

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

**ACTUARIAL VALUATION
AS OF OCTOBER 1, 2011**

**DETERMINES THE CONTRIBUTION
FOR THE 2011/12 FISCAL YEAR**



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January 15, 2012

Introduction

This report presents the results of the October 1, 2011 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, 2011 and to determine the minimum required contribution under Chapter 112, Florida Statutes, for the 2011/12 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 2011/12 plan year. The minimum required contribution rate is 50.95% of covered payroll, which represents a decrease of 0.81% 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 4.79% of payroll due to investment losses and decreased by 5.60% of payroll due to demographic experience. The market value of assets only earned 0.78% during the 2010/11 plan year, whereas a 7.75% annual



investment return was required to maintain a stable contribution rate. The demographic gain occurred primarily because the covered compensation for active participants increased by an average of only 1.69%, whereas a 5.75% pay increase had been assumed.

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 2011/12 minimum required contribution will be equal to 50.95% multiplied by the total pensionable earnings for the 2011/12 fiscal year for the active employees who are covered by the plan.

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 \$23,661,831. As illustrated in Table I-A, current assets are sufficient to cover \$12,275,228 of this amount, the employer's 2011/12 expected contribution will cover \$1,181,898 of this amount, and future employee contributions are expected to cover \$1,386,703 of this amount, leaving \$8,818,002 to be covered by future employer funding beyond the 2011/12 fiscal year. Again, demographic and investment experience that differs from that assumed will either increase or decrease the future employer funding requirement.

Employer Contribution Receivable

The minimum required contribution for the 2010/11 plan year was \$1,467,916, which is equal to 51.76% of covered payroll for the year. In addition, the City owed \$611,005 in past due employer contributions for the 2009/10 plan year. The City made actual deposits of \$1,700,324. When the actual contribution deposits are adjusted by the past due employer contribution for the prior year, the City's total contribution for the 2010/11 plan year was only \$1,089,319. Therefore, the City owes the plan an additional contribution of \$378,597 as of October 1, 2011. This amount, along with interest accumulated at the rate of 7.75% per annum, should be deposited into the pension trust fund as soon as possible in order to comply with the minimum funding requirements of Chapter 112, Florida Statutes. As of February 1, 2012, the total required deposit including interest is \$388,135.

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, 2011 through September 30, 2012. 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, 2011, as well as a summary of the changes that have occurred since the previous valuation report was prepared.

Refund of Participant Contributions

It is our understanding that there are seven participants who are due a refund of their contributions. We have estimated the accumulated amount of their refunds to be \$63,899 as of October 1, 2011. The average amount owed to these individuals is \$9,128. 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.

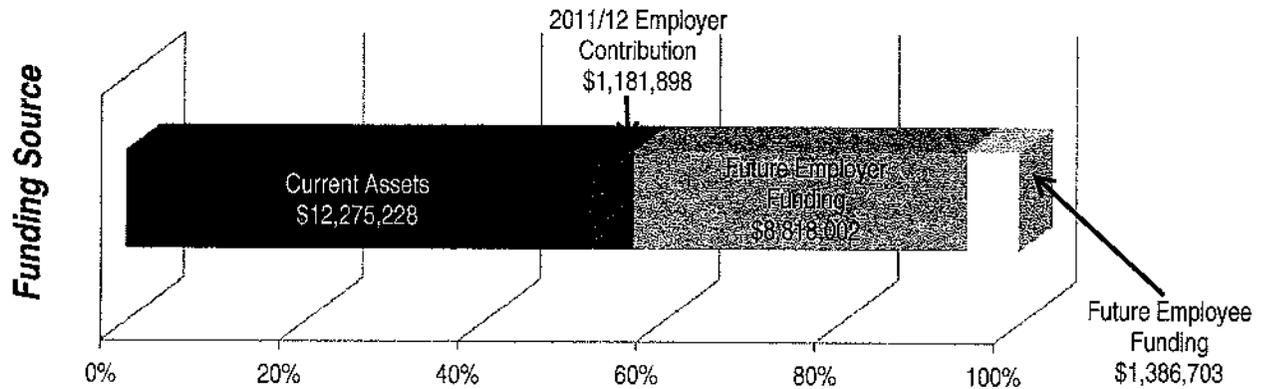
Enrolled Actuary No. 11-04927

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



For the 2011/12 Plan Year

Normal Cost for the 2011/12 Plan Year	\$633,621
Unfunded Liability Amortization Payment for the 2011/12 Plan Year	\$478,474
Expense Allowance for the 2011/12 Plan Year	\$25,000
	\$1,137,095
Adjustment to Reflect Semi-Monthly Employer Contributions	\$44,803
	\$1,181,898
Preliminary Employer Contribution for the 2011/12 Plan Year	\$1,181,898
Expected Payroll for the 2011/12 Plan Year	÷ \$2,319,552

