



The City of Miami
Fire Fighters' and Police Officers'
Retirement Trust

76TH ANNUAL REPORT
SEPTEMBER 30, 2015



ADMINISTRATOR
Dania L. Orta

TRUSTEES
Ornel Cotera
Nelson Enriquez
Monica Fernandez
Thomas Gabriel
Daniel Iturrey
Sean MacDonald
Thomas Roell
Annette Rotolo
Robert Suarez

March 11, 2016

We hereby provide the Comprehensive Annual Financial Report for the City of Miami Fire Fighters' and Police Officers' Retirement Trust (FIPO) for fiscal year ended September 30, 2015.

Administration assumes full responsibility for the accuracy and reliability of the information including the completeness and fairness of the presentation. To provide a reasonable basis for these representations, Administration has established a comprehensive internal control framework that is designed to provide reasonable assurance of the safeguarding of assets against loss from unauthorized use or disposition and the adequate reliability of accounting records. Monitoring and evaluation of internal controls is a function that is maintained on an ongoing basis.

FIPO's financial statements have been audited by a firm of licensed certified public accountants in the State of Florida as required by State Statute. The goal of the Financial Audit was to provide reasonable assurance that the financial statements are free of material misstatement. The audit was conducted in accordance with US generally accepted auditing standards and the standards applicable to financial audits in Government Auditing Standards issued by the Comptroller of the United States. Our independent accounting firm, Goldstein Schechter Koch, concluded that there was a reasonable basis for rendering an unqualified opinion that the financial statements for the fiscal year ended September 30, 2015, were fairly stated in conformity with US generally accepted accounting principles.

Sincerely,

Dania L. Orta
Administrator

76th ANNUAL REPORT
SEPTEMBER 30, 2015

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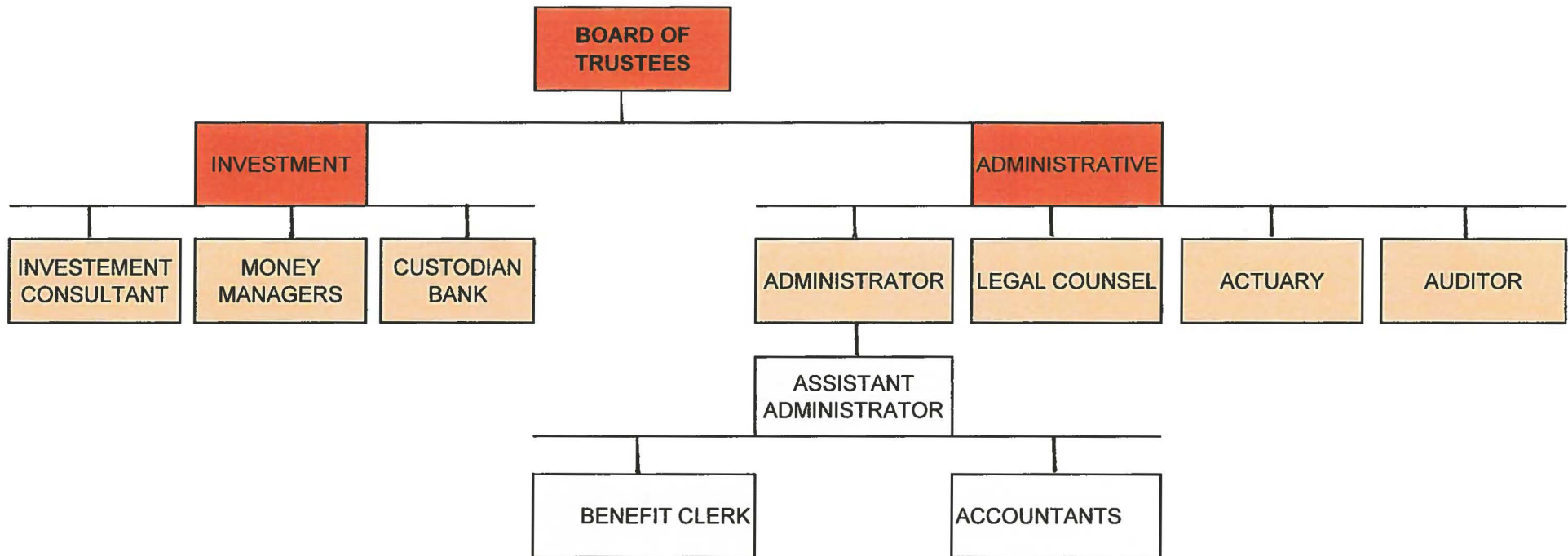
I

INTRODUCTORY

SECTION

ORGANIZATIONAL CHART

SEPTEMBER 30, 2015



BOARD OF TRUSTEES
AND
PERSONNEL OF THE RETIREMENT TRUST
AS OF SEPTEMBER 30, 2015

Chairman

Thomas Gabriel - Fire Captain
Elected by the Fire Fighters

Jesse Diner
Appointed by the City
Commission

Thomas Roell
Appointed by the City
Commission

Nelson Enriquez
Fire Captain
Elected by the Fire Fighters

Monica Fernandez
Appointed by the City
Commission

Ornel Cotera
Appointed by the City
Commission

Annette Rotolo
Police Sergeant
Elected by the Police Officers

Sean Mac Donald
Police Lieutenant
Elected by the Police Officers

Robert Moskovitz
Appointed by City Manager

Administrator
Dania L. Orta

Legal Advisor
Stephen H. Cypen, Esq.

Medical Advisor
Cornell Lupu, MD

Consulting Actuary
Nyhart

Certified Public Accountants
Goldstein Schechter Koch

Investment Managers

Adams Street
AXA Investments
Black Rock Invest. Managers
Barrow, Hanley, et al
Boston Partners
Catalyst Investment
Center Square
Champlain Asset Management
Coller Capital
Dodge & Cox

Eagle Asset Management
First Eagle
J. P. Morgan
Lexington Partners
Pacific Asset
Pantheon
S. L. Capital
Victory Capital
Wellington Management

Consultant
William Cottle, CFA, Milliman, Inc.

Custodian
Northern Trust Company

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST**

76th ANNUAL REPORT

On September 30, 2015, the City of Miami Fire Fighters' and Police Officers' Retirement Trust completed its seventy sixth year of operation.

Retirement benefits granted during the year represent annual benefits of \$374,637.00 and are as follows:

2	Service Retirements with annual benefits of	79,058.00
5	DROP Service Retirements with annual benefits of	244,506.00
5	Benefit Adjustments with annual benefits of	7,606.00
1	Ordinary Death with annual benefits of	43,468.00

In addition, three beneficiaries received an Ordinary Death benefit of one half of a year's salary totaling \$109,826.00.

During the year, 47 pensioners of the Retirement Trust died. Of these, 29 had selected a pension which terminated at their death and 18 had selected an option that will continue to a beneficiary representing yearly benefits of \$176,568.00.

During the year ending September 30, 2015, the pension payroll totaled \$125,043,011.00 which is a decrease of -0.3351% when compared to the previous year's total payroll, and is broken down as follows:

		<u>ANNUAL BENEFITS</u>
1,493	Service Retirements	97,538,046.00
277	DROP Service Retirements	20,173,418.00
52	Early Service Retirements	671,377.00
8	Ordinary Disability Retirements	99,332.00
139	Service/Accidental Disability Retirements	3,186,795.00
8	Accidental Death Retirements	203,303.00
6	Ordinary Death Early	184,434.00
245	Continuances	<u>2,986,306.00</u>
		125,043,011.00
Securities' gains and losses, Miscellaneous Income		93,406,277.00

The various statements and schedules, which follow, reflect the activities of the system from the beginning as well as for the current year. An outline showing benefits and working procedures is also included.

II

FINANCIAL

SECTION



Independent Auditors' Report

Board of Trustees
City of Miami Fire Fighters' and Police Officers' Retirement Trust
Miami, Florida

We have audited the accompanying financial statements of the City of Miami Fire Fighters' and Police Officers' Retirement Trust (the "Trust"), which comprise the statements of fiduciary net position as of September 30, 2015 and 2014, and the related statements of changes in fiduciary net position for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 of Miami Fire Fighters' and Police Officers' Retirement Trust as of September 30, 2015 and 2014, and the related statements of changes in fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Coral Gables
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11th Floor
Coral Gables, FL 33134
305.442.2200

Hollywood
4000 Hollywood Blvd.
Suite 215 South
Hollywood, FL 33021
954.989.7462

Fort Lauderdale
2400 E. Commercial Blvd.
Suite 517
Fort Lauderdale, FL 33308
954.351.9800

Boca Raton
2255 Glades Rd.
Suite 324A
Boca Raton, FL 33431
561.395.3550



Independent Auditors' Report (continued)

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 any assurance.

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of the Trust. The accompanying supplemental schedules of investment expenses and administrative expenses as listed in the accompanying table of contents is presented for purposes of additional analysis and is 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. 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 or America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 13, 2016 on our consideration of the Trust's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Trust's internal control over financial reporting and compliance.

Goldstein Schechter Koch, P.A.

Hollywood, Florida
January 13, 2016



ADMINISTRATOR
Dania L. Orta

TRUSTEES
Ornel Cotera
Jesse Diner
Nelson Enriquez
Monica Fernandez
Tom Gabriel
Sean MacDonald
Robert Moskowitz
Thomas Roell
Annette Rotolo

Management's Discussion and Analysis (Required Supplementary Information - Unaudited) September 30, 2015 and 2014

Our discussion and analysis of the City of Miami Fire Fighters' and Police Officers' Retirement Trust (the "Trust") financial performance provides an overview of the Trust's financial activities for the fiscal years ended September 30, 2015 and 2014. Please read it in conjunction with the Trust's financial statements which follow this discussion.

Financial Highlights

- The Trust assets exceeded its liabilities at the close of fiscal years ended 2015 and 2014 by \$1,674.7 million and \$1,748.7 million, respectively (reported as net position held restricted for pensions). The Trust's net position is held in trust to meet future benefit payments. The decrease of \$74.0 million and increase of \$48.7 million in fiduciary net position, of the respective years, has resulted primarily from the changes in the fair value of the Trust's investments due to volatile financial markets.
- For the fiscal year ended September 30, 2015 the Trust's total additions were \$93.7 million which were comprised of contributions of \$57.9 million and net investment income of \$35.8 million.

For the fiscal year ended September 30, 2014 the Trust's total additions were \$190.7 million which were comprised of contributions of \$57.1 million and net investment income of \$133.6 million.

- For the fiscal year ended September 30, 2015 the Trust's deductions increased over the prior year from \$141.9 million to \$167.8 or 18.2%. Most of this increase is attributable to increased pension benefits paid and distributions to retirees.

For the fiscal year ended September 30, 2014 the Trust's deductions increased over the prior year from \$125.9 million to \$141.9 or 12.7%. Most of this increase is attributable to increased pension benefits paid and distributions to retirees.

**The City of Miami Firefighters' and Police Officers' Retirement Trust
Management's Discussion and Analysis
(Required Supplementary Information - Unaudited)
September 30, 2015 and 2014**

Plan Highlights

For the year ending September 30, 2015, the total return of the portfolio was 2.4%. Actual net investment income was \$35.8 million in 2015 compared with \$133.6 million in 2014.

For the year ending September 30, 2014, the total return of the portfolio was 8.8%. Actual net investment income was \$133.6 million in 2014 compared with \$176.7 million in 2013.

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 Trust also includes in this report additional information to supplement the financial statements.

The Trust presents required supplementary schedules, which provide historical trend information about the Trust.

The Trust 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 Trust's overall financial status.

Description of the Financial Statements

The *Statements of Fiduciary Net Position* present information that includes all of the Trust's assets and liabilities, with the balance representing the net position restricted for pensions. It is a snapshot of the financial position of the Trust at that specific point in time and reflects the resources available to pay members, retirees and beneficiaries at that point in time.

The *Statements of Changes in Fiduciary Net Position* report how the Trust's net position changed during the fiscal year. The additions and deductions to net position are summarized in these statements. The additions include contributions to the retirement plan from employers (City) and members and net investment income, which include interest, dividends, investment expenses, and the net appreciation or depreciation in the fair value of investments. The deductions include benefit payments, refunds of member contributions, and administrative expenses.

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

**The City of Miami Firefighters' and Police Officers' Retirement Trust
Management's Discussion and Analysis
(Required Supplementary Information - Unaudited)
September 30, 2015 and 2014**

Description of the Financial Statements - continued

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 Trust's investment returns.

Additional information is presented as part of *Other Supplemental 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 Trust and include financial management, consultant, and custodial fees. The *Schedule of Administrative Expenses* presents the expenses incurred in the administration of the Trust.

Financial Analysis

- Trust's total assets as of September 30, 2015, were \$1,928.2 million and were mostly comprised of cash and cash equivalents, investments, property and equipment, and receivables related to investments. Total assets decreased \$73.0 million or 3.6%.

Trust's total assets as of September 30, 2014, were \$2,001.2 million and were mostly comprised of cash and cash equivalents, investments, property and equipment, and receivables related to investments. Total assets decreased \$24.1 million or 1.2%.

- Total liabilities as of September 30, 2015 were \$253.5 million and were mostly comprised of obligations under securities lending and payable for securities purchased. Total liabilities increased \$1.0 million or 0.4% from the prior year primarily due to an increase in obligations under securities lending.

Total liabilities as of September 30, 2014 were \$252.5 million and were mostly comprised of obligations under securities lending and payable for securities purchased. Total liabilities decreased \$72.8 million or 22.4% from the prior year primarily due to a decrease in payable for securities purchased.

- Trust assets exceeded its liabilities at the close of fiscal year ended September 30, 2015 by \$1,674.7 million. Total fiduciary net position restricted for pensions decreased \$74.0 million or 4.2% from the previous year.

Trust assets exceeded its liabilities at the close of fiscal year ended September 30, 2014 by \$1,748.7 million. Total fiduciary net position held in trust for pension benefits increased \$48.7 million or 2.9% from the previous year.

The City of Miami Firefighters' and Police Officers' Retirement Trust
Management's Discussion and Analysis
(Required Supplementary Information - Unaudited)
September 30, 2015 and 2014

Description of the Financial Statements – continued

Financial Analysis- continued

Table 1 - Condensed Statements of Fiduciary Net Position
September 30,
(Dollar Amounts in Thousands)

	2015	2014	Increase (Decrease) Amount	Total Percentage Change
Assets:				
Cash and cash equivalents	\$ 44,751	\$ 61,295	\$ (16,544)	(27.0)%
Receivables	12,622	12,333	289	2.3
Investments	1,627,169	1,689,979	(62,810)	(3.7)
Security lending collateral – invested	241,803	235,712	6,091	2.6
Property and equipment, net	1,872	1,914	(42)	(2.2)
Total assets	1,928,217	2,001,233	(73,016)	(3.6)%
Liabilities:				
Payables for securities purchased	11,365	16,320	(4,955)	(3.0)%
Accounts payable and other liabilities	377	505	(128)	(25.3)
Obligations under securities lending	241,803	235,712	6,091	2.6
Total liabilities	253,545	252,537	1,008	0.4%
Net position restricted for pensions	\$ 1,674,672	\$ 1,748,696	\$ (74,026)	(4.2)%

**The City of Miami Firefighters' and Police Officers' Retirement Trust
Management's Discussion and Analysis
(Required Supplementary Information - Unaudited)
September 30, 2015 and 2014**

Description of the Financial Statements – continued

Financial Analysis - continued

Table 1 - Condensed Statements of Fiduciary Net Position
September 30,
(Dollar Amounts in Thousands)

	2014	2013	Increase (Decrease) Amount	Total Percentage Change
Assets:				
Cash and cash equivalents	\$ 61,295	\$ 59,729	\$ 1,566	2.6%
Receivables	12,333	44,251	(31,918)	(72.1)
Investments	1,689,979	1,632,665	57,314	3.5
Security lending collateral – invested	235,712	286,709	(50,997)	(17.8)
Property and equipment, net	1,914	1,957	(43)	(2.2)
Total assets	2,001,233	2,025,311	(24,078)	(1.2)
Liabilities:				
Payables for securities purchased	16,320	38,240	(21,920)	(57.3)
Accounts payable and other liabilities	505	403	102	25.3
Obligations under securities lending	235,712	286,709	(50,997)	(17.8)
Total liabilities	252,537	325,352	(72,815)	(22.4)
Net position restricted for pensions	\$ 1,748,696	\$ 1,699,959	\$ 48,737	2.9%

Additions to Fiduciary Net Position

The reserves needed to finance retirement benefits are accumulated through the collection of contributions from members and the City and through earnings on investments. Contributions and net investment income for fiscal years 2015 and 2014 totaled \$93.8 million and \$190.7 million, respectively.

For the fiscal year ended September 30, 2015 total additions to plan fiduciary net position decreased by \$96.9 million or 50.8% from those of the prior year, due primarily to a decrease in net appreciation in fair value of investments.

Actual results were:

- City contributions increased from the previous year by approximately \$960,000 or 2.0% based on the actuarial valuation.
- Member contributions decreased from the previous year by approximately \$150,000 or 1.5%. This decrease is primarily due to a decrease in the contractual contributions resulting from a decrease in the contribution rate and the changes in membership mix during the year.
- Net investment income decreased from the previous year by \$97.8 million or 73.2%.

**The City of Miami Firefighters' and Police Officers' Retirement Trust
Management's Discussion and Analysis
(Required Supplementary Information - Unaudited)
September 30, 2015 and 2014**

Description of the Financial Statements – continued

Additions to Fiduciary Net Position - continued

For the fiscal year ended September 30, 2014 total additions to plan fiduciary net position decreased by \$41,581 million or 17.9% from those of the prior year, due primarily to a decrease in net appreciation in fair value of investments.

