



March 12, 2012

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, 2011 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, 2011

This Valuation Determines the Annual Contribution for Plan Year October 1, 2012 through September 30, 2013 with City Contribution to be Paid in Fiscal Year October 1, 2012 to September 30, 2013

March 2012

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

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March 12, 2012

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, 2011 Projection Actuarial Valuation

We are pleased to present our October 1, 2011 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, 2011 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, 2013 is **39.6% of covered payroll (\$4,556,884)**. 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, 2012 (\$11,507,283).

This total cost is to be met by Member and City contributions. We anticipate that Member contributions will be **7.0% of covered payroll (\$805,510)** leaving **32.6% of covered payroll (\$3,751,374)** which must be contributed to the Plan by the City for the fiscal year ending September 30, 2013.

Changes in Actuarial Assumptions, Methods and Plan Benefits

Plan benefits remain unchanged from our October 1, 2010 Actuarial Valuation. Plan provisions are outlined on Table X.

The Board adopted the following updated actuarial assumptions based upon the results of our Experience Investigation covering the period October 1, 2006 through September 30, 2011.

1. Assumed investment return has been updated to 7.75%, compounded annually, net of investment expenses.
2. Assumed retirement rates, withdrawal rates and salary increase rates have been updated as outlined in Table XI.

Comparison of October 1, 2010 and October 1, 2011 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 October 1, 2010. The center columns indicate the costs as calculated for October 1, 2011 prior to the change in actuarial assumptions. The right columns indicate the costs as calculated for October 1, 2011 after the update in actuarial assumptions.

Comparing the left and center columns of Table II shows the effect of Plan experience during the year. The number of active participants decreased by approximately 11% while covered payroll decreased by approximately 11%. The normal cost decreased both as a dollar amount and as a percentage of covered payroll. The unfunded actuarial accrued liability increased both as a dollar amount and as a percentage of covered payroll. The City's required contribution also increased both as a dollar amount and as a percentage of payroll.

Comparing the center and right columns of Table II shows the effect of the update in actuarial assumptions. The unfunded actuarial accrued liability and the City's required contribution increased while the total normal cost decreased both as a dollar amount and as a percentage of payroll.

The value of vested accrued benefits exceeds the market value of Plan assets, resulting in a Vested Benefit Security Ratio of 65.2% (70.6% prior to update in actuarial assumptions) which is a decrease from 77.2% as of October 1, 2010.

Plan Experience

Table VII indicates that the Plan experienced an actuarial loss of \$2,681,922. This suggests actual overall experience was less favorable than expected. This actuarial loss resulted in an increase in the amortization component of the City funding requirement of approximately 1.8% of covered pay.

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 3.62%. This was less than our prior assumption for salary increases of 6.00% and was generally an offsetting source of actuarial gain. Three, five and ten year average salary increases are 3.36%, 4.5% and 5.3%, respectively. Salary increase assumptions were updated as a result of the Experience Investigation.

Employee turnover this year was 210% of the prior assumed turnover and was generally an additional offsetting source of actuarial gain. Three, five and ten year average turnover rates are 130%, 140% and 110%, respectively of the assumed turnover rates. Turnover assumptions were updated as a result of the Experience Investigation.

The actuarial value investment return of 2.69%, net of investment expense, was less than the prior 8.25% investment return assumption. Three, five and ten year average actuarial value net investment returns are 3.05%, 4.80% and 3.12%, respectively. Investment return was a significant source of actuarial loss during the previous year. Market value net returns for the one, three, five and ten year periods have been 0.08%, 5.13%, 2.62% and 4.04%, respectively. The investment return assumption was updated in conjunction with the Experience Investigation.

Member Census and Financial Data

The Board provided the Member census data used for this valuation to us. This information contains name, Social Security number, date of birth, date of hire, date of participation, October 1, 2011 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 financial information concerning fund assets from the Board. We do not audit the Member census data and asset information that is 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 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.

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,



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



Peter N. Strong, A.S.A.
Consultant

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

Summary of Retirement Plan Costs as of October 1, 2011

	Prior Assumptions		Current Assumptions	
	<u>Cost Data</u>	<u>% of Payroll</u>	<u>Cost Data</u>	<u>% of Payroll</u>
A. Participant Data Summary				
1. Active employees	261	N/A	261	N/A
2. Terminated vested	35	N/A	35	N/A
3. Receiving benefits	194	N/A	194	N/A
4. DROP participants	37	N/A	37	N/A
5. Annual payroll of active employees	\$ 11,326,066	100.0%	\$ 11,326,066	100.0%
B. Total Normal Costs				
1. Age retirement benefits	\$ 1,403,846	12.4%	\$ 1,279,924	11.3%
2. Termination benefits	125,878	1.1%	243,682	2.2%
3. Death benefits	50,292	0.4%	43,610	0.4%
4. Disability benefits	148,204	1.3%	118,989	1.1%
5. Estimated expenses	159,677	1.4%	159,677	1.4%
6. Total annual normal costs (City and Member)	\$ 1,887,897	16.7%	\$ 1,845,882	16.3%
C. Total Actuarial Accrued Liability				
1. Age retirement benefits active employees	\$ 33,064,772	291.9%	\$ 36,197,849	319.6%
2. Termination benefits active employees	298,560	2.6%	1,036,353	9.2%
3. Death benefits active employees	764,934	6.8%	535,918	4.7%
4. Disability benefits active employees	2,220,429	19.6%	1,670,427	14.7%
5. Retired or terminated vested participants receiving benefits	27,208,810	240.2%	28,291,504	249.8%
6. DROP participants	13,976,415	123.4%	14,693,188	129.7%
7. Terminated vested participants entitled to future benefits	3,525,653	31.1%	3,816,531	33.7%
8. Deceased participants whose beneficiaries are receiving benefits	5,395,087	47.6%	5,623,809	49.7%
9. Disabled participants receiving benefits	1,870,103	16.5%	1,951,725	17.2%
10. Miscellaneous liability	65,107	0.6%	65,107	0.6%
11. Total actuarial accrued liability	\$ 88,389,870	780.4%	\$ 93,882,411	828.9%
D. Net Assets				
1. Actuarial value	\$ 60,135,822	531.0%	\$ 60,135,822	531.0%
2. Market value	\$ 54,048,907	477.2%	\$ 54,048,907	477.2%
E. Unfunded Actuarial Accrued Liability (C. - D.1.)	\$ 28,254,048	249.5%	\$ 33,746,589	298.0%

