

City of North Miami Beach

Retirement Plan for Police Officers & Firefighters

Actuarial Valuation Report as of October 1, 2014

June 2015



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June 16, 2015

Retirement Committee
Retirement Plan for Police Officers & Firefighters of the
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October 1, 2014 Actuarial Valuation

Ladies and Gentlemen:

This report presents the results of the actuarial valuation of the Retirement Plan ("Plan") for Police Officers & Firefighters of the City of North Miami Beach as of October 1, 2014. The purpose of this report is to provide a summary of the funded status of the plan as of October 1, 2014, to determine the minimum required contribution amount for the fiscal year ending September 30, 2016, and to satisfy State reporting requirements. In addition, this report provides a record of any plan amendments or other plan changes affecting the financial status of the Plan. Use of this report for any other purposes or by anyone other than the Retirement Committee and its auditors may not be appropriate and may result in mistaken conclusions because of failure to understand applicable assumptions, methods, or inapplicability of the report for that purpose. The attached pages should not be provided without a copy of this cover letter. No one may make any representations or warranties based on any statements or conclusions contained in this report without Buck Consultants' written consent.

Summary of Valuation Results

Currently, the Plan receives contributions from the City of North Miami Beach, the State of Florida through Chapter 175/185 and active members. In addition, a City contribution of \$750,000 is required by Ordinance 2010-22 in order to reach a 70% funding level by October 1, 2020. The dollar amount of the City's contribution requirement for the 2015/2016 fiscal year is \$5,456,685 before reflecting the additional contribution required by Ordinance 2010-22 and \$6,206,685 after reflecting the additional requirement. For comparative purposes, the required City contribution for the 2014/2015 fiscal year was \$5,642,645 before reflecting the additional contribution required by Ordinance 2010-22 and \$6,392,645 after reflecting the additional requirement.

The City contribution of \$6,206,685 assumes payments are made monthly. If contributions are made on a quarterly basis, the City contribution requirement is \$6,153,193. The decrease in contribution reflects interest on payments being made earlier into the Plan's assets.

Changes in Actuarial Assumptions Methods and Plan Provisions

This report also provides a record of changes in actuarial assumptions and methods as well as plan amendments or other plan changes affecting the financial status of the System.

Changes in Methods/Assumptions

There have been no changes in assumptions since the prior valuation. The assumptions are outlined in Table XI. These assumptions were based on an experience study performed by Bolton Partners, Inc. except for the following:

- The mortality table used for healthy lives was updated from the RP-2000 Combined Healthy Mortality Table Blended 85% male and 15% female with no adjustment for future mortality improvements to the Fully Generational RP-2000 Combined Healthy Mortality Table for Males and Females with Blue Collar Adjustment with mortality improvements based on Scale AA.
- The assumption regarding DROP membership was updated to reflect updated DROP experience. 80% of eligible active member retirements are assumed to join the DROP, with the remaining 20% retiring without utilizing the DROP.
- A payroll growth assumption of 3.0% was adopted based on the City's expectation for future payroll growth. This compares to the 10-year growth in average payroll of 0.31%. We believe a 3.0% payroll growth assumption is reasonable and consistent with future City expectations given the following facts and circumstances.
 - DROP members now compose 26% of the active police force and current DROP members average 4 years of participation as compared to the maximum 8 years of participation allowed under the Plan. As a result, active membership payroll is expected to increase over the next several years as DROP members retire and new police officers are hired and become active members of the Plan.
 - A reduction of 10 police officers occurred in fiscal 2012, which contributed to the reduction in payroll. Future payroll is expected to normalize as the City does not anticipate continued reductions in the active police force. In fiscal 2014, 8 officers became active members of the plan.
 - Salary declines that occurred in recent years are expected to normalize.

There have been no method changes since the prior valuation. The methods used in the valuation are outlined in Table XI.

Changes in Plan Provisions

There have been no plan changes since the prior valuation. As directed by the Board of Trustees, this valuation does not reflect Ordinance 2013-20. A summary of the plan provisions can be found in Table XII.

Discussion of Valuation Results

The dollar amount of the total required contributions for fiscal year 2015/2016 is \$6,266,661 (108.24% of payroll) before reflecting the additional contribution required by Ordinance 2010-22. For comparative purposes, the total required contribution for the 2014/2015 fiscal year was \$6,413,245 (114.58% of payroll).

The contribution decreased from the prior fiscal year. The main drivers for the change in the total contribution requirements are as follows:

- Overall contributions were expected to increase by \$192,000. This increase reflects level percent of payroll amortization of the unfunded actuarial accrued liability and the expected increase in the Plan's normal cost.
- Gains resulting primarily from favorable investment experience and smaller than expected salaries inclusive of overtime decreased the fiscal 2016 contribution by \$333,000. The rate of return on the Actuarial Value of Asset during the 2013/2014 fiscal year was 10.68%, compared to the assumed return of 8.0%. Pensionable salary decreased by 3.13% versus an expected increase of 5.64%.

After taking into account expected member contributions of \$642,661 (11.1% of payroll) and expected State contributions of \$326,247 (5.63% of payroll), the City's contribution requirement is \$5,297,753 (91.51% of payroll) before reflecting the \$750,000 additional contribution required by Ordinance 2010-22. This compares to \$5,478,296 (97.88% of payroll) required for the prior fiscal year.

Financial and Member Data

This valuation was performed using employee and financial data supplied by the City of North Miami Beach. The census data was received as of October 1, 2014. Buck did not audit this data, although it was reviewed for reasonableness and consistency with the prior year's information. The results of the valuation are dependent on the accuracy of the data. Tables IX through IXd provide a summary of the data used in the valuation.

Contents of the Report

A summary of the results of the valuation is presented in Table I. Information for the auditors can be found in Tables III. The disclosure information required by Chapter 112, Florida Statutes, is presented in Table IV-V. Tables VI through VIII provide information about the fund's assets. Tables VIIa-VIII provides a historical record of the growth, expenditures, and annual returns of the Plan. Tables IX through IXd provide information regarding the participant population.

Certification

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

Future actuarial measurements may differ significantly from current measurements due to plan experience differing from that anticipated by the economic and demographic assumptions, increases or decreases expected as part of the natural operation of the methodology used for these measurements, and changes in plan provisions or applicable law. Because of limited scope, Buck performed no analysis of the potential range of such differences. As directed by the Board of Trustees, this valuation does not reflect Ordinance 2013-20. Results reflecting the plan provisions as outlined in Ordinance 2013-20 may vary significantly from the results presented herein.

This valuation was prepared in accordance with the standards of practice prescribed by the Actuarial Standards Board, based on the current provisions of the Retirement Plan and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the Plan. We are members of the American Academy of Actuaries and meet the Academy's qualification standards to issue this Statement of Actuarial opinion. We are available to answer questions regarding any of the content within this report.

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Summary of Valuation Results

Table I

	October 1, 2013	October 1, 2014
1. Number of Members		
a. Active Members	62	69
b. DROP Members	32	24
c. Deferred Vested Members	0	0
d. Retired Members:		
i. Non-disabled	101	109
ii. Disabled	9	8
iii. Beneficiaries	7	7
iv. Sub-total	117	124
e. Total Members	211	217
2. Total Annual Compensation	\$ 5,369,379	\$ 5,356,654
3. Valuation Payroll	\$ 5,597,265	\$ 5,789,742
4. DROP Member Benefits	\$ 2,033,572	\$ 1,545,179
5. Retired Member Benefits	\$ 5,985,383	\$ 6,611,976
6. Annual Contribution		
a. Present Value of Future Benefits	\$ 138,954,454	\$ 140,834,354
b. Present Value of Future Normal Cost	11,491,809	11,832,904
<i>City Portion</i>	6,860,208	7,064,349
<i>Member Portion</i>	4,631,601	4,768,555
c. Actuarial Accrued Liability (AAL)	127,462,645	129,001,450
d. Actuarial Value of Assets	(80,343,929)	(87,751,626)
e. Unfunded AAL (UAAL)	\$ 47,118,716	\$ 41,249,824
f. Normal Cost	\$ 1,616,907	\$ 1,670,254
g. Amortization Amount	3,926,203	3,702,813
h. Administrative Expenses	628,038	657,030
i. Interest for Monthly Payments	242,097	236,564
j. Total	\$ 6,413,245	\$ 6,266,661
k. Expected Member Contributions	\$ 621,296	\$ 642,661
l. Expected State Contributions	313,653	326,247
m. Estimated City Contributions	5,478,296	5,297,753
n. Total	\$ 6,413,245	\$ 6,266,661
7. Annual Contributions (as a % of Valuation Payroll)		
a. Total Required Contributions	114.58%	108.24%
b. Expected Member Contributions	11.10%	11.10%
c. Expected State Contributions	5.60%	5.63%
d. Estimated City Contributions	97.88%	91.51%
8. Contribution Required by Ordinance 2010-22	\$ 750,000	\$ 750,000
9. City Contribution for the Following Fiscal Year	\$ 6,392,645	\$ 6,206,685

Gain and Loss Analysis

Table II

1. Actual Unfunded Accrued Liability as of October 1, 2013	\$	47,118,716
2. Expected Change in Unfunded Liability During the 2013/2014 Plan Year		
a. Due to Employer Normal Cost and Admin/Investment Expenses*	\$	1,788,254
b. Due to Interest on the Unfunded Liability		3,769,497
c. City and State Contributions**		(6,683,916)
d. Due to Interest on City and State Contributions		(262,213)
e. Total Expected Change	\$	(1,388,378)
3. Expected Unfunded Accrued Liability as of October 1, 2014	\$	45,730,338
4. Change in Unfunded Liability During the 2013/2014 Plan Year Due to:		
a. Method Changes	\$	0
b. Assumption Changes		0
c. Plan Amendments		0
d. Experience (Gain)/Loss		(4,480,514)
e. Total Change	\$	(4,480,514)
5. Actual Unfunded Accrued Liability as of October 1, 2014	\$	41,249,824
6. Development of Outstanding Amortization Obligations as of October 1, 2014		
a. Expected Outstanding Obligations as of October 1, 2014	\$	46,647,917
b. Assumption Changes		0
c. Plan Amendments		0
d. Experience (Gain)/Loss		(4,480,514)
e. (Gain)/Loss due to Contribution Timing		(917,579)
f. Total Outstanding Obligations as of October 1, 2014	\$	41,249,824
7. Items Affecting Calculation of Accrued Liability		
a. Plan provisions reflected in the accrued liability (see Table XII on page 36)		
b. Changes in plan provisions reflected in the accrued liability in 4.c. above (see Table XII on page 36)		
c. Actuarial assumptions and methods used to determine accrued liability (see Table XI on page 33)		
d. Changes in actuarial assumptions and methods reflected in items 4.a. and 4.b. above (see Table XI on page 33)		

* The normal cost represents the employer portion only, net of actual employee contributions and including actual administrative and investment expenses.