Actual results were:

- City contributions increased from the previous year by \$1.4 million or 3.1% based on the actuarial valuation.
- Member contributions increased from the previous year by \$.4 million or .4%. This increase is primarily due to an increase in the number of active members.
- Net investment income decreased from the previous year by \$43.0 million or 24.4%.

**Additions in Fiduciary Net Position
Years Ended September 30,
(Dollar Amounts in Thousands)**

	2015	2014	Increase (Decrease) Amount	Total Percentage Change
City contribution	\$ 48,617	\$ 47,655	\$ 962	2.0%
Member contributions	9,317	9,463	(146)	(1.5)
Net investment income	35,844	133,609	(97,765)	(73.2)
Total additions	\$ 93,778	\$ 190,727	\$ (96,949)	(50.8)%

**Additions in Fiduciary Net Position
Years Ended September 30,
(Dollar Amounts in Thousands)**

	2014	2013 (Restated)	Increase (Decrease) Amount	Total Percentage Change
City contribution	\$ 47,655	\$ 46,227	\$ 1,428	3.1%
Member contributions	9,463	9,427	36	0.4
Net investment income	133,609	176,655	(43,046)	(24.4)
Total additions	\$ 190,727	\$ 232,309	\$ (41,582)	(17.9)%

**The City of Miami Firefighters' and Police Officers' Retirement Trust
Management's Discussion and Analysis
(Required Supplementary Information - Unaudited)
September 30, 2015 and 2014**

Description of the Financial Statements – continued

Deductions from Fiduciary Net Position

The primary expenses of the Trust include the payment of pension benefits to members and beneficiaries, refund of contributions to former members, distributions to retirees, and administrative expenses. Total deductions for fiscal years ended 2015 and 2014 were \$167.8 million and \$142.0 million, an increase of 18.2% and 12.7%, over years 2014 and 2013 expenditures, respectively.

For the fiscal years ended September 30, 2015 and 2014, the payment of pension benefits to retirees increased by \$24.2 million and \$13.2 million or 20.7% and 12.7%, respectively, from the previous year. The increase in pension benefits paid resulted from increased payments of DROP benefits during the year.

For the fiscal years ended September 30, 2015 and 2014, administrative expenses increased by approximately \$140,000 and decreased by approximately \$14,000 or 6.4% and 0.7%, respectively, from the previous year.

**Deductions from Fiduciary Net Position
Years Ended September 30,
(In Thousands)**

	2015	2014	Increase Amount	Total Percentage Change
Pension benefits paid	\$ 140,863	\$ 116,682	\$ 24,181	20.7%
Refund of contributions	1,111	990	121	1.2
Distributions to retirees	23,564	22,189	1,375	6.2
Administrative expenses and depreciation	2,265	2,129	136	6.4
Total deductions	\$ 167.803	\$ 141.990	\$ 25,813	18.2%

**Deductions from Fiduciary Net Position
Years Ended September 30,
(In Thousands)**

	2014	2013	Increase (Decrease) Amount	Total Percentage Change
Pension benefits paid	\$ 116,682	\$ 103,513	\$ 13,169	12.7%
Refund of contributions	990	773	217	28.1
Distributions to retirees	22,189	19,522	2,667	13.7
Administrative expenses and depreciation	2,129	2,143	(14)	(0.7)
Total deductions	\$ 141,990	\$ 125,951	\$ 16,039	12.7%

**The City of Miami Firefighters' and Police Officers' Retirement Trust
Management's Discussion and Analysis
(Required Supplementary Information - Unaudited)
September 30, 2015 and 2014**

Description of the Financial Statements – continued

Capital Assets

As of September 30, 2015 and 2014, the Trust's investment in capital assets totaled \$1.87 million and \$1.91 million, respectively (net of accumulated depreciation). This investment in capital assets includes land and building for administrative use. The appraised value is \$2,500,000 and \$2,400,000 at September 30, 2015 and 2014, respectively.

Retirement System as a Whole

The Trust's fiduciary net position has decreased from that of fiscal year ended 2014 and increased from that of fiscal year ended 2013. Management believes, and actuarial studies concur, that the Trust is in a financial position to meet its current obligations.

Contacting the Trust'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 Trust's finances and to demonstrate the Trust's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City of Miami Fire Fighters' and Police Officers' Retirement Trust Fund, 1895 SW 3 Avenue, Miami FL, 33129.

**City of Miami Fire Fighters' and Police Officers'
Retirement Trust**

Statements of Fiduciary Net Position
September 30, 2015 and 2014

	2015				2014			
	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total
Assets:								
Cash and cash equivalents	\$ 32,723,347	\$ 1,749,114	\$ 10,278,268	\$ 44,750,729	\$ 45,498,276	\$ 2,318,433	\$ 13,478,086	\$ 61,294,795
Investments, at fair value:								
Debt securities, domestic	370,192,096	19,787,345	116,275,809	506,255,250	400,298,516	20,397,816	118,581,590	539,277,922
Debt securities, international	19,777,975	1,057,164	6,212,181	27,047,320	19,687,738	1,003,218	5,832,156	26,523,112
Equity investments, domestic	283,554,095	15,156,409	89,063,171	387,773,675	326,972,110	16,661,358	96,859,896	440,493,364
Equity investments, international	173,883,304	9,294,334	54,616,028	237,793,666	182,607,429	9,305,037	54,094,328	246,006,794
Private equity	87,514,502	4,677,787	27,487,944	119,680,233	66,752,800	3,401,490	19,774,375	89,928,665
Real estate	107,003,279	5,719,492	33,609,288	146,332,059	96,558,788	4,920,299	28,603,890	130,082,977
Mutual funds - Deferred Retirement Option Plan	202,286,695	-	-	202,286,695	217,666,435	-	-	217,666,435
Total investments	1,244,211,946	55,692,531	327,264,421	1,627,168,898	1,310,543,816	55,689,218	323,746,235	1,689,979,269
Security lending cash collateral - invested	173,659,717	9,910,007	58,233,892	241,803,616	174,965,668	8,915,640	51,830,587	235,711,895
Receivables:								
Proceeds from securities sold	8,728,226	-	-	8,728,226	8,518,663	-	-	8,518,663
City contributions	349,061	-	-	349,061	-	-	-	-
Accrued interest	3,544,894	-	-	3,544,894	3,814,598	-	-	3,814,598
Total receivables	12,622,181	-	-	12,622,181	12,333,261	-	-	12,333,261
Property and equipment, net	1,368,680	73,158	429,897	1,871,735	1,421,078	72,413	420,970	1,914,461
Total assets	1,464,585,871	67,424,810	396,206,478	1,928,217,159	1,544,762,099	66,995,704	389,475,878	2,001,233,681
Liabilities:								
Payable for securities purchased	11,365,077	-	-	11,365,077	16,320,515	-	-	16,320,515
Accounts payable and other liabilities	376,849	-	-	376,849	504,937	-	-	504,937
Obligations under securities lending	173,659,719	9,910,006	58,233,891	241,803,616	184,634,629	10,359,254	40,718,012	235,711,895
Total liabilities	185,401,645	9,910,006	58,233,891	253,545,542	201,460,081	10,359,254	40,718,012	252,537,347
Net position restricted for pensions	\$ 1,279,184,226	\$ 57,514,804	\$ 337,972,587	\$ 1,674,671,617	\$ 1,343,302,018	\$ 56,636,450	\$ 348,757,866	\$ 1,748,696,334

**City of Miami Fire Fighters' and Police Officers'
Retirement Trust**

Statements of Changes in Fiduciary Net Position
For the Years Ended September 30, 2015 and 2014

	2015				2014			
	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total	Membership and Benefit Account	Cost-of-Living Adjustment I Account	Cost-of-Living Adjustment II Account	Total
Additions:								
Contributions:								
City	\$ 42,919,757	\$ -	\$ 5,696,920	\$ 48,616,677	\$ 42,176,949	\$ -	\$ 5,477,808	\$ 47,654,757
Members	9,317,231	-	-	9,317,231	9,462,569	-	-	9,462,569
Total contributions	52,236,988	-	5,696,920	57,933,908	51,639,518	-	5,477,808	57,117,326
Investment income:								
Net appreciation in fair value of investments	9,150,643	249,958	2,098,542	11,499,143	78,556,680	3,186,277	20,982,136	102,725,093
Interest	13,560,316	573,807	3,493,603	17,627,726	16,633,450	812,908	5,210,792	22,657,150
Dividends	8,709,875	370,855	2,247,415	11,328,145	9,484,569	455,035	2,880,312	12,819,916
Other	242,205	10,307	62,545	315,057	223,825	10,740	67,779	302,344
	31,663,039	1,204,927	7,902,105	40,770,071	104,898,524	4,464,960	29,141,019	138,504,503
Less investment expense	(4,133,539)	(175,102)	(1,065,777)	(5,374,418)	(4,163,317)	(199,515)	(1,261,982)	(5,624,814)
Net investment income from investing activities	27,529,500	1,029,825	6,836,328	35,395,653	100,735,207	4,265,445	27,879,037	132,879,689
Security lending activities:								
Security lending income	460,098	19,571	118,679	598,348	678,060	32,493	205,648	916,201
Unrealized loss	(114,919)	(4,890)	(29,642)	(149,451)	(138,028)	(6,610)	(41,808)	(186,446)
Net income from security lending activities	345,179	14,681	89,037	448,897	540,032	25,883	163,840	729,755
Total net investment income	27,874,679	1,044,506	6,925,365	35,844,550	101,275,239	4,291,328	28,042,877	133,609,444
Total additions	80,111,667	1,044,506	12,622,285	93,778,458	152,914,757	4,291,328	33,520,685	190,726,770
Deductions:								
Pension benefits paid	140,863,255	-	-	140,863,255	116,681,509	-	-	116,681,509
Refund of contributions	1,110,899	-	-	1,110,899	990,358	-	-	990,358
Distributions to retirees	-	164,707	23,399,027	23,563,734	-	185,354	22,003,055	22,188,409
Depreciation expense	32,744	1,445	8,537	42,726	31,444	1,569	9,713	42,726
Administrative expenses	2,222,561	-	-	2,222,561	2,086,240	-	-	2,086,240
Total deductions	144,229,459	166,152	23,407,564	167,803,175	119,789,551	186,923	22,012,768	141,989,242
Net (decrease) increase	(64,117,792)	878,354	(10,785,279)	(74,024,717)	33,125,206	4,104,405	11,507,917	48,737,528
Net position restricted for pensions								
Beginning of year	1,343,302,018	56,636,450	348,757,866	1,748,696,334	1,310,176,812	52,532,045	337,249,949	1,699,958,806
End of year	\$ 1,279,184,226	\$ 57,514,804	\$ 337,972,587	\$ 1,674,671,617	\$ 1,343,302,018	\$ 56,636,450	\$ 348,757,866	\$ 1,748,696,334

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

City of Miami Fire Fighters’ and Police Officers’ Retirement Trust
Notes to Financial Statements
September 30, 2015 and 2014

Note 1 - Description of the Plan

Organization

The City of Miami Fire Fighters’ and Police Officers’ Retirement Trust (the “Trust”) is a single employer defined benefit pension plan established by the City of Miami, Florida (the “City”) pursuant to the provisions and requirements of Ordinance No. 10002 as amended. Since the Trust is sponsored by the City, the Trust is included as a pension trust fund in the City’s comprehensive financial report as part of the City’s financial reporting entity.

The Trust’s governing board is made up of a Board of Trustees consisting of nine members:

- Four are elected by the City’s commission and of that 2 are retired members
- Four are elected by the Trust’s members and of that one is a retired member and three are active participants
- One is appointed by the City manager

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

Membership

Participants are contributing police officers and firefighters with full-time status in the Police and Fire Department of the City of Miami, Florida.

Membership in the Trust consisted of the following as of October 1:

	2015	2014
Retirees and beneficiaries currently receiving benefits and terminated members entitled to benefits but not yet receiving them	2,250	2,260
Current members:		
Vested	650	576
Nonvested	1,000	906
	1,650	1,482

Member Contributions

Members contribute a percentage of their base salaries on a bi-weekly basis. Police Officers’ member contribution is 10% (7% prior to October 1, 2012) and Firefighters’ member contribution is 10% (9% prior to October 1, 2009), of compensation or equal to the City’s contribution, whichever is less. Prior to the agreement dated January 9, 1994, members contributed 10.5%, of which 2% was designated as a contribution to the Cost-of-Living Adjustment I Account (COLA I account). Effective January 9, 1994, the Trust entered into an agreement with the City whereby this percentage was decreased to 10% and a new Cost-of-Living Adjustment II Account (COLA II account) was created and funded by an actuarially determined percentage of the excess investment return (from other than COLA I account assets).

City of Miami Fire Fighters' and Police Officers' Retirement Trust

Notes to Financial Statements
September 30, 2015 and 2014

Note 1 - Description of the Plan - continued

Member Contributions - continued

Should the member contribution be less than 7% for Police Officers and 10% (9% prior to October 1, 2010) for Firefighters, due to the City contribution, the difference between the percentage contributed and the actual contribution shall be deducted from the member's paycheck and placed into an individual contribution account (ICA), as part of the retirement system. Interest on ICA's shall be determined in the same manner as the COLA transfer methodology. Interest shall be credited periodically to the ICA's as determined by the retirement system board's actuary. Member contributions and earnings in ICA's shall be deemed 100% vested upon deposit. Upon the member's separation, ICA balances shall be disbursed as provided under the IRS Code. As of September 30, 2015 and 2014 it was not necessary to create an ICA.

During the years ended September 30, 2015 and 2014, approximately \$39,000 and \$52,000 respectively, is included as member contributions for the purchase of additional service years by members as provided for by the Trust.

Effective the first full pay period following October 1, 2012, the member contributions for police officer's hired prior to October 1, 2012 is 10% of earnable compensation. Effective September 30, 2014, the member contribution for police officers hired prior to October 1, 2012 shall be 7% of earnable compensation. The member contribution for police officers hired on or after October 1, 2012 is 3% of earnable compensation greater than the member contribution for police officer members hired prior to October 1, 2012.

Effective the first full pay period following October 1, 2012, the member contribution for firefighters shall be ten percent of earnable compensation. On September 30, 2014, the member contribution for firefighters shall be 7% of earnable compensation. The member contribution for firefighters hired on or after October 1, 2014, shall be ten percent of earnable compensation.

Funding Requirements

The City is to contribute such amounts as are necessary to maintain the actuarial soundness of the Trust and to provide the Trust with assets sufficient to meet the benefits to be paid to the participants. Contributions to the Trust are authorized, pursuant to City of Miami Code Section 40.196 (a) and (b). Contributions to the COLA accounts are authorized pursuant to Section 40.204 of the City of Miami Code. The City's contributions to the Trust provide for non-investment expenses and normal costs of the Trust. The yield (interest, dividends, and net realized gains and losses) on investments of the Trust serves to reduce/increase future contributions that would otherwise be required to provide for the defined level of benefits under the Trust.

**City of Miami Fire Fighters' and Police Officers'
Retirement Trust**
Notes to Financial Statements
September 30, 2015 and 2014

Note 1 - Description of the Plan - continued

Funding Requirements - continued

The City entered into a collective bargaining agreement with the International Association of Firefighters for fiscal year 2013-2014. Under the terms of the agreement, the parties agreed to transfer certain premium tax revenues by the City in 2014 pursuant to Chapter 175, Florida Statutes. The premium tax revenues are transferred from the Miami Fire Fighter's Relief and Pension Fund to the City's Trust to reduce the City's annual required contribution to the Trust for the 2013-2014 plan year. As a result, during the fiscal year ended September 30, 2014, the City contributed approximately \$3,382,000 of Chapter 175 premium tax revenues to the Trust. This amount was included in City contributions in the accompanying statement of changes in fiduciary net position for the year ended September 30, 2014.

Pension Benefits

Members may elect to retire after 10 or more years of creditable service upon attainment of normal retirement age. Normal retirement pursuant to Section 40-203 of the City code shall be determined as follows:

Plan A

“For members employed on September 30, 2010, who as of that date have attained age 50 with ten or more years of creditable service or eligibility for rule of 64 retirement for police officer members, or eligibility for rule of 68 retirement for firefighter members, the normal retirement age shall be 50 years of age with ten or more years of creditable service, or rule of 64 retirement for police officer members, or rule of 68 for firefighter members.”

Plan B

“For members employed on September 30, 2010, who as of that date have not attained age 50 with ten or more years of creditable service, or rule of 64 retirement for police officer members, or rule of 68 retirement for firefighter members, and member hired on or after October 1, 2010 shall be rule of 70 retirement with a minimum age of 50 and ten or more years of creditable service.”

Rule of 64, 68 and 70 shall mean a computation consisting of the sum of a member's age and length of creditable service, which sum shall permit normal service retirement upon the member's combined age and creditable service equaling at least 64, 68 and 70, respectively.

A member entitled to a normal retirement benefit shall receive a retirement allowance equal to 3% of the member's average final compensation (as defined in the city code section 40-191), multiplied by years of creditable service for the first 15 years of such creditable service, plus a retirement allowance equal to 3% (3½% for members who retired prior to October 1, 2010) of member's average final compensation multiplied by the years of creditable service in excess of 15 years, paid in monthly installments.

