



March 1, 2013

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, 2012 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, 2012

This Valuation Determines the Annual Contribution for Plan Year October 1, 2013 through September 30, 2014
with City Contribution to be Paid in Fiscal Year October 1, 2013 to September 30, 2014

March 2013

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

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March 1, 2013

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, 2012 Projection Actuarial Valuation

We are pleased to present our October 1, 2012 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, 2013 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, 2014 is **47.3% of covered payroll (\$5,024,442)**. 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, 2013 (\$10,612,185).

This total cost is to be met by Member and City contributions. We anticipate that Member contributions will be **7.0% of covered payroll (\$742,853)** leaving **40.3% of covered payroll (\$4,281,589)** which must be contributed to the Plan by the City for the fiscal year ending September 30, 2014.

Changes in Actuarial Assumptions, Methods and Plan Benefits

The DROP interest crediting rate was reduced to 3.0% for July 1, 2012 and thereafter. The remaining Plan benefits are unchanged from our October 1, 2011 Actuarial Valuation. Plan provisions are outlined on Table X.

The actuarial assumptions and methods remain unchanged from our October 1, 2011 Actuarial Valuation. Actuarial assumptions and methods are outlined on Table XI.

Comparison of October 1, 2011 and October 1, 2012 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, 2011. The right columns indicate the costs as calculated for October 1, 2012.

Comparing the left and right columns of Table II shows the effect of Plan experience during the year. The number of active participants decreased by approximately 5% while covered payroll decreased by approximately 6%. The normal cost decreased as a dollar amount but increased slightly 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.

The value of vested accrued benefits exceeds the market value of Plan assets, resulting in a Vested Benefit Security Ratio of 72.7% - an increase from 65.2% as of October 1, 2011.

Plan Experience

Table VII indicates the Plan experienced an actuarial loss of \$1,733,522. 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 1.3% 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 0.24%. This was less than our assumption for salary increases of 3.75% and was generally an offsetting source of actuarial gain. Three, five and ten year average salary increases are 2.44%, 3.2% and 4.8%, respectively.

Employee turnover this year was 90% of the assumed turnover and was generally a source of actuarial loss. Three, five and ten year average turnover rates are 120%, 130% and 110%, respectively of the assumed turnover rates.

The actuarial value investment return of 3.28%, net of investment expense, was less than the 7.75% investment return assumption. Three, five and ten year average actuarial value net investment returns are 3.13%, 3.48% and 4.56%, respectively. Actuarial value 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 18.59%, 9.39%, 3.50% and 6.83%, respectively.

Member Census and Financial Data

The Board provided the Member census data as of October 1, 2012 used for this valuation to us. This information contains name, Social Security number, date of birth, date of hire, date of participation, October 1, 2012 rate of pay, actual salary paid and employee contributions deducted for the previous year. Dates of termination and retirement are provided where applicable. The Board updated information on inactive participants including retirees, beneficiaries and vested terminees.

We receive audited financial information concerning fund assets as of September 30, 2012 from the Board. We do not audit the Member census data and asset information provided to us. However, we perform certain reasonableness checks and on this basis we believe that the information that we received is reliable.

Summary

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

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

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

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

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., E.A.
Senior Consultant and Actuary



Jennifer M. Borregard, E.A.
Consultant and Actuary

Table I

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

Summary of Retirement Plan Costs as of October 1, 2012

	<u>Cost Data</u>	<u>% of Payroll</u>
A. Participant Data Summary		
1. Active employees	248	N/A
2. Terminated vested	29	N/A
3. Receiving benefits	202	N/A
4. DROP participants	41	N/A
5. Annual payroll of active employees	\$ 10,612,185	100.0%
B. Total Normal Costs		
1. Age retirement benefits	\$ 1,194,129	11.3%
2. Termination benefits	226,116	2.1%
3. Death benefits	39,477	0.4%
4. Disability benefits	110,668	1.0%
5. Estimated expenses	182,427	1.7%
6. Total annual normal costs (City and Member)	<u>\$ 1,752,817</u>	16.5%
C. Total Actuarial Accrued Liability		
1. Age retirement benefits active employees	\$ 34,936,871	329.2%
2. Termination benefits active employees	995,497	9.4%
3. Death benefits active employees	521,507	4.9%
4. Disability benefits active employees	1,663,852	15.7%
5. Retired or terminated vested participants receiving benefits	30,659,473	288.9%
6. DROP participants	16,855,927	158.8%
7. Terminated vested participants entitled to future benefits	3,088,312	29.1%
8. Deceased participants whose beneficiaries are receiving benefits	5,798,018	54.6%
9. Disabled participants receiving benefits	1,967,830	18.5%
10. Miscellaneous liability	208,138	2.0%
11. Total actuarial accrued liability	<u>\$ 96,695,425</u>	911.2%
D. Net Assets		
1. Actuarial value	\$ 60,520,361	570.3%
2. Market value	\$ 62,709,280	590.9%
E. Unfunded Actuarial Accrued Liability (C. - D.1.)	\$ 36,175,064	340.9%