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

Summary of Retirement Plan Costs as of October 1, 2011

	Prior Assumptions		Current Assumptions	
	Cost Data	% of Payroll	Cost Data	% of Payroll
F. Total Minimum Funding Requirement				
1. Total normal cost (City and Member)	\$ 1,887,897	16.7%	\$ 1,845,882	16.3%
2. Amortization of unfunded liability	2,188,812	19.3%	2,478,496	21.9%
3. Interest adjustment	161,502	1.4%	161,318	1.4%
4. Total payment	\$ 4,238,211	37.4%	\$ 4,485,696	39.6%
G. Expected payroll of active employees for 2012 - 2013 year (\$11,326,066 x 1.016)	\$ 11,507,283	100.0%	\$ 11,507,283	100.0%
H. Expected Contribution Sources (percent of expected 2012 - 2013 payroll)				
1. Member	\$ 805,510	7.0%	\$ 805,510	7.0%
2. City	3,498,214	30.4%	3,751,374	32.6%
3. Total	\$ 4,303,724	37.4%	\$ 4,556,884	39.6%
I. Actuarial Gains (Losses)	\$ (2,681,922)	(23.7%)	\$ (2,681,922)	(23.7%)
J. Actuarial Present Value of Vested Accrued Benefits				
1. Retired, terminated vested, beneficiaries and disabled receiving benefits	\$ 34,474,000	304.4%	\$ 35,867,038	316.7%
2. DROP participants	13,976,415	123.4%	14,693,188	129.7%
3. Terminated vested participants entitled to future benefits and miscellaneous	3,590,760	31.7%	3,881,638	34.3%
4. Active participants entitled to future benefits	24,561,619	216.9%	28,483,250	251.5%
5. Total actuarial present value of vested accrued benefits	\$ 76,602,794	676.3%	\$ 82,925,114	732.2%
K. Unfunded Actuarial Present Value of Vested Accrued Benefits (J. - D.2.)	\$ 22,553,887	199.1%	\$ 28,876,207	255.0%
L. Vested Benefit Security Ratio (D.2. ÷ J.)	70.6%	N/A	65.2%	N/A

Table II

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

Comparison of Cost Data of October 1, 2010 and October 1, 2011 Valuations

	October 1, 2010		Prior Assumptions October 1, 2011		Current Assumptions October 1, 2011	
	Cost Data	% of Annual Compensation	Cost Data	% of Annual Compensation	Cost Data	% of Annual Compensation
A. Participants						
1. Active employees	292	N/A	261	N/A	261	N/A
2. Terminated vested	27	N/A	35	N/A	35	N/A
3. Receiving benefits	191	N/A	194	N/A	194	N/A
4. DROP participants	24	N/A	37	N/A	37	N/A
5. Annual payroll of active employees	\$ 12,754,334	100.0%	\$ 11,326,066	100.0%	\$ 11,326,066	100.0%
B. Total Normal Costs	\$ 2,145,496	16.8%	\$ 1,887,897	16.7%	\$ 1,845,882	16.3%
C. Total Actuarial Accrued Liability	\$ 84,520,534	662.7%	\$ 88,389,870	780.4%	\$ 93,882,411	828.9%
D. Actuarial Value of Assets	\$ 59,444,402	466.1%	\$ 60,135,822	531.0%	\$ 60,135,822	531.0%
E. Unfunded Actuarial Accrued Liability	\$ 25,076,132	196.6%	\$ 28,254,048	249.5%	\$ 33,746,589	298.0%
F. Expected City Contribution	\$ 3,186,221	25.0%	\$ 3,498,214 ¹	30.4%	\$ 3,751,374 ¹	32.6%
G. Unfunded Actuarial Present Value of Vested Accrued Benefits	\$ 16,255,537	127.5%	\$ 22,553,887	199.1%	\$ 28,876,207	255.0%
H. Actuarial Gain (Loss)	\$ (3,395,422)	(26.6%)	\$ (2,681,922)	(23.7%)	\$ (2,681,922)	(23.7%)
I. Vested Benefit Security Ratio	77.2%	N/A	70.6%	N/A	65.2%	N/A

¹ Percent of pay applied to expected 2012-2013 covered payroll (\$11,507,283)

