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

Actuarial Valuation
As of October 1, 2009

Determines the Contribution
For the 2009/10 Fiscal Year

SOUTHERN ACTUARIAL SERVICES

Table of Contents

		Page
Discussion		1
Funding Results		
Table I-A	Minimum Required Contribution	I-1
Table I-B	Sensitivity Analysis	I-2
Table I-C	Gain and Loss Analysis	I-3
Table I-D	Present Value of Future Benefits	I-4
Table I-E	Present Value of Accrued Benefits	I-5
Table I-F	Present Value of Vested Benefits	I-6
Table I-G	Entry Age Normal Accrued Liability	I-7
Table I-H	Unfunded Liability Bases	I-8
Table I-I	Development of the Normal Cost	I-9
Accounting Results		
Table II-A	GASB 25/27 Results	II-1
Table II-B	GASB 25/27 Disclosures	II-2
Table II-C	SFAS 35 Disclosures	II-3
Assets		
Table III-A	Actuarial Value of Assets	III-1
Table III-B	Market Value of Assets	III-2
Table III-C	Investment Return	III-3
Table III-D	Asset Reconciliation	III-4
Table III-E	Historical Trust Fund Detail	III-5
Table III-F	Other Reconciliations	III-6
Data		
Table IV-A	Summary of Participant Data	IV-1
Table IV-B	Data Reconciliation	IV-2
Table IV-C	Active Participant Data	IV-3
Table IV-D	Active Age-Service Distribution	IV-4
Table IV-E	Active Age-Service-Salary Table	IV-5
Table IV-F	Inactive Participant Data	IV-6
Table IV-G	Projected Benefit Payments	IV-7
Methods & Assumptions		
Table V-A	Summary of Actuarial Methods and Assumptions	V-1
Table V-B	Changes in Actuarial Methods and Assumptions	V-3
Plan Provisions		
Table VI-A	Summary of Plan Provisions	VI-1
Table VI-B	Summary of Plan Amendments	VI-5

March 15, 2010

Introduction

This report presents the results of the October 1, 2009 actuarial valuation for the Retirement Plan for the General Management Employees of the City of North Miami Beach.

The primary purpose of this report is to provide a summary of the funded status of the plan as of October 1, 2009 and to determine the minimum required contribution under Chapter 112, Florida Statutes, for the 2009/10 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 of the 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 2009/10 plan year. The minimum required contribution rate is 60.02% of covered payroll, which represents an increase of 34.89% 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 increased by 11.58% of payroll due to investment losses, increased by 15.12% of payroll due to demographic experience, and increased by another 8.19% of payroll due to changes in the actuarial assumptions which are discussed in more detail below. The market value of assets lost 12.73% during the 2007/08 plan year and earned only 1.98% during the 2008/09 plan year, whereas an 8.00% annual investment return was required to maintain a stable contribution rate. The demographic loss occurred because there was a significant increase in the number of

participants covered by the plan. Specifically, 14 of the 33 active participants as of October 1, 2007 were no longer employed by the City as of October 1, 2009 and 11 of these individuals are now retired and receiving a monthly pension benefit from the plan. 14 new employees were hired as replacements for those whose employment was terminated, so the current cost of the plan reflects the fact that a pension benefit is now being funded for 50 individuals as of October 1, 2009 as opposed to 38 individuals as of October 1, 2007. When combined with an average pay increase that exceeded the assumed pay increase by 6.57% during this two-year period, the demographic losses increased the minimum required contribution rate by 15.12% of payroll.

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 an amortization payment towards the unfunded liability, where the amortization period is no longer than 30 years and where both amounts are adjusted as necessary for administrative expenses and to reflect interest on any delayed payment of the contribution beyond the valuation date. Furthermore, it is our understanding that the State now requires the City to determine its minimum required contribution as a percentage of payroll and to apply this percentage to the actual payroll for the year. Therefore, the City's 2009/10 minimum required contribution will be equal to 60.02% multiplied by the total pensionable earnings for the 2009/10 fiscal year for the active employees who are covered by the plan. If an actuarial valuation is not prepared as of October 1, 2010, then the 60.02% contribution rate should also be applied to the covered payroll for the 2010/11 fiscal year in order to determine the minimum required contribution for that year.

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 $24,056,809. As illustrated in Table I-A, current assets are sufficient to cover $9,515,098 of this amount, the employer's 2009/10 expected contribution will cover $1,559,617 of this amount, and future employee contributions are expected to cover $1,567,304 of this amount, leaving $11,414,790 to be covered by future employer funding beyond the 2009/10 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 September 30, 2009, the advance employer contribution was $387,772, which reflects the advance employer contribution of $196,038 as of October 1, 2007 plus additional surplus contributions of $191,734 for the 2007/08 and 2008/09 plan years 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 2009/10 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, 2009 would reduce the normal cost rate to 36.39% of payroll and would reduce the minimum required contribution for the 2009/10 plan year to 57.96% of payroll.

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, 2009 through September 30, 2010. 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, 2009, as well as a summary of the changes that have occurred since the previous valuation report was prepared.

Assumption Changes

Since the previous valuation report was prepared, five assumptions have been changed. First, the expected growth in future payroll was eliminated for purposes of amortizing the unfunded liability in order to keep this assumption within State guidelines which restrict the assumed payroll growth to the average payroll growth for the past 10 years. The City has essentially experienced zero payroll growth during the past five years. Second, the assumed interest rate was decreased from 8.00% per year to 7.75% per year and the assumed increase in future plan compensation was induced from either 4.00% or 4.50% per year to 5.75% per year in order to bring these assumptions in line with future expectations. Third, the mortality basis was changed from the 1983 Group Annuity Mortality Table to the RP-2000 Mortality Table to reflect improved life expectancy. Finally, the assumed administrative expenses have been increased from $15,000 per year to $25,000 per year. The net effect of the five assumption changes was to decrease the unfunded liability by $717,114 and to increase the minimum required contribution rate by 8.19% of payroll.

Refund of Participant Contributions

It is our understanding that there are two participants who are due a refund of their contributions. We have estimated the accumulated amount of their refunds to be $7,556 as of October 1, 2009. The average amount owed to these individuals is $3,778. 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.

