



June 10, 2014

Mr. Martin Lebowitz  
Administrator  
City of North Miami Beach  
17011 N.E. 19th Avenue – Room 311  
North Miami Beach, Florida 33162

**Re: Retirement Plan for General Employees of the City of North Miami Beach  
Actuarial Valuation**

Dear Marty:

As requested, we are pleased to enclose twelve (12) copies of the October 1, 2013 Actuarial Valuation Report for the Retirement Plan for General Employees' of the City of North Miami Beach.

Please note that a copy of the Report should be filed with the State at the following address upon approval by the Board.

Mr. Douglas E. Beckendorf, A.S.A.  
Bureau of Local Retirement Services  
Division of Retirement  
Building 8  
Post Office Box 9000  
Tallahassee, Florida 32315-9000

We appreciate the opportunity to have performed this important assignment on behalf of the Board.

If you should have any questions concerning the above, please do not hesitate to call.

Sincerest regards,

Lawrence F. Wilson, A.S.A.  
Senior Consultant and Actuary

Enclosures



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

*PROJECTION ACTUARIAL VALUATION AS OF OCTOBER 1, 2013*

This Valuation Determines the Annual Contribution for Plan Year October 1, 2014 through September 30, 2015 with City Contribution to be Paid in Fiscal Year October 1, 2014 to September 30, 2015

June 2014



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

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June 10, 2014

Retirement Committee  
c/o Mr. Martin Lebowitz  
Administrator  
City of North Miami Beach  
17011 N.E. 19th Avenue – Room 311  
North Miami Beach, Florida 33162

Dear Committee Members:

### **October 1, 2013 Projection Actuarial Valuation**

We are pleased to present our October 1, 2013 Projection Actuarial Valuation for the Retirement Plan for General Employees of the City of North Miami Beach. The purpose of this report is to indicate appropriate contribution levels, comment on the actuarial stability of the Plan and to satisfy State requirements. Gabriel, Roeder, Smith & Company (GRS), as Plan actuary, is authorized by the Board of Trustees to prepare an annual actuarial valuation under Section 5.06 of the Plan.

This report consists of this commentary, detailed Tables I through XVIII and the State Required Exhibit on Table XIX. The Tables contain basic Plan cost figures plus significant details on the benefits, liabilities and experience of the Plan. We suggest that you thoroughly review the report at your convenience and contact us with any questions that may arise.

### **Pension Plan Costs**

Our Actuarial Valuation develops the required minimum Retirement Plan payment for fiscal year beginning October 1, 2014 under the Florida Protection of Public Employee Retirement Benefits Act. The minimum payment consists of payment of annual normal costs plus amortization of the components of the unfunded actuarial accrued liability over various periods as prescribed by law. The total required contribution for the fiscal year ending September 30, 2015 is **46.1% of covered payroll (\$4,160,511)**. The figure in parentheses is the Plan cost expressed as a dollar amount based on projected covered annual payroll for fiscal year beginning October 1, 2014 (\$9,032,997).

This total cost is to be met by Member and City contributions. We anticipate Member contributions will be **7.0% of covered payroll (\$632,310)** leaving **39.1% of covered payroll (\$3,528,201)** which must be contributed to the Plan by the City for the fiscal year ending September 30, 2015.

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

Plan benefits remain unchanged from our Actuarial Impact Statement as of October 1, 2012. Plan provisions are outlined on Table X.

The actuarial assumptions and methods remain unchanged from our Actuarial Impact Statement as of October 1, 2012. Actuarial assumptions and methods are outlined on Table XI.

DROP account balances are included in Plan assets and liabilities for funding. Inclusion of DROP account balances in Plan assets and liabilities for funding does not affect contribution requirements.

Projected Government Accounting Standards Board Statement Number 67 (GASB 67) disclosures are included. GASB 67 requires inclusion of DROP account balances in Plan assets and liabilities for accounting purposes.

Additionally, the Merrill Lynch settlement funds are reflected as investment income.

### **Comparison of October 1, 2012 and October 1, 2013 Valuation Results**

Table II of our report provides information of a comparative nature. The left columns of the Table indicate the costs as calculated for our Actuarial Impact Statement as of October 1, 2012. The right columns indicate the costs as calculated for October 1, 2013.

Comparing the left and right columns of Table II shows the effect of Plan experience during the year. The number of active participants decreased by approximately 16% while covered payroll decreased by approximately 15%. The normal cost increased as a percentage of covered payroll but decreased as a dollar amount. The unfunded actuarial accrued liability also increased as a percentage of covered payroll but decreased as a dollar amount. The City's minimum required contribution increased both as a percentage of covered payroll and as a dollar amount.

The value of vested accrued benefits exceeds the market value of Plan assets, resulting in a Vested Benefit Security Ratio of 78.6% - an increase from 73.7% as of our Actuarial Impact Statement as of October 1, 2012.

### **Plan Experience**

Table VII indicates the Plan experienced an actuarial gain of \$109,038. This suggests actual overall experience was more favorable than expected.

Our Actuarial Valuation report tracks the actual experience in three areas that are very significant in determining whether an actuarial gain or loss occurs. Table XVI presents salary experience and tracks employee turnover. Table XVII provides information on investment return.

The salary experience indicates actual salary increases averaged approximately 0.73%. This was less than our assumption for salary increases of 3.75% and was generally a source of actuarial gain. Three, five and ten-year average salary increases are 1.52%, 2.20% and 4.0%, respectively.

Employee turnover this year was 130% of the assumed turnover and was generally an additional source of actuarial gain. Three, five and ten-year average turnover experience are 130%, 120% and 120%, respectively of the assumed turnover rates.

Smoothed actuarial value investment return of 8.68%, net of investment expense, was more than the 7.75% investment return assumption. Three, five and ten-year average smoothed actuarial value net investment returns are 4.85%, 4.20% and 4.37%, respectively. Smoothed actuarial value investment return was an additional source of actuarial gain during the previous year. Market value net returns for the one, three, five and ten-year periods have been 12.41%, 10.09%, 9.15% and 6.75%, respectively.

### **Member Census and Financial Data**

The Board provided the Member census data as of October 1, 2013 used for this actuarial valuation to us. This information contains name, Social Security number, date of birth, date of hire, date of participation, October 1, 2013 rate of pay, actual salary paid and employee contributions deducted for the previous year. Dates of termination and retirement are provided where applicable. The Board updated information on inactive participants including retirees, beneficiaries and vested terminees.

We receive audited financial information concerning fund assets as of September 30, 2013 from the Board. We do not audit the Member census data and asset information provided to us. However, we perform certain reasonableness checks and on this basis we believe that the information that we received is reliable.

### **Summary**

In our opinion the benefits provided for under the current Plan will be sufficiently funded through the payment of the amount as indicated in this and future Actuarial Valuation reports. We will continue to update you on the future payment requirements for the Plan through our Actuarial Valuation reports. These reports will also continue to monitor the future experience of the Plan.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: Plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in Plan provisions or applicable law. Due to the limited scope of the actuary's assignment, the actuary did not perform an analysis of the potential range of such future measurements.

This report should not be relied on for any purpose other than the purpose described in the primary communication. Determinations of the financial results associated with the benefits described in this report in a manner other than the intended purpose may produce significantly different results.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Plan as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

Retirement Committee  
June 10, 2014  
Page Four

This report may be provided to parties other than the Board only in its entirety and only with the permission of an approved representative of the Board.

The signing actuaries are independent of the Plan sponsor.

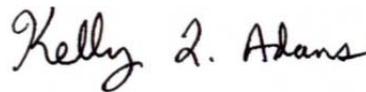
The undersigned are Members of the American Academy of Actuaries and meet the qualification standards of the American Academy of Actuaries to render the actuarial opinions contained in this report. We are available to respond to any questions with regards to matters covered in this report.

