

City of North Miami Beach

Retirement Plan for Police Officers & Firefighters

Actuarial Valuation Report as of October 1, 2015

September 2016



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September 27, 2016

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October 1, 2015 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, 2015. The purpose of this report is to provide a summary of the funded status of the plan as of October 1, 2015, to determine the minimum required contribution amount for the fiscal year ending September 30, 2017, 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 purpose may not be appropriate and may result in mistaken conclusions due to failure to understand applicable assumptions, methodologies, or inapplicability of the report for that purpose. Because of the risk of misinterpretation of actuarial results, you should ask Buck to review any statement you wish to make on the results contained in this report. Buck will not accept any liability for any such statement made without prior review.

Summary of Valuation Results

The valuation results shown in this letter revise the information presented to the Retirement Committee on September 12, 2016. More specifically, the contribution receivable from the City due to missed contributions on overtime compensation has been refined based on a review by the City and Plan Administrator. The revision lowers the required and City contribution by approximately \$200. 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, per Ordinance 2010-22 an additional City contribution \$200,000 is required and will be reserved to offset future supplemental contributions should the funding level fall below 70% in future years. The dollar amount of the City’s contribution requirement for the 2016/2017 fiscal year is as follows:

	Made Monthly	Made Quarterly	Single Contribution on October 1, 2016
City	\$5,362,435	\$5,309,867	\$5,160,006
City Supplemental	200,000	200,000	200,000
Total	\$5,562,435	\$5,509,867	\$5,360,006

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 other than to modify the retirement rate assumption to reflect the fact that participants who were not vested at January 31, 2016 or who are hired after January 31, 2016 may not retire at ages that had previously been assumed prior to the adoption of Ordinance 2016-4. 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 1.78%. 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 28% 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 2015, 6 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.

Prescribed Assumptions under Chapter 112

Beginning with the October 1, 2016 valuation, the mortality tables used in the valuation will be prescribed under Florida Statute Chapter 112.63. More specifically, the mortality tables will be based on the same tables used by the Florida Retirement System as published in one of the two most recent valuation reports, including the projection scale for mortality improvement. Appropriate risk and collar adjustments must be made based on plan demographics. The tables must be used for assumptions for preretirement and postretirement mortality.

Changes in Plan Provisions

This valuation reflects Ordinance 2016-4, which amended the plan to:

- limit the inclusion of overtime pay in pensionable earnings,
- change the retirement and DROP eligibility conditions for those not yet vested as of January 31, 2016,
- shorten the DROP period for those not yet vested as of January 31, 2016,
- lower the interest crediting rate on DROP account balances, and
- change the rate of and the timing of COLA increases based on vested status as of January 31, 2016.

These changes decreased the plan's actuarial accrued liability by \$1,959,016. A detailed summary of these changes and all other plan provisions can be found in Table XII.

Discussion of Valuation Results

The dollar amount of the total required contributions for fiscal year 2016/2017 is \$6,247,800 (97.70% of payroll) before reflecting the additional contribution required by Ordinance 2010-22 and interest adjustments for timing of contributions. For comparative purposes, the total required contribution for the 2015/2016 fiscal year was \$6,567,893 (101.21% 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 approximately \$160,000. This increase reflects level percent of payroll amortization of the unfunded actuarial accrued liability and the expected increase in the Plan's normal cost.
- There was a small experience gain during the prior year, but the normal cost was lower than expected because of the replacement of a number of retirees by younger, lower-paid members. This decreased the contribution amount by approximately \$170,000.
- The plan changes under Ordinance 2016-4 lowered the contribution level by approximately \$314,000.

After taking into account expected member contributions of \$709,829 (11.1% of payroll) and expected State contributions of \$331,723 (5.19% of payroll), the City's contribution requirement is \$5,206,248 (81.41% of payroll) before reflecting the \$200,000 additional contribution required by Ordinance 2010-22 and interest adjustments due to timing of contributions. This compares to \$5,521,331 (85.08% of payroll) required for the prior fiscal year.

Financial and Member Data

The member data used was provided as of October 1, 2015 by the Pension Administrator and the City of North Miami Beach. Buck did not audit this data, although it was reviewed for reasonableness and consistency with the prior year's information as well as information supplied previously. The financial data was supplied by the Plan Administrator. A contribution receivable from the City for missed member contributions on fiscal 2015 overtime earnings was included in the assets based on overtime earnings data that was supplied by the City. We have relied upon this information without audit. The results of this report are dependent on the accuracy of the member and financial 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.

Where presented, references to "funded ratio" and "unfunded accrued liability" typically are measured on an actuarial value of assets basis. It should be noted that the same measurements using market value of assets would result in different funded ratios and unfunded accrued liabilities. Moreover, the funded ratio presented is appropriate for evaluating the need and level of future contributions but makes no assessment regarding the funded status of the plan if the plan were to settle (i.e. purchase annuities) for a portion or all of its liabilities.

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 2014-20. Results reflecting the plan provisions as outlined in Ordinance 2014-20 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, 2014	October 1, 2015
1. Number of Members		
a. Active Members	69	69
b. DROP Members	24	27
c. Deferred Vested Members	0	0
d. Retired Members	<u>124</u>	<u>126</u>
e. Total Members	217	222
2. Total Annual Compensation	\$ 6,009,600	\$ 6,056,254
3. Valuation Payroll	\$ 6,489,328	\$ 6,394,859
4. DROP Member Benefits	\$ 1,545,179	\$ 1,743,416
5. Retired Member Benefits	\$ 6,611,976	\$ 6,787,386
6. Annual Contribution		
a. Present Value of Future Benefits	\$ 144,214,535	\$ 147,925,881
b. Present Value of Future Normal Cost	12,952,560	12,280,664
<i>City Portion</i>	7,648,174	6,319,732
<i>Member Portion</i>	5,304,386	5,960,932
c. Actuarial Accrued Liability (AAL)	131,261,975	135,645,217
d. Actuarial Value of Assets (AVA)	(87,824,103)	(95,513,806)
e. Unfunded AAL (UAAL)	<u>\$ 43,437,872</u>	<u>\$ 40,131,411</u>
f. Funded Percentage (AVA / AAL)	66.9%	70.4%
g. Normal Cost	\$ 1,826,250	\$ 1,589,997
h. Amortization Amount	3,836,315	3,766,235
i. Administrative / Investment Management Expenses	657,393	655,716
j. Interest for Monthly Payments	247,935	235,852
k. Total	<u>\$ 6,567,893</u>	<u>\$ 6,247,800</u>
l. Expected Member Contributions	\$ 720,315	\$ 709,829
m. Expected State Contributions	326,247	331,723
n. Estimated City Contributions	5,521,331	5,206,248
o. Total	<u>\$ 6,567,893</u>	<u>\$ 6,247,800</u>
7. Annual Contributions (as a % of Valuation Payroll)		
a. Total Required Contributions	101.21%	97.70%
b. Expected Member Contributions	11.10%	11.10%
c. Expected State Contributions	5.03%	5.19%
d. Estimated City Contributions	85.08%	81.41%
8. Contribution Required by Ordinance 2010-22	\$ 750,000	\$ 200,000
9. Monthly City Contribution for the Following Fiscal Year	\$ 6,436,971	\$ 5,562,435
10. Quarterly City Contribution for the Following Fiscal Year		\$ 5,509,867
11. Single City Contribution as of October 1		\$ 5,360,006

Gain and Loss Analysis

Table II

1. Actual Unfunded Accrued Liability as of October 1, 2014	\$	43,437,872
2. Expected Change in Unfunded Liability During the 2014/2015 Plan Year		
a. Due to Employer Normal Cost and Admin/Investment Expenses*	\$	1,996,316
b. Due to Interest on the Unfunded Liability		3,475,030
c. City and State Contributions**		(6,830,039)
d. Due to Interest on City and State Contributions		(267,945)
e. Total Expected Change	\$	(1,626,638)
3. Expected Unfunded Accrued Liability as of October 1, 2015	\$	41,811,234
4. Change in Unfunded Liability During the 2014/2015 Plan Year Due to:		
a. Method Changes	\$	0
b. Assumption Changes		0
c. Plan Amendments		(1,959,016)
d. Experience (Gain)/Loss		279,193
e. Total Change	\$	(1,679,823)
5. Actual Unfunded Accrued Liability as of October 1, 2015	\$	40,131,411
6. Development of Outstanding Amortization Obligations as of October 1, 2015		
a. Expected Outstanding Obligations as of October 1, 2015	\$	42,769,683
b. Assumption Changes		0
c. Plan Amendments		(1,959,016)
d. Experience (Gain)/Loss		279,193
e. (Gain)/Loss due to Contribution Timing		(958,449)
f. Total Outstanding Obligations as of October 1, 2015	\$	40,131,411
7. Items Affecting Calculation of Accrued Liability		
a. Plan provisions reflected in the accrued liability (see Table XII on page 37)		
b. Changes in plan provisions reflected in the accrued liability in 4.c. above (see Table XII on page 37)		
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 \$7,188,550 less State Contributions reserved for future benefit improvements of -\$188,083 less one-time use of \$546,594 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, 2015	59.12%
9. Net Actuarial (Gains)/Losses During the 2014/2015 Plan Year	
a. Due to Salary/Service/Data	(0.63%)
b. Due to Investment Performance	(0.89%)
c. Due to Mortality	0.31%
d. Due to Turnover/Retirements	0.94%
e. Due to Difference and Timing in Contributions	(0.94%)
f. Due to New Members	0.00%
g. Total	(1.21%)
10. Change in Unfunded Accrued Liability Rate During the 2014/2015 Plan Year Due to:	
a. Decrease in payroll growth assumption	0.00%
b. Assumption changes	0.00%
c. Plan amendments	(1.94%)
d. Total Change	(1.94%)
11. Other Effects	2.92%
12. Unfunded Accrued Liability Contribution Rate as of October 1, 2015	58.89%
13. Comments on Change in Unfunded Accrued Liability Contribution Rate:	

Salary/Service/Data: Average pensionable salary increases of 6.21% compared to expected increases of 6.03%.