**Table I
(Cont'd)**

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

Summary of Retirement Plan Costs as of October 1, 2012

	<u>Cost Data</u>	<u>% of Payroll</u>
F. Total Minimum Funding Requirement		
1. Total normal cost (City and Member)	\$ 1,752,817	16.5%
2. Amortization of unfunded liability	3,090,932	29.1%
3. Interest adjustment	180,693	1.7%
4. Total payment	\$ 5,024,442	47.3%
G. Expected payroll of active employees for 2013 - 2014 year (\$10,612,185 x 1.000)	\$ 10,612,185	100.0%
H. Expected Contribution Sources (percent of expected 2013 - 2014 payroll)		
1. Member	\$ 742,853	7.0%
2. City	4,281,589	40.3%
3. Total	\$ 5,024,442	47.3%
I. Actuarial Gains (Losses)	\$ (1,733,522)	(16.3%)
J. Actuarial Present Value of Vested Accrued Benefits		
1. Retired, terminated vested, beneficiaries and disabled receiving benefits	\$ 38,425,321	362.1%
2. DROP participants	16,855,927	158.8%
3. Terminated vested participants entitled to future benefits and miscellaneous	3,296,450	31.1%
4. Active participants entitled to future benefits	27,664,302	260.7%
5. Total actuarial present value of vested accrued benefits	\$ 86,242,000	812.7%
K. Unfunded Actuarial Present Value of Vested Accrued Benefits (J. - D.2.)	\$ 23,532,720	221.8%
L. Vested Benefit Security Ratio (D.2. ÷ J.)	72.7%	N/A

Table II

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

Comparison of Cost Data of October 1, 2011 and October 1, 2012 Valuations

	October 1, 2011		October 1, 2012	
	Cost Data	% of Annual Compensation	Cost Data	% of Annual Compensation
A. Participants				
1. Active employees	261	N/A	248	N/A
2. Terminated vested	35	N/A	29	N/A
3. Receiving benefits	194	N/A	202	N/A
4. DROP participants	37	N/A	41	N/A
5. Annual payroll of active employees	\$ 11,326,066	100.0%	\$ 10,612,185	100.0%
B. Total Normal Costs	\$ 1,845,882	16.3%	\$ 1,752,817	16.5%
C. Total Actuarial Accrued Liability	\$ 93,882,411	828.9%	\$ 96,695,425	911.2%
D. Actuarial Value of Assets	\$ 60,135,822	531.0%	\$ 60,520,361	570.3%
E. Unfunded Actuarial Accrued Liability	\$ 33,746,589	298.0%	\$ 36,175,064	340.9%
F. Expected City Contribution	\$ 3,459,572 ¹	32.6%	\$ 4,281,589 ²	40.3%
G. Unfunded Actuarial Present Value of Vested Accrued Benefits	\$ 28,876,207	255.0%	\$ 23,532,720	221.8%
H. Actuarial Gain (Loss)	\$ (2,681,922)	(23.7%)	\$ (1,733,522)	(16.3%)
I. Vested Benefit Security Ratio	65.2%	N/A	72.7%	N/A

¹ Percent of pay applied to expected 2012-2013 covered payroll (\$10,612,185)

² Percent of pay applied to expected 2013-2014 covered payroll (\$10,612,185)

Table III**Retirement Plan for General Employees
of the City of North Miami Beach****Characteristics of Participants in Actuarial
Valuation as of October 1, 2012****A. Active Plan Participants Summary**

1. Active participants fully vested	196
2. Active participants partially vested	0
3. Active participants non-vested	52
4. Total active participants	<u>248</u>
5. Annual rate of pay of active participants	\$ 10,612,185

B. Retired and Terminated Vested Participant Summary

1. Retired or terminated vested participants receiving benefits	135
2. DROP participants	41
3. Terminated vested participants entitled to future benefits	29
4. Deceased participants whose beneficiaries are receiving benefits	54
5. Disabled participants receiving benefits	13

C. Projected Annual Retirement Benefits

1. Retired or terminated vested receiving benefits	\$ 2,948,579
2. DROP participants	\$ 1,265,119
3. Terminated vested entitled to future benefits	\$ 468,749
4. Beneficiaries of deceased participants receiving benefits	\$ 633,013
5. Disabled participants	\$ 187,163

Table IV**Retirement Plan for General Employees
of the City of North Miami Beach****Statement of Assets as of September 30, 2012**

	<u>Market Value</u>
A. <u>Cash</u>	\$ 7,877
B. <u>Investments</u>	
1. Short term investments	\$ 1,778,940
2. Corporate bonds	\$ 9,718,034
3. Government and agency fixed income obligations	\$ 11,457,143
4. Common stocks	\$ 38,291,638
5. Real Estate	\$ 4,229,072
C. <u>Receivables</u>	
1. Accrued interest and dividends	\$ 268,478
2. Receivable from other funds	\$ 0
D. <u>Payables</u>	\$ 560,851
E. <u>Total Fund</u> (A. + B. + C. - D.)	\$ 65,190,331
F. <u>DROP Accounts Balances as of September 30, 2012</u>	\$ 2,481,051
G. <u>Net Fund Assets</u> (E. - F.)	\$ 62,709,280