Very truly yours,



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Lawrence F. Wilson, A.S.A.  
Senior Consultant and Actuary



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Kelly L. Adams, A.S.A.  
Consultant and Actuary

Table I

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

**Summary of Retirement Plan Costs as of October 1, 2013**

	<b><u>Cost Data</u></b>	<b><u>% of Payroll</u></b>
A. Participant Data Summary		
1. Active employees	209	N/A
2. Terminated vested	34	N/A
3. Receiving benefits	210	N/A
4. DROP participants	52	N/A
5. Annual payroll of active employees	\$ 9,032,997	100.0%
B. Total Normal Costs		
1. Age retirement benefits	\$ 894,707	9.9%
2. Termination benefits	237,052	2.6%
3. Death benefits	33,941	0.4%
4. Disability benefits	92,625	1.0%
5. Estimated expenses	173,730	1.9%
6. Total annual normal costs (City and Member)	<u>\$ 1,432,055</u>	15.9%
C. Total Actuarial Accrued Liability		
1. Age retirement benefits active employees	\$ 28,036,821	310.4%
2. Termination benefits active employees	463,251	5.1%
3. Death benefits active employees	332,304	3.7%
4. Disability benefits active employees	1,377,561	15.3%
5. Retired or terminated vested participants receiving benefits	36,745,823	406.8%
6. DROP participants	18,979,622	210.1%
7. Terminated vested participants entitled to future benefits	4,466,490	49.4%
8. Deceased participants whose beneficiaries are receiving benefits	6,114,620	67.7%
9. Disabled participants receiving benefits	1,979,191	21.9%
10. Miscellaneous liability	215,844	2.4%
11. Total actuarial accrued liability	<u>\$ 98,711,527</u>	1092.8%
D. Assets		
1. Smoothed actuarial value	\$ 69,374,663	768.0%
2. Market value	\$ 71,776,351	794.6%
E. Unfunded Actuarial Accrued Liability (C. - D.1.)	\$ 29,336,864	324.8%

**Table I  
(Cont'd)**

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

**Summary of Retirement Plan Costs as of October 1, 2013**

	<b><u>Cost Data</u></b>	<b><u>% of Payroll</u></b>
F. Total Minimum Funding Requirement		
1. Total normal cost (City and Member)	\$ 1,432,055	15.9%
2. Amortization of unfunded liability	2,578,832	28.5%
3. Interest adjustment	149,624	1.7%
4. Total payment	\$ 4,160,511	46.1%
G. Expected payroll of active employees for 2014 - 2015 year (\$9,032,997 x 1.000)	\$ 9,032,997	100.0%
H. Expected Contribution Sources (percent of expected 2014 - 2015 payroll)		
1. Member	\$ 632,310	7.0%
2. City	3,528,201	39.1%
3. Total	\$ 4,160,511	46.1%
I. Actuarial Gains (Losses)	\$ 109,038	1.2%
J. Actuarial Present Value of Vested Accrued Benefits		
1. Retired, terminated vested, beneficiaries and disabled receiving benefits	\$ 44,839,634	496.4%
2. DROP participants	18,979,622	210.1%
3. Terminated vested participants entitled to future benefits and miscellaneous	4,682,334	51.8%
4. Active participants entitled to future benefits	22,783,309	252.2%
5. Total actuarial present value of vested accrued benefits	\$ 91,284,899	1010.6%
K. Unfunded Actuarial Present Value of Vested Accrued Benefits (J. - D.2.)	\$ 19,508,548	216.0%
L. Vested Benefit Security Ratio (D.2. ÷ J.)	78.6%	N/A

**Table II**

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

**Comparison of Cost Data of October 1, 2012 and October 1, 2013 Valuations**

	<b>Actuarial Impact Statement</b>			
	<u>October 1, 2012</u>		<u>October 1, 2013</u>	
	<u>Cost</u>	<u>% of Annual</u>	<u>Cost</u>	<u>% of Annual</u>
	<u>Data</u>	<u>Compensation</u>	<u>Data</u>	<u>Compensation</u>
A. Participants				
1. Active employees	248	N/A	209	N/A
2. Terminated vested	29	N/A	34	N/A
3. Receiving benefits	202	N/A	210	N/A
4. DROP participants	41	N/A	52	N/A
5. Annual payroll of active employees	\$ 10,612,185	100.0%	\$ 9,032,997	100.0%
B. Total Normal Costs	\$ 1,508,140	14.2%	\$ 1,432,055	15.9%
C. Total Actuarial Accrued Liability	\$ 95,012,840	895.3%	\$ 98,711,527	1092.8%
D. Smoothed Actuarial Value of Assets	\$ 65,190,331	614.3%	\$ 69,374,663	768.0%
E. Unfunded Actuarial Accrued Liability	\$ 29,822,509	281.0%	\$ 29,336,864	324.8%
F. Expected City Contribution	\$ 2,980,889 <sup>1</sup>	33.0%	\$ 3,528,201 <sup>2</sup>	39.1%
G. Unfunded Actuarial Present Value of Vested Accrued Benefits	\$ 23,286,735	219.4%	\$ 19,508,548	216.0%
H. Actuarial Gain (Loss)	\$ (1,733,522)	(16.3%)	\$ 109,038	1.2%
I. Vested Benefit Security Ratio	73.7%	N/A	78.6%	N/A

<sup>1</sup> Percent of pay applied to expected 2013-2014 covered payroll (\$9,032,997)

<sup>2</sup> Percent of pay applied to expected 2014-2015 covered payroll (\$9,032,997)

**Table III****Retirement Plan for General Employees  
of the City of North Miami Beach****Characteristics of Participants in Actuarial  
Valuation as of October 1, 2013****A. Active Plan Participants Summary**

1. Active participants fully vested	178
2. Active participants partially vested	0
3. Active participants non-vested	31
4. Total active participants	<u>209</u>
5. Annual rate of pay of active participants	\$ 9,032,997

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

1. Retired or terminated vested participants receiving benefits	142
2. DROP participants	52
3. Terminated vested participants entitled to future benefits	34
4. Deceased participants whose beneficiaries are receiving benefits	55
5. Disabled participants receiving benefits	13

**C. Projected Annual Retirement Benefits**

1. Retired or terminated vested receiving benefits	\$ 3,407,261
2. DROP participants	\$ 1,234,949
3. Terminated vested entitled to future benefits	\$ 574,694
4. Beneficiaries of deceased participants receiving benefits	\$ 659,612
5. Disabled participants	\$ 191,375

**Table IV****Retirement Plan for General Employees  
of the City of North Miami Beach****Statement of Assets as of September 30, 2013**

	<u>Market Value</u>
A. <u>Cash</u>	\$ 645,969
B. <u>Investments</u>	
1. Short term investments	\$ 3,163,870
2. Corporate bonds	\$ 8,611,135
3. Government and agency fixed income obligations	\$ 10,157,137
4. Common stocks	\$ 43,897,851
5. Real Estate	\$ 4,473,076
C. <u>Receivables</u>	
1. Accrued interest and dividends	\$ 203,216
2. Receivable from other funds	\$ 720,531
D. <u>Payables</u>	\$ 96,434
E. <u>Total Fund</u> (A. + B. + C. - D.)	\$ 71,776,351

Table V

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

**Reconciliation of Plan Assets**

A.	<u>Total Market Value of Assets as of October 1, 2012</u>		\$ 65,190,331
B.	<u>Receipts During Period</u>		
	1. Contributions		
	a. Employee	\$ 791,648	
	b. City	3,381,418	
	c. Total	\$ 4,173,066	
	2. Investment income		
	a. Interest and dividends	\$ 1,807,395	
	b. Investment expense	(372,251)	
	c. Net	\$ 1,435,144	
	3. Other income		496,233
	4. Realized appreciation (depreciation)		3,159,788
	5. Unrealized appreciation (depreciation)		2,908,420
	6. Total receipts during period		\$ 12,172,651
C.	<u>Disbursements During Period</u>		
	1. Pension payments		\$ 3,934,413
	2. DROP distributions		1,313,326
	3. Refunds of accumulated employee contributions		165,162
	4. Administrative expenses		173,730
	5. Total disbursements during period		\$ 5,586,631
D.	<u>Total Market Value of Assets as of September 30, 2013</u>		\$ 71,776,351
E.	<u>Reconciliation of DROP Account Balances</u>		
	1. DROP account balances as of October 1, 2012		\$ 2,481,051
	2. Benefit payments into DROP accounts during year		1,262,561
	3. Investment credits during year		80,174
	4. Distributions from DROP accounts during year		(1,313,326)
	5. DROP account balances as of September 30, 2013		\$ 2,510,460