Investment Performance: 8.04% 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 increases 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, 2014	October 1, 2015
a. Vested Accrued Benefits:		
i. Inactive members and beneficiaries	\$ 108,824,336	\$ 115,689,190
ii. Active members	7,966,768	8,576,983
iii. Sub-total	<u>\$ 116,791,104</u>	<u>\$ 124,266,173</u>
b. Non-vested Accrued Benefits	10,063,748	8,023,173
c. Total Benefits	<u>\$ 126,854,852</u>	<u>\$ 132,289,346</u>
d. Market Value of Assets	<u>\$ 93,757,936</u>	<u>\$ 91,466,381</u>
e. Percentage Funded	73.9%	69.1%
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, 2014	\$ 126,854,852
b. Increase (Decrease) During 2014/2015 Plan Year Attributable to:	
i. Interest	\$ 9,863,216
ii. Benefits accumulated	3,923,580
iii. Benefits paid	(7,129,311)
iv. Plan amendments	(1,222,991)
v. Changes in actuarial assumptions or methods	0
vi. Net increase (decrease)	<u>\$ 5,434,494</u>
c. Actuarial Present Value as of October 1, 2015	\$ 132,289,346

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

- a. Plan provisions reflected in the accrued benefits (see Table XII page 37)
- b. Changes in plan provisions reflected in the accrued liability in 2.b.iv. above (see Table XII on page 37)
- 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, 2015		
				Police	Firefighters	Total
1. Participant Data						
a. Active members:						
i. Number		69		0		69
ii. Total annual payroll	\$	6,056,254	\$	0	\$	6,056,254
iii. Valuation annual payroll		6,394,859		0		6,394,859
b. DROP members						
i. Number	\$	27	\$	0	\$	27
ii. Total annualized benefit		1,743,416		0		1,743,416
iii. Accumulated balances		8,697,060		0		8,697,060
c. Retired members and beneficiaries:						
i. Number		104		14		118
ii. Total annualized benefit (excludes iii. below)	\$	6,030,846	\$	606,136	\$	6,636,982
iii. 9.5% benefit increase		n/a		53,606		53,606
d. Disabled members receiving benefits:						
i. Number		8		0		8
ii. Total annualized benefit	\$	150,404	\$	0	\$	150,404
e. Terminated vested members:						
i. Number		0		0		0
ii. Total annualized benefit	\$	0	\$	0	\$	0
2. Assets						
a. Actuarial Value of Assets (allocated)	\$	92,306,625	\$	3,207,181	\$	95,513,806
b. Market Value of Assets						91,466,381
3. Liabilities						
a. Present value of all future expected benefit payments:						
i. Active members:						
Retirement benefits	\$	30,620,695	\$	0	\$	30,620,695
Vesting benefits		695,143		0		695,143
Disability benefits		1,795,603		0		1,795,603
Death benefits		191,534		0		191,534
Return of member contributions		(1,066,284)		0		(1,066,284)
Sub-total	\$	32,236,691	\$	0	\$	32,236,691
ii. DROP members	\$	32,286,896	\$	0	\$	32,286,896
iii. Terminated vested members	\$	0	\$	0	\$	0
iv. Retired members and beneficiaries:						
Retired (other than disabled) and beneficiaries	\$	77,710,307	\$	4,548,684	\$	82,258,991
Disabled members		1,143,303		0		1,143,303
Sub-total	\$	78,853,610	\$	4,548,684	\$	83,402,294
v. Total present value of all prospective benefits	\$	143,377,197	\$	4,548,684	\$	147,925,881

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

	October 1, 2015		
	Police	Firefighters	Total
b. Liabilities due and unpaid	\$ 0	\$ 0	\$ 0
c. Actuarial accrued liability	\$ 131,096,533	\$ 4,548,684	\$ 135,645,217
d. Unfunded actuarial accrued liability	\$ 38,789,908	\$ 1,341,503	\$ 40,131,411
4. Actuarial Present Value of Accrued Benefits (refer to Table IV for further details)	\$ 127,740,662	\$ 4,548,684	\$ 132,289,346
5. Pension Cost			
a. Normal cost plus interest for monthly payments			
Retirement benefits	\$ 1,343,660	\$ 0	\$ 1,343,660
Vesting benefits	73,110	0	73,110
Disability benefits	158,561	0	158,561
Death benefits	14,666	0	14,666
Return of member contributions	0	0	0
Total normal cost	<u>\$ 1,589,997</u>	<u>\$ 0</u>	<u>\$ 1,589,997</u>
Administrative expenses	633,727	21,989	655,716
Interest for monthly payments	87,238	863	88,100
Total normal cost including administrative expenses	<u>2,310,962</u>	<u>22,851</u>	<u>2,333,813</u>
As a % of valuation payroll			36.50%
b. Payment to amortize unfunded liability	\$ 3,732,632	\$ 181,354	\$ 3,913,986
As a % of valuation payroll			61.21%
c. Expected State Contribution	\$ 265,443	\$ 66,280	\$ 331,723
As a % of valuation payroll			5.19%
d. Amount to be contributed by members	\$ 709,829	\$ 0	\$ 709,829
As a % of valuation payroll			11.10%
e. Expected City Contribution:	\$ 5,068,322	\$ 137,925	\$ 5,206,247
As a % of valuation payroll			81.42%
g. Expected City Contribution for the following fiscal year:	\$ 5,220,372	\$ 142,063	\$ 5,362,434
6. Past Contributions (for year ending September 30, 2015)			
a. Required Employer and State contribution	\$ 5,707,031	\$ 249,267	\$ 5,956,298
b. Actual contribution made by:			
i. Employer			\$ 6,498,316
ii. State			331,723
iii. Members			669,356

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

	October 1, 2015		
	Police	Firefighters	Total
7. Net actuarial (gain)/loss	\$ (553,918)	\$ (125,338)	\$ (679,256)
8. Other disclosures			
a. Present value of active members':			
i. Future salaries:			
at attained age	\$ 53,702,092	\$ 0	\$ 53,702,092
at entry age	n/a	n/a	n/a
ii. Future contributions:			
at attained age	\$ 5,960,932	\$ 0	\$ 5,960,932
at entry age	n/a	n/a	n/a
b. Present value of future contributions from City and State	\$ 6,319,732	\$ 0	\$ 6,319,732
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	\$ 6,879,737	\$ 0	\$ 6,879,737

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

October 1, 2014			
	Police	Firefighters	Total
1. Participant Data			
a. Active members:			
i. Number	69	0	69
ii. Total annual payroll	\$ 6,009,600	\$ 0	\$ 6,009,600
iii. Valuation annual payroll	6,489,328	0	6,489,328
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)	\$ 84,532,459	\$ 3,291,644	\$ 87,824,103
b. Market Value of Assets			93,757,936
3. Liabilities			
a. Present value of all future expected benefit payments:			
i. Active members:			
Retirement benefits	\$ 34,275,924	\$ 0	\$ 34,275,924
Vesting benefits	534,164	0	534,164
Disability benefits	1,272,578	0	1,272,578
Death benefits	464,786	0	464,786
Return of member contributions	(1,157,253)	0	(1,157,253)
Sub-total	\$ 35,390,199	\$ 0	\$ 35,390,199
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	\$ 139,364,363	\$ 4,850,172	\$ 144,214,535