City of Miami Fire Fighters' and Police Officers' Retirement Trust

Notes to Financial Statements
September 30, 2015 and 2014

Note 1 - Description of the Plan - continued

Pension Benefits - continued

Effective September 30, 2010, for members who retire or terminate employment with ten or more years of creditable service on or after October 1, 2010, member retirement allowances shall not exceed the lesser of 100% of the member's average final compensation or an annual retirement allowance of \$100,000 as of retirement or DROP entry based on the normal form of benefit in effect on the date of retirement: provided, in no event shall the benefit limitation be less than the lesser of 100% of the member's average final compensation or the member's accrued benefit as of September 30, 2010, determined in accordance with the provisions in effect on September 29, 2010, and based on the normal form of benefit in effect on that date.

Early retirement, disability, death and other benefits are also provided.

The Trust's investment policy is determined by the Board of Trustees and is implemented by investment managers. In addition, the Trust utilizes an investment advisor who monitors the investing activities. The investment policy of the Trust stipulates that the trustees shall, in acquiring, investing, reinvesting, exchanging, retaining, selling and maintaining property for the benefit of the Trust, exercise the judgment and care under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital. The trustees are authorized to acquire and retain various kinds of property, real, personal or mixed, and various types of investments specifically including, but not by way of limitation, bonds, debentures and other corporate obligations, and stocks, preferred or common, which persons of prudence, discretion and intelligence acquire or retain for their own account. The investment of funds shall be in a manner that is consistent with the applicable sections of the City Code as well as State and Federal laws within the allocation percentages established in the Trust's investment policy guidelines.

The investments are considered held by the Membership and Benefit Account and a share of the value of this account is allocated to each account based on a weighted average calculation performed each month to reflect each account's membership and benefit, COLA I and COLA II activity.

COLA Accounts

Effective January 9, 1994, the Trust entered into an agreement with the City of Miami with regards to the funding methods, member benefits, member contributions and retiree COLA. As of January 9, 1994, members no longer contribute to the original COLA account (COLA I), and a new COLA account (COLA II) was established.

The agreement included the following provisions:

- The funding method was changed to an aggregate.
- Combining all accounts for investment purposes (membership and benefit, COLA I and COLA II).
- Retirees receive additional COLA benefits.

**City of Miami Fire Fighters' and Police Officers'
Retirement Trust**
Notes to Financial Statements
September 30, 2015 and 2014

Note 1 - Description of the Plan - continued

COLA Accounts - continued

- Active members no longer contribute 2% of pretax earnings to fund the original retiree COLA account (COLA I account).

The COLA II account is funded annually by a percentage of the excess investment returns from other than COLA I account assets. The excess earnings contributed to the COLA II account will be used to fund a minimum annual payment of \$2.5 million, increasing by 4% compounded annually. To the extent necessary, the City will fund the portion of the minimum annual payment not funded by annual excess earnings no later than January 1 of the following year. During the years ended September 30, 2015 and 2014, approximately \$5,697,000 and \$5,478,000, respectively, was funded by the City. Benefits payable from the COLA accounts are computed in accordance with an actuarially based formula as defined in Section 40.204 of the City of Miami Code.

Deferred Retirement Option Plan (DROP)

Members who are eligible for service retirement or Rule of 64 or Rule 68 after September 1998 may elect to enter the Deferred Retirement Option Plan ("DROP"). Maximum participation in the DROP for firefighters shall be 54 full months and for police officers shall be 84 full months. A member's creditable service, accrued benefit and compensation calculation shall be frozen.

Upon commencement of participation in the DROP, the participant's contribution and the City's contribution to the Trust for that participant cease as the participant will not earn further creditable service for pension purposes.

Effective July 24, 2008, firefighter DROP participants may continue City employment for up to a maximum of 54 full months and police officers who elect DROP on May 8, 2008, or thereafter, may continue City employment for up to a maximum of 84 full months. No payment is made to or for the benefit of a DROP participant beyond that period. For persons electing participation in the DROP, an individual DROP account shall be created. Payment shall be made by the retirement trust into the member's DROP account in an amount equal to the regular monthly retirement benefit which the participant would have received had the participant separated from service and commenced receipt of pension benefits. Payments received by the participant in the DROP account are tax deferred. A series of investment vehicles which are established by the board of trustees are made available to DROP participants to choose from. Any losses, charges, or expenses incurred by the participant in their DROP account are not made up by the City or the Trust, but shall be borne by the participant.

Upon termination of employment, a member may receive distribution from the DROP account in the following manner:

- Lump sum distribution
- Periodic payments
- Annuity
- Roll over of the balance to another qualified retirement plan

**City of Miami Fire Fighters' and Police Officers'
Retirement Trust**
Notes to Financial Statements
September 30, 2015 and 2014

Note 1 - Description of the Plan - continued

Deferred Retirement Option Plan (DROP) - continued

Any member may defer distribution until the latest date authorized by Section 401(a)(9) of the Internal Revenue Code.

A DROP participant shall not be entitled to receive an ordinary or service disability retirement and in the event of death of a DROP participant, there shall be no accidental death benefit for pension purposes. DROP participation does not affect any other death or disability benefit provided to a member under federal law, state law, City ordinance, or any rights or benefits under any applicable collective bargaining agreement. At September 30, 2015 and 2014, there were 269 and 396 DROP participants, respectively.

The DROP of the Trust also consists of a Benefit Actuarially Calculated DROP ("BACDROP"). A member may elect to BACDROP to a date no further back than the date of their retirement eligibility date. Effective October 1, 2001, the BACDROP period must be in 12 month increments, beginning at the start of a pay period, not to exceed 48 full months for firefighters and 12 full months for police officers who elect DROP on October 1, 2003. Participation in the BACDROP does not preclude participation in the Forward DROP.

Any participant who is employed and not participating in the DROP on September 30, 2010 shall be eligible to elect the DROP for benefits accrued prior to that date.

A BACDROP benefit option shall be implemented on January 1, 2013 to replace the existing DROP program. Employees who have not attained normal retirement eligibility as of January 1, 2013 or were not vested by October 1, 2010, and all employees hired on or after January 1, 2013, will be eligible for the Backdrop option, but will not be eligible for the DROP. Anyone eligible for the DROP as of January 1, 2013 remains eligible for the DROP as it presently exists and anyone eligible for the DROP as of January 1, 2013, who chooses not to enter the DROP remains eligible for the BACDROP.

- An eligible employee who elects the Backdrop option shall receive a monthly benefit payable on the employee's actual retirement date based on the benefit the employee would have received if he/she had left City employment and retired on an earlier date after attaining normal retirement eligibility. In addition, an eligible employee who elects the Backdrop option will receive a lump sum payment equal to the accumulation of monthly retirement benefit payments he/she would have received during the period following the Backdrop date through the actual retirement date plus interest at the rate of 3% per year, compounded annually.
- Employees are eligible to elect the Backdrop option after completing one year of creditable service following the normal retirement date. The maximum Backdrop period is seven years.
- Employees will be able to revoke their Backdrop election one time, but within one month of their election.

**City of Miami Fire Fighters' and Police Officers'
Retirement Trust**
Notes to Financial Statements
September 30, 2015 and 2014

Note 1 - Description of the Plan - continued

Deferred Retirement Option Plan (DROP) - continued

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

	2015	2014
Beginning balance	\$ 217,666,435	\$ 200,181,768
Additions	24,988,209	37,390,395
Distributions	(40,808,453)	(28,609,875)
Interest	440,504	8,704,147
Ending balance	\$ 202,286,695	\$ 217,666,435

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

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

Cash equivalents

The Trust considers all highly liquid investments with short maturities, typically less than three months but no more than one year when purchased, to be cash equivalents.

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 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:

- **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, TIPS and foreign debt securities. 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.

**City of Miami Fire Fighters' and Police Officers'
Retirement Trust**
Notes to Financial Statements
September 30, 2015 and 2014

Note 2 - Summary of Significant Accounting Policies

Investments - continued

- **Equity securities:** These include domestic and international equities. 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, 2015 and 2014. 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.
- **Alternative investments:** These investments include private equity, private debt, venture capital and equity real estate investments where no readily ascertainable market value exists. To value these investments, management, in consultation with the general partner and investment advisors, determines the fair values for the individual investments based upon the partnership's or limited liability company's most recent available financial information adjusted for cash flow activities through September 30, 2015 and 2014. The estimated fair value of these investments may differ from values that would have been used had a ready market existed.

Unrealized gains and losses are presented as net appreciation 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 securities are reflected on a trade-date basis. Interest income is recognized as earned and dividend income is recorded as of the ex-dividend date. Realized gains and losses on the sale of investments are based on average cost identification method.

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 accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment

Property and equipment are stated at cost and depreciated using the straight-line method over the estimated lives of the assets.

Income Tax Status

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

**City of Miami Fire Fighters’ and Police Officers’
Retirement Trust**
Notes to Financial Statements
September 30, 2015 and 2014

Note 2 - Summary of Significant Accounting Policies - continued

Risk and Uncertainties

Contributions to the Trust 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 member 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 settling assumptions, that the effect of such changes could be material to the financial statements.

Subsequent Events

Management has evaluated subsequent events through January 13, 2016, the date which the financial statements were available for issue.

Note 3 - Deposit and Investment Risk Disclosures

Cash and cash equivalents

Deposits are carried at cost and are included in cash and cash equivalents in the statement of fiduciary net position. Cash and cash equivalents include demand accounts and short-term investment funds (STIF). The cash is invested through daily sweeps of excess cash by the Trust's custodial bank into the custodial short-term (money market) commingled fund or invested in certificates of deposit, commercial paper, U.S. Treasury bills and repurchase agreements.

Cash and cash equivalents at September 30 consists of the following:

	2015	2014
Deposits (managed overdraft)	\$ 26,702	\$ (47,908)
Invested cash and currency	28,665,458	27,848,707
Short-term investment	16,058,569	33,493,996
Total	\$ 44,750,729	\$ 61,294,795

Investment Authorization

The Board of Trustees holds the fiduciary responsibility for the Trust, and has adopted a policy to invest in several institutionally acceptable asset classes. Thus, the Trustees have set a reasonably diversified asset allocation in accordance to state statutes (including minimum and maximum allocations), which is expected to appropriately fund the Trust's liabilities and meet its basic investment objectives. The basis for such a target asset allocation is a study of the Trust's pension liabilities and reasonable, alternative investment portfolios.

**City of Miami Fire Fighters' and Police Officers'
Retirement Trust**
Notes to Financial Statements
September 30, 2015 and 2014

Note 3 - Deposit and Investment Risk Disclosures - continued

Investment Authorization - continued

These asset classes are domestic equity (large, mid and small capitalization), international equity (developed and emerging markets), domestic real estate (institutional quality properties either individually or in open-ended commingled funds, or in REIT securities portfolios), private equity funds, domestic fixed income, and short-term investments. Other asset classes may be added by the Trustees to its investment policy.

Investment in domestic equity securities shall be limited to those listed on a major U.S. stock exchange and limited to no more than 34% (at market) of the Trust's total asset value. Investments in stocks of foreign companies shall be limited to 23% of the value of the Trust's portfolio.

Investments in domestic fixed income securities shall be limited to 56% (at maturity) of the Trusts' total portfolio. The domestic fixed income portfolio shall be comprised of securities rated "BBB" or higher by nationally recognized rating agencies, preferably by Moodys' or Standard & Poors rating services. Investment in TIPS has also been authorized by the Trust. The goal of the TIPS allocation is to protect against inflation. Proper diversification of TIPS portfolios is required, such that reasonable risk/reward expectations are maintained. Performance attribution is required, as is the case of domestic fixed income managers.

The Trust invests in various funds and investment vehicles which employ specific strategies and co-investments often outside the traditional asset classes. The most common investment categories for these funds include domestic and international real estate and private equity funds. The structure of these investments is generally a limited partnership or limited liability company and tend to be long term and illiquid in nature. Real estate investments and private equity funds shall be limited to 10% and 8%, respectively, of the value of the portfolio.

No single security can represent more than 5% of the market value of a portfolio at the time of purchase, and no single industry (based on Global Industry Classification System codes) can represent more than 15% of the market value of the account. These single security and single industry restrictions do not apply to U.S. Government and Agency bond holdings.

Types of Investments

Florida statutes and Trust investment policy authorize the Trustees to invest funds in various investments. The current target and actual allocation of these investments at market, per the performance analysis report, is as follows as of September 30:

**City of Miami Fire Fighters' and Police Officers'
Retirement Trust**
Notes to Financial Statements
September 30, 2015 and 2014

Note 3 - Deposit and Investment Risk Disclosures - continued

Types of Investments - continued

	2015		2014	
	Target % of Portfolio	Actual % of Portfolio	Target % of Portfolio	Actual of Portfolio
Authorized Investments				
Cash and cash equivalents	0.0%	3.0%	0.0%	4.0%
Domestic equities	28.0	26.4	28.0	28.7
Core fixed income	41.0	36.3	41.0	36.9
International equities	18.0	16.2	18.0	16.0
Real estate	8.0	10.0	8.0	8.5
Private equity	5.0	8.1	5.0	5.9
	100.0%	100.0%	100.0%	100.0%

Rate of Return

For the years ended September 30, 2015 and 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.84% and 8.60%, respectively. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Investments

The table below shows the Trust's investments by type as of September 30:

	2015	2014
Debt securities, domestic:		
U.S. treasuries	\$ 20,465,617	\$ 55,702,133
U.S. agencies	52,115,148	86,996,366
TIPS	70,416,067	67,348,981
Corporate bonds	341,555,180	275,695,184
Asset backed securities	11,803,360	20,602,623
Mortgage backed securities	3,081,652	16,390,770
Guaranteed fixed income	6,818,226	16,541,865
	506,255,250	539,277,922
Debt securities, international:		
International government bonds	2,141,807	3,260,070
Asset backed securities	-	951,734
Corporate bonds	24,905,513	22,311,308
	27,047,320	26,523,112
Equity securities, domestic	387,773,675	440,493,364
Equity securities, international	237,793,666	246,006,794
Private equity	119,680,233	89,928,665
Real estate equity	146,332,059	130,082,977
Mutual funds - DROP	202,286,695	217,666,435
Total	\$ 1,627,168,898	\$ 1,689,979,269

City of Miami Fire Fighters' and Police Officers' Retirement Trust

Notes to Financial Statements
September 30, 2015 and 2014

Note 3 - Deposit and Investment Risk Disclosures - continued

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 Trust 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 Trust's investments to market interest rate fluctuations is provided by the following tables that show the distribution of the Trust's investments by maturity at September 30:

2015					
Investment Maturities (in years)					
Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. treasuries	\$ 90,881,684	\$ 2,865,057	\$ 33,484,590	\$ 50,457,188	\$ 4,074,849
U.S. agencies	52,115,148	-	487,097	2,774,927	48,853,124
Domestic Fixed Income	363,258,418	3,809,500	70,857,232	260,241,732	28,349,954
International Fixed Income	27,047,320	588,294	13,808,463	9,588,644	3,061,919
	\$ 533,302,570	\$ 7,262,851	\$ 118,637,382	\$ 323,062,491	\$ 84,339,846
% of fixed income portfolio	100.0%	1.36%	22.25%	60.58%	15.81%

2014					
Investment Maturities (in years)					
Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. treasuries	\$ 123,051,114	\$ 9,227,974	\$ 37,602,891	\$ 68,723,543	\$ 7,496,706
U.S. agencies	86,996,366	823,693	2,395,310	9,925,339	73,852,024
Domestic Fixed Income	329,230,442	1,199,195	84,186,097	196,256,606	47,588,544
International Fixed Income	26,523,112	1,147,941	12,454,257	9,567,040	3,353,874
	\$ 565,801,034	\$ 12,398,803	\$ 136,638,555	\$ 284,472,528	\$ 132,291,148
% of fixed income portfolio	100.0%	2.19%	24.15%	50.28%	23.38%

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 Trust's investment policy utilizes portfolio diversification in order to control this risk.

**City of Miami Fire Fighters' and Police Officers'
Retirement Trust**
Notes to Financial Statements
September 30, 2015 and 2014

Note 3 - Deposit and Investment Risk Disclosures - continued

Credit Risk - continued

The following tables disclose credit ratings by investment type, at September 30, as applicable:

	2015	
	Fair Value	Percentage of Portfolio
U.S. government guaranteed*	\$ 142,996,831	26.81%
Credit risk debt securities:		
AAA	12,432,571	2.33
AA+	3,788,034	0.71
AA	3,778,743	0.71
AA-	7,980,502	1.50
A+	12,914,450	2.42
A	21,356,407	4.00
A-	33,568,134	6.30
BBB+	41,710,384	7.82
BBB	40,353,764	7.57
BBB-	15,543,815	2.91
BB+ and lower	196,834,502	36.91
Not rated	44,433	0.01
Total credit risk debt securities	390,305,739	73.19
Total fixed income securities	\$ 533,302,570	100.00%

	2014	
	Fair Value	Percentage of Portfolio
U.S. government guaranteed*	\$ 210,047,479	37.12%
Credit risk debt securities:		
AAA	16,444,891	2.91
AA+	7,410,425	1.31
AA	7,532,062	1.33
AA-	5,718,609	1.01
A+	16,748,987	2.96
A	26,541,096	4.69
A-	39,127,317	6.92
BBB+	35,576,074	6.29
BBB	38,532,247	6.81
BBB-	18,716,536	3.31
BB+ and lower	121,367,396	21.45
Not rated	22,037,915	3.89
Total credit risk debt securities	355,753,555	62.88
Total fixed income securities	\$ 565,801,034	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.

**City of Miami Fire Fighters' and Police Officers'
Retirement Trust**
Notes to Financial Statements
September 30, 2015 and 2014

Note 3 - Deposit and Investment Risk Disclosures - continued

Concentration of Credit Risk

The investment policy of the Trust contains limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. There were no individual investments that represent 5% or more of fiduciary net position at September 30, 2015 and 2014.