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

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
A. Preliminary total smoothed actuarial value from prior year	61,879,867	65,190,331 *	69,374,663			
B. Total market value end of year	65,190,331	71,776,351				
C. Total market value beginning of year	55,792,952	65,190,331	71,776,351			
D. Non-investment net cash flow	(893,400)	(1,413,565)				
E. Investment return						
1. Total market value return: B. - C. - D.	10,290,779	7,999,585				
2. Amount for immediate recognition (7.75%)	4,289,335	4,997,475				
3. Amount for phased-in recognition: E.1. - E.2.	6,001,444	3,002,110				
F. Phased-in recognition of investment return						
1. Current year: 20% of E.3.	1,200,289	600,422				
2. First prior year	(912,351)		600,422			
3. Second prior year	204,890			600,422		
4. Third prior year	(284,960)				600,422	
5. Fourth prior year	(2,482,258)					600,422
6. Total phased-in recognition of investment return	<u>(2,274,390)</u>	<u>600,422</u>	<u>600,422</u>	<u>600,422</u>	<u>600,422</u>	<u>600,422</u>
G. Total smoothed actuarial value end of year						
1. Preliminary smoothed actuarial value end of year: A. + D. + E.2. + F.6.	63,001,412	69,374,663				
2. Upper corridor limit: 120% of B.	78,228,397	86,131,621				
3. Lower corridor limit: 80% of B.	52,152,265	57,421,081				
4. Total smoothed actuarial value end of year: G.1., not more than G.2., nor less than G.3.	63,001,412	69,374,663				
H. Difference between market value and smoothed actuarial value	2,188,919	2,401,688				
I. Smoothed actuarial value rate of return	3.28%	8.68%				
J. Market value rate of return	18.59%	12.41%				

\* Marked to market value as of October 1, 2012 Actuarial Impact Statement

Table VII

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

**Actuarial Gain / (Loss) for  
Plan Year Ended September 30, 2013**

A. Derivation of Actuarial Gain / (Loss)

1. City net normal cost previous actuarial impact statement	\$ 765,287
2. Unfunded actuarial accrued previous actuarial impact statement	29,822,509
3. City contributions previous year	3,381,418
4. Interest on:	
(a) City net normal cost	\$ 59,310
(b) Unfunded actuarial accrued liability	2,311,244
(c) Contributions	131,030
(d) Net interest: (a) + (b) - (c)	\$ 2,239,524
5. Expected unfunded actuarial accrued liability current year (1. + 2. - 3. + 4.)	29,445,902
6. Actual unfunded actuarial accrued liability current year	29,336,864
7. Actuarial gain / (loss): (5. - 6.)	\$ 109,038

B. Approximate Portion of Gain / (Loss)  
due to Investments

1. Smoothed actuarial value of assets previous year (market value)	\$ 65,190,331
2. Contributions during year	4,173,066
3. Benefits and administrative expenses during year	5,586,631
4. Expected appreciation for period	4,997,475
5. Expected smoothed actuarial value of assets current year: (1. + 2. - 3. + 4.)	\$ 68,774,241
6. Smoothed actuarial value of assets current year	\$ 69,374,663
7. Approximate gain / (loss) due to investments: (6. - 5.)	\$ 600,422

C. Approximate Portion of Gain / (Loss)  
due to Liabilities: A. - B.

\$ (491,384)

Table VIII

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

**Amortization of Unfunded Actuarial Accrued Liability**

A. Unfunded Actuarial Accrued Liability

<u>Date</u>	<u>Unfunded Liability</u>	<u>Amortization Payment</u>
October 1, 2013	\$ 29,336,864	\$ 2,578,832
October 1, 2014	\$ 28,831,779	\$ 2,578,832
October 1, 2015	\$ 28,287,550	\$ 2,578,832
October 1, 2016	\$ 27,701,144	\$ 2,578,832
October 1, 2017	\$ 27,069,291	\$ 2,578,832
...		
...		
October 1, 2043	\$ 0	\$ 0

B. Covered Payroll History

<u>Date</u>	<u>Covered Payroll</u>	<u>Annual Increase</u>
October 1, 2013	\$ 9,032,997	(14.9%)
October 1, 2012	\$ 10,612,185	(6.3%)
October 1, 2011	\$ 11,326,066	(11.2%)
October 1, 2010	\$ 12,754,334	(1.5%)
October 1, 2009	\$ 12,953,446	(0.6%)
October 1, 2008	\$ 13,029,957	(0.6%)
October 1, 2007	\$ 13,111,784	2.0%
October 1, 2006	\$ 12,852,968	0.8%
October 1, 2005	\$ 12,748,757	2.3%
October 1, 2004	\$ 12,467,338	3.6%
October 1, 2003	\$ 12,035,255	N/A
Ten-Year Average Annual Increase		(2.8%)

Table IX

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

	<b>Actuarial Valuation 10/01/2012</b>	<b>10/01/2013</b>
<b>I. <u>Number of Plan Participants</u></b>		
a. Retirees, beneficiaries and disableds receiving benefits	202	210
b. DROP participantans	41	52
c. Terminated plan participants entitled to but not yet receiving benefits	29	34
d. Active plan participants	<u>248</u>	<u>209</u>
e. Total	520	505
<b>II. <u>Financial Accounting Standards Board Allocation As of October 1, 2013</u></b>		
<b>A. <u>Statement of Accumulated Plan Benefits</u></b>		
1. Actuarial present value of accumulated vested plan benefits		
a. Participants currently receiving benefits	\$ 38,425,321	\$ 44,839,634
b. DROP participants	19,336,978	18,979,622
c. Other participants	30,960,752	27,465,643
d. Total	<u>\$ 88,723,051</u>	<u>\$ 91,284,899</u>
2. Actuarial present value of accumulated non-vested plan benefits	<u>673,798</u>	<u>3,125,792</u>
3. Total actuarial present value of accumulated plan benefits	\$ 89,396,849	\$ 94,410,691
<b>B. <u>Statement of Change in Accumulated Plan Benefits</u></b>		
1. Actuarial present value of accumulated plan benefits as of October 1, 2012		\$ 89,396,849
2. Increase (decrease) during year attributable to:		
a. Plan amendments / changes in actuarial assumptions		\$ (223)
b. Benefits paid (including DROP distributions and refunds)		(5,412,901)
c. Other, including benefits accumulated and increase for interest due to decrease in the discount period		<u>10,426,966</u>
d. Net increase		\$ 5,013,842
3. Actuarial present value of accumulated plan benefits as of October 1, 2013		\$ 94,410,691
<b>C. <u>Significant Matters Affecting Calculations</u></b>		
1. Assumed rate of return used in determining actuarial present values		7.75%
2. Change in plan provisions		See Actuarial Impact Statement
3. Change in actuarial assumptions and methods		See Actuarial Impact Statement

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

**Accounting Disclosure Exhibit**

III. Actuarial Assumptions and Methods:

Actuarial valuation date	October 1, 2012
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of pay, closed
Remaining amortization period	24 Years
Asset valuation method	Smoothed market value
Actuarial assumptions:	
Investment rate of return <sup>1</sup>	7.75%
Projected salary increases <sup>1</sup>	3.75% - 8.00%
Cost of living adjustments	0%, 0.75%, 2.25%
<sup>1</sup> Includes inflation at	3.25%

**Table IX  
(Cont'd)**

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

**Accounting Disclosure Exhibit**

IV. Historical Trend Information (thousands) (GASB No. 27)

Schedule of Employer Costs

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension (Obligation) Asset
09/30/2008	\$ 2,263	103%	\$ 462,396
09/30/2009	\$ 2,117	100%	\$ 468,488
09/30/2010	\$ 2,639	100%	\$ 478,665
09/30/2011	\$ 2,804	100%	\$ 487,572
09/30/2012	\$ 2,677	109%	\$ 738,353
09/30/2013	\$ 3,219	105%	\$ 900,595

V. Annual Pension Cost and Net Pension Asset (NPA) (GASB No. 27)

Fiscal Year Ended	<u>9/30/2013</u>	<u>Projected 9/30/2014</u>
Annual Required Contribution (ARC)	\$ 3,220,136 *	\$ 2,980,889
Interest on NPA	(57,222)	(69,796)
Adjustment to ARC	56,262	78,109
APC	<u>\$ 3,219,176</u>	<u>\$ 2,989,202</u>
City Contribution	<u>\$ 3,381,418</u>	
Increase (Decrease) in NPA	\$ 162,242	
NPA (beginning of year)	<u>738,353</u>	
NPA (end of year)	<u>\$ 900,595</u>	

\* Percent of pay applied to covered payroll - 2012-2013 fiscal year.

**Table IX  
(Cont'd)**

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

**Schedule of Funding Progress  
(Dollar Amounts in Thousands)**

VI. Schedule of Funding Progress (GASB 27)

Actuarial Valuation Date	Smoothed Actuarial Value of Assets <sup>1</sup> (a)	Actuarial Accrued Liability (AAL) <sup>1</sup> - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/01/2008	\$ 56,505	\$ 74,148	\$ 17,643	76.2%	\$ 13,030	135.4%
10/01/2009	\$ 57,832	\$ 79,100	\$ 21,268	73.1%	\$ 12,953	164.2%
10/01/2010	\$ 59,444	\$ 84,521	\$ 25,077	70.3%	\$ 12,754	196.6%
10/01/2011	\$ 60,136	\$ 93,882	\$ 33,746	64.1%	\$ 11,326	298.0%
10/01/2012 <sup>2</sup>	\$ 62,709	\$ 92,532	\$ 29,823	67.8%	\$ 10,612	281.0%
10/01/2013	\$ 69,375	\$ 98,712	\$ 29,337	70.3%	\$ 9,033	324.8%

<sup>1</sup> Effective October 1, 2013, reserve for DROP balances included in both the smoothed actuarial value of assets and the actuarial accrued liability.