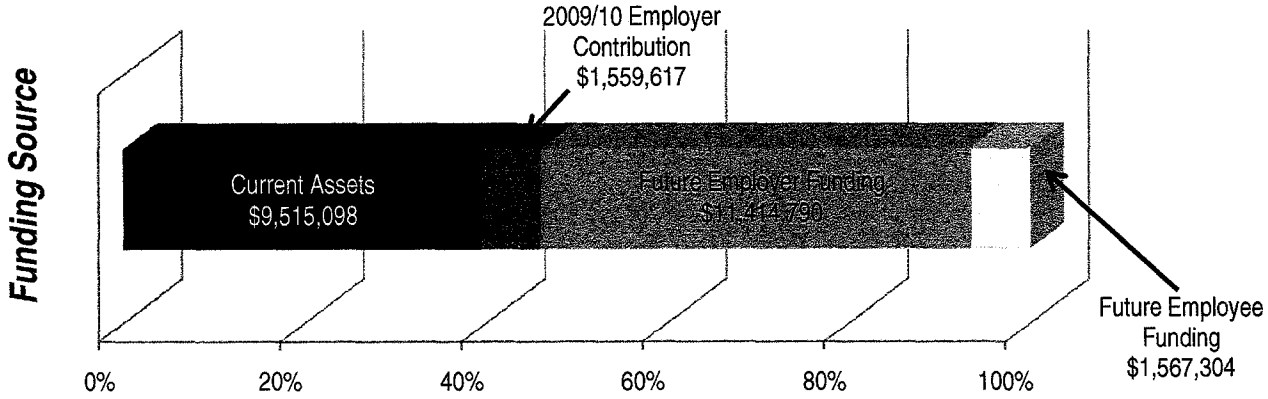
For the firm,

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

Enrolled Actuary No. 08-04927

Minimum Required Contribution

Table I-A



	For the 2009/10 Plan Year
Normal Cost for the 2009/10 Plan Year	$997,021
Unfunded Liability Amortization Payment for the 2009/10 Plan Year	$478,474
Expense Allowance for the 2009/10 Plan Year	$25,000
	$1,500,495
Adjustment to Reflect Semi-Monthly Employer Contributions	$59,122
Preliminary Employer Contribution for the 2009/10 Plan Year	$1,559,617
Expected Payroll for the 2009/10 Plan Year	÷ *$2,598,465*
Minimum Required Contribution Rate	**60.02%**

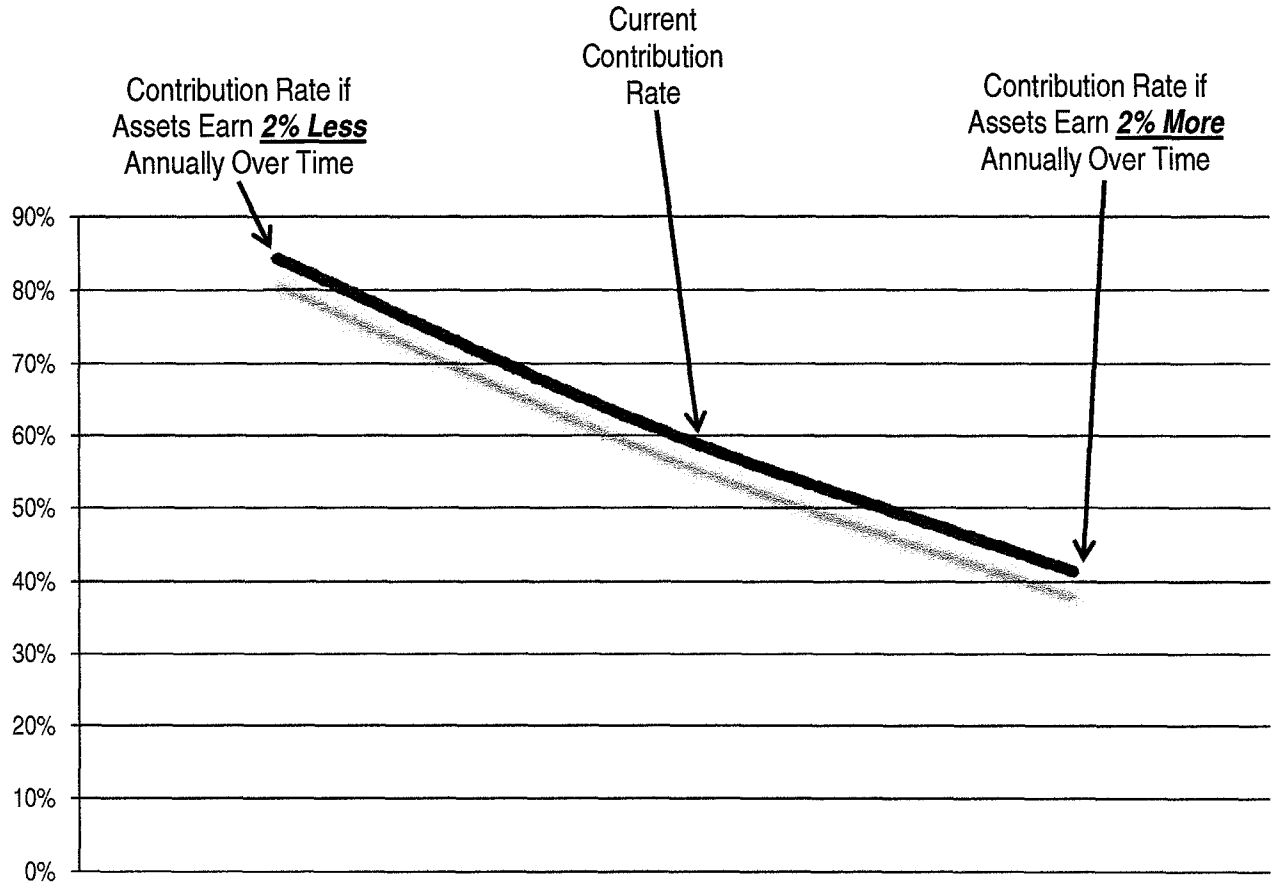
(The actual contribution should be based on the minimum required contribution rate multiplied by the actual payroll for the year.)

Additional Disclosures

Present Value of Future Compensation	$19,591,280
Present Value of Future Employer Contributions	$11,414,790
Present Value of Future Employee Contributions	$1,567,304

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	25.13%
Increase (decrease) due to investment gains and losses	11.58%
Increase (decrease) due to demographic experience	15.12%
Increase (decrease) due to plan amendments	0.00%
Increase (decrease) due to actuarial assumption changes	8.19%
Increase (decrease) due to actuarial method changes	0.00%
Current minimum required contribution rate	60.02%

Source of Change in the Unfunded Liability

Previous unfunded liability	$6,008,867
Increase due to interest	$999,875
Decrease due to amortization payments	($834,318)
Increase (decrease) due to plan amendments	$0
Increase (decrease) due to actuarial assumption changes	($717,114)
Increase (decrease) due to actuarial method changes	$0
Current unfunded liability	$5,457,310

Present Value of Future Benefits

Table I-D

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$9,720,202	$9,720,202	$11,714,881
Termination benefits	$16,916	$16,916	$19,319
Disability benefits	$116,213	$116,213	$146,799
Death benefits	$196,343	$196,343	$104,900
Refund of employee contributions	$73,877	$73,877	$72,734
Sub-total	**$10,123,551**	**$10,123,551**	**$12,058,633**
Deferred Vested Participants			
Retirement benefits	$816,143	$816,143	$820,738
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$816,143**	**$816,143**	**$820,738**
Due a Refund of Contributions	**$7,556**	**$7,556**	**$7,556**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$11,202,426	$11,202,426	$11,169,882
Disability retirements	$0	$0	$0
Beneficiaries receiving	$0	$0	$0
DROP participants	$0	$0	$0
Sub-total	**$11,202,426**	**$11,202,426**	**$11,169,882**
Grand Total	**$22,149,676**	**$22,149,676**	**$24,056,809**