Table III**Retirement Plan for General Employees
of the City of North Miami Beach****Characteristics of Participants in Actuarial
Valuation as of October 1, 2011****A. Active Plan Participants Summary**

1. Active participants fully vested	205
2. Active participants partially vested	0
3. Active participants non-vested	56
4. Total active participants	<u>261</u>
5. Annual rate of pay of active participants	\$ 11,326,066

B. Retired and Terminated Vested Participant Summary

1. Retired or terminated vested participants receiving benefits	125
2. DROP participants	37
3. Terminated vested participants entitled to future benefits	35
4. Deceased participants whose beneficiaries are receiving benefits	56
5. Disabled participants receiving benefits	13

C. Projected Annual Retirement Benefits

1. Retired or terminated vested receiving benefits	\$ 2,720,108
2. DROP participants	\$ 1,102,155
3. Terminated vested entitled to future benefits	\$ 550,405
4. Beneficiaries of deceased participants receiving benefits	\$ 608,179
5. Disabled participants	\$ 183,045

Table IV**Retirement Plan for General Employees
of the City of North Miami Beach****Statement of Assets as of September 30, 2010**

	<u>Market Value</u>
A. <u>Cash</u>	\$ 871
B. <u>Investments</u>	
1. Short term investments	\$ 1,332,762
2. Corporate bonds	\$ 12,303,398
3. Government and agency fixed income obligations	\$ 10,051,294
4. Common stocks	\$ 31,828,073
C. <u>Receivables</u>	
1. Accrued interest and dividends	\$ 322,511
2. Receivable from other funds	\$ 42,532
D. <u>Payables</u>	\$ (88,489)
E. <u>Total Fund</u> (A. + B. + C. + D.)	\$ 55,792,952
F. <u>DROP Accounts Balances as of September 30, 2010</u>	\$ 1,744,045
G. <u>Net Fund</u> (E. - F.)	\$ 54,048,907

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, 2010</u>		\$ 55,856,768
B.	<u>Receipts During Period</u>		
	1. Contributions		
	a. Employee	\$ 866,568	
	b. City	2,812,799	
	c. Total	\$ 3,679,367	\$ 3,679,367
	2. Investment income		
	a. Interest and dividends	\$ 1,881,372	
	b. Investment expense	(337,883)	
	c. Net	\$ 1,543,489	\$ 1,543,489
	3. Other income		16,176
	4. Realized appreciation (depreciation)		(690,291)
	5. Unrealized appreciation (depreciation)		(827,315)
	6. Total receipts during period		\$ 3,721,426
C.	<u>Disbursements During Period</u>		
	1. Pension payments		\$ 3,393,137
	2. DROP distributions		137,836
	3. Refunds of accumulated employee contributions		94,592
	4. Administrative expenses		159,677
	5. Total disbursements during period		\$ 3,785,242
D.	<u>Total Market Value of Assets as of September 30, 2011</u>		\$ 55,792,952
E.	<u>Reconciliation of DROP Account Balances</u>		
	1. DROP account balances as of October 1, 2010		\$ 918,596
	2. Benefit payments into DROP accounts during year		876,637
	3. Investment credits during year		86,648
	4. Distributions from DROP accounts during year		(137,836)
	5. DROP account balances as of September 30, 2010		\$ 1,744,045
F.	<u>Net Market Value of Assets as of September 30, 2011</u>		\$ 54,048,907

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

Development of Actuarial Value of Assets as of September 30

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
A. Preliminary total actuarial value from prior year	58,225,803	60,362,998	61,879,867			
B. Total market value end of year	55,856,768	55,792,952				
C. Total market value beginning of year	50,510,463	55,856,768	55,792,952			
D. Non-investment net cash flow	148,612	(105,875)				
E. Investment return						
1. Total market value return: B. - C. - D.	5,197,693	42,059				
2. Amount for immediate recognition (8.25%)	4,173,243	4,603,816				
3. Amount for phased-in recognition: E.1. - E.2.	1,024,450	(4,561,757)				
F. Phased-in recognition of investment return						
1. Current year: 20% of E.3.	204,890	(912,351)				
2. First prior year	(284,960)	204,890	(912,351)			
3. Second prior year	(2,482,259)	(284,960)	204,890	(912,351)		
4. Third prior year	493,608	(2,482,259)	(284,960)	204,890	(912,351)	
5. Fourth prior year	(115,939)	493,608	(2,482,258)	(284,961)	204,890	(912,353)
6. Total phased-in recognition of investment return	(2,184,660)	(2,981,072)	(3,474,679)	(992,422)	(707,461)	(912,353)
G. Total actuarial value end of year						
1. Preliminary actuarial value end of year:						
A. + D. + E.2. + F.6.	60,362,998	61,879,867				
2. Upper corridor limit: 120% of B.	67,028,122	66,951,542				
3. Lower corridor limit: 80% of B.	44,685,414	44,634,362				
4. Total actuarial value end of year:						
G.1., not more than G.2., nor less than G.3.	60,362,998	61,879,867				
H. Difference between total market value and total actuarial valu	(4,506,230)	(6,086,915)				
I. Actuarial value rate of return	3.41%	2.69%				
J. Market value rate of return	10.28%	0.08%				
K. DROP account balances	918,596	1,744,045				
L. Net actuarial value of assets	59,444,402	60,135,822				

