

ACTUARIAL VALUATION  
OCTOBER 1, 2004

**Retirement Plan for General Employees  
of the City of North Miami Beach**

June 23, 2005

This Valuation Determines the Annual Contribution for the Plan  
Year October 1, 2004 through September 30, 2005 to be  
Paid in the Fiscal Year October 1, 2005 to September 30, 2006



**Retirement Plan for General Employees  
of the City of North Miami Beach**

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June 23, 2005

Retirement Committee  
c/o Mr. Martin Lebowitz  
Administrator  
City of North Miami Beach  
17011 N.E. 19th Avenue  
North Miami Beach, FL 33162

Dear Committee Members:

### **October 1, 2004 Actuarial Valuation**

We are pleased to present our October 1, 2004 Actuarial Valuation for the Retirement Plan for General Employees of the City of North Miami Beach including the increasing payroll method change. The purpose of this report is to indicate appropriate contribution levels, comment on the actuarial stability of the Plan and to satisfy State requirements. Gabriel, Roeder, Smith and Company (GRS), as Plan actuary, is authorized by the Board of Trustees to prepare an annual actuarial valuation under Section 5.06 of the Plan.

This report consists of this commentary, detailed Tables I through XVII, and the State Required Exhibit on Table XVIII. The Tables contain basic Plan cost figures plus significant details on the benefits, liabilities and experience of the Plan. We suggest that you thoroughly review the report at your convenience and contact us with any questions that may arise.

### **Pension Plan Costs**

Our Actuarial Valuation develops the required minimum Retirement Plan payment for fiscal year beginning October 1, 2004 under the Florida Protection of Public Employee Retirement Benefits Act. The minimum payment consists of payment of annual normal costs plus amortization of the components of the unfunded actuarial accrued liability over various periods as prescribed by law. The total required contribution for the fiscal year ending September 30, 2006 is **\$2,702,981 (21.7%)**. The figure in parentheses is the Plan cost expressed as a percentage of covered annual payroll as of October 1, 2004.

This total cost is to be met by Member and City contributions. We anticipate that Member contributions will be **\$872,714 (7.0%)** leaving **\$1,830,267 (14.7%)** which must be contributed to the Plan by the City for the fiscal year ending September 30, 2006.

The anticipated City Contribution by department may be summarized as follows:

	<u>Net City Cost</u>	<u>Percent of Payroll</u>
General	\$ 1,413,240	14.7%
Water	\$ 331,000	14.7%
Sewer	\$ 53,010	14.7%
Storm Water	\$ 33,017	14.7%

### **Changes in Actuarial Assumptions, Methods and Plan Benefits**

The Plan Benefits have not been changed since our October 1, 2003 Actuarial Valuation. The Plan provisions are outlined on Table X.

Actuarial assumptions and methods have been changed from the actuarial assumptions and methods considered in the October 1, 2003 Actuarial Valuation. The actuarial assumptions and methods are outlined on Table XI. The following is a summary of the change made since the last valuation.

- Amortization of prior service costs reflects a 4.0% annual increasing payroll assumption.

### **Comparison of October 1, 2003 and October 1, 2004 Valuation Results**

Table II of our report provides information of a comparative nature. The left columns of the Table indicate the costs as calculated for October 1, 2003. The center columns indicate the costs as calculated for October 1, 2004 prior to the method change. The right columns indicate the costs as calculated for October 1, 2004 after the method change.

Comparing the left and center columns of Table II shows the effect of Plan experience during the year. The number of active participants decreased by approximately 3% while covered payroll increased by approximately 4%. The normal cost increased as a dollar amount but decreased as a percentage of covered payroll. The City's required contribution increased both as a dollar amount and as a percentage of payroll.

Comparing the center and right columns of Table II shows the effect of the assumption change. The City's required contribution decreased both as a dollar amount and as a percentage of payroll.

Your Plan has assets in excess of the value of vested accrued benefits, resulting in a Vested Benefit Security Ratio of 100.6% which is a decrease from 101.1% as of the October 1, 2003 Actuarial Valuation.

### **Plan Experience**

Table VII indicates that the Plan experienced an actuarial loss of **\$3,954,163**. This suggests that actual overall experience was less favorable than expected.

Our Actuarial Valuation report tracks the actual experience in three areas that are very significant in determining whether a gain or loss occurs. Table XVI presents salary experience and tracks employee turnover. Table XVII provides information on investment return.

The salary experience indicates that actual salary increases were approximately 3.9%. This was less than our assumption for pay increases of 5.5% and was, generally, an offsetting source of actuarial gain. Three and five year average salary increases are 6.1% and 6.2%, respectively. Employee turnover this year was 100% of what was assumed and was, generally, not a source of actuarial gain or loss. Three and five year average turnover rates are 70% and 90%, respectively of the assumed turnover rates.

The actuarial value investment return of 0.5%, net of investment expense, was less than the 8.5% assumption. Three and five year average actuarial value investment return is 0.0% and 2.6%, respectively. Investment return was the major source of actuarial loss during the previous year. Market value returns for the one, three and five years have been 7.0%, 3.3% and 0.9%, respectively.

### **Member Census and Financial Data**

The Board provided the Member census data used for this valuation to us. This information contains name, Social Security number, date of birth, date of hire, date of participation, October 1, 2004 rate of pay, actual salary paid and employee contributions deducted for the previous year. Dates of termination and retirement are provided where applicable. The Board updated information on inactive participants including retirees, beneficiaries and vested terminees. The rate of pay reported is increased by 3% based upon the Board's assessment of collective bargaining.

We receive financial information concerning fund assets from the Board and the plan auditors. We do not audit the Member census data and asset information that is provided to us. However, we perform certain reasonableness checks and on this basis we believe that the information that we received is reliable.

### **Summary**

In our opinion the benefits provided for under the current Plan will be sufficiently funded through the payment of the amount as indicated in this and future Actuarial Valuation reports. We will continue to update you on the future payment requirements for the Plan through our actuarial reports. These reports will also continue to monitor the future experience of the Plan.

The undersigned is a Member of the American Academy of Actuaries and meets the qualification standards of the American Academy of Actuaries to render the actuarial opinions contained in this report. We are available to respond to any questions with regards to matters covered in our report.