Custodial Credit Risk

Deposits are exposed to custodial risk if they are uninsured and uncollateralized. Custodial risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Trust will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Trust's deposits are covered by depository insurance or are collateralized by securities held with a financial institution in the Trust's name. The Trust is only exposed to custodial credit risk for uncollateralized cash and cash equivalents that are not covered by federal depository insurance.

Custodial risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Trust will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the Trust, and are held either by the counterparty or the counterparty's trust department or agent but not in the Trust's name.

Consistent with the Trust's investment policy, the investments are held by Trust's custodial bank and registered in the Trust's name. All of the Trust's deposits are insured and or collateralized by a financial institution separate from the Trust's depository financial institution.

The Trust participates in securities lending transactions, as lender, and the securities loaned in those circumstances are exposed to some degree of custodial credit risk. The trust does require that its custodian maintain insurance to help protect against losses due to negligence, theft, and certain other events.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of the investment or a deposit. The Trust may have exposure to foreign currency risk to the extent its investments contain non-U.S. dollar denominated holdings in foreign countries. All asset classes may hold non-U.S. securities, depending on portfolio guidelines. There is no requirement that this exposure to foreign currency be hedged through forward currency contracts, although the manager uses them in many cases.

**City of Miami Fire Fighters' and Police Officers'
Retirement Trust**
Notes to Financial Statements
September 30, 2015 and 2014

Note 3 - Deposit and Investment Risk Disclosures - continued

Foreign Currency Risk - continued

The Trust has exposure to foreign currency fluctuation at September 30, as follows:

2015					
Currency	Cash and cash equivalents	Equity	Fixed Income	Real Estate	Total
Australian Dollar	\$ -	\$ 811,892	\$ 270,608	\$ -	\$ 1,082,500
British Pound Sterling	46,576	40,171,190	281,027	-	40,498,793
Canadian Dollar	-	3,541,271	167,003	-	3,708,274
Danish Krone	-	7,069,344	-	-	7,069,344
Euro	70,581	32,557,119	-	5,579,160	38,206,860
Hong Kong Dollar	-	10,026,734	-	-	10,026,734
Japanese Yen	-	26,474,113	-	-	26,474,113
Mexican Peso	-	252,298	397,018	-	649,316
Norwegian Krone	-	653,815	-	-	653,815
Singapore Dollar	-	2,497,777	1,026,151	-	3,523,928
South Korean Won	-	3,953,477	-	-	3,953,477
Swedish Krona	-	1,251,351	-	-	1,251,351
Swiss Franc	-	13,877,071	-	-	13,877,071
Other	-	3,014,062	-	-	3,014,062
Total	\$ 117,157	\$ 146,151,514	\$ 2,141,807	\$ 5,579,160	\$ 153,989,638

2014					
Currency	Cash and cash equivalents	Equity	Fixed Income	Real Estate	Total
Australian Dollar	\$ -	\$ 813,639	\$ -	\$ -	\$ 813,639
British Pound Sterling	-	4,610,494	-	-	4,610,494
Canadian Dollar	-	2,452,855	-	-	2,452,855
Euro	110,614	14,921,908	-	4,634,518	19,667,040
Hong Kong Dollar	-	2,301,238	-	-	2,301,238
Japanese Yen	-	19,194,881	-	-	19,194,881
Mexican Peso	-	412,017	-	-	412,017
Norwegian Krone	-	773,442	-	-	773,442
Singapore Dollar	-	3,117,824	279,582	-	3,397,406
South Korean Won	-	3,156,903	-	-	3,156,903
Swedish Krona	-	1,225,255	-	-	1,225,255
Swiss Franc	-	3,905,098	-	-	3,905,098
Other	-	1,777,992	-	-	1,777,992
Total	\$ 110,614	\$ 58,663,546	\$ 279,582	\$ 4,634,518	\$ 63,688,260

**City of Miami Fire Fighters' and Police Officers'
Retirement Trust**
Notes to Financial Statements
September 30, 2015 and 2014

Note 3 - Deposit and Investment Risk Disclosures - continued

Derivatives

Derivatives are financial instruments whose value is derived from underlying asset or data. All of the Trust derivatives are considered investments. Derivatives generally take the form of contracts in which two parties agree to make payments at a later date based on the value of specific assets or indices. The Trust may invest in various derivative financial instruments such as financial futures; forward foreign currency contracts and currency options; interest rate swaps, interest-only and principal only CMOs; and mortgage CMOs to enhance the performance and reduce volatility.

In past years, the primary reasons for the use of derivative contracts have pertained to their ability to facilitate changes to the asset allocation of the total Trust and for their low cost of implementation. The acceptable investment purposes for the use of derivatives are as follows:

- a. Appropriate to use futures, options and forward currency contracts to assist investment managers in mitigating portfolio risk.
- b. Useful substitute for an existing, traditional investment. In certain circumstances it may be cheaper, quicker or easier to invest in a derivative instrument or security rather than transacting in the cash or traditional security market.
- c. Provides investment value to the portfolio, while being consistent with the Retirement Trust's overall and specific investment policies.
- d. Obtains investment exposure that is appropriate with the managers' investment strategy and the Retirement Trust's investment guidelines, but could not be made through traditional investment securities.

Futures are contractual obligations that require the buyer (seller) to buy (sell) assets at a predetermined date at a predetermined price. These contracts are standardized and traded on an organized exchange with gains and losses settled daily thereby minimizing credit and default risk. Gains and losses are included in net appreciation in the fair value of investments total of the statement of changes in the fiduciary net position.

As of September 30, 2015 and 2014, the Trust did not have any derivatives.

Securities Lending Transactions

A retirement system is authorized by state statutes and board of trustees' policies to lend its investment securities. The lending is managed by the Trust's custodial bank. All loans can be terminated on demand by either the Trust or the borrowers, although the average term of loans is approximately 183 and 199 days, respectively, as of September 30, 2015 and 2014. The custodial bank and its affiliates are prohibited from borrowing the Trust's securities.

**City of Miami Fire Fighters' and Police Officers'
Retirement Trust**
Notes to Financial Statements
September 30, 2015 and 2014

Note 3 - Deposit and Investment Risk Disclosures - continued

Securities Lending Transactions - continued

The agent lends the Trust's U.S. government and agency securities and domestic corporate fixed-income and equity securities for securities or cash collateral at least 102 percent of the market value of the securities plus any accrued interest and international securities at least 105 percent of the market value of the securities plus any accrued interest. The securities lending contracts do not allow the Trust to pledge or sell any collateral securities unless the borrower defaults. Cash collateral is invested in the agent's collateral investment pool, whose share values are based on the amortized cost of the pool's investments. Investments are restricted to issuers with a credit rating A3 or A- or higher by Moody's or Standard & Poor's. At September 30, 2015 and 2014, the pool had a weighted average term to maturity of 38 and 45 days, respectively.

The relationship between the maturities of the investment pool and the Trust's loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the Trust cannot determine. There are policy restrictions by the custodial bank that limit the amount of securities that can be lent at one time or to one borrower.

Loaned securities continue to be classified as investment assets on the statement of fiduciary net position. Off balance sheet cash collateral is recorded as an asset with a corresponding liability. For lending agreements collateralized by securities, no accompanying asset or liability is recorded, since the Trust is not permitted to sell or re-pledge the associated collateral.

The following represents the balances relating to securities lending transactions at September 30:

	2015		
Securities Lent:	Market Value of Securities on Loan for Cash	Fair Value of Cash Collateral Invested	Fair Value of Liabilities to Borrowers
U.S. government and agency obligations	\$ 76,243,625	\$ 77,560,383	\$ 77,560,383
International equities	3,352,767	3,501,141	3,501,141
Domestic corporate stocks	132,887,359	134,428,163	134,428,163
Domestic corporate bonds	25,865,045	26,313,929	26,313,929
Total securities lent	\$ 238,348,796	\$ 241,803,616	\$ 241,803,616

	2014		
Securities Lent:	Market Value of Securities on Loan for Cash	Fair Value of Cash Collateral Invested	Fair Value of Liabilities to Borrowers
U.S. government and agency obligations	\$ 105,086,247	\$ 107,639,830	\$ 107,639,830
International equities	2,974,847	3,116,345	3,116,345
Domestic corporate stocks	101,188,917	104,147,008	104,147,008
Domestic corporate bonds	20,245,538	20,808,712	20,808,712
Total securities lent	\$ 229,495,549	\$ 235,711,895	\$ 235,711,895

**City of Miami Fire Fighters' and Police Officers'
Retirement Trust**
Notes to Financial Statements
September 30, 2015 and 2014

Note 3 - Deposit and Investment Risk Disclosures – continued

Securities Lending Transactions - continued

The contract with the Trust's custodian requires the custodian to indemnify the Trust if the borrower fails to return the securities, due to the insolvency of a borrower, and the custodian has failed to live up to its contractual responsibilities relating to the lending of those securities. At year end, the Trust has no credit risk exposure to borrowers because the amounts of collateral held by the Trust exceed the amounts the borrowers owe the Trust. There are no significant violations of legal or contractual provisions, no borrowers or lending agent default losses, and no recoveries of prior period losses during the year. There is no income distributions owing on securities lent.

Note 4 – Net Pension Liability of the City

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

	2015	2014
Total pension liability	\$ 2,167,482,636	\$ 2,149,956,347
Plan fiduciary net position	(1,674,671,617)	(1,748,696,334)
City net pension liability	\$ 492,811,019	\$ 401,260,013

Plan fiduciary net position as a percentage of total pension liability	77.26%	81.34%
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Actuarial Assumptions

The total pension liability at September 30, 2015 was determined using an actuarial valuation as of October 1, 2015, with update procedures used to roll forward the total pension liability to September 30, 2015. The actuarial valuation used the following actuarial assumptions:

Inflation	3.25%
Projected salary increases	3.25%-9.75%, average, including inflation
Projected COLAs	Amount varies annually with the adjustment on January 1st
Investment rate of return	7.42% compounded annually, net of pension plan investment expense, including inflation.

Mortality rates are calculated with the RP 2000 Mortality Table projected to 2020 using Scale AA for all healthy retirees. Disabled Mortality rates are calculated based on the RP 2000 Disabled Mortality Table projected to 2020 using Scale AA.

The actuarial assumptions used in the October 1, 2015 valuations was based on the results of an actuarial experience study for the period October 1, 2011 to September 30, 2014.

**City of Miami Fire Fighters' and Police Officers'
Retirement Trust**
Notes to Financial Statements
September 30, 2015 and 2014

Note 4 – Net Pension Liability of the City - continued

Actuarial Assumptions - continued

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 Trust investment expense and inflation) for each major asset class as well as historical investment data and Trust performance.

Best estimates of arithmetic real rates of return for each major asset class included in the Trust's target asset allocation as of the valuation dates of October 1, 2015 and October 1, 2014 (see the discussion of the Trust's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return*	
	2015	2014
Domestic Fixed Income	1.98%	1.0%
Foreign Fixed Income	0.00	0.0
Domestic Equities	6.75	5.8
International Equities	7.50	6.5
Real Estate	5.73	4.7
Private Equity	10.00	9.0

* Real rates of return are net of the long-term inflation assumption of 7.42% and 7.50%, for 2015 and 2014, respectively.

Discount Rate

The discount rate used to measure the total pension liability was 7.42% and 7.50%, for 2015 and 2014, respectively. The projection of cash flows used to determine the discount rate assumed that Trust member contributions will be made at the current contribution rates and that contributions from the City will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Trust's fiduciary net position was projected to be available to make all projected future benefit payments of current Trust members. Therefore, the long term expected rate of return on pension Trust investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability To Changes In The Discount Rate

The following presents the net pension liability of the City using the discount rate of 7.42% and 7.50% for 2015 and 2014, respectively, as well as what the employer net pension liability would if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	City Net Pension Liability - 2015		
	1% Decrease (6.42%)	Current Discount Rate (7.42%)	1% Increase (8.42%)
September 30, 2015	\$ 682,899,246	\$ 492,811,019	\$ 318,049,387

**City of Miami Fire Fighters' and Police Officers'
Retirement Trust**
Notes to Financial Statements
September 30, 2015 and 2014

Note 4 – Net Pension Liability of the City – continued

Sensitivity of the Net Pension Liability To Changes In The Discount Rate - continued

	City Net Pension Liability - 2014		
	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
September 30, 2014	\$ 603,189,825	\$ 401,260,013	\$ 230,207,720

Note 5 - Property and Equipment

Property and equipment consist of the following at September 30:

	Estimated Useful Life	2015	2014
Land	N/A	\$ 760,865	\$ 760,865
<u>Building</u>	<u>39 years</u>	<u>1,666,305</u>	<u>1,666,305</u>
Total cost		2,427,170	2,427,170
Less: accumulated depreciation		555,435	512,709
<u>Net</u>		<u>\$ 1,871,735</u>	<u>\$ 1,914,461</u>

Depreciation expense for both years ended September 30, 2015 and 2014 was \$42,726.

Note 6 - Administrative Expenses Reimbursement

For the fiscal years ended September 30, 2015 and 2014 administrative costs (in the amounts of \$2,222,561 and \$2,087,114, respectively) of the Trust are funded by the City of Miami and are accounted for as a part of the actuarially determined minimum required contributions from the City and are reflected in contributions from the City in the attached statement of changes in fiduciary net position.

Note 7 - Off-Balance-Sheet Financing

The Trust, in the normal course of business, enters into commitments with off-balance-sheet risk. The Trust adheres to the same credit policies, financial and administrative controls, and risk limiting and monitoring procedures for commitments as for on-balance-sheet investments.

The future financial commitments outstanding for private equity investments at September 30, 2015 and 2014 were, respectively, approximately \$31,733,000 and \$57,329,000.

**City of Miami Fire Fighters' and Police Officers'
Retirement Trust**
Notes to Financial Statements
September 30, 2015 and 2014

Note 8 - Retirement Plan for Staff

The employees of the Trust participate in a separate plan sponsored by the City of Miami Fire Fighters' and Police Officers' Retirement Trust, which is a single employer defined benefit pension plan for the staff of the Trust. The quarterly contribution to the plan is based on a specified percentage of the eligible employees' compensation. The employees' contribution is 7% of compensation for all employees. The Trust is to contribute such amounts as necessary to provide the Plan with assets sufficient to meet the benefits to be paid to the participants. Retirement contributions for the fiscal years ended September 30, 2015 and 2014 were \$18,162 and \$36,324, respectively.

The Trust's contributions to the Plan for the calendar years ending December 31, 2015, 2014 and 2013 were actuarially determined by the January 1, 2015, 2014, and 2013 valuations to be \$26,592, \$50,637 and \$54,486, respectively.

Note 9 – Legal Matters

The Trust may be party to legal proceedings, investigations, and claims in the ordinary course of operations. The Trust records accruals for outstanding legal matters when it believes it is probable that a loss will be incurred and the amount can be reasonably estimated. The Trust evaluates, along with legal counsel, developments in legal matters that could affect the amount of any accrual and developments that would make a loss contingency both probable and reasonably estimable. If a loss contingency is not both probable and estimable, the Trust does not establish an accrued liability. In the opinion of management, the ultimate outcome of the claim and litigation, if any, will not have a material effect on the Trust's financial position.

