



July 26, 2016

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

Dear Marty:

As requested, we are pleased to enclose twelve (12) copies of the October 1, 2015 Chapter 112.664 Compliance Report for the Retirement Plan for General Employees of the City of North Miami Beach (Plan).

As required, we will timely upload the required data to the State's online portal prior to the filing deadline.

Please note we understand the following items must be posted on the Plan's website and must be posted on any website containing budget information relating to the City or actuarial or performance information relating to the Plan:

- this compliance report
- most recent financial statement
- most recent actuarial valuation report
- a link to the Division of Retirement Actuarial Summary Fact Sheet
http://www.dms.myflorida.com/workforce_operations/retirement/local_retirement_plans/local_retirement_section/actuarial_summary_fact_sheets
- for the previous five years - a side-by-side comparison of the Plan's assumed rate of return compared to the actual rate of return as well as the percentages of cash, equity, bond and alternative investments in the Plan portfolio
- the Plan's funded ratio as determined in the most recent actuarial valuation – 71.4% on a market value of assets basis as of October 1, 2015.

We appreciate the opportunity to work with the Board on this important assignment.

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

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

CHAPTER 112.664, F.S. COMPLIANCE REPORT

In Connection with the October 1, 2015 Funding Actuarial Valuation Report
and the Plan's Financial Reporting for the Year Ended September 30, 2015



July 26, 2016

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

Re: October 1, 2015 Chapter 112.664 Compliance Report

Dear Committee Members:

Gabriel, Roeder, Smith & Company (GRS) has been engaged by the Retirement Committee (Committee) of the Retirement Plan for General Employees of the City of North Miami Beach (Plan) to prepare a disclosure report to satisfy the requirements set forth in Chapter 112.664, F.S. and as further required pursuant to Chapter 60T-1.0035, F.A.C.

This report was prepared at the request of the Committee and is intended for use by the Committee and those designated or approved by the Committee. This report may be provided to parties other than the Committee only in its entirety and only with the permission of the Committee.

The purpose of the report is to provide the required information specified in Chapter 112.664, F.S. and to supplement this information with additional exhibits. This report should not be relied on for any purpose other than the purpose described above.

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 or additional cost or contribution requirements based on the Plan's funded status); and changes in Plan provisions or applicable law. The scope of this engagement does not include an analysis of the potential range of such measurements.

This report was based upon information furnished by the City and the Committee concerning Plan benefits, Plan provisions and Plan members as used in the corresponding Actuarial Valuation Reports for the Valuation Dates indicated. Financial information was provided by the City and Committee as of September 30, 2015. We reviewed the information provided for internal and year-to-year consistency, but did not otherwise audit the data. We are not

responsible for the accuracy or completeness of the information provided by the City and Committee.

Except where specific assumptions are required by Chapter 112.664, F.S, this report was prepared using actuarial assumptions adopted by the Committee as described in Section C. The Committee's economic and demographic actuarial assumptions are based on the results of an actuarial Experience Study for the five year period ended September 30, 2011. The assumptions represent an estimate of future Plan experience.

The investment return assumption of 2% higher than the investment return assumption utilized in the Actuarial Valuation Report does not represent an estimate of future Plan experience nor observation of the estimates inherent in market data. This assumption is provided as a counterpart to the Chapter 112.664, F.S. requirement to utilize an investment return assumption of 2% lower than the investment return assumption utilized in the Actuarial Valuation Report. The inclusion of the additional 2% higher assumption shows a more complete assessment of the range of potential results as opposed to the *one-sided* range required by statute.

If all actuarial assumptions are met and if all current and future minimum required contributions are paid Plan assets will be sufficient to pay all Plan benefits. Plan minimum required contributions are determined in compliance with the requirements of the Florida Protection of Public Employee Retirement Benefits Act with normal cost determined as a level percent of covered payroll and a level percent amortization payment using an initial amortization period of 30 years.

The Plan's funded ratio as of October 1, 2015 is 71.4% defined as the ratio of the market value of Plan assets to the actuarial accrued liability.

The Plan's funded ratio and the GASB Net Pension Liability may not be appropriate for assessing the sufficiency of Plan assets to meet the estimated cost of settling benefit obligations but may be appropriate for assessing the need for or the amount of future contributions.