Very truly yours,



Lawrence F. Wilson, A.S.A.  
Senior Consultant and Actuary



Jennifer Rambusch  
Senior Analyst

Table I

**Retirement Plan for General Employees  
of the City of North Miami Beach**

**Summary of Retirement Plan Costs as of October 1, 2004**

	<b><u>Cost Data</u></b>	<b><u>% of Payroll</u></b>
A. Participant Data Summary		
1. Active employees	327	N/A
2. Terminated vested	12	N/A
3. Receiving benefits	174	N/A
4. Annual payroll of active employees	\$ 12,467,338	100.0%
B. Total Normal Costs		
1. Age retirement benefits	\$ 1,495,539	12.0%
2. Termination benefits	115,324	0.9%
3. Death benefits	99,732	0.8%
4. Disability benefits	94,459	0.8%
5. Estimated expenses	100,910	0.8%
6. Total annual normal costs (City and Member)	\$ 1,905,964	15.3%
C. Total Actuarial Accrued Liability		
1. Age retirement benefits active employees	\$ 30,870,927	247.6%
2. Termination benefits active employees	150,930	1.2%
3. Death benefits active employees	1,205,150	9.7%
4. Disability benefits active employees	1,306,834	10.5%
5. Retired or terminated vested participants receiving benefits	16,812,708	134.9%
6. Terminated vested participants entitled to future benefits	1,250,643	10.0%
7. Deceased participants whose beneficiaries are receiving benefits	2,257,139	18.1%
8. Disabled participants receiving benefits	893,955	7.2%
9. Miscellaneous liability	23,810	0.2%
10. Total actuarial accrued liability	\$ 54,772,096	439.3%
D. Assets		
1. Actuarial value	\$ 44,967,792	360.7%
2. Market value	\$ 40,942,016	328.4%
E. Unfunded Actuarial Accrued Liability (C. - D.1.)	\$ 9,804,304	78.6%

**Retirement Plan for General Employees  
of the City of North Miami Beach**

**Summary of Retirement Plan Costs as of October 1, 2004**

	<b>Prior Method</b>		<b>Current Method</b>	
	<b><u>Cost</u></b> <b><u>Data</u></b>	<b><u>% of</u></b> <b><u>Payroll</u></b>	<b><u>Cost</u></b> <b><u>Data</u></b>	<b><u>% of</u></b> <b><u>Payroll</u></b>
<b>F. Total Minimum Funding Requirement</b>				
1. Total normal cost (City and Member)	\$ 1,905,964	15.3%	\$ 1,905,964	15.3%
2. Amortization of unfunded liability	847,397	6.8%	574,576	4.6%
3. Interest adjustment	234,036	1.9%	222,441	1.8%
4. Total payment	\$ 2,987,397	24.0%	\$ 2,702,981	21.7%
<b>G. Expected Contribution by Source</b>				
1. Member	\$ 872,714	7.0%	\$ 872,714	7.0%
2. City	\$ 2,114,683	17.0%	\$ 1,830,267	14.7%
<b>H. Allocation of Expected City Contribution</b>				
1. General (17.0% / 14.7% of \$ 9,626,643)	\$ 1,632,851	13.1%	\$ 1,413,240	11.3%
2. Water (17.0% / 14.7% of \$ 2,254,694)	\$ 382,436	3.1%	\$ 331,000	2.7%
3. Sewer (17.0% / 14.7% of \$ 361,094)	\$ 61,248	0.5%	\$ 53,010	0.4%
4. Storm Water (17.0% / 14.7% of \$ 224,907)	\$ 38,148	0.3%	\$ 33,017	0.3%
<b>I. Actuarial Gains (Losses)</b>	\$ (3,954,163)	(31.7%)	\$ (3,954,163)	(31.7%)
<b>J. Actuarial Present Value of Vested Accrued Benefits</b>				
1. Retired, terminated vested, beneficiaries and disabled receiving benefits	\$ 19,963,802	160.1%	\$ 19,963,802	160.1%
2. Terminated vested participants entitled to future benefits and miscellaneous	1,274,453	10.2%	1,274,453	10.2%
3. Active participants entitled to future benefits	19,473,738	156.2%	19,473,738	156.2%
4. Total actuarial present value of vested accrued benefits	\$ 40,711,993	326.5%	\$ 40,711,993	326.5%
<b>K. Unfunded Actuarial Present Value of Vested Accrued Benefits (J. - D.2.)</b>	\$ 0	0.0%	\$ 0	0.0%
<b>L. Vested Benefit Security Ratio (D.2. ÷ J.)</b>	100.6%	N/A	100.6%	N/A

Table II

**Retirement Plan for General Employees  
of the City of North Miami Beach**

**Comparison of Cost Data of October 1, 2003 and October 1, 2004 Valuations**

	October 1, 2003		Prior Method October 1, 2004		Current Method October 1, 2004	
	Cost Data	% of Annual Compensation	Cost Data	% of Annual Compensation	Cost Data	% of Annual Compensation
A. Participants						
1. Active employees	336	N/A	327	N/A	327	N/A
2. Terminated vested	11	N/A	12	N/A	12	N/A
3. Receiving benefits	169	N/A	174	N/A	174	N/A
4. Annual payroll of active employees	\$ 12,035,255	100.0%	\$ 12,467,338	100.0%	\$ 12,467,338	100.0%
B. Total Normal Costs	\$ 1,874,775	15.6%	\$ 1,905,964	15.3%	\$ 1,905,964	15.3%
C. Total Actuarial Accrued Liability	\$ 50,447,283	419.2%	\$ 54,772,096	439.3%	\$ 54,772,096	439.3%
D. Actuarial Value of Assets	\$ 44,459,457	369.4%	\$ 44,967,792	360.7%	\$ 44,967,792	360.7%
E. Unfunded Actuarial Accrued Liability	\$ 5,987,826	49.8%	\$ 9,804,304	78.6%	\$ 9,804,304	78.6%
F. Expected City Contribution	\$ 1,695,468	14.1%	\$ 2,114,683	17.0%	\$ 1,830,267	14.7%
G. Unfunded Actuarial Present Value of Vested Accrued Benefits	\$ 0	0.0%	\$ 0	0.0%	\$ 0	0.0%
H. Actuarial Gain (Loss)	\$ 167,136	1.4%	\$ (3,954,163)	(31.7%)	\$ (3,954,163)	(31.7%)
I. Vested Benefit Security Ratio	101.1%	N/A	100.6%	N/A	100.6%	N/A

Table III

**Retirement Plan for General Employees  
of the City of North Miami Beach**

**Characteristics of Participants in Actuarial  
Valuation as of October 1, 2004**

A. Active Plan Participants Summary

1. Active participants fully vested	225	
2. Active participants partially vested	0	
3. Active participants non-vested	102	
4. Total active participants	327	
5. Annual rate of pay of active participants	\$ 12,467,338	

B. Retired and Terminated Vested Participant Summary

1. Retired or terminated vested participants receiving benefits	118	
2. Terminated vested participants entitled to future benefits	12	
3. Deceased participants whose beneficiaries are receiving benefits	44	
4. Disabled participants receiving benefits	12	

C. Projected Annual Retirement Benefits

1. Retired or terminated vested receiving benefits	\$ 1,792,122	
2. Terminated vested entitled to future benefits	\$ 177,960	
3. Beneficiaries of deceased participants receiving benefits	\$ 318,431	
4. Disabled participants	\$ 110,488	

**Table IV****Retirement Plan for General Employees  
of the City of North Miami Beach****Statement of Assets as of October 1, 2004**

	<u>Market Value</u>
A. <u>Cash</u>	\$ 377
B. <u>Investments</u>	
1. Short term investments	\$ 1,874,875
2. Mutual funds	9,285,266
3. Corporate bonds	3,725,896
4. Government and agency fixed income obligations	9,150,831
5. Common stocks	16,865,528
C. <u>Receivables</u>	
1. Accrued interest and dividends	\$ 176,050
2. Receivable from broker	\$ 423,711
3. Contribution receiveable	\$ 0
D. <u>Payables</u>	\$ (560,518)
E. <u>Total Fund</u> (A. + B. + C. + D.)	\$ 40,942,016