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	\$ 126,411,803	\$ 4,850,172	\$ 131,261,975
d. Unfunded actuarial accrued liability	\$ 41,879,344	\$ 1,558,528	\$ 43,437,872
4. Actuarial Present Value of Accrued Benefits (refer to Table IV for further details)	\$ 122,004,680	\$ 4,850,172	\$ 126,854,852
5. Pension Cost			
a. Normal cost plus interest for monthly payments			
Retirement benefits	\$ 1,576,529	\$ 0	\$ 1,576,529
Vesting benefits	66,917	0	66,917
Disability benefits	126,577	0	126,577
Death benefits	56,227	0	56,227
Return of member contributions	0	0	0
Total normal cost	<u>\$ 1,826,250</u>	<u>\$ 0</u>	<u>\$ 1,826,250</u>
Administrative expenses	632,747	24,646	657,393
Interest for monthly payments	96,468	966	97,435
Total normal cost including administrative expenses	<u>\$ 2,555,465</u>	<u>\$ 25,612</u>	<u>\$ 2,581,078</u>
As a % of valuation payroll			39.77%
b. Payment to amortize unfunded liability	\$ 3,778,614	\$ 208,201	\$ 3,986,815
As a % of valuation payroll			61.44%
c. Expected State Contribution	\$ 265,443	\$ 60,804	\$ 326,247
As a % of valuation payroll			5.03%
d. Amount to be contributed by members	\$ 720,315	\$ 0	\$ 720,315
As a % of valuation payroll			11.10%
e. Expected City Contribution:	\$ 5,348,321	\$ 173,009	\$ 5,521,331
As a % of valuation payroll			85.08%
g. Expected City Contribution for the following fiscal year:	\$ 5,508,771	\$ 178,199	\$ 5,686,971
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			775,749

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

	October 1, 2014		
	Police	Firefighters	Total
7. Net actuarial (gain)/loss	(\$3,162,518)	\$ (47,527)	(\$3,210,045)
8. Other disclosures			
a. Present value of active members':			
i. Future salaries:			
at attained age	\$ 47,787,261	\$ 0	\$ 47,787,261
at entry age	n/a	n/a	n/a
ii. Future contributions:			
at attained age	\$ 5,304,386	\$ 0	\$ 5,304,386
at entry age	n/a	n/a	n/a
b. Present value of future contributions from City and State	\$ 7,648,174	\$ 0	\$ 7,648,174
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	\$ 6,852,379	\$ 0	\$ 6,852,379

Projection of Benefit Payments

Table IVa

Fiscal Year Beginning	Emerging Retirees	Retired Members	Total
2015	\$ 94,973	\$ 9,309,175	\$ 9,404,148
2016	133,634	8,172,075	8,305,709
2017	216,374	10,414,309	10,630,683
2018	287,075	10,091,678	10,378,753
2019	421,950	8,437,767	8,859,717
2020	528,939	13,559,324	14,088,263
2021	592,343	11,014,349	11,606,692
2022	648,148	9,367,355	10,015,503
2023	725,998	10,329,492	11,055,491
2024	2,103,522	8,965,635	11,069,157
2025	4,019,781	9,000,250	13,020,031
2026	3,544,041	9,034,297	12,578,338
2027	6,245,091	9,045,294	15,290,385
2028	3,580,066	9,043,155	12,623,221
2029	4,450,244	9,033,436	13,483,680

Unfunded Liability Bases

Table V

Description	Outstanding Balance as of October 1, 2014	2014/2015 Amortization Payment	Outstanding Balance as of October 1, 2015	2015/2016 Amortization Payment	Years Remaining October 1, 2015
Police Officers					
1. 10/1/1989 Unfunded Liability	2,517,675	\$ 552,367	\$ 2,122,533	\$ 568,937	4
2. 10/1/1990 Actuarial Losses	2,084,897	389,922	1,830,573	401,619	5
3. 10/1/1991 Actuarial Gains	(3,588,619)	(588,354)	(3,240,286)	(606,005)	6
4. 10/1/1992 Actuarial Gains	(945,107)	(138,639)	(870,985)	(142,798)	7
5. 10/1/1993 Actuarial Gains	(1,890,819)	(252,061)	(1,769,859)	(259,623)	8
6. 10/1/1994 Actuarial Losses	2,420,278	296,816	2,293,339	305,720	9
7. 10/1/1994 Plan Amendment	828,000	101,543	784,574	104,590	9
8. 10/1/1995 Actuarial Gains	(3,809,141)	(434,009)	(3,645,143)	(447,029)	10
9. 10/1/1995 Assumption Change	1,498,067	170,688	1,433,569	175,809	10
10. 10/1/1996 Actuarial Gains	(417,825)	(44,590)	(403,094)	(45,928)	11
11. 10/1/1996 Assumption Change	(191,631)	(20,451)	(184,874)	(21,064)	11
12. 10/1/1996 Plan Amendment	10,925,906	1,166,013	10,540,684	1,200,993	11
13. 10/1/1997 Actuarial Gains	(1,659,692)	(167,030)	(1,612,075)	(172,041)	12
14. 10/1/1997 Plan Amendment	4,220,524	424,750	4,099,436	437,492	12
15. 10/1/1997 Assumption Change	(7,302,606)	(734,927)	(7,093,093)	(756,975)	12
16. 10/1/1998 Actuarial Losses	351,245	33,527	343,135	34,533	13
17. 10/1/1998 Plan Amendment	1,453,624	138,751	1,420,063	142,914	13
18. 10/1/1999 Actuarial Gains	(1,143,514)	(104,037)	(1,122,635)	(107,158)	14
19. 10/1/2000 Actuarial Losses	1,617,241	140,843	1,594,510	145,068	15
20. 10/1/2001 Actuarial Losses	14,131,868	1,182,485	13,985,334	1,217,960	16
21. 10/1/2001 Assumption Change	1,937,111	162,088	1,917,025	166,951	16
22. 10/1/2001 Methodology Change	(12,616,842)	(1,055,715)	(12,486,017)	(1,087,387)	16
23. 10/1/2001 Plan Amendment - Police	(107,185)	(8,969)	(106,073)	(9,238)	16
24. 10/1/2002 Actuarial Losses	9,585,582	773,174	9,517,401	796,369	17
25. 10/1/2002 Assumption Change	4,419,060	356,442	4,387,627	367,135	17
26. 10/1/2003 Actuarial Gains	(1,511,840)	(117,894)	(1,505,462)	(121,431)	18
27. 10/1/2003 Plan Amendment - Police	1,598,792	124,674	1,592,047	128,415	18
28. 10/1/2004 Plan Amendment - Police	244,993	18,518	244,593	19,073	19
29. 10/1/2004 Plan Amendment - Police	492,506	37,226	491,702	38,343	19
30. 10/1/2004 Assumption Change	743,045	56,163	741,833	57,848	19
31. 10/1/2004 Actuarial Losses	7,004,363	529,429	6,992,929	545,311	19
32. 10/1/2005 Actuarial Losses	3,116,511	228,860	3,118,663	235,726	20
33. 10/1/2005 Methodology Change	963,800	70,776	964,466	72,900	20
34. 10/1/2006 Assumption Change	662,369	47,356	664,214	48,776	21
35. 10/1/2006 Actuarial Losses	1,981,319	141,653	1,986,839	145,903	21
36. 10/1/2007 Assumption Change	(410,531)	(28,629)	(412,454)	(29,488)	22
37. 10/1/2007 Actuarial Gains	(1,447,589)	(100,951)	(1,454,369)	(103,979)	22
38. 10/1/2008 Actuarial Losses	2,078,797	141,649	2,092,120	145,899	23
39. 10/1/2009 Actuarial Losses	3,057,069	203,856	3,081,470	209,971	24
40. 10/1/2010 Actuarial Gains	(482,138)	(31,508)	(486,680)	(32,453)	25
41. 10/1/2010 Assumption Change	(1,108,709)	(72,455)	(1,119,154)	(74,629)	25
42. 10/1/2011 Actuarial Losses	1,353,954	86,828	1,368,496	89,433	26
43. 10/1/2012 Actuarial Losses	254,817	16,055	257,863	16,537	27
44. 10/1/2012 Assumption Change	4,406,233	277,617	4,458,905	285,945	27
45. 10/1/2013 Actuarial Gains	(2,273,996)	(140,920)	(2,303,722)	(145,147)	28
46. 10/1/2014 Actuarial Gains	(3,162,518)	(192,957)	(3,207,126)	(198,746)	29
47. 10/1/2015 Actuarial Gains	0	0	(553,918)	(33,797)	30
48. 10/1/2015 Plan Amendment	0	0	(1,959,016)	(119,527)	30
Total - Police Officers	\$ 41,879,344	\$ 3,635,973	\$ 38,789,908	\$3,591,727	

Unfunded Liability Bases (continued)

Table Va

Description	Outstanding Balance as of October 1, 2014	2014/2015 Amortization Payment	Outstanding Balance as of October 1, 2015	2015/2016 Amortization Payment	Years Remaining October 1, 2015
Firefighters*					
1. 10/1/2015 Unfunded Liability	\$1,558,528	\$200,342	\$1,466,841	\$190,813	9.2800
2. 10/1/2015 Actuarial Losses	0	0	0	0	9.2800
3. 10/1/2015 Actuarial Gains	0	0	(125,338)	(16,305)	9.2800
Total - Firefighters	\$ 1,558,528	\$ 200,342	\$ 1,341,503	\$ 174,508	
Grand Total	\$ 43,437,872	\$ 3,836,315	\$ 40,131,411	\$3,766,235	