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 herein. The signing actuaries are independent of the Plan sponsor.

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 presents the actuarial position of the Plan as of the valuation date as required by statute. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

Retirement Committee
July 26, 2016
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With respect to the reporting standards for defined benefit retirement plans or systems contained in Section 112.664(1), F.S., the actuarial disclosures required under this section were 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, meet the requirements of Section 112.664(1), F.S., and Section 60T-1.0035, F.A.C.

Respectfully submitted,

GABRIEL, ROEDER, SMITH AND COMPANY

By 
Lawrence F. Wilson, M.A.A.A.
Enrolled Actuary No. 14-02802
Senior Consultant & Actuary

By 
Jennifer M. Borregard, M.A.A.A.
Enrolled Actuary No. 14-07624
Consultant & Actuary

Date: July 26, 2016

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SECTION A

CHAPTER 112.664, F.S. RESULTS

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

Net Pension Liability

Using Financial Reporting Assumptions per GASB Statements No. 67 and No. 68

	September 30, 2015
Measurement Date	
A. <u>Total Pension Liability (TPL)</u>	
Service Cost	\$ 1,151,136
Interest	7,805,702
Benefit Changes	0
Difference Between Actual and Expected Experience	867,625
Assumption Changes	0
Benefit Payments	(6,711,365)
Contribution Refunds	(148,353)
Other	0
Net Change in Total Pension Liability	\$ 2,964,745
Total Pension Liability (TPL) - (beginning of year)	102,007,534
Total Pension Liability (TPL) - (end of year)	\$ 104,972,279
 B. <u>Plan Fiduciary Net Position</u>	
Contributions - City	\$ 3,528,201
Contributions - State	0
Contributions - Member	632,868
Net Investment Income	(261,263)
Benefit Payments	(6,711,365)
Contribution Refunds	(148,353)
Administrative Expenses	(159,900)
Other	0
Net Change in Plan Fiduciary Net Position	\$ (3,119,812)
Plan Fiduciary Net Position - (beginning of year)	77,890,314
Plan Fiduciary Net Position - (end of year)	\$ 74,770,502
 C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u>	\$ 30,201,777

Valuation Date

October 1, 2014

Certain Key Assumptions

Investment Return Assumption

7.75%

Mortality Table:

For healthy participants, RP-2000 Mortality Tables, separate rates for males and females and for annuitants and non-annuitants, with fully generational mortality improvements projected to each future payment date with Scale AA. For disabled participants, RP-2000 Disabled Mortality Tables, separate rates for males and females, with fully generational mortality improvements projected to each future payment date with Scale AA.

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

Net Pension Liability
Using Assumptions Required Under 112.664(1)(a), F.S.

	September 30, 2015
Measurement Date	
A. <u>Total Pension Liability (TPL)</u>	
Service Cost	\$ 1,177,225
Interest	7,904,427
Benefit Changes	0
Difference Between Actual and Expected Experience	898,981
Assumption Changes	0
Benefit Payments	(6,711,365)
Contribution Refunds	(148,353)
Other	0
Net Change in Total Pension Liability	\$ 3,120,915
Total Pension Liability (TPL) - (beginning of year)	103,223,967
Total Pension Liability (TPL) - (end of year)	\$ 106,344,882
B. <u>Plan Fiduciary Net Position</u>	
Contributions - City	\$ 3,528,201
Contributions - State	0
Contributions - Member	632,868
Net Investment Income	(261,263)
Benefit Payments	(6,711,365)
Contribution Refunds	(148,353)
Administrative Expenses	(159,900)
Other	0
Net Change in Plan Fiduciary Net Position	\$ (3,119,812)
Plan Fiduciary Net Position - (beginning of year)	77,890,314
Plan Fiduciary Net Position - (end of year)	\$ 74,770,502
C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u>	\$ 31,574,380
Valuation Date	October 1, 2014

Certain Key Assumptions

Investment Return Assumption 7.75%

Mortality Table:

RP-2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, with fully generational mortality improvements projected to each future payment date with Scale AA.

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

Net Pension Liability
Using Assumptions Required Under 112.664(1)(b), F.S.

