

ACTUARIAL VALUATION AS OF OCTOBER 1, 2006

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

This Valuation Determines the Annual Contribution for the Plan Year October 1, 2006 through September 30, 2007 to be Paid in the Fiscal Year October 1, 2007 to September 30, 2008

May 18, 2007



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

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May 18, 2007

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, 2006 Actuarial Valuation**

We are pleased to present our October 1, 2006 Actuarial Valuation for the Retirement Plan for General Employees of the City of North Miami Beach. 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 & 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, 2006 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, 2008 is **\$3,171,316 (24.7%)**. The figure in parentheses is the Plan cost expressed as a percentage of covered annual payroll as of October 1, 2006.

This total cost is to be met by Member and City contributions. We anticipate that Member contributions will be **\$899,708 (7.0%)** leaving **\$2,271,608 (17.7%)** which must be contributed to the Plan by the City for the fiscal year ending September 30, 2008.

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

	<u>Net City Cost</u>	<u>Percent of Payroll</u>
General	\$ 1,741,441	17.7%
Water	\$ 395,571	17.7%
Sewer	\$ 91,686	17.7%
Storm Water	\$ 42,910	17.7%

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

The Plan Benefits have not been changed since our October 1, 2005 Actuarial Impact Statement. The Plan provisions are outlined on Table X.

The actuarial assumptions and methods have not been changed since our October 1, 2005 Actuarial Impact Statement. The actuarial assumptions and methods are outlined on Table XI.

### **Comparison of October 1, 2005 and October 1, 2006 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, 2005. The right columns indicate the costs as calculated for October 1, 2006.

Comparing the left and right columns of Table II shows the effect of Plan experience during the year. The number of active participants decreased by approximately 4% while covered payroll increased by approximately 1%. The normal cost increased as a dollar amount and as a percentage of covered payroll. The City's required contribution increased both as a dollar amount and as a percentage of payroll.

Your Plan no longer has assets in excess of the value of vested accrued benefits, resulting in a Vested Benefit Security Ratio of 98.3% which is a decrease from 100.3% as of the October 1, 2005 Actuarial Impact Statement.

### **Plan Experience**

Table VII indicates that the Plan experienced an actuarial loss of \$1,400,739. This suggests that actual overall experience was less favorable than expected. This actuarial loss resulted in an increase in the amortization component of the City funding requirement of approximately 0.6% of covered pay. The fact that the increase in covered payroll of 1% was less than the assumed increase of 4% resulted in an approximate increase in the amortization component of the City funding requirement of approximately 0.5% of covered payroll. The ten year average increase in covered payroll has been 8.0%.

Our Actuarial Valuation report tracks the actual experience in three areas that are very significant in determining whether an actuarial 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 averaged approximately 5.9%. This was in excess of our assumption for pay increases of 5.5% and was, generally, a source of actuarial loss. Five and ten year average salary increases are 6.1% and 6.0%, respectively. Employee turnover this year was 80% of the assumed and was, generally, a source of actuarial loss. Five and ten year average turnover rates are 80% and 100%, respectively of the assumed turnover rates.

The actuarial value investment return of 6.2%, net of investment expense, was less than the 8.5% assumption. Three, five and ten year average actuarial value net investment returns are 2.6%, 1.5% and 6.6%, respectively. Investment return was a major source of actuarial loss during the previous year. Market value net returns for the one, three five and ten years have been 7.2%, 8.2%, 5.5% and 6.7%, 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, 2006 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.

We receive financial information concerning fund assets from the Board. 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, 2006**

	<b><u>Cost Data</u></b>	<b><u>% of Payroll</u></b>
A. Participant Data Summary		
1. Active employees	312	N/A
2. Terminated vested	12	N/A
3. Receiving benefits (including DROPs)	182	N/A
4. Annual payroll of active employees	\$ 12,852,968	100.0%
B. Total Normal Costs		
1. Age retirement benefits	\$ 1,546,686	12.0%
2. Termination benefits	117,254	0.9%
3. Death benefits	99,517	0.8%
4. Disability benefits	94,450	0.7%
5. Estimated expenses	116,727	0.9%
6. Total annual normal costs (City and Member)	<u>\$ 1,974,634</u>	15.4%
C. Total Actuarial Accrued Liability		
1. Age retirement benefits active employees	\$ 35,405,863	275.5%
2. Termination benefits active employees	200,778	1.6%
3. Death benefits active employees	1,238,816	9.6%
4. Disability benefits active employees	1,344,014	10.5%
5. Retired or terminated vested participants receiving benefits (including DROPs)	19,975,730	155.4%
6. Terminated vested participants entitled to future benefits	1,182,346	9.2%
7. Deceased participants whose beneficiaries are receiving benefits	2,940,771	22.9%
8. Disabled participants receiving benefits	1,254,370	9.8%
9. Miscellaneous liability	102,728	0.8%
10. Total actuarial accrued liability	<u>\$ 63,645,416</u>	495.2%
D. Net Assets		
1. Actuarial value	\$ 48,553,562	377.8%
2. Market value	\$ 48,651,547	378.5%
E. Unfunded Actuarial Accrued Liability (C. - D.1.)	\$ 15,091,854	117.4%