**City of Miami Fire Fighters' and Police Officers'
Retirement Trust
Required Supplementary Information
Schedule of Changes in the City's Net Pension Liability (Unaudited)
Last Two Fiscal Years**

	2015	2014
Total pension liability		
Service cost	\$ 19,203,823	\$ 17,233,272
Interest	156,479,438	155,338,970
Changes of benefit terms	9,453,429	-
Differences between expected and actual experience	(16,970,540)	(6,638,755)
Changes of assumptions	14,895,466	-
Benefit payments, including refunds of member contributions	(165,535,327)	(139,860,276)
Net change in total pension liability	17,526,289	26,073,211
Total pension liability- beginning	2,149,956,347	2,123,883,136
Total pension liability- ending	2,167,482,636	2,149,956,347
Plan fiduciary net position		
Contributions - employer	48,616,677	47,654,757
Contributions - member	9,317,231	9,462,569
Net investment income	35,844,550	133,609,444
Benefit payments, including refunds of member contributions	(165,537,888)	(139,860,276)
Administrative expenses	(2,222,561)	(2,086,240)
Other	(42,726)	(42,726)
Net change in plan fiduciary net position	(74,024,717)	48,737,528
Plan fiduciary net position – beginning	1,748,696,334	1,699,958,806
Plan fiduciary net position - ending	\$ 1,674,671,617	\$ 1,748,696,334
City's net pension liability	\$ 492,811,019	\$ 401,260,013

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

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

**City of Miami Fire Fighters' and Police Officers'
Retirement Trust
Required Supplementary Information
Schedule of Changes in the City's Net Pension Liability (Unaudited) - continued
Last Two Fiscal Years**

	2015	2014
Total pension liability	\$ 2,167,482,636	\$ 2,149,956,347
Plan fiduciary net position	(1,674,671,617)	(1,748,696,334)
City's net pension liability	\$ 492,811,019	\$ 401,260,013
Plan fiduciary net position as a percentage of the total pension liability	77.26%	81.34%
Covered – employee payroll	\$ 93,705,765	\$ 85,222,842
City's net pension liability as a percentage of covered – employee payroll	525.91%	470.84%
Total employee payroll including DROP	\$ 133,966,173	\$ 127,786,644

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

**City of Miami Fire Fighters' and Police Officers'
Retirement Trust
Required Supplementary Information
Schedule of Contributions by Employer (Unaudited)
Last Ten Fiscal Years**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contribution	\$ 48,616,677	\$ 47,305,679	\$ 45,412,248	\$ 47,418,316	\$ 47,156,797
Contributions in relation to the actuarially determined contribution	48,616,677	47,305,679	45,412,248	47,418,316	44,928,642
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,228,155</u>
Covered-employee payroll	\$ 106,278,378	\$ 93,705,765	\$ 85,222,842	\$ 82,205,838	\$ 82,164,617
Contributions as a percentage of covered-employee payroll	45.74%	50.48%	53.29%	57.68%	54.68%
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Actuarially determined contribution	\$ 59,025,379	\$ 36,993,395	\$ 36,040,251	\$ 40,542,078	\$ 50,635,213
Contributions in relation to the actuarially determined contribution	59,025,379	36,993,395	36,040,251	40,542,078	50,635,213
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 80,152,355	\$ 122,212,346	\$ 129,369,531	\$ 103,630,392	\$ 90,363,952
Contributions as a percentage of covered-employee payroll	73.65%	30.27%	27.86%	39.12%	56.03%

**City of Miami Fire Fighters' and Police Officers'
Retirement Trust
Required Supplementary Information
Schedule of Investment Returns (Unaudited)
For the Years Ended September 30, 2015 and 2014**

	2015	2014
Annual money-weighted rate of return, net of investment expense	1.84%	8.60%

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

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

**City of Miami Fire Fighters' and Police Officers'
 Retirement Trust
 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, one year prior to the end of the fiscal year in which contributions are reported. 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 Method
Asset valuation method	20% Write-Up Method: Expected actuarial value of assets, adjusted by 20% of the difference between expected actuarial value and actual market value (net of pending transfers to the COLA Fund).
Interest Rates	7.42% net of investment expenses
Inflation	3.25%
Projected salary increases	1.5% for promotions and other increase plus salary merit
Expense and or Contingency Loading	\$2,029,168
Mortality Rates:	
Healthy	RP 2000 Mortality Table Projected to 2020 using Scale AA
Disabled	RP 2000 Disabled Mortality Table Projected to 2020 using Scale AA
	100% of the assumed deaths are expected to be ordinary deaths

See accompanying independent auditors' report.

**City of Miami Fire Fighters' and Police Officers'
Retirement Trust
Required Supplementary Information
Notes to Required Supplementary Information (Unaudited) - continued
Last Ten Fiscal Years**

Retirement Rates: If eligible for retirement, the following decrements apply, based on service.

<u>Years of Service</u>	<u>Police %</u>	<u>Fire %</u>
<20	0	0
20	10	10
21-24	3	3
25-29	40	5
30-34	50	25
35	100	25
36		25
37		100

All Members are assumed to elect a 5-year BackDROP when they reach five years following first retirement eligibility.

Disability Rates: 100% of the disabilities are expected to be accidental with the following probabilities. No recovery is assumed.

<u>Age</u>	<u>Rates</u>
35	0.285%
40	0.390%
45	0.800%
50	1.210%

Withdrawal Rates:

<u>Age</u>	<u><5</u>	<u>5+</u>
30	2.40%	1.92%
35	2.40%	1.92%
40	1.80%	1.44%
45	1.20%	0.96%
50	0.00%	0.00%

Marital Status and Ages:

100% of members are assumed to be married.
Female spouses assumed to be 3 years younger than male spouses.

Compensated Absence Balance Transfers:

No liabilities or costs are included for the provision to transfer compensated absence balances into FIPO to purchase additional creditable service, based on our understanding that assets will be transferred immediately prior to retirement to cover 100% of the liability for the additional service.

Withdrawal of Employee Contributions:

It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.

See accompanying independent auditors' report.

**City of Miami Fire Fighters' and Police Officers'
Retirement Trust
Schedules of Investment Expenses
For the Years Ended September 30, 2015 and 2014**

	2015	2014
Financial management expenses		
Equities		
Barrow Hanley	\$ 358,853	\$ 380,004
BGI/Black Rock	119,810	125,998
Boston Partners	408,416	396,089
Champlain Investments	488,976	533,242
Delaware Investment	531,361	541,191
Eagle Asset Management	197,183	262,570
First Eagle	853,154	817,596
Urdang & Associates	264,655	315,056
Total	3,222,408	3,371,746
Fixed Income		
Ambassador Capital	40,964	169,920
AXA High Yield	127,109	433,039
Barrow Hanley	272,461	265,910
Dodge & Cox	229,459	222,440
Munder Capital	-	131,620
Wellington TIPS	411,496	109,752
Total	1,081,489	1,332,681
Real Estate		
Certified Appraisal Services of South Florida, Inc.	1,200	1,000
Proxy Voting	4,000	-
J.P. Morgan	1,055,236	919,302
Total	1,060,436	920,302
Other		
Total	10,085	85
Total investment expenses	\$ 5,374,418	\$ 5,624,814

**City of Miami Fire Fighters' and Police Officers'
Retirement Trust
Schedules of Administrative Expenses
For the Years Ended September 30, 2015 and 2014**

	2015	2014
Personnel services		
Salaries and payroll taxes	\$ 393,642	\$ 520,606
Fringe benefits	110,312	208,782
Total personnel services	503,954	729,388
Professional services		
Actuarial	173,124	80,111
Audit	46,578	38,000
Consultant and custodial	595,720	512,472
Legal	136,572	219,334
Total professional services	951,994	849,917
Other		
Education and travel	39,773	34,498
Insurance	98,023	81,293
Office expense	198,149	220,130
Repair and maintenance	363,628	87,558
Retirement contribution	42,934	54,486
Utilities	24,106	28,970
Total other	766,613	506,935
Total administrative expenses	\$ 2,222,561	\$ 2,086,240



**Independent Auditors' Report on Internal Control
Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial
Statements Performed in Accordance with
*Government Auditing Standards***

Board of Trustees
City of Miami Fire Fighters' and Police Officers' Retirement Trust
Miami, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* Issued by the Comptroller General of the United States, the financial statements of the City of Miami Fire Fighters' and Police Officers' Retirement Trust (the "Trust"), which comprise the statement of fiduciary net position as of September 30, 2015, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 13, 2016.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



**Independent Auditors' Report on Internal Control
Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial
Statements Performed in Accordance with
Government Auditing Standards
(continued)**

Compliance and Other Matters

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

Purpose of this Report

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

Goldstein Schechter Koch, P.A.

Hollywood, Florida
January 13, 2016

III

INVESTMENT

SECTION

INVESTMENT ANALYSIS
YEAR ENDED SEPTEMBER 30, 2015

	GENERAL FUND	COLA I	COLA II
BALANCE AS OF 10/01/2014	1,291,356,273	56,636,445	348,757,865
Additions: Purchases			
Short Term Investment	243		
Other Money Market	1,735,229		
Other Liabilities	17,267,376		
Mutual Funds	18,575,273		
Private Equity	34,991,599		
Private Equity International	6,190,462		
Commercial Paper	221,502		
Commodity Ex Traded Fund International	1,960,870		
US Treasury Bills	20,713,996		
US Treasury Bonds	41,267,492		
US Treasury Bonds International	2,093,397		
US Treasury Notes	35,886,910		
Corporate Bonds	146,370,188		
Corporate Bonds International	10,558,554		
Domestic Equity	117,091,899		
International Equity	139,816,195		
Share of Assets Transferred	0	1,043,066	12,613,747
Share of Securities Transferred to COLA II	10,785,280		
	605,526,466	1,043,066	12,613,747
Deductions: Redemptions & Sale			
Short Term Investment	1		
Other Money Market	1,690,479		
Other Liabilities	17,272,951		
Mutual Funds	2,326,191		
Private Equity	9,737,961		
Private Equity International	1,692,532		
Commercial Paper	12,029,662		
Commodity Ex Traded Fund International	1,268,971		
US Treasury Bills	27,502,738		
US Treasury Bonds	88,262,131		
US Treasury Bonds International	3,211,660		
US Treasury Notes	65,714,075		
Corporate Bonds	90,761,948		
Corporate Bonds International	8,917,032		
Domestic Equity	169,856,338		
International Equity	148,721,222		
Drop Asset	15,379,739		
Share of Securities Transferred To COLA I	878,359	164,707	
Share of Securities Transferred To COLA II	0		23,399,027
	665,223,988	164,707	23,399,027
BALANCE AS OF 09/30/2015	<u>1,231,658,750</u>	<u>57,514,804</u>	<u>337,972,585</u>

Miami Fire and Police Retirement Trust

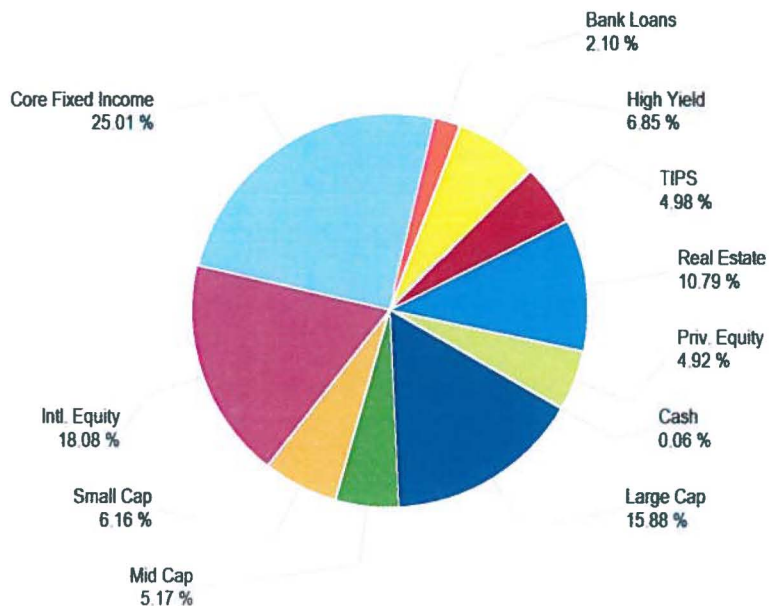
Asset Allocation by Manager

As Of September 30, 2015

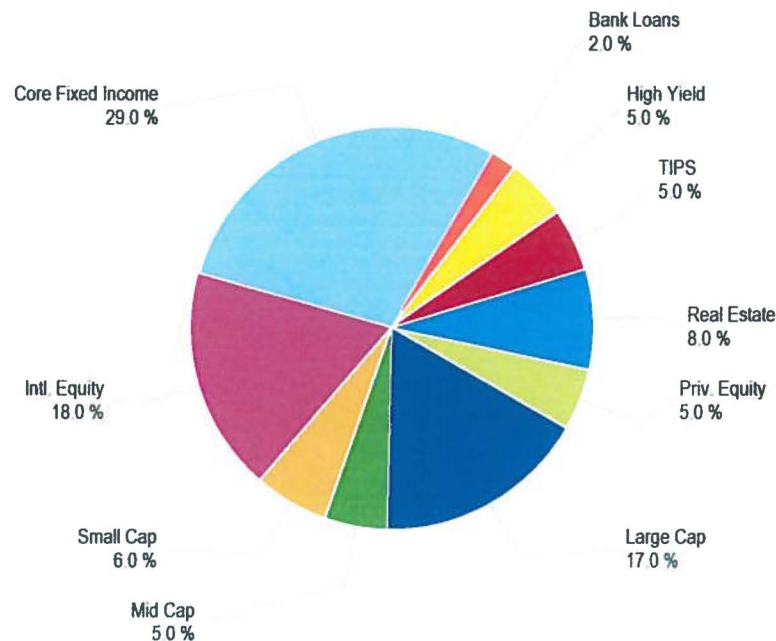
	Total Market Value	% of Portfolio	US Equity	Non-US Equity	US Fixed Income	Alternatives	Real Estate	Cash
Total Fund								
Domestic Equity								
Large Cap Equity								
BlackRock S&P Index Fund	\$5,906,236	0.4%	\$5,906,236					
Jackson Square Partners	\$113,771,685	7.8%	\$113,771,685					
Barrow Hanley Large Value	\$113,081,409	7.7%	\$113,081,409					
Mid Capitalization Equity								
Champlain Mid Cap	\$17,299,875	1.2%	\$17,299,875					
Boston Partners	\$58,408,460	4.0%	\$58,408,460					
Small Capitalization Equity								
Champlain Small Cap	\$63,362,439	4.3%	\$63,362,439					
Eagle Asset Management	\$26,861,503	1.8%	\$26,861,503					
International Equity								
BlackRock EAFE Index Fund	\$50,759,517	3.5%		\$50,759,517				
First Eagle	\$107,279,582	7.3%		\$107,279,582				
Wellington IQG	\$106,816,479	7.3%		\$106,816,479				
Legacy WHV	\$91,962	0.0%		\$91,962				
Core Fixed Income								
Barrow Hanley Opportunistic Credit	\$93,256,636	6.4%			\$93,256,636			
Dodge & Cox	\$98,994,424	6.8%			\$98,994,424			
Dodge & Cox Income Fund	\$81,547,115	5.6%			\$81,547,115			
Victory Capital	\$92,703,198	6.3%			\$92,703,198			
Ambassador Capital	\$4	0.0%			\$4			
Bank Loans								
Pacific Asset Management	\$30,799,688	2.1%			\$30,799,688			
High Yield								
AXA High Yield	\$100,371,904	6.8%			\$100,371,904			
TIPS								
Wellington TIPS	\$72,938,348	5.0%			\$72,938,348			
Real Estate								
JP Morgan Real Estate								
JP Morgan SPF	\$80,703,464	5.5%					\$80,703,464	
JP Morgan SSPF	\$22,280,157	1.5%					\$22,280,157	
Centersquare	\$43,352,217	3.0%					\$43,352,217	
Centersquare Value Fund III	\$9,643,797	0.7%					\$9,643,797	

	Total Market Value	% of Portfolio	US Equity	Non-US Equity	US Fixed Income	Alternatives	Real Estate	Cash
Retirement Office	\$2,200,000	0.2%					\$2,200,000	
Private Equity								
Adams Street	\$5,838,784	0.4%				\$5,838,784		
BlackRock NTR	\$13,414,054	0.9%				\$13,414,054		
Catalyst	\$4,841,484	0.3%				\$4,841,484		
Coller Fund V	\$5,441,854	0.4%				\$5,441,854		
Coller Fund VI	\$7,192,482	0.5%				\$7,192,482		
JP Morgan Private Equity	\$11,021,443	0.8%				\$11,021,443		
JP Morgan Global Fund V	\$3,083,075	0.2%				\$3,083,075		
Lexington Capital Partners	\$6,152,877	0.4%				\$6,152,877		
Pantheon Global	\$11,218,704	0.8%				\$11,218,704		
SL Capital	\$2,983,922	0.2%				\$2,983,922		
Lexington VIII	\$980,000	0.1%				\$980,000		
Cash & Cash Alternatives								
BlackRock Liquid Policy Portfolio	\$545,595	0.0%						\$545,595
Main Account	\$396,231	0.0%						\$396,231
Transition Account	\$0	0.0%						\$0
Total	\$1,465,540,603	100.0%	\$398,691,607	\$264,947,540	\$570,611,316	\$72,168,679	\$158,179,635	\$941,826
Percent of Total			27.2%	18.1%	38.9%	4.9%	10.8%	0.1%