Present Value of Accrued Benefits

Table I-E

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$3,514,362	$3,514,362	$3,721,465
Termination benefits	$9,177	$9,177	$9,893
Disability benefits	$87,034	$87,034	$103,795
Death benefits	$85,403	$85,403	$41,963
Refund of employee contributions	$38,589	$38,589	$37,395
Sub-total	**$3,734,565**	**$3,734,565**	**$3,914,511**
Deferred Vested Participants			
Retirement benefits	$816,143	$816,143	$820,738
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$816,143**	**$816,143**	**$820,738**
Due a Refund of Contributions	**$7,556**	**$7,556**	**$7,556**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$11,202,426	$11,202,426	$11,169,882
Disability retirements	$0	$0	$0
Beneficiaries receiving	$0	$0	$0
DROP participants	$0	$0	$0
Sub-total	**$11,202,426**	**$11,202,426**	**$11,169,882**
Grand Total	**$15,760,690**	**$15,760,690**	**$15,912,687**

Present Value of Vested Benefits

Table I-F

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$3,291,877	$3,291,877	$3,482,445
Termination benefits	$8,166	$8,166	$8,801
Disability benefits	$87,034	$87,034	$103,795
Death benefits	$69,081	$69,081	$35,005
Refund of employee contributions	$44,471	$44,471	$40,140
Sub-total	**$3,500,629**	**$3,500,629**	**$3,670,186**
Deferred Vested Participants			
Retirement benefits	$816,143	$816,143	$820,738
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$816,143**	**$816,143**	**$820,738**
Due a Refund of Contributions	**$7,556**	**$7,556**	**$7,556**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$11,202,426	$11,202,426	$11,169,882
Disability retirements	$0	$0	$0
Beneficiaries receiving	$0	$0	$0
DROP participants	$0	$0	$0
Sub-total	**$11,202,426**	**$11,202,426**	**$11,169,882**
Grand Total	**$15,526,754**	**$15,526,754**	**$15,668,362**

Entry Age Normal Accrued Liability

Table I-G

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$1,347,950	$1,347,950	$676,206
Termination benefits	$7,977	$7,977	$8,449
Disability benefits	$62,137	$62,137	$72,776
Death benefits	$43,952	$43,952	$16,745
Refund of employee contributions	$34,670	$34,670	$33,345
Sub-total	**$1,496,686**	**$1,496,686**	**$807,521**
Deferred Vested Participants			
Retirement benefits	$816,143	$816,143	$820,738
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$816,143**	**$816,143**	**$820,738**
Due a Refund of Contributions	**$7,556**	**$7,556**	**$7,556**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$11,202,426	$11,202,426	$11,169,882
Disability retirements	$0	$0	$0
Beneficiaries receiving	$0	$0	$0
DROP participants	$0	$0	$0
Sub-total	**$11,202,426**	**$11,202,426**	**$11,169,882**
Grand Total	**$13,522,811**	**$13,522,811**	**$12,805,697**

Unfunded Liability Bases

Table I-H

Description	Original Amount	Outstanding Balance	Amortization Payment	Years Rem.
	Total	***$5,457,310***	***$478,474***	
Initial Unfunded Liability	$5,509,177	$6,174,424	$541,348	23
10/1/2009 Assumption Change	($717,114)	($717,114)	($62,874)	23

Development of the Normal Cost

Table I-I

	As of October 1, 2009
Present Value of Future Benefits	$24,056,809
Unfunded Frozen Liability	($5,457,310)
Actuarial Value of Assets	($9,515,098)
Present Value of Future Employee Contributions	($1,567,304)
Present Value of Future Normal Cost	$7,517,097
Present Value of Future Compensation	÷ $19,591,280
Normal Cost Accrual Rate	38.369606%
Expected Payroll for the Current Year	x $2,598,465
Normal Cost	$997,021

GASB 25/27 Results

Table II-A

Development of the Net Pension Obligation (Asset)

Net Pension Obligation (Asset) as of October 1, 2007	($502,327)
Annual Pension Cost for the 2007/08 Plan Year	$563,816
Employer Contributions for the 2007/08 Plan Year	($546,410)
Net Increase (Decrease) in NPO	$17,406
Net Pension Obligation (Asset) as of October 1, 2008	($484,921)
Annual Pension Cost for the 2008/09 Plan Year	$587,241
Employer Contributions for the 2008/09 Plan Year	($615,071)
Net Increase (Decrease) in NPO	($27,830)
Net Pension Obligation (Asset) as of October 1, 2009	**($530,157)**

	For the 2009/10 Plan Year
Development of the Annual Required Contribution (ARC)	
Normal Cost	$997,021
Amortization of the UAAL	$524,956
Expense Allowance	$25,000
Amortization of the Net Pension Obligation (Asset)	($46,482)
Interest Adjustment	$59,122
Annual Required Contribution (ARC)	**$1,559,617**
Development of the Annual Pension Cost (APC)	
Annual Required Contribution (ARC)	$1,559,617
Interest on the Net Pension Obligation (Asset)	($41,087)
Adjustment to the ARC	$46,482
Annual Pension Cost (APC)	**$1,565,012**

GASB 25/27 Disclosures

Table II-B

Schedule of Employer Contributions

Year Ended September 30	Annual Required Contribution	% Contrib.	Annual Pension Cost	% Contrib.
2004	$519,217	100%	$519,217	100%
2005	$549,769	116%	$549,769	116%
2006	$410,115	168%	$407,231	169%
2007	$430,498	128%	$419,192	132%
2008	$575,493	95%	$563,816	97%
2009	$598,513	103%	$587,241	105%

Schedule of Funding Progress

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) – (1)	(4) Funded Ratio (1) ÷ (2)	(5) Covered Payroll	(6) UAAL as % of Covered Payroll (3) ÷ (5)
October 1, 2004	$5,741,331	$11,447,652	$5,706,321	50.15%	$2,775,003	205.63%
October 1, 2005	$7,214,997	$13,027,962	$5,812,965	55.38%	$2,412,271	240.97%
October 1, 2006	$8,761,789	$14,675,935	$5,914,146	59.70%	$2,289,947	258.27%
October 1, 2007	$10,474,548	$16,483,415	$6,008,867	63.55%	$2,427,737	247.51%
Not Applicable	$9,491,452	N/A	N/A	N/A	N/A	N/A
October 1, 2009	$9,515,098	$14,972,408	$5,457,310	63.55%	$2,598,465	210.02%

Additional Information

Valuation Date ***October 1, 2009***

Actuarial Cost Method ***Frozen initial liability***

Amortization Method ***Level dollar, closed***

Remaining Amortization Period ***23 years***

Asset Valuation Method ***Market value***

Discount Rate ***7.75%***

Salary Increase Rate ***5.75%***

SFAS 35 Disclosures

Table II-C

Actuarial Present Value of Accrued Benefits

	As of October 1, 2007	As of October 1, 2009
Vested Benefits		
Participants currently receiving benefits	$3,010,194	$11,169,882
Other participants	$9,198,130	$4,498,480
Sub-total	$12,208,324	$15,668,362
Non-Vested Benefits	$233,432	$244,325
Total Benefits	**$12,441,756**	**$15,912,687**
Funded Percentage (based on the market value of assets)	85.76%	62.23%

Statement of Change in Actuarial Present Value of Accrued Benefits

Actuarial Present Value as of October 1, 2007	**$12,441,756**
Increase (Decrease) Due To:	
Interest	$2,070,308
Benefits accumulated	$2,588,803
Benefits paid	($1,340,177)
Plan amendments	$0
Changes in actuarial methods and assumptions	$151,997
Net increase (decrease)	**$3,470,931**
Actuarial Present Value as of October 1, 2009	**$15,912,687**