**Table I  
(Cont'd)**

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

**Summary of Retirement Plan Costs as of October 1, 2006**

	<b><u>Cost Data</u></b>	<b><u>% of Payroll</u></b>
F. Total Minimum Funding Requirement		
1. Total normal cost (City and Member)	\$ 1,974,634	15.4%
2. Amortization of unfunded liability	905,890	7.0%
3. Interest adjustment	290,792	2.3%
4. Total payment	<u>\$ 3,171,316</u>	24.7%
G. Expected Contribution by Source		
1. Member	\$ 899,708	7.0%
2. City	\$ 2,271,608	17.7%
H. Allocation of Expected City Contribution		
1. General (17.7% of \$ 9,853,239)	\$ 1,741,441	13.5%
2. Water (17.7% of \$ 2,238,175)	\$ 395,571	3.1%
3. Sewer (17.7% of \$ 518,768)	\$ 91,686	0.7%
4. Storm Water (17.7% of \$ 242,786)	\$ 42,910	0.3%
I. Actuarial Gains (Losses)	\$ (1,400,739)	(10.9%)
J. Actuarial Present Value of Vested Accrued Benefits		
1. Retired, terminated vested, beneficiaries and disabled receiving benefits	\$ 24,170,871	188.1%
2. Terminated vested participants entitled to future benefits and miscellaneous	1,285,074	10.0%
3. Active participants entitled to future benefits	<u>24,045,346</u>	187.1%
4. Total actuarial present value of vested accrued benefits	\$ 49,501,291	385.1%
K. Unfunded Actuarial Present Value of Vested Accrued Benefits (J. - D.2.)	\$ 849,744	6.6%
L. Vested Benefit Security Ratio (D.2. ÷ J.)	98.3%	N/A

**Table II**

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

**Comparison of Cost Data of October 1, 2005 and October 1, 2006 Valuations**

	<b>Actuarial Impact Statement</b>			
	<u>October 1, 2005</u>		<u>October 1, 2006</u>	
	<u>Cost Data</u>	<u>% of Annual Compensation</u>	<u>Cost Data</u>	<u>% of Annual Compensation</u>
A. Participants				
1. Active employees	324	N/A	312	N/A
2. Terminated vested	13	N/A	12	N/A
3. Receiving benefits	178	N/A	182	N/A
4. Annual payroll of active employees	\$ 12,748,757	100.0%	\$ 12,852,968	100.0%
B. Total Normal Costs	\$ 1,944,564	15.3%	\$ 1,974,634	15.4%
C. Total Actuarial Accrued Liability	\$ 58,980,021	462.6%	\$ 63,645,416	495.2%
D. Actuarial Value of Assets	\$ 45,627,713	357.9%	\$ 48,553,562	377.8%
E. Unfunded Actuarial Accrued Liability	\$ 13,352,308	104.7%	\$ 15,091,854	117.4%
F. Expected City Contribution	\$ 2,114,806	16.6%	\$ 2,271,608	17.7%
G. Unfunded Actuarial Present Value of Vested Accrued Benefits	\$ 0	0.0%	\$ 849,744	6.6%
H. Actuarial Gain (Loss)	\$ (3,369,299)	(26.4%)	\$ (1,400,739)	(10.9%)
I. Vested Benefit Security Ratio	100.3%	N/A	98.3%	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, 2006****A. Active Plan Participants Summary**

1. Active participants fully vested	245
2. Active participants partially vested	0
3. Active participants non-vested	67
4. Total active participants	<u>312</u>
5. Annual rate of pay of active participants	\$ 12,852,968

**B. Retired and Terminated Vested Participant Summary**

1. Retired or terminated vested participants receiving benefits (including DROPs)	122
2. Terminated vested participants entitled to future benefits	12
3. Deceased participants whose beneficiaries are receiving benefits	46
4. Disabled participants receiving benefits	14

**C. Projected Annual Retirement Benefits**

1. Retired or terminated vested receiving benefits (including DROPs)	\$ 2,113,396
2. Terminated vested entitled to future benefits	\$ 193,461
3. Beneficiaries of deceased participants receiving benefits	\$ 338,190
4. Disabled participants	\$ 159,273

**Table IV****Retirement Plan for General Employees  
of the City of North Miami Beach****Statement of Assets as of October 1, 2006**