**Table V**

**Retirement Plan for General Employees  
of the City of North Miami Beach**

**Reconciliation of Plan Assets**

A. <u>Market Value of Assets as of October 1, 2003</u>		\$	37,965,575
B. <u>Receipts During Period</u>			
1. Contributions			
a. Employee	\$	851,458	
b. City		<u>1,694,679</u>	
c. Total	\$		2,546,137
2. Investment income			
a. Interest and dividends	\$	997,472	
b. Investment expense		<u>(132,429)</u>	
c. Net	\$		865,043
3. Net realized and unrealized appreciation (depreciation)			<u>1,806,302</u>
4. Total receipts during period	\$		5,217,482
C. <u>Disbursements During Period</u>			
1. Pension payments	\$		2,067,030
2. Refunds of employee contributions and interest			73,101
3. Administrative expenses			<u>100,910</u>
4. Total disbursements during period	\$		2,241,041
D. <u>Market Value of Assets as of September 30, 2004</u>	\$		40,942,016

**Retirement Plan for General Employees  
of the City of North Miami Beach**

**Development of Actuarial Value of Assets as of September 30**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
A. Preliminary actuarial value from prior year	44,459,457	44,967,792			
B. Market value end of year	40,942,016				
C. Market value beginning of year	37,965,575	40,942,016			
D. Non-investment net cash flow	305,096				
E. Investment return					
1. Total market value return: B. - C. - D.	2,671,345				
2. Amount for immediate recognition (8.5%)	3,240,040				
3. Amount for phased-in recognition: E.1. - E.2.	(568,695)				
F. Phased-in recognition of investment return					
1. Current year: 20% of E.3.	(113,739)				
2. First prior year	318,986	(113,739)			
3. Second prior year	(1,285,728)	318,986	(113,739)		
4. Third prior year	(1,956,320)	(1,285,728)	318,986	(113,739)	
5. Fourth prior year		(1,956,319)	(1,285,730)	318,985	(113,739)
6. Total phased-in recognition of investment return	<u>(3,036,801)</u>	<u>(3,036,800)</u>	<u>(1,080,483)</u>	<u>205,246</u>	<u>(113,739)</u>
G. Actuarial value end of year					
1. Preliminary actuarial value end of year:					
A. + D. + E.2. + F.6.	44,967,792				
2. Upper corridor limit: 120% of B.	49,130,419				
3. Lower corridor limit: 80% of B.	32,753,613				
4. Actuarial value end of year:					
F.1., not more than F.2., nor less than F.3.	44,967,792				
H. Difference between market value and actuarial value	(4,025,776)				
I. Actuarial value rate of return	0.5%				
J. Market value rate of return	7.0%				

Table VII

**Retirement Plan for General Employees  
of the City of North Miami Beach**

**Actuarial Gain (Loss) for  
Plan Year Ended September 30, 2004**

**A. Derivation of Actuarial Gain (Loss)**

1. City net normal cost previous valuation	\$	1,032,307
2. Unfunded actuarial accrued liability previous valuation		5,987,826
3. City contributions previous year		1,694,679
4. Interest on:		
(a) City net normal cost	\$	87,746
(b) Unfunded actuarial accrued liability		508,965
(c) Contributions		72,024
(d) Net interest: (a) + (b) - (c)	\$	524,687
5. Expected unfunded actuarial accrued liability current year: (1. + 2. - 3. + 4.)		5,850,141
6. Actual unfunded actuarial accrued liability current year		9,804,304
7. Actuarial gain (loss): (5. - 6.)	\$	(3,954,163)

**B. Approximate Portion of Gain (Loss)**

**Due to Investments**

1. Actuarial value of assets previous year	\$	44,459,457
2. Contributions during year		2,546,137
3. Benefits and administrative expenses during year		2,241,041
4. Expected appreciation for period		3,792,020
5. Expected actuarial value of assets current year: (1. + 2. - 3. + 4.)	\$	48,556,573
6. Actual actuarial value of assets current year	\$	44,967,792
7. Approximate gain (loss): (6. - 5.)	\$	(3,588,781)

**C. Approximate Portion of Gain (Loss)**

**Due to Liabilities: A. - B.**

\$ (365,382)

Table VIII

**Retirement Plan for General Employees  
of the City of North Miami Beach**

**Amortization of Unfunded Actuarial Accrued Liability**

A. Unfunded Actuarial Accrued Liability

<u>Date</u>	<u>Unfunded Liability</u>	<u>Amortization Payment</u>
October 1, 2004	\$ 9,804,304	\$ 574,576
October 1, 2005	\$ 10,014,255	\$ 597,559
October 1, 2006	\$ 10,217,115	\$ 621,461
October 1, 2007	\$ 10,411,285	\$ 646,319
October 1, 2008	\$ 10,594,988	\$ 672,172
...		
...		
October 1, 2034	\$ 0	\$ 0

B. Covered Payroll History

<u>Date</u>	<u>Covered Payroll</u>	<u>Annual Increase</u>
October 1, 2004	\$ 12,467,338	3.6%
October 1, 2003	\$ 12,035,255	11.0%
October 1, 2002	\$ 10,842,137	11.7%
October 1, 2001	\$ 9,707,885	9.4%
October 1, 2000	\$ 8,874,568	10.4%
October 1, 1999	\$ 8,038,335	10.9%
October 1, 1998	\$ 7,247,356	9.9%
October 1, 1997	\$ 6,592,145	10.5%
October 1, 1996	\$ 5,965,398	(4.1%)
October 1, 1995	\$ 6,222,619	4.2%
October 1, 1994	\$ 5,970,065	N/A
10 Year Average Annual Increase		7.6%

Table IX

**Retirement Plan for General Employees  
of the City of North Miami Beach  
Accounting Disclosure Exhibit**

	<u>10/01/2003</u>	<u>10/01/2004</u>
I. <u>Number of Plan Participants</u>		
a. Retirees, beneficiaries and disableds receiving benefits	169	174
b. Terminated plan participants entitled to but not yet receiving benefits	11	12
c. Active plan participants	<u>336</u>	<u>327</u>
d. Total	516	513
II. <u>Financial Accounting Standards Board Allocation</u> <u>As of October 1, 2004</u>		
A. <u>Statement of Accumulated Plan Benefits</u>		
1. Actuarial present value of accumulated vested plan benefits		
a. Participants currently receiving benefits	\$ 18,263,757	\$ 19,963,802
b. Other participants	19,285,782	20,748,191
c. Total	<u>\$ 37,549,539</u>	<u>\$ 40,711,993</u>
2. Actuarial present value of accumulated non-vested plan benefits	<u>1,388,575</u>	<u>1,100,648</u>
3. Total actuarial present value of accumulated plan benefits	\$ 38,938,114	\$ 41,812,641
B. <u>Statement of Change in Accumulated Plan Benefits</u>		
1. Actuarial present value of accumulated plan benefits as of October 1, 2003		\$ 38,938,114
2. Increase (decrease) during year attributable to:		
a. Plan amendment		\$ 0
b. Change in actuarial assumptions and methods		0
c. Benefits paid		(2,140,131)
d. Other, including benefits accumulated and increase for interest due to decrease in the discount period		<u>5,014,658</u>
e. Net increase		\$ 2,874,527
3. Actuarial present value of accumulated plan benefits as of October 1, 2004		\$ 41,812,641
C. <u>Significant Matters Affecting Calculations</u>		
1. Assumed rate of return used in determining actuarial present values		8.5%
2. Change in plan provisions		None
3. Change in actuarial assumptions and methods		None affecting calculations