Current Allocation

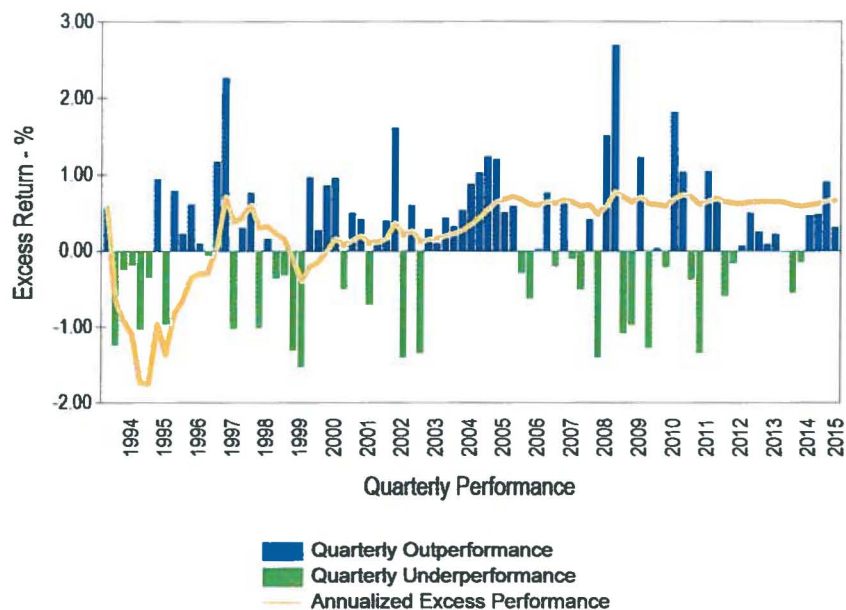


Target Allocation

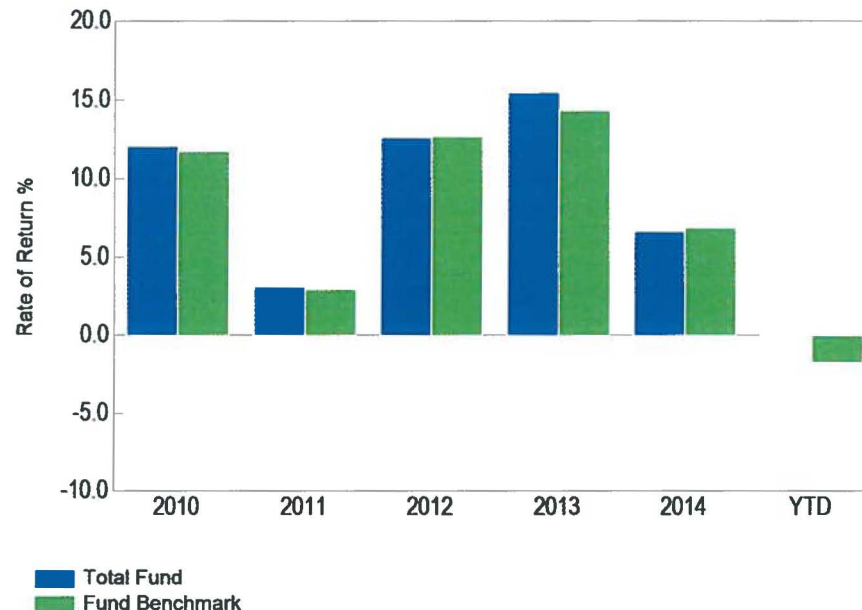


Total Fund Performance Summary

Annualized Excess Performance



Return Summary Ending September 30, 2015



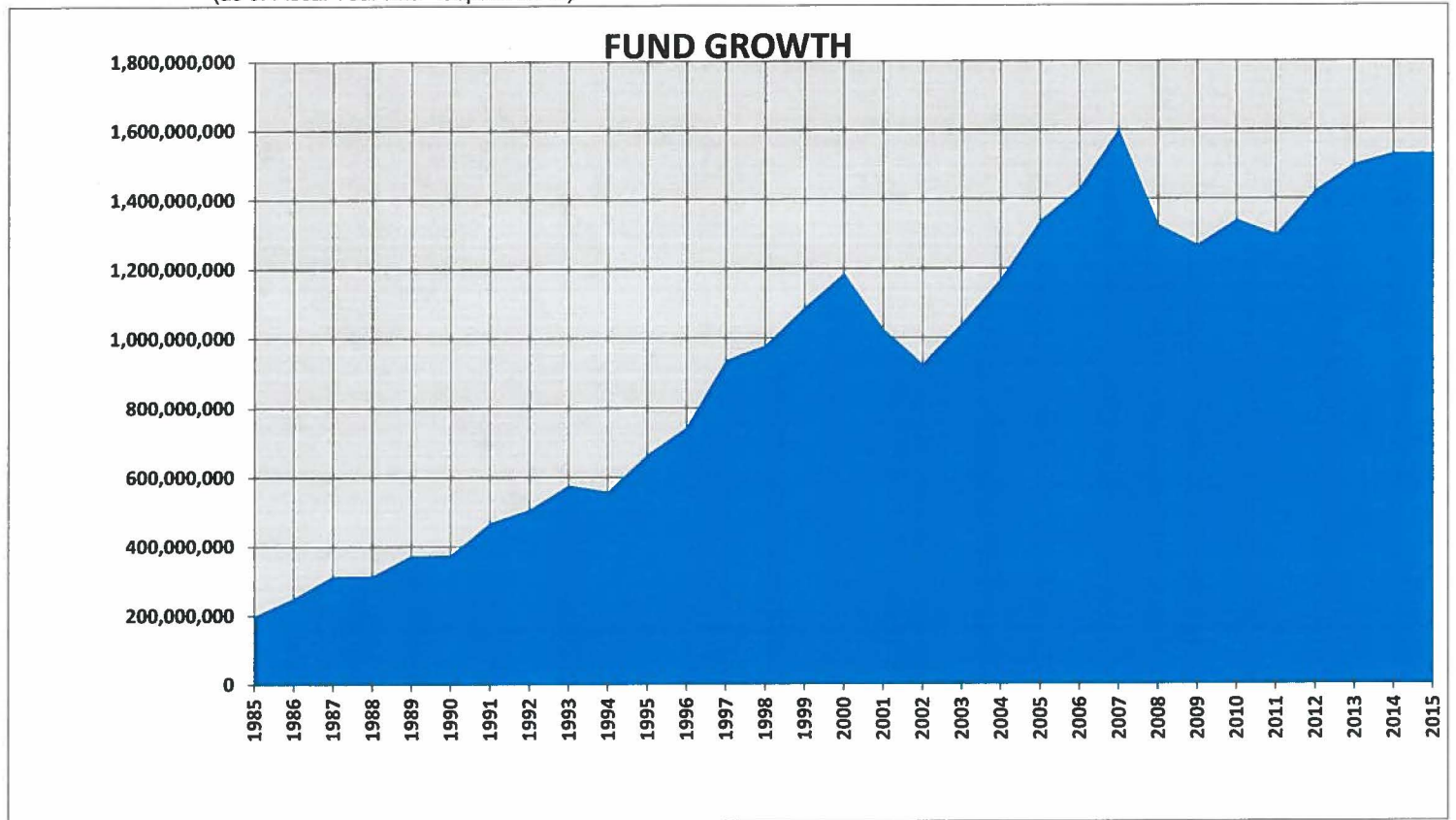
	Ending September 30, 2015										Inception									
	3 Mo Rank	Fiscal YTD Rank	1 Yr Rank	2 Yrs Rank	3 Yrs Rank	4 Yrs Rank	5 Yrs Rank	7 Yrs Rank	10 Yrs Rank	Return	Since									
Total Fund	-3.6%	24	2.4%	6	2.4%	6	5.6%	25	7.8%	23	10.3%	24	8.8%	17	7.8%	30	6.2%	26	8.2%	Jan-94
<i>Fund Benchmark</i>	-4.0%	30	0.3%	34	0.3%	34	4.7%	47	6.9%	44	9.3%	45	7.9%	44	6.7%	59	5.5%	58	7.5%	Jan-94
	YTD Rank	2014 Rank	2013 Rank	2012 Rank	2011 Rank	2010 Rank	2009 Rank	2008 Rank	2007 Rank	2006 Rank										
Total Fund	0.0%	5	6.6%	49	15.5%	45	12.6%	48	3.1%	29	12.1%	67	20.4%	42	-23.8%	48	7.3%	62	12.6%	50
<i>Fund Benchmark</i>	-1.7%	21	6.9%	44	14.3%	55	12.7%	46	3.0%	30	11.7%	71	17.8%	57	-23.9%	48	6.2%	82	13.0%	45

GROWTH OF THE FUND

(as of Fiscal Year End - Sept 30 2015)

FISCAL YEAR MARKET VALUE

1985	199,345,728
1986	250,500,507
1987	314,887,130
1988	314,756,341
1989	372,898,432
1990	375,600,000
1991	467,717,640
1992	507,233,089
1993	577,531,203
1994	559,130,104
1995	665,309,481
1996	742,938,069
1997	938,525,274
1998	978,062,036
1999	1,086,034,187
2000	1,186,001,037
2001	1,025,439,757
2002	926,355,174
2003	1,038,797,014
2004	1,168,244,034
2005	1,336,399,433
2006	1,429,556,438
2007	1,600,810,429
2008	1,324,750,244
2009	1,267,128,720
2010	1,339,510,475
2011	1,297,169,271
2012	1,423,736,735
2013	1,499,777,038
2014	1,532,094,518
2015	1,532,094,518



IV

ACTUARIAL

SECTION

June 12, 2014

Board of Trustees
City of Miami Fire Fighters' and
Police Officers' Retirement Trust
1895 SW 3 Avenue
Miami, FL 33129-1456

October 1, 2013 Actuarial Report

Dear Board Members:

Enclosed is our report on the actuarial valuation of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of October 1, 2013, for the fiscal year beginning October 1, 2014.

The report is based upon the terms of Ordinance No. 10002 and the Amended Final Judgment in the matter of Gates v. City of Miami, as well as Ordinance 13344 (excluding any change to the Entry Age Cost Method).

The City contribution requirement for the 2014/2015 fiscal year is \$43,995,049, compared to \$41,827,871 for the 2013/2014 fiscal year.

When expressed as a percentage of total payroll (for active members and members in forward DROP), the City contribution rate increased from 33.53% as of October 1, 2012 to 35.32% as of October 1, 2013. The percentages of total payroll reflect the hypothetical impact on funding if there were no forward DROP, since members who are presently in DROP could well be more likely to be retired and replaced with active members. The ordinance and State law do not permit funding after members enter a forward DROP.

Respectfully submitted,

THE NYHART COMPANY, INC.

Randall L. Stanley

Randall L. Stanley, FSA, FCA, MAAA, EA

Heath W. Merlak

Heath W. Merlak, FSA, MAAA, EA
Actuary

David D. Harris

David D. Harris, ASA, FCA, MAAA, EA
Actuary

Enclosures: Electronic (danial@miamifipo.org)
Bound (10 copies)

RLS/DDH/HWM/di
MIAM501801/701

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

City Contribution Requirement for 2014/2015 Fiscal Year

	<u>2014/2015</u>	<u>2013/2014</u>
	-\$-	-\$-
I. <u>Unfunded Actuarial Accrued Liability</u>	N/A	N/A
II. <u>Normal Cost</u>		
A. Present Value of Future Benefits		
1. <u>Active Members</u>		
a. Retirement	355,226,122	341,843,203
b. Disability	45,613,622	44,965,635
c. Death	6,437,282	6,261,069
d. Turnover	22,199,983	22,373,923
e. Return of Contributions	<u>1,777,650</u>	<u>1,805,399</u>
f. Total	431,254,659	417,249,229
2. <u>Retired Members and Beneficiaries</u>		
a. Service Retirements and Beneficiaries	1,344,589,383	1,347,162,561
b. Disability Retirements	29,878,873	31,219,352
c. Terminated Vested Members	<u>2,847,867</u>	<u>3,082,011</u>
d. Total	1,377,316,123	1,381,463,924
3. Total	<u>1,808,570,782</u>	<u>1,798,713,153</u>

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

City Contribution Requirement for 2014/2015 Fiscal Year

	<u>2014/2015</u>	<u>2013/2014</u>
	-\$-	-\$-
II. <u>Normal Cost</u> (Cont'd)		
A. Total Present Value of Future Benefits	1,808,570,782	1,798,713,153
B. Present Value of Future Member Contributions	85,481,072	98,090,159
C. Actuarial Asset Value	1,145,461,866	1,143,606,948
D. Unfunded Actuarial Accrued Liability	<u>0</u>	<u>0</u>
E. Present Value of Future Normal Costs (A-B-C-D)	577,627,844	557,016,046
F. Present Value of Future Payrolls	1,271,916,984	1,243,531,237
G. Administrative Expense	2,222,561	2,087,114
H. Current Payroll for those under Expected Retirement Age	85,222,842	82,205,838
I. Interest Rate	7.5%	7.5%
J. Current Normal Cost - Payable 10/1/2014 ([(E)x(H) / (F)] + (G)) (1+(I))	43,995,049	41,827,871
K. Covered Payroll	85,222,842	82,205,838
L. Normal Cost as Percentage of Covered Payroll (J)/ (K)	51.62%	50.88%
III. <u>Quarterly City Contribution Schedule</u>		
A. Past Service Cost	0	0
B. Normal Cost	43,995,049	41,827,871
C. Payment Timing	<u>0</u>	<u>0</u>
D. Total	<u>43,995,049</u>	<u>41,827,871</u>

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

Actuarial Asset Value – 20% Write Up Method

I. <u>Determination of Actuarial Asset Value as of October 1, 2013</u>	-\$-
A. Actuarial Value of Assets as of 10/01/2012	1,143,606,948
B. City Contributions	40,977,546
C. Member Contributions	9,427,186
D. Benefits Paid	125,025,792
E. Contributions Refunded	732,160
F. Expected Return *	<u>83,281,967</u>
G. Expected Actuarial Value of Assets (A+B+C-D-E+F)	1,151,535,695
H. Market Value of Assets at 9/30/2013	1,121,166,552
I. Present Value of 01/01/14 COLA Transfer	0
J. Present Value of 01/01/15 COLA Transfer	0
K. Difference (H-I-J-G)	(30,369,143)
L. 20% of Difference	(6,073,829)
M. Preliminary Actuarial Asset Value (G+L)	1,145,461,866
N. Maximum Actuarial Asset Value (120% of H-I-J)	1,345,399,862
O. Minimum Actuarial Asset Value (80% of H-I-J)	896,933,242
P. Actuarial Asset Value at 10/1/2013	1,145,461,866
Q. Contribution Surplus Account Balance	0
R. Final Actuarial Value at 10/01/2013 (P – Q)	<u>1,145,461,866</u>
II. <u>Rate of Return on Actuarial Asset Value</u>	-\$-
A. Actuarial Asset Value at 10/01/2012	1,143,606,948
B. Contributions	
1. City (Including amount from Contribution Surplus Account)	40,977,546
2. Members	<u>9,427,186</u>
3. Total	50,404,732
C. Benefits and Refunds	125,757,952
D. Contribution Surplus	0
E. Actuarial Asset Value at 10/01/2013	1,145,461,866
F. Net Return on Investment [E+D+C-B-A]	77,208,138
G. Rate of Return (II F/I F) (.075)	6.95%

*[1,143,606,948 + 9,427,186 (2.5/4) - (125,025,792 + 732,160) (13/24)] (.075) + \$2,178,463

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

Distribution of Assets as of September 30, 2013 ⁽¹⁾

Membership and Benefits and Cost-of-Living Adjustment Accounts

<u>Description</u>	<u>Market</u>	<u>Book</u>
	-\$-	-\$-
Bills, Bonds, Notes	500,301,805	493,560,875
Domestic Stocks	482,380,711	347,458,135
International Stocks	259,474,357	232,237,547
Private Equity	53,081,448	50,018,723
Money Market Funds and Time Deposits	20,045,691	20,765,033
Mutual Funds	117,203,184	101,476,730
Real Estate ⁽²⁾	1,957,187	1,957,187
Securities Lending Adjustment	<u>0</u>	<u>0</u>
A: Sub-Total	1,434,444,383	1,247,474,230
B: Cash	59,725,110	59,725,110
Receivables:		
City Contributions	3,409,094	3,409,094
Accounts Receivable	5,768	5,768
Member Contributions	0	0
Accrued Interest	4,480,364	4,480,364
Accrued Dividends	1,131,395	1,131,395
Securities Sold	<u>35,252,091</u>	<u>35,252,091</u>
C: Sub-Total	44,278,712	44,278,712
Payables:		
Budget Advance	(100,874)	(100,874)
Transfer	0	0
Tax Withheld	16,184	16,184
Accounts Payable	23,387,115	23,387,115
Securities Purchased	<u>15,239,651</u>	<u>15,239,651</u>
D: Sub-Total	38,542,076	38,542,076
E. Total (A+B+C-D)	1,499,906,129	1,312,935,976
Accounts:		
COLA I Account	53,148,851	46,508,512
COLA II Account	325,590,726	284,911,896
COLA II Transfer (1/1/2014)	0	0
F: Membership & Benefits Account	1,121,166,552	981,515,568

⁽¹⁾Based on unaudited financial statements.

⁽²⁾Reflects accumulated depreciation of \$469,984.

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

Investment Results

Yield on Mean Values for 12-Month Period Ending September 30, 2013

	-\$-	<u>Market</u> -%-	<u>Book</u> -%-
<u>Membership and Benefits Accounts*</u>			
Interest	18,855,170	1.8	2.0
Dividends	9,248,376	0.9	1.0
Rental and Other Income, less Depreciation	228,583	0.0	0.0
Realized Gains	52,738,258	5.1	5.6
Securities Lending (Net)	499,412	0.1	0.1
Increase in Unrealized Gains	46,597,439	4.5	--
Custodial and Investment Expenses	<u>(4,662,823)</u>	<u>(0.4)</u>	<u>(0.5)</u>
	123,504,415	11.9	8.2
<u>COLA I Account</u>			
Interest	886,636	1.9	2.1
Dividends	418,637	0.9	1.0
Rental and Other Income, less Depreciation	10,410	0.0	0.0
Realized Gains	2,392,749	5.1	5.6
Securities Lending (Net)	22,546	0.1	0.1
Increase in Unrealized Gains	2,545,447	5.4	--
Custodial and Investment Expenses	<u>(210,592)</u>	<u>(0.4)</u>	<u>(0.5)</u>
	6,065,833	12.9	8.3
<u>COLA II Account</u>			
Interest	5,600,650	1.9	2.1
Dividends	2,637,994	0.9	1.0
Rental and Other Income, less Depreciation	65,382	0.0	0.0
Realized Gains	15,051,371	5.1	5.6
Securities Lending (Net)	141,906	0.0	0.1
Increase in Unrealized Gains	14,452,274	4.9	--
Custodial and Investment Expenses	<u>(1,328,391)</u>	<u>(0.4)</u>	<u>(0.5)</u>
	36,621,186	12.4	8.3

*Before 1/1/2015 COLA transfer, if any

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

Summary of Accounting Information
As of October 1

	<u>2013</u>	<u>2012</u>
	-\$-	-\$-
I. <u>Present Value of Vested Accrued Benefits</u>		
A. Service Retirements and Beneficiaries	1,344,589,383	1,347,162,561
B. Disability Retirements	29,878,873	31,219,352
C. Vested Terminated Members	2,847,867	3,082,011
D. Active Members	<u>172,853,328</u>	<u>151,491,635</u>
E. Total	1,550,169,451	1,532,955,559
II. <u>Present Value of Non-Vested Accrued Benefits</u>	6,592,056	6,221,643
III. <u>Present Value of Accrued Benefits</u>	1,556,761,507	1,539,177,202
IV. The values of accumulated plan benefits were determined in accordance with the Academy of Actuaries Interpretations and ASC 960 (formerly FASB Statement No. 35, <u>Accounting and Reporting by Defined Benefit Pension Plans.</u>)		
V. <u>Statement of Changes in Accrued Benefits</u>		
A. Present Value of Accrued Benefits at Beginning of Year		1,539,177,202
B. Increase (Decrease) During the Year Attributable to:		
1. Benefits Accumulated		32,619,890
2. Benefits Paid and Contributions Refunded		(125,757,952)
3. Plan Amendment		0
4. Assumption/Method Changes		0
5. Increase Due to Decrease in Discount Period		<u>110,722,367</u>
6. Net Increase		17,584,305
C. Present Value of Accrued Benefits at End of Year		1,556,761,507

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

Comparison of Funding Progress
(\$000)

I. <u>Assets</u>	<u>10/1/2013</u>	<u>10/1/2012</u>	<u>10/1/2011</u>
	-\$-	-\$-	-\$-
A. Book Value	981,516	982,006	995,683
B. Market Value	1,121,167	1,075,060	987,111
II. <u>Liabilities</u>			
A. Retired and Vested	1,377,316	1,381,464	1,377,617
B. Active			
Employee Contributions	79,175	72,203	66,927
Other Vested	93,679	79,288	91,013
Non-Vested Accrued	<u>6,592</u>	<u>6,222</u>	<u>32,766</u>
C. Total Accrued	1,556,762	1,539,177	1,568,323
III. <u>Ratios</u>	%	%	%
IA/IIC	63.0	63.8	63.5
IB/IIC	72.0	69.8	62.9

Note: Item II amounts are present values of accrued benefits.

