

RETIREMENT PLAN FOR THE GENERAL MANAGEMENT
EMPLOYEES OF THE CITY OF NORTH MIAMI BEACH

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2014

DETERMINES THE CONTRIBUTION
FOR THE 2015/16 FISCAL YEAR



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March 1, 2015

Introduction

This report presents the results of the October 1, 2014 actuarial valuation for the Retirement Plan for the General Management Employees of the City of North Miami Beach. The report is based on the participant data and asset information provided by the pension plan administrator and, except for a cursory review for reasonableness including a comparison to the data provided for the previous valuation, we have not attempted to verify the accuracy of this information.

The primary purpose of this report is to provide a summary of the funded status of the plan as of October 1, 2014 and to determine the minimum required contribution under Chapter 112, Florida Statutes, for the 2015/16 plan year. In addition, this report provides a projection of the long-term funding requirements of the plan, accounting disclosures pursuant to Governmental Accounting Standards Board Statement Nos. 25 and 27 (GASB 25/27), statistical information concerning the assets held in the trust, statistical information concerning the participant population, and a summary of any recent plan changes.

The liabilities and cost presented in this report are based on numerous assumptions concerning the cost of benefits to be provided in the future, long-term investment returns, and the future demographic experience of the current participants. Anyone referring to this report should remember that the cost developed herein is only an *estimate* of the true cost of providing post-employment pension benefits. No one can predict with certainty whether the true cost will be higher or lower than the cost presented in this report. The calculated cost is entirely dependent upon the assumptions that are described in Table V-A. If any of the assumptions is changed, then the cost shown in this report will change accordingly. Likewise, if any of the assumptions is not completely realized, then the cost shown in this report will change in the future.

Certain assumptions play a bigger role than others in determining the cost of the post-employment pension benefits. In some cases, relatively small changes in a particular assumption can have a dramatic impact on the anticipated cost of benefits. Although a thorough analysis of the impact of such changes is beyond the scope of this report, Table I-B illustrates the impact that alternative long-term investment returns would have on the contribution rate.

Minimum Required Contribution

Table I-A shows the development of the minimum required contribution for the 2015/16 plan year. The minimum required contribution is \$693,932 (or 32.92% of covered payroll), which represents an increase of \$95,468 (or 7.97% of payroll) from the prior valuation.

Table I-C provides a breakdown of the sources of change in the minimum required contribution rate. Significantly, the rate decreased by 1.20% of payroll due to investment gains, increased by 4.72% of payroll due to demographic experience, and increased by another 4.45% of payroll due to the assumption changes that are described below. The



market value of assets earned 8.70% during the 2013/14 plan year, whereas a 7.50% annual investment return was required to maintain a stable contribution rate.

Chapter 112, Florida Statutes, sets forth the rules concerning the minimum required contribution for public pension plans within the state. Essentially, the City must contribute an amount equal to the annual normal cost of the plan plus assumed administrative expenses, where both amounts are adjusted as necessary to reflect interest on any delayed payment of the contribution beyond the valuation date. On this basis, the City's 2015/16 minimum required contribution is equal to \$693,932.

Based on the current assets, participant data, and actuarial assumptions and methods that are used to value the plan, the present-day value of the total long-term funding requirement is \$23,149,668 excluding future administrative expenses beyond the 2015/16 plan year. As illustrated in Table I-A, current assets are sufficient to cover \$16,569,904 of this amount, the employer's 2014/15 contribution will cover \$598,464 of this amount, the employer's 2015/16 contribution will cover \$693,932 of this amount and future employee contributions are expected to cover \$1,375,599 of this amount, leaving \$3,911,769 to be covered by future employer funding beyond the 2015/16 fiscal year. Again, demographic and investment experience that differs from that assumed will either increase or decrease the future employer funding requirement.

Advance Employer Contribution

The City has made contributions to the plan in excess of the minimum amount that was required to be contributed pursuant to Chapter 112. In this report, the excess contributions are referred to as an "advance employer contribution." As of October 1, 2014, the advance employer contribution is \$141,312 as shown in Table III-F.

The City may apply all or any portion of the advance employer contribution towards the minimum required contribution for the 2014/15 plan year or for any later plan year. The minimum required contribution for that plan year will be reduced dollar-for-dollar by the amount of the advance employer contribution that is applied in this manner.

Alternatively, at any time, the City may apply all or any portion of the advance employer contribution as an *extra* contribution in excess of the minimum required contribution. In this case, the immediate application of the entire balance of the advance employer contribution as of October 1, 2014 would reduce the minimum required contribution for the 2015/16 plan year to \$675,419.

Contents of the Report

Tables I-D through I-G provide a detailed breakdown of various liability amounts by type of benefit and by participant group. Tables II-A through II-C provide information needed by both the plan's and the employer's accountants in order to prepare the relevant financial statements that cover the period October 1, 2013 through September 30, 2014. Tables III-A through III-F provide information concerning the assets of the trust fund. Tables IV-A through IV-G provide statistical information concerning the plan's participant population. In particular, Table IV-G gives a 10-year projection of the cash that is expected to be required from the trust fund in order to pay benefits to the current group of



participants. Finally, Tables V-A through VI-B provide a summary of the actuarial assumptions and methods that are used to value the plan's benefits and of the relevant plan provisions as of October 1, 2014, as well as a summary of the changes that have occurred since the previous valuation report was prepared.

Assumption Changes

Since the previous valuation was prepared, two assumptions have been changed. The assumed interest rate was decreased from 7.50% per annum to 7.25% per annum. The assumed annual administrative expenses were increased from \$40,000 to \$50,000. These assumption changes resulted in an increase in the minimum required contribution equal to 4.45% of covered payroll.

Refund of Participant Contributions

It is our understanding that there are nine participants who are due a refund of their contributions. We have estimated the accumulated amount of their refunds to be \$107,863 as of October 1, 2014. The average amount owed to these individuals is \$11,985. If possible, we recommend that the accumulated contributions be distributed to these individuals in order to simplify the administration of the plan and to reduce future administrative costs.

Certification

This actuarial valuation was prepared 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 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 in the valuation. All known events or trends which may require a material change in plan costs or required contribution rates have been taken into account in the valuation.

For the firm,



Charles T. Carr
Consulting Actuary
Southern Actuarial Services Company, Inc.

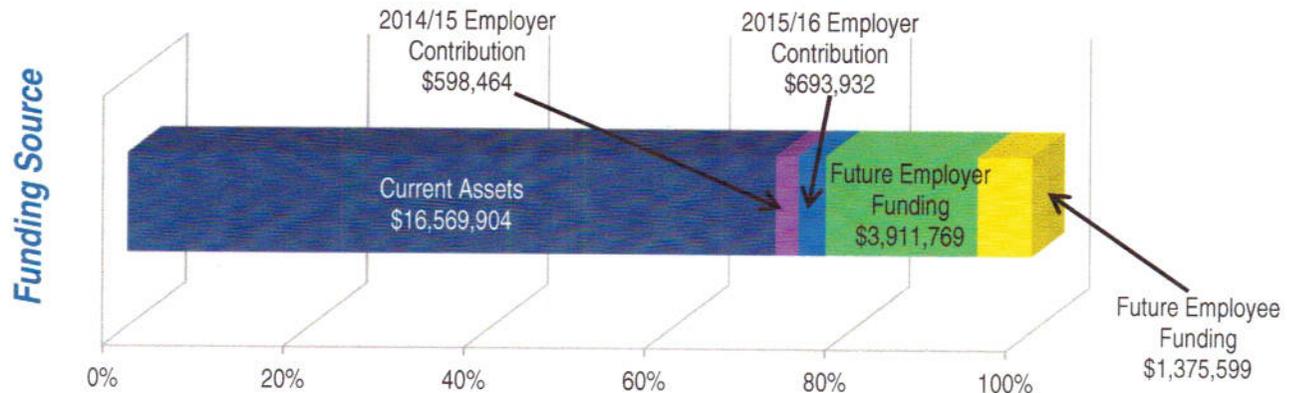
Enrolled Actuary No. 14-04927

The individual above is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.