**Retirement Plan for General Employees  
of the City of North Miami Beach**

**Accounting Disclosure Exhibit**

III. Annual Pension Cost For the Current Year and Related Information:

Contribution rates:	
City	14.7%
Members	7.0%
Annual pension cost (thousands)	\$ 1,822
Contributions made (thousands)	To be determined
Actuarial valuation date	October 1, 2004
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of pay, closed
Remaining amortization period	30 years
Asset valuation method	Smoothed market value
Actuarial assumptions:	
Investment rate of return *	8.50%
Projected salary increases *	5.50%
Cost of living adjustments	2.25%
* Includes inflation at	3.50%

**Table IX  
(Cont'd)**

**Retirement Plan for General Employees  
of the City of North Miami Beach**

**Accounting Disclosure Exhibit**

IV. Historical Trend Information (thousands)\*

A. Schedule of Employer Costs GASB 25

<u>Fiscal Year Ending</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>
09/30/1999	\$ 254	210%
09/30/2000	\$ 260	221%
09/30/2001	\$ 576	110%
09/30/2002	\$ 652	107%
09/30/2003	\$ 1,548	98%
09/30/2004	\$ 1,695	102%

B. Schedule of Employer Costs GASB 27

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension (Obligation) Asset</u>
09/30/1999	\$ 254	210%	\$ 0
09/30/2000	\$ 260	221%	\$ 0
09/30/2001	\$ 576	110%	\$ 279,497
09/30/2002	\$ 654	107%	\$ 327,299
09/30/2003	\$ 1,550	98%	\$ 289,002
09/30/2004	\$ 1,697	102%	\$ 321,630

V. Annual Pension Cost and Net Pension Asset (NPA)

<u>Fiscal Year Ended</u>	<u>9/30/2004</u>	<u>9/30/2005</u>
Annual Required Contribution (ARC)	\$ 1,694,679	\$ 1,830,267
Interest on NPA	(24,565)	(27,339)
Adjustment to ARC	27,351	19,345
APC	\$ 1,697,465	\$ 1,822,273
City Contribution	\$ 1,730,093	
Increase (Decrease) in NPA	\$ 32,628	
NPA (beginning of year)	289,002	
NPA (end of year)	\$ 321,630	

\* Information prior to September 30, 2001 as reported by prior plan actuaries.

**Table IX  
(Cont'd)**

**Retirement Plan for General Employees  
of the City of North Miami Beach**

**Schedule of Funding Progress  
(Dollar Amounts in Thousands)**

V. Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets * (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/01/1999	\$ 40,229	\$ 32,131	\$ (8,098)	125.2%	\$ 8,038	(100.7%)
10/01/2000	\$ 43,651	\$ 37,968	\$ (5,683)	115.0%	\$ 8,875	(64.0%)
10/01/2001	\$ 44,382	\$ 41,803	\$ (2,579)	106.2%	\$ 9,708	(26.6%)
10/01/2002	\$ 39,872	\$ 46,110	\$ 6,238	86.5%	\$ 10,842	57.5%
10/01/2003 **	\$ 44,423	\$ 50,447	\$ 6,024	88.1%	\$ 12,035	50.1%
10/01/2004	\$ 44,968	\$ 54,772	\$ 9,804	82.1%	\$ 12,467	78.6%

\* Market value prior to October 1, 2001

\*\* Based upon audit report

**Retirement Plan for General Employees  
of the City of North Miami Beach**

**Outline of Principal Provisions of the Retirement Plan**

A. Effective Date:

July 1, 1957 as Amended and Restated under Ordinance No. 89.19. Most recently amended under Ordinance passed at first reading November 2002.

B. Eligibility Requirements:

1. Permanent full-time or *contract* employees excluding Police Officers, Firefighters, City Councilmen and the City Attorney.
2. Completion of two (2) years of credited service.

C. Credited Service:

Service measured in completed calendar months from date of employment to date of retirement or prior termination.

D. Final Monthly Compensation (FMC):

Average monthly rate of basic compensation during the best 60 successive calendar months out of the last 120 calendar months preceding date of retirement or prior termination. Basic compensation is defined as compensation actually paid to a participant excluding commissions, bonuses, overtime, expense allowances and all other extraordinary compensation.

E. Normal Retirement:

- a. Eligibility: Attainment of age 62 years, or attainment of age 55 with 20 years of service.
- b. Benefit: 3.0% of FMC times credited service.

F. Early Retirement:

- a. Eligibility: Attainment at age 55 and completion of 15 years of credited service, or completion of 20 years of service.
- b. Benefit: Benefit accrued to date of retirement, actuarially reduced to reflect commencement of benefit at an earlier age.

**Retirement Plan for General Employees  
of the City of North Miami Beach**

**Outline of Principal Provisions of the Retirement Plan**

G. Deferred Retirement:

- a. Eligibility: Retirement subsequent to normal retirement date.
- b. Benefit: Benefit calculated as for normal retirement based upon FMC and credited service as of deferred retirement date.

H. Disability Retirement:

- a. Eligibility: Total and permanent disability prior to normal retirement age for 6 months.
- b. Benefit: The greater of (i) or (ii) below, payable for the lifetime of the participant.
  - (i) A - B, where A is 60% of FMC at date of disability and B is 64% of the monthly Social Security disability benefit to which the participant is entitled.
  - (ii) The participant's accrued benefit as of date of disability.

Monthly disability retirement income payable until the earliest of recovery from disability, death or normal retirement date. If the participant remains disabled until normal retirement date, the same benefit will be payable for 10 years certain (measured from normal retirement date) and life thereafter.

If death of a disabled participant occurs prior to normal retirement date, benefit to beneficiary payable for 10 years certain and life thereafter, which can be supported by the greater of A or B, where A is the single-sum value of the accrued deferred benefit at date of death assuming continued credited service and assuming continued pay at last monthly rate to date of death and B is the lesser of (1) and (2), where (1) is 24 times FMC at date of disability and (2) is 100 times the anticipated monthly normal retirement benefit.

I. Death Benefit:

Benefit to beneficiary (payable for 10 years certain and life thereafter) which can be supported by the greater of A or B, where A is the single-sum value of the accrued deferred benefit at date of death and B is the lesser of (i) and (ii), where (i) is 24 times monthly rate of pay on October 1 preceding date of death and (ii) is 100 times anticipated normal retirement benefit.

If death occurs subsequent to normal retirement date, benefit to beneficiary payable for 10 years certain and life thereafter, which can be supported by the single sum value of the accrued benefit as of date of death.

Retirement Plan for General Employees  
of the City of North Miami Beach

Outline of Principal Provisions of the Retirement Plan

J. Employee Contributions:

7% of basic annual compensation *picked up* by the City until termination or actual retirement date.

K. Vested Benefit Upon Termination:

a. Eligibility: 100% vesting upon completion of six (6) years of credited service.

b. Benefit: Accrued benefit as of date of termination multiplied by vesting percentage, payable as of normal retirement date in the normal form. After 20 years of credited service, an immediate, actuarially reduced benefit is optional.