** City and State Contributions of \$7,148,508 less State Contributions reserved for future benefit improvements of \$60,612 less one-time use of \$403,980 excess premium tax reserves (see Table VIc on page 21).

Gain and Loss Analysis (continued)

Table II

8. Expected Unfunded Accrued Liability Contribution Rate as of October 1, 2014		70.15%
9. Net Actuarial (Gains)/Losses During the 2013/2014 Plan Year		
a. Due to Salary/Service/Data	(2.21%)	
b. Due to Investment Performance	(2.36%)	
c. Due to Mortality	(0.30%)	
d. Due to Turnover/Retirements	0.13%	
e. Due to Difference and Timing in Contributions	(1.04%)	
f. Due to New Members	0.00%	
g. Total	(5.78%)	
10. Change in Unfunded Accrued Liability Rate During the 2013/2014 Plan Year Due to:		
a. Decrease in payroll growth assumption	0.00%	
b. Assumption changes	0.00%	
c. Plan amendments	0.00%	
d. Total Change	0.00%	
11. Other Effects		(0.42%)
12. Unfunded Accrued Liability Contribution Rate as of October 1, 2014		63.95%
13. Comments on Change in Unfunded Accrued Liability Contribution Rate:		

Salary/Service/Data: Average pensionable salary increases of -3.13% compared to expected increases of 5.64%.

Investment Performance: 10.68% actual vs. 8.00% expected return on the actuarial value of assets.

Mortality: Net effect on the valuation liabilities of actual deaths different from what was anticipated in the aggregate by the assumptions.

Due to turnover/retirements: Net effect on valuation liabilities of actual terminations of employment, retirements (including DROP), and disabilities different from what was anticipated in the aggregate by the assumptions.

Due to Differences and Timing of Contributions: Due to the one year lag of when the required contribution is determined and when it is deposited into the Plan's assets.

Assumption changes: None.

Plan amendments: None.

Other effects: Overall payroll decreases and adjustments in the amortization of the unfunded actuarial accrued liability.

Present Value of Accrued Benefits - Funding Interest Rate

Table III

1. Actuarial Present Value of Accrued Benefits

	October 1, 2013	October 1, 2014
a. Vested Accrued Benefits:		
i. Inactive members and beneficiaries	\$ 107,018,378	\$ 108,824,336
ii. Active members	9,375,766	7,794,056
iii. Sub-total	<u>\$ 116,394,144</u>	<u>\$ 116,618,392</u>
b. Non-vested Accrued Benefits	<u>7,533,121</u>	<u>9,950,175</u>
c. Total Benefits	\$ 123,927,265	\$ 126,568,567
d. Market Value of Assets	\$ 86,242,705	\$ 93,685,459
e. Percentage Funded	69.6%	74.0%
f. Interest Rate	8.00%	8.00%

2. Statement of Changes in Total Actuarial Present Value of All Accrued Benefits

a. Actuarial Present Value as of October 1, 2013	\$ 123,927,265
b. Increase (Decrease) During 2013/2014 Plan Year Attributable to:	
i. Interest	\$ 9,561,075
ii. Benefits accumulated	1,907,873
iii. Benefits paid	(8,827,646)
iv. Plan amendments	0
v. Changes in actuarial assumptions or methods	0
vi. Net increase (decrease)	<u>\$ 2,641,302</u>
c. Actuarial Present Value as of October 1, 2014	\$ 126,568,567

3. Items Affecting Calculation of Actuarial Present Value of Accrued Benefits

- a. Plan provisions reflected in the accrued benefits (see Table XII page 36)
- b. Changes in plan provisions reflected in the accrued liability in 2.b.iv. above (see Table XII on page 36)
- c. Actuarial assumptions and methods used to determine present values (see Table XI on page 33)
- d. Changes in actuarial assumptions and methods reflected in item 2.b.v. above (see Table XI on page 33)

Information Req. by Florida Statute (Chap. 112)

Table IV

				October 1, 2014		
				Police	Firefighters	Total
1. Participant Data						
a. Active members:						
i. Number		69		0		69
ii. Total annual payroll	\$	5,356,654	\$	0	\$	5,356,654
iii. Valuation annual payroll		5,789,742		0		5,789,742
b. DROP members						
i. Number	\$	24	\$	0	\$	24
ii. Total annualized benefit		1,545,179		0		1,545,179
iii. Accumulated balances		6,524,255		0		6,524,255
c. Retired members and beneficiaries:						
i. Number		102		14		116
ii. Total annualized benefit (excludes iii. below)	\$	5,825,607	\$	636,244	\$	6,461,851
iii. 9.5% benefit increase		n/a		53,607		53,607
d. Disabled members receiving benefits:						
i. Number		8		0		8
ii. Total annualized benefit	\$	150,125	\$	0	\$	150,125
e. Terminated vested members:						
i. Number		0		0		0
ii. Total annualized benefit	\$	0	\$	0	\$	0
2. Assets						
a. Actuarial Value of Assets (allocated)	\$	84,459,982	\$	3,291,644	\$	87,751,626
b. Market Value of Assets						93,685,459
3. Liabilities						
a. Present value of all future expected benefit payments:						
i. Active members:						
Retirement benefits	\$	31,058,490	\$	0	\$	31,058,490
Vesting benefits		498,343		0		498,343
Disability benefits		1,180,067		0		1,180,067
Death benefits		430,371		0		430,371
Return of member contributions		(1,157,253)		0		(1,157,253)
Sub-total	\$	32,010,018	\$	0	\$	32,010,018
ii. DROP members	\$	27,263,116	\$	0	\$	27,263,116
iii. Terminated vested members	\$	0	\$	0	\$	0
iv. Retired members and beneficiaries:						
Retired (other than disabled) and beneficiaries	\$	75,548,932	\$	4,850,172	\$	80,399,104
Disabled members		1,162,116		0		1,162,116
Sub-total	\$	76,711,048	\$	4,850,172	\$	81,561,220
v. Total present value of all prospective benefits	\$	135,984,182	\$	4,850,172	\$	140,834,354

Information Req. by Florida Statute (Chap. 112) (continued) Table IV

	October 1, 2014		
	Police	Firefighters	Total
b. Liabilities due and unpaid	\$ 0	\$ 0	\$ 0
c. Actuarial accrued liability	\$ 124,151,278	\$ 4,850,172	\$ 129,001,450
d. Unfunded actuarial accrued liability	\$ 39,691,296	\$ 1,558,528	\$ 41,249,824
4. Actuarial Present Value of Accrued Benefits (refer to Table IV for further details)	\$ 121,718,395	\$ 4,850,172	\$ 126,568,567
5. Pension Cost			
a. Normal cost plus interest for monthly payments			
Retirement benefits	\$ 1,430,042	\$ 0	\$ 1,430,042
Vesting benefits	64,448	0	64,448
Disability benefits	121,419	0	121,419
Death benefits	54,345	0	54,345
Return of member contributions	0	0	0
Total normal cost	<u>\$ 1,670,254</u>	<u>\$ 0</u>	<u>\$ 1,670,254</u>
Administrative expenses	632,384	24,646	657,030
Interest for monthly payments	90,334	966	91,300
Total normal cost including administrative expenses	<u>2,392,972</u>	<u>25,612</u>	<u>2,418,584</u>
As a % of valuation payroll			41.77%
b. Payment to amortize unfunded liability	\$ 3,639,876	\$ 208,201	\$ 3,848,077
As a % of valuation payroll			66.46%
c. Expected State Contribution	\$ 265,443	\$ 60,804	\$ 326,247
As a % of valuation payroll			5.63%
d. Amount to be contributed by members	\$ 642,661	\$ 0	\$ 642,661
As a % of valuation payroll			11.10%
e. Expected City Contribution:	\$ 5,124,744	\$ 173,009	\$ 5,297,753
As a % of valuation payroll			91.50%
g. Expected City Contribution for the following fiscal year:	\$ 5,278,486	\$ 178,199	\$ 5,456,686
6. Past Contributions (for year ending September 30, 2014)			
a. Required Employer and State contribution	\$ 5,815,259	\$ 228,581	\$ 6,043,840
b. Actual contribution made by:			
i. Employer			\$ 6,357,669
ii. State			326,247
iii. Members			585,539
iv. Members buybacks			190,210

Information Req. by Florida Statute (Chap. 112) (continued) Table IV

	October 1, 2014		
	Police	Firefighters	Total
7. Net actuarial (gain)/loss	\$ (5,350,565)	\$ (47,528)	\$ (5,398,093)
8. Other disclosures			
a. Present value of active members':			
i. Future salaries:			
at attained age	\$ 42,959,957	\$ 0	\$ 42,959,957
at entry age	n/a	n/a	n/a
ii. Future contributions:			
at attained age	\$ 4,768,555	\$ 0	\$ 4,768,555
at entry age	n/a	n/a	n/a
b. Present value of future contributions from City and State	\$ 7,064,349	\$ 0	\$ 7,064,349
c. Present value of future expected benefit payments for active members at entry age	n/a	n/a	n/a
d. Amount of active members' accumulated contributions	\$ 6,779,902	\$ 0	\$ 6,779,902