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, 2011</u>		\$ 55,792,952
B.	<u>Receipts During Period</u>		
	1. Contributions		
	a. Employee	\$ 793,842	
	b. City	<u>2,927,951</u>	
	c. Total		\$ 3,721,793
	2. Investment income		
	a. Interest and dividends	\$ 2,030,067	
	b. Investment expense	<u>(335,298)</u>	
	c. Net		\$ 1,694,769
	3. Other income		11,231
	4. Realized appreciation (depreciation)		(561,133)
	5. Unrealized appreciation (depreciation)		<u>9,145,912</u>
	6. Total receipts during period		\$ 14,012,572
C.	<u>Disbursements During Period</u>		
	1. Pension payments		\$ 3,641,394
	2. DROP distributions		586,417
	3. Refunds of accumulated employee contributions		204,955
	4. Administrative expenses		<u>182,427</u>
	5. Total disbursements during period		\$ 4,615,193
D.	<u>Total Market Value of Assets as of September 30, 2012</u>		\$ 65,190,331
E.	<u>Reconciliation of DROP Account Balances</u>		
	1. DROP account balances as of October 1, 2011		\$ 1,744,045
	2. Benefit payments into DROP accounts during year		1,208,310
	3. Investment credits during year		115,113
	4. Distributions from DROP accounts during year		<u>(586,417)</u>
	5. DROP account balances as of September 30, 2012		\$ 2,481,051
F.	<u>Net Market Value of Assets as of September 30, 2012</u>		\$ 62,709,280

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

Development of Actuarial Value of Assets as of September 30

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
A. Preliminary total actuarial value from prior year	60,362,998	61,879,867	63,001,412			
B. Total market value end of year	55,792,952	65,190,331				
C. Total market value beginning of year	55,856,768	55,792,952	65,190,331			
D. Non-investment net cash flow	(105,875)	(893,400)				
E. Investment return						
1. Total market value return: B. - C. - D.	42,059	10,290,779				
2. Amount for immediate recognition (8.25% / 7.75%)	4,603,816	4,289,335				
3. Amount for phased-in recognition: E.1. - E.2.	(4,561,757)	6,001,444				
F. Phased-in recognition of investment return						
1. Current year: 20% of E.3.	(912,351)	1,200,289				
2. First prior year	204,890	(912,351)	1,200,289			
3. Second prior year	(284,960)	204,890	(912,351)	1,200,289		
4. Third prior year	(2,482,259)	(284,960)	204,890	(912,351)	1,200,289	
5. Fourth prior year	493,608	(2,482,258)	(284,961)	204,890	(912,353)	1,200,288
6. Total phased-in recognition of investment return	(2,981,072)	(2,274,390)	207,867	492,828	287,936	1,200,288
G. Total actuarial value end of year						
1. Preliminary actuarial value end of year:						
A. + D. + E.2. + F.6.	61,879,867	63,001,412				
2. Upper corridor limit: 120% of B.	66,951,542	78,228,397				
3. Lower corridor limit: 80% of B.	44,634,362	52,152,265				
4. Total actuarial value end of year:						
G.1., not more than G.2., nor less than G.3.	61,879,867	63,001,412				
H. Difference between total market value and total actuarial valu	(6,086,915)	2,188,919				
I. Actuarial value rate of return	2.69%	3.28%				
J. Market value rate of return	0.08%	18.59%				
K. DROP account balances	1,744,045	2,481,051				
L. Net actuarial value of assets	60,135,822	60,520,361				

Table VII

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

**Actuarial Gain (Loss) for
Plan Year Ended September 30, 2012**

A. Derivation of Actuarial Gain (Loss)

1. City net normal cost previous valuation	\$	1,040,372
2. Unfunded actuarial accrued previous valuation		33,746,589
3. City contributions previous year		2,927,951
4. Interest on:		
(a) City net normal cost	\$	80,629
(b) Unfunded actuarial accrued liability		2,615,361
(c) Contributions		113,458
(d) Net interest: (a) + (b) - (c)	\$	2,582,532
5. Expected unfunded actuarial accrued liability current year: (1. + 2. - 3. + 4.)		34,441,542
6. Actual unfunded actuarial accrued liability current year		36,175,064
7. Actuarial gain (loss): (5. - 6.)	\$	(1,733,522)

B. Approximate Portion of Gain (Loss)

Due to Investments

1. Net actuarial value of assets previous year	\$	60,135,822
2. Contributions during year		3,721,793
3. Net benefits and administrative expenses during year		5,237,086
4. Expected appreciation for period		4,601,809
5. Expected net actuarial value of assets current year: (1. + 2. - 3. + 4.)	\$	63,222,338
6. Net actuarial value of assets current year	\$	60,520,361
7. Approximate gain (loss): (6. - 5.)	\$	(2,701,977)

C. Approximate Portion of Gain (Loss)

Due to Liabilities: A. - B.