Actuarial Value of Assets

Table III-A

Market Value of Assets as of October 1, 2009	$9,902,870
Minus DROP account credits	$0
Minus advance employer contribution	($387,772)
Minus excess Chapter 175/185 contribution	$0
Actuarial Value of Assets as of October 1, 2009	**$9,515,098**

Historical Actuarial Value of Assets

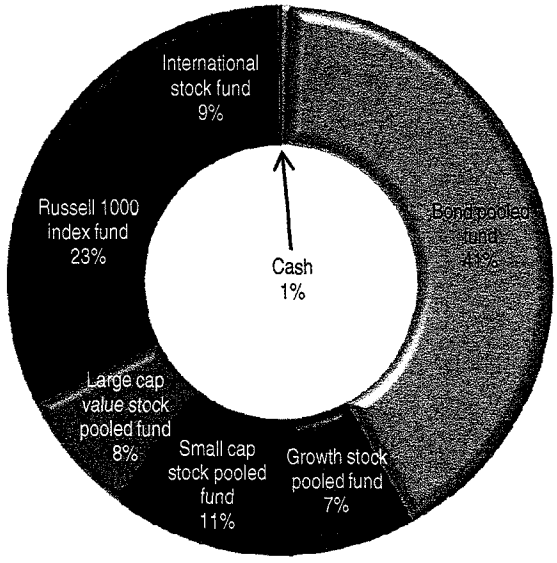
October 1, 2000	N/A
October 1, 2001	N/A
October 1, 2002	N/A
October 1, 2003	$4,456,320
October 1, 2004	$5,741,331
October 1, 2005	$7,214,997
October 1, 2006	$8,761,789
October 1, 2007	$10,474,548
October 1, 2008	$9,491,452
October 1, 2009	$9,515,098

Market Value of Assets

Table III-B

As of October 1, 2009

Market Value of Assets	**$9,902,870**
Cash	$69,174
Bond pooled fund	$4,101,024
Growth stock pooled fund	$731,267
Small cap stock pooled fund	$1,047,490
Large cap value stock pooled fund	$770,795
Russell 1000 index fund	$2,243,211
International stock fund	$919,025
Employer contribution receivable	$26,171
Employee contribution receivable	$8,581
Retirement benefits payable	($13,868)

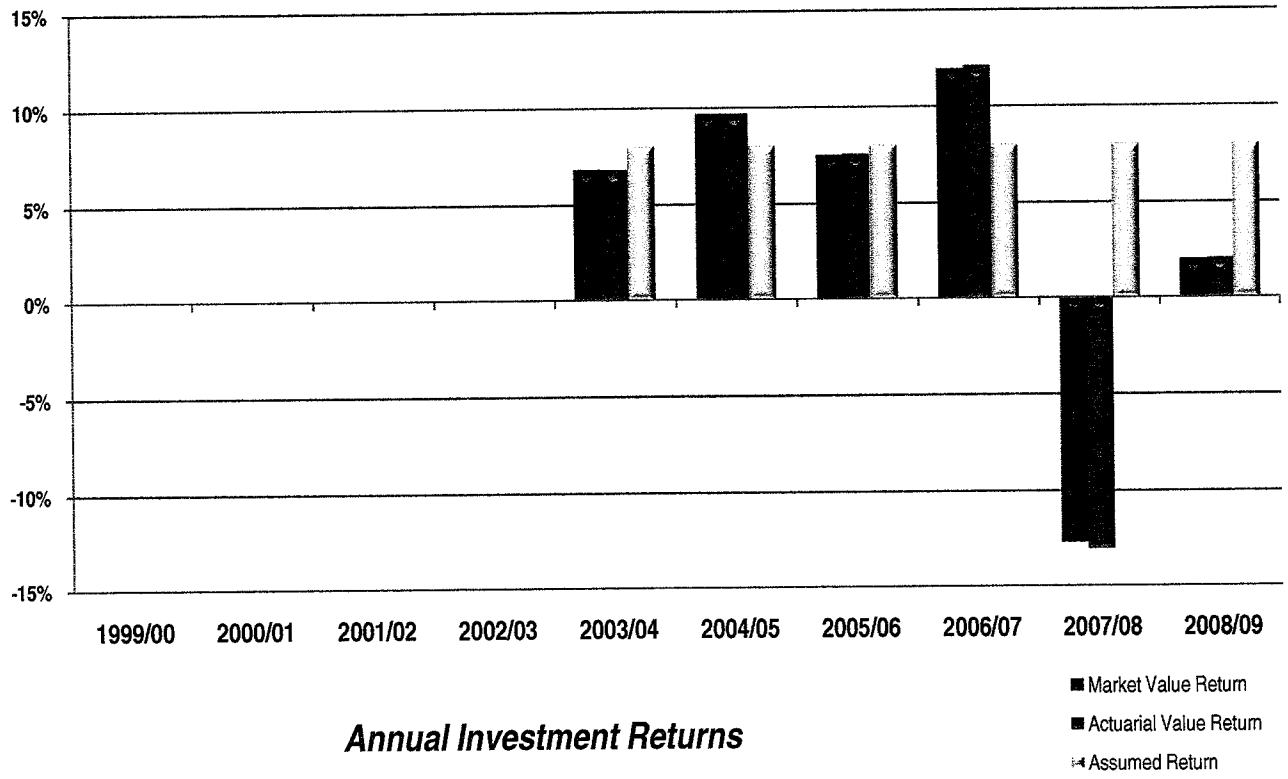


Historical Market Value of Assets

October 1, 2000	N/A
October 1, 2001	N/A
October 1, 2002	N/A
October 1, 2003	$4,490,491
October 1, 2004	$5,715,382
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	$9,902,870

Investment Return

Table III-C



Annual Investment Returns

Plan Year	Market Value Return	Actuarial Value Return	Assumed Return
1999/00	N/A	N/A	N/A
2000/01	N/A	N/A	N/A
2001/02	N/A	N/A	N/A
2002/03	N/A	N/A	N/A
2003/04	6.82%	6.82%	8.00%
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%	2.06%	8.00%

Asset Reconciliation

Table III-D

	Market Value	Actuarial Value
As of October 1, 2007	**$10,670,586**	**$10,474,548**
Increases Due To:		
Employer Contributions	$1,353,215	$1,353,215
Chapter 175/185 Contributions	$0	$0
Employee Contributions	$459,302	$459,302
Service Purchase Contributions	$0	$0
Total Contributions	$1,812,517	$1,812,517
Interest and Dividends	$0	
Realized Gains (Losses)	$0	
Unrealized Gains (Losses)	($1,198,568)	
Total Investment Income	($1,198,568)	($1,198,568)
Other Income	$0	
Total Income	**$613,949**	**$613,949**
Decreases Due To:		
Monthly Benefit Payments	($1,275,078)	($1,275,078)
Refund of Employee Contributions	($65,099)	($65,099)
DROP Credits	$0	$0
Total Benefit Payments	($1,340,177)	($1,340,177)
Investment Expenses	$0	
Administrative Expenses	($41,488)	($41,488)
Advance Employer Contribution		($191,734)
Excess Chapter 175/185 Contribution		$0
Total Expenses	**($1,381,665)**	**($1,573,399)**
As of October 1, 2009	**$9,902,870**	**$9,515,098**