Table VII

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

**Actuarial Gain (Loss) for
Plan Year Ended September 30, 2011**

A. Derivation of Actuarial Gain (Loss)

1. City net normal cost previous valuation	\$	1,252,693
2. Unfunded actuarial accrued previous valuation		25,076,132
3. City contributions previous year		2,812,799
4. Interest on:		
(a) City net normal cost	\$	103,347
(b) Unfunded actuarial accrued liability		2,068,781
(c) Contributions		116,028
(d) Net interest: (a) + (b) - (c)	\$	2,056,100
5. Increase (decrease) in unfunded actuarial accrued liability due to assumption changes	\$	5,492,541
6. Expected unfunded actuarial accrued liability current year: (1. + 2. - 3. + 4. + 5.)		31,064,667
7. Actual unfunded actuarial accrued liability current year		33,746,589
8. Actuarial gain (loss): (6. - 7.)	\$	(2,681,922)

B. Approximate Portion of Gain (Loss)

Due to Investments

1. Net actuarial value of assets previous year	\$	59,444,402
2. Contributions during year		3,679,367
3. Net benefits and administrative expenses during year		4,524,043
4. Expected appreciation for period		4,869,320
5. Expected net actuarial value of assets current year: (1. + 2. - 3. + 4.)	\$	63,469,046
6. Net actuarial value of assets current year	\$	60,135,822
7. Approximate gain (loss): (6. - 5.)	\$	(3,333,224)

C. Approximate Portion of Gain (Loss)

<u>Due to Liabilities: A. - B.</u>	\$	651,302
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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, 2011	\$ 33,746,589	\$ 2,478,496
October 1, 2012	\$ 33,691,370	\$ 2,518,152
October 1, 2013	\$ 33,589,142	\$ 2,558,442
October 1, 2014	\$ 33,435,579	\$ 2,599,377
October 1, 2015	\$ 33,226,008	\$ 2,640,967
...		
...		
October 1, 2041	\$ 0	\$ 0

B. Covered Payroll History

<u>Date</u>	<u>Covered Payroll</u>	<u>Annual Increase</u>
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	11.0%
October 1, 2002	\$ 10,842,137	11.7%
October 1, 2001	\$ 9,707,885	N/A
Ten Year Average Annual Increase		1.6%

Table IX

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

	<u>10/01/2010</u>	<u>Prior Assumptions 10/01/2011</u>	<u>Current Assumptions 10/01/2011</u>
I. <u>Number of Plan Participants</u>			
a. Retirees, beneficiaries and disableds receiving benefits	191	194	194
b. DROP participantans	24	37	37
c. Terminated plan participants entitled to but not yet receiving benefits	27	35	35
d. Active plan participants	<u>292</u>	<u>261</u>	<u>261</u>
e. Total	534	527	527
II. <u>Financial Accounting Standards Board Allocation</u>			
<u>As of October 1, 2011</u>			
A. <u>Statement of Accumulated Plan Benefits</u>			
1. Actuarial present value of accumulated vested plan benefits			
a. Participants currently receiving benefits	\$ 33,190,519	\$ 34,474,000	\$ 35,867,038
b. DROP participants	8,670,948	13,976,415	14,693,188
c. Other participants	29,332,242	28,152,379	32,364,888
d. Total	<u>\$ 71,193,709</u>	<u>\$ 76,602,794</u>	<u>\$ 82,925,114</u>
2. Actuarial present value of accumulated non-vested plan benefits	<u>773,697</u>	<u>609,447</u>	<u>712,474</u>
3. Total actuarial present value of accumulated plan benefits	\$ 71,967,406	\$ 77,212,241	\$ 83,637,588
B. <u>Statement of Change in Accumulated Plan Benefits</u>			
1. Actuarial present value of accumulated plan benefits as of October 1, 2010			\$ 71,967,406
2. Increase (decrease) during year attributable to:			
a. Plan amendment			\$ 0
b. Change in actuarial assumptions and methods			6,425,347
c. Benefits paid (including DROP benefits and refunds)			(4,364,366)
d. Other, including benefits accumulated and increase for interest due to decrease in the discount period			<u>9,609,201</u>
e. Net increase			\$ 11,670,182
3. Actuarial present value of accumulated plan benefits as of October 1, 2011			\$ 83,637,588
C. <u>Significant Matters Affecting Calculations</u>			
1. Assumed rate of return used in determining actuarial present values			7.75%
2. Change in plan provisions			None.
3. Change in actuarial assumptions and methods			See Table XI, Item L.

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

Accounting Disclosure Exhibit

III. Annual Pension Cost For the Current Year and Related Information:

Contribution rates:	
City	25.0%
Members	7.0%
Annual pension cost (thousands)	\$ 2,831
Contributions made (thousands)	To be determined
Actuarial valuation date	October 1, 2010
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of pay, closed
Remaining amortization period	25 Years
Asset valuation method	Smoothed market value
Actuarial assumptions:	
Investment rate of return *	8.25%
Projected salary increases *	4.75% - 7.50%
Cost of living adjustments	2.25%
* Includes inflation at	3.50%

**Table IX
(Cont'd)**

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

Accounting Disclosure Exhibit

IV. Historical Trend Information (thousands)

A. Schedule of Employer Costs GASB 25

<u>Fiscal Year Ending</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>
09/30/2006	\$ 1,830	102%
09/30/2007	\$ 2,115	101%
09/30/2008	\$ 2,272	103%
09/30/2009	\$ 2,127	100%
09/30/2010	\$ 2,649	100%
09/30/2011	\$ 2,813	100%