	<u>Market Value</u>
A. <u>Cash</u>	\$ 612
B. <u>Investments</u>	
1. Short term investments	\$ 1,130,905
2. Mutual funds	\$ 9,752,030
3. Corporate bonds	\$ 0
4. Government and agency fixed income obligations	\$ 0
5. Common stocks	\$ 37,736,540
C. <u>Receivables</u>	
1. Accrued interest and dividends	\$ 75,333
2. Receivable from other funds	\$ 0
D. <u>Payables</u>	\$ (32,150)
E. <u>Total Fund</u> (A. + B. + C. + D.)	\$ 48,663,270
F. <u>DROP Accounts Payable as of October 1, 2006</u>	\$ 11,723
G. <u>Net Fund</u> (E. - F.)	\$ 48,651,547

Table V

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

**Reconciliation of Plan Assets**

A.	<u>Total Market Value of Assets as of October 1, 2005</u>		\$ 45,265,708
B.	<u>Receipts During Period</u>		
	1. Contributions		
	a. Employee	\$ 898,852	
	b. City	<u>1,858,727</u>	
	c. Total		\$ 2,757,579
	2. Investment income		
	a. Interest and dividends	\$ 1,356,711	
	b. Investment expense	<u>(102,990)</u>	
	c. Net		\$ 1,253,721
	3. Net realized and unrealized appreciation (depreciation)		<u>2,019,463</u>
	4. Total receipts during period		\$ 6,030,763
C.	<u>Disbursements During Period</u>		
	1. Pension payments		\$ 2,464,903
	2. DROP distributions		0
	3. Refunds of accumulated employee contributions		51,571
	4. Administrative expenses		<u>116,727</u>
	5. Total disbursements during period		\$ 2,633,201
D.	<u>Total Market Value of Assets as of September 30, 2006</u>		\$ 48,663,270
E.	<u>Reconciliation of DROP Account Balances</u>		
	1. DROP account balances as of October 1, 2005		\$ 0
	2. Benefit payments into DROP accounts during year		11,596
	3. Investment gains (losses) during year		127
	4. Distributions from DROP accounts during year		<u>0</u>
	5. DROP account balances as of October 1, 2006		\$ 11,723
F.	<u>Net Market Value of Assets as of September 30, 2006</u>		\$ 48,651,547

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

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
A. Preliminary total actuarial value from prior year	45,627,713	48,565,285			
B. Total market value end of year	48,663,270				
C. Total market value beginning of year	45,265,708	48,663,270			
D. Non-investment net cash flow	124,378				
E. Investment return					
1. Total market value return: B. - C. - D.	3,273,184				
2. Amount for immediate recognition (8.5%)	3,852,871				
3. Amount for phased-in recognition: E.1. - E.2.	(579,687)				
F. Phased-in recognition of investment return					
1. Current year: 20% of E.3.	(115,937)				
2. First prior year	156,743	(115,937)			
3. Second prior year	(113,739)	156,743	(115,937)		
4. Third prior year	318,986	(113,739)	156,743	(115,937)	
5. Fourth prior year	(1,285,730)	318,985	(113,739)	156,742	(115,939)
6. Total phased-in recognition of investment return	(1,039,677)	246,052	(72,933)	40,805	(115,939)
G. Total actuarial value end of year					
1. Preliminary actuarial value end of year:					
A. + D. + E.2. + F.6.	48,565,285				
2. Upper corridor limit: 120% of B.	58,395,924				
3. Lower corridor limit: 80% of B.	38,930,616				
4. Total actuarial value end of year:					
G.1., not more than G.2., nor less than G.3.	48,565,285				
H. Difference between total market value and total actuarial value	97,985				
I. Actuarial value rate of return	6.2%				
J. Market value rate of return	7.2%				
K. DROP account balances	11,723				
L. Net actuarial value of assets	48,553,562				

Table VII

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

**Actuarial Gain (Loss) for  
Plan Year Ended September 30, 2006**

A. Derivation of Actuarial Gain (Loss)

1. City net normal cost - Actuarial Impact Statement	\$ 1,052,151
2. Unfunded actuarial accrued - Actuarial Impact Statement	13,352,308
3. City contributions previous year	1,858,727
4. Interest on:	
(a) City net normal cost	\$ 89,433
(b) Unfunded actuarial accrued liability	1,134,946
(c) Contributions	78,996
(d) Net interest: (a) + (b) - (c)	\$ 1,145,383
5. Expected unfunded actuarial accrued liability current year: (1. + 2. - 3. + 4.)	13,691,115
6. Actual unfunded actuarial accrued liability current year	15,091,854
7. Actuarial gain (loss): (5. - 6.)	\$ (1,400,739)

B. Approximate Portion of Gain (Loss)

Due to Investments

1. Actuarial value of assets previous year	\$ 45,627,713
2. Contributions during year	2,757,579
3. Benefits and administrative expenses during year	2,633,201
4. Expected appreciation for period	3,883,642
5. Expected actuarial value of assets current year: (1. + 2. - 3. + 4.)	\$ 49,635,733
6. Actual actuarial value of assets current year	\$ 48,565,285
7. Approximate gain (loss): (6. - 5.)	\$ (1,070,448)

C. Approximate Portion of Gain (Loss)

Due to Liabilities: A. - B.