Minimum Required Contribution

Table I-A



* Note: Future administrative expenses are not included in the chart shown above.

For the 2015/16 Plan Year

Normal Cost for the 2014/15 Plan Year	\$613,524
Unfunded Liability Amortization Payment for the 2014/15 Plan Year	\$0
Expense Allowance for the 2014/15 Plan Year	\$50,000
	<hr/>
	\$663,524
Adjustment to Reflect Weekly Employer Contributions	\$23,954
Adjustment for the One-Year Delay in Payment of the MRC	\$6,454
	<hr/>

Minimum Required Contribution for the 2015/16 Plan Year **\$693,932**

Expected Payroll for the 2015/16 Plan Year	÷ \$2,108,220
Minimum Required Contribution as a % of Payroll	32.92%

Additional Disclosures

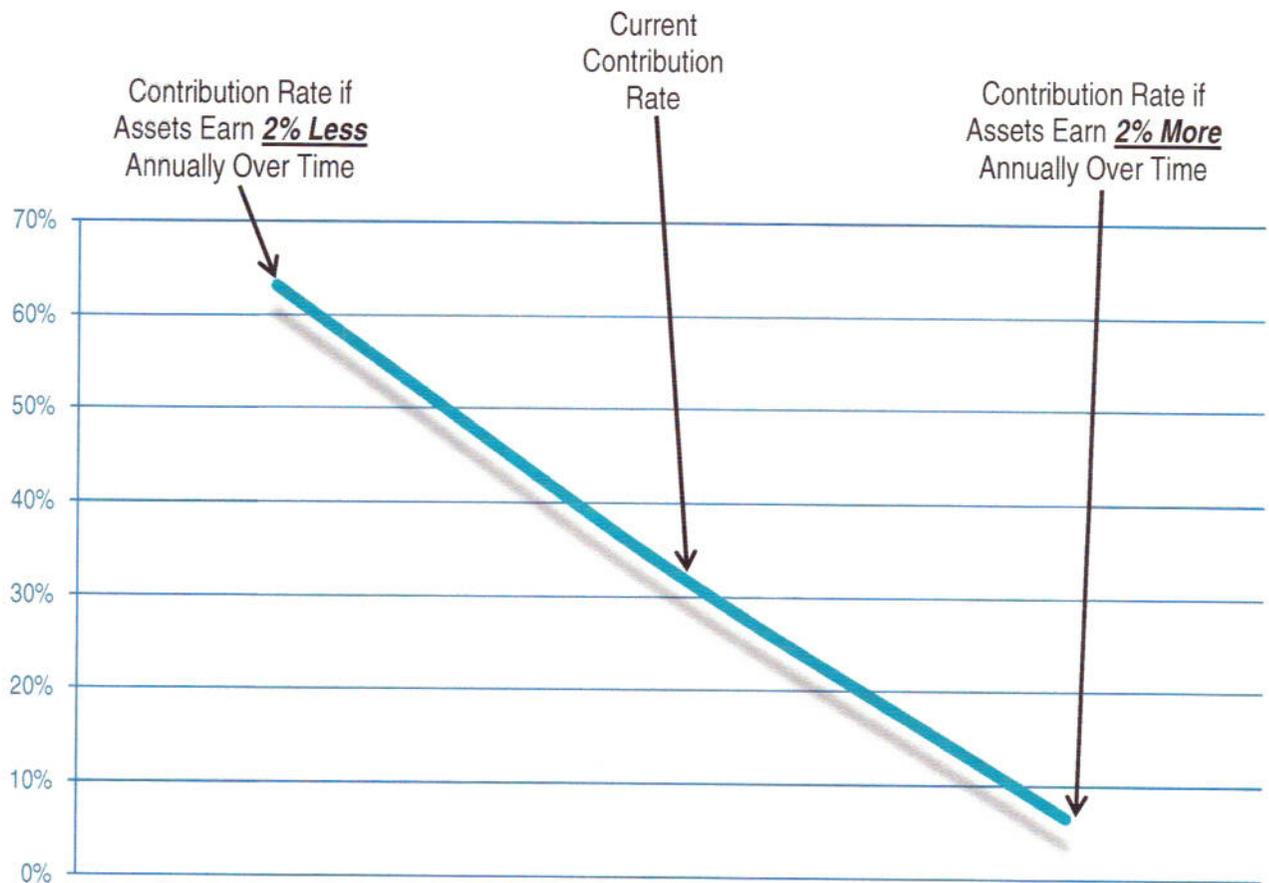
Present Value of Future Compensation	\$17,195,011
Present Value of Future Employer Contributions*	\$4,605,701
Present Value of Future Employee Contributions	\$1,375,599

* Note: Does not include future administrative expenses.



Sensitivity Analysis

Table I-B



The line above illustrates the sensitivity of the contribution rate to changes in the long-term investment return.



Gain and Loss Analysis

Table I-C

Source of Change in the Contribution Rate

Previous minimum required contribution rate	24.95%
Increase (decrease) due to investment gains and losses	-1.20%
Increase (decrease) due to demographic experience	4.72%
Increase (decrease) due to plan amendments	0.00%
Increase (decrease) due to actuarial assumption changes	4.45%
Increase (decrease) due to actuarial method changes	0.00%
Current minimum required contribution rate	<u>32.92%</u>



Present Value of Future Benefits

Table I-D

	<u>Old Assumptions w/o Amendment</u>	<u>Old Assumptions w/ Amendment</u>	<u>New Assumptions w/ Amendment</u>
<i><u>Actively Employed Participants</u></i>			
Retirement benefits	\$3,862,401	\$3,862,401	\$4,056,976
Termination benefits	\$8,697	\$8,697	\$9,228
Disability benefits	\$60,235	\$60,235	\$62,737
Death benefits	\$157,158	\$157,158	\$159,013
Refund of employee contributions	\$165,290	\$165,290	\$165,971
Sub-total	\$4,253,781	\$4,253,781	\$4,453,925
<i><u>Deferred Vested Participants</u></i>			
Retirement benefits	\$1,550,952	\$1,550,952	\$1,609,434
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$1,550,952	\$1,550,952	\$1,609,434
<i><u>Due a Refund of Contributions</u></i>	\$107,863	\$107,863	\$107,863
<i><u>Deferred Beneficiaries</u></i>	\$0	\$0	\$0
<i><u>Retired Participants</u></i>			
Service retirements	\$16,582,927	\$16,582,927	\$16,978,446
Disability retirements	\$0	\$0	\$0
Beneficiaries receiving	\$0	\$0	\$0
DROP participants	\$0	\$0	\$0
Sub-total	\$16,582,927	\$16,582,927	\$16,978,446
<i><u>Grand Total</u></i>	<u>\$22,495,523</u>	<u>\$22,495,523</u>	<u>\$23,149,668</u>
Present Value of Future Payroll	\$16,938,824	\$16,938,824	\$17,195,011
Present Value of Future Employee Contribs.	\$1,355,108	\$1,355,108	\$1,375,599
Present Value of Future Employer Contribs.*	\$4,570,511	\$4,570,511	\$5,204,165

* Note: Does not include future administrative expenses.