B. Schedule of Employer Costs GASB 27

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension (Obligation) Asset</u>
09/30/2006	\$ 1,823	102%	\$ 365,129
09/30/2007	\$ 2,107	101%	\$ 391,770
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

V. Annual Pension Cost and Net Pension Asset (NPA)

<u>Fiscal Year Ended</u>	<u>9/30/2011</u>	<u>Projected 9/30/2012</u>
Annual Required Contribution (ARC)	\$ 2,812,799 *	\$ 2,831,517
Interest on NPA	(39,490)	(37,787)
Adjustment to ARC	30,583	37,153
APC	\$ 2,803,892	\$ 2,830,883
City Contribution	\$ 2,812,799	
Increase (Decrease) in NPA	\$ 8,907	
NPA (beginning of year)	478,665	
NPA (end of year)	\$ 487,572	

* Percent of pay applied to covered payroll - 2010-2011 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)**

V. Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - 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)
10/01/2006	\$ 48,554	\$ 63,645	\$ 15,091	76.3%	\$ 12,853	117.4%
10/01/2007	\$ 53,576	\$ 67,210	\$ 13,634	79.7%	\$ 13,112	104.0%
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%

**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. 2008-2.

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:

- a. Eligibility: Attainment of age 62, or attainment of age 55 with 20 years of service.
- b. Benefit: 3.0% of FMC times 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 service.
- b. Benefit: Benefit accrued to date of retirement, actuarially reduced to reflect commencement of benefit at an earlier age.

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

Outline of Principal Provisions of the Retirement Plan

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.

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.

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

Outline of Principal Provisions of the Retirement Plan

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 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 six (6) years of credited service at date of termination.
- b. Benefit: Return of employee contributions plus interest at the rate of 3%, compounded annually.

M. Normal Form of Payment of Retirement Income:

10 years certain and life thereafter, subject to COLA adjustments of 2.25% per annum.

N. Deferred Retirement Option Program (DROP)

1. Eligibility - The earlier of attainment of age 55 and completion of 20 years of service or attainment of age 62.
2. The maximum period of participation in the DROP is sixty (60) months.
3. The COLA is first payable following DROP participation period.
4. Interest is credited at the fixed rate of 6.5% per annum as of valuation date.

O. Changes from Previous Actuarial Valuation

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.

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.

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, 2011 through September 30, 2014. We have assumed pay increase will average 3.75% annually for the next three 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%

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

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

G. Increase in Covered Payroll

4.0%, per year not greater than the average annual increase over most recent ten years (1.6%).

H. Rates of Retirement

<u>Age</u>	<u>Rates of Retirement</u>	
	<u><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.

I. Deferred Retirement Option Program (DROP)

The assumed period of DROP participation (COLA deferral) is four (4) years.

J. Actuarial Value of Assets

The method used for determining the actuarial value of assets phases in the deviation between the expected and actual return on assets at the rate of 20% per year. The 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.

**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 from Previous Actuarial Valuation

1. Investment return was 8.25%, compounded annually, net of investment expenses.
2. Assumed employee withdrawal rates were:

<u>Age</u>	<u>Withdrawal Rates 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	8.0	8.0	17.0	10.0
25	8.0	8.0	17.0	10.0
30	8.0	6.9	17.0	8.0
35	8.0	5.2	17.0	8.0
40	8.0	3.9	7.0	7.0
45	8.0	2.9	5.5	5.5
50	8.0	1.9	3.0	3.0
55	8.0	0.7	1.0	1.0
60 & Over	0.0	0.0	0.0	0.0

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

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

L. Changes from Previous Actuarial Valuation (cont.)

3. Salary increase assumptions were:

<u>Service</u>	<u>Salary Increase</u>
0 - 5	7.50%
6 - 10	6.25%
11 - 14	6.00%
15 + years	4.75%

4. Assumed rates of retirement were:

<u>Age</u>	<u>Rates of Retirement</u>
< 55	2%
55	15%
56 - 60	10%
61	20%
62	30%
63 - 64	15%
65 - 69	20%
70 & Over	100%

**Retirement Plan for General Employees
of the City of North Miami Beach**
**Distribution by Attained Age Groups
and Service Groups as of October 1, 2011**

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 & Over</u>	
Under 25	2	1	-	-	-	-	-	3
25-29	6	5	-	-	-	-	-	11
30-34	13	10	4	-	-	-	-	27
35-39	4	10	7	8	-	-	-	29
40-44	10	3	6	8	-	-	-	27
45-49	2	10	15	3	6	-	-	36
50-54	5	11	15	16	6	3	4	60
55-59	1	5	11	12	3	-	1	33
60-64	5	3	14	7	-	-	-	29
65 & Over	-	2	1	1	-	-	2	6
TOTAL	48	60	73	55	15	3	7	261

	Prior Year	Current Year
Average Attained Age	47.96 years	47.36 years
Average Hire Age	36.38 years	35.52 years
Average Pay	\$ 43,679	\$ 43,395
Percent Female	30.1%	29.1%