<u>Date</u>	<u>Projected Unfunded Liability</u>
October 1, 2015	\$ 40,131,411
October 1, 2016	39,274,390
October 1, 2017	38,226,781
October 1, 2045	0

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

Assets

Table VI

	October 1, 2014	October 1, 2015
1. Market Value of Assets*		
a. Cash and cash equivalents (2.8%)	\$ 3,082,099	\$ 2,512,794
b. U.S. government bonds & notes (27.3%)	23,694,714	24,982,486
c. Corporate bonds (3.5%)	3,524,081	3,203,792
d. Equities (51.0%)	50,847,652	46,666,794
e. Insurance contracts (0.0%)	0	0
f. Real estate (5.6%)	3,653,547	5,197,461
g. Mortgages/loans (0.0%)	0	0
h. Other assets (9.4%)	9,054,673	8,570,667
i. Accrued income receivable (0.2%)	191,795	207,804
j. Supplemental state contribution receivable (0.1%)	183,892	122,990
k. Other receivables (0.0%)	0	0
l. Benefits payable (0.0%)	0	0
m. Other payables (-0.1%)	(473,207)	(122,317)
n. Excess state contributions (Police) (0.0%)	(73,787)	0
o. Member contributions receivable (0.1%)**	72,477	123,910
p. Market Value of Assets	\$ 93,757,936	\$ 91,466,381

* The percentages in parentheses indicate the proportion of assets committed to each type of investment as of October 1, 2015.

** Receivable member contributions for contributions not deducted on overtime earnings.

Asset Reconciliation

Table VIa

Year Ending	September 30, 2014	September 30, 2015
1. Market Value of Assets as of the beginning of the year	\$ 86,242,705	\$ 93,757,936
2. Adjustment for Police Officers' State Premium Tax Reserve:	\$ 0	\$ 73,787
3. Increases Due to:		
a. Contributions:		
i. Employer	\$ 6,357,669	\$ 6,498,316
ii. Members	775,749	669,356
iii. State 185	265,443	284,978
iv. State 175 regular	332,512	282,266
v. State 175 supplemental	183,892	122,990
vi. Total	\$ 7,915,265	\$ 7,857,906
b. Investment income (interest and dividends)	2,225,741	2,186,297
c. Realized and unrealized gains/(losses)	6,753,830	(4,637,160)
d. Other Income	1,512	7,007
e. Total increases	\$ 8,981,083	\$ (2,443,856)
4. Decreases Due to:		
a. Benefit payments annuities	\$ (6,802,248)	\$ (7,071,026)
b. Benefit payments DROP distributions	(2,022,636)	(14,821)
b. Refund of member contributions	(2,762)	(43,464)
c. Investment expenses	(446,619)	(473,788)
d. Administrative expenses	(179,329)	(227,726)
e. Adjustment	0	0
f. Total decreases	\$ (9,453,594)	\$ (7,830,825)
5. Member Contribution Receivable:*	\$ 72,477	\$ 51,433
6. Market Value of Assets as of the end of the year	\$ 93,757,936	\$ 91,466,381

*Receivable member contribution for contributions not deducted on overtime earnings.

Reconciliation of DROP Accounts

Table VIb

Year Ending	September 30, 2014	September 30, 2015
1. Market Value of Assets as of the beginning of the year	\$ 6,436,886	\$ 6,524,255
2. Increases Due to:		
a. Contributions to DROP Accounts	\$ 1,654,169	\$ 1,598,338
b. Investment Return	455,836	589,288
c. Total increases	\$ 2,110,005	\$ 2,187,626
3. Decreases Due to:		
a. Pension Payments	\$ (2,022,636)	\$ (14,821)
b. Expense Charges	0	0
c. Total decreases	\$ (2,022,636)	\$ (14,821)
4. Market Value of Assets as of the end of the year	\$ 6,524,255	\$ 8,697,060

Use of State Premium Tax Contributions

Table VIc

Year Ending	September 30, 2014	September 30, 2015
Total		
1. Accumulated balance at the beginning of the year	\$ 415,168	\$ 475,780
2. State Contributions	790,839	690,234
3. One-time use for benefit improvements	(403,980)	(546,594)
4. Amount to be used by the City	(326,247)	(331,723)
5. Increase in accumulated balance during the year	<u>60,612</u>	<u>(188,083)</u>
6. Accumulated balance at the end of the year (1. + 5.)	\$ 475,780	\$ 287,697
Police Officers		
1. Accumulated balance at the beginning of the year	\$ 64,795	\$ 73,787
2. State Contributions	274,435	284,978
3. One-time use for benefit improvements	0	(93,322)
4. Amount to be used by the City	(265,443)	(265,443)
5. Increase in accumulated balance during the year	<u>8,992</u>	<u>(73,787)</u>
6. Accumulated balance at the end of the year (1. + 5.)	\$ 73,787	\$ 0
Firefighters		
1. Accumulated balance at the beginning of the year	\$ 350,373	\$ 401,993
2. State Contributions	516,404	405,256
3. One-time use for benefit improvements	(403,980)	(453,272)
4. Amount to be used by the City	(60,804) *	(66,280) **
5. Increase in accumulated balance during the year	<u>51,620</u>	<u>(114,296)</u>
6. Accumulated balance at the end of the year (1. + 5.)	\$ 401,993	\$ 287,697

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

**1998 Base amount of \$155,242 less 2.0% COLA of \$88,962 that is now distributed as a Share Plan allocation.

Actuarial Value of Assets

Table VI d

	2014	2015
1. Beginning of Year Assets		
a. Market Value	\$ 86,242,705	\$ 93,831,723 *
b. Actuarial Value	80,343,929	87,824,103
2. Net Cash Flow		
(Contributions less Benefit Payments and Administrative Expenses)	\$ (1,091,710)	\$ 500,869
3. Gain (Loss) on Investments		
a. Actual Net Investment Earnings (Investment Earnings less Investment Related Expenses)	\$ 8,534,464	\$ (2,917,644)
b. Expected Investment Earnings	6,856,588	7,520,284
c. Net gain (loss)	\$ 1,677,876	\$ (10,437,928)
4. Deferral of Gain / (Loss) Recognition in Actuarial Value		
	<u>Total Gain / (Loss)</u>	<u>Amount Deferred</u>
2011	\$ (5,207,388)	\$ (1,041,478)
2012	7,182,770	\$ 1,436,554
2013	3,929,849	1,571,940
2014	1,677,876	1,006,726
2015	(10,437,928)	(8,350,342)
	\$ 5,531,840	\$ (4,335,122)
5. End of Year Assets		
a. Market Value excluding receivable member contribution	\$ 93,685,459	\$ 91,414,948
b. Actuarial Value (prior to the application of the 80%/120% corridor and the reduction for state reserve) (5.a. - 4.)	\$ 88,153,619	\$ 95,750,070
6. Adjustments to Actuarial Value of Assets		
a. Preliminary Actuarial Value	\$ 88,153,619	\$ 95,750,070
b. After 80%/120% corridor	88,153,619	95,750,070
c. Premium Tax Revenue Reserve for Firefighters	(401,993)	(287,697)
d. Member receivable contribution**	72,477	51,433
e. Final Actuarial Value of Assets	\$ 87,824,103	\$ 95,513,806

*Includes State Premium Tax Reserve of \$73,787 for Police Officers

**Receivable member contributions for contributions not deducted on overtime earnings.

Actuarial Value of Assets (continued)