L. Termination Benefit:

a. Eligibility: Less than six (6) years of credited service at date of termination.

b. Benefit: Return of employee contributions plus interest at the rate of 3%, compounded annually.

M. Normal Form of Payment of Retirement Income:

10 years certain and life thereafter, subject to COLA adjustments of 2.25% per annum.

N. Changes From Previous Valuation:

None.

**Retirement Plan for General Employees  
of the City of North Miami Beach**

**Actuarial Assumptions and Actuarial Cost Methods  
Used in the Valuation**

A. Mortality

Healthy lives - 1983 Group Annuity Mortality Table with separate rates for males and females.

Disabled lives - 1985 Pension Disability Table with separate rates for males and females.

B. Investment Return

8.5%, compounded annually, net of investment expenses.

C. Allowances for Expenses or Contingencies

Provision for payment of administrative costs added to normal cost based upon non-investment expenses paid in previous year.

D. Employee Withdrawal Rates

<u>Age</u>	<u>Withdrawal Rates Per 100 Employees</u>	
	<u>Males</u>	<u>Females</u>
20	22.4	37.4
25	14.9	22.4
30	10.4	14.9
35	7.4	10.4
40	4.3	7.4
45	2.7	4.3
50	0.9	2.7
55	0.0	0.9
60 & Over	0.0	0.0

E. Disability Incidence

1985 Class One Disability Study Table with separate rates for males and females.

**Retirement Plan for General Employees  
of the City of North Miami Beach**

**Actuarial Assumptions and Actuarial Cost Methods  
Used in the Valuation**

F. Salary Increase Factor

5.5% per annum.

G. Increase in Covered Payroll

4.0% per year, but limited to average annual increase over most recent ten years (7.6%).

H. Rates of Retirement

<u>Age</u>	<u>Rates of Retirement</u>
55	25%
56	10%
57	10%
58	10%
59	10%
60	20%
61	20%
62 & Over	100%

Employees eligible for normal retirement as of the valuation date are assumed to retire one year after the valuation date.

I. Actuarial Value of Assets

The method used for determining the actuarial value of assets phases in the deviation between the expected and actual return on assets at the rate of 20% per year. The actuarial value of assets will be further adjusted to the extent necessary to fall within the corridor whose lower limit is 80% of the fair market value of plan assets and whose upper limit is 120% of the fair market value of plan assets.

J. Actuarial Cost Method

Normal Retirement, Termination, Disability, and Death Benefits: Entry-Age-Normal Cost Method. Under this method the normal cost for each active employee is the amount which is calculated to be a level percentage of pay that would be required annually from his entry age to his assumed retirement age to fund his estimated benefits, assuming the Plan had always been in effect. The normal cost for the Plan is the sum of such amounts for all employees. The actuarial accrued liability as of any valuation date for each active employee or inactive employee who is eligible to receive benefits under the Plan is the excess of the actuarial present value of estimated future

**Retirement Plan for General Employees  
of the City of North Miami Beach**

**Actuarial Assumptions and Actuarial Cost Methods  
Used in the Valuation**

benefits over the actuarial present value of current and future normal costs. The unfunded actuarial accrued liability as of any valuation date is the excess of the actuarial accrued liability over the assets of the Plan.

K. Changes from Previous Actuarial Valuation

There was no assumption for increases in covered payroll.

**Retirement Plan for General Employees  
of the City of North Miami Beach**  
**Distribution by Attained Age Groups  
and Service Groups as of October 1, 2004**

**All Active Participants**

<u>Attained</u> <u>Age Group</u>	-----COMPLETED YEARS OF SERVICE-----							<u>Total</u>
	<u>0-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30 &amp; Over</u>	
Under 25	1	1	-	-	-	-	-	2
25-29	9	6	-	-	-	-	-	15
30-34	15	14	3	-	-	-	-	32
35-39	11	19	6	-	-	-	-	36
40-44	5	20	12	8	1	-	-	46
45-49	9	18	11	6	7	5	-	56
50-54	6	19	11	6	10	4	2	58
55-59	16	13	9	5	3	2	1	49
60-64	3	6	6	3	2	1	-	21
65 & Over	2	3	5	1	-	-	1	12
<b>TOTAL</b>	<b>77</b>	<b>119</b>	<b>63</b>	<b>29</b>	<b>23</b>	<b>12</b>	<b>4</b>	<b>327</b>

	<b>Prior Year</b>	<b>Current Year</b>
Average Attained Age	45.99 years	46.80 years
Average Hire Age	36.24 years	36.49 years
Average Pay	\$ 35,819	\$ 38,126
Percent Female	32.1%	32.1%

**Table XII  
(Cont'd)**

**Retirement Plan for General Employees  
of the City of North Miami Beach  
Distribution by Attained Age Groups  
and Service Groups as of October 1, 2004**

**General Active Employees**

<u>Attained Age Group</u>	-----COMPLETED YEARS OF SERVICE-----							<u>Total</u>
	<u>0-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30 &amp; Over</u>	
Under 25	1	-	-	-	-	-	-	1
25-29	4	6	-	-	-	-	-	10
30-34	12	14	3	-	-	-	-	29
35-39	6	14	6	-	-	-	-	26
40-44	4	18	8	4	1	-	-	35
45-49	6	16	7	5	6	3	-	43
50-54	3	18	10	3	4	2	2	42
55-59	14	11	9	5	1	2	1	43
60-64	1	5	6	2	1	-	-	15
65 & Over	-	2	4	1	-	-	1	8
<b>TOTAL</b>	<b>51</b>	<b>104</b>	<b>53</b>	<b>20</b>	<b>13</b>	<b>7</b>	<b>4</b>	<b>252</b>

	<b>Prior Year</b>	<b>Current Year</b>
Average Attained Age	45.88 years	46.72 years
Average Hire Age	36.52 years	36.72 years
Average Pay	\$ 35,453	\$ 38,201
Percent Female	34.8%	35.3%

**Table XII  
(Cont'd)**

**Retirement Plan for General Employees  
of the City of North Miami Beach  
Distribution by Attained Age Groups  
and Service Groups as of October 1, 2004**

**Water Active Employees**

<u>Attained Age Group</u>	-----COMPLETED YEARS OF SERVICE-----							<u>Total</u>
	<u>0-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30 &amp; Over</u>	
Under 25	-	1	-	-	-	-	-	1
25-29	2	-	-	-	-	-	-	2
30-34	2	-	-	-	-	-	-	2
35-39	4	5	-	-	-	-	-	9
40-44	1	-	2	4	-	-	-	7
45-49	3	2	2	1	1	2	-	11
50-54	3	1	1	3	4	2	-	14
55-59	2	1	-	-	-	-	-	3
60-64	2	-	-	1	1	1	-	5
65 & Over	2	-	1	-	-	-	-	3
<b>TOTAL</b>	<b>21</b>	<b>10</b>	<b>6</b>	<b>9</b>	<b>6</b>	<b>5</b>	<b>0</b>	<b>57</b>