\$ 968,455

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, 2012	\$ 36,175,064	\$ 3,090,932
October 1, 2013	\$ 35,648,152	\$ 3,090,932
October 1, 2014	\$ 35,080,405	\$ 3,090,932
October 1, 2015	\$ 34,468,657	\$ 3,090,932
October 1, 2016	\$ 33,809,499	\$ 3,090,932
...		
...		
October 1, 2042	\$ 0	\$ 0

B. Covered Payroll History

<u>Date</u>	<u>Covered Payroll</u>	<u>Annual Increase</u>
October 1, 2012	\$ 10,612,185	(6.3%)
October 1, 2011	\$ 11,326,066	(11.2%)
October 1, 2010	\$ 12,754,334	(1.5%)
October 1, 2009	\$ 12,953,446	(0.6%)
October 1, 2008	\$ 13,029,957	(0.6%)
October 1, 2007	\$ 13,111,784	2.0%
October 1, 2006	\$ 12,852,968	0.8%
October 1, 2005	\$ 12,748,757	2.3%
October 1, 2004	\$ 12,467,338	3.6%
October 1, 2003	\$ 12,035,255	11.0%
October 1, 2002	\$ 10,842,137	N/A
Ten Year Average Annual Increase		(0.2%)

Table IX

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

	<u>10/01/2011</u>	<u>10/01/2012</u>
I. <u>Number of Plan Participants</u>		
a. Retirees, beneficiaries and disableds receiving benefits	194	202
b. DROP participantans	37	41
c. Terminated plan participants entitled to but not yet receiving benefits	35	29
d. Active plan participants	<u>261</u>	<u>248</u>
e. Total	527	520
II. <u>Financial Accounting Standards Board Allocation</u> <u>As of October 1, 2012</u>		
A. <u>Statement of Accumulated Plan Benefits</u>		
1. Actuarial present value of accumulated vested plan benefits		
a. Participants currently receiving benefits	\$ 35,867,038	\$ 38,425,321
b. DROP participants	14,693,188	16,855,927
c. Other participants	32,364,888	30,960,752
d. Total	<u>\$ 82,925,114</u>	<u>\$ 86,242,000</u>
2. Actuarial present value of accumulated non-vested plan benefits	<u>712,474</u>	<u>673,798</u>
3. Total actuarial present value of accumulated plan benefits	\$ 83,637,588	\$ 86,915,798
B. <u>Statement of Change in Accumulated Plan Benefits</u>		
1. Actuarial present value of accumulated plan benefits as of October 1, 2011		\$ 83,637,588
2. Increase (decrease) during year attributable to:		
a. Plan amendment		\$ 0
b. Change in actuarial assumptions and methods		0
c. Benefits paid (including DROP benefits and refunds)		(5,054,659)
d. Other, including benefits accumulated and increase for interest due to decrease in the discount period		<u>8,332,869</u>
e. Net increase		\$ 3,278,210
3. Actuarial present value of accumulated plan benefits as of October 1, 2012		\$ 86,915,798
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 affecting calculations.
3. Change in actuarial assumptions and methods		None.

**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	32.6%
Members	7.0%
Annual pension cost (thousands)	\$ 3,459
Contributions made (thousands)	To be determined
Actuarial valuation date	October 1, 2011
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of pay, closed
Remaining amortization period	26 Years
Asset valuation method	Smoothed market value
Actuarial assumptions:	
Investment rate of return *	7.75%
Projected salary increases *	3.75% - 8.00%
Cost of living adjustments	2.25%
* Includes inflation at	3.25%

**Table IX
(Cont'd)**

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

Accounting Disclosure Exhibit

IV. Historical Trend Information (thousands)

A. Schedule of Employer Costs GASB 25

Fiscal Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed
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%
09/30/2012	\$ 2,678	109%

B. Schedule of Employer Costs GASB 27

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension (Obligation) Asset
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
09/30/2012	\$ 2,677	109%	\$ 738,353

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

Fiscal Year Ended	<u>9/30/2012</u>	<u>Projected 9/30/2013</u>
Annual Required Contribution (ARC)	\$ 2,677,804 *	\$ 3,459,572
Interest on NPA	(37,787)	(57,222)
Adjustment to ARC	37,153	56,262
APC	\$ 2,677,170	\$ 3,458,612
City Contribution	\$ 2,927,951	
Increase (Decrease) in NPA	\$ 250,781	
NPA (beginning of year)	487,572	
NPA (end of year)	\$ 738,353	

* Percent of pay applied to covered payroll - 2011-2012 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)
10/01/2007	\$ 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%
10/01/2012	\$ 60,520	\$ 96,695	\$ 36,175	62.6%	\$ 10,612	340.9%

**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. 2012-6.

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 through June 30, 2012 and 3.0% per annum thereafter.