\$ (330,291)

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, 2006	\$ 15,091,854	\$ 905,890
October 1, 2007	\$ 15,391,771	\$ 942,126
October 1, 2008	\$ 15,677,865	\$ 979,811
October 1, 2009	\$ 15,947,389	\$ 1,019,003
October 1, 2010	\$ 16,197,299	\$ 1,059,763
...		
...		
October 1, 2036	\$ 0	\$ 0

B. Covered Payroll History

<u>Date</u>	<u>Covered Payroll</u>	<u>Annual Increase</u>
October 1, 2006	\$ 12,852,968	0.8%
October 1, 2005	\$ 12,748,757	2.3%
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	N/A
10 Year Average Annual Increase		8.0%

Table IX

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

	<u>10/01/2005</u>	<u>10/01/2006</u>
I. <u>Number of Plan Participants</u>		
a. Retirees, beneficiaries and disableds receiving benefits	178	182
b. Terminated plan participants entitled to but not yet receiving benefits	13	12
c. Active plan participants	<u>324</u>	<u>312</u>
d. Total	515	506
II. <u>Financial Accounting Standards Board Allocation</u> <u>As of October 1, 2006</u>		
A. <u>Statement of Accumulated Plan Benefits</u>	<b>Actuarial Valuation</b>	
1. Actuarial present value of accumulated vested plan benefits		
a. Participants currently receiving benefits	\$ 22,261,257	\$ 24,170,871
b. Other participants	22,269,820	25,330,420
c. Total	<u>\$ 44,531,077</u>	<u>\$ 49,501,291</u>
2. Actuarial present value of accumulated non-vested plan benefits	<u>997,140</u>	<u>753,808</u>
3. Total actuarial present value of accumulated plan benefits	\$ 45,528,217	\$ 50,255,099
B. <u>Statement of Change in Accumulated Plan Benefits</u>		
1. Actuarial present value of accumulated plan benefits as of October 1, 2005		\$ 45,528,217
2. Increase (decrease) during year attributable to:		
a. Plan amendment		\$ 583,889
b. Change in actuarial assumptions and methods		0
c. Benefits paid (including DROPs and refunds)		(2,528,070)
d. Other, including benefits accumulated and increase for interest due to decrease in the discount period		<u>6,671,063</u>
e. Net increase		\$ 4,726,882
3. Actuarial present value of accumulated plan benefits as of October 1, 2006		\$ 50,255,099
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		See Table X, Item. O.
3. Change in actuarial assumptions and methods		See Table XI, Item. L.

**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	17.7%
Members	7.0%
Annual pension cost (thousands)	\$ 2,272
Contributions made (thousands)	To be determined
Actuarial valuation date	October 1, 2006
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>
09/30/2001	\$ 576	110%
09/30/2002	\$ 652	107%
09/30/2003	\$ 1,548	98%
09/30/2004	\$ 1,695	102%
09/30/2005	\$ 1,739	100%
09/30/2006	\$ 1,830	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>
09/30/2001	\$ 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
09/30/2005	\$ 1,731	100%	\$ 329,624
09/30/2006	\$ 1,823	102%	\$ 365,129

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

<u>Fiscal Year Ended</u>	<u>9/30/2006</u>	<u>9/30/2007</u>
Annual Required Contribution (ARC)	\$ 1,830,267	\$ 2,114,806
Interest on NPA	(28,018)	(31,036)
Adjustment to ARC	20,973	22,840
APC	<u>\$ 1,823,222</u>	<u>\$ 2,106,610</u>
City Contribution	<u>\$ 1,858,727</u>	
Increase (Decrease) in NPA	\$ 35,505	
NPA (beginning of year)	329,624	
NPA (end of year)	\$ 365,129	

**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)
10/01/2001	\$ 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%
10/01/2005	\$ 45,628	\$ 58,943	\$ 13,315	77.4%	\$ 12,749	104.4%
10/01/2006	\$ 48,554	\$ 63,645	\$ 15,091	76.3%	\$ 12,853	117.4%

\* 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 No. 2006-6 passed April 4, 2006.