	<b>Prior Year</b>	<b>Current Year</b>
Average Attained Age	46.50 years	47.63 years
Average Hire Age	35.85 years	36.15 years
Average Pay	\$ 37,677	\$ 39,556
Percent Female	27.6%	26.3%

**Table XII  
(Cont'd)**

**Retirement Plan for General Employees  
of the City of North Miami Beach  
Distribution by Attained Age Groups  
and Service Groups as of October 1, 2004**

**Sewer Active Employees**

<u>Attained Age Group</u>	-----COMPLETED YEARS OF SERVICE-----							<u>Total</u>
	<u>0-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30 &amp; Over</u>	
Under 25	-	-	-	-	-	-	-	0
25-29	2	-	-	-	-	-	-	2
30-34	1	-	-	-	-	-	-	1
35-39	1	-	-	-	-	-	-	1
40-44	-	2	1	-	-	-	-	3
45-49	-	-	-	-	-	-	-	0
50-54	-	-	-	-	2	-	-	2
55-59	-	1	-	-	1	-	-	2
60-64	-	-	-	-	-	-	-	0
65 & Over	-	-	-	-	-	-	-	0
<b>TOTAL</b>	<b>4</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>11</b>

	<b>Prior Year</b>	<b>Current Year</b>
Average Attained Age	44.09 years	42.77 years
Average Hire Age	33.25 years	32.28 years
Average Pay	\$ 35,435	\$ 32,827
Percent Female	0.0%	0.0%

**Table XII  
(Cont'd)**

**Retirement Plan for General Employees  
of the City of North Miami Beach  
Distribution by Attained Age Groups  
and Service Groups as of October 1, 2004**

**Storm Water Active Employees**

<u>Attained Age Group</u>	-----COMPLETED YEARS OF SERVICE-----							<u>Total</u>
	<u>0-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30 &amp; Over</u>	
Under 25	-	-	-	-	-	-	-	0
25-29	1	-	-	-	-	-	-	1
30-34	-	-	-	-	-	-	-	0
35-39	-	-	-	-	-	-	-	0
40-44	-	-	1	-	-	-	-	1
45-49	-	-	2	-	-	-	-	2
50-54	-	-	-	-	-	-	-	0
55-59	-	-	-	-	1	-	-	1
60-64	-	1	-	-	-	-	-	1
65 & Over	-	1	-	-	-	-	-	1
<b>TOTAL</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>7</b>

	<b>Prior Year</b>	<b>Current Year</b>
Average Attained Age	48.58 years	49.30 years
Average Hire Age	31.79 years	37.79 years
Average Pay	\$ 34,482	\$ 32,130
Percent Female	0.0%	14.3%

**Retirement Plan for General Employees  
of the City of North Miami Beach**

**Statistics for Participants Entitled to Deferred Benefits  
and Participants Receiving Benefits**

A. Entitled to Deferred Benefits

<b><u>Current Age Group</u></b>	<b><u>Count</u></b>	<b><u>Total Annual Benefit</u></b>	<b><u>Average Annual Benefit</u></b>
<b>Less than 50</b>	5	\$ 67,789	\$ 13,558
50-54	5	92,350	18,470
55-59	0	0	0
60-64	2	17,821	8,911
65-69	0	0	0
70 & Over	0	0	0
<b>TOTAL</b>	<u>12</u>	<u>\$ 177,960</u>	<u>\$ 14,830</u>

B. Retirees Receiving Benefits

<b><u>Current Age Group</u></b>	<b><u>Count</u></b>	<b><u>Total Annual Benefit</u></b>	<b><u>Average Annual Benefit</u></b>
<b>Less than 50</b>	1	\$ 10,588	\$ 10,588
50-54	1	17,695	17,695
55-59	5	154,007	30,801
60-64	11	310,037	28,185
65-69	27	501,151	18,561
70-74	23	287,887	12,517
75-79	23	242,905	10,561
80 & Over	27	267,852	9,920
<b>TOTAL</b>	<u>118</u>	<u>\$ 1,792,122</u>	<u>\$ 15,187</u>

Table XIII  
(Cont'd)

Retirement Plan for General Employees  
of the City of North Miami Beach

Statistics for Participants Entitled to Deferred Benefits  
and Participants Receiving Benefits

C. Beneficiaries Receiving Benefits

<u>Current Age Group</u>	<u>Count</u>	<u>Total Annual Benefit</u>	<u>Average Annual Benefit</u>
Less than 50	13	\$ 75,146	\$ 5,780
50-54	1	3,350	3,350
55-59	9	77,901	8,656
60-64	2	17,599	8,800
65-69	5	59,613	11,923
70-74	0	0	0
75 & Over	14	84,822	6,059
TOTAL	44	\$ 318,431	\$ 7,237

D. Disabled Participants Receiving Benefits

<u>Current Age Group</u>	<u>Count</u>	<u>Total Annual Benefit</u>	<u>Average Annual Benefit</u>
Less than 50	4	\$ 43,652	\$ 10,913
50-54	2	20,970	10,485
55-59	1	11,352	11,352
60-64	3	23,536	7,845
65-69	0	0	0
70-74	0	0	0
75 & Over	2	10,978	5,489
TOTAL	12	\$ 110,488	\$ 9,207

**Retirement Plan for General Employees  
of the City of North Miami Beach**

**Reconciliation of Employee Data**

**A. Active Participants**

1. Active participants previous year	336
2. Retired during year	(9)
3. Deceased during year	(1)
4. Disabled during year	(1)
5. Terminated refunded during year	(13)
6. Terminated not refunded during year	0
7. Terminated vested	(1)
8. Leave of absence	0
9. New active participants	16
10. Rehired participant	0
11. Active participants current year	<u>327</u>

**B. Participants Receiving Benefits**

1. Participants receiving benefits previous year	169
2. New retired participants	9
3. New terminated vested receiving benefits	0
4. New disabled receiving benefits	1
5. New beneficiaries receiving benefits	3
6. Deceased or ceased payment during year	(8)
7. Retirees refunded during the year	0
8. Retired or terminated vested receiving benefits current year	<u>174</u>

**C. Terminated Vested Participants Entitled to Future Benefits**

1. Terminated vested entitled previous year	11
2. Deceased during year	0
3. Commenced receiving benefits during year	0
4. New terminated vested	1
5. Terminated vested paid lump sum	0
6. Terminated vested entitled current year	<u>12</u>

**Retirement Plan for General Employees  
of the City of North Miami Beach**

**Projected Retirement Benefits**

<b><u>Fiscal Year</u></b>	<b><u>Projected Total Annual Payout</u></b>
2005	2,344,247
2006	2,725,889
2007	2,902,590
2008	3,132,067
2009	3,412,913
2010	3,677,053
2011	3,976,618
2012	4,371,412
2013	4,759,374
2014	5,169,018

The above projected payout of plan benefits during the next ten years is based on assumptions involving all decrements. The actual payout may differ from the above estimates depending upon death, salary and retirement experience of the plan. However, since the projected payment is recomputed each valuation date, there is an automatic correction to the extent that actual experience varies from expected experience.