Historical Trust Fund Detail

Table III-E

Income

Plan Year	Employer Contribs.	Chapter Contribs.	Employee Contribs.	Service Purchase Contribs.	Interest / Dividends	Realized Gains / Losses	Unrealized Gains / Losses	Other Income
1999/00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2000/01	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2001/02	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2002/03	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2003/04	$550,148	$0	$213,348	$156,600	$0	$0	$336,416	$0
2004/05	$691,071	$0	$305,623	$0	$0	$0	$598,293	$0
2005/06	$629,511	$0	$423,396	$0	$0	$0	$578,926	$0
2006/07	$709,732	$0	$306,673	$0	$0	$0	$1,092,288	$0
2007/08	$672,891	$0	$227,778	$0	$0	$0	-$1,391,889	$0
2008/09	$680,324	$0	$231,524	$0	$0	$0	$193,321	$0

Expenses

Plan Year	Monthly Benefit Payments	Contrib. Refunds	Admin. Expenses	Invest. Expenses
1999/00	N/A	N/A	N/A	N/A
2000/01	N/A	N/A	N/A	N/A
2001/02	N/A	N/A	N/A	N/A
2002/03	N/A	N/A	N/A	N/A
2003/04	$22,385	$1,754	$7,482	$0
2004/05	$29,847	$5,505	$9,384	$0
2005/06	$91,936	$12,575	$12,606	$0
2006/07	$203,233	$0	$15,223	$0
2007/08	$314,411	$32,147	$18,837	$0
2008/09	$960,667	$32,952	$22,651	$0

Other Actuarial Adjustments

	DROP Credits	Advance Employer Contribs.	Excess Chapter Contribs.
1999/00	N/A	N/A	N/A
2000/01	N/A	N/A	N/A
2001/02	N/A	N/A	N/A
2002/03	N/A	N/A	N/A
2003/04	$0	-$60,120	$0
2004/05	$0	$76,585	$0
2005/06	$0	-$32,076	$0
2006/07	$0	$177,478	$0
2007/08	$0	$126,481	$0
2008/09	$0	$65,253	$0

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

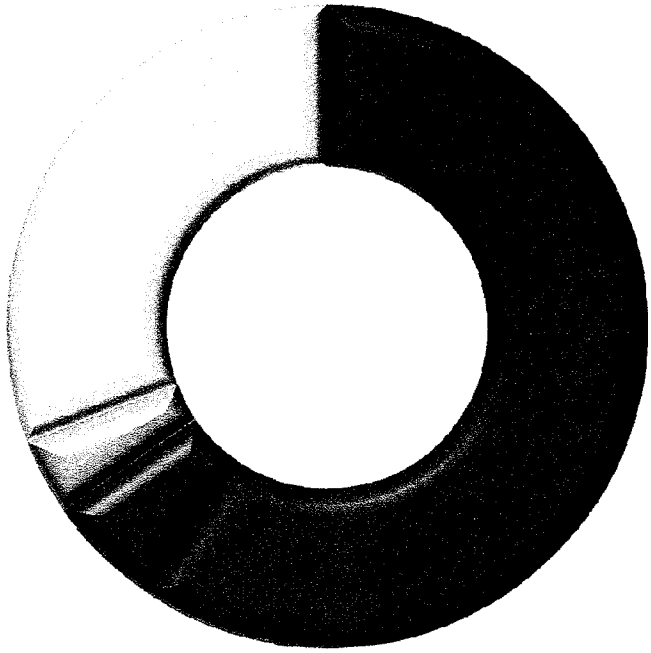
Table III-F

Advance Employer Contribution

Advance Employer Contribution as of October 1, 2007	$196,038
Additional Employer Contribution	$672,891
Minimum Required Contribution	($546,410)
Net Increase in Advance Employer Contribution	$126,481
Advance Employer Contribution as of October 1, 2008	$322,519
Additional Employer Contribution	$680,324
Minimum Required Contribution	($615,071)
Net Increase in Advance Employer Contribution	$65,253
Advance Employer Contribution as of October 1, 2009	$387,772

Summary of Participant Data

Table IV-A



Participant Distribution by Status

As of October 1, 2009

Actively Employed Participants	
Active Participants	31
DROP Participants	0
Inactive Participants	
Deferred Vested Participants	3
Due a Refund of Contributions	2
Deferred Beneficiaries	0
Participants Receiving a Benefit	
Service Retirements	16
Disability Retirements	0
Beneficiaries Receiving	0
Total Participants	**52**

Number of Participants Included in Prior Valuations

	Active	*DROP*	*Inactive*	*Retired*	*Total*
October 1, 2000	N/A	N/A	N/A	N/A	N/A
October 1, 2001	N/A	N/A	N/A	N/A	N/A
October 1, 2002	N/A	N/A	N/A	N/A	N/A
October 1, 2003	31	0	0	0	31
October 1, 2004	35	0	0	1	36
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

Data Reconciliation

Table IV-B

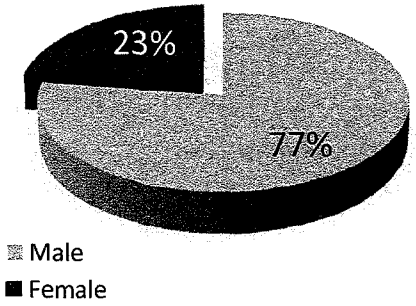
	Active	DROP	Deferred Vested	Due a Refund	Def. Benef.	Service Retiree	Disabled Retiree	Benef. Rec'v.	Total
October 1, 2007	33	0	0	2	0	5	0	0	**40**
Change in Status									
Re-employed									
Terminated	(14)		3			11			
Retired									
Participation Ended									
Transferred Out									
Cashed Out	(2)								**(2)**
Died									
Participation Began									
Newly Hired	14								**14**
Transferred In									
New Beneficiary									
Other Adjustment									
October 1, 2009	31	0	3	2	0	16	0	0	**52**