Present Value of Accrued Benefits

Table I-E

	Old Assumptions <u>w/o Amendment</u>	Old Assumptions <u>w/ Amendment</u>	New Assumptions <u>w/ Amendment</u>
<i><u>Actively Employed Participants</u></i>			
Retirement benefits	\$1,872,397	\$1,872,397	\$1,947,382
Termination benefits	\$6,007	\$6,007	\$6,299
Disability benefits	\$33,454	\$33,454	\$34,658
Death benefits	\$44,657	\$44,657	\$45,229
Refund of employee contributions	\$88,727	\$88,727	\$88,926
Sub-total	\$2,045,242	\$2,045,242	\$2,122,494
<i><u>Deferred Vested Participants</u></i>			
Retirement benefits	\$1,550,952	\$1,550,952	\$1,609,434
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$1,550,952	\$1,550,952	\$1,609,434
<i><u>Due a Refund of Contributions</u></i>	\$107,863	\$107,863	\$107,863
<i><u>Deferred Beneficiaries</u></i>	\$0	\$0	\$0
<i><u>Retired Participants</u></i>			
Service retirements	\$16,582,927	\$16,582,927	\$16,978,446
Disability retirements	\$0	\$0	\$0
Beneficiaries receiving	\$0	\$0	\$0
DROP participants	\$0	\$0	\$0
Sub-total	\$16,582,927	\$16,582,927	\$16,978,446
<i><u>Grand Total</u></i>	<u>\$20,286,984</u>	<u>\$20,286,984</u>	<u>\$20,818,237</u>



Present Value of Vested Benefits

Table I-F

	<u>Old Assumptions w/o Amendment</u>	<u>Old Assumptions w/ Amendment</u>	<u>New Assumptions w/ Amendment</u>
<i><u>Actively Employed Participants</u></i>			
Retirement benefits	\$1,428,777	\$1,428,777	\$1,484,334
Termination benefits	\$5,797	\$5,797	\$6,077
Disability benefits	\$33,454	\$33,454	\$34,658
Death benefits	\$33,898	\$33,898	\$34,346
Refund of employee contributions	\$95,375	\$95,375	\$95,686
Sub-total	\$1,597,301	\$1,597,301	\$1,655,101
<i><u>Deferred Vested Participants</u></i>			
Retirement benefits	\$1,550,952	\$1,550,952	\$1,609,434
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$1,550,952	\$1,550,952	\$1,609,434
<i><u>Due a Refund of Contributions</u></i>	\$107,863	\$107,863	\$107,863
<i><u>Deferred Beneficiaries</u></i>	\$0	\$0	\$0
<i><u>Retired Participants</u></i>			
Service retirements	\$16,582,927	\$16,582,927	\$16,978,446
Disability retirements	\$0	\$0	\$0
Beneficiaries receiving	\$0	\$0	\$0
DROP participants	\$0	\$0	\$0
Sub-total	\$16,582,927	\$16,582,927	\$16,978,446
<i><u>Grand Total</u></i>	<u>\$19,839,043</u>	<u>\$19,839,043</u>	<u>\$20,350,844</u>



Entry Age Normal Accrued Liability

Table I-G

	<u>Old Assumptions w/o Amendment</u>	<u>Old Assumptions w/ Amendment</u>	<u>New Assumptions w/ Amendment</u>
<i><u>Actively Employed Participants</u></i>			
Retirement benefits	\$2,146,159	\$2,146,159	\$2,227,023
Termination benefits	\$5,867	\$5,867	\$6,155
Disability benefits	\$35,707	\$35,707	\$36,900
Death benefits	\$73,157	\$73,157	\$73,421
Refund of employee contributions	\$89,687	\$89,687	\$89,810
Sub-total	\$2,350,577	\$2,350,577	\$2,433,309
<i><u>Deferred Vested Participants</u></i>			
Retirement benefits	\$1,550,952	\$1,550,952	\$1,609,434
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$1,550,952	\$1,550,952	\$1,609,434
<i><u>Due a Refund of Contributions</u></i>	\$107,863	\$107,863	\$107,863
<i><u>Deferred Beneficiaries</u></i>	\$0	\$0	\$0
<i><u>Retired Participants</u></i>			
Service retirements	\$16,582,927	\$16,582,927	\$16,978,446
Disability retirements	\$0	\$0	\$0
Beneficiaries receiving	\$0	\$0	\$0
DROP participants	\$0	\$0	\$0
Sub-total	\$16,582,927	\$16,582,927	\$16,978,446
<i><u>Grand Total</u></i>	<u>\$20,592,319</u>	<u>\$20,592,319</u>	<u>\$21,129,052</u>



Development of the Normal Cost

Table I-H

	<u>As of October 1, 2014</u>
Present Value of Future Benefits	\$23,149,668
Actuarial Value of Assets	(\$16,569,904)
Present Value of Future Employee Contributions	(\$1,375,599)
Present Value of Future Normal Cost	<u>\$5,204,165</u>
Present Value of Future Compensation	<u>÷ \$17,195,011</u>
Normal Cost Accrual Rate	30.265552%
Expected Payroll for the Current Year	<u>x \$2,027,135</u>
Normal Cost	<u><u>\$613,524</u></u>



GASB 25/27 Results

Table II-A

Development of the Net Pension Obligation (Asset)

Net Pension Obligation (Asset) as of October 1, 2013	\$73,191
Annual Pension Cost for the 2013/14 Plan Year	\$597,117
Employer Contributions for the 2013/14 Plan Year	<u>(\$598,464)</u>
Net Increase (Decrease) in NPO	<u>(\$1,347)</u>
Net Pension Obligation (Asset) as of October 1, 2014	<u><u>\$71,844</u></u>



Schedule of Employer Contributions

Year Ended <u>September 30</u>	Annual		Annual	
	Required <u>Contribution</u>	% <u>Contrib.</u>	Pension <u>Cost</u>	% <u>Contrib.</u>
2009	\$598,513	103%	\$587,241	105%
2010	\$1,559,617	50%	\$1,565,012	50%
2011	\$1,307,724	112%	\$1,316,866	111%
2012	\$1,181,898	102%	\$1,180,604	102%
2013	\$418,835	100%	\$417,699	100%
2014	\$598,464	100%	\$597,117	100%

Schedule of Funding Progress

Actuarial Valuation Date	(1)	(2)	(3)	(4)	(5)	(6)
	Actuarial Value of Assets	Actuarial Accrued Liability * (AAL)	Unfunded AAL (UAAL) (2) - (1)	Funded Ratio (1) ÷ (2)	Covered Payroll	UAAL as % of Covered Payroll (3) ÷ (5)
October 1, 2009	\$9,515,098	\$14,972,408	\$5,457,310	63.55%	\$2,598,465	210.02%
October 1, 2010	\$11,532,009	\$16,896,704	\$5,364,695	68.25%	\$2,526,499	212.34%
October 1, 2011	\$12,275,228	\$17,540,132	\$5,264,904	69.98%	\$2,319,552	226.98%
October 1, 2012	\$14,615,897	\$18,552,989	\$3,937,092	78.78%	\$1,860,605	211.60%
October 1, 2013	\$15,781,755	\$19,148,696	\$3,366,941	82.42%	\$2,398,885	140.35%
October 1, 2014	\$16,569,904	\$21,129,052	\$4,559,148	78.42%	\$2,027,135	224.91%

* After 2012, the AAL has been calculated under the entry age normal cost method.

Additional Information

Valuation Date **October 1, 2014**

Actuarial Cost Method **Aggregate**

Amortization Method **Level dollar, closed**

Remaining Amortization Period **18 years**

Asset Valuation Method **Market value**

Discount Rate **7.25%**

Salary Increase Rate **4.00%**



SFAS 35 Disclosures

Table II-C

Actuarial Present Value of Accrued Benefits

	<u>As of October 1, 2013</u>	<u>As of October 1, 2014</u>
<i>Vested Benefits</i>		
Participants currently receiving benefits	\$13,542,098	\$16,978,446
Other participants	\$4,773,391	\$3,372,398
Sub-total	<u>\$18,315,489</u>	<u>\$20,350,844</u>
<i>Non-Vested Benefits</i>	\$518,159	\$467,393
<i>Total Benefits</i>	<u><u>\$18,833,648</u></u>	<u><u>\$20,818,237</u></u>
<i>Funded Percentage</i> (based on the market value of assets)	84.57%	80.27%

Statement of Change in Actuarial Present Value of Accrued Benefits

<u>Actuarial Present Value as of October 1, 2013</u>	<u>\$18,833,648</u>
<i>Increase (Decrease) Due To:</i>	
Interest	\$1,412,524
Benefits accumulated	\$1,358,184
Benefits paid	(\$1,317,372)
Plan amendments	\$0
Changes in actuarial methods and assumptions	\$531,253
Net increase (decrease)	<u>\$1,984,589</u>
<u>Actuarial Present Value as of October 1, 2014</u>	<u><u>\$20,818,237</u></u>



Actuarial Value of Assets

Table III-A

Market Value of Assets as of October 1, 2014	\$16,711,216
Minus advance employer contribution	(\$141,312)
Actuarial Value of Assets as of October 1, 2014	<u>\$16,569,904</u>