Minimum Required Contribution Rate 50.95%

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

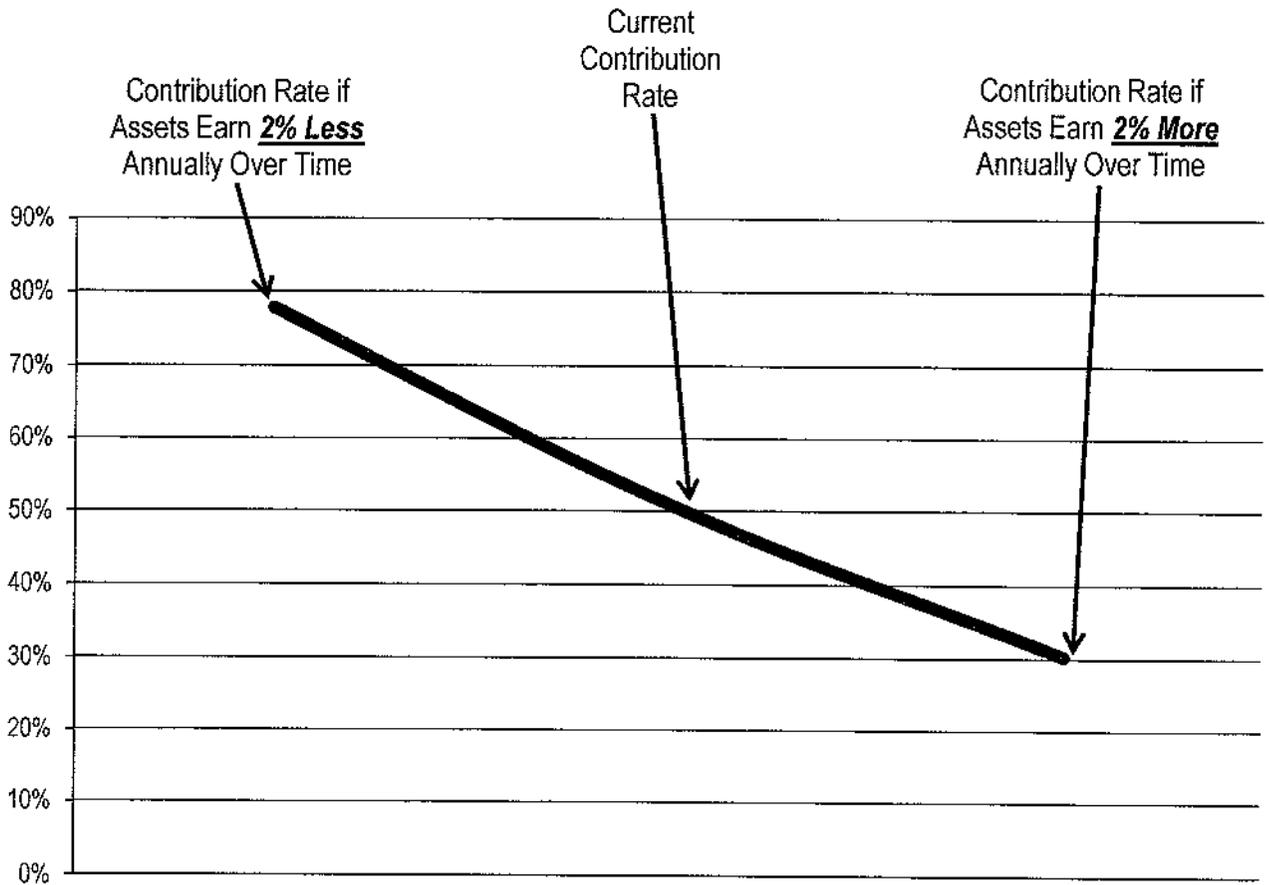
Additional Disclosures

Present Value of Future Compensation	\$17,333,803
Present Value of Future Employer Contributions	\$9,999,900
Present Value of Future Employee Contributions	\$1,386,703



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	51.76%
Increase (decrease) due to investment gains and losses	4.79%
Increase (decrease) due to demographic experience	-5.60%
Increase (decrease) due to plan amendments	0.00%
Increase (decrease) due to actuarial assumption changes	0.00%
Increase (decrease) due to actuarial method changes	0.00%
Current minimum required contribution rate	<u>50.95%</u>

Source of Change in the Unfunded Liability

Previous unfunded liability	\$5,364,695
Increase due to interest	\$378,683
Decrease due to amortization payments	(\$478,474)
Increase (decrease) due to plan amendments	\$0
Increase (decrease) due to actuarial assumption changes	\$0
Increase (decrease) due to actuarial method changes	\$0
Current unfunded liability	<u>\$5,264,904</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	\$9,800,857	\$9,800,857	\$9,800,857
Termination benefits	\$16,727	\$16,727	\$16,727
Disability benefits	\$127,227	\$127,227	\$127,227
Death benefits	\$84,898	\$84,898	\$84,898
Refund of employee contributions	\$80,877	\$80,877	\$80,877
Sub-total	\$10,110,586	\$10,110,586	\$10,110,586
<i><u>Deferred Vested Participants</u></i>			
Retirement benefits	\$1,938,300	\$1,938,300	\$1,938,300
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$1,938,300	\$1,938,300	\$1,938,300
<i><u>Due a Refund of Contributions</u></i>	\$63,899	\$63,899	\$63,899
<i><u>Deferred Beneficiaries</u></i>	\$0	\$0	\$0
<i><u>Retired Participants</u></i>			
Service retirements	\$11,549,046	\$11,549,046	\$11,549,046
Disability retirements	\$0	\$0	\$0
Beneficiaries receiving	\$0	\$0	\$0
DROP participants	\$0	\$0	\$0
Sub-total	\$11,549,046	\$11,549,046	\$11,549,046
<i><u>Grand Total</u></i>	<u>\$23,661,831</u>	<u>\$23,661,831</u>	<u>\$23,661,831</u>
Present Value of Future Payroll	\$17,333,803	\$17,333,803	\$17,333,803
Present Value of Future Employee Contribs.	\$1,386,703	\$1,386,703	\$1,386,703
Present Value of Future Employer Contribs.	\$9,999,900	\$9,999,900	\$9,999,900