	September 30, 2015
Measurement Date	
A. <u>Total Pension Liability (TPL)</u>	
Service Cost	\$ 1,887,606
Interest	7,408,550
Benefit Changes	0
Difference Between Actual and Expected Experience	1,330,743
Assumption Changes	0
Benefit Payments	(6,711,365)
Contribution Refunds	(148,353)
Other	0
Net Change in Total Pension Liability	\$ 3,767,181
Total Pension Liability (TPL) - (beginning of year)	128,984,372
Total Pension Liability (TPL) - (end of year)	\$ 132,751,553
B. <u>Plan Fiduciary Net Position</u>	
Contributions - City	\$ 3,528,201
Contributions - State	0
Contributions - Member	632,868
Net Investment Income	(261,263)
Benefit Payments	(6,711,365)
Contribution Refunds	(148,353)
Administrative Expenses	(159,900)
Other	0
Net Change in Plan Fiduciary Net Position	\$ (3,119,812)
Plan Fiduciary Net Position - (beginning of year)	77,890,314
Plan Fiduciary Net Position - (end of year)	\$ 74,770,502
C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u>	\$ 57,981,051
Valuation Date	October 1, 2014

Certain Key Assumptions

Investment Return Assumption 5.75%

Mortality Table:

RP-2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, with fully generational mortality improvements projected to each future payment date with Scale AA.

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

Net Pension Liability

Using Assumptions Required Under 112.664(1)(a), F.S. Plus 2% on Investment Return Assumption

Measurement Date	<u>September 30, 2015</u>
A. <u>Total Pension Liability (TPL)</u>	
Service Cost	\$ 761,797
Interest	8,121,304
Benefit Changes	0
Difference Between Actual and Expected Experience	605,545
Assumption Changes	0
Benefit Payments	(6,711,365)
Contribution Refunds	(148,353)
Other	0
Net Change in Total Pension Liability	<u>\$ 2,628,928</u>
Total Pension Liability (TPL) - (beginning of year)	<u>85,184,855</u>
Total Pension Liability (TPL) - (end of year)	<u><u>\$ 87,813,783</u></u>
 B. <u>Plan Fiduciary Net Position</u>	
Contributions - City	\$ 3,528,201
Contributions - State	0
Contributions - Member	632,868
Net Investment Income	(261,263)
Benefit Payments	(6,711,365)
Contribution Refunds	(148,353)
Administrative Expenses	(159,900)
Other	0
Net Change in Plan Fiduciary Net Position	<u>\$ (3,119,812)</u>
Plan Fiduciary Net Position - (beginning of year)	<u>77,890,314</u>
Plan Fiduciary Net Position - (end of year)	<u><u>\$ 74,770,502</u></u>
 C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u>	 \$ 13,043,281
 Valuation Date	 October 1, 2014

Certain Key Assumptions

Investment Return Assumption 9.75%

Mortality Table:

RP-2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, with fully generational mortality improvements projected to each future payment date with Scale AA.

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

**Asset and Benefit Payment Projection
Not Reflecting Any Future Contributions**

Using Financial Reporting Assumptions per GASB Statements No. 67 and No. 68

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2016	72,530,341	5,356,300	6,380,693	71,505,948
2017	71,505,948	5,264,401	6,682,078	70,088,271
2018	70,088,271	5,144,723	6,918,419	68,314,575
2019	68,314,575	4,995,166	7,209,880	66,099,861
2020	66,099,861	4,813,125	7,460,499	63,452,487
2021	63,452,487	4,598,841	7,680,071	60,371,257
2022	60,371,257	4,351,314	7,890,476	56,832,095
2023	56,832,095	4,069,494	8,072,025	52,829,564
2024	52,829,564	3,752,183	8,243,474	48,338,273
2025	48,338,273	3,397,177	8,410,489	43,324,961
2026	43,324,961	3,004,715	8,505,182	37,824,494
2027	37,824,494	2,575,398	8,578,209	31,821,683
2028	31,821,683	2,105,058	8,701,641	25,225,100
2029	25,225,100	1,590,264	8,787,401	18,027,963
2030	18,027,963	1,032,671	8,782,948	10,277,686
2031	10,277,686	433,239	8,753,666	1,957,259
2032	1,957,259	10,905	8,698,186	-
2033	-	-	8,634,024	-
2034	-	-	8,568,813	-
2035	-	-	8,482,685	-
2036	-	-	8,358,613	-
2037	-	-	8,217,226	-