Historical Actuarial Value of Assets	
October 1, 2005	\$7,214,997
October 1, 2006	\$8,761,789
October 1, 2007	\$10,474,548
October 1, 2008	\$9,491,452
October 1, 2009	\$9,515,098
October 1, 2010	\$11,532,009
October 1, 2011	\$12,275,228
October 1, 2012	\$14,615,897
October 1, 2013	\$15,781,755
October 1, 2014	\$16,569,904

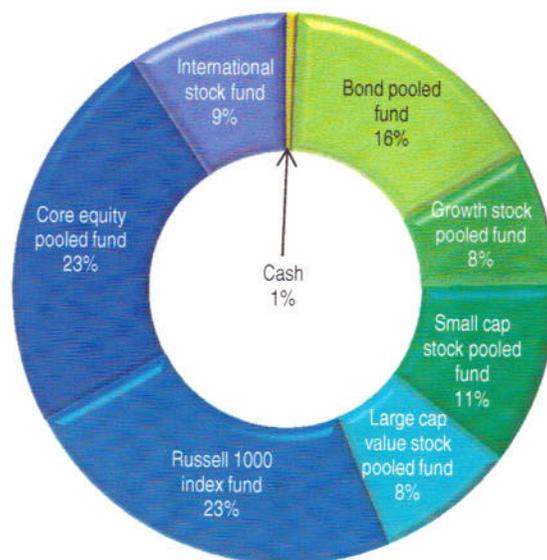


Market Value of Assets

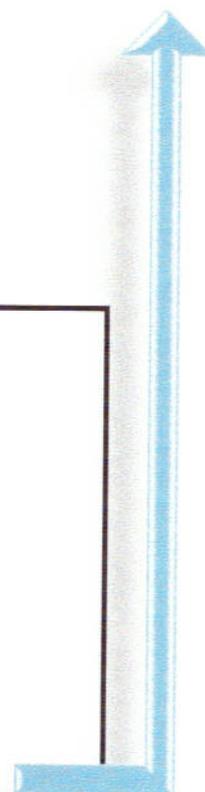
Table III-B

As of October 1, 2014

Market Value of Assets	<u>\$16,711,216</u>
Cash	\$100,178
Bond pooled fund	\$2,671,423
Growth stock pooled fund	\$1,335,711
Small cap stock pooled fund	\$1,819,907
Large cap value stock pooled fund	\$1,369,104
Russell 1000 index fund	\$3,906,956
Core equity pooled fund	\$3,906,955
International stock fund	\$1,586,157
Employer contribution receivable	\$10,938
Employee contribution receivable	\$3,887

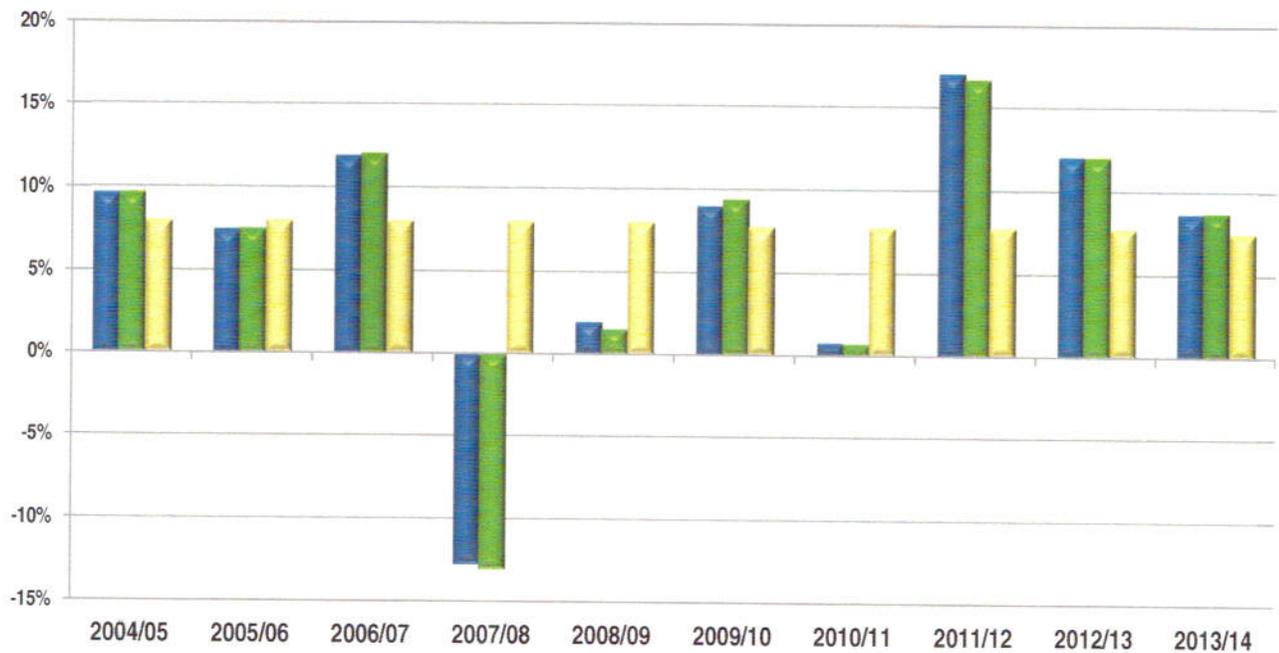


Historical Market Value of Assets	
October 1, 2005	\$7,265,633
October 1, 2006	\$8,780,349
October 1, 2007	\$10,670,586
October 1, 2008	\$9,813,971
October 1, 2009	\$9,948,842
October 1, 2010	\$10,921,004
October 1, 2011	\$11,896,631
October 1, 2012	\$14,448,290
October 1, 2013	\$15,927,449
October 1, 2014	\$16,711,216



Investment Return

Table III-C



Annual Investment Returns

■ Market Value Return
 ■ Actuarial Value Return
 ■ Assumed Return

Plan Year	Market Value Return	Actuarial Value Return	Assumed Return
2004/05	9.66%	9.68%	8.00%
2005/06	7.49%	7.52%	8.00%
2006/07	11.90%	12.04%	8.00%
2007/08	-12.73%	-13.03%	8.00%
2008/09	1.98%	1.56%	8.00%
2009/10	9.04%	9.44%	7.75%
2010/11	0.78%	0.75%	7.75%
2011/12	17.04%	16.67%	7.75%
2012/13	12.05%	12.04%	7.75%
2013/14	8.70%	8.78%	7.50%
10yr. Avg.	6.28%	6.23%	7.85%



Asset Reconciliation

Table III-D

	<u>Market Value</u>	<u>Actuarial Value</u>
As of October 1, 2013	\$15,927,449	\$15,781,755
<i>Increases Due To:</i>		
Employer Contributions	\$594,082	\$594,082
Employee Contributions	\$211,135	\$211,135
Service Purchase Contributions	\$0	\$0
Total Contributions	<u>\$805,217</u>	<u>\$805,217</u>
Interest and Dividends	\$0	
Realized Gains (Losses)	\$0	
Unrealized Gains (Losses)	\$1,360,034	
Total Investment Income	<u>\$1,360,034</u>	\$1,360,034
Other Income	\$0	
Total Income	<u>\$2,165,251</u>	<u>\$2,165,251</u>
<i>Decreases Due To:</i>		
Monthly Benefit Payments	(\$1,181,228)	(\$1,181,228)
Refund of Employee Contributions	(\$136,144)	(\$136,144)
Total Benefit Payments	<u>(\$1,317,372)</u>	<u>(\$1,317,372)</u>
Investment Expenses	\$0	
Administrative Expenses	(\$64,112)	(\$64,112)
Advance Employer Contribution		\$4,382
Total Expenses	<u>(\$1,381,484)</u>	<u>(\$1,377,102)</u>
As of October 1, 2014	<u><u>\$16,711,216</u></u>	<u><u>\$16,569,904</u></u>