O. Changes from Previous Actuarial Valuation

DROP interest was credited at the fixed rate of 6.5% per annum.

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

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

A. Mortality

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

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

B. Investment Return

7.75%, compounded annually, net of investment expenses.

C. Allowances for Expenses or Contingencies

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

D. Employee Withdrawal Rates

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

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

Actuarial Assumptions and Actuarial Cost Methods
Used in the Valuation

E. Disability Incidence

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

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

F. Salary Increase Assumptions

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

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

**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 (-0.2%), but not less than 0.0%.

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

None.

**Retirement Plan for General Employees
of the City of North Miami Beach**
**Distribution by Attained Age Groups
and Service Groups as of October 1, 2012**

All Active Participants

<u>Attained</u> <u>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	1	-	-	-	-	-	-	1
25-29	9	2	-	-	-	-	-	11
30-34	10	11	3	-	-	-	-	24
35-39	6	10	8	6	-	-	-	30
40-44	5	7	7	8	-	-	-	27
45-49	4	8	15	8	3	2	-	40
50-54	2	13	10	20	4	4	2	55
55-59	1	4	8	10	2	1	2	28
60-64	1	6	12	8	1	-	-	28
65 & Over	-	1	1	1	-	-	1	4
TOTAL	39	62	64	61	10	7	5	248

	Prior Year	Current Year
Average Attained Age	47.36 years	47.31 years
Average Hire Age	35.52 years	35.11 years
Average Pay	\$ 43,395	\$ 42,791
Percent Female	29.1%	29.8%

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	13	\$ 197,993	\$ 15,230
50-54	10	202,510	20,251
55-59	5	61,856	12,371
60-64	1	6,390	6,390
65-69	0	0	0
70 & Over	0	0	0
TOTAL	<u>29</u>	<u>\$ 468,749</u>	<u>\$ 16,164</u>

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	1	27,592	27,592
55-59	10	336,648	33,665
60-64	16	423,435	26,465
65-69	29	753,495	25,983
70-74	20	489,106	24,455
75-79	26	513,948	19,767
80 & Over	33	404,355	12,253
TOTAL	<u>135</u>	<u>\$ 2,948,579</u>	<u>\$ 21,841</u>

Table XIII
(Cont'd)

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

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

C. Beneficiaries Receiving Benefits

<u>Current Age Group</u>	<u>Count</u>	<u>Total Annual Benefit</u>	<u>Average Annual Benefit</u>
Less than 50	9	\$ 75,762	\$ 8,418
50-54	3	15,507	5,169
55-59	7	64,270	9,181
60-64	9	164,135	18,237
65-69	7	85,955	12,279
70-74	10	135,004	13,500
75 & Over	9	92,380	10,264
TOTAL	<u>54</u>	<u>\$ 633,013</u>	<u>\$ 11,722</u>

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	\$ 57,429	\$ 14,357
50-54	0	0	0
55-59	2	32,085	16,043
60-64	5	76,093	15,219
65-69	1	9,532	9,532
70-74	1	12,024	12,024
75 & Over	0	0	0
TOTAL	<u>13</u>	<u>\$ 187,163</u>	<u>\$ 14,397</u>

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	560,983	40,070
60-64	17	460,983	27,117
65-69	7	200,650	28,664
70-74	3	42,503	14,168
75-79	0	0	0
80 & Over	0	0	0
TOTAL	<u>41</u>	<u>\$ 1,265,119</u>	<u>\$ 30,857</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, 2011	261	37	35	181	13	527
Retired	(3)	(7)	(4)	14	0	0
Terminated Vested	(2)	0	2	0	0	0
Terminated Non-Vested	(7)	0	0	0	0	(7)
Disabled	0	0	0	0	0	0
Refunds	(3)	0	(2)	0	0	(5)
Deceased	0	(1)	0	(6)	0	(7)
Rehired	2	0	(2)	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	12	0	0	0	0	12
DROP	(12)	12	0	0	0	0
Data Adjustment	0	0	0	0	0	0
Net Change	(13)	4	(6)	8	0	(7)
Participants as of October 1, 2012	248	41	29	189	13	520

**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>
2013	5,284,958
2014	5,614,297
2015	5,900,085
2016	6,211,204
2017	6,606,197
2018	6,974,840
2019	7,364,830
2020	7,745,424
2021	8,127,781
2022	8,487,877

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, 2012 Service Groups</u>	<u>Employees*</u>	<u>Actual % Increase</u>	<u>Assumed % Increase</u>
0 - 5	41	1.53%	3.75%
6 - 10	48	-0.17%	3.75%
11 - 14	58	-0.14%	3.75%
15 + years	73	0.09%	3.75%
TOTAL	220	0.24%	3.75%