Present Value of Accrued Benefits

Table I-E

	<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	\$3,428,149	\$3,428,149	\$3,428,149
Termination benefits	\$8,993	\$8,993	\$8,993
Disability benefits	\$94,999	\$94,999	\$94,999
Death benefits	\$35,614	\$35,614	\$35,614
Refund of employee contributions	\$51,033	\$51,033	\$51,033
Sub-total	\$3,618,788	\$3,618,788	\$3,618,788
<i><u>Deferred Vested Participants</u></i>			
Retirement benefits	\$1,938,300	\$1,938,300	\$1,938,300
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$1,938,300	\$1,938,300	\$1,938,300
<i><u>Due a Refund of Contributions</u></i>	\$63,899	\$63,899	\$63,899
<i><u>Deferred Beneficiaries</u></i>	\$0	\$0	\$0
<i><u>Retired Participants</u></i>			
Service retirements	\$11,549,046	\$11,549,046	\$11,549,046
Disability retirements	\$0	\$0	\$0
Beneficiaries receiving	\$0	\$0	\$0
DROP participants	\$0	\$0	\$0
Sub-total	\$11,549,046	\$11,549,046	\$11,549,046
<i><u>Grand Total</u></i>	<u>\$17,170,033</u>	<u>\$17,170,033</u>	<u>\$17,170,033</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	\$3,313,887	\$3,313,887	\$3,313,887
Termination benefits	\$7,611	\$7,611	\$7,611
Disability benefits	\$94,999	\$94,999	\$94,999
Death benefits	\$32,370	\$32,370	\$32,370
Refund of employee contributions	\$53,844	\$53,844	\$53,844
Sub-total	\$3,502,711	\$3,502,711	\$3,502,711
<i><u>Deferred Vested Participants</u></i>			
Retirement benefits	\$1,938,300	\$1,938,300	\$1,938,300
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$1,938,300	\$1,938,300	\$1,938,300
<i><u>Due a Refund of Contributions</u></i>	\$63,899	\$63,899	\$63,899
<i><u>Deferred Beneficiaries</u></i>	\$0	\$0	\$0
<i><u>Retired Participants</u></i>			
Service retirements	\$11,549,046	\$11,549,046	\$11,549,046
Disability retirements	\$0	\$0	\$0
Beneficiaries receiving	\$0	\$0	\$0
DROPP participants	\$0	\$0	\$0
Sub-total	\$11,549,046	\$11,549,046	\$11,549,046
<i><u>Grand Total</u></i>	<u>\$17,053,956</u>	<u>\$17,053,956</u>	<u>\$17,053,956</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	\$1,326,679	\$1,326,679	\$1,326,679
Termination benefits	\$7,975	\$7,975	\$7,975
Disability benefits	\$62,932	\$62,932	\$62,932
Death benefits	\$18,401	\$18,401	\$18,401
Refund of employee contributions	\$49,713	\$49,713	\$49,713
Sub-total	\$1,465,700	\$1,465,700	\$1,465,700
<i><u>Deferred Vested Participants</u></i>			
Retirement benefits	\$1,938,300	\$1,938,300	\$1,938,300
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$1,938,300	\$1,938,300	\$1,938,300
<i><u>Due a Refund of Contributions</u></i>	\$63,899	\$63,899	\$63,899
<i><u>Deferred Beneficiaries</u></i>	\$0	\$0	\$0
<i><u>Retired Participants</u></i>			
Service retirements	\$11,549,046	\$11,549,046	\$11,549,046
Disability retirements	\$0	\$0	\$0
Beneficiaries receiving	\$0	\$0	\$0
DROP participants	\$0	\$0	\$0
Sub-total	\$11,549,046	\$11,549,046	\$11,549,046
<i><u>Grand Total</u></i>	<u>\$15,016,945</u>	<u>\$15,016,945</u>	<u>\$15,016,945</u>



Unfunded Liability Bases

Table I-H

<u>Description</u>	<u>Original Amount</u>	<u>Outstanding Balance</u>	<u>Amortization Payment</u>	<u>Years Rem.</u>
	Total	\$5,264,904	\$478,474	
		↓	↓	
Initial Unfunded Liability	\$5,509,177	\$5,956,734	\$541,348	21
10/1/2009 Assumption Change	(\$717,114)	(\$691,830)	(\$62,874)	21



Development of the Normal Cost

Table I-1

<u>As of October 1, 2011</u>	
Present Value of Future Benefits	\$23,661,831
Unfunded Frozen Liability	(\$5,264,904)
Actuarial Value of Assets	(\$12,275,228)
Present Value of Future Employee Contributions	(\$1,386,703)
Present Value of Future Normal Cost	\$4,734,996
Present Value of Future Compensation	÷ \$17,333,803
Normal Cost Accrual Rate	27.316544%
Expected Payroll for the Current Year	x \$2,319,552
Normal Cost	\$633,621



Development of the Net Pension Obligation (Asset)

Net Pension Obligation (Asset) as of October 1, 2010	\$247,767
Annual Pension Cost for the 2010/11 Plan Year	\$1,316,866
Employer Contributions for the 2010/11 Plan Year	(\$1,467,916)
Net Increase (Decrease) in NPO	<u>(\$151,050)</u>
Net Pension Obligation (Asset) as of October 1, 2011	<u><u>\$96,717</u></u>

For the 2011/12 Plan Year

Development of the Annual Required Contribution (ARC)

Normal Cost	\$633,621
Amortization of the UAAL	\$469,684
Expense Allowance	\$25,000
Amortization of the Net Pension Obligation (Asset)	\$8,790
Interest Adjustment	\$44,803
Annual Required Contribution (ARC)	<u><u>\$1,181,898</u></u>

Development of the Annual Pension Cost (APC)

Annual Required Contribution (ARC)	\$1,181,898
Interest on the Net Pension Obligation (Asset)	\$7,496
Adjustment to the ARC	(\$8,790)
Annual Pension Cost (APC)	<u><u>\$1,180,604</u></u>



Schedule of Employer Contributions

Year Ended September 30	Annual Required Contribution	% Contrib.	Annual Pension Cost	% Contrib.
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%
2010	\$1,559,617	50%	\$1,565,012	50%
2011	\$1,307,724	112%	\$1,316,866	111%

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, 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%
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%