Historical Trust Fund Detail

Table III-E

Income

<u>Plan Year</u>	<u>Employer Contribs.</u>	<u>Employee Contribs.</u>	<u>Service Purchase Contribs.</u>	<u>Interest / Dividends</u>	<u>Realized Gains / Losses</u>	<u>Unrealized Gains / Losses</u>	<u>Other Income</u>
2004/05	\$691,071	\$305,623	\$0	\$0	\$0	\$598,293	\$0
2005/06	\$629,511	\$423,396	\$0	\$0	\$0	\$578,926	\$0
2006/07	\$709,732	\$306,673	\$0	\$0	\$0	\$1,092,288	\$0
2007/08	\$672,891	\$227,778	\$0	\$0	\$0	-\$1,391,889	\$0
2008/09	\$712,428	\$231,524	\$0	\$0	\$0	\$193,321	\$0
2009/10	\$787,088	\$242,181	\$0	\$0	\$0	\$902,737	\$0
2010/11	\$1,700,324	\$226,880	\$0	\$0	\$0	\$88,402	\$0
2011/12	\$1,443,325	\$188,890	\$0	\$0	\$0	\$2,068,850	\$0
2012/13	\$739,595	\$176,690	\$0	\$0	\$0	\$1,726,462	\$0
2013/14	\$594,082	\$211,135	\$0	\$0	\$0	\$1,360,034	\$0

Expenses

<u>Plan Year</u>	<u>Monthly Benefit Payments</u>	<u>Contrib. Refunds</u>	<u>Admin. Expenses</u>	<u>Invest. Expenses</u>	<u>Other Actuarial Adjustments Advance Employer Contribs.</u>
2004/05	\$29,847	\$5,505	\$9,384	\$0	\$76,585
2005/06	\$91,936	\$12,575	\$12,606	\$0	-\$32,076
2006/07	\$203,233	\$0	\$15,223	\$0	\$177,478
2007/08	\$314,411	\$32,147	\$18,837	\$0	\$126,481
2008/09	\$946,799	\$32,952	\$22,651	\$0	\$65,253
2009/10	\$911,871	\$18,113	\$29,860	\$0	-\$998,777
2010/11	\$944,431	\$65,943	\$29,605	\$0	\$232,408
2011/12	\$1,006,313	\$102,611	\$40,482	\$0	\$210,990
2012/13	\$1,056,604	\$47,171	\$59,813	\$0	\$313,301
2013/14	\$1,181,228	\$136,144	\$64,112	\$0	-\$4,382

Note: Information was not available to separate the investment expenses from the investment income nor was information available to separate the investment income by source.



Other Reconciliations

Table III-F

Advance Employer Contribution

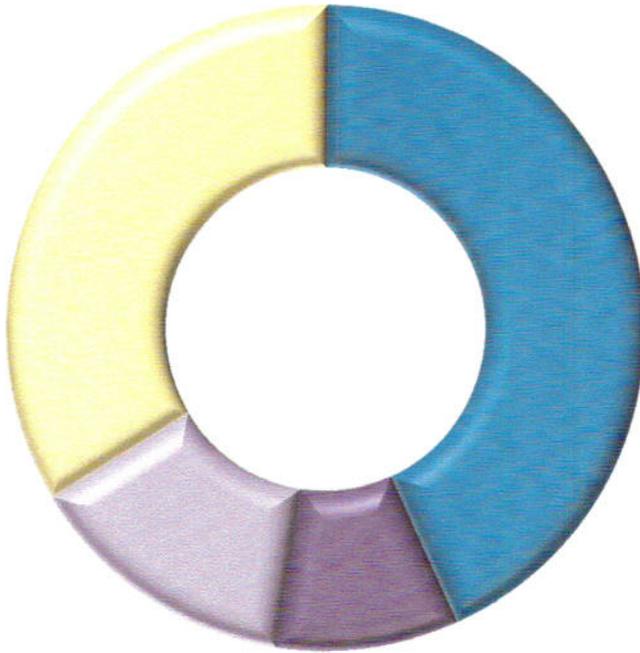
Advance Employer Contribution as of October 1, 2013	\$145,694
Additional Employer Contribution	\$594,082
Minimum Required Contribution	(\$598,464)
Net Increase in Advance Employer Contribution	(\$4,382)
Advance Employer Contribution as of October 1, 2014	<u>\$141,312</u>



Summary of Participant Data

Table IV-A

As of October 1, 2014

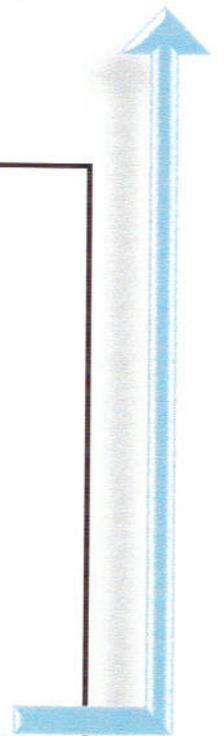


Participant Distribution by Status

<u>Actively Employed Participants</u>		
◆ Active Participants		28
◆ DROPPED PARTICIPANTS		0
<u>Inactive Participants</u>		
◆ DEFERRED VESTED PARTICIPANTS		6
◆ DUE A REFUND OF CONTRIBUTIONS		9
◆ DEFERRED BENEFICIARIES		0
<u>Participants Receiving a Benefit</u>		
◆ SERVICE RETIREMENTS		22
◆ DISABILITY RETIREMENTS		0
◆ BENEFICIARIES RECEIVING		0
Total Participants		65

Number of Participants Included in Prior Valuations

	<i>Active</i>	<i>DROP</i>	<i>Inactive</i>	<i>Retired</i>	<i>Total</i>
October 1, 2005	33	0	0	1	34
October 1, 2006	30	0	2	4	36
October 1, 2007	33	0	2	5	40
October 1, 2008	N/A	N/A	N/A	N/A	N/A
October 1, 2009	31	0	5	16	52
October 1, 2010	31	0	9	16	56
October 1, 2011	28	0	12	18	58
October 1, 2012	24	0	11	18	53
October 1, 2013	29	0	12	20	61
October 1, 2014	28	0	15	22	65



Data Reconciliation

Table IV-B

	<u>Active</u>	<u>DROP</u>	<u>Deferred Vested</u>	<u>Due a Refund</u>	<u>Def. Benef.</u>	<u>Service Retiree</u>	<u>Disabled Retiree</u>	<u>Benef. Rec'v.</u>	<u>Total</u>
<u>October 1, 2013</u>	29	0	4	8	0	20	0	0	61
<u>Change in Status</u>									
Re-employed									
Terminated	(11)		2	9					
Retired	(2)					2			
<u>Participation Ended</u>									
Transferred Out									
Cashed Out				(10)					(10)
Died									
<u>Participation Began</u>									
Newly Hired	12								12
Transferred In									
New Beneficiary									
Other Adjustment				2					2
<u>October 1, 2014</u>	28	0	6	9	0	22	0	0	65

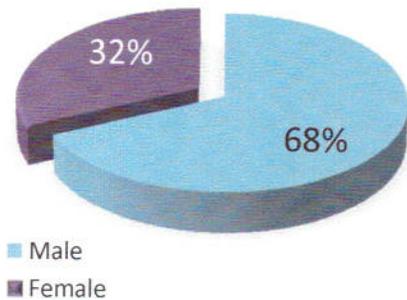


Active Participant Data

Table IV-C

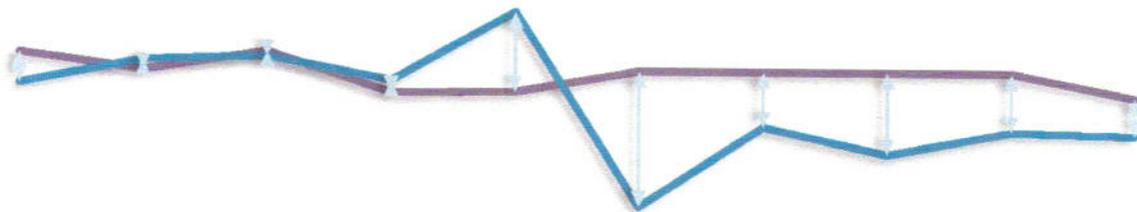
As of October 1, 2014

Gender Mix



Average Age	49.8 years
Average Service	4.3 years
Total Annualized Compensation for the Prior Year	\$2,454,245
Total Expected Compensation for the Current Year	\$2,027,135
Average Increase in Compensation for the Prior Year	1.20%
Expected Increase in Compensation for the Current Year	4.00%
Accumulated Contributions for Active Employees	\$916,896