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits reflecting no contributions from the City or Members: 16.17

Certain Key Assumptions

Investment return assumption 7.75%

Mortality Table:

For healthy participants, RP-2000 Mortality Tables, separate rates for males and females and for annuitants and non-annuitants, with fully generational mortality improvements projected to each future payment date with Scale AA. For disabled participants, RP-2000 Disabled Mortality Tables, separate rates for males and females, with fully generational mortality improvements projected to each future payment date with Scale AA.

Note: As required in Section 112.664(c) of the Florida Statutes, the projection of Plan assets does not include future contributions from the City or Members. For this reason, this projection should not be viewed as representative of the amount of time the Plan can sustain benefit payments. Under the Government Accounting Standards Board standards which include City and Member contributions, the Plan is expected to be able to pay all future benefit payments.

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

**Asset and Benefit Payment Projection
Not Reflecting Any Future Contributions
Using Assumptions Required Under 112.664(1)(a), F.S.**

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2016	72,530,341	5,356,096	6,385,593	71,500,844
2017	71,500,844	5,263,431	6,695,934	70,068,341
2018	70,068,341	5,142,241	6,941,006	68,269,576
2019	68,269,576	4,990,346	7,242,000	66,017,922
2020	66,017,922	4,805,094	7,500,987	63,322,029
2021	63,322,029	4,586,598	7,731,456	60,177,171
2022	60,177,171	4,333,706	7,952,308	56,558,569
2023	56,558,569	4,045,319	8,143,755	52,460,133
2024	52,460,133	3,720,184	8,324,629	47,855,688
2025	47,855,688	3,356,020	8,501,003	42,710,705
2026	42,710,705	2,952,874	8,607,275	37,056,304
2027	37,056,304	2,511,181	8,691,037	30,876,448
2028	30,876,448	2,026,660	8,825,562	24,077,546
2029	24,077,546	1,495,745	8,921,930	16,651,361
2030	16,651,361	919,992	8,927,338	8,644,015
2031	8,644,015	300,252	8,907,335	36,932
2032	36,932	-	8,860,381	-
2033	-	-	8,803,956	-
2034	-	-	8,745,974	-
2035	-	-	8,665,973	-
2036	-	-	8,546,796	-
2037	-	-	8,409,257	-

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits reflecting no contributions from the City or Members: 16.00

Certain Key Assumptions

Investment return assumption 7.75%

Mortality Table:

RP-2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, with fully generational mortality improvements projected to each future payment date with Scale AA.

Note: As required in Section 112.664(c) of the Florida Statutes, the projection of Plan assets does not include future contributions from the City or Members. For this reason, this projection should not be viewed as representative of the amount of time the Plan can sustain benefit payments. Under the Government Accounting Standards Board standards which include City and Member contributions, the Plan is expected to be able to pay all future benefit payments.

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

**Asset and Benefit Payment Projection
Not Reflecting Any Future Contributions
Using Assumptions Required Under 112.664(1)(b), F.S.**

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2016	72,530,341	3,973,309	6,385,593	70,118,057
2017	70,118,057	3,825,019	6,695,934	67,247,142
2018	67,247,142	3,652,374	6,941,006	63,958,510
2019	63,958,510	3,453,983	7,242,000	60,170,493
2020	60,170,493	3,228,174	7,500,987	55,897,680
2021	55,897,680	2,975,371	7,731,456	51,141,595
2022	51,141,595	2,695,076	7,952,308	45,884,363
2023	45,884,363	2,386,873	8,143,755	40,127,481
2024	40,127,481	2,050,267	8,324,629	33,853,119
2025	33,853,119	1,684,045	8,501,003	27,036,161
2026	27,036,161	1,288,788	8,607,275	19,717,674
2027	19,717,674	865,389	8,691,037	11,892,026
2028	11,892,026	411,260	8,825,562	3,477,724
2029	3,477,724	30,536	8,921,930	-
2030	-	-	8,927,338	-
2031	-	-	8,907,335	-
2032	-	-	8,860,381	-
2033	-	-	8,803,956	-
2034	-	-	8,745,974	-
2035	-	-	8,665,973	-
2036	-	-	8,546,796	-
2037	-	-	8,409,257	-

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits reflecting no contributions from the City or Members: 13.33

Certain Key Assumptions

Investment return assumption 5.75%

Mortality Table:

RP-2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, with fully generational mortality improvements projected to each future payment date with Scale AA.