Information Req. by Florida Statute (Chap. 112) (continued) Table IV

October 1, 2013			
	Police	Firefighters	Total
1. Participant Data			
a. Active members:			
i. Number	62	0	62
ii. Total annual payroll	\$ 5,369,379	\$ 0	\$ 5,369,379
iii. Valuation annual payroll	5,597,265	0	5,597,265
b. DROP members			
i. Number	\$ 32	\$ 0	\$ 32
ii. Total annualized benefit	2,033,572	0	2,033,572
iii. Accumulated balances	6,436,886	0	6,436,886
c. Retired members and beneficiaries:			
i. Number	94	14	108
ii. Total annualized benefit (excludes iii. below)	\$ 5,195,377	\$ 636,244	\$ 5,831,621
iii. 9.5% benefit increase	n/a	53,607	53,607
d. Disabled members receiving benefits:			
i. Number	9	0	9
ii. Total annualized benefit	\$ 153,762	\$ 0	\$ 153,762
e. Terminated vested members:			
i. Number	0	0	0
ii. Total annualized benefit	\$ 0	\$ 0	\$ 0
2. Assets			
a. Actuarial Value of Assets (allocated)	\$ 77,054,989	\$ 3,288,940	\$ 80,343,929
b. Market Value of Assets			86,242,705
3. Liabilities			
a. Present value of all future expected benefit payments:			
i. Active members:			
Retirement benefits	\$ 30,390,097	\$ 0	\$ 30,390,097
Vesting benefits	467,172	0	467,172
Disability benefits	1,157,445	0	1,157,445
Death benefits	428,561	0	428,561
Return of member contributions	(507,199)	0	(507,199)
Sub-total	\$ 31,936,076	\$ 0	\$ 31,936,076
ii. DROP members	\$ 33,758,304	\$ 0	\$ 33,758,304
iii. Terminated vested members	\$ 0	\$ 0	\$ 0
iv. Retired members and beneficiaries:			
Retired (other than disabled) and beneficiaries	\$ 67,080,763	\$ 4,984,822	\$ 72,065,585
Disabled members	1,194,489	0	1,194,489
Sub-total	\$ 68,275,252	\$ 4,984,822	\$ 73,260,074
v. Total present value of all prospective benefits	\$ 133,969,632	\$ 4,984,822	\$ 138,954,454

Information Req. by Florida Statute (Chap. 112) (continued) Table IV

	October 1, 2013		
	Police	Firefighters	Total
b. Liabilities due and unpaid	\$ 0	\$ 0	\$ 0
c. Actuarial accrued liability	\$ 122,477,823	\$ 4,984,822	\$ 127,462,645
d. Unfunded actuarial accrued liability	\$ 45,422,834	\$ 1,695,882	\$ 47,118,716
4. Actuarial Present Value of Accrued Benefits (refer to Table IV for further details)	\$ 118,942,443	\$ 4,984,822	\$ 123,927,265
5. Pension Cost			
a. Normal cost plus interest for monthly payments			
Retirement benefits	\$ 1,392,449	\$ 0	\$ 1,392,449
Vesting benefits	59,980	0	59,980
Disability benefits	113,231	0	113,231
Death benefits	51,247	0	51,247
Return of member contributions	0	0	0
Total normal cost	<u>\$ 1,616,907</u>	<u>\$ 0</u>	<u>\$ 1,616,907</u>
Administrative expenses	602,329	25,709	628,038
Interest for monthly payments	87,062	1,008	88,070
Total normal cost including administrative expenses	<u>\$ 2,306,298</u>	<u>\$ 26,717</u>	<u>\$ 2,333,015</u>
As a % of valuation payroll			41.69%
b. Payment to amortize unfunded liability	\$ 3,863,244	\$ 216,986	\$ 4,080,230
As a % of valuation payroll			72.90%
c. Expected State Contribution	\$ 255,402	\$ 58,251	\$ 313,653
As a % of valuation payroll			5.60%
d. Amount to be contributed by members	\$ 621,296	\$ 0	\$ 621,296
As a % of valuation payroll			11.10%
e. Expected City Contribution:	\$ 5,292,844	\$ 185,452	\$ 5,478,296
As a % of valuation payroll			97.89%
g. Expected City Contribution for the following fiscal year:	\$ 5,451,630	\$ 191,016	\$ 5,642,645
6. Past Contributions (for year ending September 30, 2013)			
a. Required Employer and State contribution	\$ 5,513,096	\$ 158,398	\$ 5,671,494
b. Actual contribution made by:			
i. Employer			\$ 6,079,918
ii. State			313,653
iii. Members			644,717
iv. Members buybacks			600,872

Information Req. by Florida Statute (Chap. 112) (continued) Table IV

	October 1, 2013		
	Police	Firefighters	Total
7. Net actuarial (gain)/loss	(\$2,242,367)	\$ 200,722	(\$2,041,645)
8. Other disclosures			
a. Present value of active members':			
i. Future salaries:			
at attained age	\$ 41,726,131	\$ 0	\$ 41,726,131
at entry age	n/a	n/a	n/a
ii. Future contributions:			
at attained age	\$ 4,631,601	\$ 0	\$ 4,631,601
at entry age	n/a	n/a	n/a
b. Present value of future contributions from City and State	\$ 6,860,208	\$ 0	\$ 6,860,208
c. Present value of future expected benefit payments for active members at entry age	n/a	n/a	n/a
d. Amount of active members' accumulated contributions	\$ 6,153,955	\$ 0	\$ 6,153,955

Projection of Benefit Payments

Table IVa

Fiscal Year Beginning	Emerging Retirees	Retired Members	Total
2014	\$ 53,691	\$ 6,648,910	\$ 6,702,601
2015	147,138	6,183,954	6,331,092
2016	315,740	9,445,300	9,761,041
2017	717,730	7,640,981	8,358,711
2018	1,015,086	11,168,604	12,183,690
2019	1,545,756	9,610,870	11,156,626
2020	1,872,963	8,640,783	10,513,747
2021	2,146,018	14,753,590	16,899,608
2022	2,316,712	10,677,402	12,994,114
2023	2,387,249	8,355,989	10,743,239
2024	2,643,396	8,394,627	11,038,022
2025	2,887,119	8,438,454	11,325,573
2026	3,153,242	8,461,299	11,614,542
2027	3,496,683	8,487,455	11,984,138
2028	3,744,597	8,482,247	12,226,844

Unfunded Liability Bases

Table V

Description	Outstanding Balance as of October 1, 2013	2013/2014 Amortization Payment	Outstanding Balance as of October 1, 2014	2014/2015 Amortization Payment	Years Remaining October 1, 2014
Police Officers					
1. 10/1/1989 Unfunded Liability	2,867,459	\$ 536,278	\$ 2,517,675	\$ 552,367	5
2. 10/1/1990 Actuarial Losses	2,309,025	378,565	2,084,897	389,922	6
3. 10/1/1991 Actuarial Gains	(3,894,013)	(571,218)	(3,588,619)	(588,354)	7
4. 10/1/1992 Actuarial Gains	(1,009,700)	(134,601)	(945,107)	(138,639)	8
5. 10/1/1993 Actuarial Gains	(1,995,477)	(244,719)	(1,890,819)	(252,061)	9
6. 10/1/1994 Actuarial Losses	2,529,169	288,171	2,420,278	296,816	10
7. 10/1/1994 Plan Amendment	865,253	98,586	828,000	101,543	10
8. 10/1/1995 Actuarial Gains	(3,948,350)	(421,368)	(3,809,141)	(434,009)	11
9. 10/1/1995 Assumption Change	1,552,815	165,716	1,498,067	170,688	11
10. 10/1/1996 Actuarial Gains	(430,167)	(43,292)	(417,825)	(44,590)	12
11. 10/1/1996 Assumption Change	(197,291)	(19,855)	(191,631)	(20,451)	12
12. 10/1/1996 Plan Amendment	11,248,631	1,132,051	10,925,906	1,166,013	12
13. 10/1/1997 Actuarial Gains	(1,698,917)	(162,165)	(1,659,692)	(167,030)	13
14. 10/1/1997 Plan Amendment	4,320,271	412,378	4,220,524	424,750	13
15. 10/1/1997 Assumption Change	(7,475,194)	(713,522)	(7,302,606)	(734,927)	13
16. 10/1/1998 Actuarial Losses	357,778	32,551	351,245	33,527	14
17. 10/1/1998 Plan Amendment	1,480,658	134,710	1,453,624	138,751	14
18. 10/1/1999 Actuarial Gains	(1,159,815)	(101,006)	(1,143,514)	(104,037)	15
19. 10/1/2000 Actuarial Losses	1,634,186	136,741	1,617,241	140,843	16
20. 10/1/2001 Actuarial Losses	14,233,106	1,148,044	14,131,867	1,182,485	17
21. 10/1/2001 Assumption Change	1,950,988	157,367	1,937,111	162,088	17
22. 10/1/2001 Methodology Change	(12,707,228)	(1,024,966)	(12,616,843)	(1,055,715)	17
23. 10/1/2001 Plan Amendment - Police	(107,952)	(8,707)	(107,185)	(8,969)	17
24. 10/1/2002 Actuarial Losses	9,626,193	750,654	9,585,582	773,174	18
25. 10/1/2002 Assumption Change	4,437,782	346,060	4,419,060	356,442	18
26. 10/1/2003 Actuarial Gains	(1,514,312)	(114,460)	(1,511,840)	(117,894)	19
27. 10/1/2003 Plan Amendment - Police	1,601,406	121,043	1,598,792	124,674	19
28. 10/1/2004 Plan Amendment - Police	244,824	17,979	244,993	18,518	20
29. 10/1/2004 Plan Amendment - Police	492,166	36,142	492,506	37,226	20
30. 10/1/2004 Assumption Change	742,533	54,528	743,045	56,163	20
31. 10/1/2004 Actuarial Losses	6,999,529	514,008	7,004,363	529,429	20
32. 10/1/2005 Actuarial Losses	3,107,852	222,194	3,116,511	228,860	21
33. 10/1/2005 Methodology Change	961,122	68,715	963,800	70,776	21
34. 10/1/2006 Assumption Change	659,281	45,976	662,369	47,356	22
35. 10/1/2006 Actuarial Losses	1,972,083	137,528	1,981,319	141,653	22
36. 10/1/2007 Assumption Change	(407,916)	(27,795)	(410,531)	(28,629)	23
37. 10/1/2007 Actuarial Gains	(1,438,371)	(98,011)	(1,447,589)	(100,951)	23
38. 10/1/2008 Actuarial Losses	2,062,335	137,523	2,078,797	141,649	24
39. 10/1/2009 Actuarial Losses	3,028,537	197,918	3,057,069	203,856	25
40. 10/1/2010 Actuarial Gains	(477,014)	(30,590)	(482,138)	(31,508)	26
41. 10/1/2010 Assumption Change	(1,096,927)	(70,345)	(1,108,709)	(72,455)	26
42. 10/1/2011 Actuarial Losses	1,337,960	84,299	1,353,954	86,828	27
43. 10/1/2012 Actuarial Losses	251,529	15,587	254,817	16,055	28
44. 10/1/2012 Assumption Change	4,349,376	269,531	4,406,233	277,617	28
44. 10/1/2013 Actuarial Gains	(2,242,367)	(136,815)	(2,273,996)	(140,920)	29
45. 10/1/2014 Actuarial Gains	-	-	(5,350,565)	(326,458)	30
Total - Police Officers	\$ 45,422,836	\$ 3,717,408	\$ 39,691,295	\$3,502,472	

Unfunded Liability Bases (continued)

Table Va

Description	Outstanding Balance as of October 1, 2013	2013/2014 Amortization Payment	Outstanding Balance as of October 1, 2014	2014/2015 Amortization Payment	Years Remaining October 1, 2014
Firefighters*					
1. 10/1/2014 Unfunded Liability	\$1,695,883	\$208,795	\$1,606,055	\$206,451	9.4200
2. 10/1/2014 Actuarial Losses	-	-	-	-	9.4200
3. 10/1/2014 Actuarial Gains	-	-	(47,528)	(6,110)	9.4200
Total - Firefighters	\$ 1,695,883	\$ 208,795	\$ 1,558,527	\$ 200,341	
Grand Total	\$ 47,118,719	\$ 3,926,203	\$ 41,249,822	\$3,702,813	

<u>Date</u>	<u>Projected Unfunded Liability</u>
October 1, 2014	\$ 41,249,822
October 1, 2015	40,550,770
October 1, 2016	39,675,822
October 1, 2044	0

*The unfunded actuarial accrued liability for firefighters is amortized over the average future lifetime of the firefighters.