Active Participant Data

Table IV-C

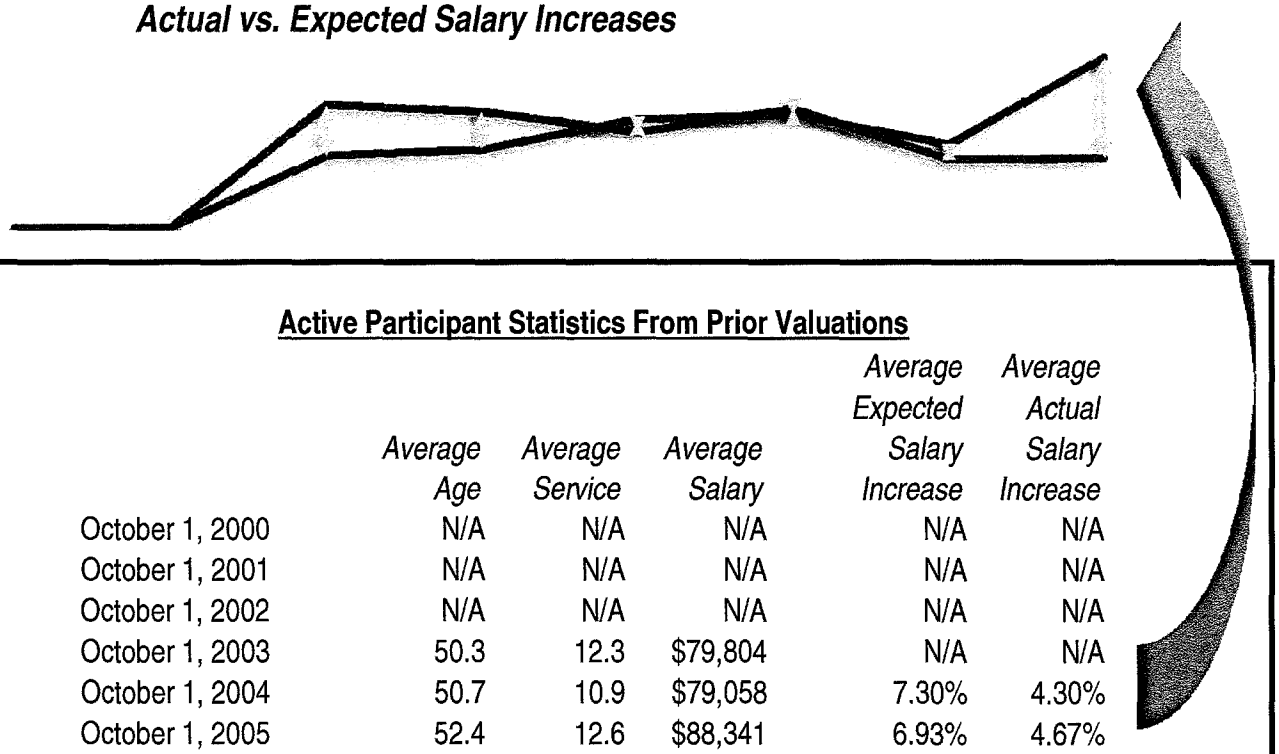
As of October 1, 2009

Gender Mix



Average Age	49.6 years
Average Service	6.2 years
Total Annualized Compensation for the Prior Year	$2,890,497
Total Expected Compensation for the Current Year	$2,598,465
Average Increase in Compensation for the Prior Year	10.10%
Expected Increase in Compensation for the Current Year	5.75%
Accumulated Contributions for Active Employees	$1,990,912

Actual vs. Expected Salary Increases

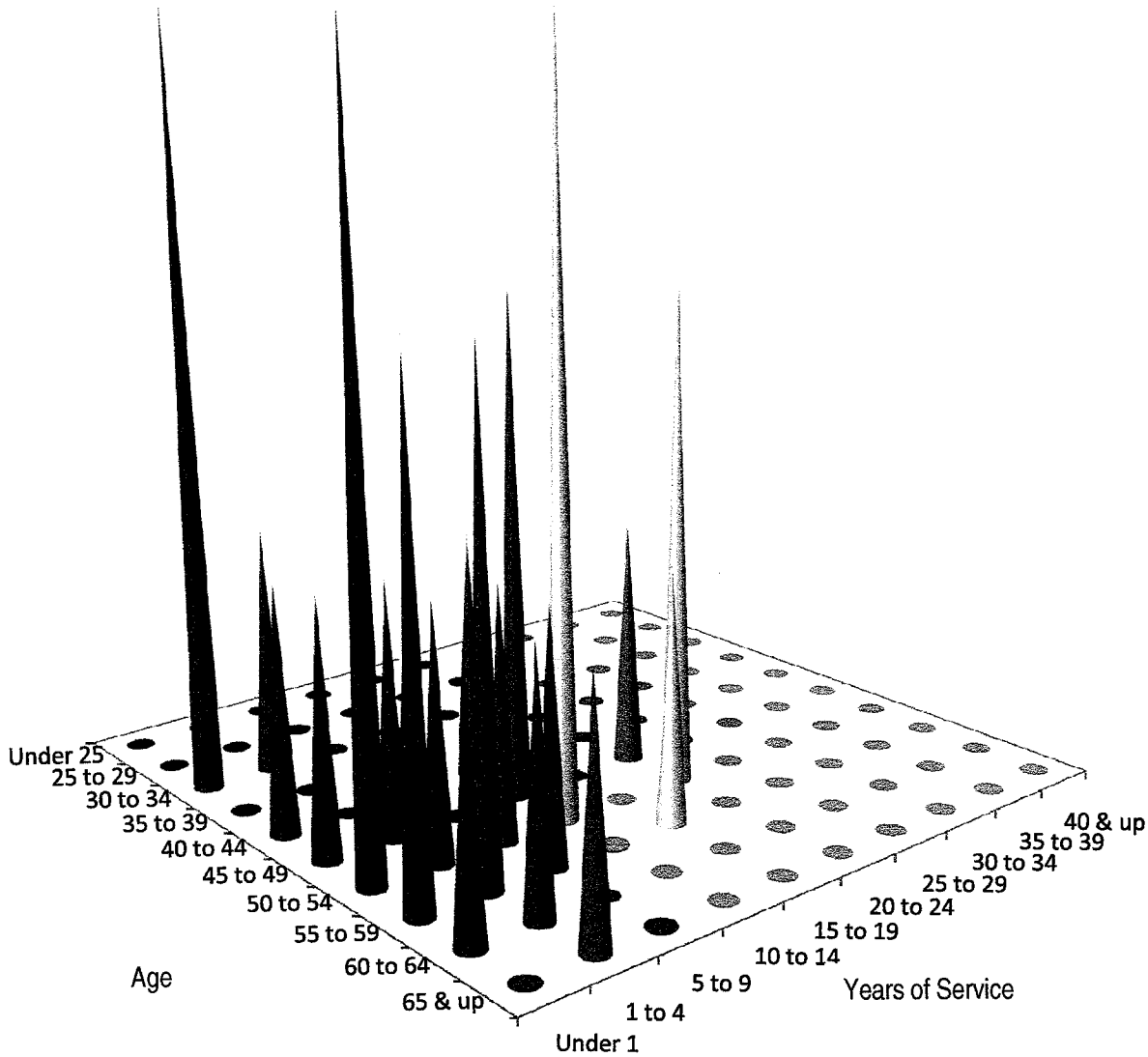


Active Participant Statistics From Prior Valuations

	Average Age	*Average Service*	*Average Salary*	*Average Expected Salary Increase*	*Average Actual Salary Increase*
October 1, 2000	N/A	N/A	N/A	N/A	N/A
October 1, 2001	N/A	N/A	N/A	N/A	N/A
October 1, 2002	N/A	N/A	N/A	N/A	N/A
October 1, 2003	50.3	12.3	$79,804	N/A	N/A
October 1, 2004	50.7	10.9	$79,058	7.30%	4.30%
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%