<sup>2</sup> Reflects Ordinance Amendments

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

Accounting Disclosure Exhibit

VII. Net Pension Liability and Related Ratios (GASB No. 67)

Measurement date	<u>Projected 9/30/2014*</u>
A. <u>Total Pension Liability</u>	
Service Cost	\$ 1,258,325
Interest	7,522,047
Benefit Changes	0
Difference between Actual and Expected Experience	639,527
Assumption Changes	0
Benefit Payments, including Refunds of Member Contributions	<u>(5,822,359)</u>
Net Change in Total Pension Liability	3,597,540
Total Pension Liability (TPL) - (beginning of year)	98,072,000
Total Pension Liability (TPL) - (end of year)	<u><u>\$ 101,669,540</u></u>
B. <u>Plan Fiduciary Net Position</u>	
Contributions - City	\$ 2,980,889
Contributions - Member	632,310
Net Investment Income	5,470,330
Benefit Payments, including Refunds of Member Contributions	(5,822,359)
Administrative Expenses	(173,730)
Other	0
Net Change in Plan Fiduciary Net Position	<u>3,087,440</u>
Plan Fiduciary Net Position - (beginning of year)	<u>71,776,351</u>
Plan Fiduciary Net Position - (end of year)	<u><u>\$ 74,863,791</u></u>
C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u>	26,805,749
D. <u>Plan Fiduciary Net Position as a Percentage of TPL: (B) / (A)</u>	73.63 %
E. <u>Covered Employee Payroll</u>	\$ 9,032,997
F. <u>NPL as a Percentage of Covered Employee Payroll: (C) / (E)</u>	296.75 %
G. <u>Notes to Schedule:</u>	
Valuation Date	10/01/2013
Update procedures were used to roll forward the total pension liability to the measurement date	
No assumption, method or benefit changes during the year.	

\* Projected - actual amounts will be available after fiscal year end

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

**Accounting Disclosure Exhibit**

VIII. Schedule of the Employer's Net Pension Liability (GASB No. 67)

<u>Measurement Date</u>	<u>Pension Liability</u>	<u>Plan Net Position</u>	<u>Net Pension Liability</u>	<u>Plan Net Position as a % of Total Pension Liability</u>	<u>Covered Payroll</u>	<u>Net Pension Liability as a % of Covered Payroll</u>
9/30/2014*	\$ 101,669,540	\$ 74,863,791	\$ 26,805,749	73.63%	\$ 9,032,997	296.75 %

\* Projected - actual amounts will be available after fiscal year end

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

**Accounting Disclosure Exhibit**

**IX. Schedule of Employer Contributions (GASB No. 67)**

<u>Fiscal Year End</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
9/30/2014*	\$ 2,980,889	\$ 2,980,889	\$ 0	\$ 9,032,997	33.00%

\* Projected - actual amounts will be available after fiscal year end

**X. Notes to Schedule of Contributions (GASB No. 67)**

**Valuation Date:** Actuarially determined contributions are calculated as of October 1st - two year(s) prior the fiscal year end in which contributions are reported.

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of pay, closed
Amortization Period	30 years
Asset Valuation Method	Smoothed market value
Inflation	3.25%
Salary Increases	3.75% - 8.00%
Investment Rate of Return	7.75%
Payroll Growth Assumption	4.0%, per year not greater than the average annual increase over most recent ten years (-2.8%), not less than 0.0%.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	For healthy participants, the RP 2000 Mortality Table was used, with separate rates for males and females and for annuitants and non-annuitants, and with fully generational mortality improvements projected to each future decrement date with Scale AA. For disabled participants, the RP 2000 Disabled Mortality Table was used, with separate rates for males and females, and with fully generational mortality improvements projected to each future decrement date with Scale AA.
Cost-of-Living Increases	0%, 0.75%, 2.25%

**Other Information:**

Notes N/A - first year of schedule

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

Accounting Disclosure Exhibit

XI. Discount Rate (GASB No. 67)

A discount rate of 7.75% was used to measure the total pension liability. This discount rate was based on the expected rate of return on Plan investments of 7.75%. The projection of cash flows used to determine this discount rate assumed member contributions will be made at the current contribution rate and employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

XII. Sensitivity of the Net Pension Liability to the Discount Rate Assumption (GASB No. 67)

Measurement date: 9/30/2014 \*

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Discount Rate	6.75%	7.75%	8.75%
Net Pension Liability	\$ 38,240,274	\$ 26,805,749	\$ 17,228,214

\* Projected - actual amounts will be available after fiscal year end

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

**Outline of Principal Provisions of the Retirement Plan**

A. Effective Date:

July 1, 1957 as Amended and Restated under Ordinance No. 89.19. Most recently amended under Ordinance No. 2013-19.

B. Eligibility Requirements:

1. Permanent full-time or *contract* employees excluding Police Officers, Firefighters, City Councilmen and the City Attorney.
2. Completion of two (2) years of credited service.

C. Credited Service:

Service measured in completed calendar months from date of employment to date of retirement or prior termination.

D. Final Monthly Compensation (FMC):

Average monthly rate of basic compensation during the best 60 successive calendar months out of the last 120 calendar months preceding date of retirement or prior termination. Basic compensation is defined as compensation actually paid to a participant excluding commissions, bonuses, overtime, expense allowances and all other extraordinary compensation.

E. Normal Retirement:

1. For members who are either (1) members of the AFSCME bargaining group or (2) not included in any bargaining unit and have attained age 62 or have attained age 55 with 20 years of credited service as of September 30, 2013 or for members of the IUPA bargaining group who have attained age 62 or have attained age 55 with 20 years of credited service as of December 31, 2013:
  - a. Eligibility: Attainment of age 62, or attainment of age 55 with 20 years of credited service.
  - b. Benefit: 3.0% of FMC times credited service.
2. For all other members of the IUPA bargaining group:
  - a. Eligibility: Attainment of age 66 with 6 years of credited service, or attainment of age 59 with 30 years of credited service.
  - b. Benefit: 3.0% of FMC times credited service through December 31, 2013 - 2.0% of FMC times credited service after December 31, 2013.

Benefits based upon credited service through December 31, 2013 may be paid upon attainment of age 62 or attainment of age 55 with 20 years of credited service.

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

**Outline of Principal Provisions of the Retirement Plan**

3. For all other members who are either (1) members of the AFSCME bargaining group or (2) not included in any bargaining unit:

- a. Eligibility: Attainment of age 62 with 10 years of credited service, or attainment of age 60 with 25 years of credited service.
- b. Benefit: 3.0% of FMC times credited service through September 30, 2013 - 2.5% of FMC times credited service after September 30, 2013.

Benefits based upon credited service through September 30, 2013 may be paid upon attainment of age 62 or attainment of age 55 with 20 years of credited service.

F. Early Retirement:

- a. Eligibility: Attainment of age 55 and completion of 15 years of credited service, or completion of 20 years of credited service.
- b. Benefit: Benefit accrued to date of retirement, actuarially reduced to reflect commencement of benefit at an earlier age.

G. Deferred Retirement:

- a. Eligibility: Retirement subsequent to normal retirement date.
- b. Benefit: Benefit calculated as for normal retirement based upon FMC and credited service as of deferred retirement date.

H. Disability Retirement:

- a. Eligibility: Total and permanent disability prior to normal retirement age for 6 months.
- b. Benefit: The greater of (i) or (ii) below, payable for the lifetime of the participant.
  - (i)  $A - B$ , where A is 60% of FMC at date of disability and B is 64% of the monthly Social Security disability benefit to which the participant is entitled.
  - (ii) The participant's accrued benefit as of date of disability.

Monthly disability retirement income payable until the earliest of recovery from disability, death or normal retirement date. If the participant remains disabled until normal retirement date, the same benefit will be payable for 10 years certain (measured from normal retirement date) and life thereafter.

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

Outline of Principal Provisions of the Retirement Plan

If death of a disabled participant occurs prior to normal retirement date, benefit to beneficiary payable for 10 years certain and life thereafter, which can be supported by the greater of A or B, where A is the single-sum value of the accrued deferred benefit at date of death assuming continued credited service and assuming continued pay at last monthly rate to date of death and B is the lesser of (1) and (2), where (1) is 24 times FMC at date of disability and (2) is 100 times the anticipated monthly normal retirement benefit.