Assets

Table VI

	October 1, 2013	October 1, 2014
1. Market Value of Assets*		
a. Cash and cash equivalents (3.3%)	\$ 3,344,891	\$ 3,082,099
b. U.S. government bonds & notes (25.3%)	13,816,343	23,694,714
c. Corporate bonds (3.8%)	12,010,175	3,524,081
d. Equities (54.3%)	50,780,947	50,847,652
e. Insurance contracts (0.0%)	0	0
f. Real estate (3.8%)	3,334,475	3,653,547
g. Mortgages/loans (0.0%)	0	0
h. Other assets (9.7%)	0	9,054,673
i. Accrued income receivable (0.2%)	241,288	191,795
j. Supplemental state contribution receivable (0.2%)	162,270	183,892
k. Other receivables (0.0%)	2,734,893	0
l. Benefits payable (0.0%)	0	0
m. Other payables (-0.5%)	(117,782)	(473,207)
n. Excess state contributions (Police) (-0.1%)	(64,795)	(73,787)
o. Market Value of Assets	<u>\$ 86,242,705</u>	<u>\$ 93,685,459</u>

* The percentages in parentheses indicate the proportion of assets committed to each type of investment as of October 1, 2014.

Asset Reconciliation

Table VIa

Year Ending	September 30, 2013	September 30, 2014
1. Market Value of Assets as of the beginning of the year	\$ 77,518,560	\$ 86,242,705
2. Increases Due to:		
a. Contributions:		
i. Employer	\$ 6,079,918	\$ 6,357,669
ii. Members	644,717	585,539
iii. Member buybacks	600,872	190,210
iv. State 185	255,402	265,443
v. State 175 regular	299,960	332,512
vi. State 175 supplemental	162,270	183,892
vii. Total	<u>\$ 8,043,139</u>	<u>\$ 7,915,265</u>
b. Investment income (interest and dividends)	2,289,692	2,225,741
c. Realized and unrealized gains/(losses)	8,076,298	6,753,830
d. Other Income	127,380	1,512
e. Total increases	<u>\$ 10,493,370</u>	<u>\$ 8,981,083</u>
3. Decreases Due to:		
a. Benefit payments annuities	\$ (6,011,147)	\$ (6,802,248)
b. Benefit payments DROP distributions	(3,146,712)	(2,022,636)
b. Refund of member contributions	(51,208)	(2,762)
c. Investment expenses	(415,157)	(446,619)
d. Administrative expenses	(188,140)	(179,329)
e. Adjustment	0	0
f. Total decreases	<u>\$ (9,812,364)</u>	<u>\$ (9,453,594)</u>
4. Market Value of Assets as of the end of the year	\$ 86,242,705	\$ 93,685,459

Reconciliation of DROP Accounts

Table VIb

Year Ending	September 30, 2013	September 30, 2014
1. Market Value of Assets as of the beginning of the year	\$ 6,951,913	\$ 6,436,886
2. Increases Due to:		
a. Contributions to DROP Accounts	\$ 2,129,718	\$ 1,654,169
b. Investment Return	501,967	455,836
c. Total increases	\$ 2,631,685	\$ 2,110,005
3. Decreases Due to:		
a. Pension Payments	\$ (3,146,712)	\$ (2,022,636)
b. Expense Charges	0	0
c. Total decreases	\$ (3,146,712)	\$ (2,022,636)
4. Market Value of Assets as of the end of the year	\$ 6,436,886	\$ 6,524,255

Use of State Premium Tax Contributions

Table VIc

Year Ending	September 30, 2013	September 30, 2014
Total		
1. Accumulated balance at the beginning of the year	\$ 326,297	\$ 415,168 **
2. State Contributions	717,632	790,839
3. One-time use for benefit improvements	(315,108)	(403,980)
4. Amount to be used by the City	(410,644) *	(326,247)
5. Increase in accumulated balance during the year	<u>(8,120)</u>	<u>60,612</u>
6. Accumulated balance at the end of the year (1. + 5.)	\$ 318,177	\$ 475,780
Police Officers		
1. Accumulated balance at the beginning of the year	\$ 64,795	\$ 64,795
2. State Contributions	255,402	274,435
3. One-time use for benefit improvements	0	0
4. Amount to be used by the City	(255,402)	(265,443)
5. Increase in accumulated balance during the year	<u>0</u>	<u>8,992</u>
6. Accumulated balance at the end of the year (1. + 5.)	\$ 64,795	\$ 73,787
Firefighters		
1. Accumulated balance at the beginning of the year	\$ 261,502	\$ 350,373 **
2. State Contributions	462,230	516,404
3. One-time use for benefit improvements	(315,108)	(403,980)
4. Amount to be used by the City	(155,242) *	(60,804) ***
5. Increase in accumulated balance during the year	<u>(8,120)</u>	<u>51,620</u>
6. Accumulated balance at the end of the year (1. + 5.)	\$ 253,382	\$ 401,993

*Includes \$99,492 previously used to provide a 2.0% COLA that is now distributed as a Share Plan allocation.

**Includes \$96,991 previously used to provide a 2.0% COLA that is now distributed as a Share Plan allocation.

***1998 Base Amount of \$155,242 less 2.0% COLA of \$94,438 that is now distributed as a Share Plan allocation.

Actuarial Value of Assets

Table VI d

	2013	2014
1. Beginning of Year Assets		
a. Market Value	\$ 77,518,560	\$ 86,242,705
b. Actuarial Value	74,792,748	80,343,929
2. Net Cash Flow		
(Contributions less Benefit Payments and Administrative Expenses)	\$ (1,354,068)	\$ (1,091,710)
3. Gain (Loss) on Investments		
a. Actual Net Investment Earnings (Investment Earnings less Investment Related Expenses)	\$ 10,078,213	\$ 8,534,464
b. Expected Investment Earnings	6,148,364	6,856,588
c. Net gain (loss)	\$ 3,929,849	\$ 1,677,876
4. Deferral of Gain / (Loss) Recognition in Actuarial Value		
	<u>Total Gain / (Loss)</u>	<u>Amount Deferred</u>
2010	\$ 889,086	\$ 177,817
2011	(5,207,388)	(2,082,955)
2012	7,182,770	4,309,662
2013	3,929,849	3,143,879
2014	1,677,876	1,342,301
	\$ 5,548,403	\$ 5,531,840
5. End of Year Assets		
a. Market Value	\$ 86,242,705	\$ 93,685,459
b. Actuarial Value (prior to the application of the 80%/120% corridor and the reduction for state reserve) (5.a. - 4.)	\$ 80,694,302	\$ 88,153,619
6. Adjustments to Actuarial Value of Assets		
a. Preliminary Actuarial Value	\$ 80,694,302	\$ 88,153,619
b. After 80%/120% corridor	80,694,302	88,153,619
c. Premium Tax Revenue Reserve	(350,373)	(401,993)
c. Final Actuarial Value of Assets	\$ 80,343,929	\$ 87,751,626

Actuarial Value of Assets (continued)