Table VI d

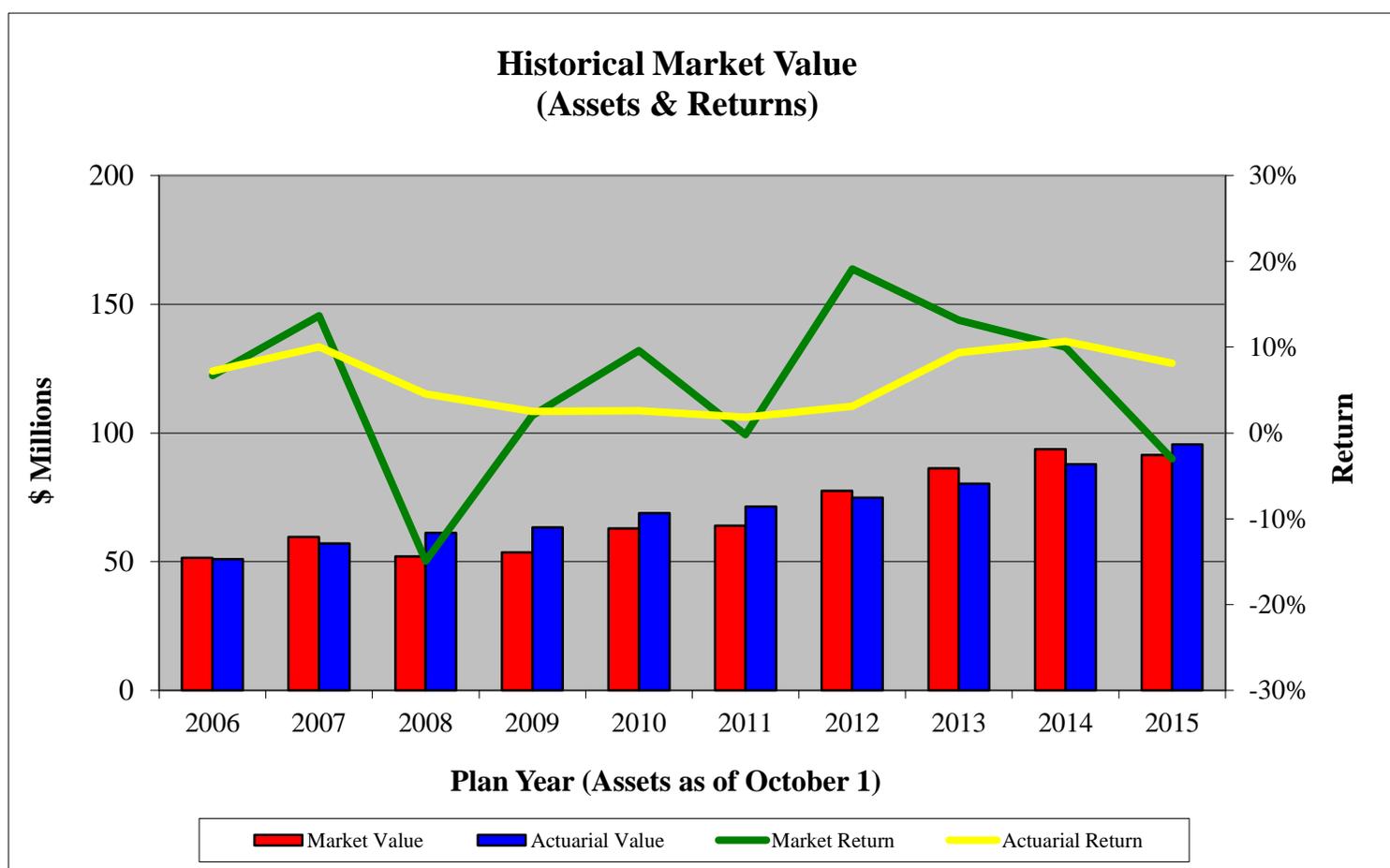
	Total	Police Officers	Firefighters
1. Beginning of Year Assets			
a. Actuarial Value of Assets (AVA)	\$ 87,824,103	\$ 84,532,459	\$ 3,291,644
b. State Premium Tax Reserve	401,993	0	401,993
c. AVA Before Reserve	<u>\$ 88,226,096</u>	<u>\$ 84,532,459</u>	<u>\$ 3,693,637</u>
2. Net Cash Flow			
a. Contributions	\$ 7,857,906	\$ 7,244,448	\$ 613,458
b. Benefit Payments/Refunds	(7,129,311)	(6,047,504)	(1,081,807)
c. Administrative Expenses*	(227,726)	(218,192)	(9,534)
d. Net Cash Flow	<u>\$ 500,869</u>	<u>\$ 978,752</u>	<u>\$ (477,883)</u>
3. Expected Return on AVA	\$ 7,077,737	\$ 6,800,994	\$ 276,743
4. Expected Actuarial Value of Assets			
a. Beginning of Year AVA	\$ 88,226,096	\$ 84,532,459	\$ 3,693,637
b. Net Cash Flow	500,869	978,752	(477,883)
c. Expected Return on AVA	7,077,737	6,800,994	276,743
d. Allocation Basis	<u>\$ 95,804,702</u>	<u>\$ 92,312,205</u>	<u>\$ 3,492,497</u>
5. Allocation Percentage		96.35%	3.65%
6. Ending Actuarial Value of Assets			
a. Allocated AVA before Reserve	\$ 95,750,070	\$ 92,255,192	\$ 3,494,878
State Premium Tax Reserve for			
b. Firefighters	(287,697)	0	(287,697)
c. Member receivable contribution**	51,433	51,433	0
d. Allocated AVA	<u>\$ 95,513,806</u>	<u>\$ 92,306,625</u>	<u>\$ 3,207,181</u>

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

**Receivable member contribution for contributions not deducted on overtime earnings.

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**
2005	\$ 47,915,078	\$ 47,170,447						
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	19.12%	3.12%
2013	86,242,705	80,343,929	9,209,067	188,140	415,157	8,043,139	13.15%	9.34%
2014	93,757,936	87,824,103	8,827,646	179,329	446,619	7,987,742	9.98%	10.68%
2015	91,466,381	95,513,806	7,129,311	227,726	473,788	7,909,339	-3.03%	8.12%

* Includes contributions refunded.

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

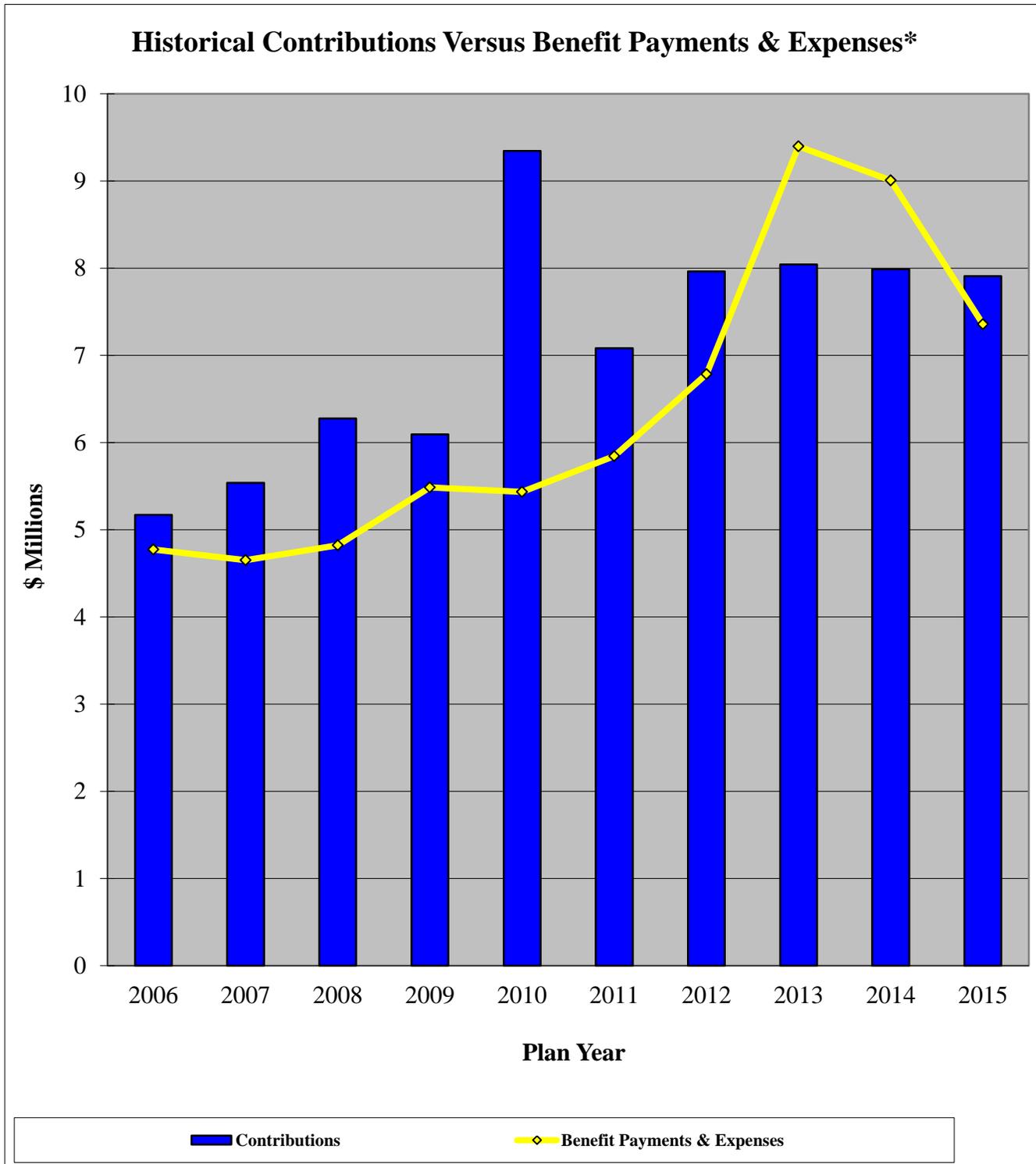
Revenues by Source and Expenses by Type Table VIIa