I. Death Benefit:

Benefit to beneficiary (payable for 10 years certain and life thereafter) which can be supported by the greater of A or B, where A is the single-sum value of the accrued deferred benefit at date of death and B is the lesser of (i) and (ii), where (i) is 24 times monthly rate of pay on October 1 preceding date of death and (ii) is 100 times anticipated normal retirement benefit.

If death occurs subsequent to normal retirement date, benefit to beneficiary payable for 10 years certain and life thereafter, which can be supported by the single sum value of the accrued benefit as of date of death.

J. Employee Contributions:

7% of basic annual compensation contributed on a *pre-tax* basis beginning after completion of two years of service eligibility requirement continuing until termination or actual retirement date.

K. Vested Benefit Upon Termination:

a. Eligibility: 100% vesting upon completion of ten (10) years of credited service - members who have completed six (6) years of credited service as of September 30, 2013 are 100% vested. Members of the IUPA bargaining group are 100% vested upon completion of six (6) years of credited service.

b. Benefit: Accrued benefit as of date of termination multiplied by vesting percentage, payable as of normal retirement date in the normal form. After 20 years of credited service, an immediate, actuarially reduced benefit is optional.

L. Termination Benefit:

a. Eligibility: Less than 100% vested at date of termination.

b. Benefit: Return of employee contributions plus interest at the rate of 3%, compounded annually.

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

**Outline of Principal Provisions of the Retirement Plan**

**M. Cost of Living Adjustment (COLA)**

For members who are either (1) members of the AFSCME bargaining group or (2) not included in any bargaining unit and have attained age 62 or have attained age 55 with 20 years of credited service as of September 30, 2013 or for members of the IUPA bargaining group who have attained age 62 or have attained age 55 with 20 years of credited service as of December 31, 2013, COLA adjustments of 2.25% per annum commencing October 1st following receipt of benefits for one (1) year.

For all other members of the IUPA bargaining group, COLA adjustments of 2.25% per annum commencing October 1st following receipt of benefits for one (1) year for 3.00% accrual service benefits and no automatic COLA adjustments for 2.00% accrual service benefits. The City Council may grant an ad hoc COLA for 2.00% accrual service benefits whenever the cumulative net actuarial gain is sufficient to fund the COLA and the funded ratio of the Plan is 100% or more.

For all other members who are either (1) members of the AFSCME bargaining group or (2) not included in any bargaining unit, COLA adjustments of 2.25% per annum commencing October 1st following receipt of benefits for one (1) year for 3.00% accrual service benefits and COLA adjustments of 0.75% per annum commencing October 1st after three (3) years following termination of employment for 2.50% accrual service benefits.

**N. Normal Form of Payment of Retirement Income:**

10 years certain and life thereafter, subject to applicable COLA adjustments.

**O. Deferred Retirement Option Program (DROP)**

1. Eligibility - Upon attainment of normal retirement eligibility. For members of the IUPA bargaining group who have not attained age 62 or have not attained age 55 with 20 years of credited service as of December 31, 2013, the DROP shall be closed.
2. The maximum period of participation in the DROP is sixty (60) months. For members who have not attained age 62 or attained of age 55 with 20 years of credited service as of September 30, 2013 and are either (1) members of the AFSCME bargaining group or (2) not included in any bargaining unit, maximum period of participation in the DROP is thirty-six (36) months.
3. COLA is not payable during DROP participation period.
4. Interest is credited at the fixed rate of 6.5% per annum through June 30, 2012 - 3.0% per annum thereafter.

**P. Changes Since Most Recent Actuarial Impact Statement**

None.

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

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

A. Mortality

For healthy participants, the RP 2000 Mortality Table was used, with separate rates for males and females and for annuitants and non-annuitants, and with fully generational mortality improvements projected to each future decrement date with Scale AA.

For disabled participants, the RP 2000 Disabled Mortality Table was used, with separate rates for males and females, and with fully generational mortality improvements projected to each future decrement date with Scale AA.

B. Investment Return

7.75%, compounded annually, net of investment expenses.

C. Allowances for Expenses or Contingencies

Provision for payment of administrative costs added to normal cost based upon non-investment expenses paid in previous year.

D. Employee Withdrawal Rates

<u>Age</u>	<u>Withdrawal Rates</u>			
	<u>Per 100 Employees</u>			
	<u>Males</u>		<u>Females</u>	
	<u>First 4 Years</u>	<u>4+ Years</u>	<u>First 4 Years</u>	<u>4+ Years</u>
20	12.0	8.0	12.0	12.0
25	12.0	7.9	12.0	12.0
30	12.0	7.6	10.0	10.0
35	12.0	7.4	8.0	7.9
40	12.0	5.4	8.0	7.4
45	12.0	3.0	8.0	7.1
50	12.0	3.0	8.0	6.0
55	12.0	3.0	8.0	8.0
60 & Over	12.0	3.0	8.0	8.0

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

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

E. Disability Incidence

1985 Class One Disability Study Table with separate rates for males and females.

Disability Rates Per 100 Employees		
<u>Age</u>	<u>Male</u>	<u>Female</u>
20	0.03	0.03
25	0.04	0.05
30	0.05	0.08
35	0.07	0.14
40	0.12	0.21
45	0.20	0.32
50	0.36	0.53
55	0.72	0.95
60	1.26	1.16
65	1.75	1.36
70	0.00	0.00

F. Salary Increase Assumptions

Based on input from the City including the Agreement between the City of North Miami Beach, Florida and North Miami Beach, City Employees Local 3293, AFSCME effective October 21, 2008 covering three years ended September 30, 2011, we have assumed the City will continue to provide limited salary increases during the period October 1, 2012 through September 30, 2014. We assume pay increases will average 3.75% annually for the next two years. Effective October 1, 2014 salary increase assumptions are as follows:

<u>Service</u>	<u>Salary Increase</u>
0 - 5	8.00%
6 - 10	5.50%
11 - 14	4.50%
15 + years	4.25%

G. Increase in Covered Payroll

4.0%, per year not greater than the average annual increase over most recent ten years (-2.8%), not less than 0.0%.

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

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

H. Rates of Retirement

1. For members of the AFSCME bargaining group or members not included in any bargaining unit hired prior to October 1, 2013 and for members of the IUPA bargaining group hired prior to January 1, 2014:

<u>Age</u>	<u>Rates of Retirement</u>	
	<u>&lt;20 years</u>	<u>20+ years</u>
< 55	N/A	8%
55	5%	40%
56 - 59	5%	20%
60	5%	15%
61	25%	15%
62	35%	35%
63 - 64	20%	20%
65	50%	100%
66 - 69	20%	100%
70 - 74	35%	100%
75 & Over	100%	100%

35% of employees enter the DROP when first eligible for members of the AFSCME bargaining group and members not included in any bargaining unit.

2. For members of the IUPA bargaining group hired after December 31, 2013:

<u>Age</u>	<u>Rates of Retirement</u>		
	<u>&lt;20 years</u>	<u>20 - 29 years</u>	<u>30+ years</u>
< 55	N/A	8%	8%
55 - 58	5%	8%	8%
59	5%	8%	40%
60	5%	8%	35%
61	25%	25%	25%
62	30%	35%	35%
63 - 64	20%	20%	20%
65 - 74	50%	50%	50%
75 & Over	100%	100%	100%

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

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

3. For members of the AFSCME bargaining group and members not included in any bargaining unit hired after September 30, 2013:

<u>Age</u>	<u>Rates of Retirement</u>		
	<u>&lt;20 years</u>	<u>20 - 24 years</u>	<u>25+ years</u>
< 55	N/A	8%	8%
55 - 59	5%	8%	8%
60	5%	8%	40%
61	25%	25%	20%
62	35%	35%	20%
63 - 64	20%	20%	20%
65	50%	50%	15%
66	20%	20%	15%
67	20%	20%	35%
68 - 69	20%	20%	20%
70 - 74	35%	35%	100%
75 & Over	100%	100%	100%

35% of employees enter the DROP when first eligible.

I. Deferred Retirement Option Program (DROP)

The assumed period of DROP participation is four (4) years for members allowed to participate in the DROP for sixty (60) months (5 year COLA deferral). The assumed period of DROP participation is three (3) years for members allowed to participate in the DROP for thirty-six (36) months (6 year COLA deferral).

J. Smoothed Actuarial Value of Assets

The method used for determining the smoothed actuarial value of assets phases in the deviation between the expected and actual return on assets at the rate of 20% per year. The smoothed actuarial value of assets will be further adjusted to the extent necessary to fall within the corridor whose lower limit is 80% of the fair market value of plan assets and whose upper limit is 120% of the fair market value of plan assets. Smoothed actuarial value of assets was marked to market October 1, 2012.