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, 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. Deferred Retirement Option Program (DROP)

1. Eligibility - The earlier of attainment of age 55 and completion of 20 years of service or attainment of age 62.

2. The maximum period of participation in the DROP is sixty (60) months.

3. The COLA is first payable following DROP participation period.

4. Interest is credited at the fixed rate of 6.5% per annum.

O. Changes from Previous Actuarial Valuation (included in Actuarial Impact Statement)

There was no DROP.

**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 (8.0%).

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%

35% of employees enter the DROP when first eligible.

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

I. Deferred Retirement Option Program (DROP)

The assumed period of DROP participation (COLA deferral) is four (4) years.

J. 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.

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

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

K. 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 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.

L. Changes from Previous Actuarial Valuation (included in Actuarial Impact Statement)

There was no DROP, consequently there was no retirement rate assumption for DROP or assumed period of DROP participation.

**Retirement Plan for General Employees  
of the City of North Miami Beach**  
**Distribution by Attained Age Groups  
and Service Groups as of October 1, 2006**

**All Active Participants**

<u>Attained Age Group</u>	<u>COMPLETED YEARS OF SERVICE</u>							<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	7	5	2	-	-	-	-	14
30-34	13	13	8	-	-	-	-	34
35-39	3	12	11	-	-	-	-	26
40-44	6	18	5	6	-	-	-	35
45-49	6	22	17	9	3	4	-	61
50-54	3	14	13	10	3	9	3	55
55-59	2	23	12	4	6	2	-	49
60-64	1	10	5	4	4	2	-	26
65 & Over	1	4	3	2	1	-	-	11
<b>TOTAL</b>	<b>43</b>	<b>121</b>	<b>76</b>	<b>35</b>	<b>17</b>	<b>17</b>	<b>3</b>	<b>312</b>

	<b>Prior Year</b>	<b>Current Year</b>
Average Attained Age	46.90 years	47.42 years
Average Hire Age	36.35 years	36.20 years
Average Pay	\$ 39,348	\$ 41,195
Percent Female	30.9%	29.2%

**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, 2006**

<u>Attained Age Group</u>	<u>COMPLETED YEARS OF SERVICE</u>							<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	6	3	2	-	-	-	-	11
30-34	9	9	8	-	-	-	-	26
35-39	2	10	10	-	-	-	-	22
40-44	5	13	5	2	-	-	-	25
45-49	6	17	13	7	2	2	-	47
50-54	2	11	12	5	2	7	3	42
55-59	2	22	11	1	5	-	-	41
60-64	-	7	5	4	2	1	-	19
65 & Over	-	3	1	2	1	-	-	7
<b>TOTAL</b>	<b>32</b>	<b>95</b>	<b>67</b>	<b>21</b>	<b>12</b>	<b>10</b>	<b>3</b>	<b>240</b>

	<b>Prior Year</b>	<b>Current Year</b>
Average Attained Age	46.95 years	47.39 years
Average Hire Age	36.67 years	36.50 years
Average Pay	\$ 39,334	\$ 41,055
Percent Female	33.5%	32.5%

**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, 2006**

**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	2	3	-	-	-	-	-	5
35-39	-	2	1	-	-	-	-	3
40-44	1	3	-	2	-	-	-	6
45-49	-	3	2	2	1	2	-	10
50-54	1	3	1	4	1	1	-	11
55-59	-	-	1	3	1	2	-	7
60-64	1	3	-	-	1	-	-	5
65 & Over	1	1	1	-	-	-	-	3
<b>TOTAL</b>	<b>6</b>	<b>19</b>	<b>6</b>	<b>11</b>	<b>4</b>	<b>5</b>	<b>0</b>	<b>51</b>

	<b>Prior Year</b>	<b>Current Year</b>
Average Attained Age	47.82 years	49.12 years
Average Hire Age	36.03 years	36.24 years
Average Pay	\$ 41,492	\$ 43,886
Percent Female	30.4%	25.5%

**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, 2006**

**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	1	-	-	-	-	-	-	1
30-34	2	1	-	-	-	-	-	3
35-39	1	-	-	-	-	-	-	1
40-44	-	2	-	1	-	-	-	3
45-49	-	2	1	-	-	-	-	3
50-54	-	-	-	-	-	1	-	1
55-59	-	1	-	-	-	-	-	1
60-64	-	-	-	-	1	-	-	1
65 & Over	-	-	-	-	-	-	-	0
<b>TOTAL</b>	<b>4</b>	<b>6</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>14</b>

	<b>Prior Year</b>	<b>Current Year</b>
Average Attained Age	42.53 years	42.78 years
Average Hire Age	32.54 years	32.90 years
Average Pay	\$ 35,483	\$ 37,055
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, 2006**