Additional Information

Valuation Date **October 1, 2011**

Actuarial Cost Method **Frozen initial liability**

Amortization Method **Level dollar, closed**

Remaining Amortization Period **21 years**

Asset Valuation Method **Market value**

Discount Rate **7.75%**

Salary Increase Rate **5.75%**



Actuarial Present Value of Accrued Benefits

	<u>As of October 1, 2010</u>	<u>As of October 1, 2011</u>
<i><u>Vested Benefits</u></i>		
Participants currently receiving benefits	\$10,707,883	\$11,549,046
Other participants	\$5,759,182	\$5,504,910
Sub-total	<u>\$16,467,065</u>	<u>\$17,053,956</u>
<i><u>Non-Vested Benefits</u></i>	\$181,901	\$116,077
<i><u>Total Benefits</u></i>	<u><u>\$16,648,966</u></u>	<u><u>\$17,170,033</u></u>
<i><u>Funded Percentage</u></i>	65.60%	69.29%
(based on the market value of assets)		

Statement of Change in Actuarial Present Value of Accrued Benefits

<i><u>Actuarial Present Value as of October 1, 2010</u></i>	\$16,648,966
<i><u>Increase (Decrease) Due To:</u></i>	
Interest	\$1,290,295
Benefits accumulated	\$241,146
Benefits paid	(\$1,010,374)
Plan amendments	\$0
Changes in actuarial methods and assumptions	\$0
Net increase (decrease)	<u>\$521,067</u>
<i><u>Actuarial Present Value as of October 1, 2011</u></i>	<u><u>\$17,170,033</u></u>



Actuarial Value of Assets

Table III-A

Market Value of Assets as of October 1, 2011	\$11,896,631
Minus advance employer contribution	\$378,597
Actuarial Value of Assets as of October 1, 2011	<u>\$12,275,228</u>

<u>Historical Actuarial Value of Assets</u>	
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
October 1, 2010	\$11,532,009
October 1, 2011	\$12,275,228

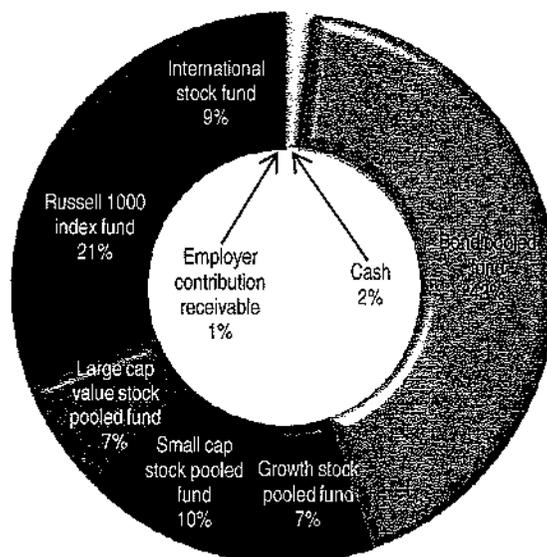


Market Value of Assets

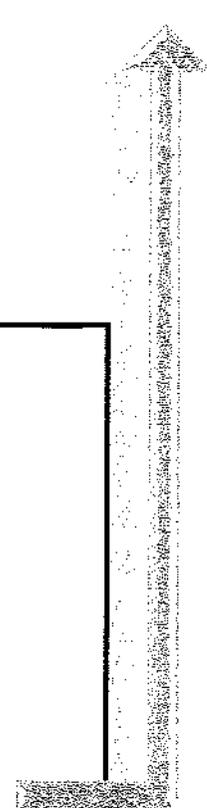
Table III-B

As of October 1, 2011

Market Value of Assets	<u>\$11,896,631</u>
Cash	\$212,867
Bond pooled fund	\$5,096,993
Growth stock pooled fund	\$827,818
Small cap stock pooled fund	\$1,218,075
Large cap value stock pooled fund	\$863,296
Russell 1000 index fund	\$2,554,409
International stock fund	\$1,052,511
Employer contribution receivable	\$62,349
Employee contribution receivable	\$8,313

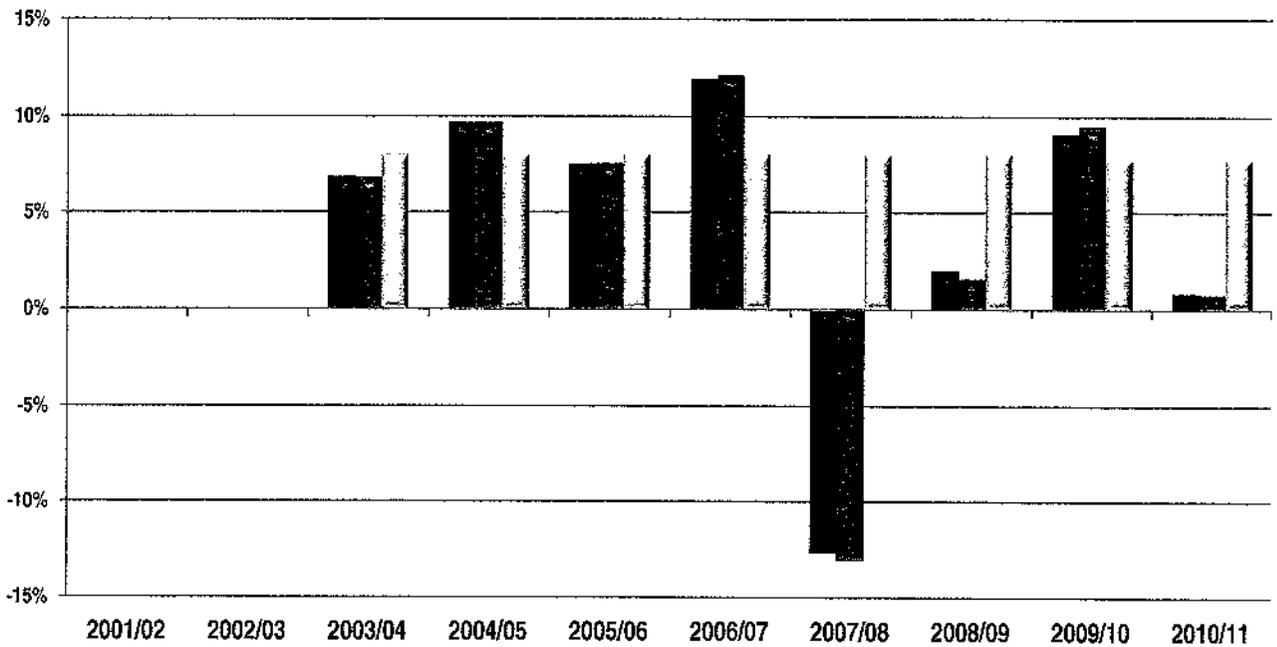


Historical Market Value of Assets	
October 1, 2002	N/A
October 1, 2003	\$4,490,491
October 1, 2004	\$5,715,382
October 1, 2005	\$7,265,633
October 1, 2006	\$8,780,349
October 1, 2007	\$10,670,586
October 1, 2008	\$9,813,971
October 1, 2009	\$9,948,842
October 1, 2010	\$10,921,004
October 1, 2011	\$11,896,631