**Retirement Plan for General Employees  
of the City of North Miami Beach**

**Review of Salary and Termination Experience**

A. Salary Experience - Current Year

October 1, 2004 Age Groups	Employees*	% Increase
Under 25	2	2.8%
25-29	8	6.6%
30-34	18	4.3%
35-39	30	5.6%
40-44	44	3.6%
45-49	52	2.8%
50-54	54	4.4%
55-59	35	3.4%
60-64	19	3.4%
65 & Over	9	2.6%
TOTAL	271	3.9%

B. Recent Salary Experience

Year Ended	Employees*	% Increase
09/30/2003	253	9.3%
09/30/2002	238	5.2%
09/30/2001	228	6.1%
09/30/2000	251	6.4%
Last 3 Years	762	6.1%
Last 5 Years	1,241	6.2%

\* Participants who have full years of pay for both years considered.

**Table XVI  
(Cont'd)**

**Retirement Plan for General Employees  
of the City of North Miami Beach**

**Review of Salary and Termination Experience**

C. Termination Experience - Current Year

<u>October 1, 2003 Age Groups</u>	<u>Number of Participants October 1, 2003</u>	<u>Expected Terminations</u>	<u>Actual Terminations</u>	<u>Ratio of Actual to Expected</u>
19 & Under	0	0.0	0	N/A
20-24	8	1.9	3	1.6
25-29	15	2.3	3	1.3
30-34	32	3.3	4	1.2
35-39	35	2.5	0	0.0
40-44	55	2.5	0	0.0
45-49	60	1.5	3	2.0
50-54	61	0.5	1	2.0
55-59	39	0.0	0	N/A
60-64	18	0.0	0	N/A
65 & Over	<u>13</u>	<u>0.0</u>	<u>0</u>	<u>N/A</u>
TOTAL	336	14.5	14	1.0

D. Recent Termination Experience

<u>Period</u>	<u>Number of Participants Previous Year</u>	<u>Expected Terminations</u>	<u>Actual Terminations</u>	<u>Ratio of Actual to Expected</u>
09/30/2003	314	13.8	7	0.5
09/30/2002	295	13.4	7	0.5
09/30/2001	278	13.0	16	1.2
09/30/2000	263	14.1	16	1.1
Last 3 Years	945	41.7	28	0.7
Last 5 Years	1,486	68.8	60	0.9

**Retirement Plan for General Employees  
of the City of North Miami Beach**

**Analysis of Investment Yield as of October 1, 2004**

This Table sets forth the results of an analysis made of investment yields on the assets held under the Retirement Plan for General Employees of the City of North Miami Beach.

The basic sources for this analysis were the Statements produced by the City.

The basic data was initially checked for internal consistency. Since no difficulties were encountered with the data, yield rates were calculated directly from the transaction information submitted. A summary of the transaction information is set forth on the following page.

**Table XVII  
(Cont'd)**

**Retirement Plan for General Employees  
of the City of North Miami Beach**

**Summary of Transaction Information**

<u>Year Ended</u>	<u>Benefits Paid*</u>	<u>Administrative Expenses</u>	<u>Member Contributions</u>	<u>City Contributions</u>	<u>Actuarial Value**</u>
09/30/2004	\$ 2,140,131	\$ 100,910	\$ 851,458	\$ 1,694,679	\$ 44,967,792
09/30/2003	\$ 1,964,374	\$ 76,039	\$ 799,182	\$ 1,547,537	\$ 44,459,457
09/30/2002	\$ 1,798,589	\$ 65,132	\$ 707,765	\$ 701,935	\$ 39,872,430
09/30/2001	\$ 1,798,795	\$ 84,346	\$ 639,170	\$ 634,989	\$ 44,382,287
09/30/2000	\$ 1,578,287	\$ 88,104	\$ 599,825	\$ 576,257	\$ 43,650,926
09/30/1999	\$ 1,539,900	\$ 79,210	\$ 545,770	\$ 533,119	\$ 40,229,429
09/30/1998	\$ 1,579,002	\$ 83,104	\$ 411,522	\$ 411,522	\$ 35,879,000
09/30/1997	\$ 1,624,618	\$ 48,768	\$ 371,603	\$ 349,350	\$ 33,630,000
09/30/1996	\$ 1,185,418	\$ 61,130	\$ 365,210	\$ 274,533	\$ 28,099,000
09/30/1995	\$ 962,600	\$ 138,626	\$ 358,078	\$ 344,348	\$ 25,474,000

\* Includes refunds

\*\* Market value prior to 2001, thousands prior to October 1, 1998

**Table XVII  
(Cont'd)**

**Retirement Plan for General Employees  
of the City of North Miami Beach**

**Recent Plan Experience**

	<u>Assumed Investment Yield</u>	<u>Market Value Yield <sup>1</sup></u>	<u>Actuarial Value Yield <sup>1,2</sup></u>
09/30/2004	8.5%	7.0%	0.5%
09/30/2003	8.5%	13.3%	10.7%
09/30/2002	8.5%	(9.0%)	(10.1%)
09/30/2001	8.5%	(13.6%)	3.5%
09/30/2000	9.0%	9.8%	9.8%
Last 3 Years	8.5%	3.3%	0.0%
Last 5 Years	8.6%	0.9%	2.6%

<sup>1</sup> Yield calculated as  $2I/(A+B-I)$

<sup>2</sup> Actuarial value was market value prior to September 30, 2001

**Retirement Plan for General Employees  
of the City of North Miami Beach**

**Actuarial Valuation as of October 1, 2004**

**State Required Exhibit**

	<u>10/01/2003</u>	<u>Prior Method 10/01/2004</u>	<u>Current Method 10/01/2004</u>
<b>A. <u>Participant Data</u></b>			
1. Active participants	336	327	327
2. Retired participants and beneficiaries receiving benefits	157	162	162
3. Disabled participants receiving benefits	12	12	12
4. Terminated vested participants	11	12	12
5. Annual payroll of active participants	\$ 12,035,255	\$ 12,467,338	\$ 12,467,338
6. Annual benefits payable to those currently receiving benefits	\$ 2,024,640	\$ 2,221,041	\$ 2,221,041
<b>B. <u>Assets</u></b>			
1. Actuarial Value	\$ 44,459,457	\$ 44,967,792	\$ 44,967,792
2. Market Value	\$ 37,965,575	\$ 40,942,016	\$ 40,942,016
<b>C. <u>Liabilities</u></b>			
1. Actuarial present value of future expected benefit payments for active members			
a. Retirement benefits	\$ 41,066,004	\$ 42,365,614	\$ 42,365,614
b. Vesting benefits	1,174,925	1,203,311	1,203,311
c. Death benefits	1,446,622	2,016,569	2,016,569
d. Disability benefits	1,975,261	2,074,101	2,074,101
e. Total	<u>\$ 45,662,812</u>	<u>\$ 47,659,595</u>	<u>\$ 47,659,595</u>
2. Actuarial present value of future expected benefit payments for terminated vested members	\$ 1,102,872	\$ 1,250,643	\$ 1,250,643
3. Actuarial present value of future expected benefit payments for members currently receiving benefits			
a. Service retired	\$ 15,185,420	\$ 16,812,708	\$ 16,812,708
b. Disability retired	822,857	893,955	893,955
c. Beneficiaries	2,255,480	2,257,139	2,257,139
d. Miscellaneous	28,879	23,810	23,810
e. Total	<u>\$ 18,292,636</u>	<u>\$ 19,987,612</u>	<u>\$ 19,987,612</u>