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

<u>Current Age Group</u>	<u>Count</u>	<u>Total Annual Benefit</u>	<u>Average Annual Benefit</u>
Less than 50	14	\$ 218,043	\$ 15,575
50-54	12	209,137	17,428
55-59	5	70,564	14,113
60-64	4	52,661	13,165
65-69	0	0	0
70 & Over	0	0	0
TOTAL	35	\$ 550,405	\$ 15,726

B. Retirees Receiving Benefits

<u>Current Age Group</u>	<u>Count</u>	<u>Total Annual Benefit</u>	<u>Average Annual Benefit</u>
Less than 50	0	\$ 0	\$ 0
50-54	0	0	0
55-59	13	431,767	33,213
60-64	11	352,021	32,002
65-69	25	652,954	26,118
70-74	23	533,359	23,190
75-79	20	363,031	18,152
80 & Over	33	386,976	11,727
TOTAL	125	\$ 2,720,108	\$ 21,761

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

<u>Current Age Group</u>	<u>Count</u>	<u>Total Annual Benefit</u>	<u>Average Annual Benefit</u>
Less than 50	10	\$ 78,791	\$ 7,879
50-54	3	18,048	6,016
55-59	6	55,276	9,213
60-64	10	154,791	15,479
65-69	8	85,481	10,685
70-74	9	118,492	13,166
75 & Over	10	97,300	9,730
TOTAL	56	\$ 608,179	\$ 10,860

D. Disabled Participants Receiving Benefits

<u>Current Age Group</u>	<u>Count</u>	<u>Total Annual Benefit</u>	<u>Average Annual Benefit</u>
Less than 50	4	\$ 56,164	\$ 14,041
50-54	0	0	0
55-59	3	38,833	12,944
60-64	4	66,966	16,742
65-69	1	9,322	9,322
70-74	1	11,760	11,760
75 & Over	0	0	0
TOTAL	13	\$ 183,045	\$ 14,080

**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 Receiving Benefits

<u>Current Age Group</u>	<u>Count</u>	<u>Total Annual Benefit</u>	<u>Average Annual Benefit</u>
Less than 50	0	\$ 0	\$ 0
50-54	0	0	0
55-59	14	558,578	39,898
60-64	10	301,420	30,142
65-69	10	186,240	18,624
70-74	3	55,917	18,639
75-79	0	0	0
80 & Over	0	0	0
TOTAL	<u>37</u>	<u>\$ 1,102,155</u>	<u>\$ 29,788</u>

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, 2010	292	24	27	179	12	534
Retired	(5)	(2)	(1)	8	0	0
Terminated Vested	(11)	0	11	0	0	0
Terminated Non-Vested	(5)	0	0	0	0	(5)
Disabled	(1)	0	0	0	1	0
Refunds	(4)	0	(2)	0	0	(6)
Deceased	0	0	0	(6)	0	(6)
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	10	0	0	0	0	10
DROP	(15)	15	0	0	0	0
Data Adjustment	0	0	0	0	0	0
Net Change	(31)	13	8	2	1	(7)
Participants as of October 1, 2011	261	37	35	181	13	527

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

Projected Retirement Benefits

<u>Fiscal Year</u>	<u>Projected Total Annual Payout</u>
2012	5,015,408
2013	5,291,133
2014	5,633,630
2015	5,964,184
2016	6,305,470
2017	6,723,387
2018	7,111,907
2019	7,504,484
2020	7,907,572
2021	8,317,311

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, 2011 Service Groups</u>	<u>Employees*</u>	<u>Actual % Increase</u>	<u>Assumed % Increase</u>
0 - 5	46	3.72%	7.50%
6 - 10	53	4.46%	6.25%
11 - 14	65	3.38%	6.00%
15 + years	66	3.12%	4.75%
TOTAL	230	3.62%	6.00%

B. Recent Salary Experience

<u>Year Ended</u>	<u>Employees*</u>	<u>Actual % Increase</u>	<u>Assumed % Increase</u>
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%
09/30/2003	253	9.3%	5.5%
09/30/2002	238	5.2%	5.5%
Last 3 Years	733	3.36%	5.99%
Last 5 Years	1,257	4.5%	5.8%
Last 10 Years	2,578	5.3%	5.6%

* 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, 2010 Age Groups</u>	<u>Number of Participants October 1, 2010</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	3	0.4	0	0.0
25-29	13	1.2	2	1.7
30-34	24	1.9	1	0.5
35-39	33	2.0	2	1.0
40-44	29	1.4	2	1.4
45-49	46	1.7	4	2.4
50-54	57	0.9	3	3.3
55-59	42	0.2	3	15.0
60-64	36	0.0	3	N/A
65 & Over	<u>9</u>	<u>0.0</u>	<u>0</u>	<u>N/A</u>
TOTAL	292	9.7	20	2.1

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>
09/30/2010	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
09/30/2003	314	13.8	7	0.5
09/30/2002	295	13.4	7	0.5
Last 3 Years	893	30.4	40	1.3
Last 5 Years	1,522	53.1	74	1.4
Last 10 Years	3,118	119.9	128	1.1

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

Analysis of Investment Yield as of October 1, 2011

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*</u>	<u>Administrative Expenses</u>	<u>Member Contributions</u>	<u>City Contributions</u>	<u>Net Actuarial Value**</u>
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
09/30/1993	\$ 950,065	\$ 165,545	\$ 358,538	\$ 222,624	\$ 22,762,000
09/30/1992	\$ 837,889	\$ 186,140	\$ 360,715	\$ 234,808	\$ 20,879,000