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

Summary of Actuarial Basis

Valuation Date: October 1, 2013 for Fiscal Year beginning October 1, 2014.

Valuation Method: Aggregate Cost Method.

Asset Valuation Method: 20% Write-Up Method: Expected value is based on the Interest Discount/Investment Return rate applied to the actuarial asset value as of previous valuation date and cash flow during the year. 20% of the difference between the Expected Value and the Market Value (net of pending transfers to the COLA Fund) is added to the Expected Value.

The result cannot be greater than 120% of market value or less than 80% of market value (net of pending COLA transfers).

Actuarial Assumptions:

Interest Discount/
Investment Return: 7.50%, compounded annually.

Inflation: 3.25%, compounded annually.

Mortality: RP 2000 Mortality Table, Employees and Annuitants Combined, projected by scale AA to 2020, producing following specimen rates:

<u>Age</u>	<u>Male</u>	<u>Female</u>
20	.0235%	.0138%
30	.0402%	.0216%
40	.0919%	.0522%
50	.1487%	.1189%
60	.4887%	.4573%
70	1.6413%	1.5145%
80	5.7647%	3.9866%

Disabled Mortality: RP 2000 Disabled Mortality Table projected by scale AA to 2020, producing following specimen rates:

<u>Age</u>	<u>Male</u>	<u>Female</u>
20	1.5696%	.5287%
30	2.0418%	.6093%
40	1.9221%	.5507%
50	2.0149%	.8186%
60	3.0450%	1.9756%
70	4.6257%	3.4045%
80	8.9456%	6.2834%

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

Summary of Actuarial Basis
(Continued)

<u>Age</u>	<u>Disability</u>	<u>Turnover</u>	
		<u><5</u>	<u>5+</u>
31	.00200	.0240	.0192
32	.00220	.0240	.0192
33	.00245	.0240	.0192
34	.00265	.0240	.0192
35	.00285	.0240	.0192
36	.00305	.0228	.0182
37	.00325	.0216	.0173
38	.00345	.0204	.0163
39	.00370	.0192	.0154
40	.00390	.0180	.0144
41	.00470	.0168	.0134
42	.00555	.0156	.0125
43	.00635	.0144	.0115
44	.00720	.0132	.0106
45	.00800	.0120	.0096
46	.00880	.0096	.0077
47	.00965	.0072	.0057
48	.01045	.0048	.0038
49	.01130	.0024	.0019
50	.01210	.0000	.0000
51	.01295	.0000	.0000
52	.01375	.0000	.0000
53	.01455	.0000	.0000
54	.01540	.0000	.0000
55	.01620	.0000	.0000
56	.01785	.0000	.0000
57	.01870	.0000	.0000
58	.01950	.0000	.0000
59	.02030	.0000	.0000
60	.00000	.0000	.0000

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

Summary of Actuarial Basis
(Continued)

Retirement: Fire Fighters who had attained 64 points by September 30, 2009 and Police Officers who had attained 64 points by September 30, 2010 are subject to the Rule of 64; Fire Fighters who had attained 68 points by September 30, 2010 are subject to the Rule of 68; all others are subject to the Rule of 70. If eligible for Retirement, the following decrements apply, based on service:

<u>Years of Service</u>	<u>Police %</u>	<u>Fire %</u>
<20	0	0
20	10	10
21-24	3	3
25-29	40	5
30-34	50	25
35	100	25
36		25
37		100

All Members retire in accordance with the probabilities above. All Members are assumed to elect a five-year BackDROP when they reach five years following first retirement eligibility.

Salary Merit Scale:

<u>Service</u>	<u>Police</u>	<u>Fire</u>
0	.0500	.0500
1	.0500	.0500
2	.0500	.0500
3	.0500	.0500
4	.0500	.0500
5	.0500	.0500
6	.0500	.0500
7	.0250	.0500
8	.0500	.0500
9	.0500	.0500
10	.0100	.0000
11	.0100	.0000
12	.0100	.0000
13	.0100	.0000
14	.0100	.0000
15	.0125	.0250
16	.0125	.0250
17	.0100	.0100
18	.0100	.0100
19	.0100	.0100
20	.0100	.0100
21	.0100	.0100
22 +	.0000	.0000

Salary Merit Scale is combined with 3.25% inflation and 1.5% for promotions and other increases. There is no additional increase at retirement.

Projected Total Payroll: Covered Payroll plus \$39,340,208 in payroll for members in forward DROP during 2012/2013 year.

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

Summary of Actuarial Basis
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Female spouses are assumed to be 3 years younger than male spouses.
Marital Status:	All employees are assumed to be married. For Members currently receiving benefits, actual spouse's information is provided.
Investment Expenses:	The investment return assumption of 7.5% is net of investment expenses.
Administration Expenses:	\$2,222,561
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Compensated Absence Balance Transfers:	No liabilities or costs are included for the provision to transfer compensated absence balances into FIPO to purchase additional creditable service, based on our understanding that assets will be transferred immediately prior to retirement to cover 100% of the liability for the additional service.
Adjustments from Valuation Date:	One year's interest is added to the calculated deposit to reflect ordinance provision. For purposes of minimum City contributions as specified by State Division of Retirement (Exhibit 18), additional interest discount is included to reflect monthly contributions.
Sources of Data:	Asset data is from unaudited financial statements and includes an appraised value for the real estate to be used for Market Value. Membership data was furnished by Administrator. Member compensation used is final bi-weekly pay in the year, annualized, with estimated reductions for each active member as of October 1, 2012 based on approach summarized in Tables 2 and 3 in September 24, 2012 Actuarial Impact Statement.
Changes Since Prior Valuation:	Administration expenses have been increased to \$2,222,561 from \$2,087,114.

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

Disclosure Information Under GASB 25
(Excluding COLA Fund)

I. Funding Status and Progress as of September 30, 2013 and 2012

Entry Age Accrued Liability:	<u>\$(Millions)</u>	
	<u>Sept. 30, 2013</u>	<u>Sept. 30, 2012</u>
	-\$-	-\$-
- Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	1,377.3	1,381.5
- Current employees -		
Accumulated employee contributions including interest	79.2	72.2
Employer - financed vested	93.7	79.3
Employer - financed nonvested	<u>30.1</u>	<u>40.0</u>
Total Actuarial Accrued Liability	1,580.3	1,573.0
Net assets available for benefits (market value)	<u>1,121.1</u>	<u>1,075.1</u>
Unfunded Actuarial Accrued Liability	459.2	497.9

The actuarial accrued liability was determined as part of actuarial valuations at September 30, 2013 and September 30, 2012. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.50 percent per year compounded annually, (b) projected salary increases of 3.25 percent per year compounded annually, attributable to inflation, (c) additional projected salary increases of 0.0 percent to 5.0 percent per year, attributable to seniority/merit and (d) 1.5% for promotions and other increases.

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

Disclosure Information Under GASB 25
(Excluding COLA Fund)

II. Contributions Required and Contributions Made

The funding policy provides for periodic employer contributions at actuarially determined rates that are sufficient to pay benefits when due. Contributions for normal costs are determined using the aggregate actuarial cost method. This cost method does not provide for an unfunded actuarial accrued liability.

Contributions totaling \$46,361,587 (\$40,145,125 employer and \$6,216,462 employee) were made for the year ending September 30, 2013. These contributions consisted of (a) \$46,361,587 normal cost, (b) \$0 amortization of the unfunded actuarial accrued liability, and (c) \$0 noninvestment expenses.

Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the standardized measure of the pension obligation as of the beginning of the preceding year.

III. Analysis of Funding Progress (\$ Millions)

<u>Fiscal Year</u>	(1) Actuarial Asset Value (\$)	(2) Entry Age Reserve (\$)	(3) Percent Funded (%)	(4) Unfunded EAR (2)-(1) (\$)	(5) Annual Covered Payroll (\$)	(4)/(5) (%)
1992	476.6	483.7	99	7.1	67.1	11
1993	523.0	513.4	102	(9.6)	72.0	(13)
1994	540.3	587.5	92	47.2	72.9	65
1995	585.6	614.4	95	28.8	71.5	40
1996	626.0	650.0	96	24.0	72.9	33
1997	750.9	727.1	103	(23.8)	69.6	(34)
1998	850.7	800.7	106	(50.0)	74.3	(67)
1999	911.7	843.2	108	(68.5)	77.7	(88)
2000	988.8	863.4	115	(125.4)	84.3	(149)
2001	941.8	932.7	101	(9.1)	89.7	(10)
2002	865.5	999.8	87	134.3	96.9	139
2003	865.8	1,067.9	81	202.1	98.9	204
2004	894.6	1,152.8	78	258.2	89.2	289
2005	1,064.9	1,221.6	87	156.7	91.5	171
2006	1,133.0	1,260.5	90	127.5	90.4	141
2007	1,208.8	1,318.4	92	109.6	103.6	106
2008	1,219.6	1,452.5	85	222.9	129.4	172
2009	1,165.0	1,539.3	76	374.4	122.2	306
2010	1,180.6	1,568.3	75	387.7	80.2	483
2011	1,150.3	1,590.5	72	440.2	82.2	536
2012	1,143.6	1,573.0	73	429.4	82.2	522
2013	1,145.5	1,580.3	72	434.8	85.2	510

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

(Excluding COLA Fund)

IV. Revenues and Expenses

<u>Fiscal Year</u> (\$)	<u>Revenues by Source</u>			
	<u>Employee Contributions</u> (\$)	<u>Employer Contributions</u> (\$)	<u>Investment Income</u> (\$)	<u>Total</u>
1992	6,115,655	10,029,747	44,569,353	60,714,755
1993	6,455,623	10,442,881	50,309,468	67,207,972
1994	7,435,034	9,296,175	36,915,202	53,646,411
1995	8,318,833	10,880,346	38,919,229	58,118,408
1996	7,852,469	16,547,235	55,421,603	79,821,307
1997	7,664,034	14,377,032	83,180,597	105,221,663
1998	7,692,571	14,155,472	96,007,011	117,855,054
1999	8,556,140	10,376,473	66,039,984	84,972,597
2000	6,257,588	5,400,784	129,752,337	141,410,709
2001	6,336,918	5,481,599	17,717,791	29,536,308
2002	6,721,236	5,400,784	(27,704,711)	(15,582,691)
2003	7,193,936	15,024,366	30,466,098	52,684,400
2004	24,415,150	32,959,003	53,963,150	111,337,303
2005	18,607,681	45,545,130	71,904,910	136,057,721
2006	7,698,594	50,635,213	71,669,124	130,002,931
2007	14,702,629	40,542,078	82,937,630	138,182,337
2008	9,719,896	36,040,251	62,728,078	108,488,225
2009	9,769,139	36,993,395	(58,111,291)	(11,348,757)
2010	10,436,367	54,342,926	62,459,916	127,239,209
2011	7,137,824	40,058,891	83,951,919	131,148,634
2012	8,390,922	42,353,775	67,505,092	118,249,769
2013	9,248,376	40,977,546	81,946,741	132,172,663

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

(Excluding COLA Fund)

IV. Revenues and Expenses (Continued)

Fiscal Year	<u>Expenses by Type</u>			
	<u>Benefits</u> (\$)	<u>Administrative Expenses</u> (\$)	<u>Refunds</u> (\$)	<u>Total</u> (\$)
1992	22,345,166	1,137,047	751,088	24,233,301
1993	22,735,888	1,314,925	672,376	24,723,189
1994	23,787,091	1,420,693	510,074	25,717,858
1995	25,846,564	1,567,841	703,269	28,117,674
1996	29,506,924	1,870,188	822,497	32,199,609
1997	33,841,809	2,079,183	1,225,239	37,146,231
1998	35,593,108	2,543,855	391,524	38,537,297
1999	36,900,501	2,689,079	258,383	39,847,963
2000	41,237,423	2,710,752	258,804	44,206,979
2001	41,386,774	2,933,939	481,746	44,802,459
2002	42,766,860	2,825,903	364,256	45,957,019
2003	46,083,206	2,922,537	429,225	49,434,968
2004	53,249,450	3,334,460	301,580	56,885,490
2005	66,518,783	3,865,995	257,859	70,642,637
2006	69,825,105	4,687,601	573,228	75,085,934
2007	72,378,966	5,143,290	307,545	77,829,801
2008	77,794,816	5,469,431	664,235	83,928,482
2009	85,094,354	3,898,278	336,755	89,329,387
2010	101,438,423	3,900,819	174,358	105,513,600
2011	123,360,907	4,328,130	225,732	127,914,769
2012	124,321,444	6,814,172	765,520	131,901,136
2013	125,025,792	6,905,443	732,160	132,663,385

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

(Excluding COLA Fund)

V. Schedule of Employer Contributions

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u> <u>(\$)</u>	<u>Amount Contributed</u> <u>(\$)</u>	<u>Percentage Contributed</u> <u>(%)</u>	<u>Net Pension Obligation</u> <u>(\$)</u>
1994	9,296,175		100	0
1995	10,880,346		100	0
1996	16,547,235		100	0
1997	14,377,032		100	0
1998	14,155,472		100	0
1999	10,376,473		100	0
2000	5,400,784		100	0
2001	4,003,892		100	0
2002	1,051,629		100	0
2003	18,163,588		100	0
2004	36,341,515		100	0
2005	45,545,130		100	0
2006	50,635,213		100	0
2007	40,542,078		100	0
2008	36,040,251		100	0
2009	36,993,395		100	0
2010	54,342,926	54,342,926	100	0
2011	42,287,046*	40,058,891	95	2,228,155
2012	42,353,775	42,353,775	100	2,395,267
2013	40,145,125	40,145,125	100	2,574,912
2014	41,827,871			

*After 9/30/2010 Impact Statement Changes

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

Hypothetical City Contribution Requirement for 2014/2015 Fiscal Year

	2014/2015		
	<u>Total</u>	<u>Police</u>	<u>Fire</u>
	-\$-	-\$-	-\$-
I. <u>Unfunded Actuarial Accrued Liability</u>	N/A	N/A	N/A
II. <u>Normal Cost</u>			
A. Present Value of Future Benefits			
1. <u>Active Members</u>			
a. Retirement	355,266,122	206,310,915	148,915,207
b. Disability	45,613,622	26,311,824	19,301,798
c. Death	6,439,282	3,215,784	3,221,498
d. Turnover	22,199,983	11,857,274	10,342,709
e. Return of Contributions	<u>1,777,650</u>	<u>1,040,694</u>	<u>736,950</u>
f. Total	431,254,659	248,736,491	182,518,168
2. <u>Retired Members and Beneficiaries</u>			
a. Service Retirements + Beneficiaries	1,344,589,383	736,710,805	607,878,578
b. Disability Retirements	29,878,873	25,921,916	3,956,957
c. Terminated Vested Members	<u>2,847,867</u>	<u>2,111,726</u>	<u>736,141</u>
d. Total	1,377,316,123	764,744,446	612,571,677
3. Total	<u>1,808,570,782</u>	<u>1,013,480,937</u>	<u>795,089,845</u>
Entry Age Reserve			
1. Active	203,038,388	114,243,143	88,795,245
2. Inactive	<u>1,377,316,123</u>	<u>764,344,446</u>	<u>612,571,677</u>
3. Total	1,580,354,511	878,987,589	701,366,922
Actuarial Asset Value*	1,145,461,866	637,101,838	508,360,028