**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	1	-	-	-	-	-	-	1
25-29	-	1	-	-	-	-	-	1
30-34	-	-	-	-	-	-	-	0
35-39	-	-	-	-	-	-	-	0
40-44	-	-	-	1	-	-	-	1
45-49	-	-	1	-	-	-	-	1
50-54	-	-	-	1	-	-	-	1
55-59	-	-	-	-	-	-	-	0
60-64	-	-	-	-	-	1	-	1
65 & Over	-	-	1	-	-	-	-	1
<b>TOTAL</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>7</b>

	<b>Prior Year</b>	<b>Current Year</b>
Average Attained Age	46.95 years	45.50 years
Average Hire Age	35.73 years	32.69 years
Average Pay	\$ 32,025	\$ 34,684
Percent Female	12.5%	0.0%

Table XIII

**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	\$ 84,547	\$ 16,909
50-54	6	101,195	16,866
55-59	1	7,719	7,719
60-64	0	0	0
65-69	0	0	0
70 & Over	0	0	0
<b>TOTAL</b>	<u>12</u>	<u>\$ 193,461</u>	<u>\$ 16,122</u>

B. Retirees Receiving Benefits & DROPs

<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>	0	\$ 0	\$ 0
50-54	3	74,068	24,689
55-59	4	151,290	37,823
60-64	16	433,964	27,123
65-69	24	548,223	22,843
70-74	24	343,138	14,297
75-79	23	262,607	11,418
80 & Over	28	300,106	10,718
<b>TOTAL</b>	<u>122</u>	<u>\$ 2,113,396</u>	<u>\$ 17,323</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	10	\$ 49,009	\$ 4,901
50-54	5	44,994	8,999
55-59	8	53,664	6,708
60-64	3	29,773	9,924
65-69	7	41,883	5,983
70-74	1	15,464	15,464
75 & Over	12	103,403	8,617
TOTAL	<u>46</u>	<u>\$ 338,190</u>	<u>\$ 7,352</u>

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	3	\$ 27,468	\$ 9,156
50-54	4	49,171	12,293
55-59	2	46,550	23,275
60-64	2	14,085	7,043
65-69	1	10,522	10,522
70-74	0	0	0
75 & Over	2	11,477	5,739
TOTAL	<u>14</u>	<u>\$ 159,273</u>	<u>\$ 11,377</u>

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

**Reconciliation of Employee Data**

**A. Active Participants**

1. Active participants previous year	324
2. Retired during year	(6)
3. Entered DROP during year	(1)
4. Deceased during year	(2)
5. Disabled during year	0
6. Terminated refunded during year	(5)
7. Terminated not refunded during year	(4)
8. Terminated vested	(1)
9. Leave of absence	0
10. New active participants	7
11. Rehired participants	0
12. Active participants current year	312

**B. Participants Receiving Benefits**

1. Participants receiving benefits previous year	178
2. New retired participants	6
3. New terminated vested receiving benefits	1
4. New disabled receiving benefits	0
5. New beneficiaries receiving benefits	5
6. Deceased or ceased payment during year	(9)
7. Retirees refunded during the year	0
8. Retired or terminated vested receiving benefits current year	181

**C. DROP Participants**

1. DROP participants previous year	0
2. Died during year	0
3. Became disabled during year	0
4. Employment terminated and retired during year	0
5. Entered DROP during year	1
6. DROP participants current year	1

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

1. Terminated vested entitled previous year	13
2. Deceased during year	(1)
3. Commenced receiving benefits during year	(1)
4. New terminated vested	1
5. Terminated vested paid lump sum	0
6. Terminated vested entitled current year	12

**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>
2007	2,922,979
2008	3,331,275
2009	3,607,446
2010	3,852,425
2011	4,146,046
2012	4,550,767
2013	4,904,615
2014	5,270,239
2015	5,756,478
2016	6,191,092

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.

Table XVI

**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, 2006 Age Groups	Employees*	% Increase
Under 25	0	0.0%
25-29	7	8.0%
30-34	29	6.1%
35-39	16	6.4%
40-44	38	6.9%
45-49	55	7.1%
50-54	51	4.8%
55-59	49	4.9%
60-64	20	5.6%
65 & Over	<u>10</u>	4.3%
TOTAL	275	5.9%

B. Recent Salary Experience

Year Ended	Employees*	% Increase
09/30/2005	284	6.3%
09/30/2004	271	3.9%
09/30/2003	253	9.3%
09/30/2002	238	5.2%
09/30/2001	228	6.1%
09/30/2000	251	6.4%
09/30/1999	241	7.6%
09/30/1998	154	4.3%
09/30/1997	238	5.2%
Last 5 Years	1,321	6.1%
Last 10 Years	2,433	6.0%