Fiscal Year	REVENUES					
	City Contrib.	State Contrib.	Member Contrib.	Total Contrib.	Net Invest. Income	Total
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	848,226	7,987,742	8,981,083	16,968,825
2015	6,498,316	690,234	720,789	7,909,339	(2,443,856)	5,465,483

Fiscal Year	EXPENSES			
	Benefits Paid	Member Refunds	Administrative/ Investment Advisory Fees	Total
2006	\$ 4,462,111	\$ 145,518	\$ 293,397	\$ 4,901,026
2007	4,503,688	0	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
2015	7,085,847	43,464	701,514	7,830,825

Contributions vs. Payments

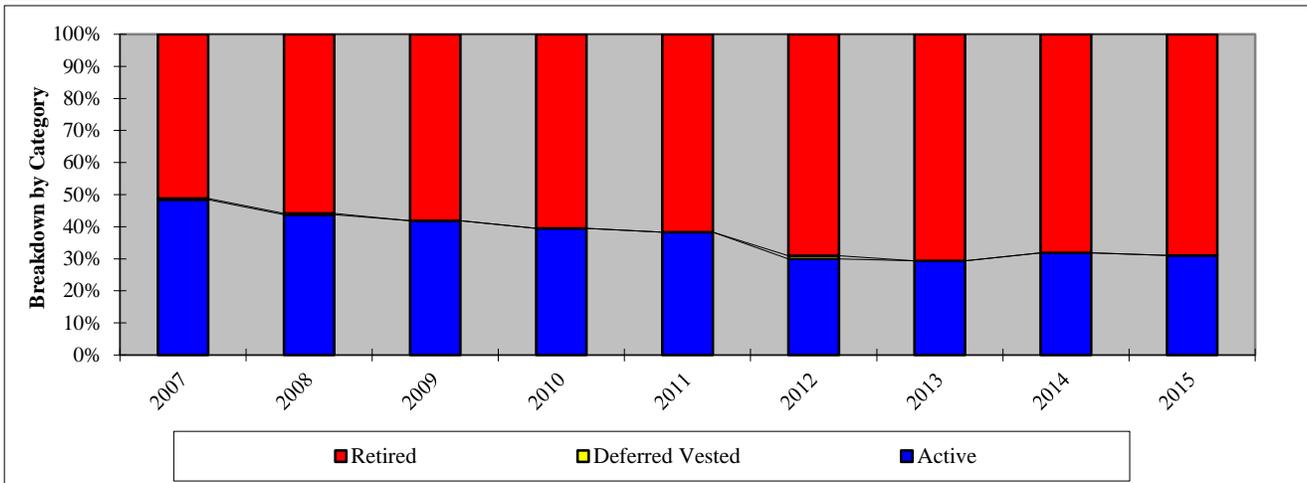
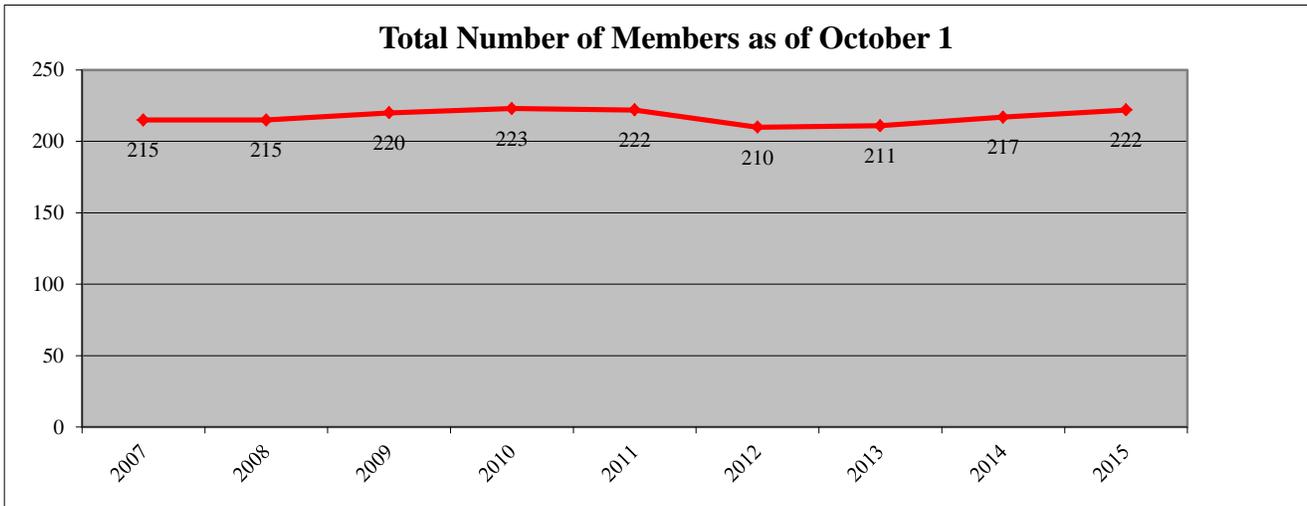
Table VIII



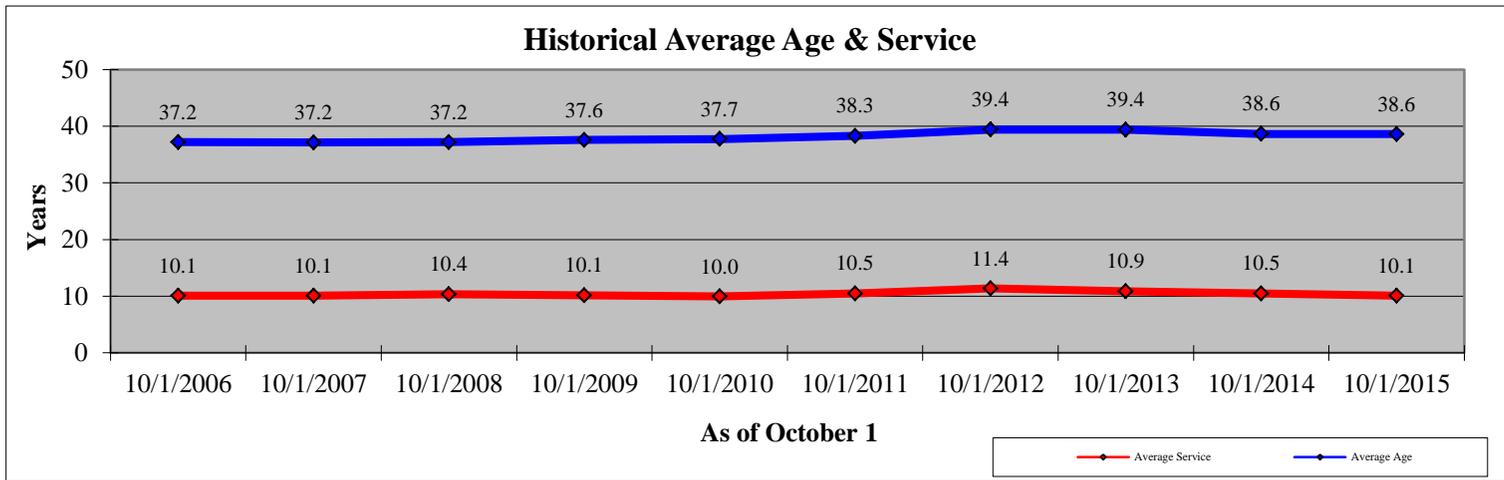
* Please reference Table VIIa on page 25 for the historical benefit payments, expenses, and contributions.