B. Recent Salary Experience

<u>Year Ended</u>	<u>Employees*</u>	<u>Actual % Increase</u>	<u>Assumed % Increase</u>
09/30/2011	230	3.62%	6.00%
09/30/2010	247	3.50%	5.96%
09/30/2009	256	2.97%	6.00%
09/30/2008	254	5.8%	5.5%
09/30/2007	270	6.9%	5.5%
09/30/2006	275	5.9%	5.5%
09/30/2005	284	6.3%	5.5%
09/30/2004	271	3.9%	5.5%
09/30/2003	253	9.3%	5.5%
Last 3 Years	697	2.44%	5.23%
Last 5 Years	1,207	3.2%	5.4%
Last 10 Years	2,560	4.8%	5.5%

* 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, 2011 Age Groups</u>	<u>Number of Participants October 1, 2011</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	0.3	1	3.3
25-29	11	1.1	2	1.8
30-34	27	2.3	2	0.9
35-39	29	2.1	2	1.0
40-44	27	1.3	2	1.5
45-49	36	1.7	1	0.6
50-54	60	2.3	0	0.0
55-59	33	1.2	2	1.7
60-64	29	1.2	0	0.0
65 & Over	<u>6</u>	<u>0.3</u>	<u>0</u>	<u>0.0</u>
TOTAL	261	13.8	12	0.9

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>
09/30/2011	292	9.7	20	2.1
09/30/2010	300	10.1	8	0.8
09/30/2009	301	10.6	12	1.1
09/30/2008	317	11.7	18	1.5
09/30/2007	312	11.0	16	1.5
09/30/2006	324	12.5	10	0.8
09/30/2005	327	12.6	16	1.3
09/30/2004	336	14.5	14	1.0
09/30/2003	314	13.8	7	0.5
Last 3 Years	853	33.6	40	1.2
Last 5 Years	1,471	55.9	70	1.3
Last 10 Years	3,084	120.3	133	1.1

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

Analysis of Investment Yield as of October 1, 2012

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>
09/30/2012	\$ 5,054,659	\$ 182,427	\$ 793,842	\$ 2,927,951	\$ 60,520,361
09/30/2011	\$ 4,364,366	\$ 159,677	\$ 866,568	\$ 2,812,799	\$ 60,135,822
09/30/2010	\$ 3,786,521	\$ 161,387	\$ 964,773	\$ 2,649,170	\$ 59,444,402
09/30/2009	\$ 3,320,764	\$ 113,221	\$ 924,190	\$ 2,122,612	\$ 57,832,173
09/30/2008	\$ 3,000,899	\$ 119,945	\$ 1,054,435	\$ 2,333,440	\$ 56,504,858
09/30/2007	\$ 2,849,780	\$ 43,851	\$ 900,620	\$ 2,133,251	\$ 53,575,555
09/30/2006	\$ 2,528,070	\$ 116,727	\$ 898,852	\$ 1,858,727	\$ 48,553,562
09/30/2005	\$ 2,433,315	\$ 111,722	\$ 863,779	\$ 1,738,722	\$ 45,627,713
09/30/2004	\$ 2,140,131	\$ 100,910	\$ 851,458	\$ 1,694,679	\$ 44,967,792
09/30/2003	\$ 1,964,374	\$ 76,039	\$ 799,182	\$ 1,547,537	\$ 44,459,457
09/30/2002	\$ 1,798,589	\$ 65,132	\$ 707,765	\$ 701,935	\$ 39,872,430
09/30/2001	\$ 1,798,795	\$ 84,346	\$ 639,170	\$ 634,989	\$ 44,382,287
09/30/2000	\$ 1,578,287	\$ 88,104	\$ 599,825	\$ 576,257	\$ 43,650,926
09/30/1999	\$ 1,539,900	\$ 79,210	\$ 545,770	\$ 533,119	\$ 40,229,429
09/30/1998	\$ 1,579,002	\$ 83,104	\$ 411,522	\$ 411,522	\$ 35,879,000
09/30/1997	\$ 1,624,618	\$ 48,768	\$ 371,603	\$ 349,350	\$ 33,630,000
09/30/1996	\$ 1,185,418	\$ 61,130	\$ 365,210	\$ 274,533	\$ 28,099,000
09/30/1995	\$ 962,600	\$ 138,626	\$ 358,078	\$ 344,348	\$ 25,474,000
09/30/1994	\$ 971,140	\$ 179,416	\$ 357,215	\$ 109,396	\$ 21,909,000
09/30/1993	\$ 950,065	\$ 165,545	\$ 358,538	\$ 222,624	\$ 22,762,000

* 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 Return</u>	<u>Market Value Return ¹</u>	<u>Actuarial Value Return ¹</u>
09/30/2012	7.75%	18.59%	3.28%
09/30/2011	8.25%	0.08%	2.69%
09/30/2010	8.25%	10.28%	3.41%
09/30/2009	8.25%	5.29%	3.06%
09/30/2008	8.50%	(13.8%)	5.0%
09/30/2007	8.50%	13.6%	10.0%
09/30/2006	8.50%	7.2%	6.2%
09/30/2005	8.50%	10.4%	1.3%
09/30/2004	8.50%	7.0%	0.5%
09/30/2003	8.50%	13.3%	10.7%
Last 3 Years	8.08%	9.39%	3.13%
Last 5 Years	8.20%	3.50%	3.48%
Last 10 Years	8.35%	6.83%	4.56%