\* 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, 2005 Age Groups</u>	<u>Number of Participants October 1, 2005</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	2	0.5	1	2.0
25-29	17	2.6	0	0.0
30-34	35	3.6	2	0.6
35-39	31	2.2	3	1.4
40-44	41	1.8	1	0.6
45-49	58	1.4	2	1.4
50-54	55	0.4	0	0.0
55-59	51	0.0	1	N/A
60-64	23	0.0	0	N/A
65 & Over	<u>11</u>	<u>0.0</u>	<u>0</u>	<u>N/A</u>
TOTAL	324	12.5	10	0.8

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>
09/30/2005	327	12.6	16	1.3
09/30/2004	336	14.5	14	1.0
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
09/30/1999	251	13.4	18	1.3
09/30/1998	233	11.7	17	1.5
09/30/1997	216	11.3	11	1.0
Last 5 Years	1,596	66.8	54	0.8
Last 10 Years	2,837	130.3	132	1.0

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

**Analysis of Investment Yield as of October 1, 2006**

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>
09/30/2006	\$ 2,516,474	\$ 116,727	\$ 898,852	\$ 1,858,727	\$ 48,565,285
09/30/2005	\$ 2,433,315	\$ 111,722	\$ 863,779	\$ 1,738,722	\$ 45,627,713
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
09/30/1994	\$ 971,140	\$ 179,416	\$ 357,215	\$ 109,396	\$ 21,909,000
09/30/1993	\$ 950,065	\$ 165,545	\$ 358,538	\$ 222,624	\$ 22,762,000
09/30/1992	\$ 837,889	\$ 186,140	\$ 360,715	\$ 234,808	\$ 20,879,000

\* Includes refunds and DROP distributions

\*\* 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>
09/30/2006	8.5%	7.2%	6.2%
09/30/2005	8.5%	10.4%	1.3%
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%
09/30/1999	7.5%	13.7%	13.7%
09/30/1998	7.5%	9.3%	9.3%
09/30/1997	7.5%	24.2%	24.2%
Last 3 Years	8.5%	8.2%	2.6%
Last 5 Years	8.5%	5.5%	1.5%
Last 10 Years	8.2%	6.7%	6.6%

<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, 2006**

**State Required Exhibit**

	<b>AIS</b>	
	<u>10/01/2005</u>	<u>10/01/2006</u>
<b>A. <u>Participant Data</u></b>		
1. Active participants	324	312
2. Retired participants and beneficiaries receiving benefits (including DROPs)	164	168
3. Disabled participants receiving benefits	14	14
4. Terminated vested participants	13	12
5. Annual payroll of active participants	\$ 12,748,757	\$ 12,852,968
6. Annual benefits payable to those currently receiving benefits (including DROPs)	\$ 2,443,291	\$ 2,610,859
<b>B. <u>Assets</u></b>		
1. Actuarial Value	\$ 45,627,713	\$ 48,553,562
2. Market Value	\$ 45,265,708	\$ 48,651,547
<b>C. <u>Liabilities</u></b>		
1. Actuarial present value of future expected benefit payments for active members		
a. Retirement benefits	\$ 44,061,687	\$ 46,217,189
b. Vesting benefits	1,226,211	1,227,948
c. Death benefits	1,922,655	1,981,662
d. Disability benefits	2,003,981	2,047,577
e. Total	\$ 49,214,534	\$ 51,474,376
2. Actuarial present value of future expected benefit payments for terminated vested members	\$ 1,019,116	\$ 1,182,346
3. Actuarial present value of future expected benefit payments for members currently receiving benefits		
a. Service retired (including DROPs)	\$ 18,501,674	\$ 19,975,730
b. Disability retired	1,246,362	1,254,370
c. Beneficiaries	2,513,221	2,940,771
d. Miscellaneous	34,585	102,728
e. Total	\$ 22,295,842	\$ 24,273,599

**Table XVIII  
(Cont'd)**

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

**Actuarial Valuation as of October 1, 2006**

**State Required Exhibit**

	<b>AIS</b>	
	<u>10/01/2005</u>	<u>10/01/2006</u>
4. Total actuarial present value of future expected benefit payments	\$ 72,529,492	\$ 76,930,321
5. Actuarial accrued liabilities	\$ 58,980,021	\$ 63,645,416
6. Unfunded actuarial liabilities	\$ 13,352,308	\$ 15,091,854

**D. Statement of Accumulated Plan Benefits**

	<b>Actuarial Valuation</b>	
1. Actuarial present value of accumulated vested benefits		
a. Participants currently receiving benefits	\$ 22,261,257	\$ 24,170,871
b. Other participants	22,269,820	25,330,420
c. Total	\$ 44,531,077	\$ 49,501,291
2. Actuarial present value of accumulated non-vested plan benefits	997,140	753,808
3. Total actuarial present value of accumulated plan benefits	\$ 45,528,217	\$ 50,255,099