Actual vs. Expected Salary Increases



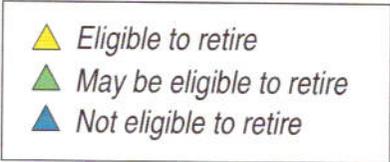
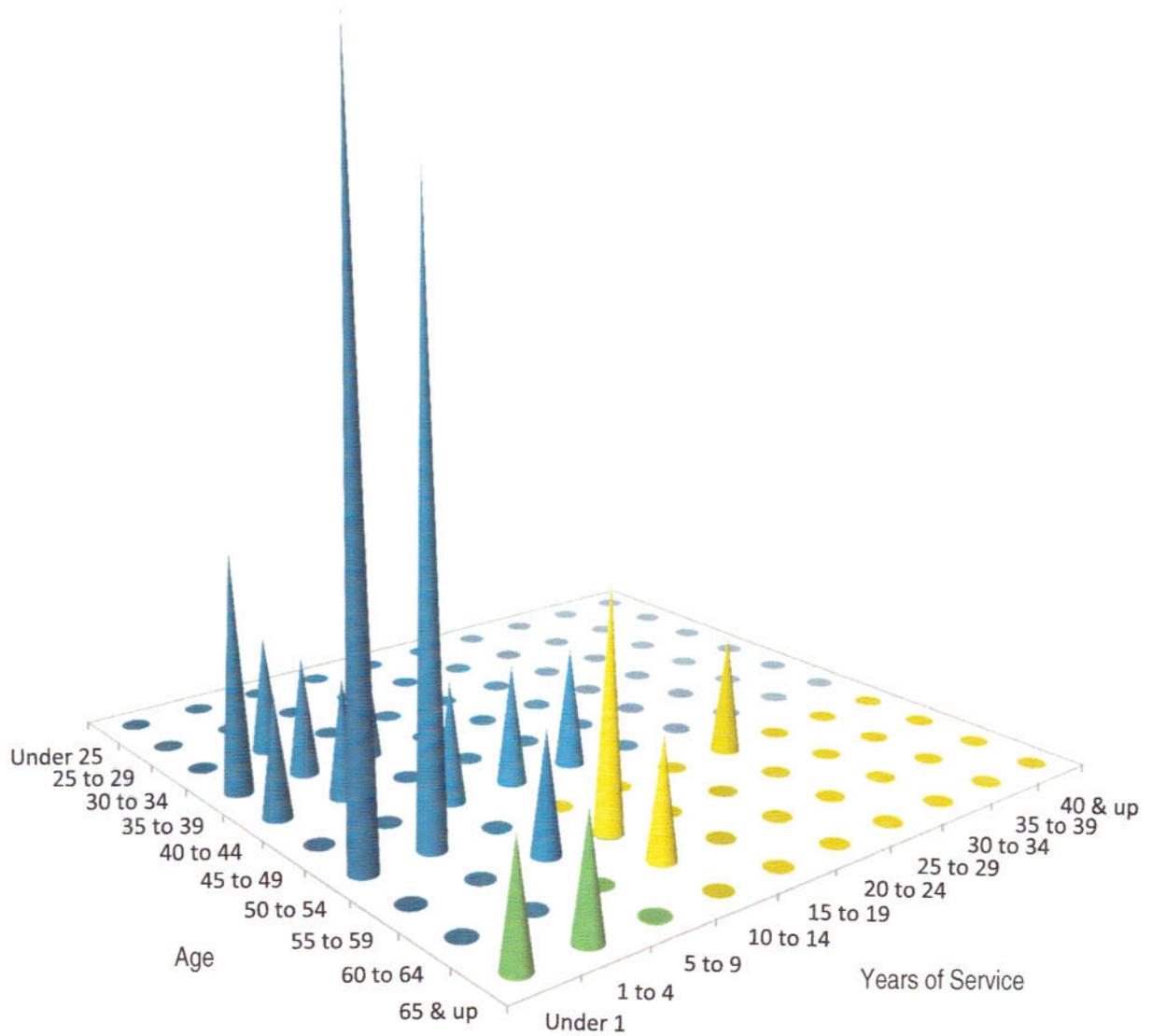
Active Participant Statistics From Prior Valuations

	Average Age	Average Service	Average Salary	Average Expected Salary Increase	Average Actual Salary Increase
October 1, 2005	52.4	12.6	\$88,341	6.93%	4.67%
October 1, 2006	52.9	13.2	\$89,065	5.69%	6.45%
October 1, 2007	52.3	12.3	\$92,690	7.09%	6.73%
October 1, 2008	N/A	N/A	N/A	4.10%	4.98%
October 1, 2009	49.6	6.2	\$93,242	4.19%	10.10%
October 1, 2010	50.9	6.5	\$86,846	5.75%	-4.19%
October 1, 2011	50.4	5.7	\$88,903	5.75%	1.69%
October 1, 2012	51.2	6.8	\$85,663	5.75%	-0.29%
October 1, 2013	50.7	5.3	\$87,932	5.75%	1.41%
October 1, 2014	49.8	4.3	\$87,652	4.00%	1.20%