¹ Return 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>
10/01/2012	09/30/2014	40.3% of payroll ¹	N/A
10/01/2011	09/30/2013	32.6% of payroll ²	N/A
10/01/2010	09/30/2012	\$ 2,677,804 *	\$ 2,927,951
10/01/2009	09/30/2011	\$ 2,812,799 *	\$ 2,812,799
10/01/2008	09/30/2010	\$ 2,649,170 *	\$ 2,649,170
10/01/2007	09/30/2009	\$ 2,122,612 *	\$ 2,122,612
10/01/2006	09/30/2008	\$ 2,333,440 *	\$ 2,333,440
10/01/2005	09/30/2007	\$ 2,133,251 *	\$ 2,133,251
10/01/2004	09/30/2006	\$ 1,858,727 *	\$ 1,858,727
10/01/2003	09/30/2005	\$ 1,729,392 *	\$ 1,738,722

¹ 40.3% of expected 2013 - 2014 covered payroll - \$10,612,185

² 32.6% of expected 2012 - 2013 covered payroll - \$10,612,185

* Based on percentage of payroll

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

Actuarial Valuation as of October 1, 2012

State Required Exhibit

	<u>10/01/2011</u>	<u>10/01/2012</u>
A. <u>Participant Data</u>		
1. Active participants	261	248
2. Retired participants and beneficiaries receiving benefits	181	189
3. DROP participants	37	41
4. Disabled participants receiving benefits	13	13
5. Terminated vested participants	35	29
6. Annual payroll of active participants	\$ 11,326,066	\$ 10,612,185
7. Expected payroll of active employees for the following year	\$ 11,507,283	\$ 10,612,185
8. Annual benefits payable to those currently receiving benefits	\$ 3,511,332	\$ 3,768,755
9. DROP participants receiving benefits	\$ 1,102,155	\$ 1,265,119
B. <u>Net Assets</u>		
1. Actuarial Value	\$ 60,135,822	\$ 60,520,361
2. Market Value	\$ 54,048,907	\$ 62,709,280
C. <u>Liabilities</u>		
1. Actuarial present value of future expected benefit payments for active members		
a. Retirement benefits	\$ 44,930,514	\$ 43,160,423
b. Vesting benefits	2,767,924	2,633,041
c. Death benefits	819,936	781,428
d. Disability benefits	2,479,175	2,425,149
e. Total	<u>\$ 50,997,549</u>	<u>\$ 49,000,041</u>
2. Actuarial present value of future expected benefit payments for terminated vested members	\$ 3,816,531	\$ 3,088,312
3. Actuarial present value of future expected benefit payments for members currently receiving benefits		
a. Service retired	\$ 28,291,504	\$ 30,659,473
b. DROP participants	14,693,188	16,855,927
c. Disability retired	1,951,725	1,967,830
d. Beneficiaries	5,623,809	5,798,018
e. Miscellaneous	65,107	208,138
f. Total	<u>\$ 50,625,333</u>	<u>\$ 55,489,386</u>

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

Actuarial Valuation as of October 1, 2012

State Required Exhibit

	10/01/2011	10/01/2012
4. Total actuarial present value of future expected benefit payments	\$ 105,439,413	\$ 107,577,739
5. Actuarial accrued liabilities	\$ 93,882,411	\$ 96,695,425
6. Unfunded actuarial liabilities	\$ 33,746,589	\$ 36,175,064

D. Statement of Accumulated Plan Benefits

1. Actuarial present value of accumulated vested benefits		
a. Participants currently receiving benefits	\$ 35,867,038	\$ 38,425,321
b. DROP participants	14,693,188	16,855,927
c. Other participants	32,364,888	30,960,752
d. Total	\$ 82,925,114	\$ 86,242,000
2. Actuarial present value of accumulated non-vested plan benefits	712,474	673,798
3. Total actuarial present value of accumulated plan benefits	\$ 83,637,588	\$ 86,915,798

E. Statement of Change in Accumulated Plan Benefits

1. Actuarial present value of accumulated plan benefits as of October 1, 2011	\$ 83,637,588
2. Increase (decrease) during year attributable to:	
a. Plan amendment	\$ 0
b. Change in actuarial assumptions and methods	0
c. Benefits paid (including DROPs and refunds)	(5,054,659)
d. Other, including benefits accumulated and increase for interest due to decrease in the discount period	8,332,869
e. Net increase	\$ 3,278,210
3. Actuarial present value of accumulated plan benefits as of October 1, 2012	\$ 86,915,798