* Includes refunds and DROP benefit credits

** 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 Yield</u>	<u>Market Value Yield ¹</u>	<u>Actuarial Value Yield ¹</u>
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%
09/30/2003	8.50%	13.3%	10.7%
09/30/2002	8.50%	(9.0%)	(10.1%)
Last 3 Years	8.25%	5.13%	3.05%
Last 5 Years	8.35%	2.62%	4.80%
Last 10 Years	8.42%	4.04%	3.12%

¹ Yield calculated as $2I/(A+B-I)$

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>
10/01/2011	09/30/2013	32.6% of payroll ¹	N/A
10/01/2010	09/30/2012	25.0% of payroll ²	N/A
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
10/01/2003	09/30/2005	\$ 1,729,392 *	\$ 1,738,722
10/01/2002	09/30/2004	\$ 1,694,679 *	\$ 1,694,679

¹ 32.6% of expected 2012 - 2013 covered payroll - \$11,507,283

² 25.0% of expected 2011 - 2012 covered payroll - \$11,326,066

* Based on percentage of payroll

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

Actuarial Valuation as of October 1, 2011

State Required Exhibit

	<u>10/01/2010</u>	<u>Prior Assumptions 10/01/2011</u>	<u>Current Assumptions 10/01/2011</u>
A. <u>Participant Data</u>			
1. Active participants	292	261	261
2. Retired participants and beneficiaries receiving benefits	179	181	181
3. DROP participants	24	37	37
4. Disabled participants receiving benefits	12	13	13
5. Terminated vested participants	27	35	35
6. Annual payroll of active participants	\$ 12,754,334	\$ 11,326,066	\$ 11,326,066
7. Expected payroll of active employees for the following year	N/A	\$ 11,507,283	\$ 11,507,283
8. Annual benefits payable to those currently receiving benefits	\$ 3,357,981	\$ 3,511,332	\$ 3,511,332
9. DROP participants receiving benefits	\$ 684,159	\$ 1,102,155	\$ 1,102,155
B. <u>Net Assets</u>			
1. Actuarial Value	\$ 59,444,402	\$ 60,135,822	\$ 60,135,822
2. Market Value	\$ 54,938,172	\$ 54,048,907	\$ 54,048,907
C. <u>Liabilities</u>			
1. Actuarial present value of future expected benefit payments for active members			
a. Retirement benefits	\$ 49,788,665	\$ 44,729,182	\$ 44,930,514
b. Vesting benefits	1,584,637	1,486,580	2,767,924
c. Death benefits	1,331,348	1,170,779	819,936
d. Disability benefits	3,827,696	3,464,884	2,479,175
e. Total	<u>\$ 56,532,346</u>	<u>\$ 50,851,425</u>	<u>\$ 50,997,549</u>
2. Actuarial present value of future expected benefit payments for terminated vested members	\$ 2,551,096	\$ 3,525,653	\$ 3,816,531
3. Actuarial present value of future expected benefit payments for members currently receiving benefits			
a. Service retired	\$ 26,087,968	\$ 27,208,810	\$ 28,291,504
b. DROP participants	8,670,948	13,976,415	14,693,188
c. Disability retired	1,768,894	1,870,103	1,951,725
d. Beneficiaries	5,333,657	5,395,087	5,623,809
e. Miscellaneous	34,542	65,107	65,107
f. Total	<u>\$ 41,896,009</u>	<u>\$ 48,515,522</u>	<u>\$ 50,625,333</u>

**Table XIX
(Cont'd)**

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

Actuarial Valuation as of October 1, 2011

State Required Exhibit

	10/01/2010	Prior Assumptions 10/01/2011	Current Assumptions 10/01/2011
4. Total actuarial present value of future expected benefit payments	\$ 100,979,451	\$ 102,892,600	\$ 105,439,413
5. Actuarial accrued liabilities	\$ 84,520,534	\$ 88,389,870	\$ 93,882,411
6. Unfunded actuarial liabilities	\$ 25,076,132	\$ 28,254,048	\$ 33,746,589

D. Statement of Accumulated Plan Benefits

1. Actuarial present value of accumulated vested benefits			
a. Participants currently receiving benefits	\$ 33,190,519	\$ 34,474,000	\$ 35,867,038
b. DROP participants	8,670,948	13,976,415	14,693,188
c. Other participants	29,332,242	28,152,379	32,364,888
d. Total	\$ 71,193,709	\$ 76,602,794	\$ 82,925,114
2. Actuarial present value of accumulated non-vested plan benefits	773,697	609,447	712,474
3. Total actuarial present value of accumulated plan benefits	\$ 71,967,406	\$ 77,212,241	\$ 83,637,588

E. Statement of Change in Accumulated Plan Benefits

1. Actuarial present value of accumulated plan benefits as of October 1, 2010	\$ 71,967,406
2. Increase (decrease) during year attributable to:	
a. Plan amendment	\$ 0
b. Change in actuarial assumptions and methods	6,425,347
c. Benefits paid (including DROPs and refunds)	(4,364,366)
d. Other, including benefits accumulated and increase for interest due to decrease in the discount period	9,609,201
e. Net increase	\$ 11,670,182
3. Actuarial present value of accumulated plan benefits as of October 1, 2011	\$ 83,637,588