Active Age-Service Distribution

Table IV-D



Active Age-Service-Salary Table

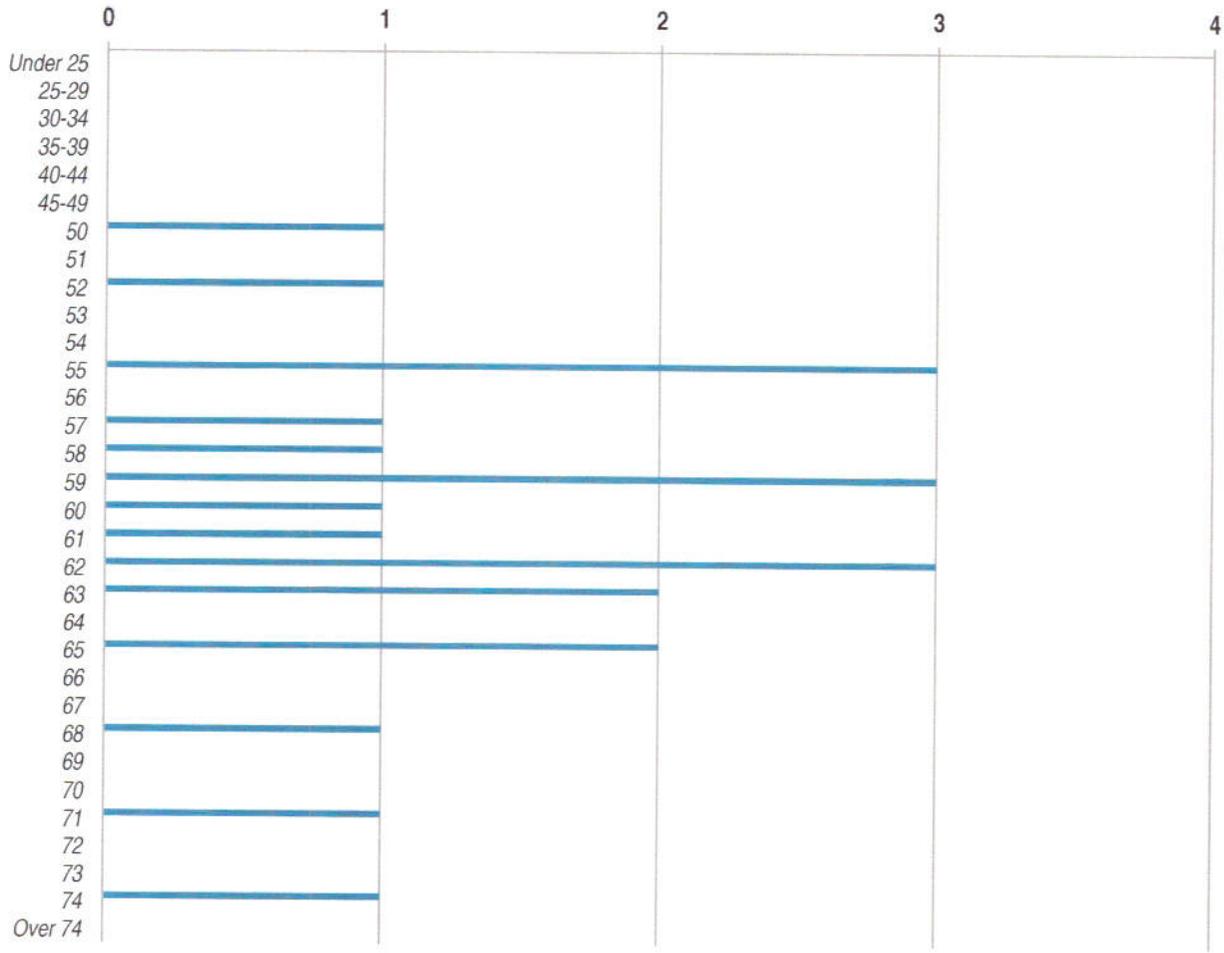
Table IV-E

Attained Age	Completed Years of Service										Total	
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up		
Under 25	0	0	0	0	0	0	0	0	0	0	0	0
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0	0
25 to 29	0	0	0	0	0	0	0	0	0	0	0	0
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0	0
30 to 34	0	1	0	0	0	0	0	0	0	0	0	1
Avg.Pay	0	51,241	0	0	0	0	0	0	0	0	0	51,241
35 to 39	2	1	1	0	0	0	0	0	0	0	0	4
Avg.Pay	90,009	119,615	107,134	0	0	0	0	0	0	0	0	101,692
40 to 44	1	1	0	0	0	0	0	0	0	0	0	2
Avg.Pay	64,873	85,000	0	0	0	0	0	0	0	0	0	74,937
45 to 49	0	0	1	1	1	0	0	0	0	0	0	3
Avg.Pay	0	0	85,000	96,951	115,000	0	0	0	0	0	0	98,984
50 to 54	6	5	0	0	0	0	1	0	0	0	0	12
Avg.Pay	89,631	99,493	0	0	0	0	77,191	0	0	0	0	92,704
55 to 59	0	0	1	2	0	0	0	0	0	0	0	3
Avg.Pay	0	0	53,070	73,491	0	0	0	0	0	0	0	66,684
60 to 64	0	0	0	1	0	0	0	0	0	0	0	1
Avg.Pay	0	0	0	81,000	0	0	0	0	0	0	0	81,000
65 & up	1	1	0	0	0	0	0	0	0	0	0	2
Avg.Pay	82,010	73,908	0	0	0	0	0	0	0	0	0	77,959
Total	10	9	3	4	1	0	1	0	0	0	0	28
Avg.Pay	86,469	91,914	81,735	81,233	115,000	0	77,191	0	0	0	0	87,652



Inactive Participant Data

Table IV-F



Age at Retirement

- Service Retirements
- Disability Retirements
- DROP Participants

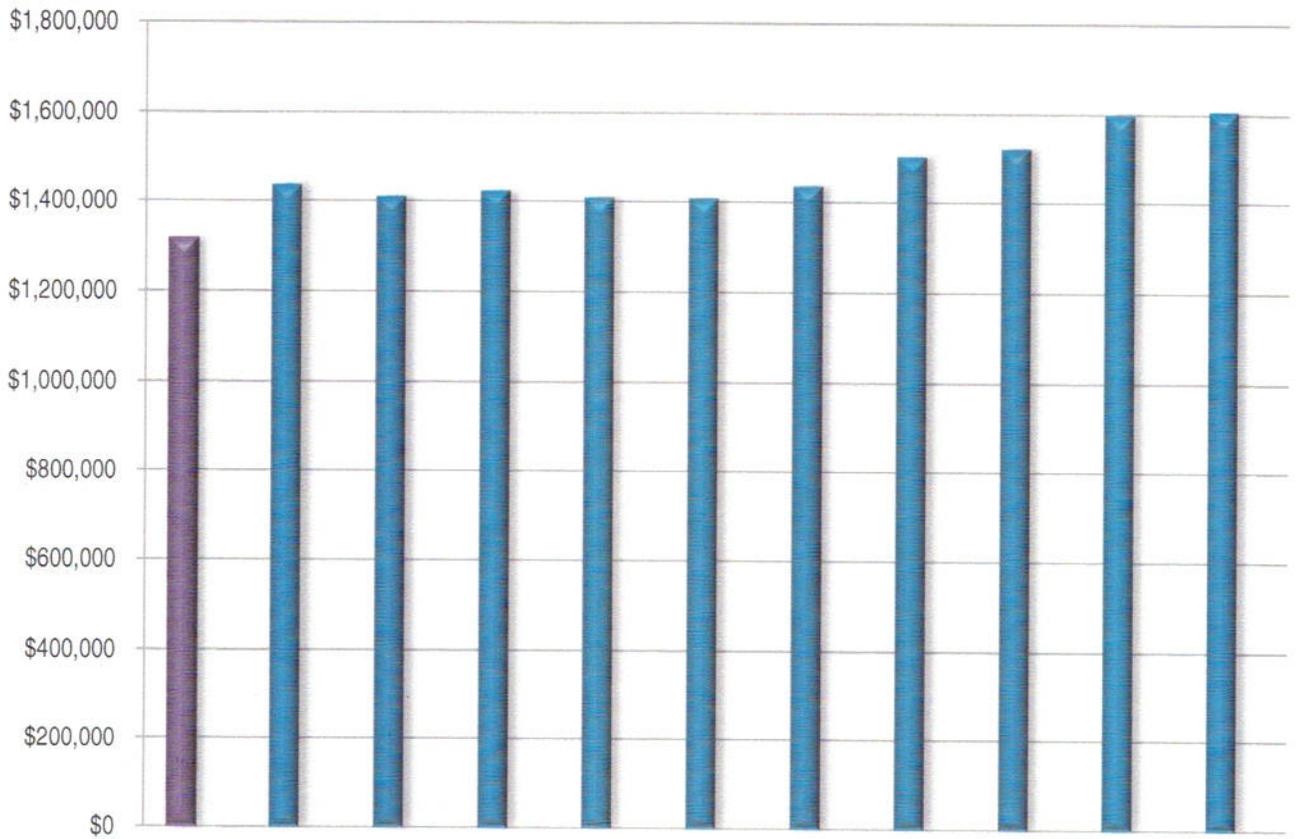
Average Monthly Benefit

Service Retirements	\$4,825.99
Disability Retirements	Not applicable
Beneficiaries Receiving	Not applicable
DROP Participants	Not applicable
Deferred Vested Participants	\$2,193.35
Deferred Beneficiaries	Not applicable



Projected Benefit Payments

Table IV-G



Actual

For the period October 1, 2013 through September 30, 2014 \$1,317,372

Projected

For the period October 1, 2014 through September 30, 2015 \$1,437,974

For the period October 1, 2015 through September 30, 2016 \$1,411,621

For the period October 1, 2016 through September 30, 2017 \$1,424,438

For the period October 1, 2017 through September 30, 2018 \$1,410,342

For the period October 1, 2018 through September 30, 2019 \$1,409,735

For the period October 1, 2019 through September 30, 2020 \$1,437,554

For the period October 1, 2020 through September 30, 2021 \$1,505,457

For the period October 1, 2021 through September 30, 2022 \$1,522,694

For the period October 1, 2022 through September 30, 2023 \$1,599,834

For the period October 1, 2023 through September 30, 2024 \$1,606,843



Summary of Actuarial Methods and Assumptions

Table V-A

1. Actuarial Cost Method

Aggregate cost method. Under this actuarial cost method, a funding cost is developed for the plan as a level percentage of payroll. The level funding percentage is calculated as the excess of the total future benefit liability over accumulated assets and future employee contributions, with this excess spread over the expected future payroll for current active participants. The normal cost is equal to the level funding percentage multiplied by the expected payroll for the year immediately following the valuation date. The actuarial accrued liability is equal to the accumulated assets. Therefore, under the aggregate cost method, no unfunded accrued liability is developed.