Note: As required in Section 112.664(c) of the Florida Statutes, the projection of Plan assets does not include future contributions from the City or Members. For this reason, this projection should not be viewed as representative of the amount of time the Plan can sustain benefit payments. Under the Government Accounting Standards Board standards which include City and Member contributions, the Plan is expected to be able to pay all future benefit payments.

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

**Asset and Benefit Payment Projection
Not Reflecting Any Future Contributions**

Using Assumptions Required Under 112.664(1)(a), F.S. Plus 2% on Investment Return Assumption

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2016	72,530,341	6,739,262	6,385,593	72,884,010
2017	72,884,010	6,757,588	6,695,934	72,945,664
2018	72,945,664	6,750,840	6,941,006	72,755,498
2019	72,755,498	6,716,628	7,242,000	72,230,126
2020	72,230,126	6,651,921	7,500,987	71,381,060
2021	71,381,060	6,557,139	7,731,456	70,206,743
2022	70,206,743	6,431,145	7,952,308	68,685,580
2023	68,685,580	6,272,864	8,143,755	66,814,689
2024	66,814,689	6,081,036	8,324,629	64,571,096
2025	64,571,096	5,853,103	8,501,003	61,923,196
2026	61,923,196	5,589,400	8,607,275	58,905,321
2027	58,905,321	5,290,796	8,691,037	55,505,080
2028	55,505,080	4,952,269	8,825,562	51,631,787
2029	51,631,787	4,569,606	8,921,930	47,279,463
2030	47,279,463	4,144,973	8,927,338	42,497,098
2031	42,497,098	3,679,734	8,907,335	37,269,497
2032	37,269,497	3,172,487	8,860,381	31,581,603
2033	31,581,603	2,620,855	8,803,956	25,398,502
2034	25,398,502	2,021,021	8,745,974	18,673,549
2035	18,673,549	1,369,504	8,665,973	11,377,080
2036	11,377,080	664,302	8,546,796	3,494,586
2037	3,494,586	55,460	8,409,257	-

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits reflecting no contributions from the City or Members: 21.42

Certain Key Assumptions

Investment return assumption 9.75%

Mortality Table:

RP-2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, with fully generational mortality improvements projected to each future payment date with Scale AA.

Note: As required in Section 112.664(c) of the Florida Statutes, the projection of Plan assets does not include future contributions from the City or Members. For this reason, this projection should not be viewed as representative of the amount of time the Plan can sustain benefit payments. Under the Government Accounting Standards Board standards which include City and Member contributions, the Plan is expected to be able to pay all future benefit payments.

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

ACTUARIALLY DETERMINED CONTRIBUTION				
	<u>Valuation Assumptions</u>	<u>112.664(1)(a), F.S. Assumptions</u>	<u>112.664(1)(b), F.S. Assumptions</u>	<u>112.664(1)(a), F.S. Assumptions Plus 2% on Investment Return Assumption</u>
A. Valuation Date	October 1, 2015	October 1, 2015	October 1, 2015	October 1, 2015
B. Actuarial Determined Contribution to Be Paid During Fiscal Year Ending	September 30, 2017	September 30, 2017	September 30, 2017	September 30, 2017
C. Annual Payroll of Employees (including DROPs)	\$ 10,530,686	\$ 10,530,686	\$ 10,530,686	\$ 10,530,686
D. Annual Payroll of Employees (excluding DROPs)	\$ 8,435,083	\$ 8,435,083	\$ 8,435,083	\$ 8,435,083
E. Total Minimum Funding Requirement				
1. Total Normal Cost	\$ 1,315,965	\$ 1,341,786	\$ 2,033,162	\$ 935,022
(% of Annual Payroll including DROPs)	12.50%	12.74%	19.31%	8.88%
(% of Annual Payroll excluding DROPs)	15.60%	15.91%	24.10%	11.08%
2. Annual Payment to Amortize Unfunded Actuarial Liability	2,502,439	2,600,196	4,013,598	1,214,555
3. Interest Adjustment	21,234	21,234	16,053	26,228
4. Total Minimum Funding Requirement	\$ 3,839,638	\$ 3,963,216	\$ 6,062,813	\$ 2,175,805
F. Expected Contribution Sources				
1. City	\$ 3,249,182	\$ 3,372,760	\$ 5,472,357	\$ 1,585,349
2. Member	590,456	590,456	590,456	590,456
3. State	0	0	0	0
4. Total	\$ 3,839,638	\$ 3,963,216	\$ 6,062,813	\$ 2,175,805
(% of Annual Payroll including DROPs)	36.46%	37.63%	57.57%	20.66%
(% of Annual Payroll excluding DROPs)	45.52%	46.98%	71.88%	25.79%