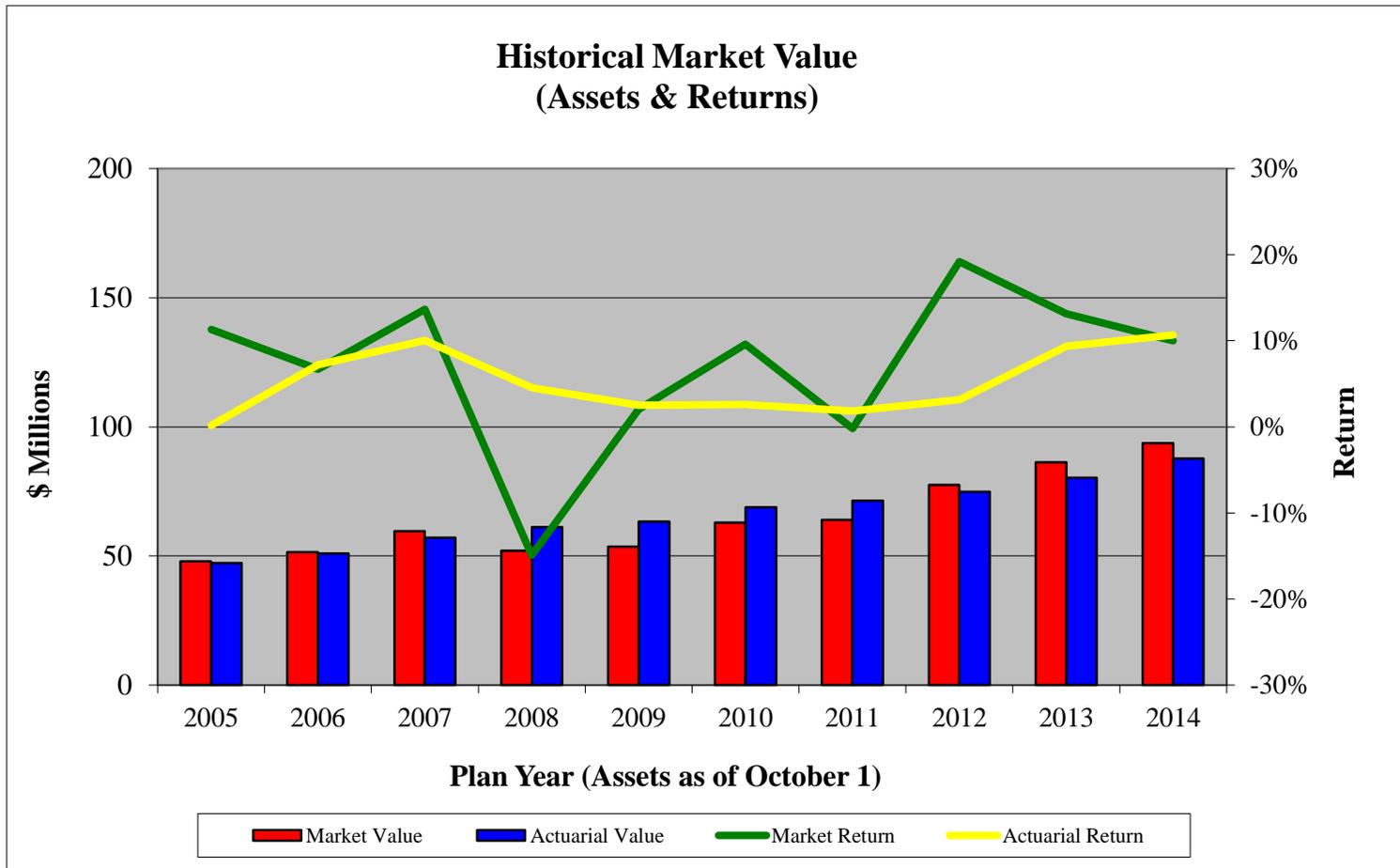
Table VI d

	Total	Police Officers	Firefighters
1. Beginning of Year Assets			
a. Actuarial Value of Assets (AVA)	\$ 80,343,929	\$ 77,054,989	\$ 3,288,940
b. State Premium Tax Reserve	350,373	0	350,373
c. AVA Before Reserve	<u>\$ 80,694,302</u>	<u>\$ 77,054,989</u>	<u>\$ 3,639,313</u>
2. Net Cash Flow			
a. Contributions	\$ 7,915,265	\$ 7,181,875	\$ 733,390
b. Benefit Payments/Refunds	(8,827,646)	(7,787,423)	(1,040,223)
c. Administrative Expenses*	(179,329)	(171,241)	(8,088)
d. Net Cash Flow	<u>\$ (1,091,710)</u>	<u>\$ (776,789)</u>	<u>\$ (314,921)</u>
3. Expected Return on AVA	\$ 6,412,716	\$ 6,133,925	\$ 278,791
4. Expected Actuarial Value of Assets			
a. Beginning of Year AVA	\$ 80,694,302	\$ 77,054,989	\$ 3,639,313
b. Net Cash Flow	(1,091,710)	(776,789)	(314,921)
c. Expected Return on AVA	6,412,716	6,133,925	278,791
d. Allocation Basis	<u>\$ 86,015,308</u>	<u>\$ 82,412,125</u>	<u>\$ 3,603,183</u>
5. Allocation Percentage		95.81%	4.19%
6. Ending Actuarial Value of Assets			
a. Allocated AVA before Reserve	\$ 88,153,619	\$ 84,459,982	\$ 3,693,637
b. State Premium Tax Reserve for Firefig	(401,993)	0	(401,993)
c. Allocated AVA	<u>\$ 87,751,626</u>	<u>\$ 84,459,982</u>	<u>\$ 3,291,644</u>

*Administrative expenses allocated based on the beginning of year actuarial value of assets.

Historical Asset Information

Table VII



Plan Year Ending	Market Value as of October 1	Actuarial Value as of October 1	Benefit Payments*	Administrative Expenses	Investment Advisory Fees	City, State, and Member Contributions	Market Value Return**	Actuarial Value Return**
2004	\$ 42,741,475	\$ 46,762,140						
2005	47,915,078	47,170,447	\$ 4,026,937	\$ 154,249	not available	\$ 4,505,300	11.30%	0.18%
2006	51,526,542	50,986,184	4,607,629	165,628	127,769	5,169,862	6.68%	7.22%
2007	59,522,031	57,039,854	4,503,688	146,133	124,497	5,538,208	13.68%	10.04%
2008	51,978,183	61,127,239	4,656,531	166,781	200,244	6,276,759	-14.93%	4.56%
2009	53,640,052	63,273,036	5,318,712	166,706	232,412	6,092,978	2.02%	2.50%
2010	62,884,072	68,869,580	5,200,967	232,574	296,395	9,343,868	9.59%	2.59%
2011	63,992,342	71,366,639	5,640,779	203,993	342,609	7,081,199	-0.20%	1.81%
2012	77,518,560	74,792,748	6,586,891	198,340	371,935	7,963,084	19.18%	3.13%
2013	86,242,705	80,343,929	9,209,067	188,140	415,157	8,043,139	13.15%	9.34%
2014	93,685,459	87,751,626	8,827,646	179,329	446,619	7,915,265	9.98%	10.68%

* Includes contributions refunded.

**Gross of investment advisory fees after 2011, net of investment advisory fees prior to 2012.

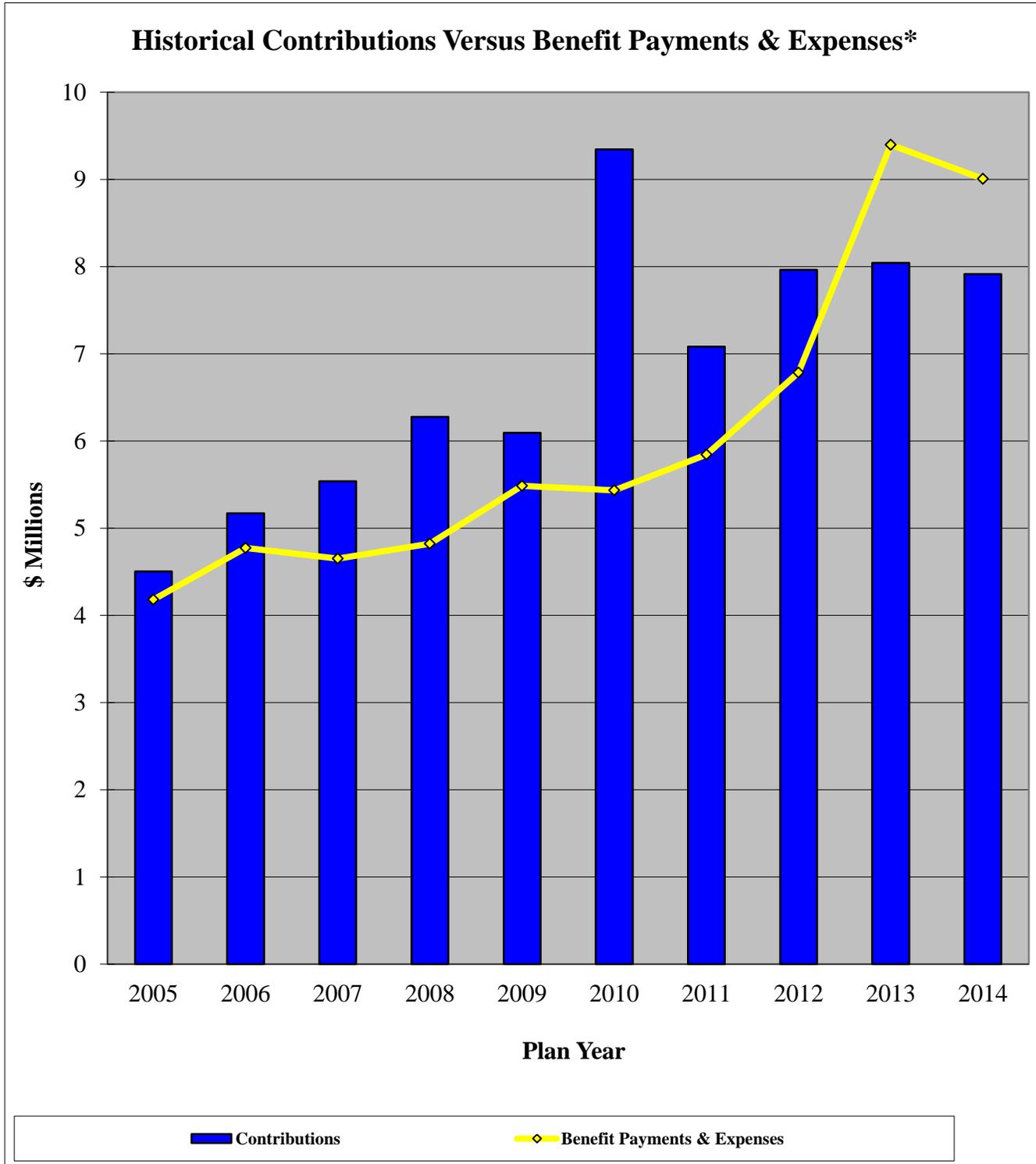
Revenues by Source and Expenses by Type Table VIIa

Fiscal Year	REVENUES					
	City Contrib.	State Contrib.	Member Contrib.	Total Contrib.	Net Invest. Income	Total
2005	\$ 2,586,679	\$ 511,391	\$ 1,407,230	\$ 4,505,300	\$ 3,120,297	\$ 7,625,597
2006	3,315,767	515,447	1,338,648	5,169,862	4,776,998	9,946,860
2007	3,656,025	568,850	1,313,333	5,538,208	2,723,077	8,261,285
2008	4,338,288	759,296	1,179,175	6,276,759	6,542,042	12,818,801
2009	4,561,594	536,174	995,210	6,092,978	(8,151,408)	(2,058,430)
2010	7,571,660	547,236	1,224,972	9,343,868	5,135,158	14,479,026
2011	5,382,573	614,928	1,083,698	7,081,199	(144,321)	6,936,878
2012	5,749,099	718,240	1,495,745	7,963,084	12,341,735	20,304,819
2013	6,079,918	717,632	1,245,589	8,043,139	9,950,833	17,993,972
2014	6,357,669	781,847	775,749	7,915,265	8,981,083	16,896,348

Fiscal Year	EXPENSES			
	Benefits Paid	Member Refunds	Administrative/ Investment Advisory Fees	Total
2005	\$ 4,002,078	\$ 24,859	\$ 277,828	\$ 4,304,765
2006	4,462,111	145,518	293,397	4,901,026
2007	4,503,688	-	270,630	4,774,318
2008	4,625,597	30,934	367,025	5,023,556
2009	5,222,084	96,628	399,118	5,717,830
2010	5,195,348	5,619	528,969	5,729,936
2011	5,580,205	60,574	546,602	6,187,381
2012	6,089,490	497,401	570,275	7,157,166
2013	9,157,859	51,208	603,297	9,812,364
2014	8,824,884	2,762	625,948	9,453,594