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

Actuarial Valuation as of October 1, 2011

State Required Exhibit

	<u>10/01/2010</u>	<u>Prior Assumptions 10/01/2011</u>	<u>Current Assumptions 10/01/2011</u>
F. Pension Cost			
1. Total normal cost	\$ 2,145,496	\$ 1,887,897	\$ 1,845,882
2. Payment required to amortize unfunded liability	1,585,508	2,188,812	2,478,496
3. Interest	348,020	161,502	161,318
4. Total required contributions	\$ 4,079,024	\$ 4,238,211	\$ 4,485,696
5. Item 4 as a percentage of payroll	32.0%	37.4%	39.6%
6. Estimated employee contributions	\$ 892,803	\$ 805,510 ¹	\$ 805,510 ¹
7. Item 6 as a percentage of payroll	7.0%	7.0%	7.0%
8. Expected City contribution	\$ 3,186,221	\$ 3,498,214 ¹	\$ 3,751,374 ¹
9. Item 8 as a percentage of payroll	25.0%	30.4%	32.6%
G. Past Contributions			
1. Total contribution required (Prior Actuarial Valuation - based on percentage of payroll)	\$ 3,679,367	\$ 3,624,341 ²	\$ 3,624,341 ²
2. Actual contributions made:			
a. Employee	\$ 866,568	N/A	N/A
b. City	2,812,799	N/A	N/A
c. Total	\$ 3,679,367	N/A	N/A
H. Net Actuarial Gain (Loss)	\$ (3,395,422)	\$ (2,681,922)	\$ (2,681,922)
I. Disclosure of Following Items:			
1. Actuarial present value of future salaries - attained age	\$ 106,132,918	\$ 95,248,478	\$ 77,730,107
2. Actuarial present value of future employee contributions - attained age	\$ 7,429,304	\$ 6,667,394	\$ 5,441,108
3. Actuarial present value of future contributions from other sources	N/A	N/A	N/A
4. Amount of active members' accumulated contributions	\$ 7,970,181	\$ 7,524,103	\$ 7,524,103
5. Actuarial present value of future salaries and future benefits at entry age	N/A	N/A	N/A
6. Actuarial present value of future employee contributions at entry age	N/A	N/A	N/A

¹ Percent of pay applied to expected 2012-2013 covered payroll (\$11,507,283)

² Percent of pay applied to expected 2011-2012 covered payroll (\$11,326,066)

**Table XIX
(Cont'd)**

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

Actuarial Valuation as of October 1, 2011

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 - 9/30/2008		9/30/2009		9/30/2010		9/30/2011	
	Eligible	Retired	Eligible	Retired	Eligible	Retired	Eligible	Retired
55	24	6	2	2	5	3	3	3
56	21	4	2	1	0	0	2	1
57	19	2	3	0	2	0	0	0
58	16	3	2	1	3	2	2	2
59	15	1	1	0	1	0	1	1
60	17	1	0	0	1	1	1	1
61	15	0	3	1	0	0	0	0
62	48	14	8	1	12	3	9	3
63	29	4	5	0	6	3	9	2
64	26	2	1	0	5	0	3	1
65	19	5	6	3	1	0	5	4
66	14	2	1	1	3	2	1	1
67	9	1	2	1	0	0	1	0
68	8	2	1	0	1	1	0	0
69	6	0	1	0	1	0	0	0
70	8	2	0	0	1	0	1	0
71	6	2	1	1	0	0	1	1
72	4	0	1	1	0	0	0	0
73	4	0	0	0	0	0	0	0
74	5	0	0	0	0	0	0	0
75	5	1	1	0	0	0	0	0
76	4	0	1	0	1	0	0	0
77	4	2	0	0	1	0	1	1
78	2	1	0	0	0	0	1	0
79	1	0	0	0	0	0	0	0
80	1	0	0	0	0	0	0	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	333	56	42	13	44	15	41	21

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, 2011

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	\$ (2,754,822)	\$ (227,448)	20 years
10/01/2001	Plan Amendment	37,377	3,086	20 years
10/01/2002	Actuarial Loss (Gain)	9,369,522	754,354	21 years
10/01/2003	Actuarial Loss (Gain)	(181,777)	(14,300)	22 years
10/01/2004	Actuarial Loss (Gain)	4,442,468	342,093	23 years
10/01/2005	Actuarial Loss (Gain)	3,756,513	283,619	24 years
10/01/2005	Plan Amendment	41,121	3,105	24 years
10/01/2006	Actuarial Loss (Gain)	1,530,456	113,460	25 years
10/01/2007	Actuarial Loss (Gain)	(1,814,991)	(132,297)	26 years
10/01/2008	Actuarial Loss (Gain)	2,742,540	196,795	27 years
10/01/2008	Assumption Change	1,816,278	130,330	27 years
10/01/2009	Actuarial Loss (Gain)	3,107,373	219,748	28 years
10/01/2010	Actuarial Loss (Gain)	3,480,068	242,793	29 years
10/01/2011	Actuarial Loss (Gain)	2,681,922	184,764	30 years
10/01/2011	Assumption Change	5,492,541	378,394	30 years
	TOTAL	\$ 33,746,589	\$ 2,478,496	

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: 11-02802
Dated: March 12, 2012



Lawrence F. Wilson, A.S.A.