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

Unfunded Actuarial Accrued Liabilities Bases and Amortization Payments

Amortization Base	Current Unfunded Liabilities	Amortization Payment				Remaining Funding Period
		Valuation Assumptions	112.664(1)(a), F.S. Assumptions	112.664(1)(b), F.S. Assumptions	112.664(1)(a), F.S. Assumptions Plus 2%	
10/01/2001 Assumption / Method Change	\$ (2,557,384)	\$ (263,874)	\$ (263,874)	\$ (235,207)	\$ (293,417)	16 years
10/01/2001 Plan Amendment	34,699	3,580	3,580	3,191	3,981	16 years
10/01/2002 Actuarial Loss / (Gain)	8,783,391	878,812	878,812	778,553	982,311	17 years
10/01/2003 Actuarial Loss / (Gain)	(171,883)	(16,727)	(16,727)	(14,731)	(18,791)	18 years
10/01/2004 Actuarial Loss / (Gain)	4,233,032	401,743	401,743	351,761	453,478	19 years
10/01/2005 Actuarial Loss / (Gain)	3,604,002	334,360	334,360	291,127	379,156	20 years
10/01/2005 Plan Amendment	39,450	3,660	3,660	3,187	4,150	20 years
10/01/2006 Actuarial Loss / (Gain)	1,477,349	134,261	134,261	116,268	152,921	21 years
10/01/2007 Actuarial Loss / (Gain)	(1,761,689)	(157,124)	(157,124)	(135,353)	(179,716)	22 years
10/01/2008 Actuarial Loss / (Gain)	2,675,246	234,554	234,554	201,029	269,362	23 years
10/01/2008 Assumption Change	1,771,711	155,336	155,336	133,133	178,388	23 years
10/01/2009 Actuarial Loss / (Gain)	3,044,756	262,812	262,812	224,140	302,977	24 years
10/01/2010 Actuarial Loss / (Gain)	3,423,828	291,340	291,340	247,287	337,101	25 years
10/01/2011 Actuarial Loss / (Gain)	2,648,336	222,423	222,423	187,922	258,264	26 years
10/01/2011 Assumption Change	5,423,758	455,520	455,520	384,862	528,921	26 years
10/01/2012 Actuarial Loss / (Gain)	1,676,096	139,091	139,091	116,993	162,045	27 years
10/01/2012 Plan Amendment / Method Change	(5,838,484)	(484,508)	(484,508)	(407,531)	(564,465)	27 years
10/01/2012 Plan Amendment	(303,633)	(25,197)	(25,197)	(21,194)	(29,355)	27 years
10/01/2013 Actuarial Loss / (Gain)	(106,292)	(8,724)	(8,724)	(7,307)	(10,196)	28 years
10/01/2014 Actuarial Loss / (Gain)	(309,799)	(25,172)	(25,172)	(20,994)	(29,509)	29 years
10/01/2015 Actuarial Loss / (Gain)	(418,958)	(33,727)	(33,727)	(28,016)	(39,652)	30 years
10/01/2015 Assumption Change - 112.664(1)(a), F.S. Assumptions	1,214,351	N/A	97,757	N/A	N/A	30 years
10/01/2015 Assumption Change - 112.664(1)(b), F.S. Assumptions	27,582,562	N/A	N/A	1,844,478	N/A	30 years
10/01/2015 Assumption Change - 112.664(1)(a), F.S. Assumptions Plus 2%	(17,258,085)	N/A	N/A	N/A	(1,633,399)	30 years