Summary of Member Data

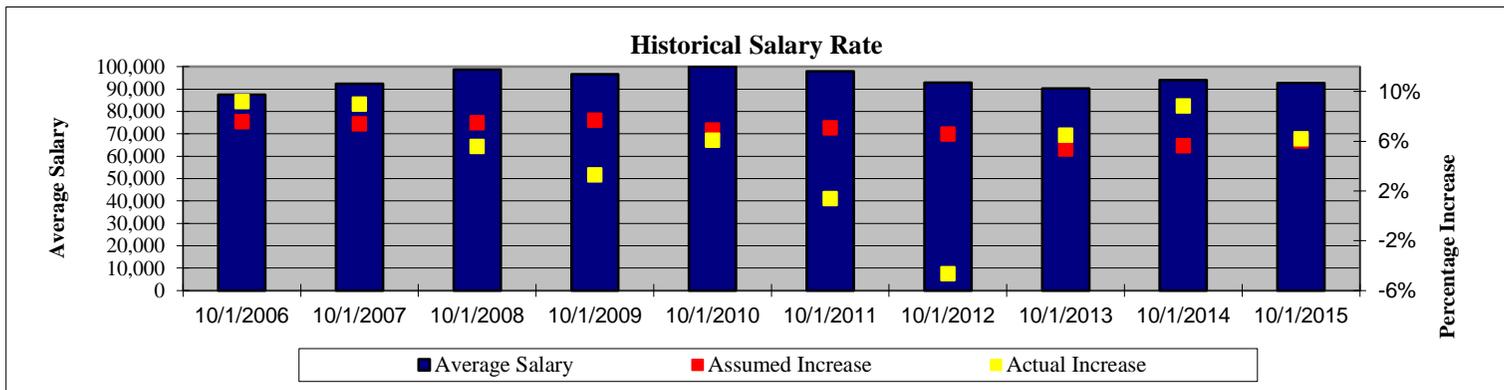
Table IX



	<u>October 1, 2014</u>	<u>October 1, 2015</u>
1. Active Members		
a. Police Officers	69	69
b. Firefighters	0	0
c. Sub-total	<u>69</u>	<u>69</u>
2. Inactive Members not in Receipt	0	0
3. Inactive Members in Receipt		
a. Retirees (including DROP)	133	136
b. Disabled	8	8
c. Beneficiaries	7	9
d. Sub-total	<u>148</u>	<u>153</u>
4. Total Members	217	222



<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	10/01/2015	10.1	38.6

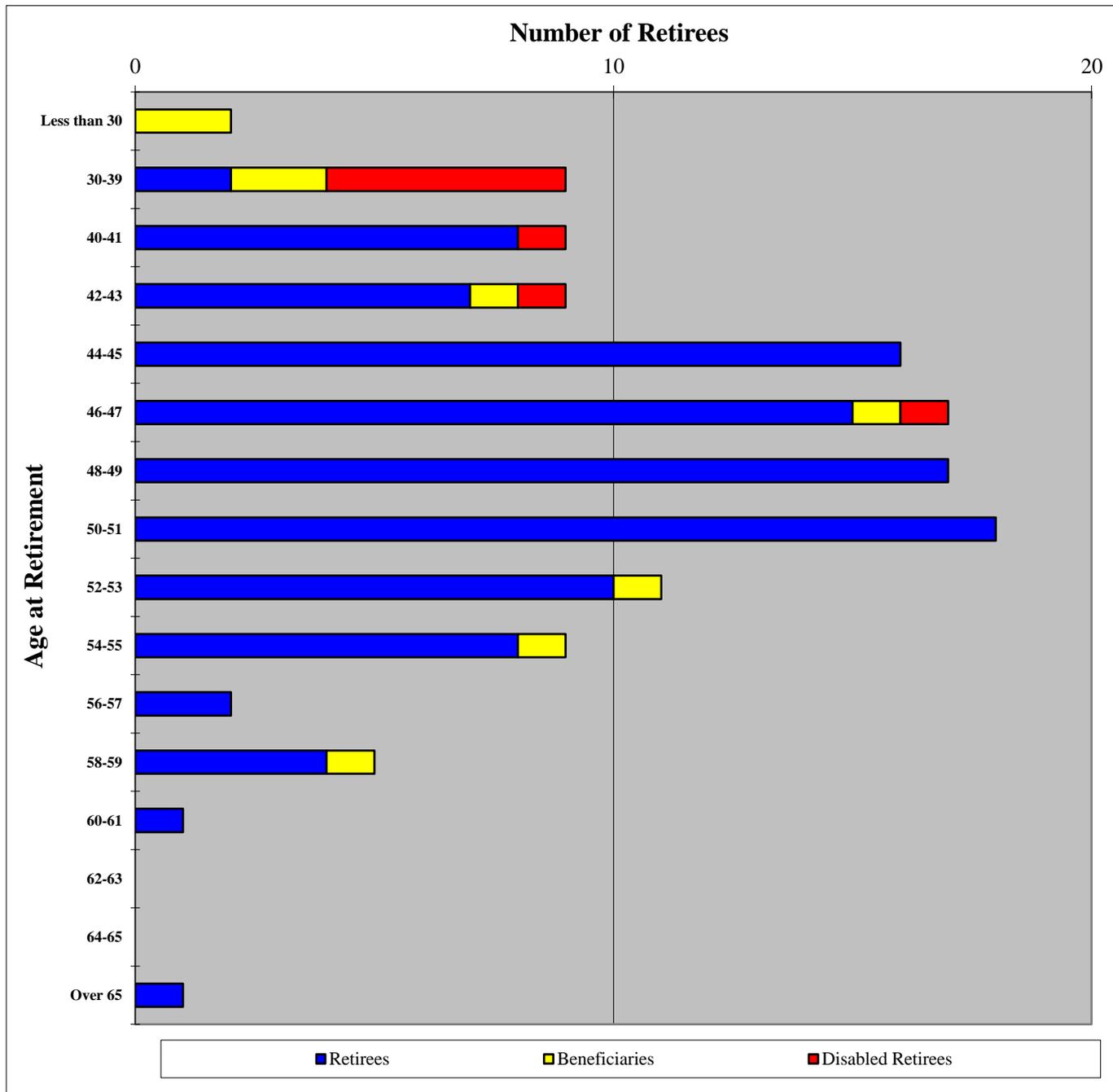


<u>Date</u>	<u>Payroll for Fiscal Year</u>	<u>Average Salary</u>	<u>Assumed Salary Increase</u>	<u>Actual Salary Increase</u>
10/01/2006	8,571,000	87,460		9.20%
10/01/2007	9,608,616	92,391	7.40%	9.00%
10/01/2008	9,286,431	98,792	7.50%	5.60%
10/01/2009	8,915,551	96,608	7.70%	3.30%
10/01/2010	8,798,930	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	6,489,328	94,048	5.64%	8.85%
10/01/2015	6,394,859	92,679	6.03%	6.21%

Note: As of September 30, 2005, there were 100 members earning benefits with a payroll of \$8,115,000 compared to 67 members earning benefits with a payroll of \$6,489,328 as of October 1, 2015. The growth in average payroll over the 10 year period is 1.78%.

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	62.3	\$ 5,091.24	79.7	\$ 3,544.24	64.4	\$ 4,906.73
Disabled Retirees	63.6	1,566.71			63.6	1,566.71
Beneficiaries	55.9	1,726.45	79.2	4,436.25	58.5	2,027.54
All Retired Members	62.0	4,599.15	79.6	3,607.95	63.9	4,489.01

Data Reconciliation

Table IXc

	Active	Non-active, Non-retired	DROP	Retired	Total
1. Number of members as of October 1, 2014	69	0	24	124	217
2. Change in status during the plan year:					
a. Actives who became inactive	(3)		3		
b. Actives who retired	(2)			2	
c. Inactives who became active					
d. Inactives who retired					
e. Retirees who became active					
3. No longer members due to:					
a. Death				(2)	(2)
b. Permanent break-in-service	(1)				(1)
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	6				6
b. Death of another member				2	2
c. Excluded in error last year					
d. Reinstatement					
5. Number of members as of October 1, 2015	69	0	27	126	222

Age-Service-Salary Table

Table IXd

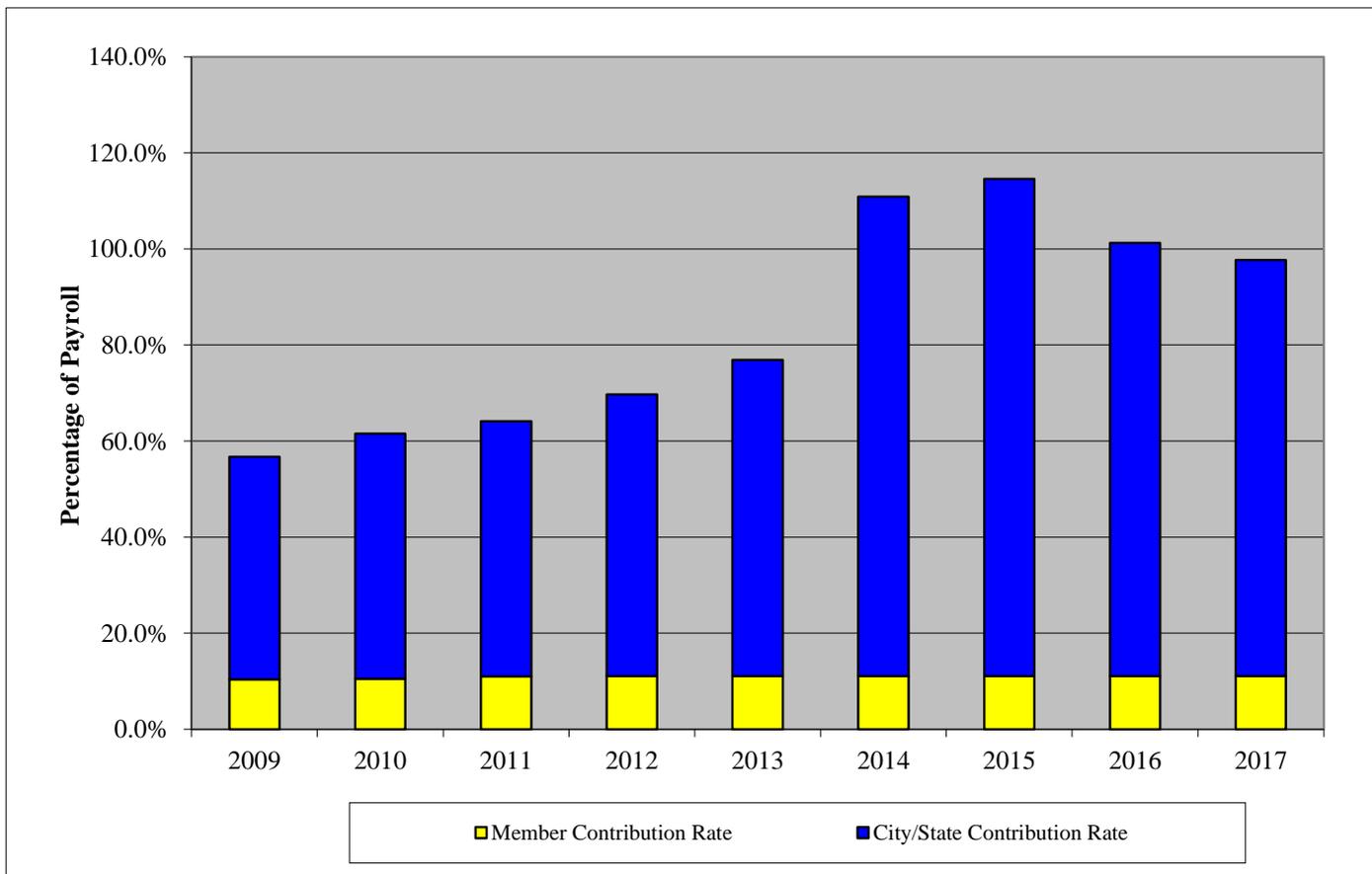
(All Active Members)