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

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

K. Actuarial Cost Method

Normal Retirement, Termination, Disability, and Death Benefits: Entry-Age-Normal Cost Method.  
Under this method the normal cost for each active employee is the amount which is calculated to be a level percentage of pay that would be required annually from his entry age to his assumed retirement age to fund his estimated benefits, assuming the Plan had always been in effect. The normal cost for the Plan is the sum of such amounts for all employees. The actuarial accrued liability as of any valuation date for each active employee or inactive employee who is eligible to receive benefits under the Plan is the excess of the actuarial present value of estimated future benefits over the actuarial present value of current and future normal costs. The unfunded actuarial accrued liability as of any valuation date is the excess of the actuarial accrued liability over the assets of the Plan.

L. Changes Since Most Recent Actuarial Impact Statement

None.

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

**Distribution by Attained Age Groups  
and Service Groups as of October 1, 2013**

**All Active Participants**

<u>Attained Age Group</u>	-----COMPLETED YEARS OF SERVICE-----							<u>Total</u>
	<u>0-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30 &amp; Over</u>	
Under 25	1	-	-	-	-	-	-	1
25-29	5	2	-	-	-	-	-	7
30-34	3	10	8	-	-	-	-	21
35-39	4	10	7	5	-	-	-	26
40-44	-	10	4	11	1	-	-	26
45-49	2	6	10	10	3	-	-	31
50-54	1	9	10	16	4	5	3	48
55-59	1	8	7	11	1	1	-	29
60-64	-	4	3	6	-	-	-	13
65 & Over	-	2	3	1	-	-	1	7
<b>TOTAL</b>	<b>17</b>	<b>61</b>	<b>52</b>	<b>60</b>	<b>9</b>	<b>6</b>	<b>4</b>	<b>209</b>

	<b><u>Prior Year</u></b>	<b><u>Current Year</u></b>
Average Attained Age	47.31 years	47.45 years
Average Hire Age	35.11 years	34.60 years
Average Pay	\$ 42,791	\$ 43,220
Percent Female	29.8%	30.6%

Table XIII

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

**Statistics for Participants Entitled to Deferred Benefits  
and Participants Receiving Benefits**

A. Entitled to Deferred Benefits

<b><u>Current Age Group</u></b>	<b><u>Count</u></b>	<b><u>Total Annual Benefit</u></b>	<b><u>Average Annual Benefit</u></b>
Less than 50	14	\$ 202,362	\$ 14,454
50-54	13	279,803	21,523
55-59	4	44,622	11,156
60-64	3	47,907	15,969
65-69	0	0	0
70 & Over	0	0	0
<b>TOTAL</b>	<u>34</u>	<u>\$ 574,694</u>	<u>\$ 16,903</u>

B. Retirees Receiving Benefits

<b><u>Current Age Group</u></b>	<b><u>Count</u></b>	<b><u>Total Annual Benefit</u></b>	<b><u>Average Annual Benefit</u></b>
Less than 50	0	\$ 0	\$ 0
50-54	2	56,238	28,119
55-59	11	338,666	30,788
60-64	21	741,111	35,291
65-69	27	747,970	27,703
70-74	22	598,512	27,205
75-79	24	460,576	19,191
80 & Over	35	464,188	13,263
<b>TOTAL</b>	<u>142</u>	<u>\$ 3,407,261</u>	<u>\$ 23,995</u>

Table XIII  
(Cont'd)

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

**Statistics for Participants Entitled to Deferred Benefits  
and Participants Receiving Benefits**

C. Beneficiaries Receiving Benefits

<b><u>Current Age Group</u></b>	<b><u>Count</u></b>	<b><u>Total Annual Benefit</u></b>	<b><u>Average Annual Benefit</u></b>
Less than 50	8	\$ 46,945	\$ 5,868
50-54	4	46,377	11,594
55-59	8	85,822	10,728
60-64	5	93,133	18,627
65-69	8	124,368	15,546
70-74	13	162,657	12,512
75 & Over	9	100,310	11,146
<b>TOTAL</b>	<u>55</u>	<u>\$ 659,612</u>	<u>\$ 11,993</u>

D. Disabled Participants Receiving Benefits

<b><u>Current Age Group</u></b>	<b><u>Count</u></b>	<b><u>Total Annual Benefit</u></b>	<b><u>Average Annual Benefit</u></b>
Less than 50	3	\$ 32,098	\$ 10,699
50-54	1	26,622	26,622
55-59	1	14,980	14,980
60-64	6	95,634	15,939
65-69	0	0	0
70-74	2	22,041	11,021
75 & Over	0	0	0
<b>TOTAL</b>	<u>13</u>	<u>\$ 191,375</u>	<u>\$ 14,721</u>

**Table XIII  
(Cont'd)**

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

**Statistics for Participants Entitled to Deferred Benefits  
and Participants Receiving Benefits**

E. DROP Participants

<b><u>Current Age Group</u></b>	<b><u>Count</u></b>	<b><u>Total Annual Benefit</u></b>	<b><u>Average Annual Benefit</u></b>
Less than 50	0	\$ 0	\$ 0
50-54	0	0	0
55-59	14	475,348	33,953
60-64	23	506,023	22,001
65-69	12	211,074	17,590
70-74	3	42,504	14,168
75-79	0	0	0
80 & Over	0	0	0
<b>TOTAL</b>	<b>52</b>	<b>\$ 1,234,949</b>	<b>\$ 23,749</b>

Table XIV

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

**Reconciliation of Employee Data**

	Active Participants	DROP	Terminated Vested	Retirees & Beneficiaries	Disabled	Total
Participants as of October 1, 2012	248	41	29	189	13	520
Retired	(3)	(8)	(1)	12	0	0
Terminated Vested	(8)	0	8	0	0	0
Terminated Non-Vested	(7)	0	0	0	0	(7)
Disabled	0	0	0	0	0	0
Refunds	(1)	0	(2)	0	0	(3)
Deceased	(1)	0	0	(4)	0	(5)
Rehired	0	0	0	0	0	0
QDRO Put in Pay	0	0	0	0	0	0
Transfers In	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	0
New Hires	0	0	0	0	0	0
DROP	(19)	19	0	0	0	0
Data Adjustment	0	0	0	0	0	0
Net Change	(39)	11	5	8	0	(15)
Participants as of October 1, 2013	209	52	34	197	13	505

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

**Projected Retirement Benefits**

<b><u>Fiscal Year Ending</u></b>	<b><u>Projected Total Annual Payout</u></b>
2014	5,743,982
2015	5,994,293
2016	6,311,138
2017	6,629,732
2018	6,942,157
2019	7,285,581
2020	7,597,728
2021	7,906,415
2022	8,220,982
2023	8,524,477

The above projected payout of plan benefits during the next ten years is based on assumptions involving all decrements. The actual payout may differ from the above estimates depending upon death, salary and retirement experience of the plan. However, since the projected payment is recomputed each valuation date, there is an automatic correction to the extent that actual experience varies from expected experience.

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

**Review of Salary and Termination Experience**

A. Salary Experience - Current Year

<u>October 1, 2013 Service Groups</u>	<u>Employees*</u>	<u>Actual % Increase</u>	<u>Assumed % Increase</u>
0 - 5	24	0.87%	3.75%
6 - 10	57	1.24%	3.75%
11 - 14	47	-0.09%	3.75%
15 + years	66	0.81%	3.75%
TOTAL	194	0.73%	3.75%

B. Recent Salary Experience

<u>Year Ended</u>	<u>Employees*</u>	<u>Actual % Increase</u>	<u>Assumed % Increase</u>
09/30/2012	220	0.24%	3.75%
09/30/2011	230	3.62%	6.00%
09/30/2010	247	3.50%	5.96%
09/30/2009	256	2.97%	6.00%
09/30/2008	254	5.8%	5.5%
09/30/2007	270	6.9%	5.5%
09/30/2006	275	5.9%	5.5%
09/30/2005	284	6.3%	5.5%
09/30/2004	271	3.9%	5.5%
Last 3 Years	644	1.52%	4.49%
Last 5 Years	1,147	2.20%	5.09%
Last 10 Years	2,501	4.0%	5.3%

\* Participants who have full years of pay for both years considered.