SECTION B
SUMMARY OF PLAN PROVISIONS

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

Outline of Principal Provisions of the Retirement Plan (as of October 1, 2015)

A. Effective Date:

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

B. Eligibility Requirements:

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

C. Credited Service:

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

D. Final Monthly Compensation (FMC):

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

E. Normal Retirement:

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

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

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

Outline of Principal Provisions of the Retirement Plan (as of October 1, 2015)

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

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

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

F. Early Retirement:

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

G. Deferred Retirement:

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

H. Disability Retirement:

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

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

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

Outline of Principal Provisions of the Retirement Plan (as of October 1, 2015)

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

I. Death Benefit:

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

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

J. Employee Contributions:

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

K. Vested Benefit Upon Termination:

- a. Eligibility: 100% vesting upon completion of ten (10) years of credited service - members who have completed six (6) years of credited service as of September 30, 2013 are 100% vested. Members of the IUPA bargaining group are 100% vested upon completion of six (6) years of credited service.
- b. Benefit: Accrued benefit as of date of termination multiplied by vesting percentage, payable as of normal retirement date in the normal form. After 20 years of credited service, an immediate, actuarially reduced benefit is optional.

L. Termination Benefit:

- a. Eligibility: Less than 100% vested at date of termination.
- b. Benefit: Return of employee contributions plus interest at the rate of 3%, compounded annually.

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

Outline of Principal Provisions of the Retirement Plan **(as of October 1, 2015)**

M. Cost of Living Adjustment (COLA)

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

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

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

N. Normal Form of Payment of Retirement Income:

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

O. Deferred Retirement Option Program (DROP)

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

P. Changes Since Most Recent Actuarial Valuation

None.

SECTION C
ACTUARIAL ASSUMPTIONS AND COST METHODS
USED FOR FUNDING

Retirement Plan for General Employees of the City of North Miami Beach
Actuarial Assumptions and Actuarial Cost Methods Used in the Valuation
(as of October 1, 2015)

A. Mortality

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

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

B. Investment Return

7.75%, compounded annually, net of investment expenses.

C. Allowances for Expenses or Contingencies

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

D. Employee Withdrawal Rates

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

Retirement Plan for General Employees of the City of North Miami Beach
Actuarial Assumptions and Actuarial Cost Methods Used in the Valuation
(as of October 1, 2015)

E. Disability Incidence

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

<u>Disability Rates</u> <u>Per 100 Employees</u>		
<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

Effective October 1, 2014 salary increase assumptions are as follows:

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

G. Increase in Covered Payroll

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

Retirement Plan for General Employees of the City of North Miami Beach
Actuarial Assumptions and Actuarial Cost Methods Used in the Valuation
(as of October 1, 2015)

H. Rates of Retirement

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

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

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

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

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

Retirement Plan for General Employees of the City of North Miami Beach
Actuarial Assumptions and Actuarial Cost Methods Used in the Valuation
(as of October 1, 2015)

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

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

35% of employees enter the DROP when first eligible.

I. Deferred Retirement Option Program (DROP)

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

J. Smoothed Actuarial Value of Assets

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

Retirement Plan for General Employees of the City of North Miami Beach
Actuarial Assumptions and Actuarial Cost Methods Used in the Valuation
(as of October 1, 2015)

K. Actuarial Cost Method

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

L. Changes Since Most Recent Actuarial Valuation

None.