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
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%	1.56%	8.00%
2009/10	9.04%	9.44%	7.75%
2010/11	0.78%	0.75%	7.75%



Asset Reconciliation

Table III-D

	<u>Market Value</u>	<u>Actuarial Value</u>
As of October 1, 2010	\$10,921,004	\$11,532,009
<i>Increases Due To:</i>		
Employer Contributions	\$1,700,324	\$1,700,324
Employee Contributions	\$226,880	\$226,880
Service Purchase Contributions	\$0	\$0
Total Contributions	<u>\$1,927,204</u>	<u>\$1,927,204</u>
Interest and Dividends	\$0	
Realized Gains (Losses)	\$0	
Unrealized Gains (Losses)	\$88,402	
Total Investment Income	<u>\$88,402</u>	\$88,402
Other Income	\$0	
Total Income	<u>\$2,015,606</u>	<u>\$2,015,606</u>
<i>Decreases Due To:</i>		
Monthly Benefit Payments	(\$944,431)	(\$944,431)
Refund of Employee Contributions	(\$65,943)	(\$65,943)
DROP Credits	\$0	\$0
Total Benefit Payments	<u>(\$1,010,374)</u>	<u>(\$1,010,374)</u>
Investment Expenses	\$0	
Administrative Expenses	(\$29,605)	(\$29,605)
Advance Employer Contribution		(\$232,408)
Total Expenses	<u>(\$1,039,979)</u>	<u>(\$1,272,387)</u>
As of October 1, 2011	<u>\$11,896,631</u>	<u>\$12,275,228</u>



Historical Trust Fund Detail

Table III-E

Income

<u>Plan</u> <u>Year</u>	<u>Employer</u> <u>Contribs.</u>	<u>Employee</u> <u>Contribs.</u>	<u>Service</u> <u>Purchase</u> <u>Contribs.</u>	<u>Interest /</u> <u>Dividends</u>	<u>Realized</u> <u>Gains /</u> <u>Losses</u>	<u>Unrealized</u> <u>Gains /</u> <u>Losses</u>	<u>Other</u> <u>Income</u>
2001/02	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
2003/04	\$550,148	\$213,348	\$156,600	\$0	\$0	\$336,416	\$0
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

Expenses

<u>Plan</u> <u>Year</u>	<u>Monthly</u> <u>Benefit</u> <u>Payments</u>	<u>Contrib.</u> <u>Refunds</u>	<u>Admin.</u> <u>Expenses</u>	<u>Invest.</u> <u>Expenses</u>	<u>Other Actuarial Adjustments</u> <u>Advance</u> <u>Employer</u> <u>Contribs.</u>
2001/02	N/A	N/A	N/A	N/A	N/A
2002/03	N/A	N/A	N/A	N/A	N/A
2003/04	\$22,385	\$1,754	\$7,482	\$0	-\$60,120
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

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

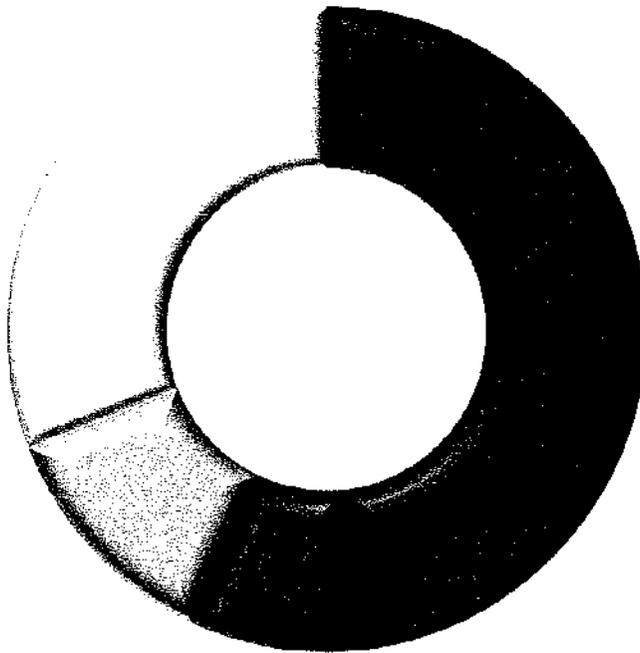
Advance Employer Contribution as of October 1, 2010	(\$611,005)
Additional Employer Contribution	\$1,700,324
Minimum Required Contribution	(\$1,467,916)
Net Increase in Advance Employer Contribution	<u>\$232,408</u>
Advance Employer Contribution as of October 1, 2011	<u><u>(\$378,597)</u></u>



Summary of Participant Data

Table IV-A

As of October 1, 2011

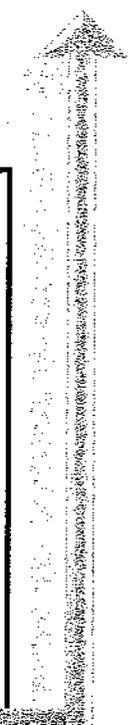


Participant Distribution by Status

<u>Actively Employed Participants</u>		
◆	Active Participants	28
◆	DROP Participants	0
<u>Inactive Participants</u>		
◆	Deferred Vested Participants	5
◆	Due a Refund of Contributions	7
◆	Deferred Beneficiaries	0
<u>Participants Receiving a Benefit</u>		
◆	Service Retirements	18
◆	Disability Retirements	0
◆	Beneficiaries Receiving	0
Total Participants		58

