit (Tier 1 and eligible to retire on or after September 30, 2015), the greater of the average of the 3 highest paid years prior to date of retirement or the 3 last paid years after taking into consideration the overtime limit (Tier 2) and the greater of the average of the 5 highest paid years prior to date of retirement or the 5 last paid years after taking into consideration the overtime limit (Tier 3). Normal retirement eligibility was updated to the earlier of attainment of age 50 or Rule of 70 (Tier 1 and eligible to retire prior to September 30, 2013), the earlier of attainment of age 50 or Rule of 70 and attainment of age 47 (Tier 1 and eligible to retire on or after September 30, 2013), and the earlier of attainment of age 50 or Rule of 70 and attainment of age 48 (Tier 2 and 3). Benefits were updated to not exceed 85% of FAME (if eligible to retire on or after September 30, 2013) unless exceeded 85% as of September 30, 2013 (Tier 1 and eligible to retire on or after September 30, 2013 but prior to September 30, 2015). Pensionable salary was updated to exclude overtime pay in excess of 300 hours per calendar year. Withdrawal benefit eligibility was updated to any age prior to 50 with at least 5 years of service for members who terminate employment on or after September 30, 2013. Member contributions were updated to 10% of salary per year for members hired prior to September 30, 2013 and 10.5% of salary per year for members hired on or after September 30, 2013. Members will no longer be able to purchase an additional multiplier or pre-employment public safety service as a police officer or firefighter, and overtime for police officers was limited in each year to an amount that is equal to 11% of highest annualized pay rate for the same salary rank that the member is in at the time of retirement. In 2010, for new hires on or after July 14, 2010, the pension multiplier was updated to 3% for each year of service up to 20 years and 4% for each year of service thereafter (subject to a maximum of 90%). The Rule of 70 retirement was updated to state that members must attain age 48 to be eligible. Final average salary was updated to the three highest paid years or last three years prior to retirement, and the cost of living adjustment was updated to 1.5% annually. In 2010, for members who enter the DROP on or after September 1, 2012, the DROP period was updated to a maximum of 60 months and a 2.5% COLA will be paid annually on the anniversary date of the member's retirement. Pensionable pay was updated to include off-duty pay. Overtime for police officers was limited in each year to an amount 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, while overtime for firefighters was limited in each year to an amount that is equal to 11% of highest annualized pay rate for the same salary rank that the member is in at the time of retirement. Members with ten or more years of service were allowed to purchase up to four years of pre-employment military service, up to two years pre-employment public safety service, or either 3% or 6% additional benefit multiplier.

Assumption Changes

For the year ended September 30 2016, the actuary calculated covered payroll as provided under GASB statement No. 82. In 2015, investment return was decreased from 7.95% to 7.90%, withdrawal and retirement rates were updated, disability incidence was updated to 65% service incurred / 35% non-service incurred and the load for compensation and projected pensionable payroll was replaced with actual pensionable pay - these changes do not affect the contribution until the fiscal year ending September 30, 2017. In 2014, investment return was decreased from 8.00% to 7.95% - this does not affect the contribution until the fiscal year ending September 30, 2016. Payroll increase assumption was changed to not be greater than historical 10 year average. In 2013, the asset valuation method was updated to phase in the deviation between the expected and actual return on assets at the rate of 20% per year and the load for projected pensionable payroll was decreased to 16%. In 2012, investment return was updated to 8.0%, expected salary increases for final years 2013 and 2014 were reduced by 2.17% and increased by 3.0% respectively, contingency compensation load for overtime and other pays were decreased to 16%, and contingency pre-employment service load was decreased to 0.275%. In 2011, investment return was updated to 8.1%, mortality tables for healthy pre and post retirement participants were projected 15 and 7 years from the valuation date, and the contingency compensation load for overtime and other pays was increased to 18%. In 2010, investment return was updated to 8.2% and the freeze on the cost of living increase component of the salary scale was extended to March 31, 2012. In 2009, investment return was updated to 8.3%, mortality rates were changed to the RP-2000 Combined Mortality Table with a blue collar adjustment for healthy lives and the RP-2000 Disabled Mortality table for disabled participants, a 20% load was added to the projected base payroll, retirement and withdrawal rates were updated to reflect the results of the October 1, 2003 through October 1, 2008 experience study, salary increase rates were updated to 3.38% for plan year 2009 and 6.0% for all subsequent plan years, and the load for overtime and other pays was updated to 16%. In 2008, investment return was updated to 8.5%, the salary scale was reduced by 50 basis points, loadings for contingencies were increased by 100 basis points, and the retirement assumption was updated to reflect an increase in the level of retirements starting at age 45. In 2005, the "fresh start" method was applied, retirement rates were increased to reflect actual retirement experience, and loadings for contingencies and pre-employment service was updated to 7.0% and 5.5% respectively.

See accompanying independent auditor's report.

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

<i>Years ended September 30,</i>	2016	2015
Schedule "1"		
Schedule of Investment Expenses		
Financial management expenses:		
JP Morgan Investment Management, Inc.	\$ 417,095	\$ 389,397
RBC Global Asset Management (U.S.) Inc.	176,692	176,661
Logan Capital Management, Inc.	272,411	265,598
Wentworth, Hauser and Violich	33,556	254,207
Wellington Trust Company, NA	420,508	424,389
Inverness Counsel	1,553,770	1,593,702
RhumbLine Advisers	69,797	57,384
Wells Capital Management	117,470	116,058
Total Financial Management Expenses	3,061,299	3,277,396
Investment consultant fees:		
The Bogdahn Group	71,140	69,768
Investment custodial fees:		
Fiduciary Trust Company	111,566	112,954
Total Investment Expenses	\$ 3,244,005	\$ 3,460,118

Schedule "2"		
Schedule of Administrative Expenses		
Personnel services		
Salaries and payroll taxes	\$ 272,493	\$ 249,175
Fringe benefits	33,207	27,917
Total Personnel Services	305,700	277,092
Professional services		
Legal	88,790	84,800
Actuarial	50,794	28,351
Audit	28,843	21,368
Bookkeeping	2,921	2,244
Total Professional Services	171,348	136,763
Other		
Rent	125,290	132,789
Insurance	79,829	79,855
Office expense	36,355	33,682
I.T. dept. computer and phone charges	40,560	40,560
Computer consultant	7,388	9,130
Education, dues & subscriptions	45,131	50,613
Medical fees	4,680	6,647
Equipment rental	5,183	5,282
Utilities	4,580	5,080
Total Other	348,996	363,638
Total Administrative Expenses	\$ 826,044	\$ 777,493