**Table XVI  
(Cont'd)**

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

**Review of Salary and Termination Experience**

C. Termination Experience - Current Year

<u>October 1, 2012 Age Groups</u>	<u>Number of Participants October 1, 2012</u>	<u>Expected Terminations</u>	<u>Actual Terminations</u>	<u>Ratio of Actual to Expected</u>
19 & Under	0	0.0	0	N/A
20-24	1	0.1	0	0.0
25-29	11	1.1	2	1.8
30-34	24	2.1	3	1.4
35-39	30	2.2	3	1.4
40-44	27	1.4	1	0.7
45-49	40	1.6	3	1.9
50-54	55	1.7	1	0.6
55-59	28	0.5	0	0.0
60-64	28	0.4	1	2.5
65 & Over	<u>4</u>	<u>0.0</u>	<u>0</u>	<u>N/A</u>
TOTAL	248	11.1	14	1.3

D. Recent Termination Experience

<u>Period</u>	<u>Number of Participants Previous Year</u>	<u>Expected Terminations</u>	<u>Actual Terminations</u>	<u>Ratio of Actual to Expected</u>
09/30/2012	261	13.8	12	0.9
09/30/2011	292	9.7	20	2.1
09/30/2010	300	10.1	8	0.8
09/30/2009	301	10.6	12	1.1
09/30/2008	317	11.7	18	1.5
09/30/2007	312	11.0	16	1.5
09/30/2006	324	12.5	10	0.8
09/30/2005	327	12.6	16	1.3
09/30/2004	336	14.5	14	1.0
Last 3 Years	801	34.6	46	1.3
Last 5 Years	1,402	55.3	66	1.2
Last 10 Years	3,018	117.6	140	1.2

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

**Analysis of Investment Yield as of October 1, 2013**

This Table sets forth the results of an analysis made of investment yields on the assets held under the Retirement Plan for General Employees of the City of North Miami Beach.

The basic sources for this analysis were the Statements produced by the City.

The basic data was initially checked for internal consistency. Since no difficulties were encountered with the data, yield rates were calculated directly from the transaction information submitted. A summary of the transaction information is set forth on the following page.

**Table XVII  
(Cont'd)**

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

**Summary of Transaction Information**

<u>Year Ended</u>	<u>Benefits Paid<sup>1</sup></u>	<u>Administrative Expenses</u>	<u>Member Contributions</u>	<u>City Contributions</u>	<u>Smoothed Actuarial Value<sup>2, 3</sup></u>
09/30/2013	\$ 5,412,901	\$ 173,730	\$ 791,648	\$ 3,381,418	\$ 69,374,663
09/30/2012	\$ 5,054,659	\$ 182,427	\$ 793,842	\$ 2,927,951	\$ 60,520,361
09/30/2011	\$ 4,364,366	\$ 159,677	\$ 866,568	\$ 2,812,799	\$ 60,135,822
09/30/2010	\$ 3,786,521	\$ 161,387	\$ 964,773	\$ 2,649,170	\$ 59,444,402
09/30/2009	\$ 3,320,764	\$ 113,221	\$ 924,190	\$ 2,122,612	\$ 57,832,173
09/30/2008	\$ 3,000,899	\$ 119,945	\$ 1,054,435	\$ 2,333,440	\$ 56,504,858
09/30/2007	\$ 2,849,780	\$ 43,851	\$ 900,620	\$ 2,133,251	\$ 53,575,555
09/30/2006	\$ 2,528,070	\$ 116,727	\$ 898,852	\$ 1,858,727	\$ 48,553,562
09/30/2005	\$ 2,433,315	\$ 111,722	\$ 863,779	\$ 1,738,722	\$ 45,627,713
09/30/2004	\$ 2,140,131	\$ 100,910	\$ 851,458	\$ 1,694,679	\$ 44,967,792
09/30/2003	\$ 1,964,374	\$ 76,039	\$ 799,182	\$ 1,547,537	\$ 44,459,457
09/30/2002	\$ 1,798,589	\$ 65,132	\$ 707,765	\$ 701,935	\$ 39,872,430
09/30/2001	\$ 1,798,795	\$ 84,346	\$ 639,170	\$ 634,989	\$ 44,382,287
09/30/2000	\$ 1,578,287	\$ 88,104	\$ 599,825	\$ 576,257	\$ 43,650,926
09/30/1999	\$ 1,539,900	\$ 79,210	\$ 545,770	\$ 533,119	\$ 40,229,429
09/30/1998	\$ 1,579,002	\$ 83,104	\$ 411,522	\$ 411,522	\$ 35,879,000
09/30/1997	\$ 1,624,618	\$ 48,768	\$ 371,603	\$ 349,350	\$ 33,630,000
09/30/1996	\$ 1,185,418	\$ 61,130	\$ 365,210	\$ 274,533	\$ 28,099,000
09/30/1995	\$ 962,600	\$ 138,626	\$ 358,078	\$ 344,348	\$ 25,474,000
09/30/1994	\$ 971,140	\$ 179,416	\$ 357,215	\$ 109,396	\$ 21,909,000

<sup>1</sup> Includes DROP distributions (previously included DROP benefit credits), effective for October 1, 2013 valuation date.

<sup>2</sup> Includes DROP account balances, effective for October 1, 2013 valuation date.

<sup>3</sup> Market value prior to 2001, thousands prior to October 1, 1998

**Table XVII  
(Cont'd)**

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

**Recent Plan Experience**

	<u>Assumed Investment Return</u>	<u>Market Value Return <sup>1</sup></u>	<u>Smoothed Actuarial Value Return <sup>12</sup></u>
09/30/2013	7.75%	12.41%	8.68%
09/30/2012	7.75%	18.59%	3.28%
09/30/2011	8.25%	0.08%	2.69%
09/30/2010	8.25%	10.28%	3.41%
09/30/2009	8.25%	5.29%	3.06%
09/30/2008	8.50%	(13.8%)	5.0%
09/30/2007	8.50%	13.6%	10.0%
09/30/2006	8.50%	7.2%	6.2%
09/30/2005	8.50%	10.4%	1.3%
09/30/2004	8.50%	7.0%	0.5%
Last 3 Years	7.92%	10.09%	4.85%
Last 5 Years	8.05%	9.15%	4.20%
Last 10 Years	8.27%	6.7%	4.4%

<sup>1</sup> Return calculated as  $2I/(A+B-I)$

<sup>2</sup> Marked to market value October 1, 2012

**Table XVIII**

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

**City Contribution Information**

<u>Valuation Date</u>	<u>Contribution Fiscal Year End</u>	<u>Minimum Required Employer Contributions</u>	<u>Actual Employer Contributions Made</u>
10/01/2013	09/30/2015	39.1% of payroll <sup>1</sup>	N/A
10/01/2012	09/30/2014	33.0% of payroll <sup>2</sup>	N/A
10/01/2011	09/30/2013	\$ 3,220,136 *	\$ 3,381,418
10/01/2010	09/30/2012	\$ 2,677,804 *	\$ 2,927,951
10/01/2009	09/30/2011	\$ 2,812,799 *	\$ 2,812,799
10/01/2008	09/30/2010	\$ 2,649,170 *	\$ 2,649,170
10/01/2007	09/30/2009	\$ 2,122,612 *	\$ 2,122,612
10/01/2006	09/30/2008	\$ 2,333,440 *	\$ 2,333,440
10/01/2005	09/30/2007	\$ 2,133,251 *	\$ 2,133,251
10/01/2004	09/30/2006	\$ 1,858,727 *	\$ 1,858,727

<sup>1</sup> 39.1% of expected 2014 - 2015 covered payroll - \$9,032,997

<sup>2</sup> 33.0% of expected 2013 - 2014 covered payroll - \$9,032,997

\* Based on percentage of payroll

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

**Actuarial Valuation as of October 1, 2013**

**State Required Exhibit**

	<b>Actuarial Impact Statement 10/01/2012</b>	<b>10/01/2013</b>
<b>A. <u>Participant Data</u></b>		
1. Active participants	248	209
2. Retired participants and beneficiaries receiving benefits	189	197
3. DROP participants	41	52
4. Disabled participants receiving benefits	13	13
5. Terminated vested participants	29	34
6. Annual payroll of active participants	\$ 10,612,185	\$ 9,032,997
7. Expected payroll of active employees for the following year	\$ 10,612,185	\$ 9,032,997
8. Annual benefits payable to those currently receiving benefits	\$ 3,768,755	\$ 4,258,248
9. DROP participants receiving benefits	\$ 1,265,119	\$ 1,234,949
<b>B. <u>Assets</u></b>		
1. Smoothed Actuarial Value	\$ 62,709,280	\$ 69,374,663
2. Market Value	\$ 62,709,280	\$ 71,776,351
<b>C. <u>Liabilities</u></b>		
1. Actuarial present value of future expected benefit payments for active members		
a. Retirement benefits	\$ 37,684,170	\$ 33,565,440
b. Vesting benefits	2,358,671	1,996,622
c. Death benefits	621,115	530,595
d. Disability benefits	2,221,571	1,956,140
e. Total	\$ 42,885,527	\$ 38,048,797
2. Actuarial present value of future expected benefit payments for terminated vested members	\$ 3,088,312	\$ 4,466,490
3. Actuarial present value of future expected benefit payments for members currently receiving benefits		
a. Service retired	\$ 30,659,473	\$ 36,745,823
b. DROP participants	19,336,978	18,979,622
c. Disability retired	1,967,830	1,979,191
d. Beneficiaries	5,798,018	6,114,620
e. Miscellaneous	208,138	215,844
f. Total	\$ 57,970,437	\$ 64,035,100