**Table XVIII**  
**(Cont'd)**

**Retirement Plan for General Employees  
of the City of North Miami Beach**

**Actuarial Valuation as of October 1, 2004**

**State Required Exhibit**

	<u>10/01/2003</u>	<b>Prior Method</b> <u>10/01/2004</u>	<b>Current Method</b> <u>10/01/2004</u>
4. Total actuarial present value of future expected benefit payments	\$ 65,058,320	\$ 68,897,850	\$ 68,897,850
5. Actuarial accrued liabilities	\$ 50,447,283	\$ 54,772,096	\$ 54,772,096
6. Unfunded actuarial liabilities	\$ 5,987,826	\$ 9,804,304	\$ 9,804,304

**D. Statement of Accumulated Plan Benefits**

1. Actuarial present value of accumulated vested benefits			
a. Participants currently receiving benefits	\$ 18,263,757	\$ 19,963,802	\$ 19,963,802
b. Other participants	19,285,782	20,748,191	20,748,191
c. Total	<u>\$ 37,549,539</u>	<u>\$ 40,711,993</u>	<u>\$ 40,711,993</u>
2. Actuarial present value of accumulated non-vested plan benefits	<u>1,388,575</u>	<u>1,100,648</u>	<u>1,100,648</u>
3. Total actuarial present value of accumulated plan benefits	\$ 38,938,114	\$ 41,812,641	\$ 41,812,641

**E. Statement of Change in Accumulated Plan Benefits**

1. Actuarial present value of accumulated plan benefits as of October 1, 2003		\$ 38,938,114
2. Increase (decrease) during year attributable to:		
a. Plan amendment		\$ 0
b. Change in actuarial assumptions and methods		0
c. Benefits paid		(2,140,131)
d. Other, including benefits accumulated and increase for interest due to decrease in the discount period		<u>5,014,658</u>
e. Net increase		\$ 2,874,527
3. Actuarial present value of accumulated plan benefits as of October 1, 2004		\$ 41,812,641

Retirement Plan for General Employees  
of the City of North Miami Beach

Actuarial Valuation as of October 1, 2004

State Required Exhibit

	<u>10/01/2003</u>	<u>Prior Method</u> <u>10/01/2004</u>	<u>Current Method</u> <u>10/01/2004</u>
F. <u>Pension Cost</u>			
1. Total normal cost	\$ 1,874,775	\$ 1,905,964	\$ 1,905,964
2. Payment required to amortize unfunded liability	515,839	847,397	574,576
3. Interest	147,322	234,036	222,441
4. Total required contributions	\$ 2,537,936	\$ 2,987,397	\$ 2,702,981
5. Item 4 as a percentage of payroll	21.1%	24.0%	21.7%
6. Estimated employee contributions	\$ 842,468	\$ 872,714	\$ 872,714
7. Item 6 as a percentage of payroll	7.0%	7.0%	7.0%
8. Expected City contribution	\$ 1,695,468	\$ 2,114,683	\$ 1,830,267
9. Item 8 as a percentage of payroll	14.1%	17.0%	14.7%
G. <u>Past Contributions</u>			
1. Total contribution required (Prior Actuarial Valuation)	\$ 2,537,147	\$ 2,537,936	\$ 2,537,936
2. Actual contributions made:			
a. Employee	\$ 851,458	N/A	N/A
b. City	1,694,679	N/A	N/A
c. Total	\$ 2,546,137	N/A	N/A
H. <u>Net Actuarial Gain (Loss)</u>	\$ 167,136	\$ (3,954,163)	\$ (3,954,163)
I. <u>Disclosure of Following Items:</u>			
1. Actuarial present value of future salaries - attained age	\$ 101,598,169	\$ 102,559,487	\$ 102,559,487
2. Actuarial present value of future employee contributions - attained age	\$ 7,111,872	\$ 7,179,164	\$ 7,179,164
3. Actuarial present value of future contributions from other sources	N/A	N/A	N/A
4. Amount of active members' accumulated contributions	\$ 5,643,004	\$ 6,185,134	\$ 6,185,134
5. Actuarial present value of future salaries and future benefits at entry age		Not provided by software	
6. Actuarial present value of future employee contributions at entry age		Not provided by software	

**Table XVIII  
(Cont'd)**

**Retirement Plan for General Employees  
of the City of North Miami Beach**

**Actuarial Valuation as of October 1, 2004**

**State Required Exhibit**

**J. Retirement Experience**

Normal Retirement Eligibility: Earlier of age 62 or age 55 with 20 years of credited service.

Attained Age	9/30/1999 - 9/30/2001		9/30/2002		9/30/2003		9/30/2004	
	Eligible	Retired	Eligible	Retired	Eligible	Retired	Eligible	Retired
55	6	0	2	0	2	1	1	1
56	8	3	3	0	2	0	1	0
57	7	1	0	0	3	1	2	0
58	4	1	2	0	0	0	2	0
59	4	0	1	1	2	0	0	0
60	4	0	2	0	0	0	2	0
61	5	0	0	0	2	0	1	0
62	12	4	5	1	4	0	5	2
63	5	0	3	0	4	2	4	1
64	2	0	4	0	3	0	2	0
65	3	0	1	0	4	1	3	1
66	3	1	0	0	1	0	3	0
67	1	0	0	0	0	0	1	0
68	0	0	2	0	0	0	0	0
69	0	0	0	0	3	0	0	0
70	1	0	0	0	0	0	3	1
71	1	0	1	1	0	0	1	0
72	2	0	0	0	0	0	0	0
73	2	0	0	0	0	0	0	0
74	2	0	1	0	0	0	0	0
75	1	0	2	1	1	0	0	0
76	2	0	0	0	1	0	1	0
77	1	1	1	0	0	0	1	1
78	0	0	0	0	1	0	0	0
79	0	0	0	0	0	0	1	0
<b>Total</b>	<b>76</b>	<b>11</b>	<b>30</b>	<b>4</b>	<b>33</b>	<b>5</b>	<b>34</b>	<b>7</b>

Data prior to September 30, 2001 as reported by the prior actuary.

Retirement Plan for General Employees  
of the City of North Miami Beach

Actuarial Valuation as of October 1, 2004

State Required Exhibit

	<u>Unfunded Actuarial Accrued Liabilities</u>	<u>Current Unfunded Liabilities</u>	<u>Amortization Payment</u>	<u>Remaining Funding Period</u>
10/01/2001	Assumption / Method Change	\$ (2,531,444)	\$ (154,089)	27 years
10/01/2001	Plan Amendment	34,347	2,091	27 years
10/01/2002	Actuarial Loss (Gain)	8,510,612	508,186	28 years
10/01/2003	Actuarial Loss (Gain)	(163,374)	(9,581)	29 years
10/01/2004	Actuarial Loss (Gain)	<u>3,954,163</u>	<u>227,969</u>	30 years
	TOTAL	\$ 9,804,304	\$ 574,576	

This actuarial valuation and/or cost determination was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the Plan and/or paid from the Plan's assets for which liabilities or current costs have not been established or otherwise taken into account for in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

Enrollment Number: 05-02802  
Dated: June 23, 2005

  
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Lawrence F. Wilson, A.S.A.