*Allocated based on Entry Age Reserve

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

Hypothetical City Contribution Requirement for 2014/2015 Fiscal Year

	2014/2015		
	<u>Total</u> -\$-	<u>Police</u> -\$-	<u>Fire</u> -\$-
II. <u>Normal Cost</u> (Cont'd)			
A. Total Present Value of Future Benefits	1,808,570,782	1,013,480,937	795,089,845
B. Present Value of Future Member Contributions	85,481,072	45,180,840	40,300,232
C. Actuarial Asset Value*	1,145,461,866	637,101,838	508,360,028
D. Unfunded Actuarial Accrued Liability	<u>0</u>	<u>0</u>	<u>0</u>
E. Present Value of Future Normal Costs (A-B-C-D)	577,627,844	331,198,259	246,429,585
F. Present Value of Future Payrolls	1,271,916,984	662,475,242	609,441,742
G. Administrative Expense*	2,222,561	1,236,180	986,381
H. Current Payroll for those under Expected Retirement Age	85,222,842	45,945,636	39,277,206
I. Interest Rate	7.5%	7.5%	7.5%
J. Current Normal Cost - Payable 10/1/2013 ([(E)x(H) / (F)] + (G)) (1+(I))	43,995,049	26,021,738	18,133,354
K. Covered Payroll	85,222,842	45,945,636	39,277,206
L. Normal Cost as Percentage of Covered Payroll (J)/ (K)	51.62%	56.64%	46.17%
III. <u>Quarterly City Contribution Schedule</u>			
A. Past Service Cost	0	0	0
B. Normal Cost	43,995,049	26,021,738	18,133,354
C. Payment Timing	<u>0</u>	<u>0</u>	<u>0</u>
D. Total	<u>43,995,049**</u>	<u>26,021,738</u>	<u>18,133,354</u>

* Allocated based on Entry Age Reserve

** Hypothetical Total: \$44,155,092

V

STATISCAL

SECTION

STATISTICAL DATA OF VARIOUS ACCOUNTS

THROUGH SEPTEMBER 30, 2015

	GENERAL FUND	COLA I	COLA II
MEMERSHIP ACCOUNT			
ADD			
Members' Contributions			
After Tax	67,189,816	0	0
Pre Tax	251,069,214	11,814,941	0
After Tax from G & S	17,210	0	0
Interest			
From Benefit Acct	109,205,603	0	0
From Withdrawals	385,365	0	0
Transfers from G & S	97,724	0	0
	427,964,932	11,814,941	0
DEDUCT:			
Refunds -			
Leaving Service	20,234,990	944,800	0
Additional Contributions	171,226	0	0
Accidental Death	546,075	22,039	0
Accidental Disability	1,982,443	0	0
Option 6A	571,614	0	0
Ordinary Death	1,971,659	62,320	0
Transfers -			
After Tax from G & S	4,412,189	0	0
Benefit Account	295,336,060	10,473,081	0
Transfers to Acct Payable	480,131	0	0
Interest withheld	345,597	0	0
Interest	2,219,511	0	0
	328,271,495	11,502,239	0
BALANCE AS OF 9/30/14	99,693,438	312,702	0
BENEFIT ACCOUNT:			
ADD:			
Contributions -			
City of Miami	856,315,145	2,042,899	44,255,104
Police Relief & Pension Fund	52,342	0	0
Fire Relief & Pension Fund	28,473	0	0
Members	697,822	0	0
Transfers from Membership Acct	295,346,984	10,473,081	0
Amortization of Discounts	10,319,476	249,134	0
Corrections to Control	168,232,895	0	0
Dividends Received	239,108,556	4,664,983	28,663,066
Securities Lending Income	8,994,272	298,927	1,851,397
Excess Interest Transfer	0	0	288,194,062
Interest Income	639,126,856	15,669,981	64,941,014
Other Income	2,575,946	38,037	200,941
Corporate Action	3,138,081	96,758	625,723
Commission Recapture	567,437	17,679	110,953
Profit on Sale of Investments	1,127,739,770	31,188,817	161,316,199
Unrealized Profit/Loss DROP	19,575,781	0	0
Unrealized Profit on Sales of Inv	161,530,521	9,042,291	42,795,309
Unrealized Profit on Sec Lending Collateral	1,960,433	71,299	525,304
Rental Income	1,612,711	47,659	319,107
Share of Earnings Income	0	1,170,581	0
	3,536,923,501	75,072,125	633,798,178
DEDUCT:			
Pensions Paid			
Fire	868,882,646	0	0
Police	759,692,902	0	0
DROP Benefit Expense	91,710,342	0	0
General	7,034,700	0	0
Former Gen assumed by Trust	276,624	0	0
Pension Payments Prior 1966	989,022	0	0
Distributions	0	12,002,570	242,221,233
Lump Sum Payments to Beneficiaries	128,540	0	0
Death Benefits	1,204,429	0	0
Amortization of Premium	4,876,744	0	0
Corrections to Control	17,117,379	0	0
Income Expenses	78,812,463	2,155,287	12,973,003
Building Depreciation	442,578	15,637	100,220
Administrative Expense	10,836,644	0	0
Stiff Short Term Investment Fee	195,762	8,496	56,400
Securities Lending Fees	2,415,608	78,482	483,210
Other Expenses	0	45,256	0
Loss on Sale of Investments	41,652,910	1,068,210	7,163,861
Unrealized Profit on Sales of Inv	61,838,567	2,718,374	32,827,667
Vested Rights Withdrawals	954,289	0	0
Transfers -			
Excess Interest Earnings	288,194,062	0	0
G & S Benefit Account	5,378,420	0	0
G & S Share of Earnings	5,251,212	0	0
Interest to Membership Acct	109,270,592	0	0
Interest on VR Withdrawals	275,509	0	0
Overpayments (uncollectible)	769	0	0
	2,357,432,712	18,092,313	295,825,593
BALANCE AS OF 9/30/15	1,179,490,789	56,979,812	337,972,585

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

Member Statistics

I. Active Members

	<u>10/1/2013</u>	<u>10/1/2012</u>	<u>10/1/2011</u>
Number of			
Males	1,097	1,064	1,023
Females	<u>176</u>	<u>172</u>	<u>173</u>
Total	1,273	1,236	1,196

Averages

Current Age	36.8	36.6	36.4
Past Service	9.8	9.6	9.5
Credited Past Service	9.8	9.6	9.5
Annual Earnings	\$66,946	\$66,510	\$68,700

II. Inactive Members

A. Retirees and Beneficiaries

Number	2,119	2,101	2,089
Average Annual Benefit	\$57,633	\$57,617	\$57,253
Average Age	63.5	62.8	62.4

B. Disabled

Number	161	170	178
Average Annual Benefit	\$21,360	\$20,958	\$20,523
Average Age	69.7	69.2	68.6

C. Vested Terminated

Number	13	14	18
Average Deferred Benefit	\$30,128	\$28,460	\$26,681
Average Age	42.7	43.2	43.9

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

Age-Service Distribution

<u>Age</u>	<u>Completed Years of Service</u>									<u>Total</u>	<u>Earnings</u>	
	<u>0-1</u>	<u>2-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30-34</u>	<u>35+</u>		<u>Total</u> -\$-	<u>Average</u> -\$-
15-24	31	13	1	0	0	0	0	0	0	45	2,057,911	45,731
25-29	37	81	103	5	0	0	0	0	0	226	12,234,082	54,133
30-34	17	43	160	49	0	0	0	0	0	269	16,269,387	60,481
35-39	4	21	96	104	45	0	0	0	0	270	19,033,972	70,496
40-44	4	10	65	64	105	32	0	0	0	280	20,877,439	74,562
45-49	2	4	19	34	47	34	2	0	0	142	11,075,473	77,996
50-54	0	1	5	2	7	14	4	0	0	33	3,081,144	93,368
55-59	0	0	3	1	2	2	0	0	0	8	593,434	74,179
60-64	0	0	0	0	0	0	0	0	0	0	0	0
65+	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	95	173	452	259	206	82	6	0	0	1,273	85,222,842	66,946

Average Age: 36.8

Average Service: 9.8

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

Reconciliation of Participant Counts

	<u>Actives</u>	<u>Retirees & Beneficiaries</u>	<u>Disableds</u>	<u>Vested Terminated</u>
10/1/2012	1,236	2,101	170	14
Changes due to:				
Retirement	-25	+27		-2
Withdrawal	-34			
Terminated	-2			
Disability				+2
Death	-1	-23	-9	
New Beneficiary		+12		
New Hires	+99			
Data Changes		+2		-1
	<hr/>	<hr/>	<hr/>	<hr/>
10/1/2013	1,273	2,119	161	13

VI

PLAN PROVISIONS

SECTION

**OUTLINE OF PRINCIPAL BENEFIT PROVISIONS OF
THE CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

ORIGINAL ORDINANCE NO. 10002 ADOPTED JUNE 13, 1985

EARNABLE COMPENSATION:

Earnable compensation, shall mean an employee's base salary including pickup contributions, for all straight time hours worked, plus assignment pay and payments received for vacation and sick leave taken, jury duty, and death in the family leave taken. Earnable compensation shall not include overtime pay; payments for accrued sick leave, accrued vacation leave, or accrued compensatory leave; holiday pay; premium pay for holidays worked; the value of any employment benefits or non-monetary entitlements; or any other form of remuneration.

COVERED GROUP:

All fire fighters or police officers presently employed by the City as a fire fighter or police officer whether in the classified or unclassified service of the City.

EMPLOYEE CONTRIBUTIONS:

Effective the first full pay period following October 1, 1999, it shall be 7% of pre tax earnable compensation. Effective the first full pay period following October 1, 2000, it shall be 7% of pre tax earnable compensation or a percent equal to the City's contribution, whichever is less. Effective the first full pay period following October 1, 2008, for fire fighter members it will change from 7% to 8% of pre tax earnable compensation. Effective the first full pay period following October 1, 2009, for fire fighter members it will change from 8% to 9% of pre tax earnable compensation. Effective the first full pay period following October 1, 2010, for fire fighter members it will change from 9% to 10% of pre tax earnable compensation. Effective the first full pay period following October 1, 2011, for police officer members who were hired prior to October 1, 2011, it will change from 7% to 10%. For police officer members who were hired on or after October 1, 2011 it will be 13%.

EMPLOYER CONTRIBUTIONS:

The City's annual fiscal contribution to the retirement system shall provide for the following (1) non-investment expenses of the retirement system, (2) normal costs of the retirement system.

NORMAL RETIREMENT AGE:

Age 50

SERVICE RETIREMENT:

The annual normal service retirement allowance, payable on a 40% Joint and Survivor basis for members eligible to retire as of September 30, 2010 will equal 3.0% of average final compensation per year of creditable service for the first 15 years of such creditable service and 3.5% of the average one year compensation per year of creditable service after 15 years.

For members not eligible to retire as of September 30, 2010, benefit will consist of two parts, Part A and Part B. Part A will consist of average one year compensation of the sum of creditable years of service under 15 years at 3% per year plus creditable years of service over 15 years at 3.5% per year for service up to September 30, 2010. Part B will consist of the average one year compensation of the sum of creditable years of service from October 1, 2010, to the date of retirement at 3% per year.

RULE OF 64 RULE OF 68 RETIREMENT RULE OF 70 RETIREMENT:

A member, in service, who has not withdrawn from active membership in the retirement system may elect service retirement on the basis of his or her combined age and creditable service equaling 64 or more. A fire fighter member, in service, who has not withdrawn from active membership in the retirement system and had not attained his/her 64 points as of October 1, 2009, may elect service retirement on the basis of his or her combined age and creditable service equaling 68 or more. As of October 1, 2010 a member in service who has not withdrawn from active membership in the retirement system may also elect service retirement on the basis of his or her combined age and creditable service equaling 70 or more.

Election to retire under Rule of 64, Rule of 68 or Rule of 70 shall be made by written application to the board. Application shall be executed not less than 10 nor more than 90 days subsequent to the date the member desires to be retired.

EARLY SERVICE RETIREMENT:

After 20 years of creditable service, accrued benefit actuarially adjusted.

DEFERRED RETIREMENT OPTION PROGRAM: (DROP)

A member who is eligible to retire under either Rule of 64, Rule of 68, Rule of 70 or Service retirement can elect to participate in the Deferred Retirement Option Program (DROP). The program allows the member to defer receipt of his retirement benefit into a "DROP" account while he/she continues to be employed by the Department. A police officer member can be in the DROP for a maximum of 7 years (84 months). A fire fighter member can be in the DROP for a maximum of 4 ½ years (54 months). Employees who had not attained normal retirement eligibility as of 1/1/2013 or were not vested as of 10/01/2010, and all employees hired on or after 1/1/2013 will not be eligible for the DROP.

BACK DEFERRED RETIREMENT OPTION PROGRAM:

Employees who had not attained normal retirement eligibility as of 1/1/2013 or were not vested as of 10/01/2010, and all employees hired on or after 1/1/2013, will be eligible for the backdrop option. Members who elect the backdrop shall receive a monthly benefit payable on the employee's actual retirement date based on the benefit the employee would have received if he/she had left city employment and retired on an earlier date. An eligible employee who elects the backdrop option will receive a lump sum payment equal to the accumulation of monthly retirement benefit payments he/she would have received during the period plus interest at the rate of 3% per year, compounded annually. An eligible employee may elect a minimum backdrop period of one year and a maximum backdrop period of up to seven years.

AVERAGE FINAL COMPENSATION:

Shall mean the annual earnable compensation of a member during either the last one (1) year or the highest one (1) year of membership service, whichever is greater.

CREDITABLE SERVICE:

Membership credit upon which a member's eligibility to receive benefits under the retirement system is based or upon which the amount of such benefits is determined.

LIMITATIONS ON BENEFITS:

A member's retirement allowances shall not exceed one hundred percent (100%) of the member's final average compensation for members retiring under Service retirement Rule of 64 Retirement or Rule of 68 Retirement. Exceptions are, (1) members whose retirement allowances, prior to October 1, 1998, had already earned one hundred percent or greater, these members may continue to accrue pension benefits; (2) members whose retirement allowance exceeds one hundred percent as of October 1, 1998 due to the multiplier change, these members shall be capped at the new percentage. Monthly retirement allowance for members not eligible for Rule of 64 or Rule of 68 Retirement as of October 1, 2010, shall not exceed \$100,000.00 per year.

OPTIONAL ALLOWANCES:

Normal form (Option 6C) is joint and 40% contingent survivor. Option 1 is cash refund annuity, based on present value at retirement. Option 2 is joint and 100% survivor. Option 3 is joint and 50% contingent survivor. Option 4 is open option. Option 5 is determined by Board due to incapacity of member. Option 6A is withdrawal of employee contributions with credited interest; monthly benefit is half of normal level. Option 6B is an additional 5% with no survivor benefit.

DISABILITY RETIREMENTS:

A. Ordinary Disability

After 10 years of creditable service, if not otherwise eligible for normal retirement, and incurred while not in line of duty, a benefit payable for life consisting of the benefit rate times 90% of average final compensation times years of creditable service, if such retirement allowance exceeds 30% of average final compensation. Otherwise, a benefit of 30% of the member's average final compensation.

B. Accidental Disability

Prior to age 60, incurred in line of duty. A benefit payable on a 40% joint and survivor basis of 66 2/3% of average or final compensation, whichever is larger.

DEATH BENEFIT:

A. Ordinary Death Benefit

After 3 years of service, provided death is not accidentally incurred in line of duty, a lump sum payment of 50% of annual compensation received in year prior to death plus an additional lump sum payment of member's accumulated contributions with interest to date of death. Or in lieu thereof; if eligible for Early or Service retirement, and with 3 years of membership, automatic Option 6C, payable to spouse, as through retirement had occurred on date of death (40% payable)

B. Accidental Death Benefit

Incurred in line of duty (or presumed to be in the line, i.e. heart), annual pension of 50% of average final compensation to spouse until death or remarriage or to children under 18, or to dependent parents for life. If none of such beneficiaries exist, the ordinary death benefit will be paid. Also a lump sum payment of member's accumulated contributions with interest to date of death is paid in addition to the above payments.

VESTED RIGHTS BENEFIT:

After completion of 10 years of service, provided accumulated contributions are not withdrawn. A benefit based on service and average final compensation when employment is terminated. Benefit is deferred to minimum retirement age.

C.O.L.A. ACCOUNT:

The COLA I benefit was determined from available monies from an initial city contribution made from the trust funds excess interest earnings. These monies were allocated to the retiree population, according to unit values and distributed to each member according to his/her actuarial life expectancy, in level monthly lifetime payments. In addition to the above initial benefit, a yearly COLA I increase was financed by 2% of the active member's pension contributions.

This yearly increase was determined on the basis as the initial benefit and added to the monthly lifetime payments. As of January 9, 1994, the active employees ceased making the 2% pension contribution to the COLA I account, and the COLA I benefits were frozen as of that date. Beginning with 1994, in addition to the frozen COLA I benefit, a COLA II benefit was paid. The COLA II benefit is funded from the pension fund's annual excess investment return (other than COLA account assets). The methodology for determining the excess investment return and amounts available for the COLA II benefit are described in detail in Section 40-213 of the City of Miami Code. An actuarial table is developed yearly identifying the benefits due. This table is based upon full years of creditable

service at retirement and full years retired as of April of the current year. For accidental death and accidental disability, years of service are defined as twenty five (25) years, or actual creditable service if greater. Receipt of the COLA II benefit is based on the retiree reaching at least four (4) full years of retirement and fifty years of age. In case of accidental death, the beneficiary will be entitled to the COLA benefit on April 1st following the fiftieth anniversary of the employee's birth and the fourth anniversary of the employee's death. COLA benefits for a vested right retiree are based upon such retiree reaching at least four (4) full years of retirement after fifty (50) years of age. COLA benefits reflect the option selected at the time of retirement.

In addition, funding for COLA benefits for future employees hired during the remaining term of the amended final judgement, Gates vs. City of Miami, Circuit Court Case No. 77-9491 CA04, shall be defined and allocated through the remaining term of such final judgment.

ORDINANCES ADOPTED DURING FISCAL YEAR 2013/2015

DATE

ORDINANCE NUMBER

None