Number of Participants Included in Prior Valuations

	<i>Active</i>	<i>DROP</i>	<i>Inactive</i>	<i>Retired</i>	<i>Total</i>
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
October 1, 2010	31	0	9	16	56
October 1, 2011	28	0	12	18	58



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, 2010</u>	31	0	4	5	0	16	0	0	56
<u>Change in Status</u>									
Re-employed									
Terminated	(10)		1	8					(1)
Retired	(2)					2			
<u>Participation Ended</u>									
Transferred Out									
Cashed Out				(6)					(6)
Died									
<u>Participation Began</u>									
Newly Hired	9								9
Transferred In									
New Beneficiary									
<u>Other Adjustment</u>									
<u>October 1, 2011</u>	28	0	5	7	0	18	0	0	58

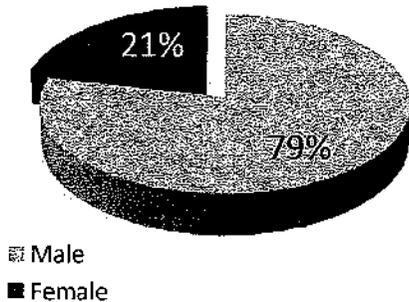


Active Participant Data

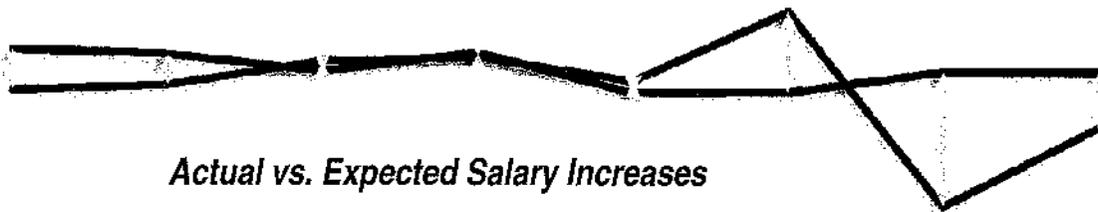
Table IV-C

As of October 1, 2011

Gender Mix



Average Age	50.4 years
Average Service	5.7 years
Total Annualized Compensation for the Prior Year	\$2,489,291
Total Expected Compensation for the Current Year	\$2,319,552
Average Increase in Compensation for the Prior Year	1.69%
Expected Increase in Compensation for the Current Year	5.75%
Accumulated Contributions for Active Employees	\$1,498,765



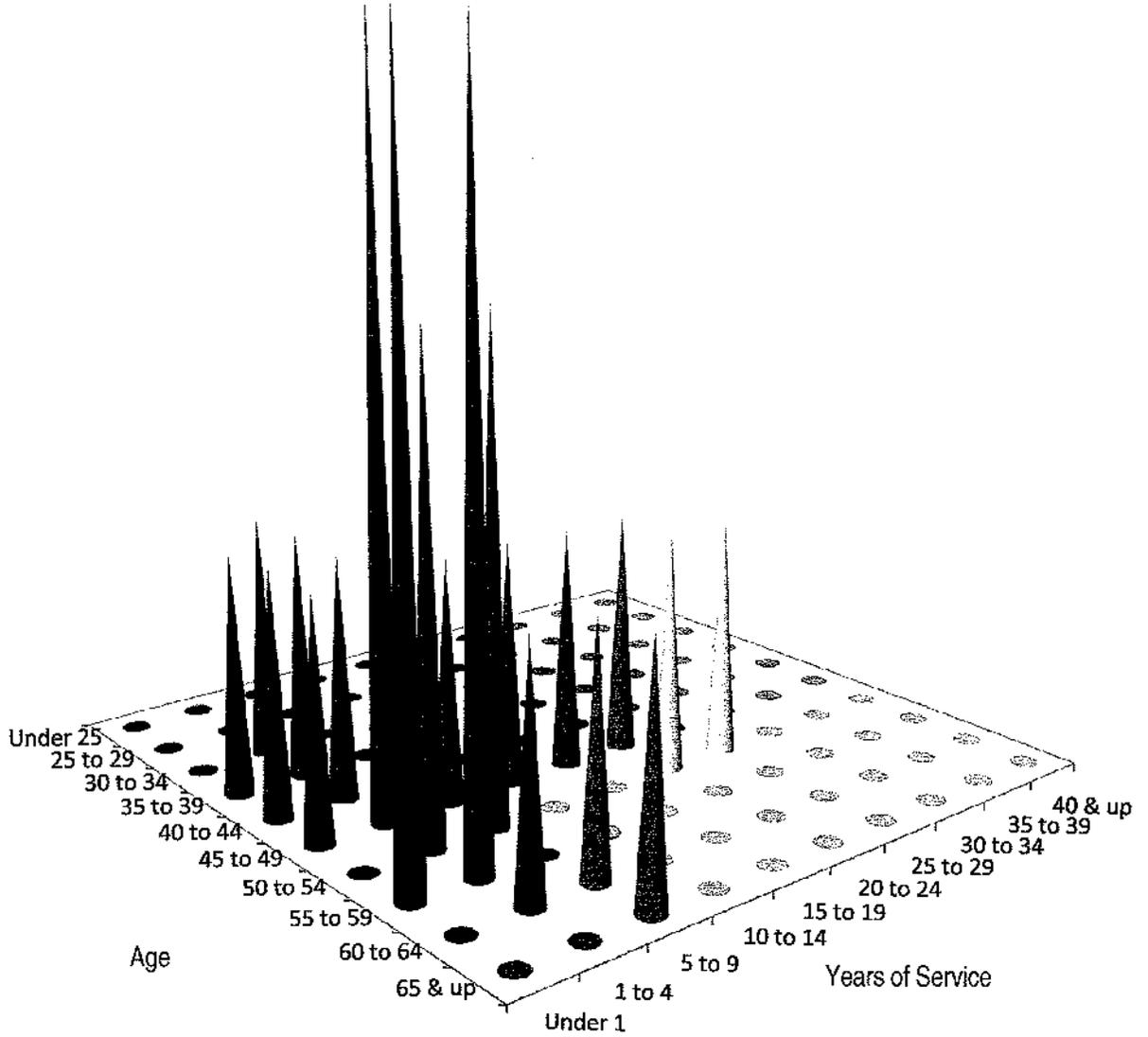
Active Participant Statistics From Prior Valuations