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

Actuarial Valuation as of October 1, 2013

State Required Exhibit

	<b>Actuarial Impact Statement 10/01/2012</b>	<b>10/01/2013</b>
4. Total actuarial present value of future expected benefit payments	\$ 103,944,276	\$ 106,550,387
5. Actuarial accrued liabilities	\$ 95,012,840	\$ 98,711,527
6. Unfunded actuarial liabilities	\$ 29,822,509	\$ 29,336,864
<b>D. <u>Statement of Accumulated Plan Benefits</u></b>		
	<b>Actuarial Valuation</b>	
1. Actuarial present value of accumulated vested benefits		
a. Participants currently receiving benefits	\$ 38,425,321	\$ 44,839,634
b. DROP participants	19,336,978	18,979,622
c. Other participants	30,960,752	27,465,643
d. Total	<u>\$ 88,723,051</u>	<u>\$ 91,284,899</u>
2. Actuarial present value of accumulated non-vested plan benefits	<u>673,798</u>	<u>3,125,792</u>
3. Total actuarial present value of accumulated plan benefits	\$ 89,396,849	\$ 94,410,691
<b>E. <u>Statement of Change in Accumulated Plan Benefits</u></b>		
1. Actuarial present value of accumulated plan benefits as of October 1, 2012		\$ 89,396,849
2. Increase (decrease) during year attributable to:		
a. Plan amendment and change in actuarial assumptions and methods		\$ (223)
b. Benefits paid (including DROP distributions and refunds)		(5,412,901)
c. Other, including benefits accumulated and increase for interest due to decrease in the discount period		10,426,966
d. Net increase		<u>\$ 5,013,842</u>
3. Actuarial present value of accumulated plan benefits as of October 1, 2013		\$ 94,410,691

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

Actuarial Valuation as of October 1, 2013

State Required Exhibit

	<b>Actuarial Impact Statement</b>	
	<b>10/01/2012</b>	<b>10/01/2013</b>
F. <u>Pension Cost</u>		
1. Total normal cost	\$ 1,508,140	\$ 1,432,055
2. Payment required to amortize unfunded liability	2,579,539	2,578,832
3. Interest	152,489	149,624
4. Total required contributions	\$ 4,240,168	\$ 4,160,511
5. Item 4 as a percentage of payroll	40.0%	46.1%
6. Estimated employee contributions	\$ 632,310 <sup>1</sup>	\$ 632,310 <sup>3</sup>
7. Item 6 as a percentage of payroll	7.0%	7.0%
8. Expected City contribution	\$ 2,980,889 <sup>1</sup>	\$ 3,528,201 <sup>3</sup>
9. Item 8 as a percentage of payroll	33.0%	39.1%
G. <u>Past Contributions</u>		
1. Total contribution required (Prior Actuarial Valuation - based on percentage of payroll)	\$ 3,911,576 <sup>2</sup>	\$ 3,613,199 <sup>1</sup>
2. Actual contributions made:		
a. Employee	\$ 791,648	N/A
b. City	3,381,418	N/A
c. Total	\$ 4,173,066	N/A
H. <u>Net Actuarial Gain (Loss)</u>	\$ (1,733,522)	\$ 109,038
I. <u>Disclosure of Following Items:</u>		
1. Actuarial present value of future salaries - attained age	\$ 73,750,797	\$ 53,501,508
2. Actuarial present value of future employee contributions - attained age	\$ 5,162,555	\$ 3,745,106
3. Actuarial present value of future contributions from other sources	N/A	N/A
4. Amount of active members' accumulated contributions	\$ 7,590,756	\$ 7,016,614
5. Actuarial present value of future salaries and future benefits at entry age	N/A	N/A
6. Actuarial present value of future employee contributions at entry age	N/A	N/A

<sup>1</sup> Percent of pay applied to expected 2013-2014 covered payroll (\$9,032,997)

<sup>2</sup> Percent of pay applied to actual 2012-2013 covered payroll (\$9,877,718)

<sup>3</sup> Percent of pay applied to expected 2014-2015 covered payroll (\$9,032,997)

**Table XIX  
(Cont'd)**

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

**Actuarial Valuation as of October 1, 2013**

**State Required Exhibit**

**J. Retirement Experience**

Normal Retirement Eligibility: Earlier of age 62 or age 55 with 20 years of credited service.

Attained Age	9/30/1999 - 9/30/2010		9/30/2011		9/30/2012		9/30/2013	
	Eligible	Retired	Eligible	Retired	Eligible	Retired	Eligible	Retired
55	31	11	3	3	5	2	2	2
56	23	5	2	1	0	0	3	1
57	24	2	0	0	2	1	0	0
58	21	6	2	2	0	0	3	3
59	17	1	1	1	0	0	0	0
60	18	2	1	1	2	1	0	0
61	18	1	0	0	0	0	2	2
62	68	18	9	3	7	4	4	4
63	40	7	9	2	6	2	3	3
64	32	2	3	1	7	2	4	2
65	26	8	5	4	2	1	5	2
66	18	5	1	1	1	0	1	0
67	11	2	1	0	0	0	1	0
68	10	3	0	0	1	0	0	0
69	8	0	0	0	0	0	1	0
70	9	2	1	0	0	0	0	0
71	7	3	1	1	1	1	0	0
72	5	1	0	0	0	0	0	0
73	4	0	0	0	0	0	0	0
74	5	0	0	0	0	0	0	0
75	6	1	0	0	0	0	0	0
76	6	0	0	0	0	0	0	0
77	5	2	1	1	0	0	0	0
78	2	1	1	0	0	0	0	0
79	1	0	0	0	1	0	0	0
80	1	0	0	0	0	0	1	0
81	1	0	0	0	0	0	0	0
82	1	0	0	0	0	0	0	0
83	1	1	0	0	0	0	0	0
Total	419	84	41	21	35	14	30	19

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

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

Actuarial Valuation as of October 1, 2013

State Required Exhibit

	<u>Unfunded Actuarial Accrued Liabilities</u>	<u>Current Unfunded Liabilities</u>	<u>Amortization Payment</u>	<u>Remaining Funding Period</u>
10/01/2001	Assumption / Method Change	\$ (2,732,356)	\$ (265,903)	18 years
10/01/2001	Plan Amendment	37,073	3,608	18 years
10/01/2002	Actuarial Loss (Gain)	9,328,834	885,369	19 years
10/01/2003	Actuarial Loss (Gain)	(181,608)	(16,849)	20 years
10/01/2004	Actuarial Loss (Gain)	4,451,906	404,589	21 years
10/01/2005	Actuarial Loss (Gain)	3,774,843	336,676	22 years
10/01/2005	Plan Amendment	41,321	3,685	22 years
10/01/2006	Actuarial Loss (Gain)	1,541,732	135,173	23 years
10/01/2007	Actuarial Loss (Gain)	(1,832,456)	(158,171)	24 years
10/01/2008	Actuarial Loss (Gain)	2,774,544	236,091	25 years
10/01/2008	Assumption Change	1,837,473	156,354	25 years
10/01/2009	Actuarial Loss (Gain)	3,149,422	264,508	26 years
10/01/2010	Actuarial Loss (Gain)	3,533,072	293,193	27 years
10/01/2011	Actuarial Loss (Gain)	2,726,933	223,820	28 years
10/01/2011	Assumption Change	5,584,723	458,380	28 years
10/01/2012	Actuarial Loss (Gain)	1,722,458	139,954	29 years
10/01/2012	Plan Amendment / Method Change	(5,999,980)	(487,514)	29 years
10/01/2012	Plan Amendment	(312,032)	(25,353)	29 years
10/01/2013	Actuarial Loss (Gain)	<u>(109,038)</u>	<u>(8,778)</u>	30 years
	TOTAL	\$ 29,336,864	\$ 2,578,832	

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

Enrollment Number: 14-02802

Dated: June 10, 2014



Lawrence F. Wilson, A.S.A.