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

Actuarial Valuation as of October 1, 2012

State Required Exhibit

	10/01/2011	10/01/2012
F. <u>Pension Cost</u>		
1. Total normal cost	\$ 1,845,882	\$ 1,752,817
2. Payment required to amortize unfunded liability	2,478,496	3,090,932
3. Interest	161,318	180,693
4. Total required contributions	\$ 4,485,696	\$ 5,024,442
5. Item 4 as a percentage of payroll	39.6%	47.3%
6. Estimated employee contributions	\$ 742,853 ¹	\$ 742,853 ³
7. Item 6 as a percentage of payroll	7.0%	7.0%
8. Expected City contribution	\$ 3,459,572 ¹	\$ 4,281,589 ³
9. Item 8 as a percentage of payroll	32.6%	40.3%
G. <u>Past Contributions</u>		
1. Total contribution required (Prior Actuarial Valuation - based on percentage of payroll)	\$ 3,427,589 ²	\$ 4,202,425 ¹
2. Actual contributions made:		
a. Employee	\$ 793,842	N/A
b. City	2,927,951	N/A
c. Total	\$ 3,721,793	N/A
H. <u>Net Actuarial Gain (Loss)</u>	\$ (2,681,922)	\$ (1,733,522)
I. <u>Disclosure of Following Items:</u>		
1. Actuarial present value of future salaries - attained age	\$ 77,730,107	\$ 73,750,797
2. Actuarial present value of future employee contributions - attained age	\$ 5,441,108	\$ 5,162,555
3. Actuarial present value of future contributions from other sources	N/A	N/A
4. Amount of active members' accumulated contributions	\$ 7,524,103	\$ 7,590,756
5. Actuarial present value of future salaries and future benefits at entry age	N/A	N/A
6. Actuarial present value of future employee contributions at entry age	N/A	N/A

¹ Percent of pay applied to expected 2012-2013 covered payroll (\$10,612,185)

² Percent of pay applied to actual 2011-2012 covered payroll (\$10,711,215)

³ Percent of pay applied to expected 2013-2014 covered payroll (\$10,612,185)

**Table XIX
(Cont'd)**

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

Actuarial Valuation as of October 1, 2012

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 - 9/30/2009		9/30/2010		9/30/2011		9/30/2012	
	Eligible	Retired	Eligible	Retired	Eligible	Retired	Eligible	Retired
55	26	8	5	3	3	3	5	2
56	23	5	0	0	2	1	0	0
57	22	2	2	0	0	0	2	1
58	18	4	3	2	2	2	0	0
59	16	1	1	0	1	1	0	0
60	17	1	1	1	1	1	2	1
61	18	1	0	0	0	0	0	0
62	56	15	12	3	9	3	7	4
63	34	4	6	3	9	2	6	2
64	27	2	5	0	3	1	7	2
65	25	8	1	0	5	4	2	1
66	15	3	3	2	1	1	1	0
67	11	2	0	0	1	0	0	0
68	9	2	1	1	0	0	1	0
69	7	0	1	0	0	0	0	0
70	8	2	1	0	1	0	0	0
71	7	3	0	0	1	1	1	1
72	5	1	0	0	0	0	0	0
73	4	0	0	0	0	0	0	0
74	5	0	0	0	0	0	0	0
75	6	1	0	0	0	0	0	0
76	5	0	1	0	0	0	0	0
77	4	2	1	0	1	1	0	0
78	2	1	0	0	1	0	0	0
79	1	0	0	0	0	0	1	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	375	69	44	15	41	21	35	14

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

**Table XIX
(Cont'd)**

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

Actuarial Valuation as of October 1, 2012

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	\$ (2,792,087)	\$ (264,988)	19 years
10/01/2001	Plan Amendment	37,883	3,595	19 years
10/01/2002	Actuarial Loss (Gain)	9,511,165	882,395	20 years
10/01/2003	Actuarial Loss (Gain)	(184,785)	(16,793)	21 years
10/01/2004	Actuarial Loss (Gain)	4,521,696	403,287	22 years
10/01/2005	Actuarial Loss (Gain)	3,827,887	335,613	23 years
10/01/2005	Plan Amendment	41,902	3,674	23 years
10/01/2006	Actuarial Loss (Gain)	1,561,154	134,753	24 years
10/01/2007	Actuarial Loss (Gain)	(1,853,146)	(157,688)	25 years
10/01/2008	Actuarial Loss (Gain)	2,802,605	235,380	26 years
10/01/2008	Assumption Change	1,856,057	155,883	26 years
10/01/2009	Actuarial Loss (Gain)	3,177,927	263,721	27 years
10/01/2010	Actuarial Loss (Gain)	3,561,650	292,331	28 years
10/01/2011	Actuarial Loss (Gain)	2,746,611	223,169	29 years
10/01/2011	Assumption Change	5,625,023	457,048	29 years
10/01/2012	Actuarial Loss (Gain)	1,733,522	139,552	30 years
TOTAL		\$ 36,175,064	\$ 3,090,932	

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 1, 2013


Lawrence F. Wilson, A.S.A.