Active Age-Service Distribution

Table IV-D



△ *Eligible to retire*
▲ *May be eligible to retire*
▲ *Not eligible to retire*

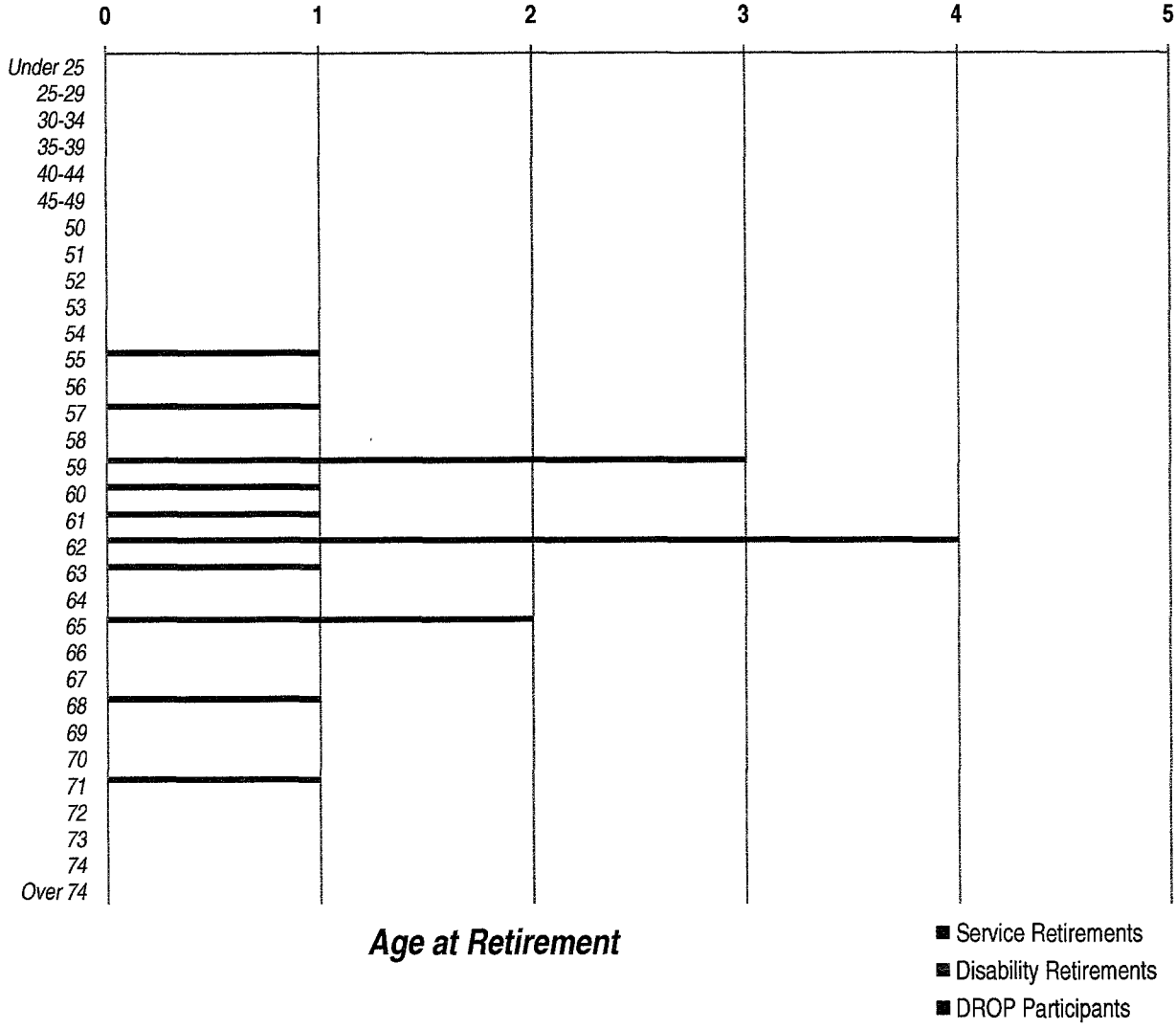
Active Age-Service-Salary Table

Table IV-E

Attained Age	Completed Years of Service										
	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	Total
Under 25	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Avg.Pay	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**
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
30 to 34	**3**	**1**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**4**
Avg.Pay	82,388	40,769	0	0	0	0	0	0	0	0	71,983
35 to 39	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
40 to 44	**1**	**0**	**1**	**1**	**0**	**0**	**0**	**0**	**0**	**0**	**3**
Avg.Pay	86,665	0	97,837	90,299	0	0	0	0	0	0	91,600
45 to 49	**1**	**1**	**0**	**2**	**0**	**1**	**0**	**0**	**0**	**0**	**5**
Avg.Pay	120,370	61,154	0	161,162	0	65,230	0	0	0	0	113,816
50 to 54	**3**	**1**	**1**	**3**	**0**	**2**	**0**	**0**	**0**	**0**	**10**
Avg.Pay	74,571	52,358	57,539	94,893	0	146,086	0	0	0	0	91,046
55 to 59	**2**	**2**	**1**	**0**	**1**	**0**	**0**	**0**	**0**	**0**	**6**
Avg.Pay	104,556	72,263	74,506	0	120,175	0	0	0	0	0	91,386
60 to 64	**1**	**1**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**2**
Avg.Pay	109,624	116,044	0	0	0	0	0	0	0	0	112,834
65 & up	**0**	**1**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1**
Avg.Pay	0	74,240	0	0	0	0	0	0	0	0	74,240
Total	**11**	**7**	**3**	**6**	**1**	**3**	**0**	**0**	**0**	**0**	**31**
Avg.Pay	90,604	69,870	76,627	116,217	120,175	119,134	0	0	0	0	93,242