Contributions vs. Payments

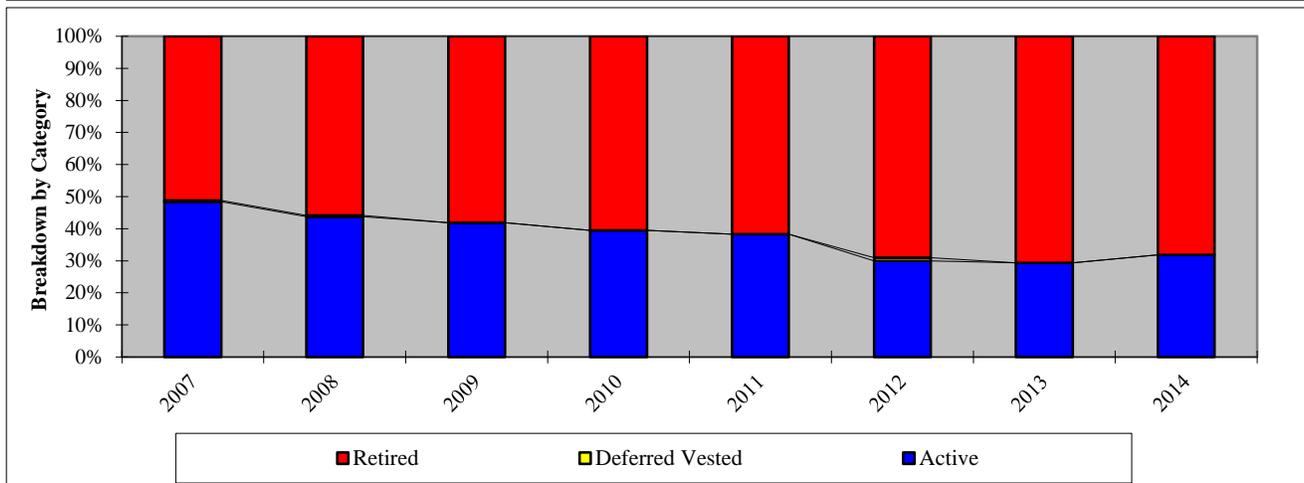
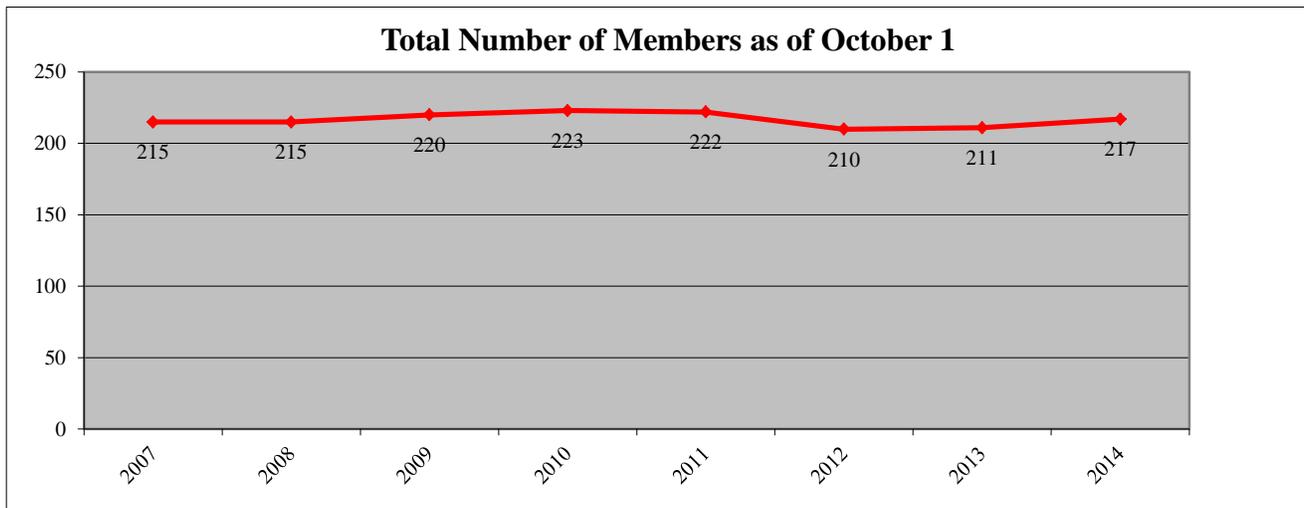
Table VIII



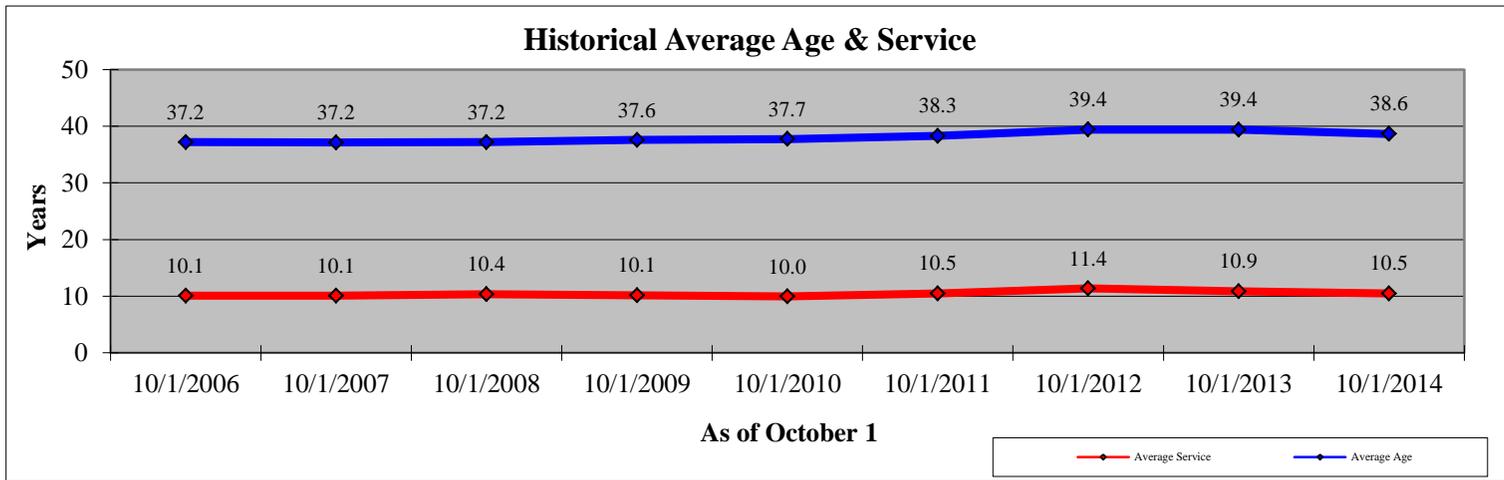
* Please reference Table VIIa on page 25 for the historical benefit payments, expenses, and contributions.

Summary of Member Data

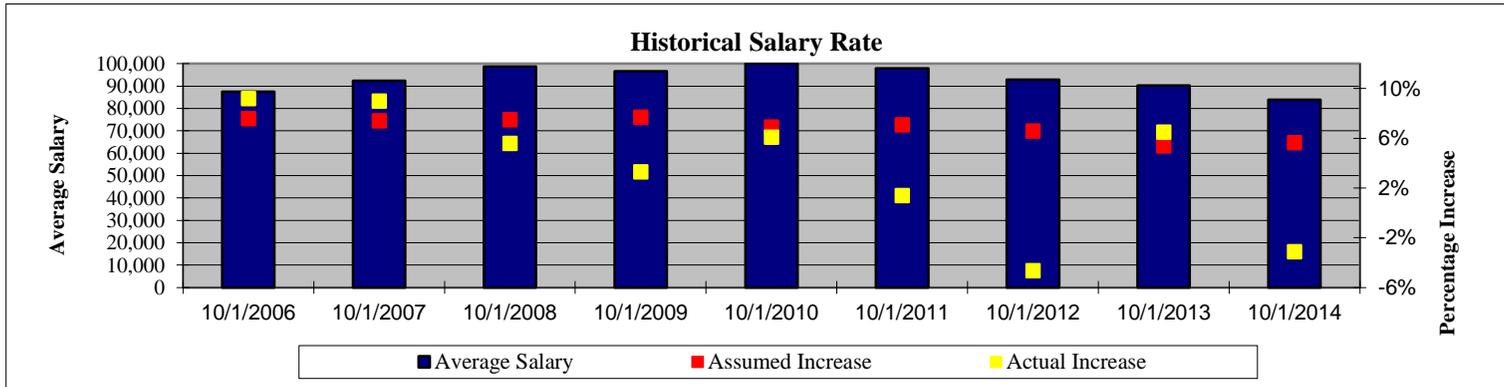
Table IX



	<u>October 1, 2013</u>	<u>October 1, 2014</u>
1. Active Members		
a. Police Officers	62	69
b. Firefighters	0	0
c. Sub-total	<u>62</u>	<u>69</u>
2. Inactive Members not in Receipt	0	0
3. Inactive Members in Receipt		
a. Retirees (including DROP)	133	133
b. Disabled	9	8
c. Beneficiaries	7	7
d. Sub-total	<u>149</u>	<u>148</u>
4. Total Members	211	217



<u>Date</u>	<u>Average Service</u>	<u>Average Age</u>	<u>Date</u>	<u>Average Service</u>	<u>Average Age</u>
10/01/2006	10.1	37.2	10/01/2011	10.5	38.3
10/01/2007	10.1	37.2	10/01/2012	11.4	39.4
10/01/2008	10.4	37.2	10/01/2013	10.9	39.4
10/01/2009	10.1	37.6	10/01/2014	10.5	38.6
10/01/2010	10.0	37.7			