2. Asset Method

The actuarial value of assets is equal to the market value of assets.

3. Interest (or Discount) Rate

7.25% per annum

4. Salary Increases

Plan compensation is assumed to increase at the rate of 4.00% per annum, unless actual plan compensation is known for a prior plan year.

5. Decrements

- Pre-retirement mortality: Sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants, projected to 2015 by Scale AA, as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 430; future generational improvements in mortality have not been reflected.
- Post-retirement mortality: Sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants, projected to 2015 by Scale AA, as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 430; future generational improvements in mortality have not been reflected.
- Disability: Age-based rates of disability were assumed, ranging from 0.09% at age 25, 0.15% at age 35, 0.36% at age 45, and 0.61% at age 50.



Summary of Actuarial Methods and Assumptions

Table V-A

(continued)

- Termination: With respect to participants with less than four years of service, the termination rates are both gender- and service-based, ranging from 25.00% for males and 27.00% for females with less than one year of service to 12.00% for males and 14.00% for females with between three and four years of service; with respect to participants with at least four years of service, the termination rates are both gender- and age-based, ranging from 1.49% for males and 6.83% for females at age 25 to 0.90% for males and 0.27% for females at age 50.
- Retirement: For those participants who have met the age and service requirements to retire, retirement is assumed to occur at the rate of 2.50% per year at each of ages 50 through 54, 5.00% per year at each of ages 55 through 61, and 100% at age 62; an additional 10% retirement is assumed upon the attainment of age 55 with at least 75 points (age plus service).

6. Form of Payment

Future retirees have been assumed to select the 10-year certain and life annuity, except that 50% of individuals who terminate their employment prior to retirement are assumed to elect a refund of their accumulated contributions in lieu of a monthly annuity.

7. Expenses

Administrative expenses are assumed to be \$50,000 per year. In addition, the interest rate set forth in item 3. above is assumed to be net of investment expenses and commissions.



Changes in Actuarial Methods and Assumptions

Table V-B

Since the completion of the previous valuation, the following assumptions and methods have been changed:

- (1) The assumed interest rate was decreased from 7.50% per annum to 7.25% per annum.
- (2) The assumed administrative expenses were increased from \$40,000 per year to \$50,000 per year.



Summary of Plan Provisions

Table VI-A

1. **Benefit Formula**

3.00% of Average Monthly Earnings multiplied by Credited Service earned prior to February 1, 2013 plus 2.00% of Average Monthly Earnings multiplied by Credited Service earned on and after February 1, 2013

2. **Service Retirement**

Normal retirement (solely with respect to benefits earned prior to February 1, 2013):

*Age 62 with at least four years of credited service; or
Age 55 with age plus service at least equal to 75 ("Rule of 75")*

Normal retirement (solely with respect to benefits earned on and after February 1, 2013):

*Social security retirement age with at least four years of credited service (for participants born after 1937)
Age 62 with at least four years of credited service or age 55 with "Rule of 75"
(for participants born prior to 1937)*

(Social security retirement age is age 66 with respect to participants born during the years 1938 through 1954 and is age 67 with respect to participants born after 1954.)

Early retirement (solely with respect to benefits earned prior to February 1, 2013):

Age 50 with at least 10 years of credited service

Early retirement (solely with respect to benefits earned on and after February 1, 2013):

Age 55 with at least 10 years of credited service

(Note: In the case of early retirement, with respect to benefits earned prior to February 1, 2013, the participant's benefit is reduced by 5% for each year by which the participant's early retirement age precedes his normal retirement age. In the case of early retirement, with respect to benefits earned on and after February 1, 2013, the participant's benefit is reduced actuarially to reflect payments made prior to normal retirement age.)



Summary of Plan Provisions

Table VI-A

(continued)

3. Disability Retirement

The disability benefit is a monthly 10-year certain and life annuity equal to the larger of the monthly accrued benefit or 25% of average monthly earnings, but offset as necessary to preclude the total of the participant's worker's compensation, disability benefit, and other City-financed disability or salary continuation benefit (excluding social security benefits) from exceeding his average monthly earnings. The participant may convert his disability benefit into any of the optional forms of payment that are otherwise available under the plan.

(A participant is disabled if he is found to have a mental or physical condition resulting from bodily injury, disease, or a mental disorder that renders him incapable of employment.)

4. Deferred Vested Retirement

A vested participant who terminates employment before becoming eligible for retirement receives a deferred vested retirement benefit payable at the participant's early or normal retirement age. If the benefit is payable prior to normal retirement age, then the benefit is reduced as for early retirement.

A non-vested participant who terminates employment receives his accumulated contributions.

5. Vesting

An employee becomes 50% vested upon the attainment of four years of credited service and becomes 100% vested upon the attainment of six years of credited service.

6. Pre-Retirement Death Benefit

If a vested participant dies prior to retirement, the participant's beneficiary receives a 10-year certain annuity commencing at the participant's normal or early retirement age and reduced for payment prior to the participant's normal retirement age as for early retirement. The beneficiary is guaranteed to receive at least the value of the participant's accumulated contributions.

If a non-vested participant dies prior to retirement, the participant's beneficiary receives the participant's accumulated contributions.



Summary of Plan Provisions

Table VI-A

(continued)

7. Form of Payment

Actuarially increased single life annuity *(optional)*;

10-year certain and life annuity *(normal form of payment)*;

Actuarially reduced 50% joint and contingent annuity *(optional)*;

Actuarially reduced 66²/₃% joint and contingent annuity *(optional)*;

Actuarially reduced 75% joint and contingent annuity *(optional)*;

Actuarially reduced 100% joint and contingent annuity *(optional)*;

Any other actuarially equivalent form of payment approved by the Board of Trustees *(optional)*; or

Actuarially equivalent single lump sum distribution *(automatic if the single sum value of the participant's benefit is less than or equal to \$5,000 or if the monthly benefit is less than \$100)*

(Note: All forms of payment guarantee at least the return of the participant's accumulated contributions. Furthermore, a participant may change his joint annuitant up to two times after retirement subject to an actuarially equivalent adjustment.)

8. Automatic Cost-of-Living Adjustment

Participants receive an automatic annual 2.25% cost-of-living adjustment (COLA) with respect to benefits earned prior to February 1, 2013. An ad hoc COLA may be adopted from time to time by the City Council with respect to benefits earned on and after February 1, 2013.

9. Average Monthly Earnings

Average monthly earnings during the highest five years of compensation. Earnings include total cash remuneration prior to February 1, 2013, but exclude lump sum payments for accrued annual or sick leave, and include only base salary on and after February 1, 2013. Earnings cannot exceed the maximum amount allowed under Internal Revenue Code (IRC) section 401(a)(17).



Summary of Plan Provisions

Table VI-A

(continued)

10. Credited Service

The elapsed time from the participant's date of hire until his date of termination, retirement, or death. Prior to February 1, 2013, participants may optionally purchase up to four additional years of credited service or a higher benefit formula multiplier by paying into the plan the full actuarial cost thereof.

11. Employee Contribution

Employees must contribute 8.00% of plan compensation. Employee contributions are accumulated with interest at the rate of 3.00% per annum.

12. City Contribution

The City is required to make periodic contributions at least on a quarterly basis as determined under Chapter 112, Florida Statutes.

13. Participant Requirement

All general management employees other than Charter Officers of the City of North Miami Beach automatically become participants in the plan on their date of hire other than those individuals who are participating in another defined benefit pension plan that is sponsored by the City.

14. Actuarial Equivalence

Based on 7.50% interest per annum and the unisex mortality table promulgated by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 417(e)(3).

15. Plan Effective Date

The plan was originally effective on January 24, 2003.



Summary of Plan Amendments

Table VI-B

Since the completion of the previous valuation, Ordinance 2014-2 was adopted. This ordinance excludes Charter Officers hired after the effective date of the ordinance from participation in the plan.