Inactive Participant Data

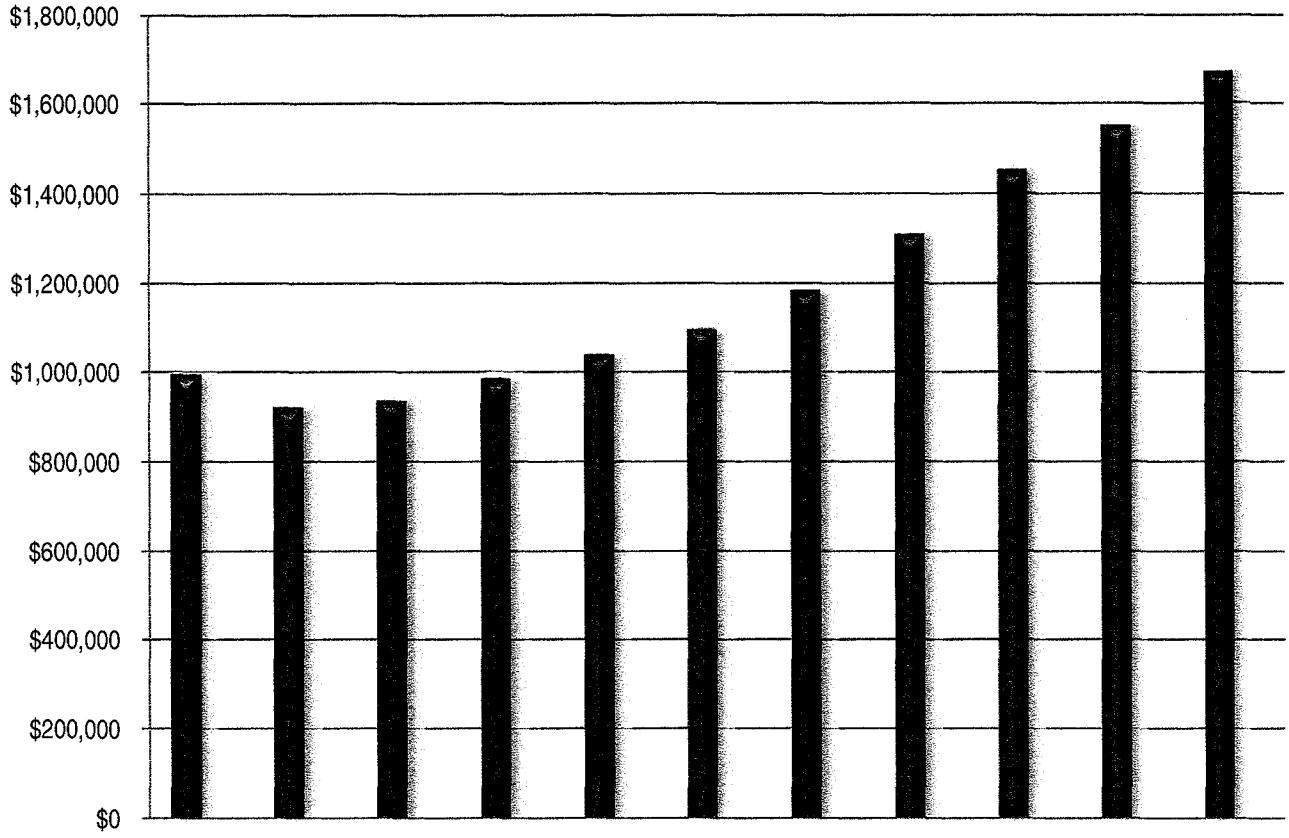
Table IV-F



	Average Monthly Benefit
Service Retirements	*$4,712.24*
Disability Retirements	*Not applicable*
Beneficiaries Receiving	*Not applicable*
DROP Participants	*Not applicable*
Deferred Vested Participants	*$2,486.12*
Deferred Beneficiaries	*Not applicable*

Projected Benefit Payments

Table IV-G



Actual	
For the period October 1, 2008 through September 30, 2009	$993,619
Projected	
For the period October 1, 2009 through September 30, 2010	$921,605
For the period October 1, 2010 through September 30, 2011	$936,662
For the period October 1, 2011 through September 30, 2012	$985,173
For the period October 1, 2012 through September 30, 2013	$1,037,234
For the period October 1, 2013 through September 30, 2014	$1,096,003
For the period October 1, 2014 through September 30, 2015	$1,183,450
For the period October 1, 2015 through September 30, 2016	$1,310,695
For the period October 1, 2016 through September 30, 2017	$1,452,473
For the period October 1, 2017 through September 30, 2018	$1,550,835
For the period October 1, 2018 through September 30, 2019	$1,672,551

Summary of Actuarial Methods and Assumptions — Table V-A

1. Actuarial Cost Method

Frozen initial liability cost method. Under this actuarial cost method, an unfunded liability is developed at the inception of the plan using the individual entry age normal cost method. Over time, this unfunded liability is adjusted to reflect changes in the entry age normal accrued liability due to plan amendments and changes in actuarial assumptions and methods. The employer makes a periodic contribution towards the unfunded liability which is intended to eliminate the unfunded liability over a pre-determined period. In addition, each year the total projected liability in excess of the unfunded liability, accumulated assets, and future employee contributions is divided by the present value of future compensation to develop a level funding percentage for the plan as a whole. The level funding percentage is then multiplied by the covered payroll for the year immediately following the valuation date to determine the normal cost for that year.

2. Amortization Method

The unfunded liability is amortized as a level dollar amount over a fixed period of 30 years from October 1, 2002.

3. Asset Method

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

4. Interest (or Discount) Rate

7.75% per annum

5. Salary Increases

Plan compensation is assumed to increase at the rate of 5.75% per annum, unless actual plan compensation is known for a prior plan year.

6. Decrements

- Pre-retirement mortality: Sex-distinct rates set forth in the RP-2000 Mortality Table for non-annuitants
- Post-retirement mortality: Sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants
- 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).

7. 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.

8. Expenses

Administrative expenses are assumed to be $25,000 per year. In addition, the interest rate set forth in item 4. above is assumed to be net of investment expenses and commissions.

Changes in Actuarial Methods and Assumptions — Table V-B

The following assumptions have been changed from those used to complete the previous valuation:

1. The expected increase in total payroll for purposes of amortizing the unfunded liability was eliminated.

2. The valuation interest rate was decreased from 8.00% per annum to 7.75% per annum.

3. The assumed increase in future plan compensation was increased from 4.00% per annum with respect to employees under age 50 or 4.50% per annum with respect to employees over age 50 to 5.75% per annum.

4. The pre-retirement mortality basis was changed from the 1983 Group Annuity Mortality Table, set back five years for females, to the RP-2000 Mortality Table for non-annuitants.

5. The post-retirement mortality basis was changed from the 1983 Group Annuity Mortality Table, set back five years for healthy females or set forward five or 10 years for disabled females and males, respectively, to the RP-2000 Mortality Table for annuitants.

6. Anticipated administrative expenses were increased from $15,000 per year to $25,000 per year.

Summary of Plan Provisions

Table VI-A

1. Benefit Formula

3.00% of Average Monthly Earnings multiplied by Credited Service

2. Service Retirement

Normal retirement:	Age 62 with at least six years of credited service; or
	Age 55 with age plus service at least equal to 75 ("Rule of 75")
Early retirement:	Age 50 with at least 10 years of credited service

(Note: In the case of early retirement, the participant's benefit is reduced by 5% for each year by which the participant's early retirement age precedes his normal retirement age.)

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 by 5% for each year by which the participant's early retirement age precedes his normal retirement age.

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

5. Vesting

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

Summary of Plan Provisions

Table VI-A

(continued)

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 at the rate of 5% per year, if applicable. 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.

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 66⅔% 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.

Summary of Plan Provisions

Table VI-A

(continued)

9. Average Monthly Earnings

Average monthly earnings during the highest five years of compensation. Earnings include total cash remuneration, but exclude lump sum payments for accrued annual or sick leave. Earnings cannot exceed the maximum amount allowed under IRC section 401(a)(17).

10. Credited Service

The elapsed time from the participant's date of hire until his date of termination, retirement, or death. 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. Deferred Retirement Option Plan (DROP)

A DROP is available to those participants who have attained their normal retirement age, whereby the participant's monthly retirement benefit is accumulated on his behalf in a DROP account while he continues in active employment with the City. Individuals may participate in the DROP for a period of up to 60 months and neither earn additional benefits nor make the required employee contribution during the period of their DROP participation. DROP participants are considered to be retired for all other purposes under the plan and are not eligible for disability or pre-retirement death benefits. DROP accounts earn interest at the rate of 6.50% per annum compounded monthly.

14. Participant Requirement

All general management employees 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.

Summary of Plan Provisions

Table VI-A

(continued)

15. Actuarial Equivalence

Based on 8.00% interest per annum and the 1994 Group Annuity Reserving Table projected to 2002 by Scale AA.

16. Plan Effective Date

The plan was originally effective on January 24, 2003.

Summary of Plan Amendments

Table VI-B

No plan amendments were adopted since the completion of the previous valuation.