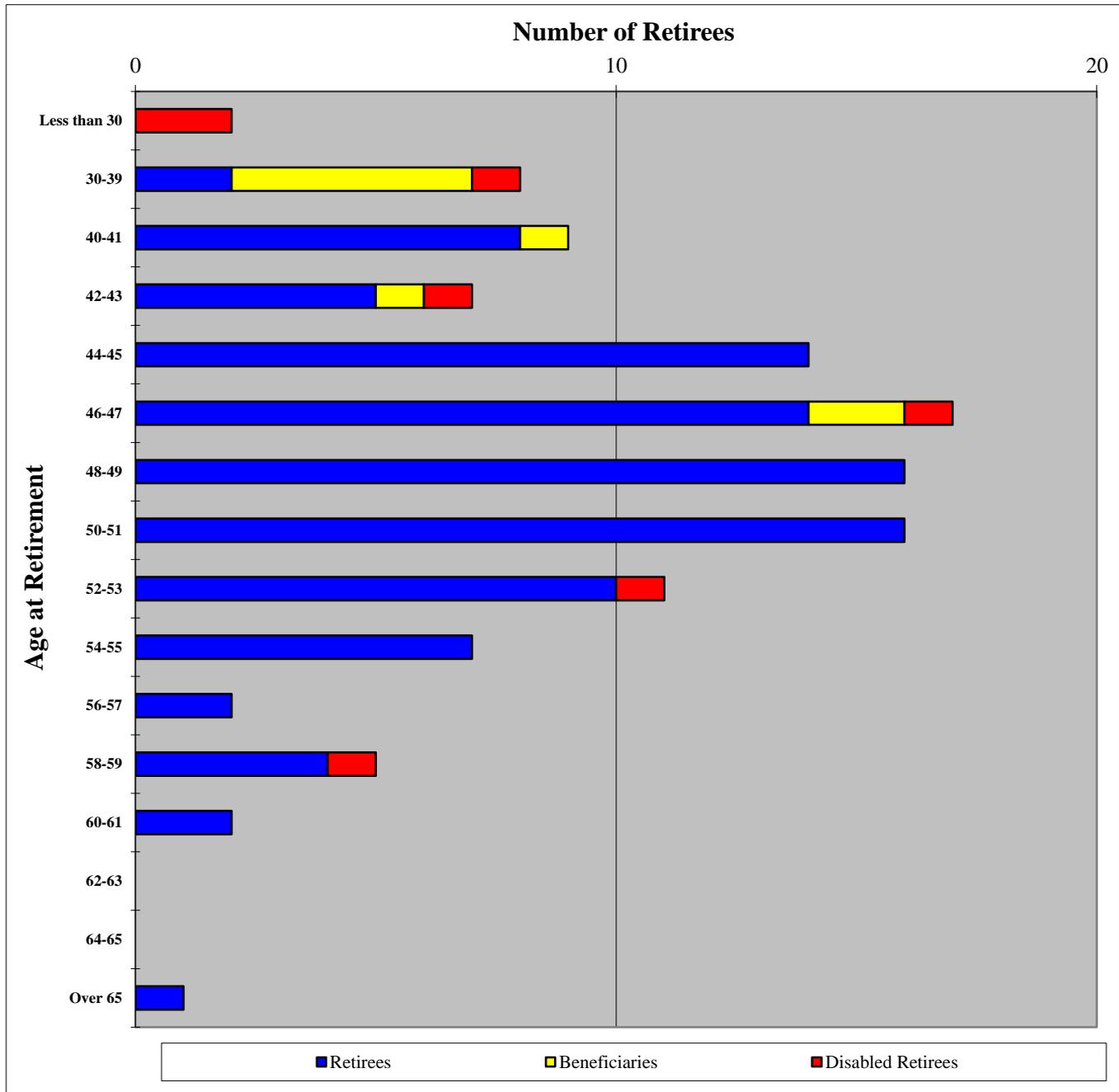


<u>Date</u>	<u>Payroll for Fiscal Year</u>	<u>Average Salary</u>	<u>Assumed Salary Increase</u>	<u>Actual Salary Increase</u>
10/01/2006	8,571,000	87,460		9.20%
10/01/2007	9,608,616	92,391	7.40%	9.00%
10/01/2008	9,286,431	98,792	7.50%	5.60%
10/01/2009	8,915,551	96,608	7.70%	3.30%
10/01/2010	8,798,930	99,988	6.90%	6.10%
10/01/2011	7,815,674	97,998	7.10%	1.40%
10/01/2012	5,855,524	92,945	6.60%	-4.65%
10/01/2013	5,597,265	90,278	5.40%	6.50%
10/01/2014	5,789,742	83,909	5.64%	-3.13%

Note: As of September 30, 2004, there were 100 members earning benefits with a payroll of \$8,136,812 compared to 69 members earning benefits with a payroll of \$5,789,742 as of October 1, 2014. The growth in average payroll over the 10 year period is 0.31%.

Retiree Data

Table IXb



	Police		Fire		Total	
	Avg. Age	Average Monthly Benefit	Avg. Age	Average Monthly Benefit	Avg. Age	Average Monthly Benefit
Non-Disabled Retirees	62.0	\$ 4,971.13	78.1	\$ 3,787.17	64.1	\$ 4,819.06
Disabled Retirees	64.5	1,563.80			64.5	1,563.80
Beneficiaries	56.1	1,887.13			56.1	1,887.13
All Retired Members	61.8	4,527.07	78.1	3,787.17	63.7	4,443.53

Data Reconciliation

Table IXc

	Active	Non-active, Non-retired	DROP	Retired	Total
1. Number of members as of October 1, 2013	62	0	32	117	211
2. Change in status during the plan year:					
a. Actives who became inactive					
b. Actives who retired	(1)			1	
c. Inactives who became active					
d. Inactives who retired			(8)	8	
e. Retirees who became active					
3. No longer members due to:					
a. Death				(3)	(3)
b. Permanent break-in-service					
c. Receipt of lump sum payment					
d. Expiration of certain period					
e. Included in error last year					
4. New member due to:					
a. Initial membership	8				8
b. Death of another member				1	1
c. Excluded in error last year					
d. Reinstatement					
5. Number of members as of October 1, 2014	69	0	24	124	217

Age-Service-Salary Table

Table IXd

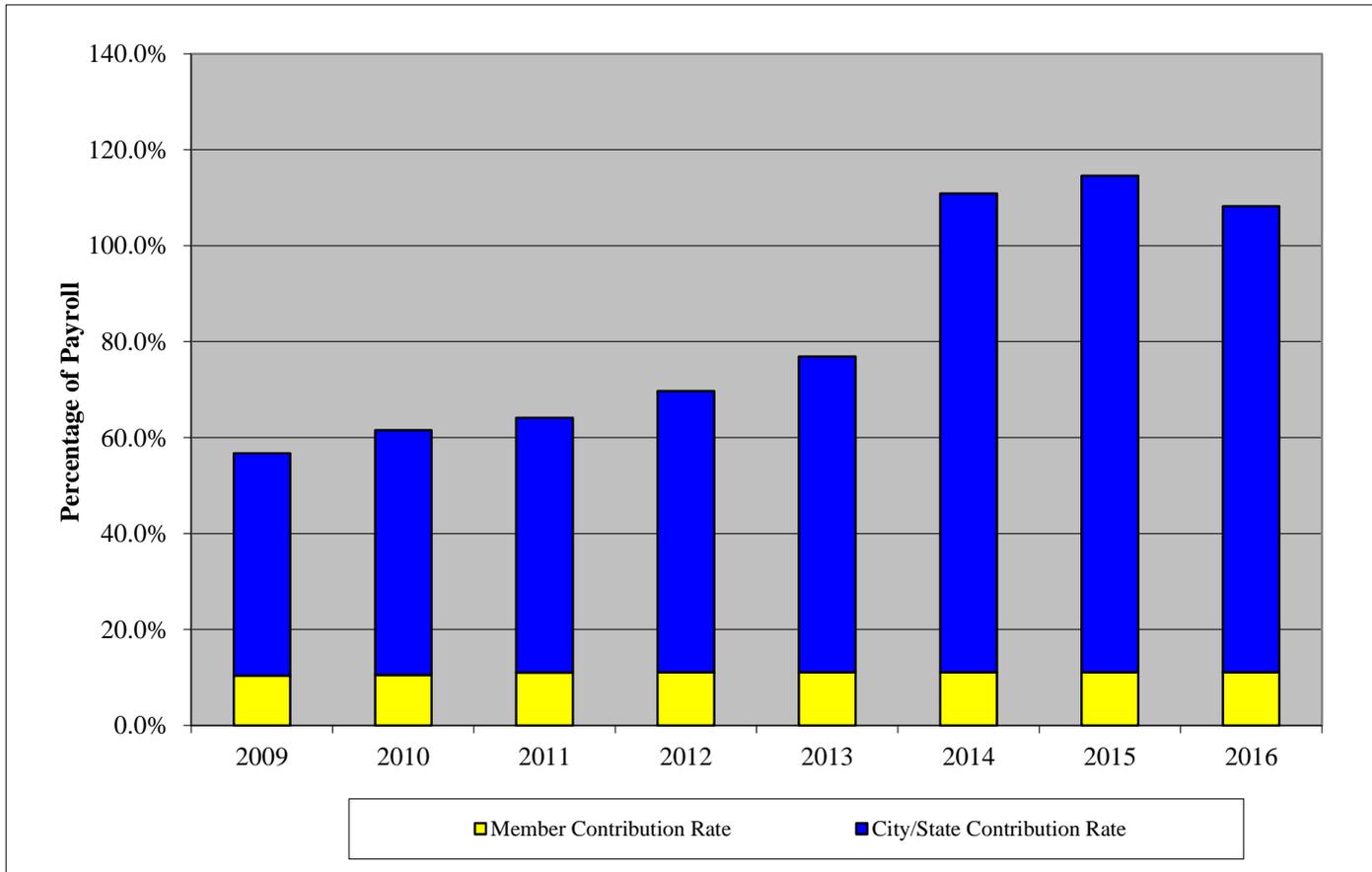
(All Active Members)

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	5	1									6
Avg. Pay	35,126	57,730									38,893
25 to 29	2	1	1								4
Avg. Pay	63,951	80,377	79,278								71,889
30 to 34		4	5	1							10
Avg. Pay		84,688	89,777	88,918							87,656
35 to 39			4		7						11
Avg. Pay			93,515		99,479						97,310
40 to 44		1	3	7	14						25
Avg. Pay		81,629	88,934	85,075	92,479						89,546
45 to 49	1	1	2	2	5						11
Avg. Pay	83,199	99,979	92,027	82,544	93,259						90,783
50 to 54			1	1							2
Avg. Pay			83,297	84,580							83,939
55 to 59											
Avg. Pay											
60 to 64											
Avg. Pay											
65 to 69											
Avg. Pay											
70 & up											
Avg. Pay											
Total	8	8	16	11	26						69
Avg. Pay	48,341	82,308	89,774	84,919	94,514						85,117

The average pay shown is the average of the annual rate of pay including any overtime pay.