GLOSSARY

<i>Actuarial Accrued Liability</i>	The difference between the Actuarial Present Value of Future Benefits, and the Actuarial Present Value of Future Normal Costs.
<i>Actuarial Assumptions</i>	Assumptions about future plan experience that affect costs or liabilities, such as: mortality, withdrawal, disablement, and retirement; future increases in salary; future rates of investment earnings; future investment and administrative expenses; characteristics of members not specified in the data, such as marital status; characteristics of future members; future elections made by members and other items.
<i>Actuarial Cost Method</i>	A procedure for allocating the Actuarial Present Value of Future Benefits between the Actuarial Present Value of Future Normal Costs and the Actuarial Accrued Liability.
<i>Actuarial Equivalent</i>	Of equal Actuarial Present Value, determined as of a given date and based on a given set of Actuarial Assumptions.
<i>Actuarial Present Value</i>	The amount of funds required to provide a payment or series of payments in the future. It is determined by discounting the future payments with an assumed interest rate and with the assumed probability each payment will be made.
<i>Actuarial Present Value of Future Benefits</i>	The Actuarial Present Value of amounts which are expected to be paid at various future times to active members, retired members, beneficiaries receiving benefits and inactive, non-retired members entitled to either a refund or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would provide sufficient assets to pay all projected benefits and expenses when due.
<i>Actuarial Valuation</i>	The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a plan. An Actuarial Valuation for a governmental retirement system typically also includes calculations of items needed for compliance with GASB No. 67.
<i>Actuarial Value of Assets</i>	The value of the assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets or a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the actuarially required contribution.

<i>Amortization Method</i>	A method for determining the Amortization Payment. The most common methods used are level dollar and level percentage of payroll. Under the Level Dollar method, the Amortization Payment is one of a stream of payments, all equal, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the Amortization Payment is one of a stream of increasing payments, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the stream of payments increases at the rate at which total covered payroll of all active members is assumed to increase.
<i>Amortization Payment</i>	That portion of the plan contribution which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.
<i>Amortization Period</i>	The period used in calculating the Amortization Payment.
<i>Annual Required Contribution</i>	The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation. The annual required contribution consists of the Employer Normal Cost and Amortization Payment plus interest adjustment.
<i>Closed Amortization Period</i>	A specific number of years that is reduced by one each year, and declines to zero with the passage of time. For example if the amortization period is initially set at 30 years, it is 29 years at the end of one year, 28 years at the end of two years, etc.
<i>Employer Normal Cost</i>	The portion of the Normal Cost to be paid by the employer. This is equal to the Normal Cost less expected member contributions.
<i>Equivalent Single Amortization Period</i>	For plans that do not establish separate amortization bases (separate components of the UAAL), this is the same as the Amortization Period. For plans that do establish separate amortization bases, this is the period over which the UAAL would be amortized if all amortization bases were combined upon the current UAAL payment.
<i>Experience Gain/Loss</i>	A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two actuarial valuations. To the extent that actual experience differs from that assumed, Unfunded Actuarial Accrued Liabilities emerge which may be larger or smaller than projected. Gains are due to favorable experience, e.g., the assets earn more than projected, salaries do not increase as fast as assumed, members retire later than assumed, etc. Favorable experience means actual results produce actuarial liabilities not as large as projected by the actuarial assumptions. Losses are the result of unfavorable experience, i.e., actual results that produce Unfunded Actuarial Accrued Liabilities which are larger than projected.
<i>Funded Ratio</i>	The ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability.
<i>GASB</i>	Governmental Accounting Standards Board.

***GASB No. 67 and
GASB No. 68***

These are the governmental accounting standards that set the accounting rules for public retirement plans and the employers that sponsor or contribute to them. Statement No. 67 sets the accounting rules for the plans themselves, while Statement No. 68 sets the accounting rules for the employers that sponsor or contribute to public retirement plans.

Normal Cost

The annual cost assigned, under the Actuarial Cost Method, to the current plan year.

Open Amortization Period

An open amortization period is one which is used to determine the Amortization Payment but which does not change over time. In other words, if the initial period is set as 30 years, the same 30-year period is used in determining the Amortization Period each year. In theory, if an Open Amortization Period is used to amortize the Unfunded Actuarial Accrued Liability, the UAAL will never completely disappear, but will become smaller each year, either as a dollar amount or in relation to covered payroll.

Unfunded Actuarial Accrued Liability

The difference between the Actuarial Accrued Liability and Actuarial Value of Assets.

Valuation Date

The date as of which the Actuarial Present Value of Future Benefits are determined. The benefits expected to be paid in the future are discounted to this date.