	Average Age	Average Service	Average Salary	Average Expected Salary Increase	Average Actual Salary Increase
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%
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%



Active Age-Service Distribution

Table IV-D



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



Active Age-Service-Salary Table

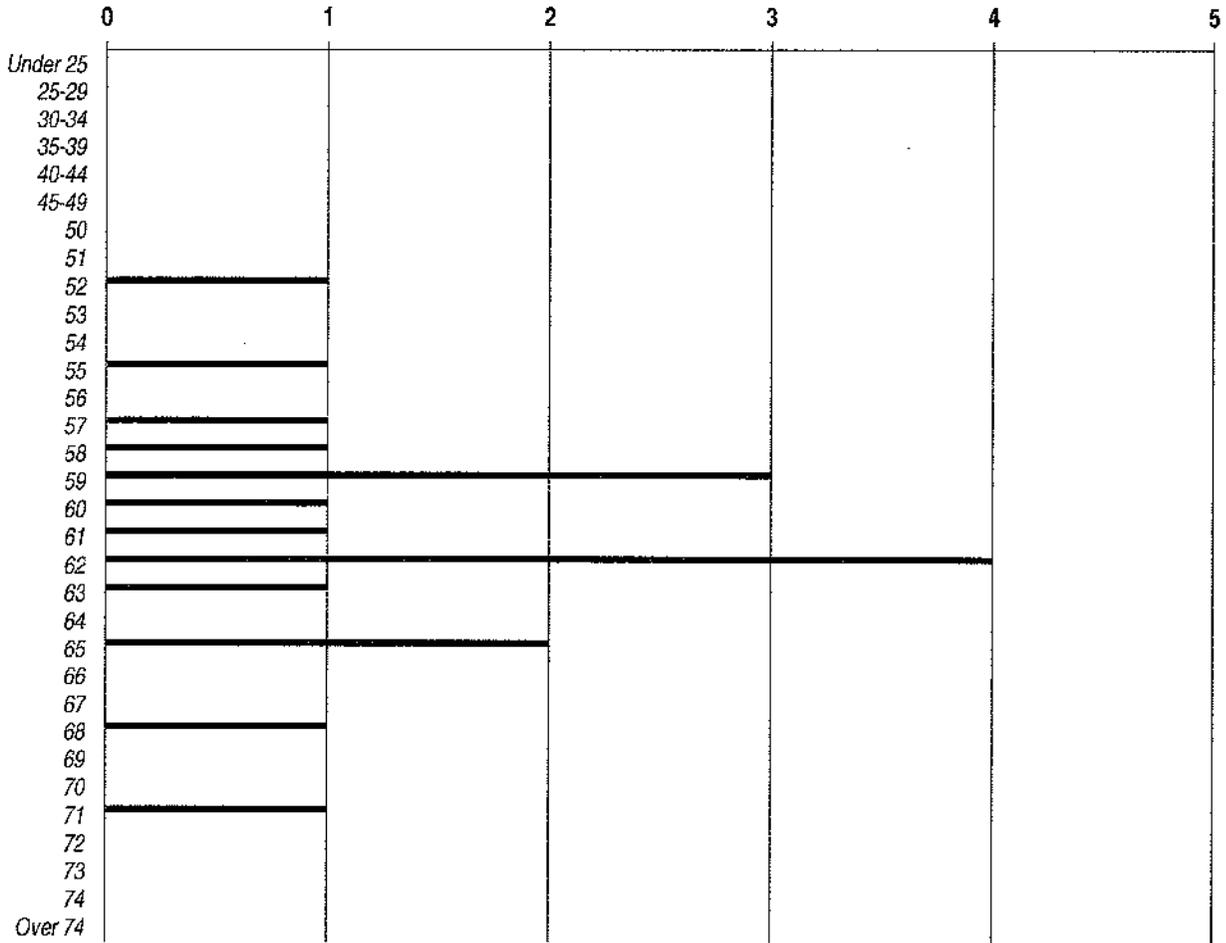
Table IV-E

Attained Age	Completed Years of Service										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	106,597	0	0	0	0	0	0	0	0	0	106,597
35 to 39	1	1	0	0	0	0	0	0	0	0	0	2
Avg.Pay	70,278	44,093	0	0	0	0	0	0	0	0	0	57,186
40 to 44	1	1	0	0	0	0	0	0	0	0	0	2
Avg.Pay	98,357	87,100	0	0	0	0	0	0	0	0	0	92,729
45 to 49	1	3	1	1	1	1	0	0	0	0	0	8
Avg.Pay	74,239	59,312	86,479	116,334	102,631	63,998	0	0	0	0	0	77,702
50 to 54	0	2	2	0	0	1	1	0	0	0	0	6
Avg.Pay	0	115,591	52,455	0	0	210,049	93,094	0	0	0	0	106,539
55 to 59	3	3	0	0	0	0	0	0	0	0	0	6
Avg.Pay	104,622	90,794	0	0	0	0	0	0	0	0	0	97,708
60 to 64	0	1	1	0	0	0	0	0	0	0	0	2
Avg.Pay	0	80,600	82,370	0	0	0	0	0	0	0	0	81,485
65 & up	0	0	1	0	0	0	0	0	0	0	0	1
Avg.Pay	0	0	72,800	0	0	0	0	0	0	0	0	72,800
Total	6	12	5	1	1	2	1	0	0	0	0	28
Avg.Pay	92,790	83,324	69,312	116,334	102,631	137,024	93,094	0	0	0	0	88,903