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

1. Actuarial present value of accumulated plan benefits as of October 1, 2005		\$ 45,528,217
2. Increase (decrease) during year attributable to:		
a. Plan amendment		\$ 583,889
b. Change in actuarial assumptions and methods		0
c. Benefits paid (including DROPs and refunds)		(2,528,070)
d. Other, including benefits accumulated and increase for interest due to decrease in the discount period		6,671,063
e. Net increase		\$ 4,726,882
3. Actuarial present value of accumulated plan benefits as of October 1, 2006		\$ 50,255,099

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

Actuarial Valuation as of October 1, 2006

State Required Exhibit

	AIS	
	<u>10/01/2005</u>	<u>10/01/2006</u>
F. <u>Pension Cost</u>		
1. Total normal cost	\$ 1,944,564	\$ 1,974,634
2. Payment required to amortize unfunded liability	789,868	905,890
3. Interest	272,787	290,792
4. Total required contributions	<u>\$ 3,007,219</u>	<u>\$ 3,171,316</u>
5. Item 4 as a percentage of payroll	23.6%	24.7%
6. Estimated employee contributions	\$ 892,413	\$ 899,708
7. Item 6 as a percentage of payroll	7.0%	7.0%
8. Expected City contribution	\$ 2,114,806	\$ 2,271,608
9. Item 8 as a percentage of payroll	16.6%	17.7%
G. <u>Past Contributions</u>		
1. Total contribution required (Prior Actuarial Valuation)	\$ 2,702,981	\$ 3,007,219
2. Actual contributions made:		
a. Employee	\$ 898,852	N/A
b. City	1,858,727	N/A
c. Total	<u>\$ 2,757,579</u>	<u>N/A</u>
H. <u>Net Actuarial Gain (Loss)</u>	\$ (3,369,299)	\$ (1,400,739)
I. <u>Disclosure of Following Items:</u>		
1. Actuarial present value of future salaries - attained age	\$ 100,080,285	\$ 98,925,730
2. Actuarial present value of future employee contributions - attained age	\$ 7,005,622	\$ 6,924,802
3. Actuarial present value of future contributions from other sources	N/A	N/A
4. Amount of active members' accumulated contributions	\$ 6,619,549	\$ 7,132,401
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, 2006**

**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 - 9/30/2003		9/30/2004		9/30/2005		9/30/2006	
	Eligible	Retired	Eligible	Retired	Eligible	Retired	Eligible	Retired
55	10	1	1	1	2	1	2	0
56	13	3	1	0	0	0	1	0
57	10	2	2	0	2	0	1	0
58	6	1	2	0	3	0	2	0
59	7	1	0	0	2	0	3	0
60	6	0	2	0	1	0	2	1
61	7	0	1	0	2	0	1	0
62	21	5	5	2	4	1	8	2
63	12	2	4	1	3	1	3	0
64	9	0	2	0	3	1	2	0
65	8	1	3	1	2	1	2	1
66	4	1	3	0	2	0	1	0
67	1	0	1	0	3	1	2	0
68	2	0	0	0	1	0	2	0
69	3	0	0	0	0	0	1	0
70	1	0	3	1	1	0	0	0
71	2	1	1	0	1	0	1	1
72	2	0	0	0	1	0	1	0
73	2	0	0	0	0	0	1	0
74	3	0	0	0	0	0	0	0
75	4	1	0	0	0	0	0	0
76	3	0	1	0	0	0	0	0
77	2	1	1	1	1	0	0	0
78	1	0	0	0	0	0	1	1
79	0	0	1	0	0	0	0	0
80	0	0	0	0	1	0	0	0
81	0	0	0	0	0	0	1	0
Total	139	20	34	7	34	6	38	6

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

**Table XVIII  
(Cont'd)**

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

**Actuarial Valuation as of October 1, 2006**

**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	\$ (2,618,477)	\$ (166,261)	25 years
10/01/2001	Plan Amendment	35,527	2,256	25 years
10/01/2002	Actuarial Loss (Gain)	8,826,266	548,352	26 years
10/01/2003	Actuarial Loss (Gain)	(169,842)	(10,338)	27 years
10/01/2004	Actuarial Loss (Gain)	4,119,870	246,006	28 years
10/01/2005	Actuarial Loss (Gain)	3,459,898	202,897	29 years
10/01/2005	Plan Amendment	37,873	2,221	29 years
10/01/2006	Actuarial Loss (Gain)	1,400,739	80,757	30 years
	<b>TOTAL</b>	<b>\$ 15,091,854</b>	<b>\$ 905,890</b>	

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: May 18, 2007



Lawrence F. Wilson, A.S.A.