Historical Contribution Rate

Table X



<u>Fiscal Year Ending</u>	<u>Member Contribution Percentage</u>	<u>Expected City / State Contribution Percentage</u>	<u>Fiscal Year</u>	<u>Member Contribution Percentage</u>	<u>Expected City / State Contribution Percentage</u>
2007	11.10%	48.80%	2012	11.10%	58.60%
2008	10.50%	52.00%	2013	11.10%	65.80%
2009	10.40%	46.30%	2014	11.10%	99.75%
2010	10.50%	51.00%	2015	11.10%	103.48%
2011	11.00%	53.10%	2016	11.10%	97.14%

Actuarial Assumptions and Methods

Table XI

Funding Method

The Entry Age Normal Cost method has been used to develop the funding requirements for the plan. The contribution equals the sum of the normal cost and the amount necessary to amortize the unfunded actuarial liabilities and any actuarial gains or losses over a period of 30 years for police and the average of expected future lifetime for firefighters. Amortization payments increase 3.0% annually. The normal cost includes estimated investment and administrative related expenses.

Actuarial Asset Method

The asset smoothing method spreads investment gains or losses in excess of the assumed return on the market value of assets over a 5-year period. The Actuarial Value of assets cannot be less than 80%, or greater than 120% of market value. The Actuarial Value of Assets are adjusted to exclude excess State premium tax monies reserved for future benefit improvements.

Valuation Rate/Investment Return Rate

8.0% compounded annually.

In selecting economic assumptions, the interest rate of 8 % is based upon a review of the existing portfolio structure, a review of recent experience, and information from the Board. The salary increase assumption is based on actual experience and future expectations of inflation, merit, and productivity components.

Administrative/Investment Expenses

The normal cost includes estimated administrative expenses equal to the 3-year average of prior administrative expenses plus estimated investment expenses equal to 0.50% of the market value of assets as of the valuation date.

COLA Increases

Benefits are assumed to increase by 2.5% of the current benefit each year for retired police members eligible for annual COLAs commencing 3 years after retirement or exit from the DROP. Retired firefighter benefits are not eligible for COLAs and are not increased in future years.

Salary Increases

Annual salary increase rates by years of service are shown below:

Years of Service	Rates of Increase
0 – 4	12.00%
5 – 9	6.00%
10 – 12	5.50%
13 – 19	4.00%
20+	3.00%

The salary increase assumption is based on actual experience and future expectations of inflation, merit, and productivity components.

Actuarial Assumptions and Methods (continued)

Table XI

Payroll Growth

Salary increases for total payroll are 3.0% per year.

Inflation

3.0% compounded annually.

Mortality

Healthy: Fully Generational RP-2000 Combined Healthy for Males and Females with Blue Collar adjustment and future mortality improvements based on Scale AA.

Disabled: RP-2000 for disabled retirees blended 15% female and 85% male.

In-Service Deaths

100% of active member deaths are assumed to occur in the line of duty.

Termination of Employment

Annual termination rates by years of service are shown below:

Years of Service	Rates of Termination
0 – 1	12.00%
1 – 5	6.00%
5+	0.50%

Retirement Rates

Retirement rates are based on age and service as follows:

Age	Years of Service		
	20	21 - 24	25
40	75%	75%	100%
41-51	75%	50%	100%
52	100%	100%	100%

80% of retirements are assumed to enter the DROP. Those entering the DROP are assumed to remain in the DROP for five years.

Current members of the DROP are assumed to remain in the DROP for the maximum allowable time (8 years).

Actuarial Assumptions and Methods (continued)

Table XI

Disability Rates

Triple the rates in the 1985 class (1) disability study rates. Rates are as follows:

<i>Disabilities per 10,000 members</i>			
Age	Disability	Age	Disability
20	9	37	26
21	9	38	29
22	10	39	32
23	10	40	35
24	11	41	39
25	11	42	44
26	12	43	49
27	13	44	55
28	13	45	61
29	14	46	68
30	14	47	77
31	15	48	86
32	16	49	96
33	17	50	107
34	19	51	122
35	21	52	140
36	23		

In-Service Disabilities

100% of active member disablements are assumed to occur in the line of duty.

Marital Status

100% of active members are assumed to be married with males 3 years older than females.

Changes Since Prior Valuation

There were no changes in assumptions since the prior valuation.

Plan Provisions

Table XII

Plan provisions do not reflect changes described in Ordinance 2013-20.

Eligibility Requirements

Full-time employment with the City as a sworn police officer or former firefighter. Participants enter the plan on the first day of employment or January 1, 1990 for any employee who was a participant in the Retirement Plan for Employees of the City of North Miami Beach (effective October 1, 1965).

Final Monthly Compensation (FMC)

Average monthly compensation from the City or County for the 60 consecutive months for police officers and 18 consecutive months for firefighters, out of 120 months which gives the highest average monthly rate of compensation for the participant.

Compensation means, as per the State Statute, the total cash remuneration paid to a police officer for services rendered.

Credited Service

Completed calendar months, from the date of employment until the first day of the month coincident with or next following a participant's date of retirement or termination.

NORMAL RETIREMENT

Normal Form of Benefit

Life Annuity for at least a 10 year period.

Normal Retirement Date

First of the month coincident with or immediately following the earliest of:

- (a) Attainment of age 52
- (b) For police: 20 years of service
For firefighters: 22 years of service

Normal Retirement Benefit

For Police: 3% of final monthly compensation multiplied by years of credited service.

For Firefighters: 3.3% of final monthly compensation multiplied by years of credited service.

Maximum Benefit: 100% of average final compensation, for members who entered the plan after 1979.

Plan Provisions (continued)

Table XII

COLA

For Police: COLA increase is 2.50% per year and is payable annually (on October 1st) to any retiree or beneficiary who has been retired for at least 3 years, and has retired on or after December 30, 1988, or retired under the Early Retirement Incentive.

For Firefighters: In lieu of the cost of living adjustments previously provided, a lump sum will be paid to all firefighter retirees and pensioners alive as of each October 1st prior to the payment of this benefit. The amount is based upon the undistributed premium tax income received during the previous calendar year, or if the payment of a year's premium tax income is delayed until after December 31st of that year then payment of the supplemental retirement benefit shall be paid within 90 days after receipt.

EARLY RETIREMENT

Normal Form of Benefit

Life Annuity for at least a 10 year period.

Early Retirement Date

The earlier of age 45 with 15 years of service, or the attainment of age 50 with 10 years of service.

Early Retirement Benefit

Normal retirement benefit reduced 3% each year the employee's age at early retirement precedes their age at normal retirement.

COLA

COLA increase is 2.50% per year and is payable annually (on October 1st) to any police officer who retired on or after December 30, 1998 and who has been retired for at least 3 years, attained age 52, and completed 20 or more years of credited service. Surviving beneficiaries receive a COLA on the same date the participant would have become eligible.

Plan Provisions (continued)

Table XII

DEFERRED RETIREMENT OPTION PROVISIONS (DROP)

Normal Form of DROP Account

Lump Sum

Normal Form of DROP Benefit

Life Annuity for at least a 10 year period.

DROP Retirement Date

The earlier of age 52 with 15 years of service or the attainment of 20 years of service.

Maximum DROP Period

Eight years.

Interest Rate Credited to DROP Account

Valuation Interest Rate

DROP Benefit

Same as normal retirement benefit with FMC and service determined at entry in DROP.

COLA

COLA increase is 2.50% per year and is payable annually (on October 1st) to any police officer who has terminated active service and has been collecting benefits for at least 3 years.

DISABILITY RETIREMENT

Normal Form of Benefit

Life Annuity

Disability Retirement Date

Total and permanent disability

Disability Retirement

The greater of 60% of FMC, or the participants accrued benefit at date of disability.

COLA

COLA increase is 2.50% per year and is payable annually (on October 1st) to any police officer who retired on or after December 30, 1998 and who has been retired for at least 3 years and attained age 52.

Plan Provisions (continued)

Table XII

Death Benefit

In the event that the death of a disabled participant occurs after date of disability but prior to normal retirement date, the beneficiary will receive the actuarial equivalent of the greater of (A) and (B) below:

- (A) The value of the deferred monthly benefit commencing at normal retirement that the member would have accrued if they remained in active service from date of disability to date of death.
- (B) The smaller of:
 - a. 24 times FMC immediately preceding disability
 - b. 100 times the participant's anticipated monthly retirement benefit commencing on normal retirement that would have been payable if the participant had remained in service at the same rate of pay from date of disablement to date of death.

This benefit is paid as a Life Annuity and is guaranteed for at least a 10 year period.

DEATH BENEFIT

Normal Form of Benefit

Life Annuity for at least a 10 year period.

Death Benefit

The monthly retirement income payable upon the death of a participant who is survived by a spouse and/or dependent is the actuarial equivalent of the greater of (A) and (B) below:

- (A) The single-sum value of the accrued deferred benefit commencing on Normal Retirement Date, accrued to date of death.
- (B) The smaller of:
 - a. 24 times the monthly pay on October 1 preceding the participants date of death
 - b. 100 times the anticipated monthly retirement income commencing on Normal Retirement Date.

COLA

None.

Plan Provisions (continued)

Table XII

WITHDRAWAL BENEFIT – LESS THAN 10 YEARS OF SERVICE

Form of Benefit

Lump Sum, payable immediately.

Withdrawal Date

First day of service, up to 10 years of credited service.

Termination Benefits

Accumulated Employee Contributions with 3% interest.

WITHDRAWAL BENEFIT – MORE THAN 10 AND LESS THAN 20 YEARS OF SERVICE

Form of Benefit

Lump Sum paid immediately or Life Annuity for at least a 10 year period, payable at age 52.

Withdrawal Date

At least 10 years of credited service, but less than 20 years of credited service.

Termination Benefits

The greater of:

- (A) Same as normal retirement benefit with FMC and service determined at date of termination.
- (B) Accumulated Employee Contributions with 3% interest.

EMPLOYEE CONTRIBUTIONS

Employee Contributions

Participants contribute to the plan:

11.1% of Compensation (pre-tax) for police officers.

- Ordinance 2005-6 stated in the event that the additional tax revenues provided under Section 185 of Florida statutes are insufficient to fund the service related death benefit created by Ordinance 2005-6, employee contributions will increase from 10.5% to 11.1% of payroll, unless changed through collective bargaining.
- Interest credited at 3% per year.

Changes Since Prior Valuation

There were no changes in plan provisions since the prior valuation.