Inactive Participant Data

Table IV-F



Age at Retirement

- Service Retirements
- Disability Retirements
- DROP Participants

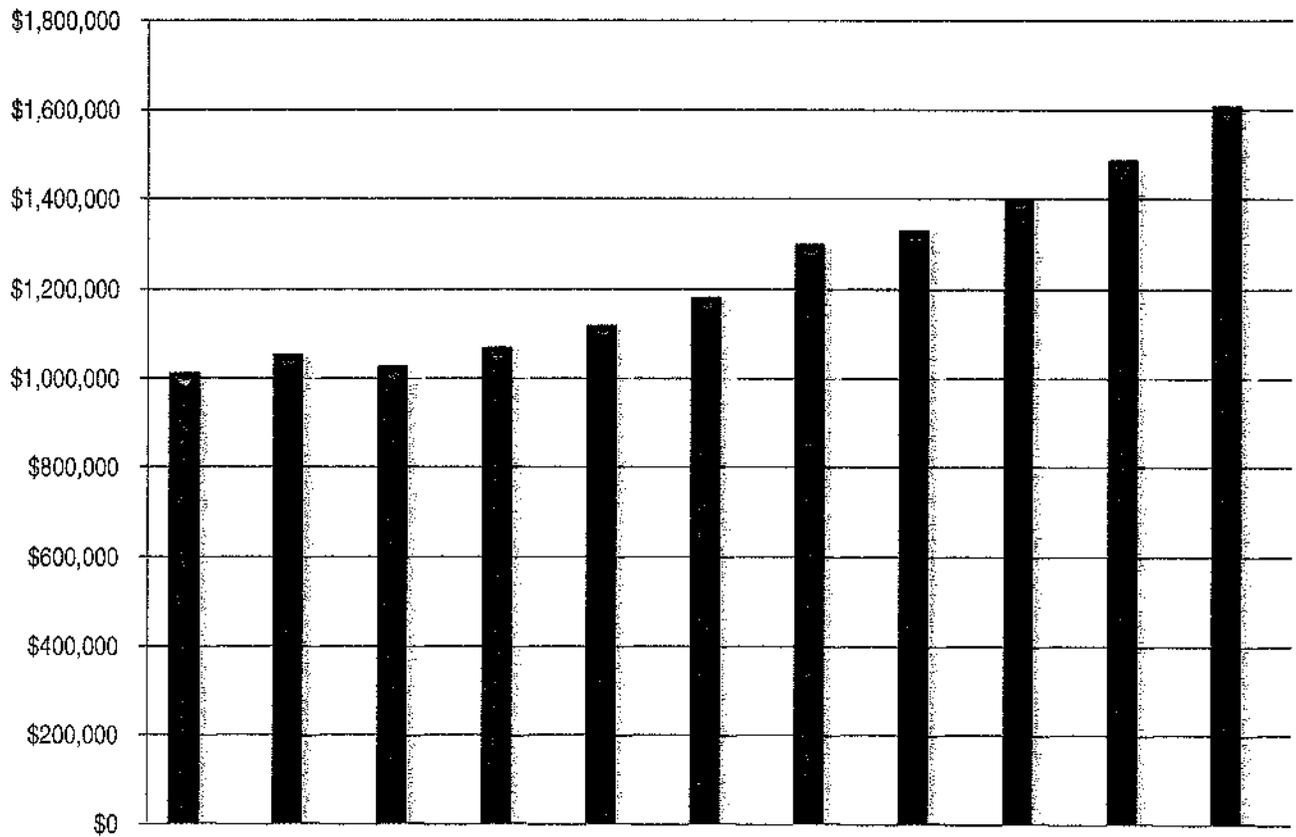
Average Monthly Benefit

Service Retirements	\$4,555.48
Disability Retirements	Not applicable
Beneficiaries Receiving	Not applicable
DROP Participants	Not applicable
Deferred Vested Participants	\$3,386.52
Deferred Beneficiaries	Not applicable



Projected Benefit Payments

Table IV-G



Actual

For the period October 1, 2010 through September 30, 2011 \$1,010,374

Projected

For the period October 1, 2011 through September 30, 2012 \$1,054,817
 For the period October 1, 2012 through September 30, 2013 \$1,027,644
 For the period October 1, 2013 through September 30, 2014 \$1,070,142
 For the period October 1, 2014 through September 30, 2015 \$1,120,262
 For the period October 1, 2015 through September 30, 2016 \$1,181,551
 For the period October 1, 2016 through September 30, 2017 \$1,298,945
 For the period October 1, 2017 through September 30, 2018 \$1,329,865
 For the period October 1, 2018 through September 30, 2019 \$1,400,890
 For the period October 1, 2019 through September 30, 2020 \$1,485,575
 For the period October 1, 2020 through September 30, 2021 \$1,608,429



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, projected to 2007 by Scale AA, as published by the IRS for purposes of IRC section 430
- Post-retirement mortality: Sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants, projected to 2007 by Scale AA, as published by the IRS for purposes of IRC section 430



Summary of Actuarial Methods and Assumptions

Table V-A

(continued)

- 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.
- 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

No actuarial assumptions or methods were changed since the completion of the previous valuation.



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 66 $\frac{2}{3}$ % 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.



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

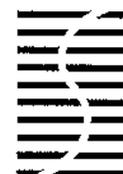
The City is required to make periodic contributions at least on a quarterly basis as determined under Chapter 112, Florida Statutes.

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 7.75% 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).

16. **Plan Effective Date**

The plan was originally effective on January 24, 2003.



Summary of Plan Amendments

Table VI-B

There were no significant plan amendments adopted since the completion of the previous valuation.