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		3										3
Avg. Pay		67,209										67,209
25 to 29	5	5										10
Avg. Pay	67,917	77,112										72,515
30 to 34		4	3	1								8
Avg. Pay		98,308	82,162	107,859								93,447
35 to 39			6	1	5							12
Avg. Pay			105,498	101,123	103,808							104,429
40 to 44	1	1	2	7	12							23
Avg. Pay	97,176	99,409	100,924	98,188	105,067							102,024
45 to 49		1	2	2	5							10
Avg. Pay		104,364	101,332	97,468	102,132							101,262
50 to 54		1		2								3
Avg. Pay		108,184		99,002								102,063
55 to 59												
Avg. Pay												
60 to 64												
Avg. Pay												
65 to 69												
Avg. Pay												
70 & up												
Avg. Pay												
Total	6	15	13	13	22							69
Avg. Pay	72,794	86,158	98,768	99,172	104,114							95,549

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>
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%	90.11%
2012	11.10%	58.60%	2017	11.10%	86.60%

Actuarial Assumptions and Methods

Table XI

Basis for Assumptions

The economic and demographic assumptions used in the valuation were based on an experience study performed by Bolton Partners, Inc. except for the following:

- The mortality table used for healthy lives was updated 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 to incorporate an expectation of future improvement.
- 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.

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 is 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 8.0% 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 according to the parameters set forth in Table XII 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.

Actuarial Assumptions and Methods (continued)

Table XI

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.

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%

Actuarial Assumptions and Methods (continued)

Table XI

Retirement Rates

Retirement rates are based on age and service as follows:

Age	Members vested on or before January 31, 2016			Members active but not vested on or before January 31, 2016		
	Years of Service			Years of Service		
	20	21 - 24	25	20	21 - 24	25
40	75%	75%	100%	0%	0%	100%
41-51	75%	50%	100%	0%	0%	100%
52	100%	100%	100%	0%	0%	100%
53	100%	100%	100%	0%	0%	100%
54	100%	100%	100%	0%	0%	100%
55	100%	100%	100%	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).

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		

Actuarial Assumptions and Methods (continued)

Table XI

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 have been no changes in assumptions since the prior valuation other than to modify the retirement rate assumption to reflect the fact that participants who were not vested at January 31, 2016 or who are hired in the future may not retire at ages that had previously been assumed prior to the adoption of Ordinance 2016-4.

Plan Provisions

Table XII

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. For members who were employed on or before January 31, 2016, overtime pay is included up to 300 hours. For members hired after January 31, 2016, overtime pay is included up to 100 hours.

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

Firefighters	Police Officers		
	Members vested on or before January 31, 2016	Members active but not vested on or before January 31, 2016	Members hired after January 31, 2016
Age 52 or 22 years of service	Age 52 or 20 years of service	Age 55 with 10 years of service or 25 years of service	Age 55 with 10 years of service or 25 years of service

Normal Retirement Benefit

For Police Officers: 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 Officers, payable annually (on October 1st) to any retiree or beneficiary who has retired on or after December 30, 1988, or retired under the Early Retirement Incentive, or as follows:

Police Officers		
Members vested on or before January 31, 2016	Members active but not vested on or before January 31, 2016	Members hired after January 31, 2016
2.5% annual COLA 3 years after the later of retirement or exit from the DROP for benefits earned prior to January 31, 2016	2.5% annual COLA beginning at age 62 for benefits earned prior to January 31, 2016	1.5% annual COLA beginning at age 62
1.8% annual COLA 4 years after the later of retirement or exit from the DROP for benefits earned after January 31, 2016	1.5% annual COLA beginning at age 62 for benefits earned after January 31, 2016	

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 according to normal retirement benefit 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

Police Officers		
Members vested on or before January 31, 2016	Members active but not vested on or before January 31, 2016	Members hired after January 31, 2016
Age 52 with 15 years of service or 20 years of service	Age 55 with 15 years of service or 25 years of service	Age 55 with 15 years of service or 25 years of service

Maximum DROP Period

Police Officers		
Members vested on or before January 31, 2016	Members active but not vested on or before January 31, 2016	Members hired after January 31, 2016
8 years	5 years	5 years

Interest Rate Credited to DROP Account

Police Officers		
Members vested on or before January 31, 2016	Members active but not vested on or before January 31, 2016	Members hired after January 31, 2016
4.5% interest crediting rate	3.5% interest crediting rate	1.5% interest crediting rate

DROP Benefit

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

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.

Plan Provisions (continued)

Table XII

COLA

COLA increase according to the normal retirement benefit 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.

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.
- Ordinance 2016-4 does not require member contributions on overtime from January 1, 2014 through June 7, 2016 (the effective date of the Ordinance). The City will be required to make a contribution of 11.1% of overtime earnings for the period January 1, 2014 through June 7, 2016. The City contribution will be offset by accumulated balance of premium tax revenues (“ABPTR”) that have not been allocated to fund benefits as of the effective date of the Ordinance. The City contribution and ABPTR will not be part of the Participant’s account balance.

Plan Provisions (continued)

Table XII

Changes Since Prior Valuation

This valuation is the first to recognize Ordinance 2016-4, which amended the plan as follows:

Police Officers			
	Members vested on or before January 31, 2016	Members active but not vested on or before January 31, 2016	Members hired after January 31, 2016
Inclusion of Overtime in Pensionable Earnings	Overtime included up to 300 hours	Overtime included up to 300 hours	Overtime included up to 100 hours
Retirement eligibility	Age 52 or 20 years of service	Age 55 with 10 years of service or 25 years of service	Age 55 with 10 years of service or 25 years of service
Deferred Retirement Optional Program ("DROP") Eligibility	Age 52 with 15 years of service or 20 years of service	Age 55 with 15 years of service or 25 years of service	Age 55 with 15 years of service or 25 years of service
DROP Provisions	8 year DROP with 4.5% interest crediting rate	5 year DROP with 3.5% interest crediting rate	5 year DROP with 1.5% interest crediting rate
Cost of Living Adjustment Provisions	2.5% annual COLA 3 years after the later of retirement or exit from the DROP for benefits earned prior to January 31, 2016 1.8% annual COLA 4 years after the later of retirement or exit from the DROP for benefits earned after January 31, 2016	2.5% annual COLA beginning at age 62 for benefits earned prior to January 31, 2016 1.5% annual COLA beginning at age 62 for benefits earned after January 31, 2016	1.5% annual COLA beginning at age 62

In addition, Ordinance 2016-4 does not require member contributions on overtime from January 1, 2014 through June 7, 2016 (the effective date of the Ordinance). The City will be required to make a contribution of 11.1% of overtime earnings for the period January 1, 2014 through June 7, 2016. The City contribution will be offset by accumulated balance of premium tax revenues ("ABPTR") that have not been allocated to fund benefits as of the effective date of the Ordinance. The City contribution and ABPTR will not be part of the Participant's account balance. Finally, the City and union representing police officers have mutually consented that all annual premium tax revenues will be used to reduce the City's annual required contributions.